



# Investor Presentation

August 4, 2021

# Disclaimer



## Forward Looking Statements

This investor presentation contains statements reflecting our views about the future performance of Hostess Brands, Inc. and its subsidiaries (referred to as “Hostess Brands” or the “Company”) that constitute “forward-looking statements” that involve substantial risks and uncertainties. Forward-looking statements are generally identified through the inclusion of words such as “believes,” “expects,” “intends,” “estimates,” “projects,” “anticipates,” “will,” “plan,” “may,” “should,” or similar language. Statements addressing our future operating performance and statements addressing events and developments that we expect or anticipate will occur are also considered forward-looking statements. All forward looking statements included herein are made only as of the date hereof. We undertake no obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise.

These statements inherently involve risks and uncertainties that could cause actual results to differ materially from those anticipated in such forward-looking statements. These risks and uncertainties include, but are not limited to; our ability to maintain, extend or expand our reputation and brand image; failing to protect our intellectual property rights; our ability to leverage our brand value to compete against lower-priced alternative brands; our ability to correctly predict, identify and interpret changes in consumer preferences and demand and offering new products to meet those changes; our ability to operate in a highly competitive industry; our ability to maintain or add additional shelf or retail space for our products; our ability to continue to produce and successfully market products with extended shelf life; our ability to successfully integrate, achieve expected synergies and manage our acquired businesses and brands; our ability to drive revenue growth in our key products or add products that are faster-growing and more profitable; volatility in commodity, energy, and other input prices and our ability to adjust our pricing to cover any increased costs; the availability and pricing of transportation to distribute our products; our dependence on our major customers; our geographic focus could make us particularly vulnerable to economic and other events and trends in North America; consolidation of retail customers; increased costs to comply with governmental regulation; general political, social and economic conditions; increased healthcare and labor costs; the fact that a portion of our workforce belongs to unions and strikes or work stoppages could cause our business to suffer; product liability claims, product recalls, or regulatory enforcement actions; unanticipated business disruptions; dependence on third parties for significant services; inability to identify or complete strategic acquisitions; our insurance not providing adequate levels of coverage against claims; failures, unavailability, or disruptions of our information technology systems; departure of key personnel or a highly skilled and diverse workforce; and our ability to finance our indebtedness on terms favorable to us; and other risks as set forth under the caption “Risk Factors” from time to time in our Securities and Exchange Commission filings.

The impact of COVID-19 may also exacerbate these risks, any of which could have a material effect on the Company. This situation is changing rapidly and additional impacts may arise that the Company is not aware of currently. All subsequent written or oral forward-looking statements attributable to us or persons acting on the Company's behalf are expressly qualified in their entirety by these risk factors. The Company undertakes no obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise.

## Industry and Market Data

In this Investor Presentation, Hostess Brands relies on and refers to information and statistics regarding market shares in the sectors in which it competes and other industry data. Hostess Brands obtained this information and statistics from third-party sources, including reports by market research firms, such as Nielsen. All prior period market data in this presentation reflects the restatement of convenience channel data executed by Nielsen during 2020. Additionally, prior period Nielsen data was adjusted to exclude the Cloverhill® and Big Texas® brands in the periods they were not owned by Hostess. Hostess Brands has supplemented this information where necessary with information from discussions with Hostess customers and its own internal estimates, taking into account publicly available information about other industry participants and Hostess Brands’ management’s best view as to information that is not publicly available.

## Use of Non-GAAP Financial Measures

Adjusted net revenue, adjusted gross profit, adjusted operating income, adjusted net income, adjusted Class A net income, adjusted diluted shares and adjusted EPS collectively referred to as “Non-GAAP Financial Measures,” are commonly used in the Company’s industry and should not be construed as an alternative to net revenue, gross profit, operating income, net income, net income attributed to Class A stockholders or earnings per share as indicators of operating performance (as determined in accordance with GAAP). These Non-GAAP financial measures exclude certain items included in the comparable GAAP financial measure. This Investor Presentation also includes non-GAAP financial measures, including earnings before interest, taxes, depreciation, amortization and other adjustments to eliminate the impact of certain items that we do not consider indicative of our ongoing performance (“Adjusted EBITDA”) and Adjusted EBITDA Margin. Adjusted EBITDA Margin represents Adjusted EBITDA divided by net revenues. Hostess Brands believes that these Non-GAAP Financial Measures provide useful information to management and investors regarding certain financial and business trends relating to Hostess Brands’ financial condition and results of operations. Hostess Brands’ management uses these Non-GAAP Financial Measures to compare Hostess Brands’ performance to that of prior periods for trend analysis, for purposes of determining management incentive compensation, and for budgeting and planning purposes. Hostess Brands believes that the use of these Non-GAAP Financial Measures provides an additional tool for investors to use in evaluating ongoing operating results and trends. Management of Hostess Brands does not consider these Non-GAAP Financial Measures in isolation or as an alternative to financial measures determined in accordance with GAAP. Other companies may calculate non-GAAP measures differently, and therefore Hostess Brands’ Non-GAAP Measures may not be directly comparable to similarly titled measures of other companies. The Company does not provide a reconciliation of the forward-looking information to the most directly comparable GAAP measures because of the inherent difficulty in forecasting and quantifying certain amounts that are necessary for such reconciliations. Totals in this Investor Presentation may not add up due to rounding.

# Strong Second Quarter Momentum Continues

## Raising Full Year Revenue and Earnings Outlook

- **Delivered 10.8% adjusted net revenue** with broad-based Hostess® branded growth
- **Outstanding retail performance driving continued market share gains** and double-digit point-of-sale growth in both Hostess® and Voortman® brands across major channels
- **New products innovation led by Baby Bundts** driving incremental growth fueled by our consumer insights-based innovation agenda
- **Price initiatives executed** with realization to begin in 2H21 along with continued revenue management and productivity initiatives are expected to offset rising inflation
- **Launched new “Live Your Mostess”** advertising campaign to drive growth
- **Increasing 2021 net revenue, EBITDA, and EPS guidance** to reflect our strong 1H performance and sustained momentum in 2H



Our Mission is to Inspire Moments of Joy by Putting our  into Everything We Do!

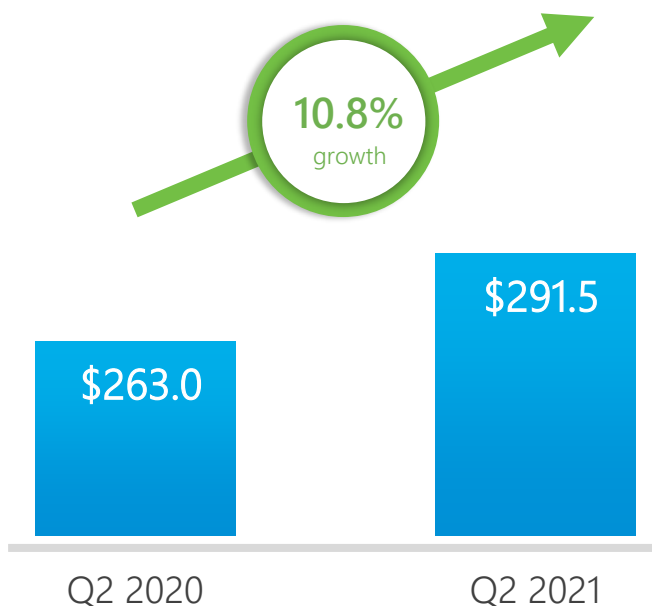
# Strong Q2 Net Revenue and EBITDA Growth



Driven by Hostess® Brand Growth

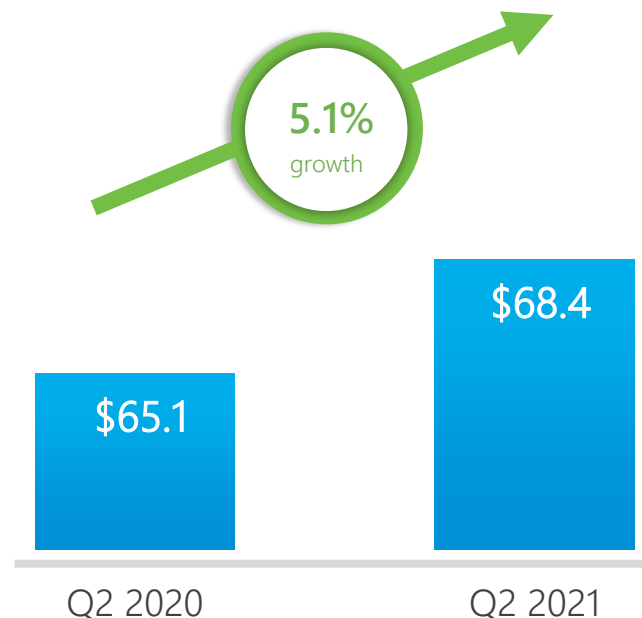
## Adjusted Net Revenue

(in millions)



## Adjusted EBITDA

(in millions)



Results are for three months ended June 30, 2021 and 2020.

Adjusted Revenue and Adjusted EBITDA are non-GAAP financial measures. See "Use of Non-GAAP Financial Measures" and the Appendix for an explanation of all non-GAAP financial measures and reconciliations to the comparable GAAP measures.

# Net Revenue Growth Driven by Hostess® Brand



(\$ in millions)	Three Months Ended				Six Months Ended			
	June 30,		Change		June 30		Change	
	2021	2020	\$	%	2021	2020	\$	%
Sweet Baked Goods	\$262.5	\$232.6	\$29.9	12.9%	\$500.2	\$459.0	\$41.2	9.0%
Cookies	29.0	30.4	(1.4)	(4.6)%	56.7	47.5	9.2	19.4%
<b>Total Adjusted Net Revenue</b>	<b>\$291.5</b>	<b>\$263.0</b>	<b>\$28.5</b>	<b>10.8%</b>	<b>\$556.9</b>	<b>\$506.5</b>	<b>\$50.4</b>	<b>10.0%</b>

- Sweet Baked Goods net revenue growth driven by strong Hostess® branded sales, most notably in the Convenience, Grocery and Dollar channels.
- Cookies Q2 2021 revenue reflects sequential growth from Q1 with the YoY decline as we lap the Voortman pipeline fill associated with the conversion to the warehouse distribution model.

Adjusted Net Revenue is a non-GAAP financial measure. See "Use of Non-GAAP Financial Measures" in the Appendix for an explanation of all non-GAAP financial measures and reconciliations to the comparable GAAP measures.



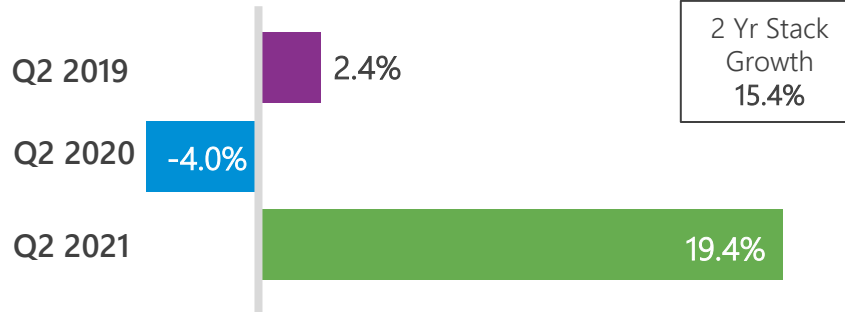
# Ideally Positioned to Grow



Balanced Single-Serve and Multi-Pack Growth Leading the SBG Category

## Hostess Brands

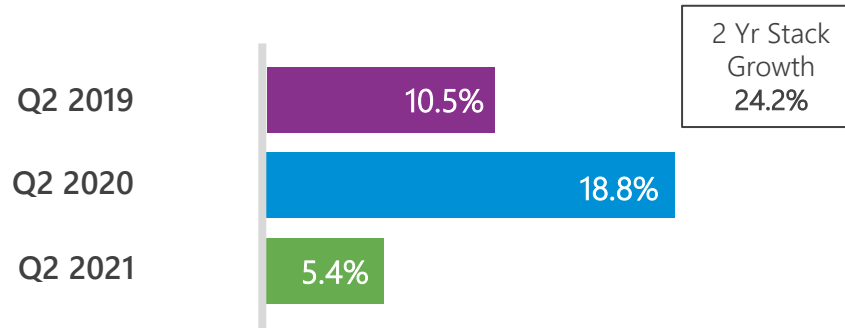
Single-Serve  
Point-of-Sale



Mobility improving;  
Hostess® leading single-serve category growth

## Hostess Brands

Multi-Pack  
Point-of-Sale



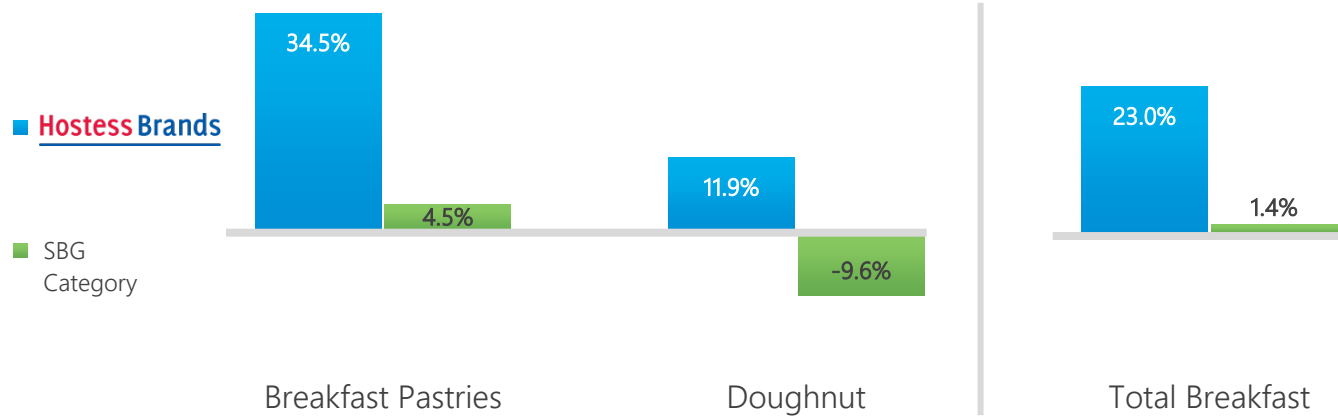
At-home snacking remains elevated;  
Hostess® leading multi-pack growth

# Hostess® Breakfast Outperforming Category



Growth in \$3.6 Billion SBG Breakfast Sub-Category Driven by Innovation and Retail Execution

## POS Dollars Growth QTD vs Prior Year

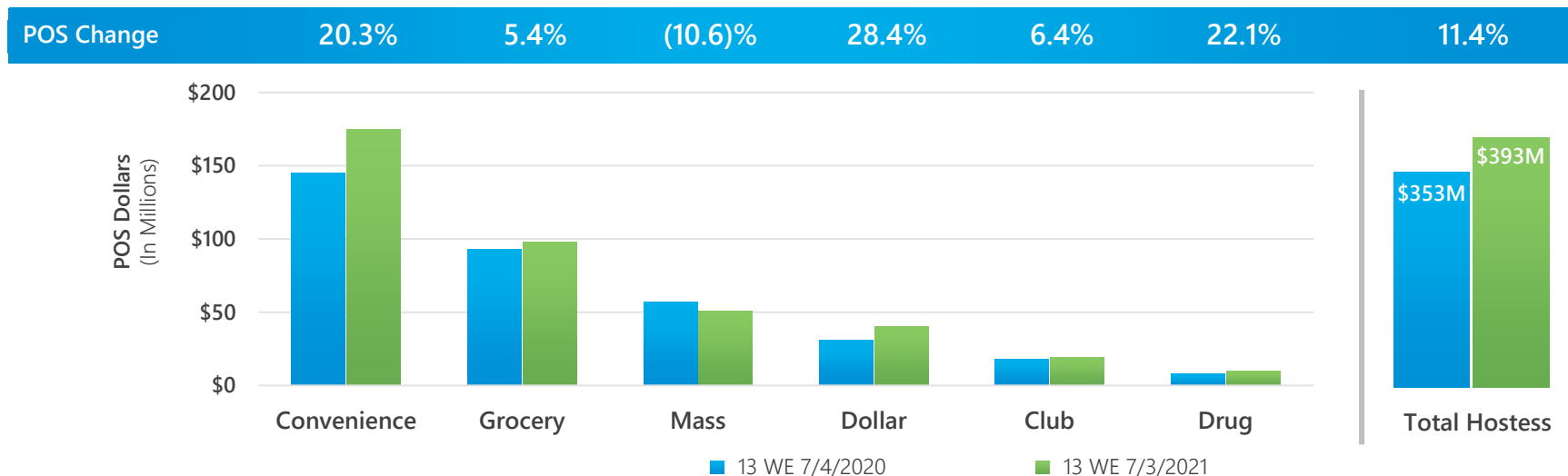


Source: Nielsen, Total Nielsen Universe for the Company within the SBG Category. Point of sale ("POS") changes for the 13 weeks ended 7/3/2021 as compared to the comparable period in the prior year and reflects a scheduled one-week shift in current and prior-year reporting periods performed by Nielsen in April 2021 to better coincide with calendar periods.

# Strong Q2 Share Growth in Sweet Baked Goods



POS Growth Ahead of the Category Driven by Share Gains in Convenience, Grocery and Dollar Channels



<b>Market Share</b>	29.9%	15.7%	13.6%	32.8%	23.9%	56.4%	21.8%
<b>Market Share Change (bps)</b>	324	181	(213)	596	118	813	207

Source: Nielsen, Total Nielsen Universe for the Company within the SBG Category.

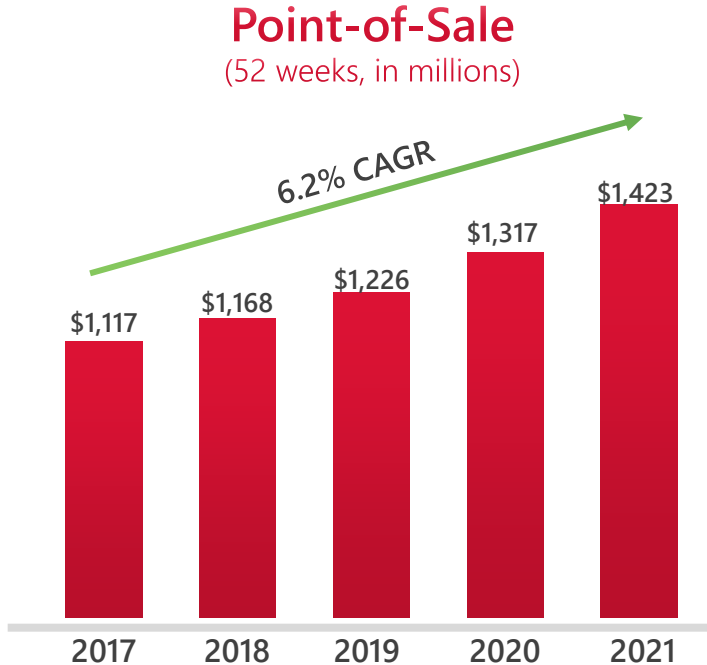
Point of sale ("POS") and market share data changes for the 13 weeks ended 7/3/2021 as compared to the comparable period in the prior year. Prior period Nielsen data reflects the restatement of convenience channel data executed by Nielsen during 2020.



# Continuing to Grow and Build Market Share



Growing Point-of-Sale and Expanding Market Share in the Sweet Baked Goods Category



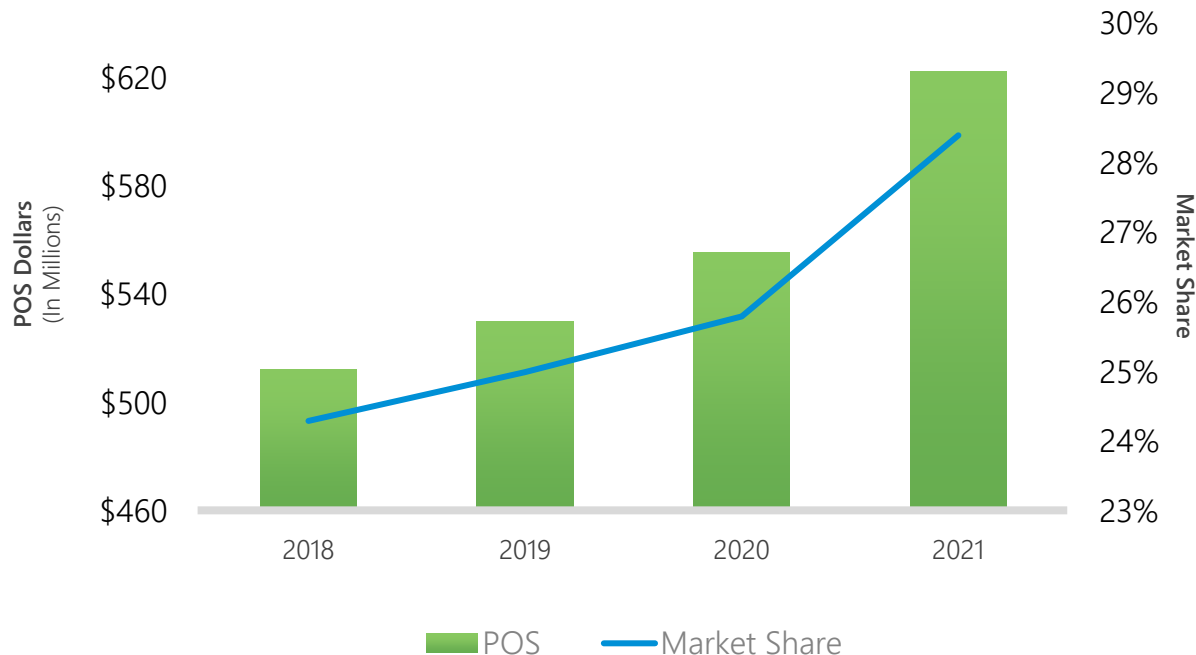
Source: Nielsen, Total Nielsen Universe for the Company within the SBG Category. Point of Sale and Market Share, 52 weeks ending 7/8/17, 7/7/18, 7/6/19, 7/4/20 7/3/21. Prior period Nielsen data reflects the restatement of convenience channel data executed by Nielsen during 2020. Additionally, prior period Nielsen data was adjusted to exclude the Cloverhill® and Big Texas® brands in the periods they were not owned by Hostess (2017 – 2018).

# Accelerating Convenience Channel Growth



Market Share Increased to All-Time High

## Convenience POS and Market Share



Continued Market Share Gains Establish Strong Platform for Future Growth

Source: Nielsen, Total Nielsen Universe for the Company in the Convenience channel within the SBG Category for the 52 weeks ended July 3, 2021 and the comparable prior year periods and reflects a scheduled one-week shift in current and prior-year reporting periods performed by Nielsen in April 2021 to better coincide with calendar periods.

# Executing Exciting Innovation Slate



Multi-pronged Approach to Innovation Pipeline Establishing New Platforms for Continued Incremental Growth

## New Platforms

Expanding into New Consumer Need States  
Targeting Younger Consumers



## Expanding Breakfast

Accelerating Growth within Fastest Growing Subsegment of Category



## Voortman Channel Expansion

Penetrating Convenience Channel with Single-serve Usage Occasion



## Core Development

Building on Iconic Brand Favorites with Flavor Extensions



## Limited-Time-Offers

Keeping Products Relevant and Engaging for Consumers



# 2021 Brand Activation Showing Positive Early Returns

Digital First Mindset Enabling Rapid Learning & Continuous Improvement



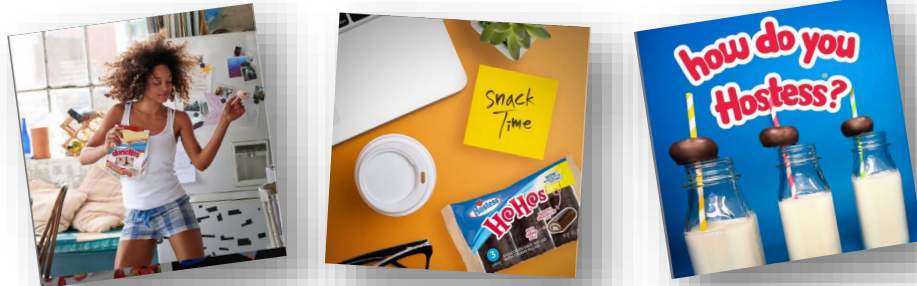
Advertising  
response  
rates  
exceeding  
CPG  
benchmarks



eCommerce  
advertising  
driving  
incremental  
sales



Increasing  
Social  
Engagement



# Voortman – Multiple Avenues for Growth



Successfully Executing Against Building Blocks for Accretive Growth

Increase  
Depth of  
Distribution



Expand  
Breadth of  
Distribution  
Across Key  
Channels



Leverage the  
Hostess-proven  
Merchandising  
Model



Increase Brand  
Awareness  
through  
Advertising &  
Marketing



Drive  
Incremental  
Growth Through  
Innovation



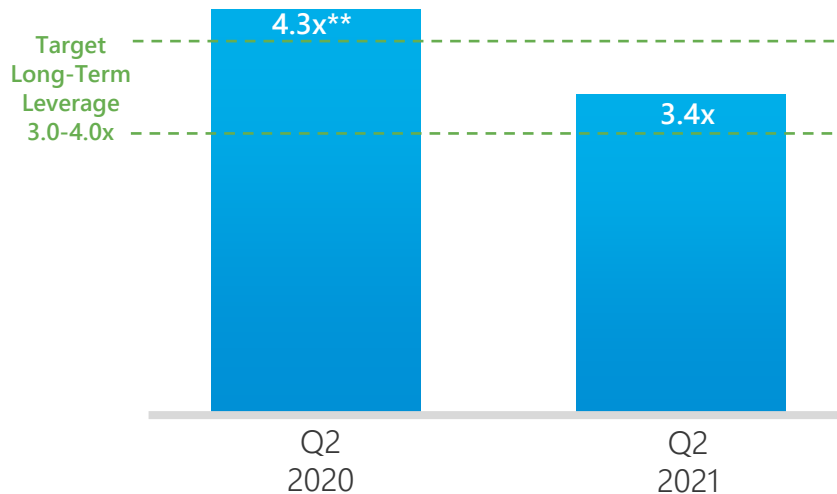
# Ample Liquidity and Cash Flow



Provides Flexibility to Invest in Growth and Generate Shareholder Value

## Net Leverage Ratio\*

History of successfully reducing leverage while increasing shareholder value through accretive acquisitions and disciplined investments for growth



## Disciplined Approach to Cash Management

- Reinvest in business for future growth
- Deleverage the balance sheet
- Strategic acquisitions
- Return capital to shareholders through securities repurchases (\$25M executed through July '21)



\* Net Leverage ratio is net debt (total long-term debt less lease obligations, unamortized debt premiums and cash and cash equivalents) divided by adjusted EBITDA for the trailing twelve-month period.  
\*\* 2020 proforma leverages included an assumption of \$25 million of incremental EBITDA from the acquisition of Voortman and removal of \$1.2 million of historical in-store bakery EBITDA

# Consolidated Financial Results



## Double-Digit YTD Net Revenue and Earnings Growth

(\$ in millions, except per share data)	Three Months Ended				Six Months Ended			
	June 30,		Change		June 30,		Change	
	2021	2020	\$	%	2021	2020	\$	%
Adjusted Net Revenue	\$291.5	\$263.0	\$28.5	10.8%	\$556.9	\$506.5	\$50.4	10.0%
Adjusted Gross Profit	\$105.3	\$98.1	\$7.2	7.3%	\$200.8	\$182.4	\$18.4	10.1%
Adjusted Gross Margin	36.1%	37.3%		(118bps)	36.0%	36.0%		4bps
Adjusted Operating Income	\$54.2	\$49.0	\$5.2	10.6%	\$101.2	\$85.3	\$15.9	18.6%
Adjusted EBITDA	\$68.4	\$65.1	\$3.3	5.1%	\$130.8	\$116.1	\$14.7	12.7%
Adjusted EBITDA Margin	23.5%	24.8%		(129bps)	23.5%	22.9%		58bps
Adjusted EPS	\$0.23	\$0.22	\$0.01	5.2%	\$0.43	\$0.36	\$0.07	18.9%

Adjusted Gross Profit, Adjusted Gross Margin, Adjusted Operating Income, Adjusted EBITDA, Adjusted EBITDA Margin and Adjusted EPS are non-GAAP financial measures. See "Use of Non-GAAP Financial Measures" in the Appendix for an explanation of all non-GAAP financial measures and reconciliations to the comparable GAAP measures.

# Raising 2021 Guidance

Solid Growth Building on Strong 1H 2021 Performance



Metric	Updated Guidance	Initial Guidance
Adjusted net revenue growth	7.5% - 9.0%	3.0% - 4.5%
Adjusted EBITDA	\$260 - \$268 million	\$255 - \$265 million
Adjusted EPS (diluted)	\$0.83 - \$0.87*	\$0.80 - \$0.85
Leverage ratio	~3x	~3x
Capital Expenditures	\$60 - \$65 million	\$60 - \$65 million
Effective tax rate	~27.5%	~27.0%



\*Based on weighted average shares outstanding of 139 million, which includes 8 million shares of dilution due to the warrants

Adjusted Net Revenue, Adjusted EBITDA and Adjusted EPS are non-GAAP financial measures. See "Use of Non-GAAP Financial Measures" and the Appendix for an explanation of all non-GAAP financial measures. The Company's leverage ratio is net debt (total long-term debt less cash) divided by adjusted EBITDA. The Company does not provide a reconciliation of forward-looking financial expectations to the most directly comparable GAAP financial measure because of the inherent difficulty in forecasting and quantifying certain amounts that are necessary for such reconciliation; including adjustments that could be made for deferred taxes; remeasurement of the tax receivable agreement, transformation expenses and other non-operating gains or losses reflected in the Company's reconciliation of historic non-GAAP financial measures, the amount of which could be material. Please refer to the Reconciliation of Non-GAAP Financial Measures included in the Appendix for further information about the use of these measures.





# A Sustainable, Profitable Growth Story

Objective: Long-term leading performance in our peer group



Organic Revenue  
Growth  
Top Quartile of  
Peer Group<sup>1</sup>



Adjusted EBITDA  
Margin  
Top Quartile of  
Peer Group<sup>1</sup>



Free Cash Flow  
Conversion<sup>2</sup>  
Top Quartile of  
Peer Group<sup>1</sup>



## Delivering Industry-Leading Total Shareholder Returns

1. Peer group defined as S&P Composite 1500 Packaged Foods and Meats Sub Index.  
2. Free Cash Flow conversion is defined as (operating cash flow- capital expenditures)/net income.



# Appendix

# Non-GAAP Reconciliations



	Three Months Ended June 30, 2021					Three Months Ended June 30, 2020					
	Gross Profit	Operating Income	Net Income	Class A Net Income	Diluted EPS	Net Revenue	Gross Profit	Operating Income	Net Income	Class A Net Income	Diluted EPS
<b>GAAP Results</b>	\$ 105.1	\$ 53.1	\$ 29.8	\$ 29.8	\$ 0.21	\$ 256.2	\$ 89.4	\$ 34.6	\$ 1.0	\$ (0.2)	-
<b>Non-GAAP adjustments:</b>											
Foreign currency impacts	-	-	(0.1)	(0.1)	-	-	-	-	0.7	0.7	0.01
Acquisition, disposal and integration related costs (1)	-	-	-	-	-	6.8	6.9	12.4	12.4	11.8	0.09
COVID-19 costs (2)	-	-	-	-	-	-	1.8	2.1	2.1	2.0	0.02
Change in fair value of warrant liabilities	-	-	0.5	0.5	-	-	-	-	16.4	16.4	0.13
Other	0.2	1.1	2.2	2.2	0.02	-	-	(0.1)	0.3	0.3	-
Tax impact of adjustments	-	-	(0.3)	(0.3)	-	-	-	-	(3.7)	(3.5)	(0.03)
<b>Adjusted Non-GAAP results</b>	<u>\$ 105.3</u>	<u>\$ 54.2</u>	<u>32.2</u>	<u>\$ 32.1</u>	<u>\$ 0.23</u>	<u>\$ 263.0</u>	<u>\$ 98.1</u>	<u>\$ 49.0</u>	<u>29.2</u>	<u>\$ 27.5</u>	<u>\$ 0.22</u>
Income tax			12.1						9.2		
Interest expense			10.0						10.6		
Depreciation & amortization			12.5						13.7		
Share-based compensation			1.6						2.4		
<b>Adjusted EBITDA</b>			<u>\$ 68.4</u>						<u>\$ 65.1</u>		

1. Acquisition, disposal and integration operating costs include \$1.6 million of selling expense and \$3.9 million of general and administrative expense.
2. COVID-19 operating costs are included in general and administrative expenses on the consolidated statement of operations. Total COVID-19 non-GAAP adjustments primarily consist of costs of incremental cleaning and sanitation, personal protective equipment and employee bonuses.

# Non-GAAP Reconciliations



	Six Months Ended June 30, 2021					Six Months Ended June 30, 2020					
	Gross Profit	Operating Income	Net Income	Class A Net Income	Diluted EPS	Net Revenue	Gross Profit	Operating Income	Net Income	Class A Net Income	Diluted EPS
<b>GAAP Results</b>	\$ 200.3	\$ 100.1	\$ 56.6	\$ 56.6	\$ 0.41	\$ 499.7	\$ 168.7	\$ 49.7	\$ 82.7	\$ 81.2	\$ 0.02
<b>Non-GAAP adjustments:</b>											
Foreign currency impacts	-	-	0.1	0.1	-	-	-	-	1.0	1.0	0.01
Acquisition, disposal and integration related costs (1)	-	-	-	-	-	6.8	7.9	27.4	27.3	25.9	0.21
Facility transition costs	-	-	-	-	-	-	3.7	5.7	5.7	5.4	0.04
COVID-19 costs (2)	-	-	-	-	-	-	2.1	2.4	2.4	2.2	0.02
Change in fair value of warrant liabilities	-	-	0.4	0.4	-	-	-	-	(62.7)	(62.7)	0.13
Other	0.2	1.1	2.4	2.4	0.02	-	-	0.1	0.6	0.6	-
Tax impact of adjustments	-	-	(0.4)	(0.4)	-	-	-	-	(9.2)	(9.0)	(0.07)
<b>Adjusted Non-GAAP results</b>	<b>\$ 200.5</b>	<b>\$ 101.2</b>	<b>\$ 59.1</b>	<b>\$ 59.1</b>	<b>\$ 0.43</b>	<b>\$ 506.5</b>	<b>\$ 182.4</b>	<b>\$ 85.3</b>	<b>\$ 47.8</b>	<b>\$ 44.6</b>	<b>\$ 0.36</b>
Income tax			22.1						15.0		
Interest expense			20.0						22.3		
Depreciation & amortization			25.2						26.5		
Share-based compensation			4.4						4.5		
<b>Adjusted EBITDA</b>			<b>\$ 130.8</b>						<b>\$ 116.1</b>		

1. Acquisition, disposal and integration operating costs include \$0.8 million of selling expense, \$7.2 million of general and administrative expenses and \$4.3 million of business combination transaction costs.
2. COVID-19 operating costs are included in general and administrative expenses on the consolidated statement of operations. Total COVID-19 non-GAAP adjustments primarily consist of costs of incremental cleaning and sanitation, personal protective equipment and employee bonuses.