



SECOND QUARTER 2025 PREPARED REMARKS

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CORPORATE PARTICIPANTS

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Ryals McMullian, *Chairman and CEO*

Steve Kinsey, *CFO*

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' 2025 second-quarter results. We will host a live Q&A session this morning 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 investors 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. And thank you for everyone joining the call.

The progress we've made in repositioning our portfolio to better align with consumer demand gives me great confidence in our path to driving consistent long-term growth. Investments in innovation and our acquisition of Simple Mills have shifted more of our sales to higher-margin branded retail products, which accounted for 67% of sales in the quarter, up from 64% a year ago. This transition will take time to implement, but we expect further benefits as we execute our portfolio strategy and develop our deep pipeline of innovation.

Results in the quarter were impacted by the continued challenging economic environment and shifting consumer trends that have had an outsized impact on the bread category. Bread sales underperformed the general food category with volumes in tracked channels declining 3% compared to a 1% decline in food. Traditional loaf products, an area that we are especially exposed to, suffered particular pressure, down 6%. In recognition of those challenges and more-intense competitive pressure, we are adjusting our expectations for 2025 results.

To mitigate these headwinds, we are targeting pockets of growth in various subsegments of the category and leveraging our strong brands to transition into adjacent categories. While in the short-term these moves have not been enough to fully overcome softness in the heart of our category, we are confident that over the long term they are the right strategies and that they will position Flowers for stronger future growth.

While the bread category overall is under pressure, differentiated products, particularly those with better-for-you attributes, are outperforming. For example, organic and keto category sales rose 3% and 4%, respectively. We believe our leading share in these and other attractive subcategories positions us well to capitalize on the available growth opportunities.

We are also leveraging our strong brands to expand our product lines outside of the bread category in areas with significant market share potential where we believe we have a right to win. Our DKB snacking portfolio is just the first example of this strategy. And our acquisition of Simple Mills amplifies this shift, providing access to the growing natural snacking category.

Wonder's move into the cake category, which is off to a strong start, is another example of extending our brands where it makes sense. And within each of these categories, we intend to aggressively innovate, bringing new products to market that meet unmet consumer needs.

We are not satisfied with our results, and, rather than passively waiting for our category to improve, we are aggressively transforming our portfolio through innovation and M&A to better align with consumer demand. By addressing the factors within our control, we aim to maximize our near-term results while supporting more-consistent long-term growth. These initiatives are gaining momentum, underscoring what we believe to be the strength of our brands and the effectiveness of our strategy.

Now, I'll provide an overview of the second quarter 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 review our financial results and guidance, and then I'll close with a discussion of key themes moving forward.

First, I'd like to thank our team members for their unwavering commitment to providing our customers with the best products and service in the industry. Their actions bolster my confidence in our long-term potential.

The acquisition of Simple Mills in the first quarter supplemented our industry-leading team with an influx of new talent. The integration is progressing well, and I am excited about the new skills and knowledge base their team members bring to Flowers.

Equally important as having the right talent, is providing team members with proper incentives to drive shareholder value. As we navigate through this challenging period, I'd like to highlight the alignment of our team with shareholder interests.

Every strategy, tactic, decision, and action we take is intended to drive long-term shareholder value. And our incentive structure is aligned with that aim, with performance-based compensation and long-term incentive plans tied to value creation. For example, our annual cash incentive awards are tied to revenues and adjusted EBITDA results. And longer-term incentive compensation via performance shares is tied to return on invested capital relative to our cost of capital, and total shareholder return versus our peer group.

Our entire team is working tirelessly to improve results and enhance shareholder value.

Our second strategic priority is focusing on our brands, an area of particular importance in the current environment. And that focus is paying off, driving outperformance in several areas. We maintained unit share overall with particularly strong results in sandwich buns and rolls, breakfast, and specialty premium loaf. And our brands are outperforming, with DKB, Wonder, and Canyon all gaining unit share in the quarter. Our strong relative market share and brand loyalty has earned us increased shelf space and better shelf placement from retailers.

A notable trend was strength in areas with differentiation, particularly better-for-you health attributes. Despite a 3% decline in bread category units, both DKB and Canyon grew unit sales in tracked channels, up 4% and 12% respectively. Conversely, the area of least differentiation, private label, saw unit sales down 4%.

Consumers are responding to differentiation and are willing to pay a premium for value-added attributes. Recent innovations, including Nature's Own keto products, and DKB protein bars and snack bites, continued their strong performances. Consumers are also seeking lower price points and smaller pack sizes, which our expanded line of small loaves addresses perfectly.

Our sweet baked goods business benefitted from the spring launch of Wonder cake products, which significantly outperformed the category. We gained 70 basis points of unit share, the most of any vendor, led by Wonder's strong performance. Importantly, Wonder's growth did not cannibalize TastyKake sales, which posted flat unit share. Reception from retailers and consumers alike was enthusiastic and we are excited about the growth potential for this business. The national rollout will continue into the second half of the year as we add new distribution and work to drive additional trial through promotions.

To continue our momentum, in the third quarter we are rolling out a strong lineup of on-trend innovative products with an emphasis on better-for-you and value-oriented items that target the strongest pockets of growth in our category. We are continuing to capitalize on those trends by investing in additional innovation to further differentiate our product portfolio.

Our third strategic priority is margins. The difficult industry volume trends, combined with additional pressure from tariffs, make our focus on margins even more crucial. As always, we are laser focused on costs, and we are in the process of implementing additional savings initiatives this year to offset top line pressure. Those initiatives, which include labor and other efficiencies, are making progress and we expect them to contribute to our second half results.

Cost savings are necessary but not sufficient to enable long-term margin growth. Even more important is the execution of our portfolio strategy, whereby we work to increase the percentage of sales of our higher-margin branded retail products. In conjunction with that shift, we also continue to focus on improving margins in our Other sales category, so new and existing business can meet our margin targets.

Our fourth priority is smart M&A.

As I mentioned earlier, the integration of Simple Mills is progressing well, as we find efficient, mutually productive ways to collaborate and connect. The brand's continued strong performance, even in this challenging environment, highlights its alignment to today's consumer trends and bolsters our confidence in its long-term potential.

Impressively, in the second quarter, the brand outperformed both the total category and natural category in every tracked channel segment in which it participates. Results were particularly strong in crackers, where Simple Mills grew faster than any other natural cracker brand and was the third fastest growing total cracker brand. Simple Mills' strong performance enabled it to maintain its leading market share in natural cookies and crackers. Since we closed on the acquisition, results have been in line with our high expectations, and we are thrilled with the brand's potential.

Our capital allocation priority is to return to a more-normalized leverage ratio, enabling us to explore further opportunities. As always, we will remain disciplined in our approach and focused on growing shareholder value with an attractive risk/reward balance.

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. Turning to our second quarter 2025 results.

Net sales increased 1.5% from the prior-year period. Price/mix declined 1.2%, primarily related to our retail business, partially offset by improved price/mix for our foodservice business from executing our portfolio optimization strategies. Volume declined 2.4% largely due to decreases in traditional loaf bread, partially offset by improvement in branded cake, branded organic, and branded Keto volumes. The Simple Mills acquisition added 5.1%.

Gross margin as a percentage of sales, excluding depreciation and amortization, decreased 110 basis points to 48.8% over the same quarter last year. Increased outside purchases of co-manufactured product, due to the Simple Mills acquisition, and lower production volumes drove the decline.

Selling, distribution, and administrative expenses as a percentage of sales were 38.1%, a 40-basis point decrease over the prior-year period due to lower distributor distribution fees, partially offset by higher workforce-related costs and increased fleet expense related to the conversion to company-owned territories in California.

Excluding matters affecting comparability, adjusted SD&A was 37.7% of net sales, a 50-basis point decrease.

GAAP diluted EPS for the quarter was 28 cents per share, a 4-cent decrease over the prior-year period. Excluding the items affecting comparability detailed in the release, adjusted diluted EPS in the quarter decreased 6 cents over the prior-year period to 30 cents.

The Simple Mills acquisition contributed \$61.4 million in net sales, \$10.9 million to adjusted EBITDA, and a one cent adjusted diluted loss per share.

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

We remain confident in our overall financial position. At quarter end, net debt to trailing twelve month adjusted EBITDA stood at approximately 3.2 times, increasing over the year-ago period due to the acquisition of Simple Mills. We held \$11 million in cash and cash equivalents and had \$627 million of remaining availability under our credit facilities.

Year-to-date, cash flow from operating activities increased \$98 million to \$267 million, benefitting from deferred tax benefits from recently passed legislation and improved working capital performance. Capital expenditures decreased \$5 million to \$56 million and dividends paid increased \$3 million to \$105 million.

We are adjusting our 2025 financial outlook largely due to softness in traditional loaf and more-intense competitive pressure, which we expect to persist throughout the year. Including the partial year benefits of Simple Mills, we now forecast net sales to be \$5.239 to \$5.308 billion, adjusted EBITDA of \$512 to \$538 million, and adjusted EPS of \$1.00 to \$1.10. Excluding Simple Mills, we expect sales of \$5.021 to \$5.083 billion, adjusted EBITDA of \$482 to \$505 million, and adjusted EPS of \$1.08 to \$1.17.

We continue to expect a second-half benefit from shelf space gains and additional cost savings initiatives, offset by the lapping of prior-year cost savings initiatives, increased commodity cost headwinds, tariff-driven expense

increases, and continued challenging category trends. The largest swing factors in our guidance are overall category performance and tariffs.

Our prior guidance assumed an in-year tariff impact of \$27 to \$30 million for our legacy business and \$4 to \$6 million for Simple Mills. Our current estimate of the in-year tariff impact is \$15 to \$18 million for our legacy business and \$2 to \$4 million for Simple Mills.

Approximately 92% of our key raw materials are covered in 2025. Based on that coverage, our guidance incorporates inflationary headwinds for the remainder of the 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 ingredient costs 6 to 12 months out.

In the second quarter we resumed the bakery rollout of our ERP system, successfully completing a third bakery. We plan to extend the rollout to further bakeries in the third quarter. To minimize the risk of operational disruptions, we are proceeding prudently and are confident in our ability to execute the transition smoothly.

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

Ryals McMullian, *Chairman and CEO*

Thanks, Steve.

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

The consumer environment remains largely consistent with last quarter, with persistent inflationary pressures impacting consumer confidence and purchasing behavior. Although food and beverage dollar sales have remained relatively stable, volume trends weakened mid quarter and into July. Foodservice traffic continued to decline, but improved sequentially, while retail volume growth remained positive despite weakening trends.

Consumers continue shifting retail food and beverage spend to value, club, and mass channels, while small format channels like convenience, dollar, and drug stores lag behind. Within the store, consumers are allocating more of their budgets to perimeter items like proteins, produce, and dairy, and away from center store items like bakery, alcohol, and candy.

Bread category trends were fairly stable throughout the quarter, characterized by declining dollar sales and volume with particular weakness in traditional loaf. That weakness was primarily the result of declining unit sales per buyer caused by fewer product trips. Consistent with what we are seeing regarding food and beverage trends, research shows that one of the largest factors in consumer behavior in the bread category is health or dietary needs. That mindset has resulted in stronger performance in products perceived to have healthier attributes.

Unsurprisingly, higher-income consumers are increasing their food and beverage spend, both in retail and foodservice channels, much more than lower- and middle-income consumers. Their increased spend has been driven by a combination of higher prices and increased units. For lower- and middle-income consumers, the impact is much more affected by price increases, with lower-income consumers actually reducing the number of units purchased. Looking at bread specifically, while volumes have been declining for all income brackets in recent periods, upper-income consumers have cut back on bread purchases the most despite their overall increased food

and beverage spend, while lower-income consumer units have declined the least, perhaps due to the strong value offered by a loaf of bread.

As I mentioned earlier, we are adapting our portfolio to align with current trends such as better-for-you and value-oriented items that target the strongest pockets of growth in our category.

In contrast to consumer behavior, the competitive environment has become more intense. Although promotional activity is relatively stable, the addition of new, lower-priced bread products has pressured results. That pressure has particularly affected the traditional loaf segment, where our sales in tracked channels declined 7.9% in the second quarter compared to 5.5% in the first quarter. We are actively working to improve these results.

Average fresh packaged bread prices rose 3 cents in the quarter, led by private label, which increased 9 cents. Branded pricing changes were mixed.

Our promotional activity, which increased slightly over the year-ago period, remains focused on areas of category strength such as differentiated, better-for-you products like DKB. Given the importance of innovation in the current environment, we are focused on driving trial and repeat purchases of our new items that align well with consumer demand.

Our aim is to lean into these areas to further solidify our leading market positions. As always, we are guided by our enhanced trade promotion capabilities and remain prudent in our use of promotional spending, carefully monitoring the return on investment.

In closing, we are focused on executing the five steps we are taking to mitigate headwinds and drive profitability, which include:

1. Aggressively innovating unique, premium products, alongside value-oriented offerings, to offset the effects of a declining category.
2. Leveraging the power of our top brands to move into other faster-growing segments.
3. Using M&A to focus on new growing product segments to enhance our growth and margin profile.
4. Stabilizing the cake business by leveraging the power of the Wonder brand; and
5. Optimizing our supply chain and path to market to deliver industry leading operations and service.

Despite the near-term headwinds, we are excited about the progress we've made in advancing these initiatives and we have additional plans that should enable further benefits. We are confident this approach will help us to maximize near-term performance while developing our brands and capabilities to drive sustainable growth. Rest assured that we are not satisfied with our current results and we are taking every reasonable step to drive long-term shareholder value.

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 for the year ended December 28, 2024 (the "Form 10-K") and our 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 the impacts of tariffs); 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 corporate responsibility goals in accordance with regulatory requirements and the expectations of our 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, such as the acquisition of Simple Mills, (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 or tariffs 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 (“IDPs”), 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 IDPs and customers, which operate in the highly competitive retail food and foodservice industries, (p) any business disruptions due to political instability, pandemics, armed hostilities, 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, our availability or restriction of resources, higher regulatory and compliance costs, reputational risks, and our 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 our Form 10-K, Part II, Item 1A., Risk Factors, of the Form 10-Q for the quarter ended July 12, 2025 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, provide 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 release to the most comparable GAAP financial measure.