Flowers
FOODS

SECOND QUARTER 2023 REVIEW

August 10, 2023

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, (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), 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 July 15, 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 sales growth driven by pricing actions to offset inflationary pressures
- Branded Retail business performed well, driven by investments in innovation and marketing
- *Dave's Killer Bread* snack bar launch on track
- Margins improved as price initiatives mitigated inflationary pressures
- Adjusted 2023 guidance to reflect strong second quarter results

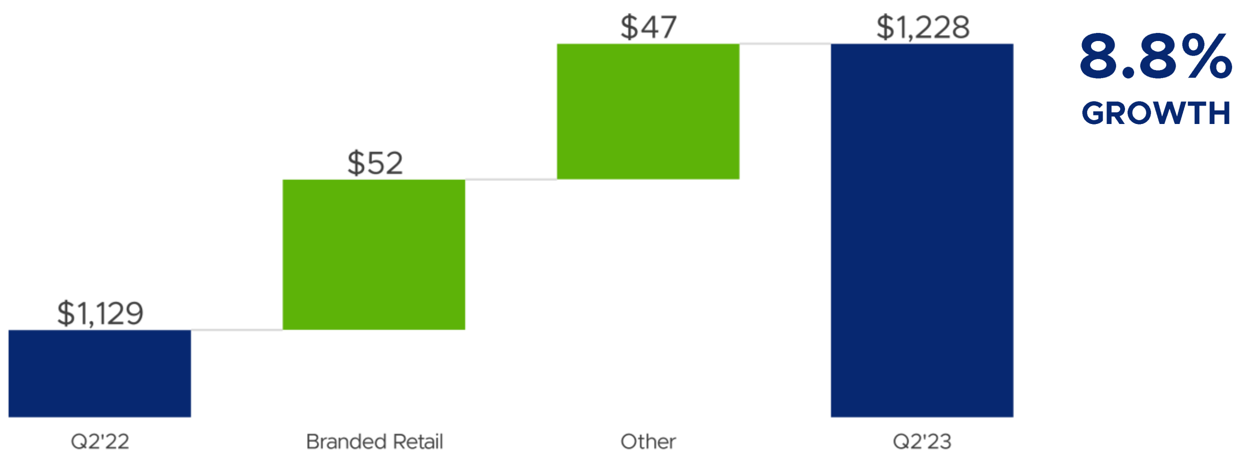
Q2 2023 FINANCIAL HIGHLIGHTS

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

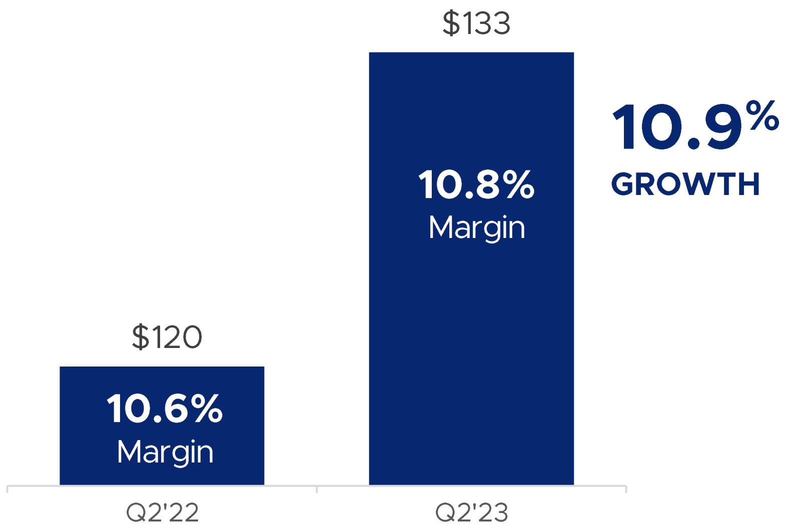
Net income increased 18.8% to $63.8 million from $53.7 million in the same quarter of 2022 due to higher EBITDA, partly offset by higher interest and tax expense

Adjusted EBITDA increased primarily due to improved gross margin from increased sales, partly offset by higher SD&A

COMPONENTS OF Q2'23 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.*

Q2 2023 FINANCIAL REVIEW

NET SALES

$1.228B +8.8% v PY

- Price/Mix +13.3%[1]
- Volume -6.1%[2]
- Papa Pita acquisition +1.6%
- Price increases to mitigate inflation and acquisition contribution, partly offset by lower volume

CASH FLOWS — YTD

Cash from Ops
$128.9M

Dividends
$98.1M

Capex
$68.4M

NET INCOME

$63.8M +18.8% v PY

ADJ. EBITDA[3]

$133.1M +10.9% v PY

- 10.8% of sales, up 20 bps
- Increased prices mitigating inflationary pressures

GAAP DILUTED EPS

$0.30 +$0.05 v PY

ADJ. DILUTED EPS[4]

$0.33 +$0.02 v PY

- Increased EBITDA
- Partly offset by higher interest and tax expense

(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 2023 GUIDANCE
(Provided August 10, 2023)

SALES	ADJ. EBITDA[1]	ADJ. DIL. EPS[1]
$5.095 to $5.141B	$503 to $528M	$1.18 to $1.25

OTHER

Depreciation & amortization
$155 – $160M

Effective tax rate
APPROX. 24.0%

Net interest expense
$16 - 18M

Diluted shares outstanding
APPROX. 213M

Capital expenditures
$145 – $155M[2]

Fiscal 2023 Considerations

- Demand reversion
- Ability to mitigate inflation
- Consumer resiliency
- Timing of cost savings initiatives
- Promotional environment
- Supply chain disruptions and availability of materials

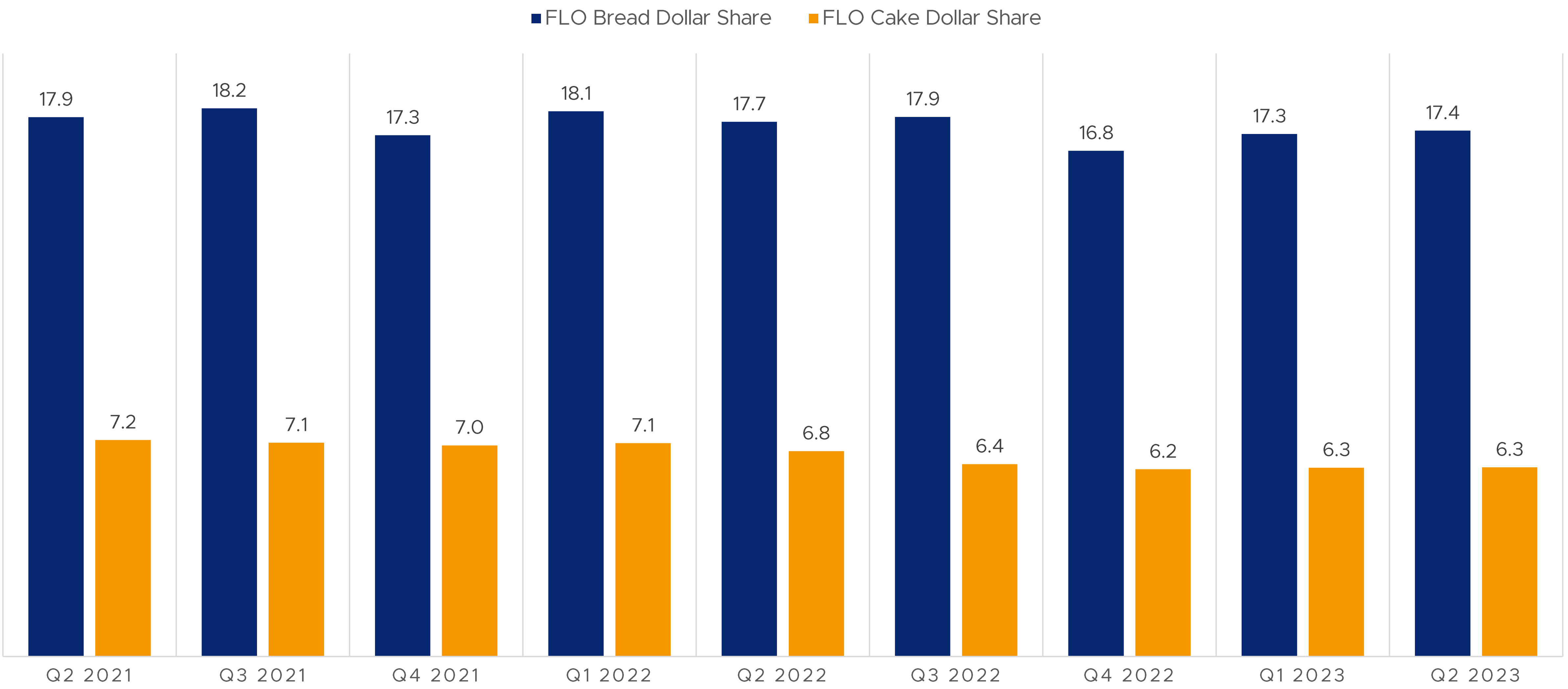
(1) *No reconciliation of the forecasted range for Adjusted Diluted EPS to Diluted EPS and adjusted EBITDA to net income for the 52-week Fiscal 2023 is included in this press release because the company is unable to quantify certain amounts that would be required to be included in the GAAP measure without unreasonable efforts. In addition, the company believes such reconciliations would imply a degree of precision that would be confusing or misleading to investors.*
(2) *$30-40 million related to ERP upgrade*

LONG-TERM GROWTH TARGET SCORECARD

	LT Targets[1]	CAGR[1]			
		FY'20[2]	FY'21	FY'22	FY'23[3]
Sales	1-2%	6.4%	2.5%	5.2%	5.5%
Adj EBITDA	4-6%[4]	23.4%	7.8%	5.9%	5.1%
Adj dil. EPS	7-9%[4]	36.5%	13.7%	9.8%	6.1%

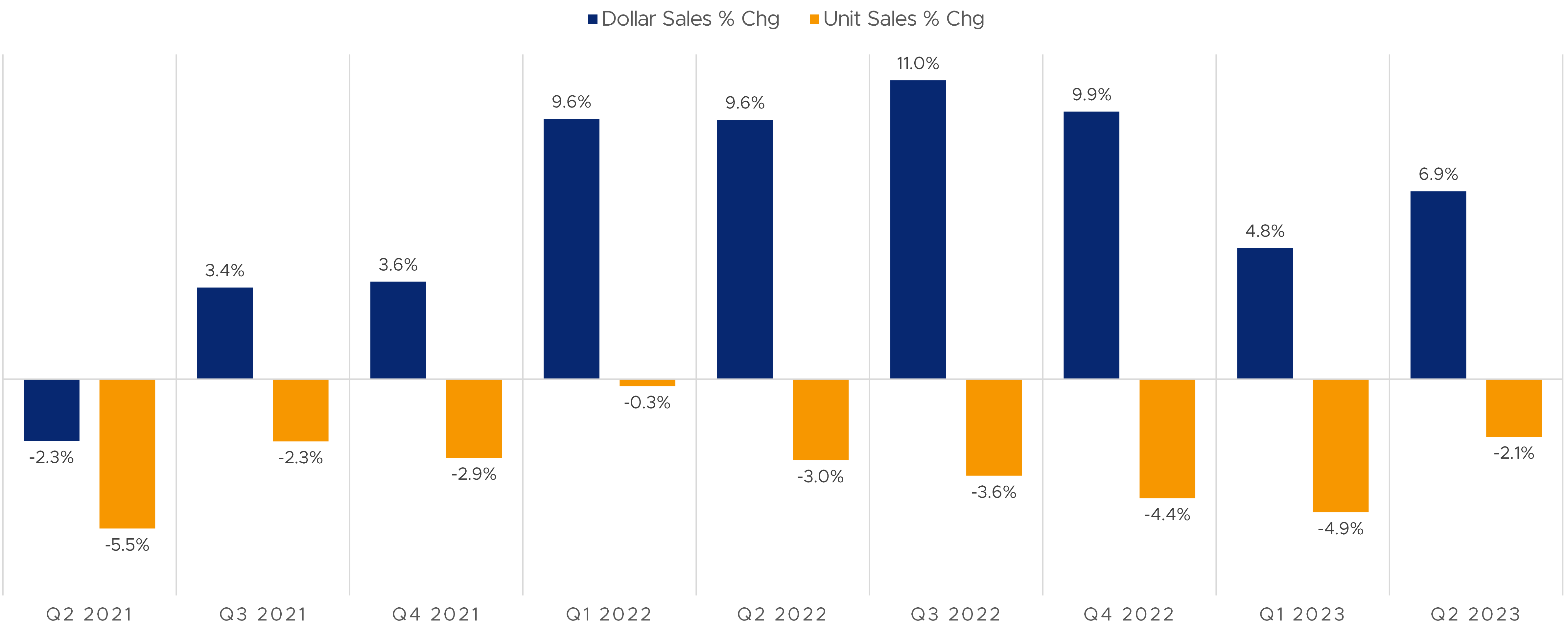
(1) Off FY'19 base
(2) FY'20 was a 53-week year
(3) Implied return using FY'23 guidance midpoint
(4) No reconciliation of the forecasted range for Adjusted Diluted EPS to Diluted EPS and adjusted EBITDA to net income for the 52-week Fiscal 2023 is included in this press release because the company is 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.

FLOWERS' MARKET SHARE



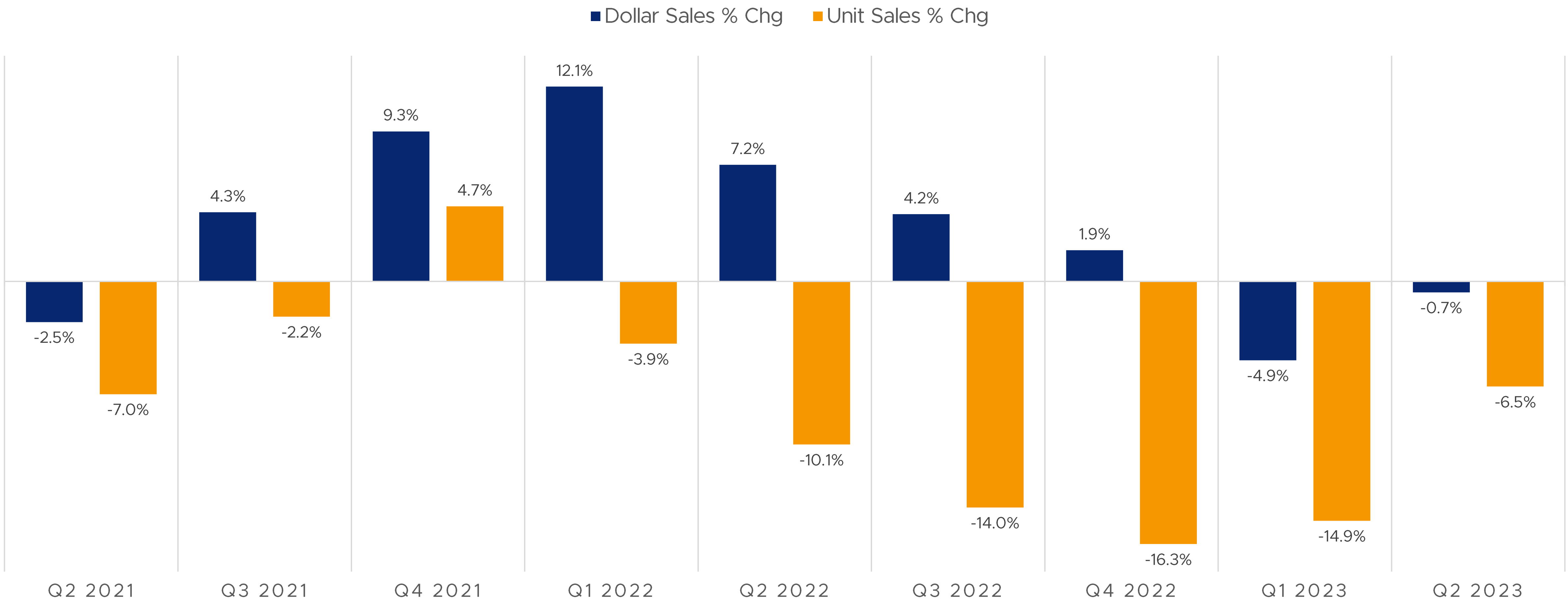
Source: Flowers Custom Database – Circana Total US Mulo + C Store

FLOWERS FRESH PACKAGED BREADS



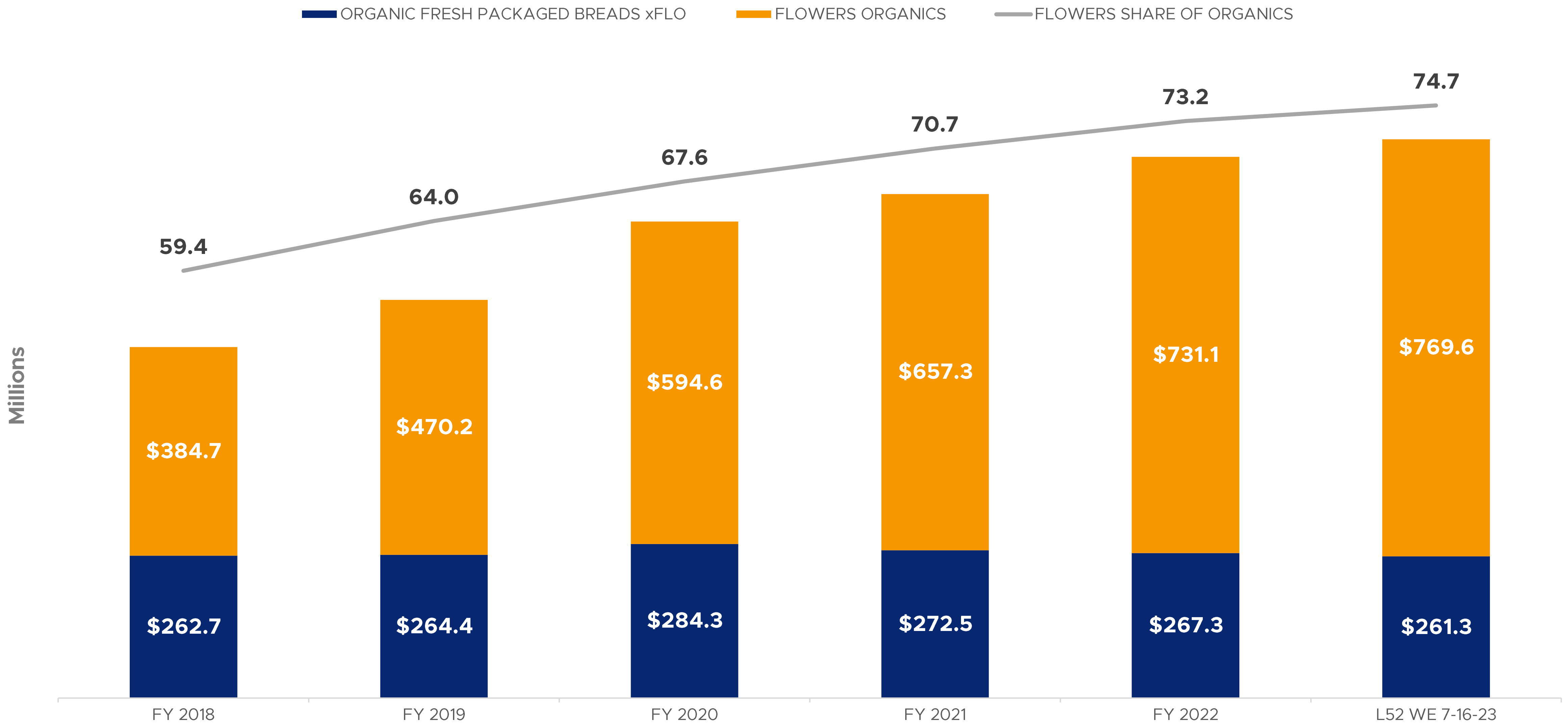
Source: Flowers Custom Database – Circana Total US Mulo + C Store

FLOWERS COMMERCIAL CAKE



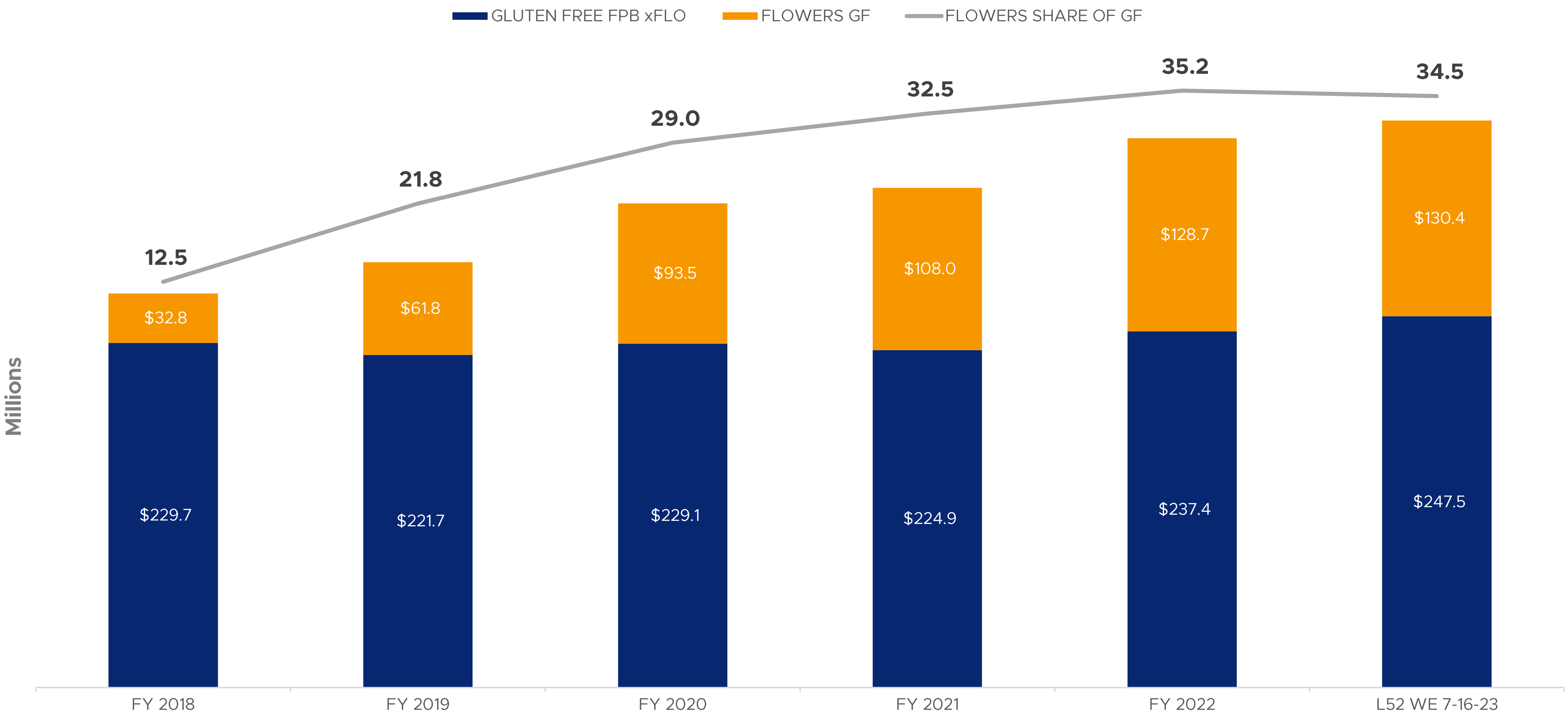
Source: Flowers Custom Database – Circana Total US Mulo + C Store

ORGANIC CATEGORY SALES



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

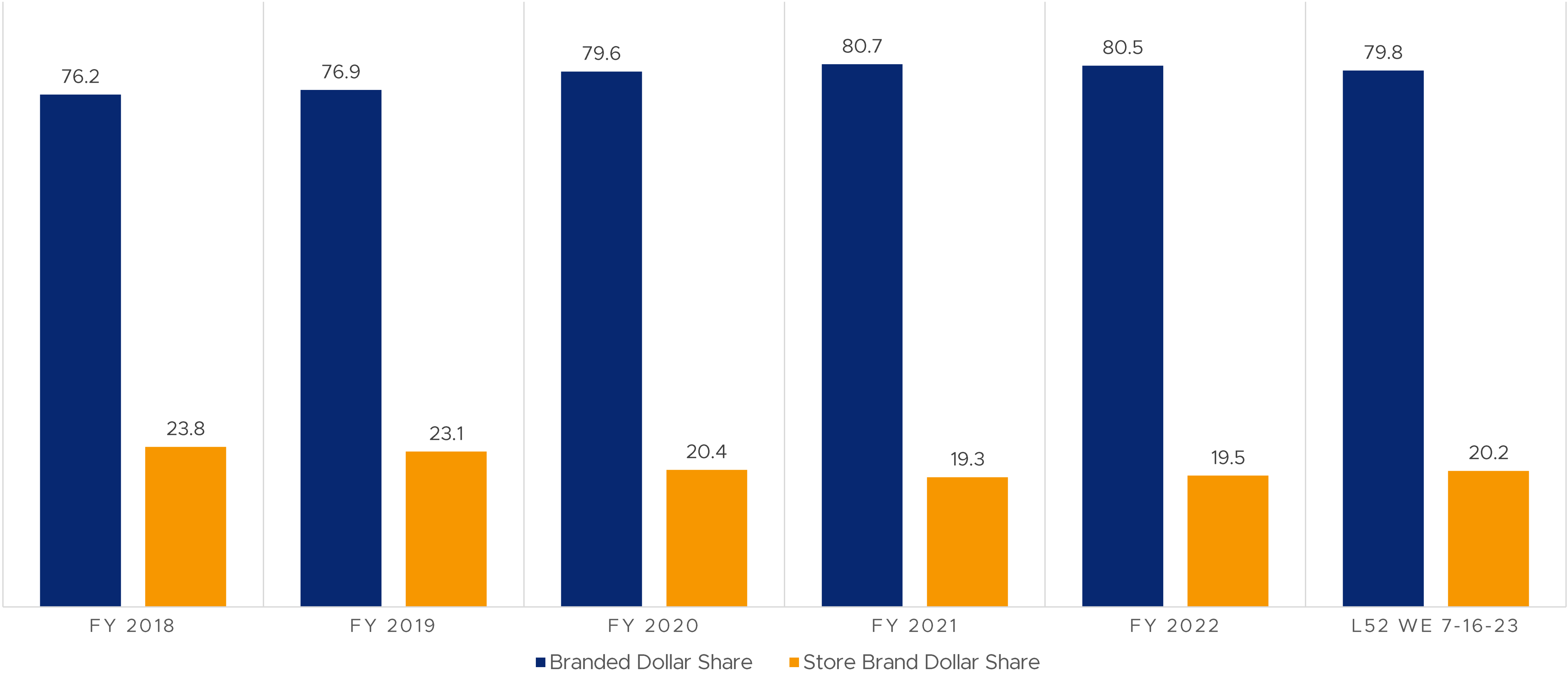
GLUTEN-FREE CATEGORY SALES



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

BRANDED VS STORE BRAND MARKET SHARE

FRESH PACKAGED BREAD CATEGORY



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

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

The company defines adjusted EBITDA, 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. These costs include, but are not limited to, the costs of closing a plant or costs associated with acquisition-related activities, certain impairment charges, legal settlements 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.

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 July 15, 2023	For the 12 Week Period Ended July 16, 2022
Net income per diluted common share	**$ 0.30**	$ 0.25
Business process improvement costs	**0.02**	0.04
Restructuring charges	**0.01**	—
Acquisition-related costs	**NM**	—
Severance and lease termination	**—**	0.01
Legal settlement	**—**	0.01
Adjusted net income per diluted common share	**$ 0.33**	$ 0.31

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 July 15, 2023	For the 12 Week Period Ended July 16, 2022
Sales	$ **1,228,050**	$ 1,129,051
Materials, supplies, labor and other production costs (exclusive of depreciation and amortization)	**626,097**	586,084
Gross Margin excluding depreciation and amortization	**601,953**	542,967
Less depreciation and amortization for production activities	**19,259**	18,167
Gross Margin	$ **582,694**	$ 524,800
Depreciation and amortization for production activities	$ **19,259**	$ 18,167
Depreciation and amortization for selling, distribution and administrative activities	**15,725**	14,755
Total depreciation and amortization	$ **34,984**	$ 32,922

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 July 15, 2023	For the 12 Week Period Ended July 16, 2022
Selling, distribution and administrative expenses	**$ 475,916**	$ 438,350
Business process improvement costs	**(6,588)**	(11,658)
Legal settlement	**-**	(2,000)
Severance and lease termination costs	**-**	(1,717)
Acquisition-related costs	**(489)**	-
Adjusted selling, distribution and administrative expenses	**$ 468,839**	$ 422,975
Sales	**$ 1,228,050**	$ 1,129,051
Adjusted SD&A as a percent of sales	**38.2%**	37.5%

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

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

	For the 12 Week Period Ended July 15, 2023	For the 12 Week Period Ended July 16, 2022
Net income	$ 63,760	$ 53,680
Income tax expense	20,605	16,689
Interest expense, net	4,251	1,504
Depreciation and amortization	34,984	32,922
EBITDA	123,600	104,795
Other pension benefit	(62)	(178)
Business process improvement costs	6,588	11,658
Restructuring charges	2,499	-
Legal settlement	-	2,000
Severance and lease termination costs	-	1,717
Acquisition-related costs	489	-
Adjusted EBITDA	$ 133,114	$ 119,992
Sales	$ 1,228,050	$ 1,129,051
Adjusted EBITDA as a percent of sales	10.8%	10.6%

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

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

	For the 12 Week Period Ended July 15, 2023	For the 12 Week Period Ended July 16, 2022
Income tax expense	**$ 20,605**	$ 16,689
Tax impact of:		
Business process improvement costs	**1,647**	2,915
Restructuring charges	**624**	-
Legal settlement	**-**	500
Severance and lease termination costs	**-**	429
Acquisition-related costs	**122**	-
Adjusted income tax expense	**$ 22,998**	$ 20,533

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

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

	For the 12 Week Period Ended July 15, 2023	For the 12 Week Period Ended July 16, 2022
Net Income	$ 63,760	$ 53,680
Business process improvement costs	4,941	8,743
Restructuring charges	1,875	-
Legal settlement	-	1,500
Severance and lease termination costs	-	1,288
Acquisition-related costs	367	-
Adjusted net income	$ 70,943	$ 65,211

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

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

	For the 12 Week Period Ended October 8, 2022	For the 12 Week Period Ended December 31, 2022	For the 16 Week Period Ended April 22, 2023	For the 12 Week Period Ended July 15, 2023	Trailing 52 Week Period Ended July 15, 2023
Net income	$ 40,528	$ 48,597	$ 70,710	$ 63,760	$ 223,595
Income tax expense	13,759	15,346	19,255	20,605	68,965
Interest expense, net	1,342	330	3,886	4,251	9,809
Depreciation and amortization	32,899	32,713	43,735	34,984	144,331
EBITDA	88,528	96,986	137,586	123,600	446,700
Other pension benefit	(178)	(179)	(83)	(62)	(502)
Business process improvement costs	8,144	4,303	6,219	6,588	25,254
Gain on sale, severance costs, and lease termination (gain) loss	-	(6,107)	-	-	(6,107)
Legal settlements and related costs	5,500	-	-	-	5,500
Restructuring charges	-	-	4,195	2,499	6,694
Plant closure costs and impairment of assets	6,835	-	-	-	6,835
Acquisition-related costs	11,582	936	3,223	489	16,230
FASTER Act and loss on inferior ingredients	-	236	-	-	236
Adjusted EBITDA	$ 120,411	$ 96,175	$ 151,140	$ 133,114	$ 500,840

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)

	As of July 15, 2023
Current maturities of long-term debt	$ -
Long-term debt	1,074,544
Total debt	1,074,544
Less: Cash and cash equivalents	11,711
Net Debt	**$ 1,062,833**
Adjusted EBITDA for the Trailing Twelve Months Ended July 15, 2023	$ 500,840
Ratio of Net Debt to Trailing Twelve Month Adjusted EBITDA	**2.1**

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

RECONCILIATION OF EARNINGS PER SHARE - FULL YEAR FISCAL 2023 GUIDANCE RANGE ESTIMATE

	Range Estimate				
Net income per diluted common share	$	1.10	to	$	1.17
Business process improvement costs		0.05			0.05
Restructuring charges		0.02			0.02
Acquisition-related costs		0.01			0.01
Adjusted net income per diluted common share	$	1.18	to	$	1.25