FOURTH QUARTER 2023 PREPARED REMARKS

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CORPORATE PARTICIPANTS

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PRESENTATION

J.T. Rieck, *EVP of Finance and Investor Relations*

Hello everyone. This is J.T. Rieck, EVP of finance and investor relations. Welcome to the pre-recorded discussion of Flowers Foods' 2023 fourth-quarter and full year results. We will host a live Q&A session on Friday, February 9 at 8:30 a.m. Eastern. Further details about the live call, along with our earnings release, a transcript of these recorded remarks, and a related slide presentation, are posted on the investor section of flowersfoods.com.

Before we get started, keep in mind that the information presented here may include forward-looking statements about the company's performance. Although we believe these statements to be reasonable, they are subject to risks and uncertainties that could cause actual results to differ materially. In addition to what you hear in these remarks, important factors relating to Flowers Foods' business are fully detailed in our SEC filings.

Providing remarks today are Ryals McMullian, chairman and CEO, and Steve Kinsey, our CFO. Ryals, I'll turn it over to you…

Ryals McMullian, *Chairman and CEO*

Thanks J.T. It's a pleasure to welcome everybody to the call.

2023 was a productive year for Flowers and I am proud of everything our team has accomplished. To be sure, the economic and inflationary environment remained challenging, resulting in a continued shift toward private label products. However, that shift clearly moderated throughout the year. Our brands performed well, gaining share and demonstrating their strong preference with consumers. This encouraging performance bolsters our confidence in our long-term prospects as consumer demand normalizes.

Our 2024 financial outlook incorporates an expectation for solid relative performance within the context of those category headwinds. We expect results to be first half weighted with more caution on the back half largely due to the uncertain consumer and promotional environment. We are also making continued investments in our team, operations, and digital initiatives that are expected to enable longer-term growth. Steve will provide more detail on the puts and takes related to these factors.

In the fourth quarter, our brands gained 10 basis points of unit share in tracked channels versus the prior year period and, for the first time since the first quarter of 2022, grew dollar share, which was up 20 basis points. In grocery, we performed even better, gaining 20 basis points of unit and dollar share, as highlighted on slide 9 in our earnings presentation.

Slide 10 illustrates the improving volume trends throughout 2023 driven by share gains and moderating business exits. This improvement, which was particularly strong in our branded retail category, underscores the effectiveness of our portfolio strategy and the strength of our brands. Our portfolio strategy is driving top line and gross margin expansion as we focus on shifting more sales to higher margin branded products.

That strategy extends to our Other category as well, and we are improving cake, foodservice and private label margins significantly. With a focus on profitability over volume, we have expanded the margins of existing business, while rationalizing accounts that fail to meet our hurdle rates.

In the short term, that process results in some temporarily stranded overhead costs as volumes decline, obscuring the underlying progress we are making. Over time, we expect our growth initiatives to drive additional volume and fill that capacity with higher-margin business, ultimately improving overall corporate profitability.

Now, I'll provide an overview of our fourth quarter and full year performance in the context of our four strategic priorities: developing our team, focusing on our brands, prioritizing margins, and pursuing smart M&A. Following that, Steve will come back and review our financial results, and then I'll close with a discussion of key themes moving forward.

With regard to our team, we made considerable progress in 2023. We developed new skill sets and added external talent to meet the evolving demands of our business and ensure we are best positioned to meet our long-term financial targets. We also streamlined our operating structure to maximize the impact of these additions and put our team in the best position to succeed. I am confident we have the right team in place to successfully implement our strategic priorities and expect that to manifest itself in improved execution in 2024 and beyond.

Our second strategic priority is focusing on our brands, which are thriving despite the difficult consumer environment.

Dave's Killer Bread was a particular standout, achieving a record $1 billion in 2023 retail sales as measured in tracked channels. Despite its premium status, the weakest part of the bread category, and an average price of more than six dollars per unit, DKB's consumer appeal transcended its price point. The brand gained 30 basis points of unit and dollar share in the fourth quarter. Even more impressively, Dave's grew unit volumes in tracked channels by 10% while the overall bread category, with an average price of approximately $3.50 per unit, declined 3%. This strong performance illustrates the brand's appeal beyond the organic and specialty premium categories.

And DKB continues to demonstrate an ability to grow outside of core loaf products, increasing units 15% and 28%, respectively, in the breakfast and sandwich buns and rolls subcategories. With dollar share of only 7% and 1%, respectively, in these subcategories, we see significant white space in adjacencies, in addition to geographic expansion and extensions beyond the bread category.

That potential spurred our decision to launch DKB bars, which continue to perform well with market share and velocities in line with the category. We achieved distribution in approximately 19 thousand stores, significantly exceeding our original goal of 13 thousand, and we are excited about the potential for future growth in small format locations like convenience and drug stores.

Building off that momentum, the national rollout of DKB protein bars, which are already in 1,500 stores, is scheduled for the first half of this year. Ultimately, those three new SKUs are expected to double our shelf space in bars, increasing our shelf visibility and helping to accelerate sales.

On past calls, we've talked about the shortage of available capacity at Canyon Bakehouse as the brand has grown. We've since added new capacity and are beginning to see the benefits of those additions. We are optimistic about

the growth potential of Canyon, which remains solidly in the number one share position in gluten-free bread and enjoys the highest loyalty of all national bread brands.

Our largest brand, Nature's Own, gained 10 basis points of dollar share with a 10 basis point reduction in unit share. That unit share loss was concentrated in the traditional loaf category, which has been significantly impacted by private label trade down. Nature's Own maintained share in sandwich buns and rolls and specialty loaf and gained 600 basis points of unit share in Keto, an example of how we're using innovation to meet the changing needs of consumers. Our Nature's Own Keto loaf was the number one new item in the category for 2023.

Our third strategic priority is margins.

Our team has done an admirable job of mitigating the effects of commodity inflation on our cost basket. Those efforts are reflected in our gross margins, which improved in 2023 versus the prior year. However, EBITDA margins have been impacted by inflationary pressures in other areas, including labor and repair and maintenance, along with investments to drive future growth, such as marketing and our digital initiatives. Though these investments temper near-term results, they are crucial in enabling us to meet or exceed our long-term financial targets. We are focused on offsetting those higher costs through efficiencies and cost savings initiatives, which we expect to save approximately $30 to $40 million in 2024.

Our fourth priority is smart M&A.

M&A has been a key contributor to our growth for decades, expanding our geographic coverage and supplementing our brand lineup. Moving forward, in addition to strengthening our position in core categories by expanding our geographic reach and gaining share in underdeveloped markets, we are also focused on finding new revenue streams across the baked foods category. Baked foods are sold throughout the store, including the deli, center store, and freezer and refrigerator cases, in addition to the many out of home eating occasions. Our goal is to identify compelling brands that complement our existing portfolio and skew towards a "better for you" nutritional profile. The M&A market is beginning to show signs of improvement and I am more encouraged than I have been in several years by the developing pipeline of potential opportunities.

We continue to monitor the deal market, proactively building relationships with owners and founders, and actively vetting potential acquisitions and investments that could add capabilities, brands, or products to our robust existing lineup. Our strong balance sheet positions us well to act when we have financial, commercial, and operational conviction.

Now, I'll turn it over to Steve to review the details of the quarter, and then I'll close with our outlook for the current business environment. Steve?

Steve Kinsey, *CFO*

Thank you, Ryals – and hello everyone.

Total sales in the fourth quarter increased 4.3% from the prior-year period. Improved price/mix drove the year-over-year increase, up 5.6%, primarily due to pricing actions to mitigate inflationary pressures. Volume decreased 2.4%, partly due to targeted sales rationalizations in foodservice, reflecting the lowest quarterly volume decline in two years. The Papa Pita acquisition added 1.1%.

Gross margin as a percentage of sales, excluding depreciation and amortization, increased 110 basis points to 47.9% over the same quarter last year. Comparisons benefitted from moderating input cost inflation and reduced outside purchases resulting from the acquisition, partially offset by higher labor and maintenance costs.

Selling, distribution, and administrative expenses as a percentage of sales were 39.7%, a 180-basis point increase over the prior year period. Higher labor, insurance, marketing, prior year gain on sale of assets, and technology expenses were partly offset by lower distributor distribution fees as a percentage of sales and bad debt expense.

Excluding matters affecting comparability, adjusted SD&A expenses were 39.4% of sales, a 150-basis point increase, due to the factors listed excluding the prior year gain on sale of assets.

GAAP diluted EPS for the quarter was 17 cents per share compared to 23 cents in the prior-year period. Excluding the items affecting comparability detailed in the release, adjusted diluted EPS in the quarter was 20 cents per share, down 3 cents from the prior-year period.

Turning now to our balance sheet, liquidity, and cash flow.

Cash flow from operating activities in fiscal 2023 decreased by $12 million to $349 million. Capital expenditures decreased $40 million to $129 million and included $28 million for the ongoing ERP upgrade. Dividends paid increased $9 million to $195 million.

We believe our financial position remains strong. At quarter end, net debt to trailing twelve month adjusted EBITDA stood at approximately 2.0-times. We held approximately $23 million in cash and cash equivalents and had approximately $537 million of remaining availability on our credit facilities.

Now, turning to our outlook for 2024.

We are forecasting sales to be flat to up 1.6%, which assumes positive pricing actions that are already in place or agreed to, partly offset by slight volume degradation from continuing category declines and selected business exits. We expect 2024 to be the last year of meaningful business exits, with most of the impact concentrated in the first half of the year. Adjusted EBITDA is expected to be $524 to $553 million, with adjusted EPS in the range of $1.20 to $1.30.

As Ryals said, the guidance reflects results that are first half weighted with more caution on the back half largely due to the uncertain consumer and promotional environment. At this time, we are not seeing material changes in those factors, but we believe caution is warranted as consumers continue to adjust to the post-pandemic environment.

The first half is expected to benefit from wraparound pricing in branded retail, new pricing in selected foodservice accounts, and moderating commodity costs, partly offset by growth investments and other inflationary pressures. Much of the 2023 branded retail price increases will not be lapped until mid-year 2024.

Key factors that could shift results within our guidance range include the consumer and promotional environment, the transition of our California distribution, and implementation of our savings initiatives. Overall, demand elasticity has been in line with our expectations, remaining below historical levels.

Other factors expected to impact full-year results include a higher tax rate and increased net interest expense associated with funding payments related to the California legal settlement, the ongoing ERP project, and decreased interest income.

As previously disclosed, we reached an agreement to settle distributor-related class action litigation in California. The settlement is awaiting final court approval, which we anticipate will occur no sooner than March 1, 2024. Once the settlement receives final court approval, we will proceed with the repurchase of the California distribution rights, a process expected to be completed by the first quarter of fiscal 2025.

We expect 2024 depreciation and amortization in the range of $160 to $165 million, and capital expenditures of $120 to $130 million.

Approximately 70% of our key raw materials are covered in 2024. Based on that coverage, our guidance incorporates a moderation in ingredient costs in 2024 relative to the prior year. To minimize volatility and provide adequate visibility into costs, we have maintained our historical hedging strategy in which we attempt to increase the certainty of our key commodity costs 6 to 12 months out.

Our ERP rollout went live in the second quarter of 2023, and we continue to make progress in that implementation, though we have paused the bakery rollout to concentrate resources on our California distribution transition. In fiscal 2024, we expect costs for the upgrade of our ERP system to be approximately $25 to $35 million, including $3 to $6 million expected to be capitalized. As of year-end, we have incurred costs related to the project of approximately $214 million, of which $112 million has been capitalized.

Thank you. And now I'll turn it back to Ryals.

Ryals McMullian, *Chairman and CEO*

Thank you, Steve.

Now I'd like to discuss some of the trends impacting our current performance, and the steps we are taking to maximize our opportunities in this environment and beyond. I'll first touch on the health of the consumer and then address the competitive environment.

Consumer behavior in the fourth quarter remained consistent with what we've seen for most of 2023. Private label products continued to gain share in the bread category as consumers respond to higher prices, though that trend is moderating, as highlighted in slide 11. Unit share of private label products increased only 10 basis points in the fourth quarter. Price gaps are also narrowing as private label prices continue to increase faster than branded counterparts.

And as private label unit growth moderated, our branded retail volume trends improved. As I mentioned earlier, those volumes declined only 30 basis points in the fourth quarter, a significant improvement compared to the first three quarters of the year.

This favorable volume trend contrasts with the overall bread category where slide 12 shows units leveled off after the first quarter, indicating that our brands are outperforming. As a reminder, branded products have a long track record of share gains, which has been driven by significant innovation and differentiation. The effect of that premiumization trend, which is shown on slide 13, was interrupted by inflationary pressures over the last two years, but we expect it to resume as consumers adjust to the new environment.

The disparity between the mass and grocery channels also continued, with private label losing 60 basis points of unit share in grocery in the quarter compared to a loss of 30 basis points in the third quarter. In contrast to that private label performance, Flowers gained unit share in grocery in each quarter of 2023, including 20 basis points in the fourth quarter.

Private label products remain strongest in the loaf categories with the least differentiation. Areas with greater product differentiation showed declines in private label share. We continue to grow share in the specialty premium, breakfast, and sandwich buns and rolls subcategories, gaining 170, 100, and 40 basis points, respectively, as our leading brands demonstrate their ability to further extend into those adjacencies. We see significant opportunity for growth in these brand extensions.

Turning now to the competitive environment, which was relatively consistent throughout 2023 and remains rational.

Beginning with the onset of the pandemic, the impact of promotions on consumer demand waned, with minimal lift from incremental programs. Although promotional levels for Flowers and our category remain significantly below pre-pandemic levels, the percentage of our product sold on promotion increased in the fourth quarter as our promotional activity increased slightly and consumer response to promotions reverted somewhat toward more historic levels.

That increase in effectiveness was largely due to the improved consumer response enabled by our strong brands, enhanced display execution, and new capabilities we've built in trade promotion management systems. Those factors allowed us to greatly improve the effectiveness of our promotions far beyond the increase in our trade spend. Our improved promotional effectiveness is just one way in which we are working hard to maximize our performance in the current market.

In closing, I'd like to reiterate that we remain focused on the significant longer-term opportunities we see ahead of us, filling in white space in geographic and product adjacencies, while leveraging innovation to push into new categories. We think the best way to capitalize on those opportunities is by continuing to strengthen our brands organically and through M&A, meeting additional consumer needs by developing new and differentiated products that expand our addressable market.

I have never been more confident in our long-term potential, and I look forward to building on our strong base throughout 2024.

Thank you very much for your time. That concludes our prepared remarks.

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Forward-Looking Statements

Statements contained in this transcript 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 business and our future financial condition and results of operations 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 loss or financial instability of any significant customer(s), including as a result of product recalls or safety concerns related to our products, (c) changes in consumer behavior, trends and preferences, including health and whole grain trends, and the movement toward less expensive store branded products, (d) the level of success we achieve in developing and introducing new products and entering new markets, (e) our ability to implement new technology and customer requirements as required, (f) our ability to operate existing, and any new, manufacturing lines according to schedule, (g) our ability to implement and achieve our environmental, social, and governance goals in accordance with regulatory requirements and expectations of stakeholders, suppliers, and customers; (h) our ability to execute our business strategies which may involve, among other things, (1) the ability to realize the intended benefits of completed, 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 (e.g., our sales and supply chain reorganization), (i) consolidation within the baking industry and related industries, (j) changes in pricing, customer and consumer reaction to pricing actions (including decreased volumes), and the pricing environment among competitors within the industry, (k) our ability to adjust pricing to offset, or partially offset, inflationary pressure on the cost of our products, including ingredient and packaging costs; (l) disruptions in our direct-store-delivery distribution model, including litigation or an adverse ruling by a court or regulatory or governmental body that could affect the independent contractor classifications of the independent distributor partners, and changes to our direct-store-delivery distribution model in California, (m) increasing legal complexity and legal proceedings that we are or may become subject to, (n) labor shortages and turnover or

increases in employee and employee-related costs, (o) the credit, business, and legal risks associated with independent distributor partners and customers, which operate in the highly competitive retail food and foodservice industries, (p) any business disruptions due to political instability, pandemics, armed hostilities (including the ongoing conflict between Russia and Ukraine and the conflict in the Middle East), 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, (q) the failure of our information technology systems to perform adequately, including any interruptions, intrusions, cyber-attacks or security breaches of such systems or risks associated with the implementation of the upgrade of our ERP system; and (r) the potential impact of climate change on the company, including physical and transition risks, availability or restriction of resources, 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 does it 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 7, 2023 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.

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, adjusted EBITDA margin, adjusted net income, adjusted diluted EPS, adjusted income tax expense, adjusted selling, distribution and administrative expenses (SD&A), and gross margin excluding depreciation and amortization. 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. 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, adjusted EBITDA margin, adjusted net income, adjusted diluted EPS, adjusted income tax expense and adjusted SD&A, respectively, to exclude additional costs that the company considers important to present to investors to increase the investors' insights about the company's core operations. These costs include, but are not limited to, the costs of closing a plant or costs associated with acquisition-related activities, restructuring activities, certain impairment charges, legal settlements, costs to implement an enterprise resource planning system and enhance bakery digital capabilities (business process improvement costs) to provide investors direct insight into these costs, and other costs impacting past and future comparability. 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. Adjusted EBITDA is used as the primary performance measure in the company's 2014 Omnibus Equity and Incentive Compensation Plan (Amended and Restated Effective May 25, 2023).

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.

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.