Hostess BRANDS

Investor Presentation

MAY 4, 2022

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 long-term algorithms contained in this presentation are goals that are subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Company and are based on assumptions with respect to future actions which are subject to change.

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 gross profit, adjusted gross margin, adjusted operating income, adjusted net income, adjusted net income margin, 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, diluted shares outstanding 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 adjusted 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.

Key Takeaways

Stellar first quarter performance

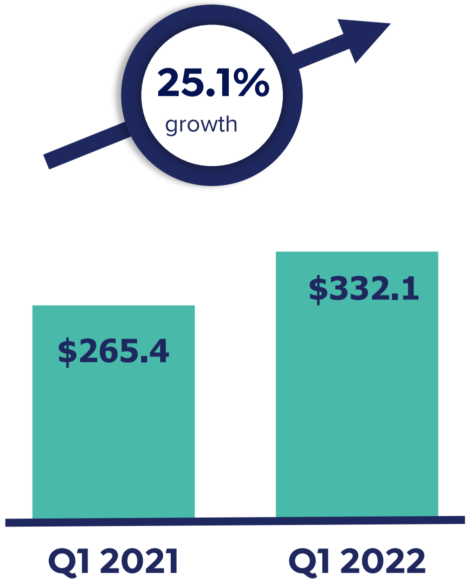
- **Record quarterly sales** with 25.1% organic net revenue growth, including double-digit volume growth
- **24.7% point-of-sale* growth** with continued broad-based market share gains
- **Successful pricing actions** to mitigate greater cost inflation across commodities, packaging, transportation and labor
- **Raising full-year guidance** reflecting a strong first quarter and continued growth momentum

*Source: Nielsen, Total Nielsen Universe for the Company within the Sweet Baked Goods Category. Point of Sale 13 weeks ending 4/2/22 vs. comparable prior year period.

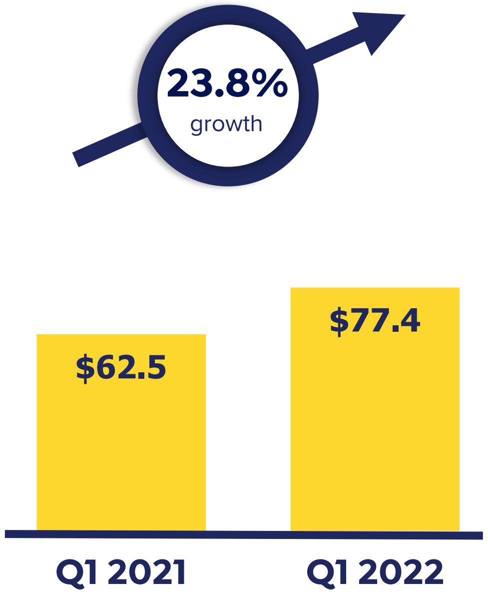
Record High Quarterly Sales and EBITDA

Outstanding performance in challenging operating environment

Net Revenue
(in millions)



Adjusted EBITDA
(in millions)



Adjusted EPS

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 and reconciliations to the comparable GAAP measures.

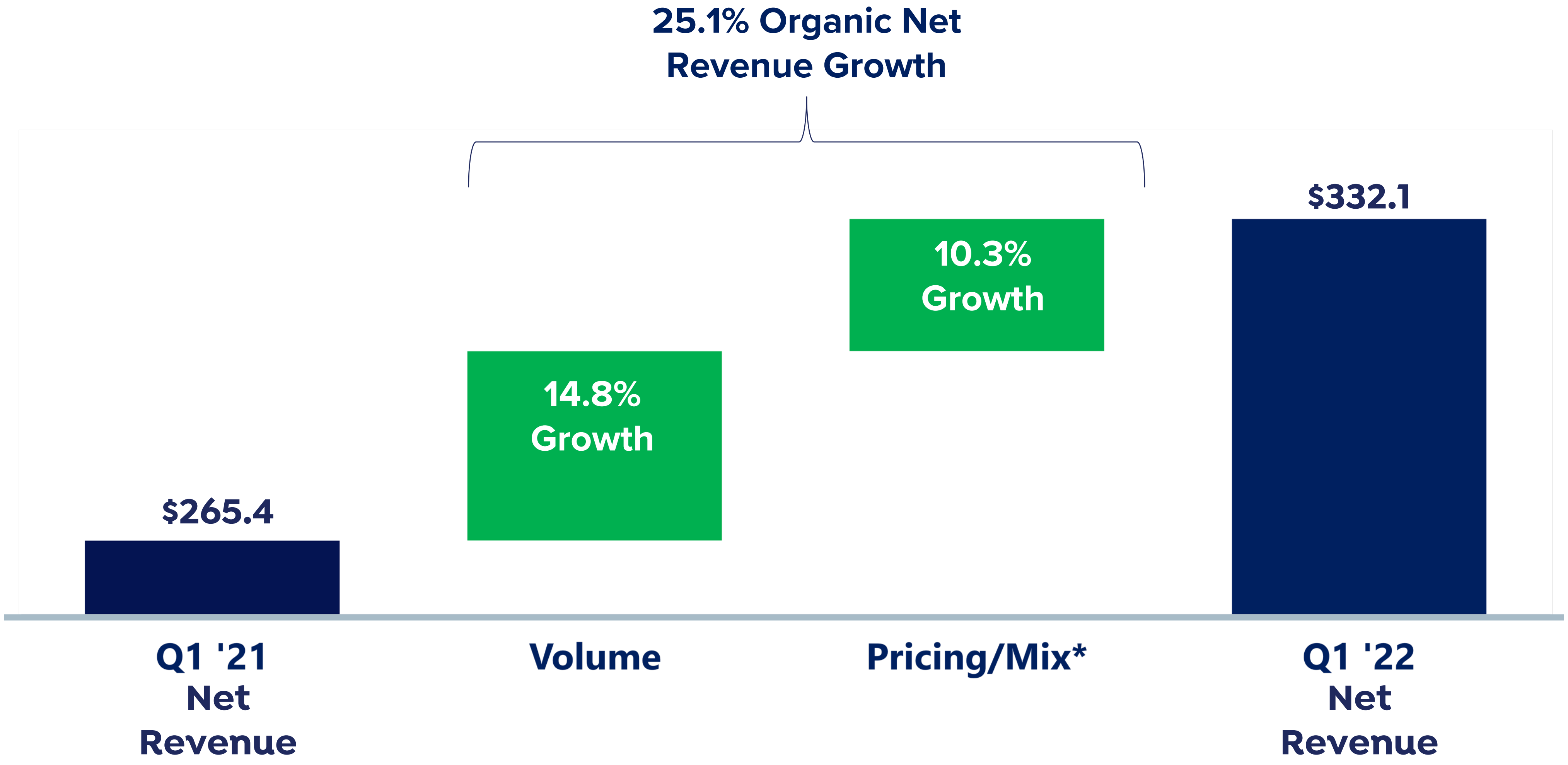
Q1 Revenue Growth Driven by Hostess® and Voortman®

Double-digit growth across our portfolio of sweet baked goods and cookies

	Three Months Ended			
	March 31,		Change	
($ in millions)	2022	2021	$	%
Sweet Baked Goods	$296.4	$237.7	$58.7	24.7%
Cookies	35.7	27.7	8.0	28.9%
Total Net Revenue	$332.1	$265.4	$66.7	25.1%

Balanced Revenue Growth

Stronger-than-expected volume growth driven by solid consumer demand and advantaged supply-chain

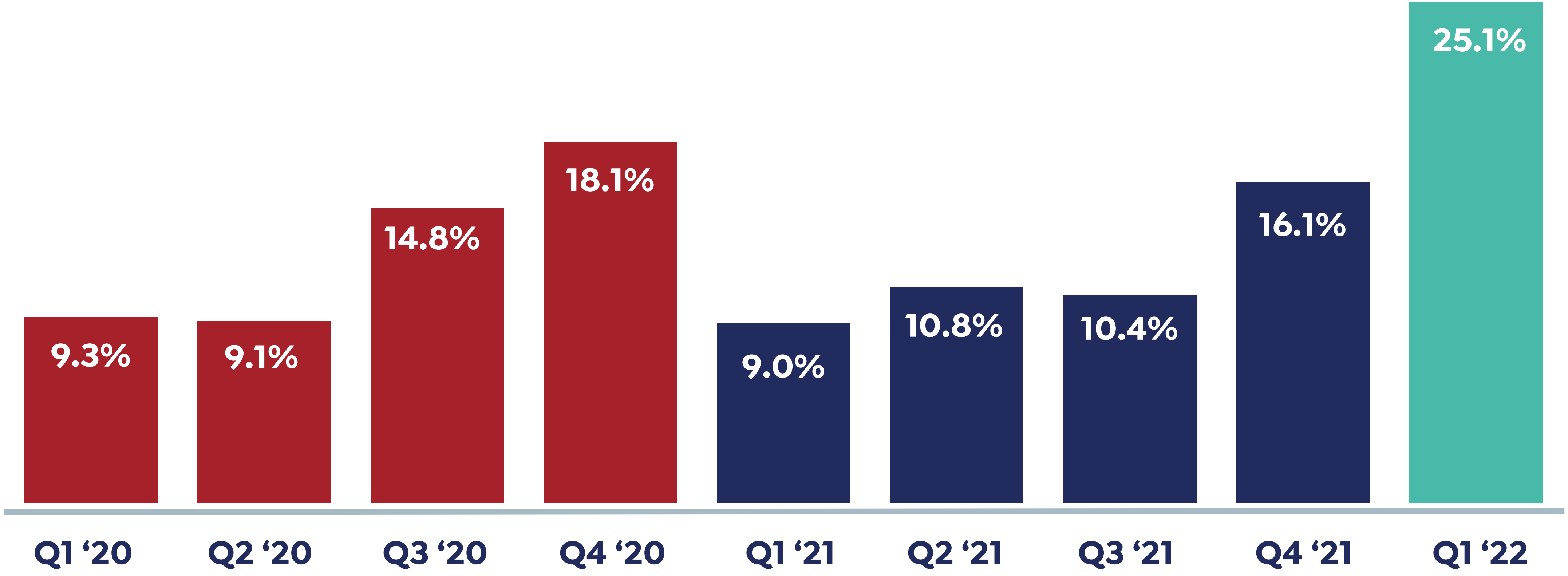


* *Primarily to offset higher inflation*

9th Consecutive Quarter of 9+% Net Revenue Growth

Accelerating quarterly growth despite tough comparisons

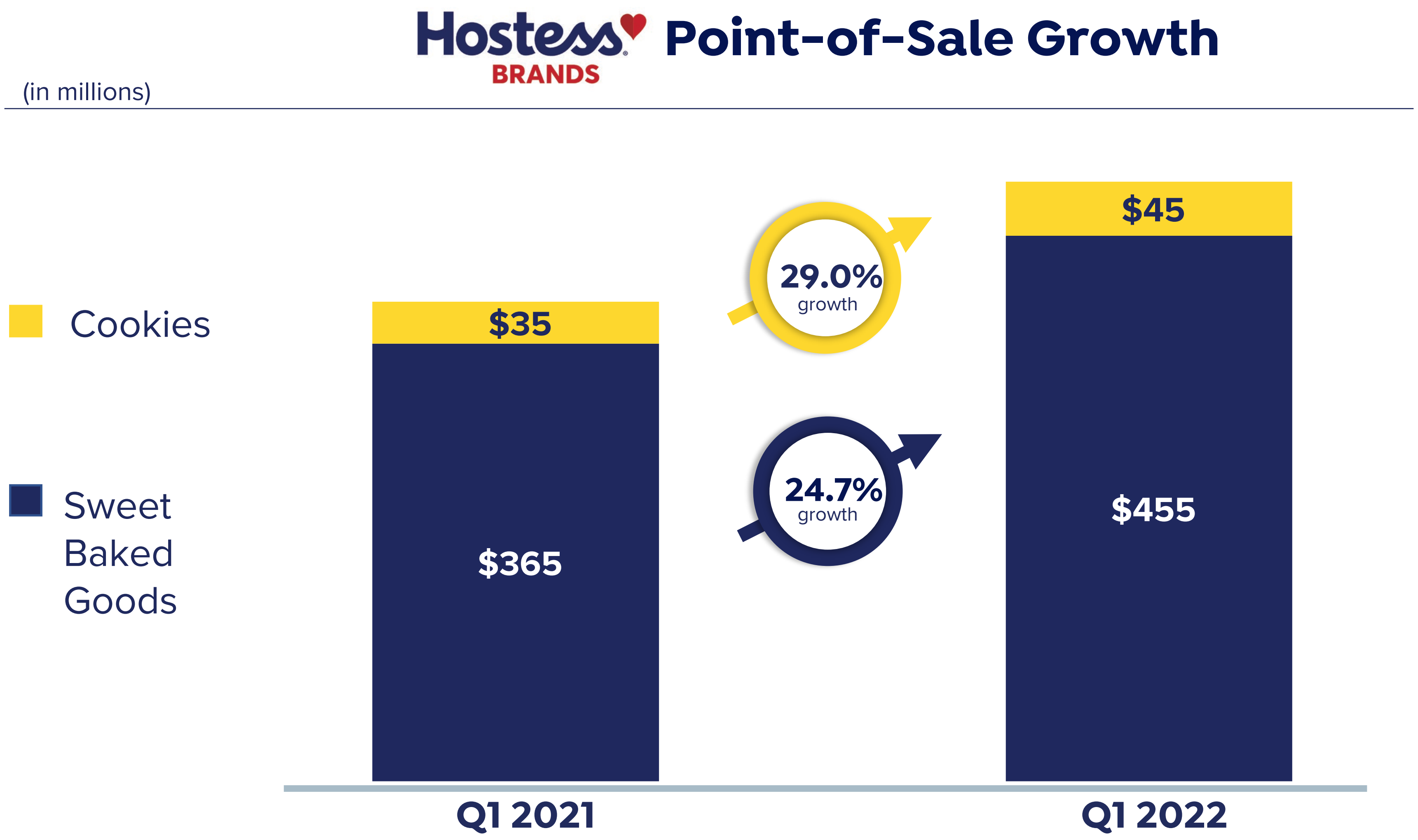
Quarterly Adjusted Net Revenue Growth



Adjusted Net Revenue is a 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.

Accelerating POS Dollar Growth Across Portfolio

Outstanding execution drives point-of-sale growth in the Sweet Baked Goods and Cookie categories

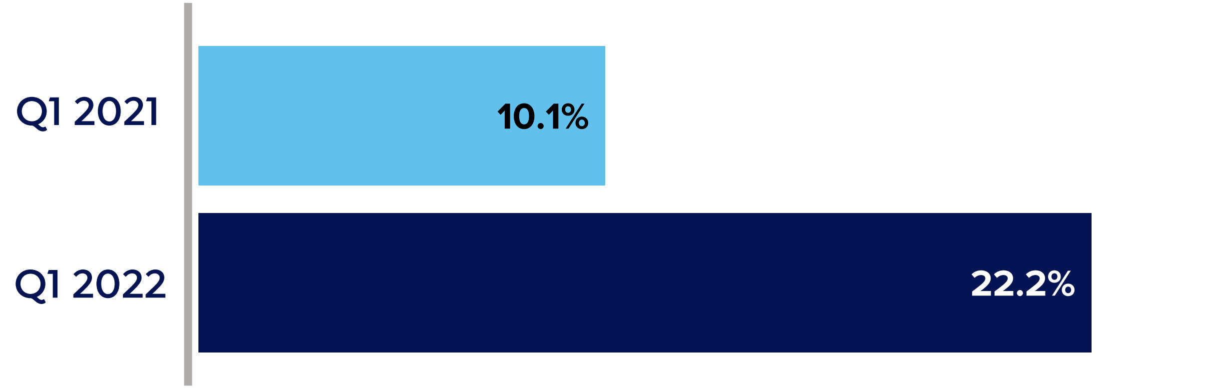


Source: Nielsen, Total Nielsen Universe for the Company within the SBG Category and Cookie Category. Point of Sale, 13 weeks ending 4/3/21 4/2/22.

20+% Single-Serve and Multi-Pack POS Growth in Q1

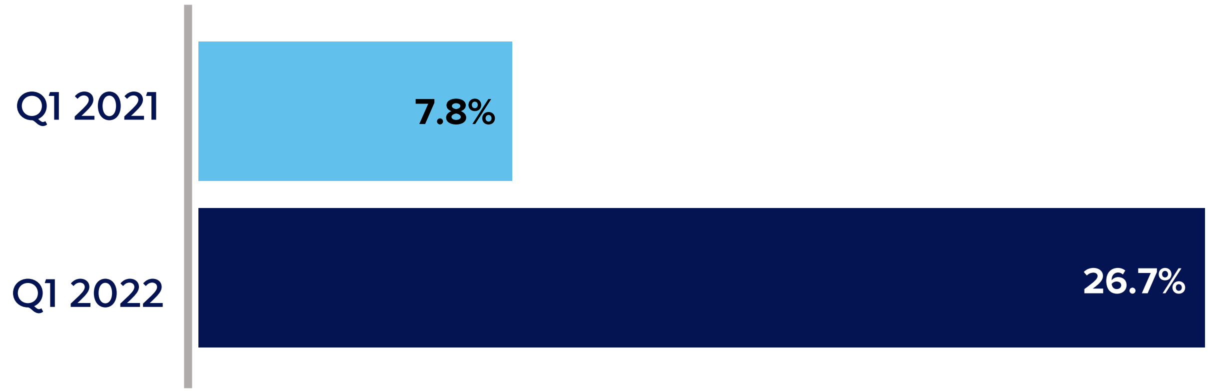
Uniquely positioned to drive both at-home and immediate consumption occassions

Single-Serve Point-of-Sale



Single-serve
2 year stacked growth
32.3%

Multi-Pack Point-of-Sale

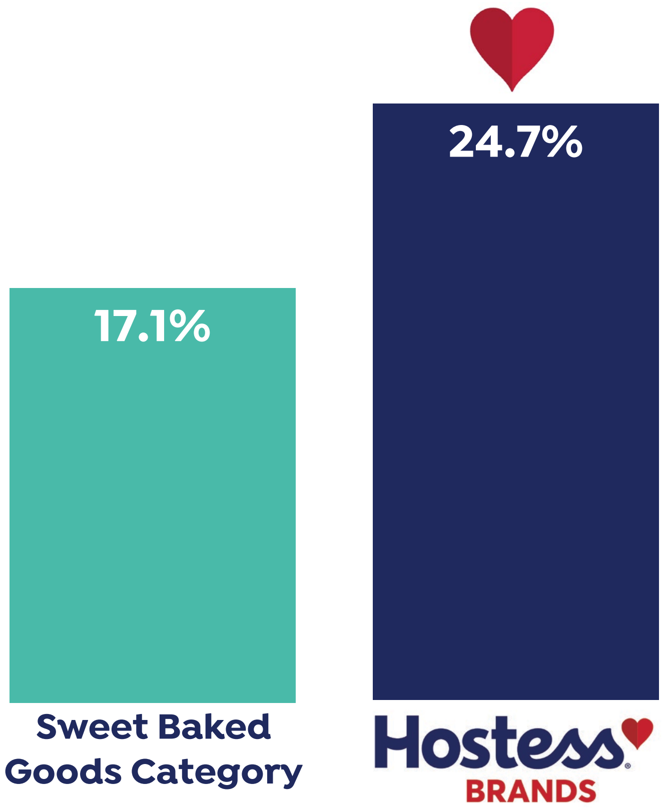


Multi-pack
2 year stacked growth
34.5%

Source: Nielsen, Total Nielsen Universe for the Company within the SBG Category. Q1 2022 – 13 weeks ended 4/2/2022 and prior year comparable periods.

On-trend Innovation and Superior Retail Execution Drive Continued Market Share Gains

Point-of-Sale Growth QTD vs YA



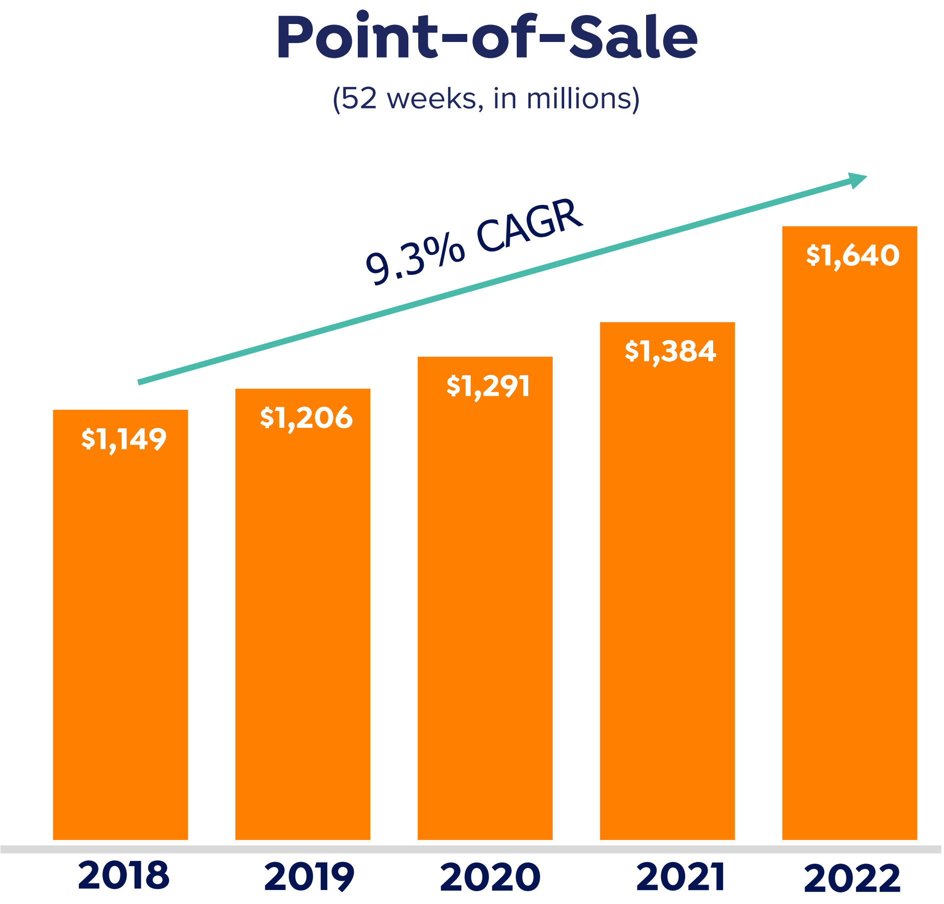
Expanded Market Share in SBG 135bps in the quarter!

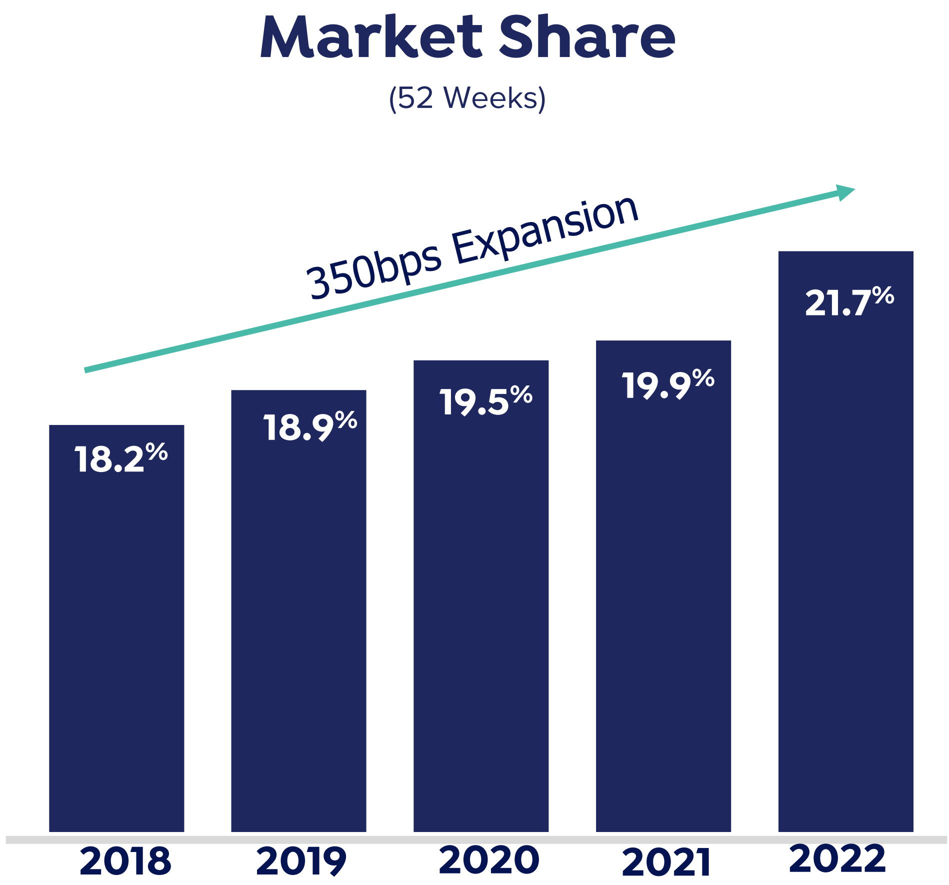
Breakfast POS up 33.9%, Growing Market Share of Sub-category by 300bps!

Source: Nielsen, Total Nielsen Universe for the Company within the SBG Category. Point of sale changes for the 13 weeks ended 4/2/2022 vs. the comparable prior year period.

Consistent Track Record of Market Share Gains

Outstanding execution drives POS growth and expanding market share in 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 4/7/18, 4/6/19, 4/4/20, 4/3/21, and 4/2/22.
Prior period Nielsen data was adjusted to exclude the Cloverhill® and Big Texas® brands in the periods they were not owned by Hostess (2018).

Consolidated Financial Results

Double-digit net revenue and earnings growth

($ in millions, except per share data)	Three Months Ended March 31, 2022	Three Months Ended March 31, 2021	Change $	Change %
Net Revenue	$332.1	$265.4	$66.7	25.1%
Adjusted Gross Profit	$115.8	$95.5	$20.3	21.3%
Adjusted Gross Margin	34.9%	36.0%		(113bps)
Adjusted Operating Income	$61.8	$47.0	$14.8	31.5%
Adjusted EBITDA	$77.4	$62.5	$14.9	23.8%
Adjusted EBITDA Margin	23.3%	23.5%		(21bps)
Adjusted EPS	$0.27	$0.20	$0.07	35.0%

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.

BRANDS

Raising Full-Year 2022 Guidance

($ in millions, except EPS)	Updated Guidance	Previous Guidance
Net Revenue Growth	At least 12%	5% - 8%
Adjusted EBITDA	Towards the higher end of $280 – $290	$280 – $290
Adjusted EPS	$0.93 - $0.98*	$0.93 – $0.98*
Capital Expenditures	$120 – $140 (Including Capacity Expansion)	$120 - $140 (Including Capacity Expansion)
Income Tax Rate	27%	27%

*Based on weighted average shares outstanding of 139 - 140 million, updated from previous guidance of 137 – 138 million.

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 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.

Executing on Key Capital Allocation Priorities

Flexibility to invest in growth and generate shareholder value

1	**Support Core Growth**	Capex of $24.9M during Q1 ‘22, including $11.5M investment in new bakery to support continued growth
2	**Targeted M&A**	Growth-oriented branded targets, that expand our capabilities in snacking universe
3	**Return Capital to Shareholders**	$10M share repurchases executed during Q1 ‘22
4	**Maintain Targeted Net Leverage 3.0x – 4.0x**	Net Leverage of 3.0x at end of Q1 ‘22

Attractive Long-Term Growth Algorithm

Recent Investor Day unveiled a leading sales and profit growth algorithm

Mid-Single Digit Organic Revenue Growth

5-7% EBITDA Growth

7-9% EPS Growth

Long-term Growth Algorithm to Deliver Top-Tier Shareholder Returns

See "Forward Looking Statements." EBITDA is a non-GAAP financial measure defined as earnings before interest, taxes, depreciation, amortization and stock compensation. See "Use of Non-GAAP Financial Measures."

Key Enablers of Our Differentiated Growth

Catapult Hostess Brands into the next phase of organic growth

1

Our business sits in **GROWING SPACES**

2

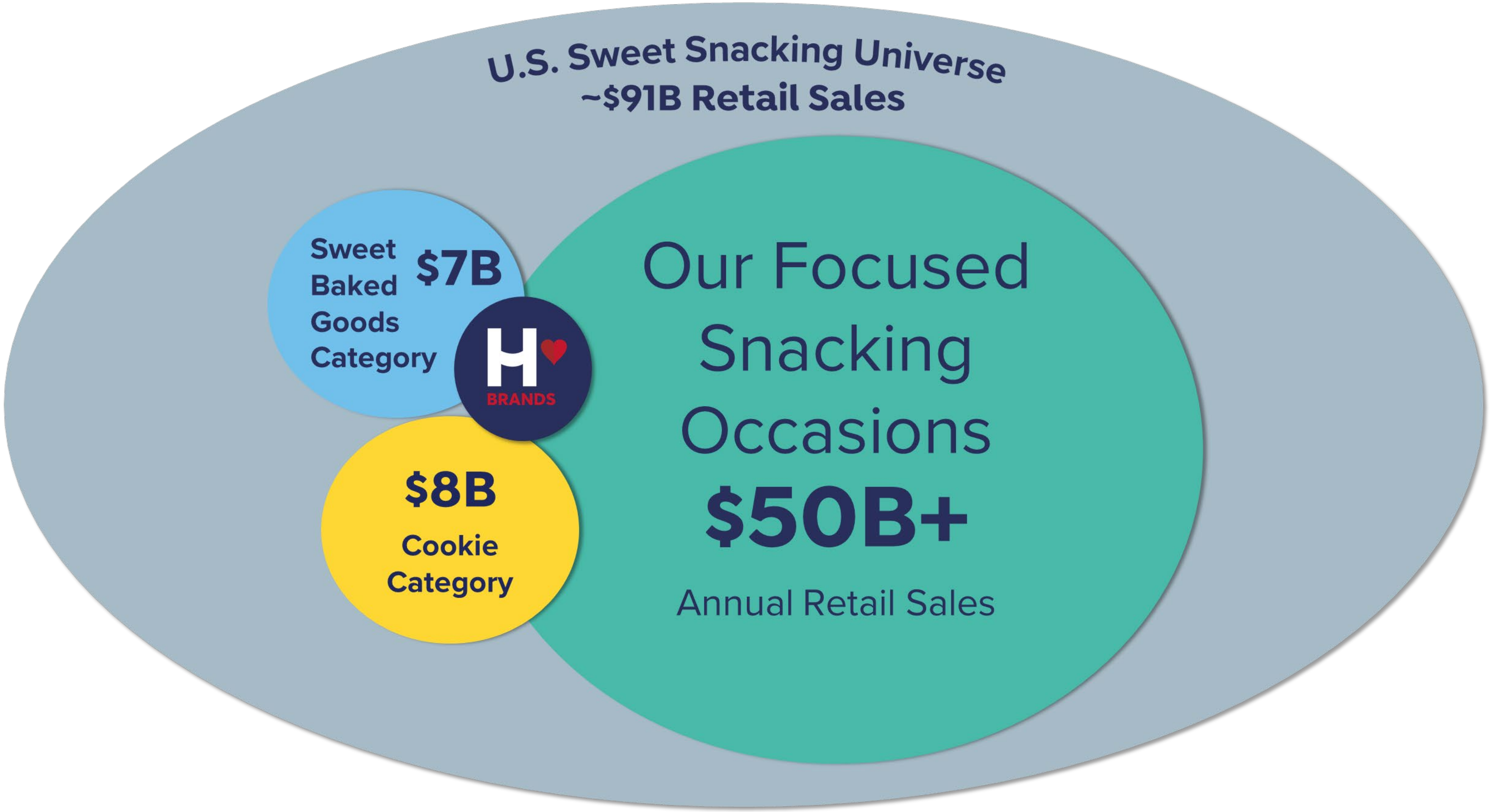
Our **BUSINESS MODEL** is best-in-class

3

Our **INNOVATION & MARKETING** are gaining momentum

Access to Large Attractive Growth Opportunities

Expanding addressable market beyond traditional category view by targeting key snacking occasions



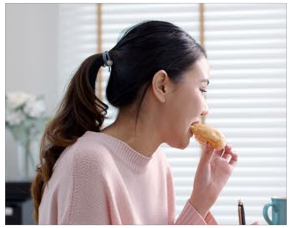
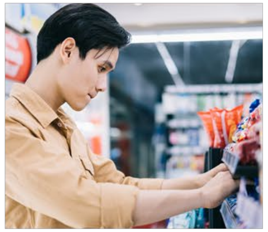
Source: NielsenIQ Total Universe select categories through October 2021
Occasions: Hostess Consumer Snacking Survey (N=6082; 12/2020), McKinsey Analytics with Nielsen POS data through October 2021

Targeting Five Key Snacking Occasions

Expanding addressable market by targeting key snacking occasions

$50 Billion + ADDRESSABLE MARKET In Targeted Occasions

Target Snacking Occasions

Morning Sweet Start	Lunchbox	Afternoon Reward	Immediate Consumption	Afternoon Sharing
				

Composite 3 year CAGR of just these 5 segments = **5.6%**

Source: Hostess Consumer Snacking Survey
(N=6082; 12/2020), McKinsey Analytics with Nielsen POS data through October 2021
IRI 2021 Snacking Survey

Long-term Growth Enabled By Our Best-in-Class Business Model

Our unique business model created sustainable competitive advantage

1. **Wide Availability**
2. **Beloved Brands**
3. **Unique Go-to-Market Approach**
4. **Operational Excellence**

= Best-in-Class Business Model for Impulse Categories

Our Innovation & Marketing are Gaining Momentum

Incremental Innovation

+

High ROI Marketing Communication

Strong Innovation in Targeted Consumer Occasions

#1
innovation product in SBG Category!

Launched in **June 2021** and part of the **$5.8B morning sweet start** occasion

Launched in **February 2022** and part of the **$5.8B morning sweet start** occasion

Launched in **January 2022** and part of the **$19.3B afternoon sharing** occasion

Launching in **2H 2022** and part of the **$6.2B lunchbox** occasion

Source: Nielsen, Total Nielsen Universe for the Company within the SBG Category. 52 weeks ended 4/2/2022

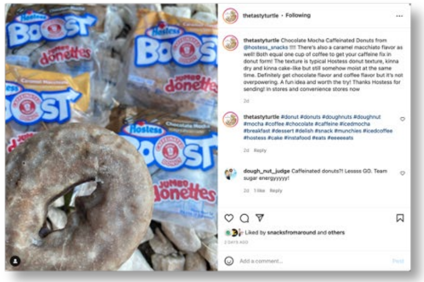
Brand Activation is Helping Fuel Consumer Interest

Increasing top-of-mind awareness and consideration

Driving Social Engagement

Announced **Hostess Boost™ Jumbo Donettes®** via earned media and influencers, resulting in

Over 1 Billion Impressions



Advancing E-Commerce Presence

Investing in high ROI ecommerce advertising and improvement to digital shelf

Continuing Digital Marketing Investments

Appendix

Non-GAAP Reconciliations

	Three Months Ended March 31, 2022						Three Months Ended March 31, 2021					
	Gross Profit	Gross Margin	Operating Income	Net Income	Net Income Margin	Diluted EPS	Gross Profit	Gross Margin	Operating Income	Net Income	Net Income Margin	Diluted EPS
GAAP results	$ 115.6	34.8%	$ 58.3	$ 34.6	10.4%	$ 0.25	$ 95.5	36.0%	$ 47.0	$ 26.7	10.1%	$ 0.19
Non-GAAP adjustments:												
Foreign currency remeasurement	-	-	-	0.3	0.1	-	-	-	-	0.1	-	-
Change in fair value of warrant liabilities	-	-	-	-	-	-	-	-	-	(0.1)	-	-
Project consulting costs (1)	-	-	3.3	3.3	1.0	0.03	-	-	-	-	-	-
Other (2)	0.1	0.1	0.1	0.2	0.1	-	-	-	-	0.2	-	0.01
Discrete income tax expense	-	-	-	0.6	0.2	-	-	-	-	-	-	-
Tax impact of adjustments	-	-	-	(1.1)	(0.3)	(0.01)	-	-	-	(0.1)	-	-
Adjusted Non-GAAP results	$ 115.8	34.9%	$ 61.8	38.0	11.4	$ 0.27	$ 95.5	36.0%	$ 47.0	26.9	10.1	$ 0.20
Income tax				14.1	4.3					10.1	3.8	
Interest expense				9.7	2.9					10.0	3.8	
Depreciation & amortization				13.3	4.0					12.7	4.8	
Share-based compensation				2.3	0.7					2.7	1.0	
Adjusted EBITDA				$ 77.4	23.3%					$ 62.5	23.5%	

1. Project consulting costs are included in general and administrative expenses on the consolidated statement of operations.
2. In 2022, costs related to certain corporate initiatives, of which $0.1 million is included in cost of goods sold and $0.1 million is included in other non-operating expenses on the condensed consolidated statement of operations. In 2021, costs were Voortman acquisition related costs included in other non-operating expenses on the condensed consolidated statement of operations.