



Flowers
FOODS

FOURTH QUARTER 2023 REVIEW

February 8, 2024



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 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.



KEY MESSAGES

- Strong brand results, gaining unit and dollar share for the first time since 1Q'22
- *Dave's Killer Bread* continues to outperform category, eclipsing \$1 billion in 2023 estimated retail sales
- Volume trends improved sequentially, reflecting waning private label strength
- 2024 financial guidance reflects solid relative performance that is expected to be first half weighted



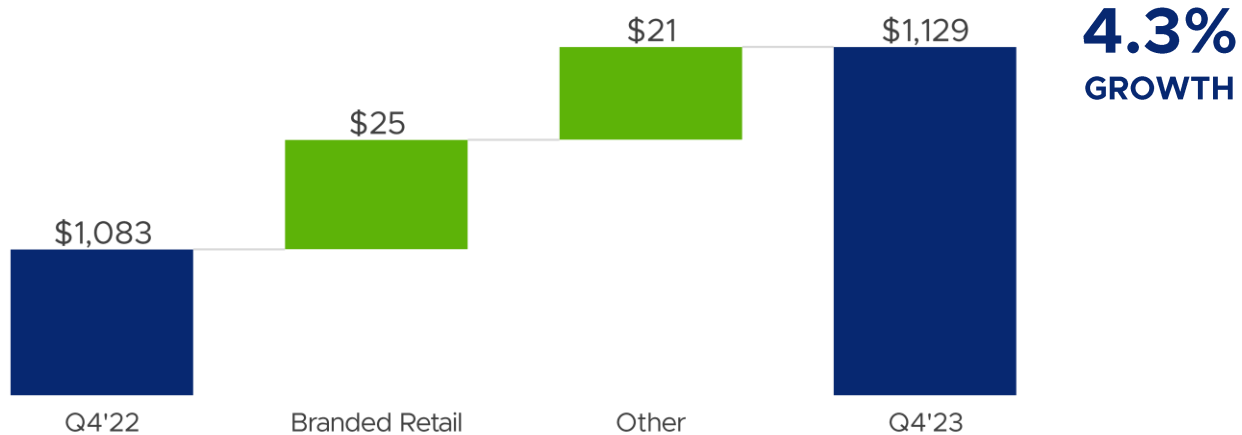
Q4 2023 FINANCIAL HIGHLIGHTS

Sales grew due to price increases to mitigate inflation and the acquisition contribution, partly offset by lower volume

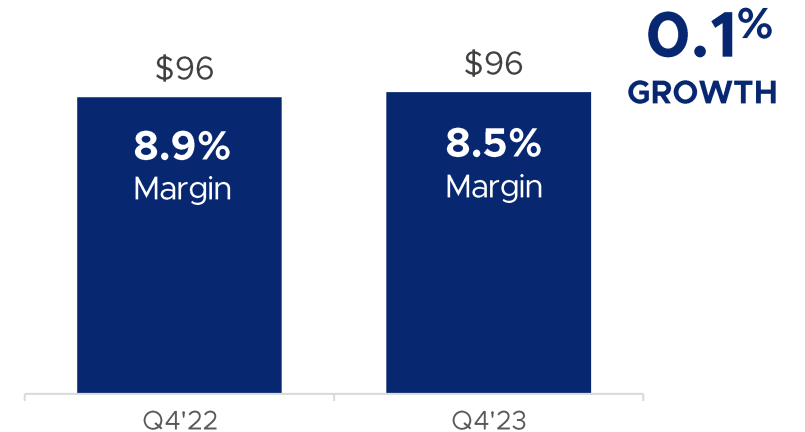
Net income decreased \$12.9 million to \$35.7 million due to increased SD&A and depreciation and amortization expense, partly offset by increased gross profit

Adjusted EBITDA increased slightly primarily due to improved gross margin from moderating input cost inflation and greater sales, partly offset by higher SD&A expenses

COMPONENTS OF Q4'23 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.



Q4 2023 FINANCIAL REVIEW

NET SALES

\$1.129B +4.3% v PY

- Price/Mix +5.6%¹
- Volume -2.4%²
- Papa Pita acquisition +1.1%
- Price increases to mitigate inflation and acquisition contribution, partly offset by lower volume

NET INCOME

\$35.7M -26.6% v PY

ADJ. EBITDA³

\$96.3M +0.1% v PY

- 8.5% of sales, down 40 bps
- Increased sales and higher gross margin, partly offset by higher SD&A

CASH FLOWS — FY'23

Cash from Ops
\$349.4M

Dividends
\$195.2M

Capex
\$129.1M

GAAP DILUTED EPS

\$0.17 -\$0.06 v PY

ADJ. DILUTED EPS⁴

\$0.20 -\$0.03 v PY

- Increased depreciation and amortization and net interest expense
- Partly offset by lower tax rate

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

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

(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 2024 GUIDANCE

(Provided February 8, 2024)

SALES

**\$5.091 to
\$5.172B**

ADJ. EBITDA¹

**\$524 to
\$553M**

ADJ. DIL. EPS¹

**\$1.20 to
\$1.30**

OTHER

Depreciation & amortization

\$160 – \$165M

Net interest expense

\$22 - \$26M

Capital expenditures

\$120 – \$130M²

Effective tax rate

APPROX. 25.0%

Diluted shares outstanding

APPROX. 213M

Fiscal 2024 Considerations

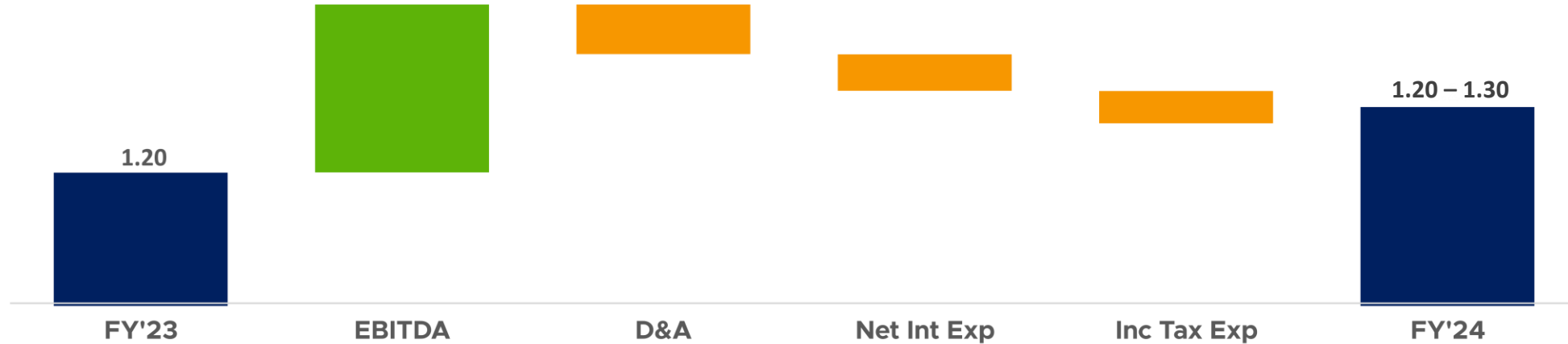
- Consumer resiliency
- Promotional environment
- Ability to mitigate cost inflation
- Business rationalizations
- Timing and effectiveness of cost savings initiatives
- California distribution transition

(1) No reconciliation of the forecasted range for adjusted EBITDA to net income or adjusted diluted EPS to diluted EPS for the 52-week Fiscal 2024 is included in this presentation because the company is unable to quantify certain amounts that would be required to be included in the GAAP measures without unreasonable efforts. In addition, the company believes such reconciliations would imply a degree of precision that would be confusing or misleading to investors

(2) \$3-6 million related to ERP upgrade



GUIDANCE DRIVERS



KEY CONSIDERATIONS

- + Pricing actions
- + Share gains
- + innovation
- + Moderating ingredient inflation
- + Savings initiatives
- Category declines
- Business exits
- Promotional activity
- Strategic investments

- Higher capital employed from acquisition and ERP

- Increased debt from PP acquisition and CA transition
- Lower interest income

- Higher tax rate due to fewer discrete benefits

Data is not indicative of actual expected impact. Graph is intended for directional purposes only.



LONG-TERM GROWTH TARGET SCORECARD

	LT Targets ¹	CAGR ¹				
		FY'20 ²	FY'21	FY'22	FY'23	FY'24 ³
Sales	1-2%	6.4%	2.5%	5.2%	5.4%	4.5%
Adj EBITDA	4-6%	23.4%	7.8%	5.9%	4.4%	5.0% ⁴
Adj dil. EPS	7-9%	36.5%	13.7%	9.8%	5.7%	5.4% ⁴

(1) Off FY'19 base. No reconciliation of the forecasted range for adjusted diluted EPS to diluted EPS and adjusted EBITDA to net income is included in this presentation because the company is 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.

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

(3) Implied return using FY'24 guidance midpoint

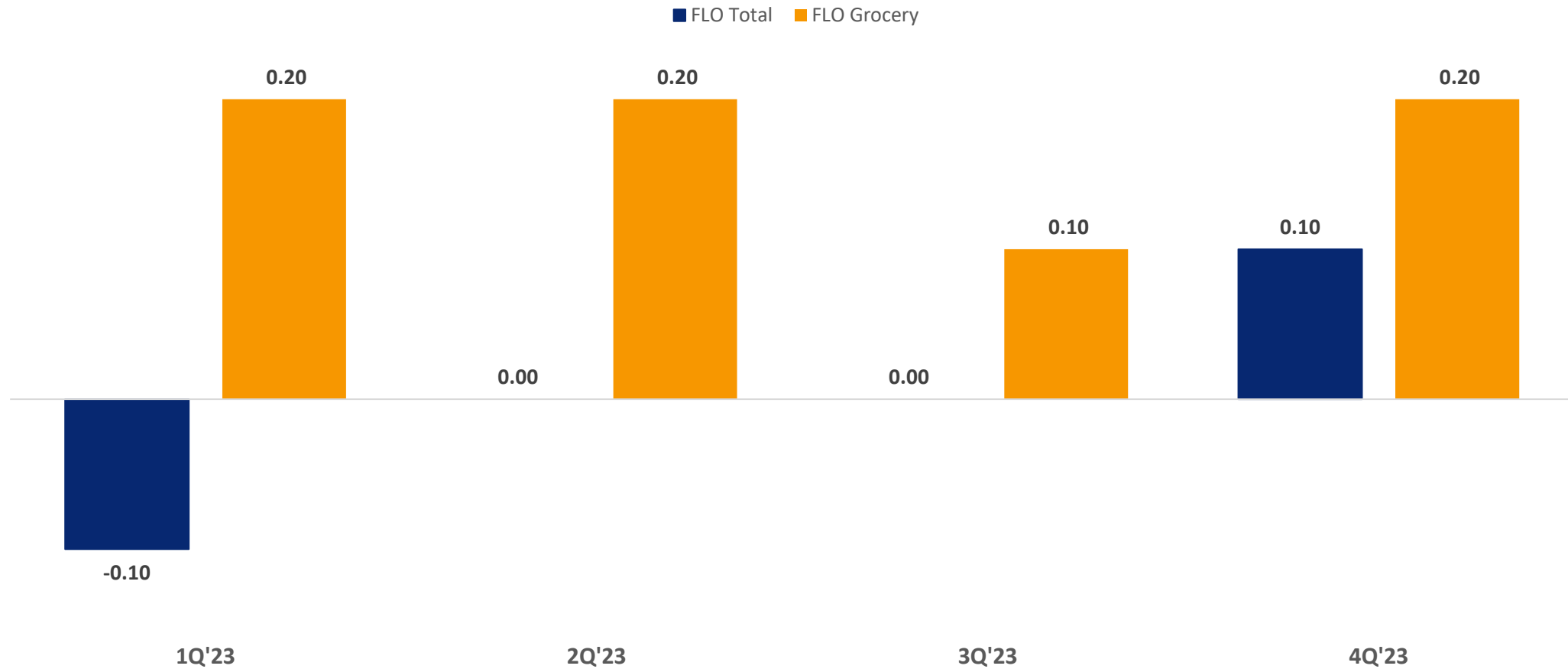
(4) No reconciliation of the forecasted range for adjusted EBITDA to net income or adjusted diluted EPS to diluted EPS for the 52-week Fiscal 2024 is included in this presentation because the company is unable to quantify certain amounts that would be required to be included in the GAAP measures without unreasonable efforts. In addition, the company believes such reconciliations would imply a degree of precision that would be confusing or misleading to investors.



IMPROVING SHARE TRENDS

Consistently strong performance in grocery channel, improvement in total share

FLO UNIT SHARE CHANGE (Y/Y)



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

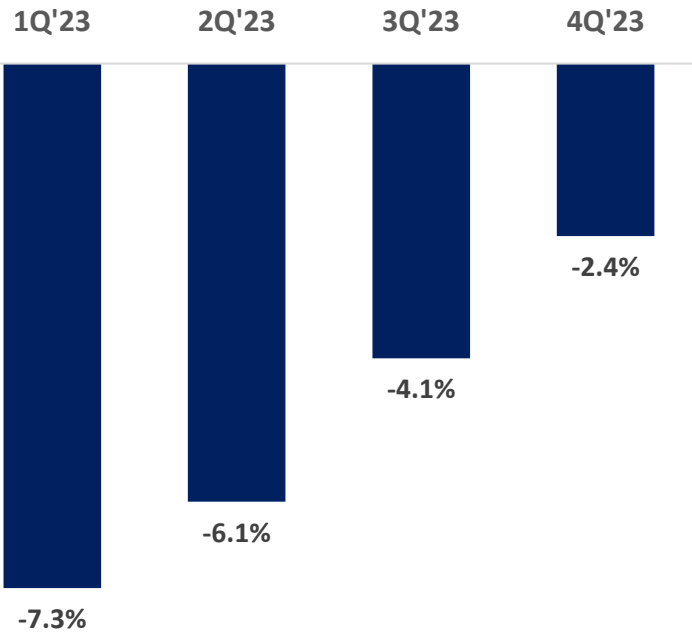


IMPROVING VOLUME TRENDS

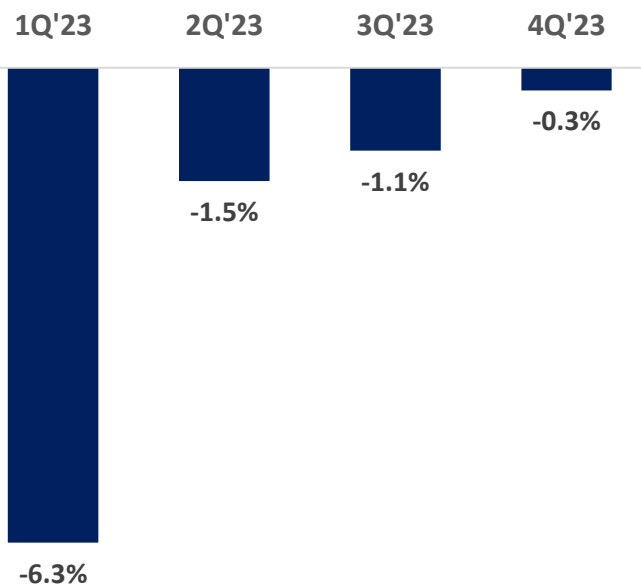
Branded retail business showing significant improvement

FLO Volume % Change (Y/Y)

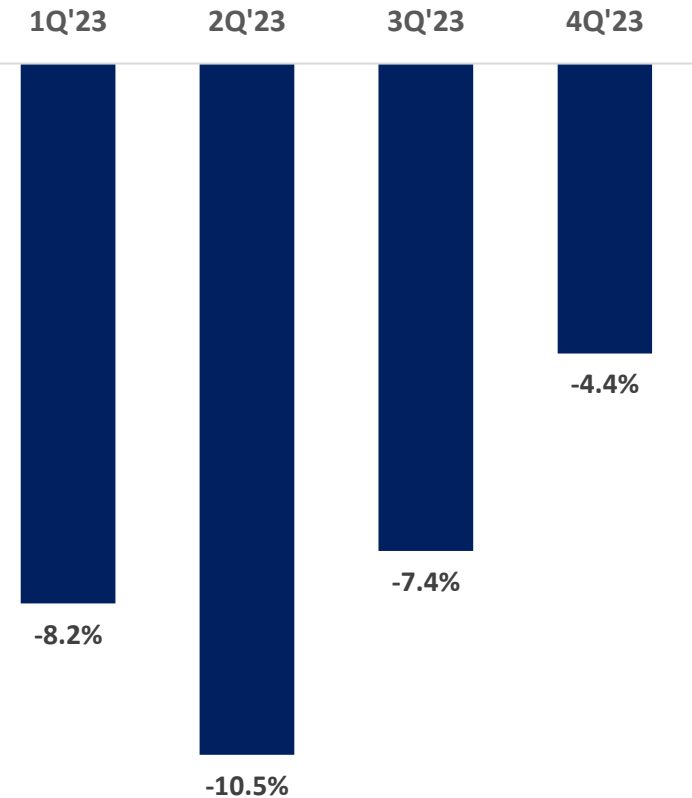
TOTAL COMPANY



BRANDED RETAIL



OTHER



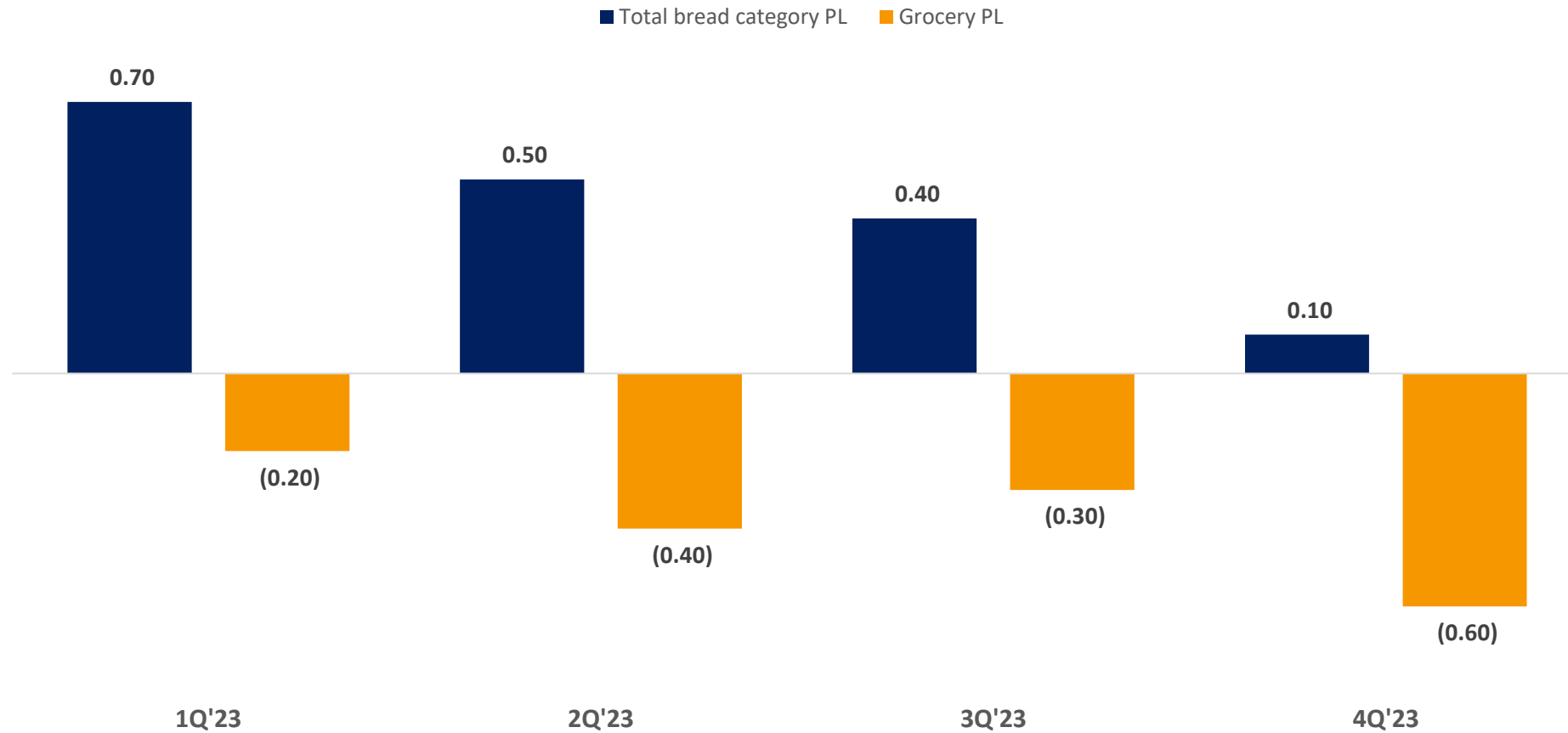
Source: Flowers internal data



PRIVATE LABEL MOMENTUM FADING

Private label share losses in grocery accelerated

CHANGE IN PRIVATE LABEL UNIT SHARE (Y/Y)

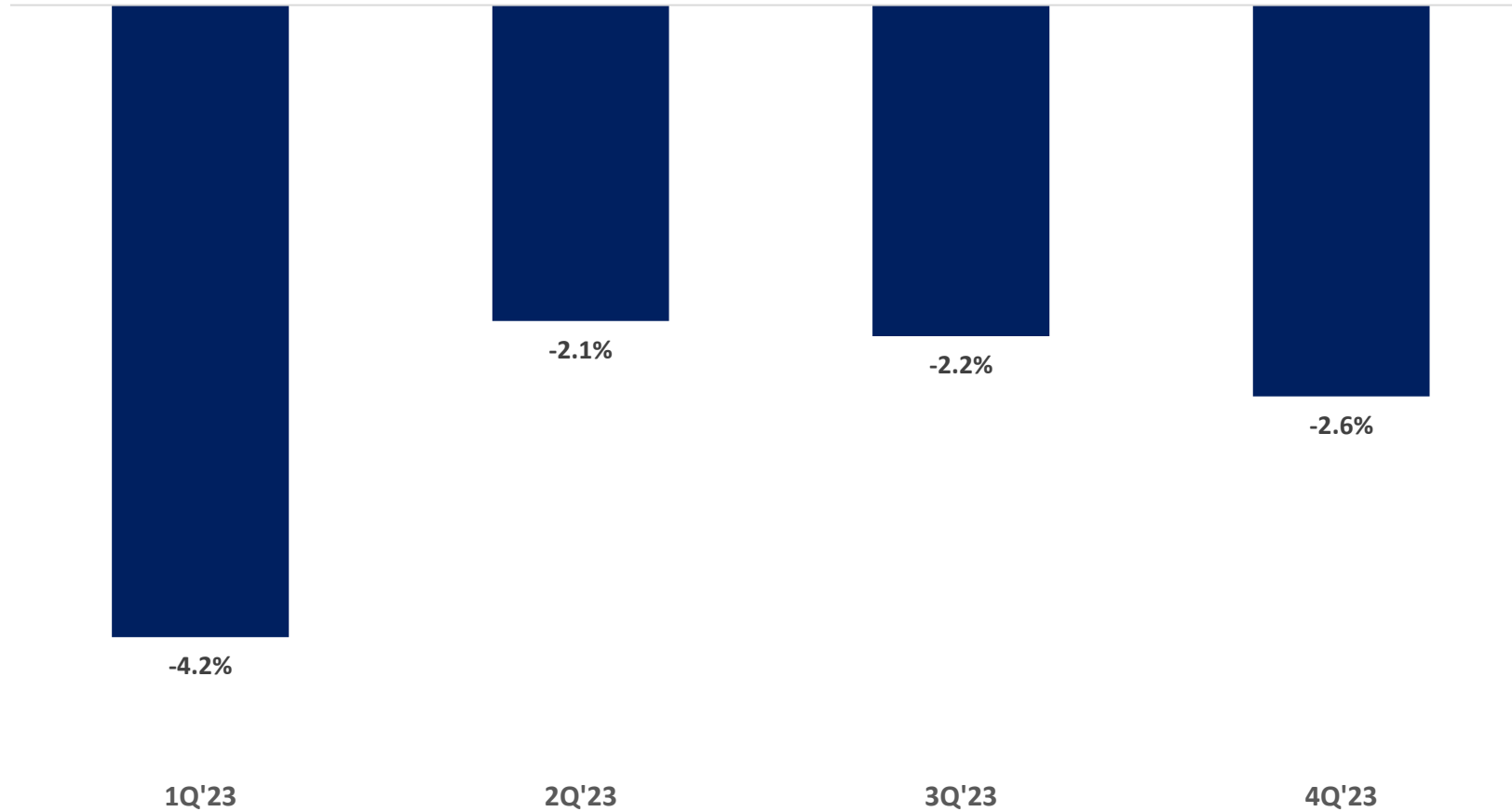


Source: Flowers Custom Database – Circana Total US Mulo + C Store



FRESH PACKAGED BREAD CATEGORY

BREAD CATEGORY % UNIT CHANGE (Y/Y)

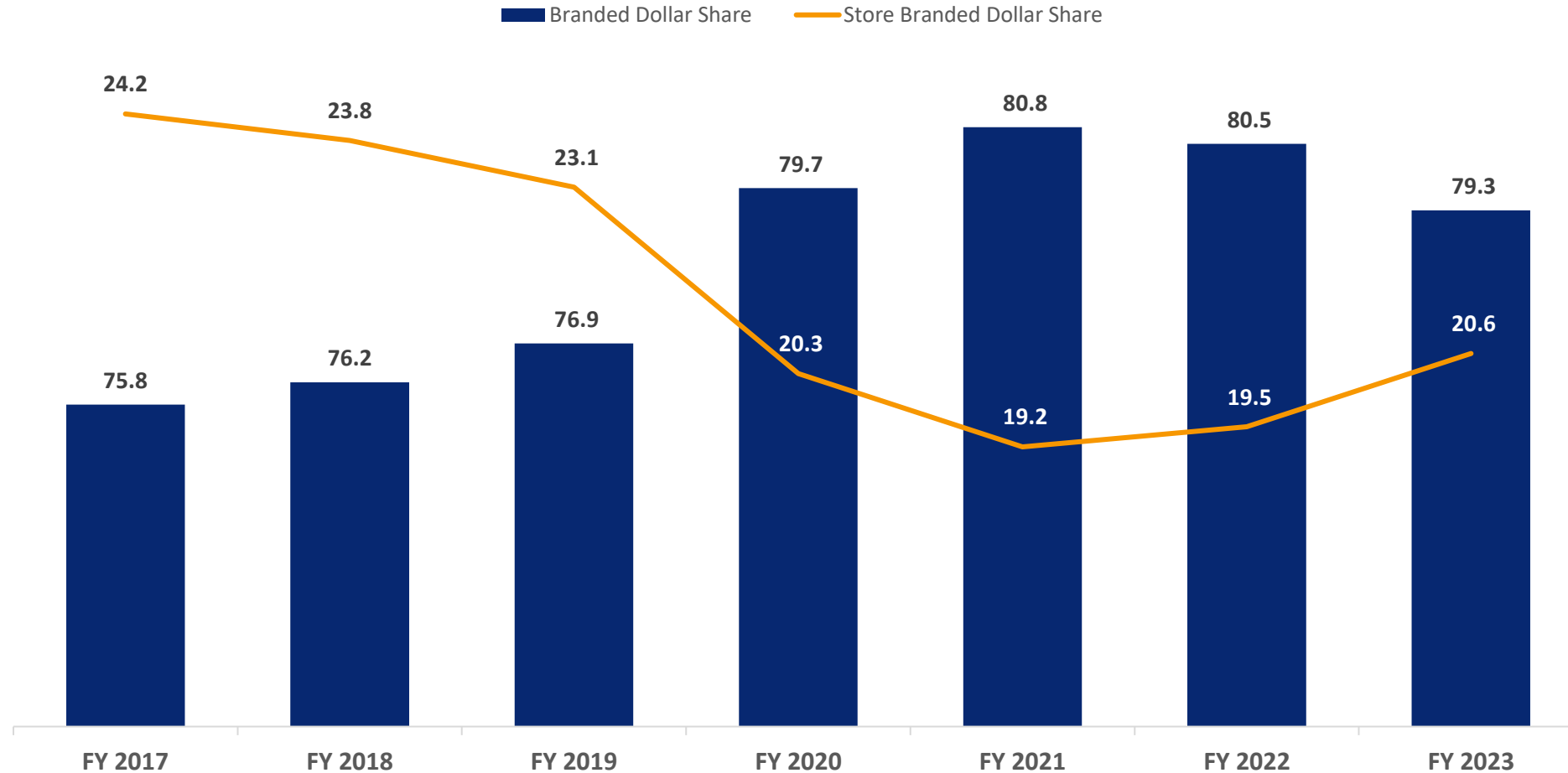


Source: Flowers Custom Database – Circana Total US Mulo + C Store



BRANDED VS STORE BRAND MARKET SHARE

Long-term trend of branded share gains interrupted by inflationary pressure on consumers

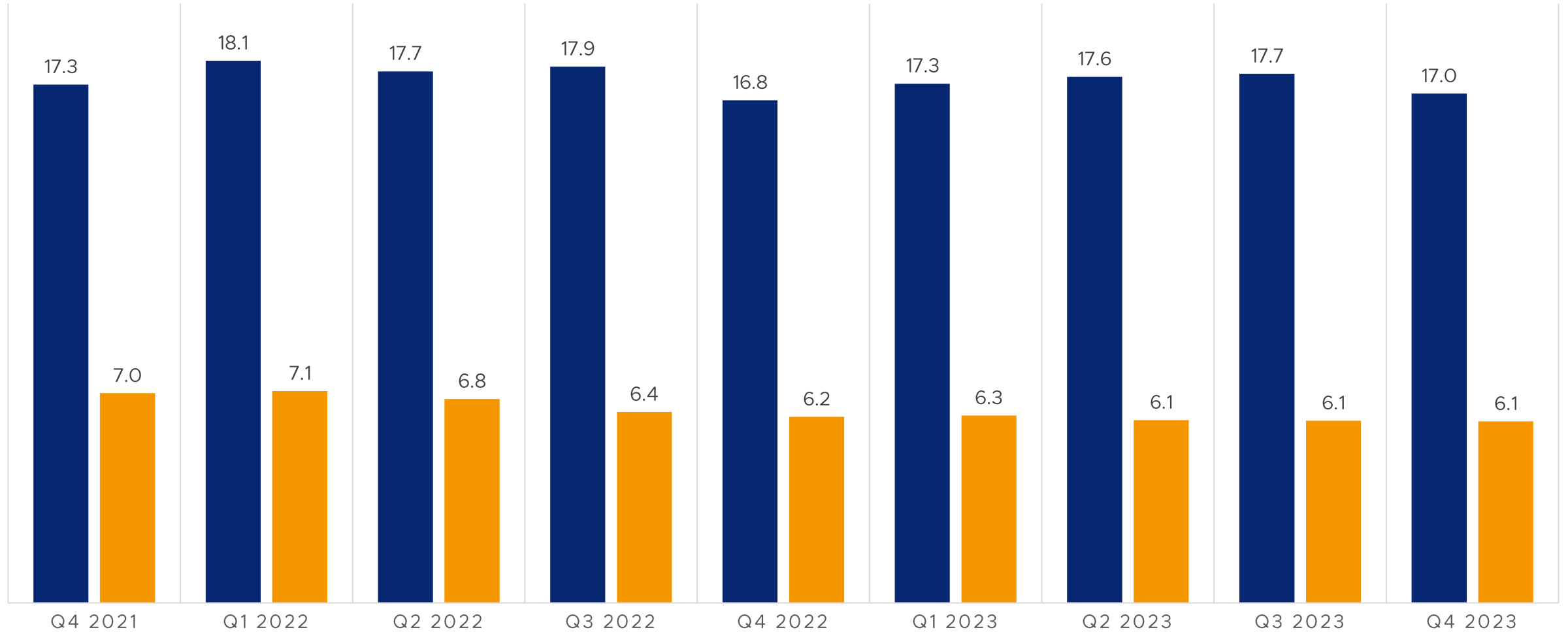


Source: Flowers Custom Database – Circana Total US Mulo + C Store



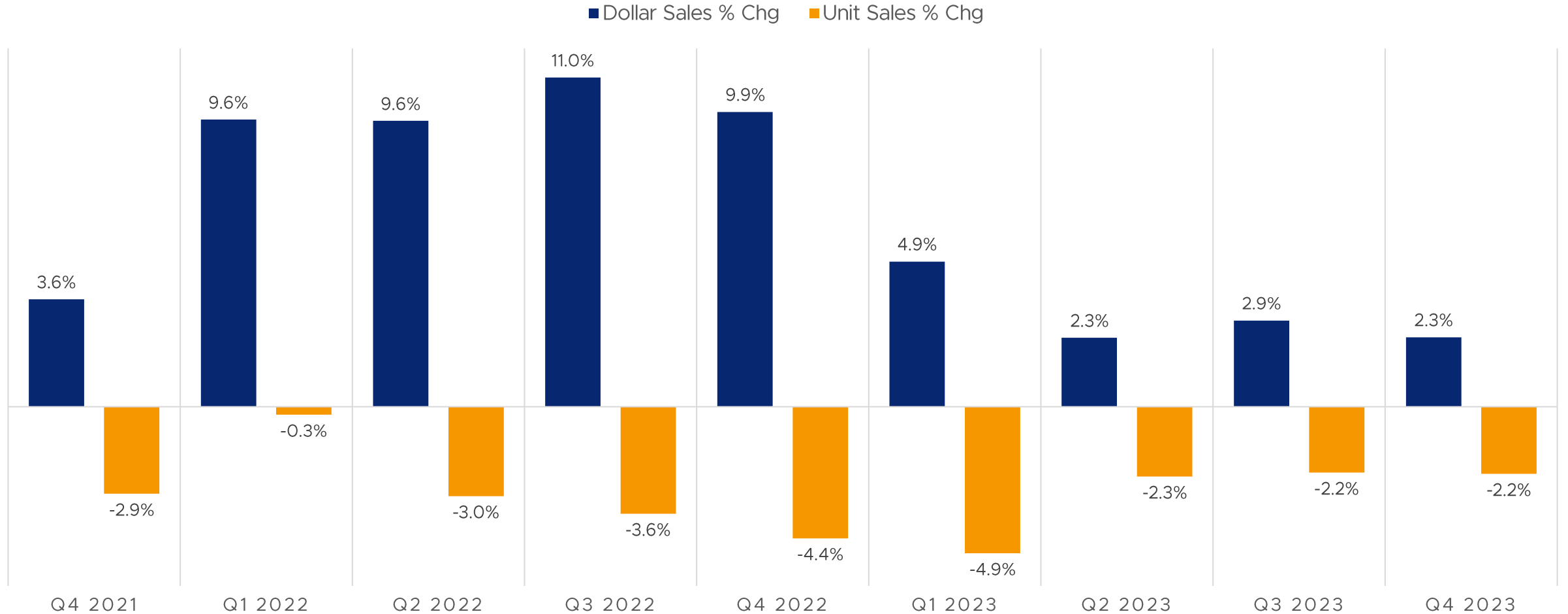
FLOWERS' MARKET SHARE

■ FLO Bread Dollar Share ■ FLO Cake Dollar Share



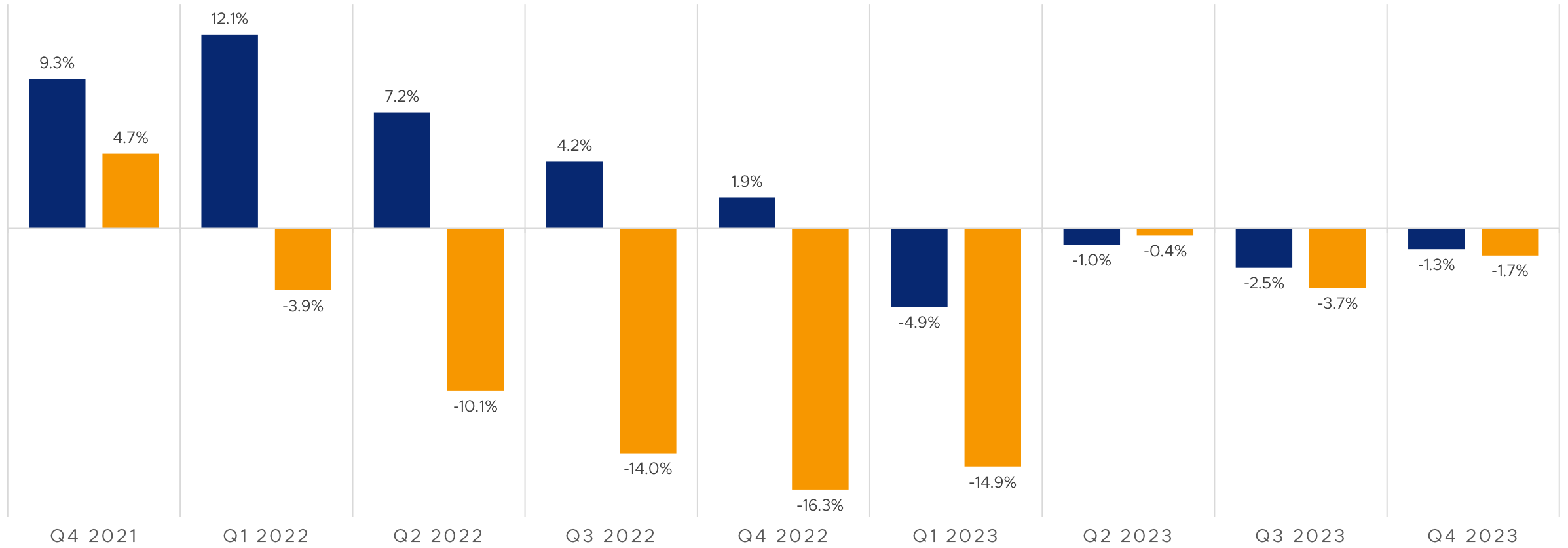
Source: Flowers Custom Database – Circana Total US Mulo + C Store

FLOWERS FRESH PACKAGED BREADS



FLOWERS COMMERCIAL CAKE

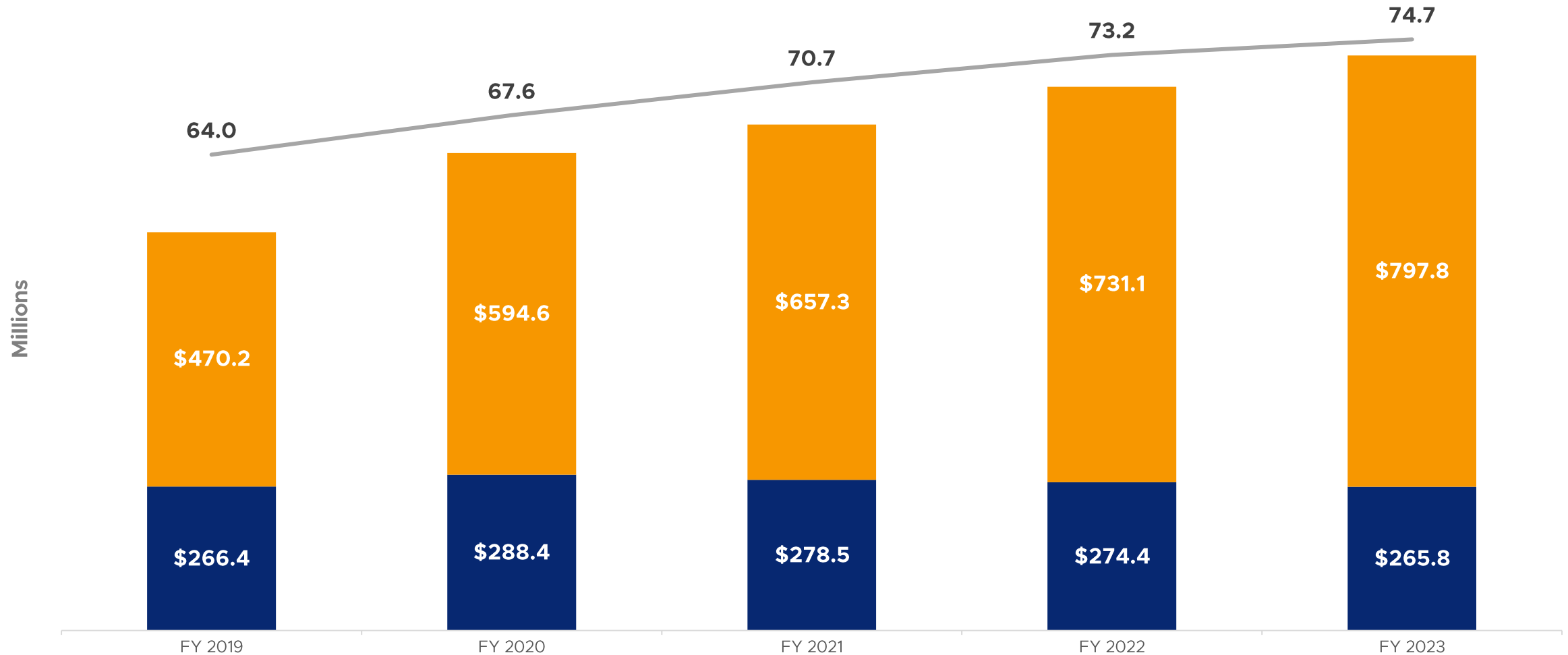
■ Dollar Sales % Chg ■ Unit Sales % Chg



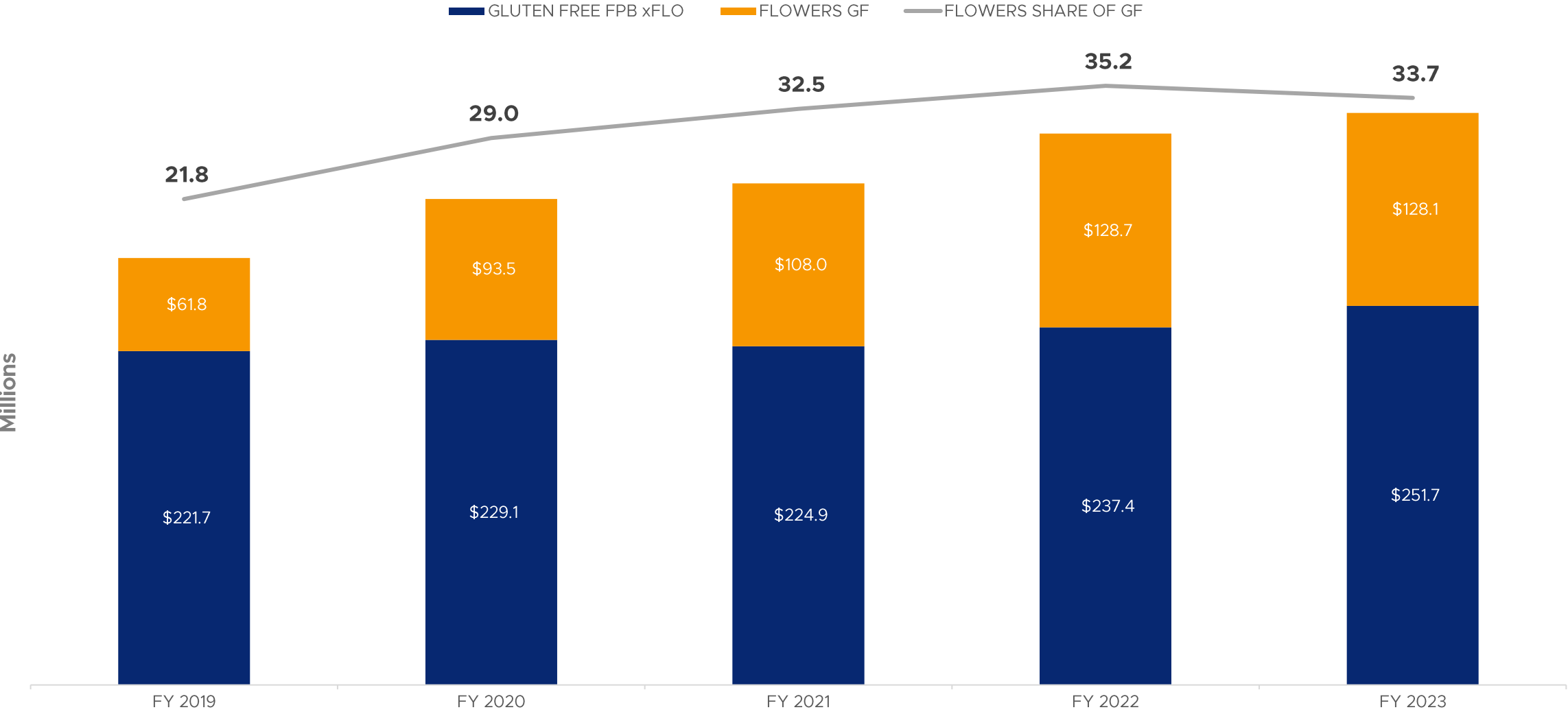
Source: Flowers Custom Database – Circana Total US Mulo + C Store

ORGANIC CATEGORY SALES

■ ORGANIC FRESH PACKAGED BREADS xFLO
 ■ FLOWERS ORGANICS
 — FLOWERS SHARE OF ORGANICS



GLUTEN-FREE CATEGORY SALES



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

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, 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.



RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

RECONCILIATION OF EARNINGS PER SHARE TO ADJUSTED DILUTED EARNINGS PER SHARE

	For the 12 Week Period Ended	For the 12 Week Period Ended
	December 30, 2023	December 31, 2022
Net income per diluted common share	\$ 0.17	\$ 0.23
Business process improvement costs	0.01	0.02
Impairment of assets	0.02	—
FASTER Act, net of recovery on inferior ingredients	—	NM
Restructuring charges	NM	—
Acquisition-related costs	—	NM
Gain on sale and lease termination gain	—	(0.02)
Adjusted net income per diluted common share	<u>\$ 0.20</u>	<u>\$ 0.23</u>

NM – Not meaningful.

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)

	For the 12 Week Period Ended December 30, 2023	For the 12 Week Period Ended December 31, 2022
Sales	\$ 1,129,027	\$ 1,082,670
Materials, supplies, labor and other production costs (exclusive of depreciation and amortization)	587,719	575,698
Gross Margin excluding depreciation and amortization	541,308	506,972
Less depreciation and amortization for production activities	20,213	18,085
Gross Margin	<u>\$ 521,095</u>	<u>\$ 488,887</u>
Depreciation and amortization for production activities	\$ 20,213	\$ 18,085
Depreciation and amortization for selling, distribution and administrative activities	16,803	14,628
Total depreciation and amortization	<u>\$ 37,016</u>	<u>\$ 32,713</u>



RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

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

	For the 12 Week Period Ended <u>December 30, 2023</u>	For the 12 Week Period Ended <u>December 31, 2022</u>
Selling, distribution and administrative expenses	\$ 447,905	\$ 409,929
Gain on sale and lease termination gain	-	\$ 6,107
Business process improvement costs	(2,900)	(4,303)
Acquisition-related costs	-	(936)
Adjusted selling, distribution and administrative expenses	<u>\$ 445,005</u>	<u>\$ 410,797</u>
Sales	\$ 1,129,027	\$ 1,082,670
Adjusted SD&A as a percent of sales	<u>39.4%</u>	<u>37.9%</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>December 30, 2023</u>	For the 12 Week Period Ended <u>December 31, 2022</u>
Net income	\$ 35,676	\$ 48,597
Income tax expense	10,398	15,346
Interest expense, net	3,885	330
Depreciation and amortization	37,016	32,713
EBITDA	86,975	96,986
Other pension benefit	(62)	(179)
FASTER Act, net of recovery on inferior ingredients	-	236
Gain on sale and lease termination gain	-	(6,107)
Business process improvement costs	2,900	4,303
Acquisition-related costs	-	936
Impairment of assets	6,264	-
Restructuring charges	226	-
Adjusted EBITDA	<u>\$ 96,303</u>	<u>\$ 96,175</u>
Sales	\$ 1,129,027	\$ 1,082,670
Adjusted EBITDA as a percent of sales	8.5%	8.9%



RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

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

	For the 12 Week Period Ended <u>December 30, 2023</u>	For the 12 Week Period Ended <u>December 31, 2022</u>
Income tax expense	\$ 10,398	\$ 15,346
Tax impact of:		
Gain on sale and lease termination gain	-	(1,527)
Business process improvement costs	725	1,075
FASTER Act, net of recovery on inferior ingredients	-	59
Acquisition-related costs	-	234
Impairment of assets	1,566	-
Restructuring charges	57	-
Adjusted income tax expense	<u>\$ 12,746</u>	<u>\$ 15,187</u>



RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

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

	For the 12 Week Period Ended	For the 12 Week Period Ended
	<u>December 30, 2023</u>	<u>December 31, 2022</u>
Net income	\$ 35,676	\$ 48,597
Business process improvement costs	2,175	3,228
FASTER Act, net of recovery on inferior ingredients	-	177
Gain on sale and lease termination gain	-	(4,580)
Acquisition-related costs	-	702
Impairment of assets	4,698	-
Restructuring charges	169	-
Adjusted net income	<u>\$ 42,718</u>	<u>\$ 48,124</u>



RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

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

	<u>For the 52 Week Period Ended December 30, 2023</u>
Net income	\$ 123,416
Income tax expense	33,691
Interest expense, net	16,032
Depreciation and amortization	151,709
EBITDA	324,848
Other pension benefit	(269)
Restructuring charges	7,099
Impairment of assets	7,298
Legal settlements and related costs	137,529
Business process improvement costs	21,521
Acquisition-related costs	3,712
Adjusted EBITDA	<u>\$ 501,738</u>



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>December 30, 2023</u>
Current maturities of long-term debt	\$ -
Long-term debt	1,048,144
Total debt	1,048,144
Less: Cash and cash equivalents	22,527
Net Debt	\$ 1,025,617
Adjusted EBITDA for the Trailing Twelve Months Ended December 30, 2023	\$ 501,738
Ratio of Net Debt to Trailing Twelve Month Adjusted EBITDA	2.0

