



Hostess  [®]
BRANDS

Investor Presentation

August 8, 2023



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,” the “Company,” “we,” “us,” or “our”) 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 and financial 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. Except as may be required by law, 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, maintaining, extending and expanding the Company’s reputation and brand image; leveraging the Company’s brand value to compete against lower-priced alternative brands; the ability to pass cost increases on to our customers; correctly predicting, identifying and interpreting changes in consumer preferences and demand and offering new products to meet those changes; protecting intellectual property rights; operating in a highly competitive industry; the ability to maintain or add additional shelf or retail space for the Company’s products; the ability to identify or complete strategic acquisitions, alliances, divestitures or joint ventures; our ability to successfully integrate, achieve expected synergies and manage our acquired businesses and brands; the ability to integrate and manage capital investments; the ability to manage changes in our manufacturing processes resulting from the expansion of our business and operations, including with respect to cost-savings initiatives and the introduction of new technologies and products; the ability to drive revenue growth in key products or add products that are faster-growing and more profitable; volatility in commodity, energy, and other input prices due to inflationary pressures and the ability to adjust pricing to cover increased costs; loss of one or more of our co-manufacturing arrangements; significant changes in the availability and pricing of transportation; negative impacts of climate change; dependence on major customers; increased labor and employee related costs; strikes or work stoppages; product liability claims, product recalls, or regulatory enforcement actions; the ability to produce and successfully market products with extended shelf life; dependence on third parties for significant services; unanticipated business disruptions; adverse impact or disruption to our business caused by pandemics or outbreaks of highly infectious or contagious diseases; disruptions in global economy due to the Russia and Ukraine conflict; geographic focus could make the Company particularly vulnerable to economic and other events and trends in North America; consolidation of retail customers; unsuccessful implementation of business strategies to reduce costs; increased costs to comply with governmental regulation; failures, unavailability, or disruptions of the Company’s information technology systems; dependence on key personnel or a highly skilled and diverse workforce; the Company’s ability to finance indebtedness on terms favorable to the Company; and other risks as set forth from time to time in the Company’s Securities and Exchange Commission (the “SEC”) filings, including, without limitation, the risk identified and discussed in Item 1A-Risk Factors in the Company’s Annual Report on Form 10-K for 2022, filed on February 21, 2023 and as revised and updated in our subsequent filings with the SEC.

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. 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 gross margin, adjusted operating income, adjusted 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, 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

- **Net revenue increased 3.5%**, up 10.0% on a 2-year CAGR, driven by strong net price realization
- **Executing well with clear progress on our customer and consumer growth initiatives** to deliver strong volume-driven 2H growth
- **Hostess Brands innovation continues to outperform the category** led by recently launched Hostess® Kazbars™, Old Fashioned Donettes®, Family Packs, and Voortman® zero sugar mini wafers
- **16.1% Adjusted EBITDA growth** as quarterly gross margin recovered by 275 basis points*
- **Successfully refinanced term loan**, extending maturity to 2030 and increased our revolver capacity to \$200M with minimal impact to our expected effective interest rate
- **Raised full-year EBITDA and EPS guidance** to deliver above long-term algorithm profit growth for the full year

* Adjusted EBITDA 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.



Consolidated Financial Results

Above-algo Profit Growth

(\$ in millions, except per share data)	Three Months Ended June 30,			Six Months Ended June 30,		
	2023	2022	% Change	2023	2022	% Change
Net Revenue	\$352.4	\$340.5	3.5%	\$697.8	\$672.5	3.8%
Adjusted Gross Profit	\$126.4	\$112.8	12.1%	\$247.5	\$228.6	8.3%
Adjusted Gross Margin	35.9%	33.1%	275bps	35.5%	34.0%	148bps
Adjusted Operating Income	\$62.1	\$51.7	20.1%	\$124.6	\$113.5	9.8%
Adjusted EBITDA	\$80.0	\$68.9	16.1%	\$160.4	\$146.3	9.6%
Adjusted EBITDA Margin	22.7%	20.2%	247bps	22.9%	21.8%	123bps
Adjusted EPS	\$0.28	\$0.22	27.3%	\$0.57	\$0.49	16.3%

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.



Second Quarter Financial Highlights

Continued Profitable Growth

Net Revenue

(in millions)

Adjusted EBITDA

(in millions)

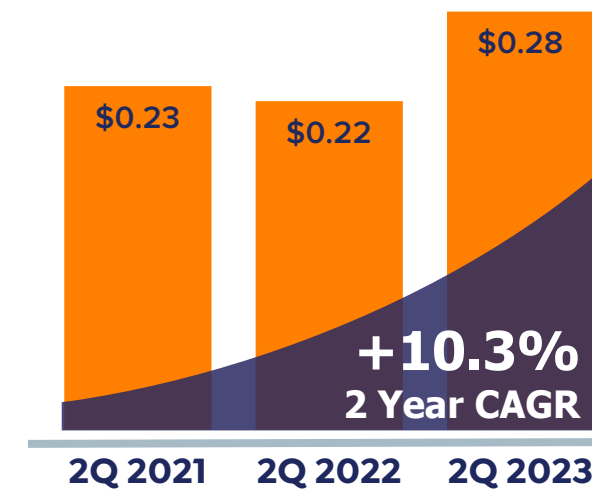
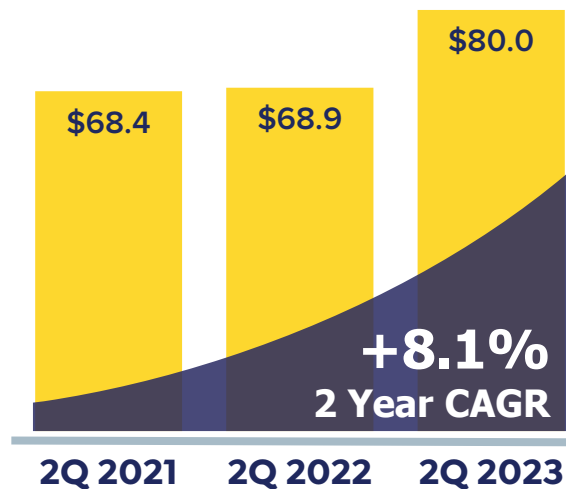
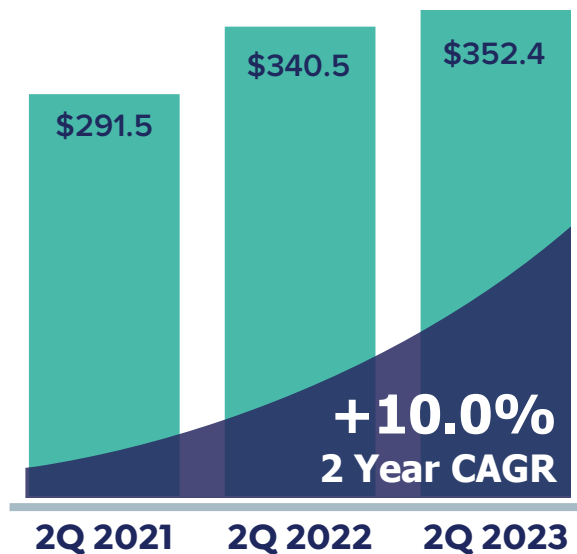
Adjusted EPS

YoY
Growth

+16.8% **+3.5%**

+0.7% **+16.1%**

-4.3% **+27.3%**



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.



Revenue Growth Driven by the Hostess® Brand

Lapping Double-Digit Growth in both SBG and Cookies

(\$ in millions)	Three Months Ended June 30,			Six Months Ended June 30,		
	2023	2022	% Change	2023	2022	% Change
Sweet Baked Goods	\$317.5	\$303.5	4.6%	\$626.0	\$599.8	4.4%
Cookies	\$34.8	\$37.0	(5.9%)	\$71.8	\$72.7	(1.2%)
Total Net Revenue	\$352.4	\$340.5	3.5%	\$697.8	\$672.5	3.8%



Price/Mix Continues to Drive Topline

Volume Declines Moderated Sequentially from the First Quarter



Continued POS Dollar Growth

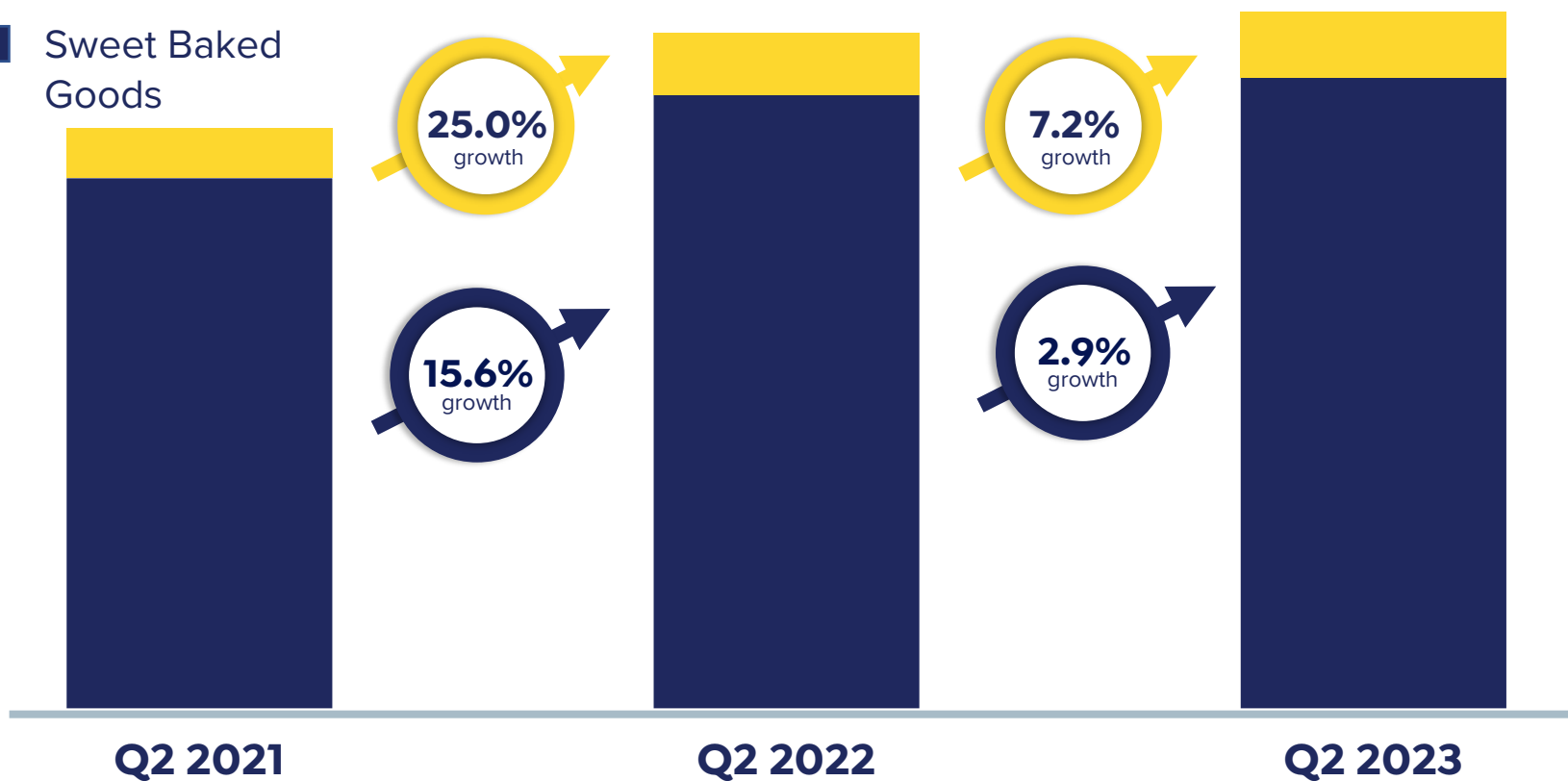
Outstanding Execution Driving Growth in the Sweet Baked Goods and Cookie Categories

Hostess BRANDS Point-of-Sale Growth

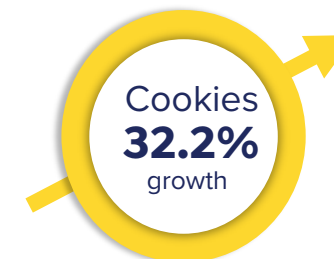
(in millions)

■ Cookies

■ Sweet Baked Goods



2 Year Stacked Hostess POS Growth

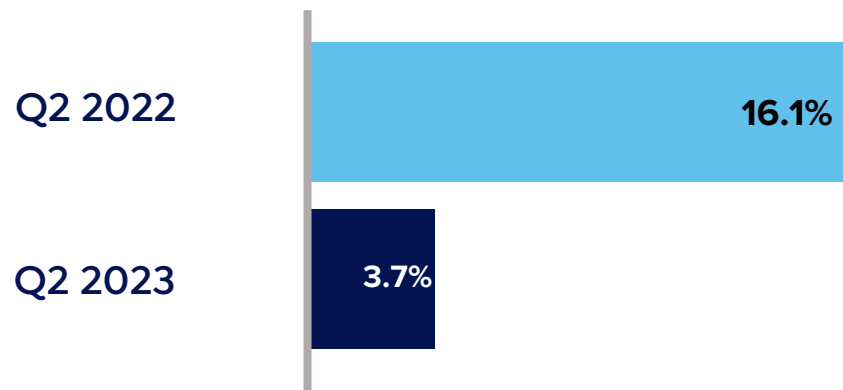


Single-Serve and Multi-Pack Point-of-Sale Trends

Solid Growth in Immediate Consumption Occasion

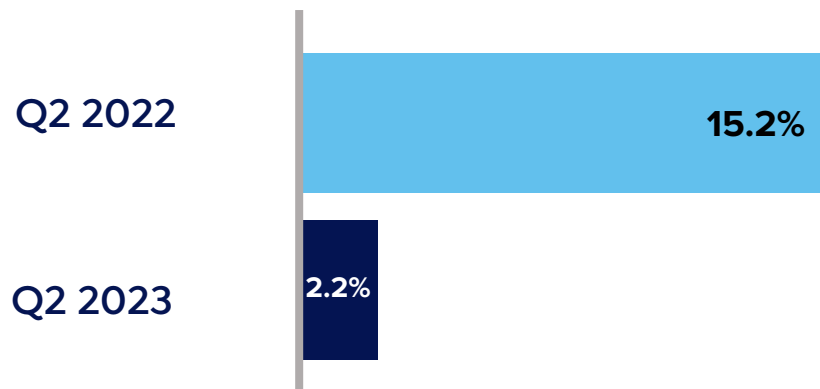


Single-Serve Point-of-Sale



Single-serve
2-year Stacked Growth
19.8%

Multi-Pack Point-of-Sale



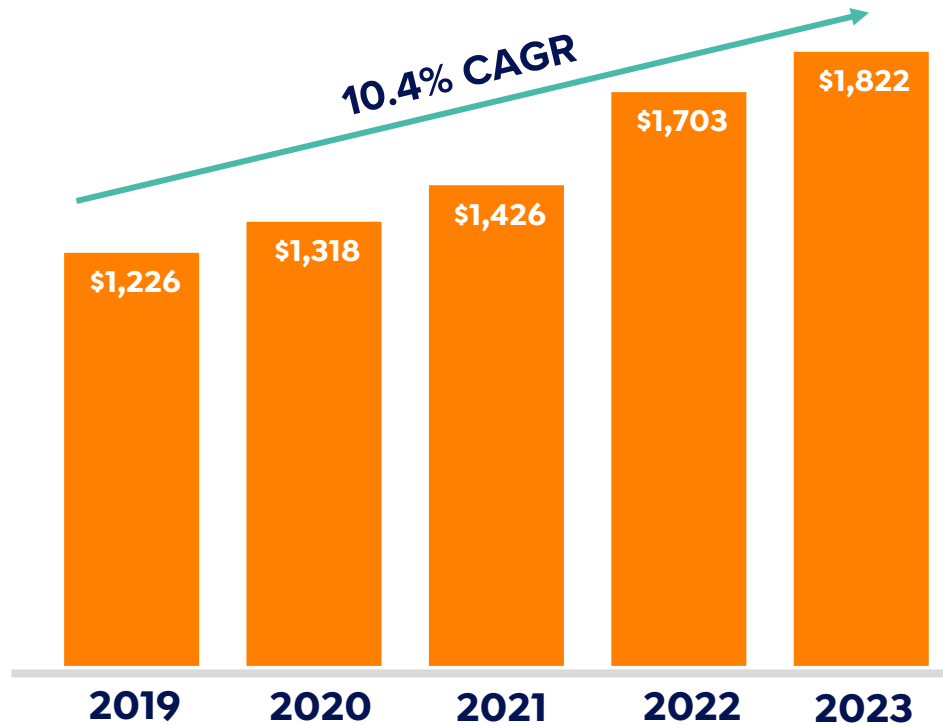
Multi-pack
2-year Stacked Growth
17.4%

Consistent Track Record of Point-of-Sale Growth

Double Digit CAGR in the SBG Category Over the Last Five Years

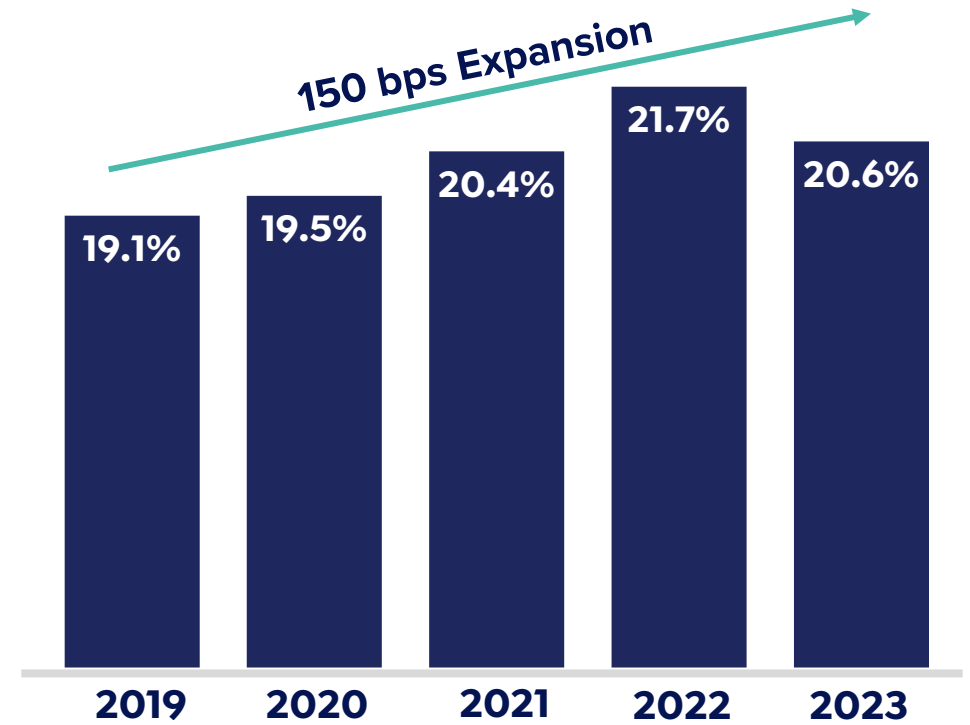
Point-of-Sale

(52 weeks, in millions)



Dollar Market Share

(52 weeks)



Executing on Key Capital Allocation Priorities

Flexibility to Invest in Growth and Generate Shareholder Value

Year to Date Progress Against Priorities

- | | | |
|----------|---------------------------------------|--|
| 1 | Support Core Growth | \$58.2 million capital expenditures in YTD 2023, including investment in new bakery to support continued growth |
| 2 | Targeted M&A | Continuing to look for growth-oriented branded targets, that expand our capabilities in the snacking universe |
| 3 | Return Capital to Shareholders | \$19.4 million share repurchases executed YTD 2023 |
| 4 | Manage Net Leverage | Net leverage of 2.9x; Refinanced Term Loan extending maturity to 2030 and increased Revolver capacity to \$200 million |



Raising Full-Year 2023 EBITDA and EPS Guidance

Delivering Above Algorithm Profitability

	Updated Guidance	Previous Guidance
(\$ in millions, except EPS)		
Net Revenue Growth	4% - 6%	4% - 6%
Adjusted EBITDA	Toward the higher end of \$315 - \$325 million	\$315 - \$325 million
Adjusted EPS	Toward the higher end of \$1.08 - \$1.13	\$1.08 - \$1.13
Capital Expenditures	\$150 - \$170 (Including Capacity Expansion)	\$150 - \$170 million (Including Capacity Expansion)
Income Tax Rate	~27%	~27%
Weighted Average Shares Outstanding	~135 million	~135 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.

Attractive Long-Term Growth

Delivering Strong Growth While Maintaining our Industry-leading Margins



Long-term Growth Algorithm

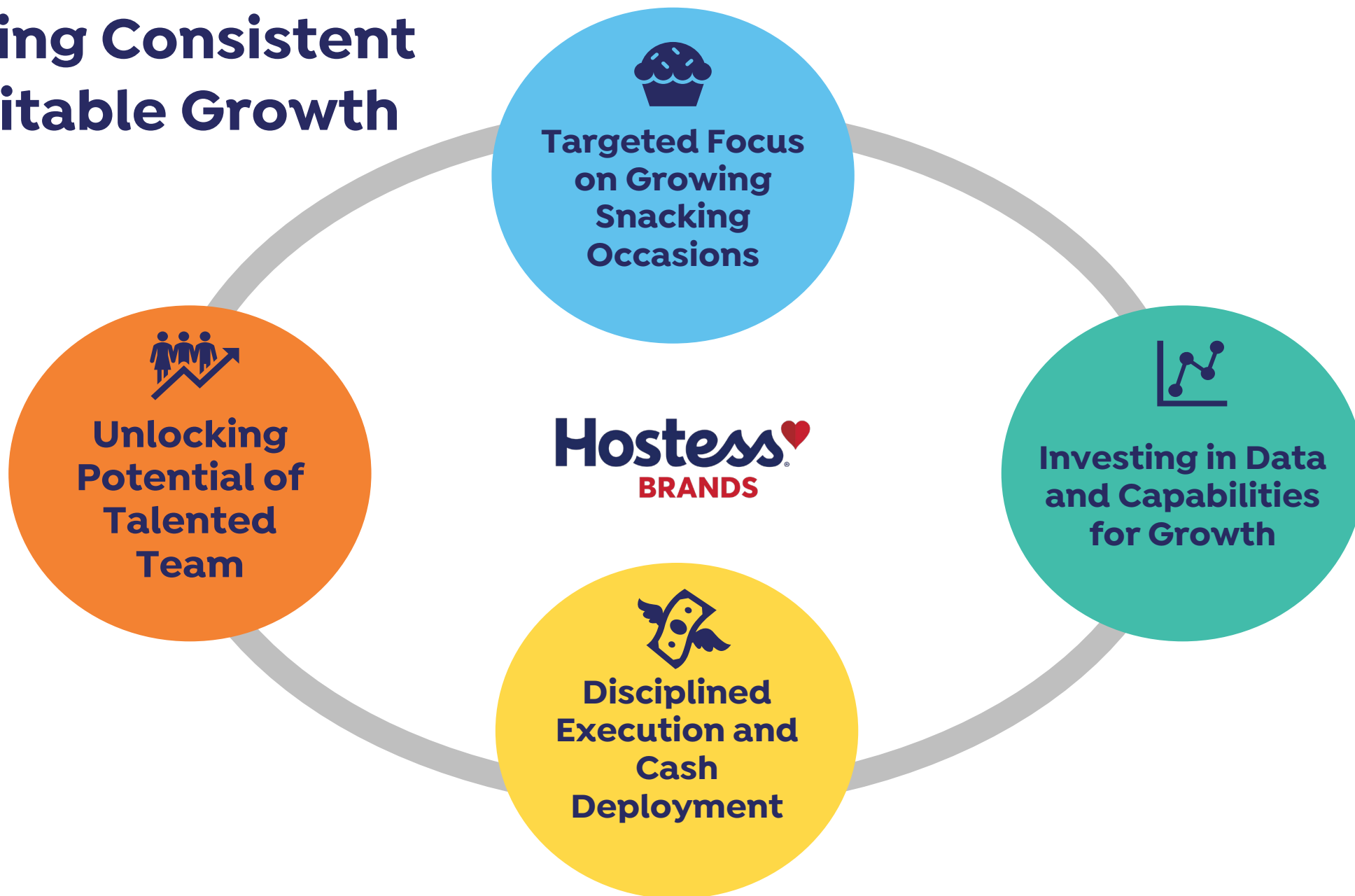
**Mid-Single Digit
Organic Revenue
Growth**

**5-7%
EBITDA Growth**

**7-9%
EPS Growth**

Delivering Top-Tier Shareholder Returns

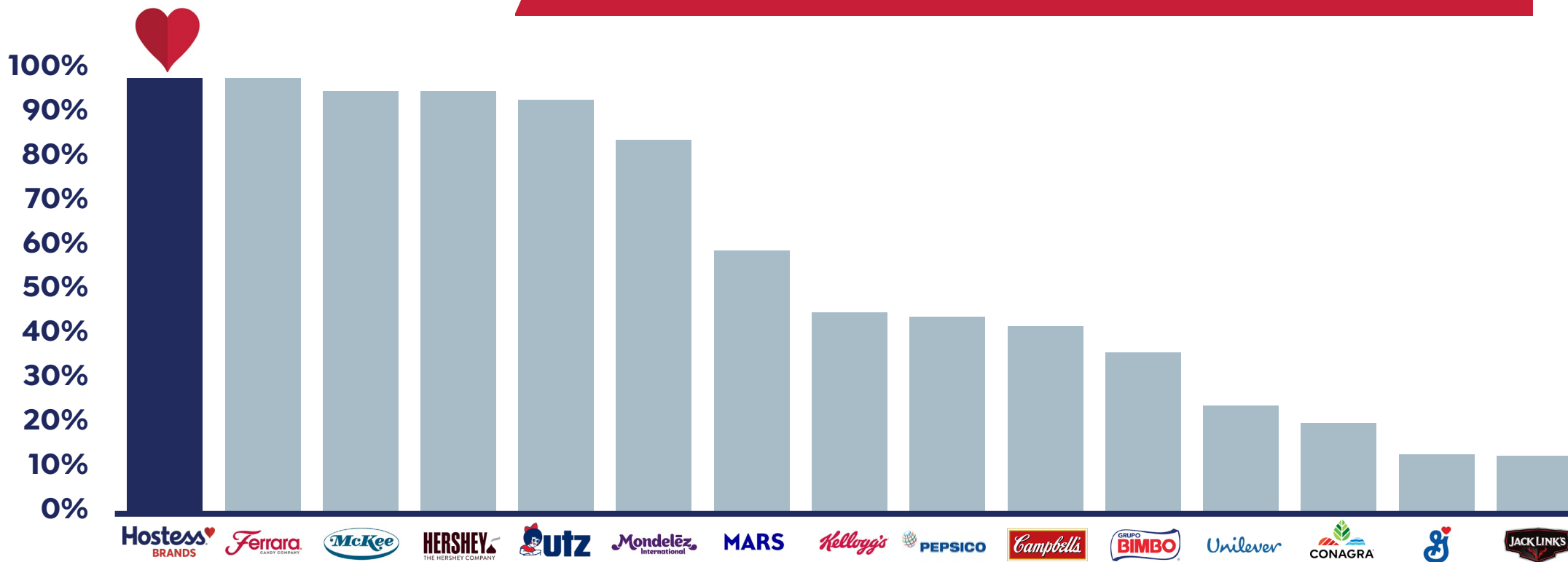
Our Focused Strategy is Driving Consistent Profitable Growth



Premier Snacking Pure-Play

Hostess
BRANDS

Snacking ~100% of Total Retail Sales



Source: NielsenIQ Total Snacking as percentage of All Departments Cal Yr 2022 W/E 12/31/22

Our Portfolio is Fully Aligned with Targeted Occasions

\$65B Market Opportunity



**Morning
Sweet Start**

Market Size

\$6.7B



Lunchbox

Market Size

\$7.2B



**Afternoon
Reward**

Market Size

\$15.1B



**Immediate
Consumption**

Market Size

\$9.8B



**Evening
Reward**

Market Size

\$25.8B

Innovation Pipeline Driving Sustainable Growth

New Products Launched in 2023



Hostess #1 Innovator in SBG in 2021 & 2022



Source: Nielsen, Total Nielsen Universe for the Company within the U.S. SBG Category, 52 weeks ending 1/1/22 and 12/31/22

Innovation Pipeline Driving Sustainable Growth

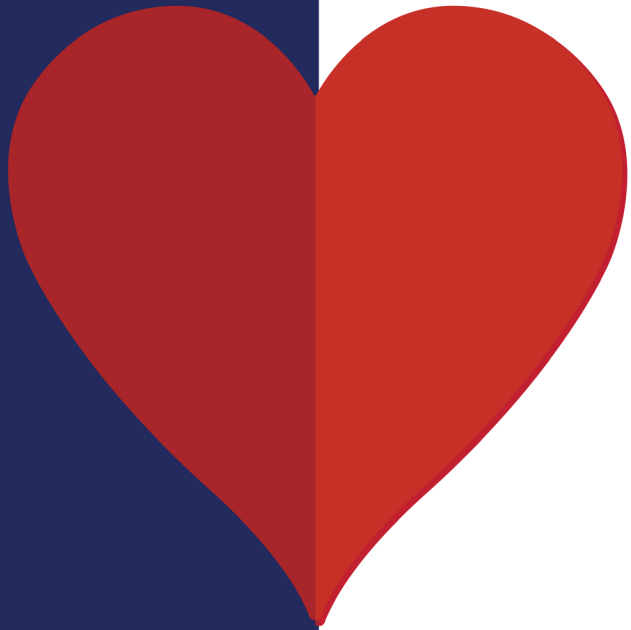
New Products Launched in 2023



“Zero Sugar” re-branding



Added easy open features



Appendix

Non-GAAP Reconciliations

	Three Months Ended June 30, 2023						Three Months Ended June 30, 2022					
	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	\$ 126.0	35.8%	\$ 61.7	\$ 32.5	9.2%	\$ 0.24	\$ 112.7	33.1%	\$ 51.0	\$ 30.5	9.0%	\$ 0.22
Non-GAAP adjustments:												
Foreign currency remeasurement	-	-	-	(0.2)	(0.1)	-	-	-	-	(0.5)	(0.2)	-
Project consulting costs (1)	-	-	-	-	-	-	-	-	0.6	0.6	0.2	-
Accelerated depreciation related to network optimization	0.4	0.1	0.4	0.4	0.1	-	-	-	-	-	-	-
Loss on debt modification	-	-	-	7.5	2.1	0.07	-	-	-	-	-	-
Other (2)	-	-	-	0.3	0.1	-	0.1	-	0.1	0.2	-	-
Discrete income tax expense	-	-	-	(0.7)	(0.2)	-	-	-	-	(0.1)	-	-
Tax impact of adjustments	-	-	-	(2.1)	(0.6)	(0.03)	-	-	-	(0.1)	-	-
Adjusted Non-GAAP results	\$ 126.4	35.9%	\$ 62.1	37.7	10.7	\$ 0.28	\$ 112.8	33.1%	\$ 51.7	30.5	9.0	\$ 0.22
Income tax				14.2	4.0					11.4	3.3	
Interest expense				10.3	2.9					9.7	2.9	
Depreciation & amortization				14.3	4.1					14.6	4.2	
Share-based compensation				3.5	1.0					2.6	0.8	
Adjusted EBITDA				<u>\$ 80.0</u>	<u>22.7%</u>					<u>\$ 68.9</u>	<u>20.2%</u>	

1. Project consulting costs are included in general and administrative on the condensed consolidated statement of operations.
2. In 2023, costs related to certain corporate initiatives and are included in other expense on the condensed consolidated statement of operations. In 2022, costs related to certain corporate initiatives, including \$0.1 million of accelerated depreciation.



Non-GAAP Reconciliations

	Six Months Ended June 30, 2023						Six Months Ended June 30, 2022					
	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	\$ 246.7	35.4%	\$ 123.8	\$ 70.8	10.1%	\$ 0.53	\$ 228.3	34.0%	\$ 109.3	\$ 65.0	9.7%	\$ 0.47
Non-GAAP adjustments:												
Foreign currency remeasurement	-	-	-	(0.2)	-	-	-	-	-	(0.2)	-	-
Project consulting costs (1)	-	-	-	-	-	-	-	-	3.9	3.9	0.6	0.03
Accelerated depreciation related to network optimization	0.8	0.1	0.8	0.8	0.1	0.01	-	-	(1.4)	(1.4)	(0.1)	(0.01)
Loss on debt modification	-	-	-	7.5	1.1	0.06	-	-	-	-	-	-
Other (3)	-	-	-	0.4	0.1	-	0.3	-	0.3	0.4	0.1	-
Discrete income tax expense	-	-	-	(1.1)	(0.2)	(0.01)	-	-	-	0.5	0.1	-
Tax impact of adjustments	-	-	-	(2.2)	(0.3)	(0.02)	-	-	-	(1.1)	(0.2)	(0.01)
Adjusted Non-GAAP results	\$ 247.6	35.5%	\$ 124.6	75.9	10.9	\$ 0.57	\$ 228.6	34.0%	\$ 113.5	68.5	10.3	\$ 0.43
Income tax				28.2	4.0				25.5	3.8		
Interest expense				20.5	2.9				19.4	2.9		
Depreciation & amortization				29.3	4.2				27.9	4.1		
Share-based compensation				6.5	0.9				5.0	0.7		
Adjusted EBITDA				<u>\$ 160.4</u>	<u>22.9%</u>				<u>\$ 146.3</u>	<u>21.8%</u>		

1. Project consulting costs are included in general and administrative on the condensed consolidated statement of operations.
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