Flowers FOODS

SECOND QUARTER 2026 REVIEW

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CORPORATE PARTICIPANTS

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

Ryals McMullian, *Chairman and CEO*

Anthony Scaglione, *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' second-quarter 2026 results. We will host a live Q&A session Friday, August 21, 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 Anthony Scaglione, our CFO. Ryals, I'll turn it over to you…

Ryals McMullian, *Chairman and CEO*

Thanks, J.T. and thanks to everyone for joining us today.

Our second quarter results reflect the continued challenges across the fresh packaged bread category, as ongoing pressure on household budgets, evolving consumer purchasing behavior, and continued competitive dynamics created a more difficult operating environment than anticipated. While we expected many of these headwinds to persist, their pace and magnitude intensified during the quarter, contributing to softer demand across much of our portfolio and results that fell short of our expectations.

The pressure was concentrated in several identifiable areas. Continued strain on household budgets has driven greater price sensitivity and trade-down activity. At the same time, consumer purchasing shifted across formats, package sizes, and product attributes where we are still building scale. Those shifts were compounded by consistent promotional intensity and strong competition across pricing and assortment. Together, these factors pressured volume and contributed to a 4% decline in sales.

Against this backdrop, we are accelerating initiatives already underway to strengthen the business. Insights gained during the quarter and through our comprehensive review have sharpened our priorities and are helping us move faster to strengthen competitiveness, improve execution, advance innovation, and prioritize the highest-value opportunities.

Recognizing the continued volatility in the economic environment, those insights are translating into focused actions to help stabilize and improve our performance. Importantly, we are already seeing these efforts generate tangible commercial momentum. Recent progress includes new business wins, entry into new markets, and key wins in away-from-home and cake categories, which we expect to contribute meaningfully to sales as those opportunities fully ramp.

To build on our category leadership, we are accelerating innovation, including expanded half-loaf offerings and new sourdough varieties that better align with consumer preferences. We are strengthening in-store execution, using technology and evaluating AI applications to help improve promotional effectiveness, and selectively refining our price-pack architecture to enhance competitiveness and support profitable growth. We also continue to invest behind our leading brands, including the Nature’s Own relaunch, which is currently in its early stages but is receiving positive feedback from customers and consumers.

Now, let me turn to our brand portfolio and the actions underway across key categories.

Our strategic focus remains centered on strengthening our leading brands and investing in innovation that meets the evolving needs of consumers. While the quarter was pressured across much of the portfolio, we saw bright spots in select areas of premium and specialty loaf, buns and rolls, breakfast, cake, and better-for-you snacking. These areas helped offset some of the continued weakness in loaf, where we underperformed in both dollars and units.

Within traditional loaf, category trends remained pressured as constrained household budgets and heightened competitive activity increased trade-down behavior and weighed on overall demand. At the same time, consumers continued to shift toward smaller loaves and more differentiated products, areas where we are still building scale. These dynamics, along with lower consumption, impacted our performance at the category level in both Nature’s Own and Wonder in the quarter. However, a key bright spot was Nature's Own Perfectly Crafted, which increased sales by over 8%, gaining in both dollar and unit share. This points to the value of innovation, with Sourdough and Italian Herb helping to expand the franchise and drive incremental growth.

Against this backdrop, we are taking focused actions to strengthen our position. The relaunch of Nature’s Own is a key step in that process. As we said last quarter, this is the first major relaunch of our flagship brand in well over a decade. While we expect it will take time to build consumer awareness and drive benefits through the business, we believe the relaunch strengthens our position as we move forward. Early feedback from customers has been very positive, and we are encouraged by the response to the brand’s better-for-you positioning, fewer and simpler ingredients, and Non-GMO Project Verified offering at national scale.

The relaunch is in its early stages, and while sales gain momentum, we are focused on building awareness, securing displays, improving shelf communication, and supporting the brand across the full path to purchase. The marketing campaign, including our spokesperson John Cena, is beginning to generate stronger consumer engagement and positive social media feedback. We are also encouraged by Nature’s Own’s ingredient and health-perception credentials, including favorable scores from third-party nutrition and product rating platforms such as the Yuka app. While the relaunch is still in its early stages, we expect it to support greater stability and improved performance as awareness builds and execution gains traction. With its scale, trust, and differentiated positioning, Nature’s Own provides a strong platform to recapture share and extend our category leadership.

We also see a meaningful opportunity in smaller pack sizes, including small and half loaves*,* which are areas where we are positioned to build meaningful scale. Consumer preferences are increasingly shifting toward portion control, affordability, and reduced waste, identifying a clear opportunity to improve execution in this area. Accelerating our presence in small and half loaves will be an important part of our plan to improve performance and better align the portfolio where consumer demand is moving.

Moving to sandwich buns and rolls, our Nature's Own brand performed very well. Nature's Own gained 30 basis points of dollar share and 20 basis points of unit share in the quarter. The fact that dollar share grew above the rate of unit share demonstrates continued consumer acceptance of the brand's premium positioning and pricing within the segment. Nature's Own Perfectly Crafted was the primary driver and continued to build momentum, increasing dollar sales and gaining 20 basis points of unit share in the quarter, helping offset some of the pressure on our overall performance in the category. During the July Fourth holiday period, we held unit share and grew dollar share during this important seasonal window. This reinforces our belief that, when supported by the right merchandising, display activity, and customer execution, our leading brands continue to resonate with consumers.

In organics, Dave's Killer Bread experienced pressure on both unit and dollar share during the quarter. Consumption declined as we pulled back on planned marketing investment, while shifts in consumer preferences, heightened competition, and consumer price sensitivity created additional pressure. DKB remains the organic segment leader, and we continue to see significant growth potential supported by its differentiated brand equity, organic positioning, and strong consumer loyalty. To capture that opportunity, we are refining our messaging to build greater awareness of DKB's better-for-you attributes while supporting the brand through innovation, expanded distribution, and advertising.

Canyon Bakehouse, the leading gluten-free bread brand, gained both unit and dollar share, demonstrating the brand's important role within our broader better-for-you portfolio. And in Nature's Own Keto, we gained dollar share demonstrating strength in the category as consumers continue to look for products that support specific dietary and functional needs. Despite broader category pressures, our leadership across organic, gluten-free, and other differentiated offerings remains highly relevant and provides a strong platform to meet evolving consumer needs.

In breakfast, while overall share was modestly lower, we saw encouraging momentum in select areas. Wonder gained 20 basis points of both unit and dollar share, supported by expanded distribution that helped drive nearly 100% growth in both units and dollars versus the prior year. That strength was offset by softer performance in DKB. Even so, we continue to view breakfast as an attractive long-term growth opportunity, supported by continued distribution gains, targeted innovation, and improved execution. The relative performance of our brands in this segment also underscores the value of having a diversified portfolio across price points, giving us multiple ways to participate as consumer preferences and spending patterns evolve.

In cake, we generally held share in the category, supported by another strong quarterly performance from our Wonder-branded offerings. Wonder cake was a clear standout, gaining 60 basis points of unit share while also growing dollar share, underscoring the brand's strong consumer relevance and the important role our cake business can play within our broader portfolio. Wonder's continued momentum gives us a strong foundation from which to build in this category.

Turning to better-for-you snacking, we continue to be encouraged by our platform anchored by Simple Mills and Dave's Killer Bread, with differentiated products that are well positioned to meet consumer demand. Simple Mills delivered solid growth in the quarter, supported by broad-based momentum across the portfolio, strong underlying consumer demand, and an encouraging initial response to this year's innovation launches.

Retail sales increased 13%, driven by strength in Cookies and Crackers, reinforcing the resilience and appeal of the brand. Cookies grew 39% and Crackers grew 8% in the quarter, both outpacing their respective categories. This performance was driven by a combination of distribution expansion, ecommerce performance, and strong velocities on core lines in the food and mass channels. Recent innovation launches have exceeded distribution goals and delivered promising early results, reinforcing our confidence that Simple Mills' growth will accelerate through the balance of 2026.

Suffice it to say, we are pleased with the strong performance at Simple Mills and remain confident in the brand's long-term growth opportunity.

DKB bars and mini bites continued to generate strong consumer interest during the quarter. We are working to improve product availability and service levels to better meet demand and support growth through the balance of the year.

Turning to our outlook, given our first-half performance and the category backdrop, we are updating our full-year guidance to reflect a more conservative outlook for the balance of the year. At the same time, our comprehensive review is giving us a clearer perspective of market dynamics, portfolio opportunities, and the actions required to improve performance. We are taking targeted steps to strengthen competitiveness, sharpen execution, reduce costs, and better align resources with the opportunities that can create the greatest long-term value. Consistent with these priorities, we are executing additional cost actions designed to improve efficiency, reduce our cost base, and better align our operating structure with customer needs and current market realities. While difficult, we expect these actions to create a more agile organization and better position Flowers for profitable growth over time.

With that, I will hand it over to our CFO, Anthony Scaglione, for additional details and a review of our financial results.

Anthony Scaglione, *CFO*

Thanks, Ryals, and good morning, everyone. I'll spend a few minutes on our second quarter results, the actions we are taking to manage through the current environment, and how we are thinking about the balance of 2026.

As Ryals outlined, our second-quarter results reflected a challenging category backdrop, with continued pressure on consumers, softer demand, and evolving preferences that weighed on volume and mix. Throughout the quarter, we managed costs carefully, protected financial flexibility, and advanced initiatives from our comprehensive review that we believe will strengthen performance through the balance of 2026 and beyond.

For the quarter, net sales decreased 4.0% from the prior year period. Volume was down 5.8% reflecting the challenging environment in the fresh packaged bread category and the continued pressure in traditional loaf and certain premium loaf categories, which offset favorable price/mix.

Breaking this down further, branded retail sales declined 3.8% driven by lower volume partially offset by positive price/mix. Other net sales decreased 4.4% on lower volume in store-branded retail sales.

Gross margin, excluding depreciation and amortization, was 48.4% of sales, down 40 basis points from the prior year. The decline was driven by lower operating leverage from reduced volumes and increased outside purchases, net of lower ingredient costs related to Simple Mills.

On an adjusted basis, SD&A increased 140 basis points as a percentage of sales, primarily reflecting lower sales against higher relative marketing, labor, and logistics costs. These pressures were partially offset by lower distributor discounts and continued cost discipline. While top-line weakness drove P&L deleverage, we remain deliberate in our spending—prioritizing cost initiatives while continuing to invest behind our leading brands.

Adjusted EBITDA declined 19% to $111 million, representing 9.3% of net sales. GAAP diluted EPS for the quarter was 19 cents, a 9-cent decrease over the prior year period. Excluding the items affecting comparability detailed in the release, adjusted diluted EPS in the quarter was 21 cents, compared to 30 cents in the prior-year period. Our first half results were clearly below our expectations, and we are taking targeted actions to help stabilize performance in the back half of the year, which I will address momentarily.

From a balance sheet and cash flow perspective, our focus remains on preserving flexibility and maintaining a disciplined approach to leverage. We continue to improve our balance sheet and have paid down approximately $70 million in debt year-to-date. Our financial strength remains a priority, and as a reminder, we have secured a new $400 million delayed-draw facility to fund the maturity of our bonds coming due in October of 2026 – completely de-risking that maturity.

We will continue to prioritize investments that support attractive returns, fund the dividend, and strengthen the balance sheet over time.

Turning to cash flow, we generated $242 million in cash from operating activities year-to-date, while investing $44 million in capital expenditures and returning $81 million to shareholders through dividends.

Now moving to full year guidance. Given our results in the first half of the year against the current category backdrop, we are revising our full-year 2026 outlook to reflect those realities. We now expect net sales to be in the range of $5.070 billion to $5.142 billion, adjusted EBITDA to be in the range of $453 to $481 million, and adjusted diluted EPS to be in the range of $0.75 to $0.85 per share.

Our updated outlook reflects what we know today and assumes the current macroeconomic backdrop, with market and competitive conditions remaining generally consistent throughout the balance of the year. It also includes contribution from recent new business customer wins, as well as building momentum and changing the recent trajectory from the Nature's Own relaunch. Additionally, it reflects the actions we are taking to improve performance, including cost controls, reorganization savings, targeted brand investment, innovation launches, and related execution.

Before I turn it back to Ryals, I want to update you on our comprehensive review and the initiatives we are executing in the second half.

The comprehensive review is helping us sharpen priorities, improve execution, and better align our cost structure and resources with the opportunities where we see the strongest long-term returns. It is also identifying practical actions to simplify how we operate, strengthen competitiveness, and build a more efficient operating model.

We are making meaningful progress. Earlier this year, we realigned our DSD network and the territories it serves, and we are actively pursuing growth opportunities across retail and away-from-home channels, including food service and QSR customers, where we see room to expand over time.

As part of the review, we are taking select actions to further realign the organization and improve our cost structure. This builds on the cost-efficiency work we have pursued over the past several years, during which the company has removed more than $200 million of cost from the business. Our focus now is on becoming more agile, reducing complexity, and aligning our structure with customer needs and the growth opportunities where we have the right to win. Based on current estimates, we expect approximately $9 million of savings for the balance of this year and approximately $20 million of annualized run-rate savings once fully implemented, including certain reinvestments. To achieve these savings, we expect one-time costs of approximately $6 million.

As we look toward 2027, we recognize certain headwinds are increasing from today, namely commodity ingredient exposure and fuel. We remain vigilant in implementing actions to help mitigate some of this risk, including expanding our hedging program and improving our price-pack architecture to better align with consumer preferences. This work will lead to more stabilized cost inputs from a planning standpoint as well as opportunities to offer our best-selling brands in smaller loaf sizes and ensure our snack packs are appropriately sized for consumer demand. Collectively, these actions are designed to help us navigate the current environment, improve execution, and strengthen profitability through the balance of 2026 and into 2027. They also support the broader priorities Ryals discussed: strengthening our leading brands, improving in-store execution, accelerating innovation, and focusing capital and resources on the areas with the most attractive long-term returns.

In closing, while market conditions remain challenging, we are taking the right initiatives and moving with discipline and focus. I remain confident in the long-term strength of our business, our strategy, our brands, and our team.

With that, I will turn the call back over to Ryals for closing remarks.

Ryals McMullian, *Chairman and CEO*

Thanks, Anthony. To close, while our second quarter performance was below our expectations, we have a clear understanding of the market dynamics affecting the business and the actions required to improve performance. Consumers remain under pressure and purchasing behavior continues to evolve, and our comprehensive review has sharpened our perspective of where our portfolio is strongest, where we need to improve, and where we can move faster to better serve customers. We are building upon initiatives already underway, advancing them with discipline and focus to strengthen execution across our business. With our capable team and clear strategy, we remain confident in our ability to improve performance over time.

That concludes our prepared remarks.

Forward-Looking Statements

Statements contained in this press release 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 January 3, 2026 (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, including retaliatory 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 consumer buying habits, the movement toward less expensive store branded products, and the continued reduction of purchases in the fresh packaged bread category, (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 (including retaliatory 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 18, 2026 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 and integration-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 a performance measure in the company's incentive compensation program.

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.