
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934
Date of Report (Date of earliest event reported): May 4, 2022



Hostess Brands, Inc.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation)	1-37540 (Commission File Number)	47-4168492 (I.R.S. Employer Identification No.)
7905 Quivira Road Lenexa, KS (Address of principal executive offices)		66215 (Zip Code)
	(816) 701-4600 (Registrant's telephone number, including area code)	
	7905 Quivira Lenexa, Kansas 66215 (Former name or former address, if changed since last report)	

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each Class	Trading Symbol	Name of exchange on which registered
Class A Common Stock, par value \$0.0001 per share	TWNK	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

- Emerging growth company
 - If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to section 13(a) of the Exchange Act.
-

Item 2.02 Results of Operations and Financial Condition.

On May 4, 2022, Hostess Brands, Inc. (the "Company") issued a press release announcing financial results for the three months ended March 31, 2022, a copy of which is attached as Exhibit 99.1.

The information in this Item 2.02 and Exhibit 99.1 attached hereto is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, except as expressly set forth by specific reference in such filing.

Item 7.01 Regulation FD Disclosure.

On May 4, 2022, the Company disseminated an investor presentation. A copy of the investor presentation is furnished as Exhibit 99.2 to this Current Report on Form 8-K.

The information furnished in this Item 7.01, and Exhibit 99.2 attached hereto is being furnished and shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, except as may be expressly set forth by specific reference in such filing.

The Company expressly disclaims any obligation to update or revise any of the information contained in the investor presentation. The investor presentation is available on the Company's website located at www.hostessbrands.com, although the Company reserves the right to discontinue that availability at any time.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description of Exhibits
99.1	Press Release dated May 4, 2022 announcing financial results for the three months ended March 31, 2022
99.2	Investor Presentation of the Company dated March 1, 2022
104.1	The cover page from this Current Report on Form 8-K, formatted in Inline XBRL

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereto duly authorized.
HOSTESS BRANDS, INC.

Date: March 4, 2022

By: /s/ Michael J. Gernigin
Name: Michael J. Gernigin
Senior Vice President, Chief Accounting Officer and Interim Chief Financial
Officer
Title: (Principal Financial Officer)



Hostess Brands, Inc. Announces Strong First Quarter 2022 Financial Results

Strong Consumer Demand Drives 25% Organic Net Revenue Growth Raises 2022 Full Year Guidance

LENEXA, KS, May 4, 2022 - Hostess Brands, Inc. (NASDAQ: TWNK) (the "Company", "we", "our") today reported its financial results for the three months ended March 31, 2022.

"Our exceptional top-line and bottom-line growth in the first quarter highlighted our access to growing occasions, best-in-class business model, and accelerating innovation and marketing capabilities as outlined in our recent Investor Day presentations. Our strong volume growth during the quarter, even as we successfully implemented pricing actions to offset high inflation, underscores favorable snacking behaviors as well as our superior innovation and supply-chain execution," commented Andy Callahan, the Company's President and Chief Executive Officer.

He continued, "We are raising our full year guidance to reflect our strong momentum even as we take actions to mitigate escalating inflationary headwinds due to the recent macro events."

First Quarter 2022 Financial Highlights¹

- Net revenue of \$332.1 million increased 25.1% from the same period last year as strong, broad-based consumer demand drove volume growth which contributed 15% of the growth this quarter, with the remaining growth from planned pricing actions and favorable product mix.
- Gross profit increased 21.0% to \$115.6 million. On an adjusted basis, gross profit increased 21.3% to \$115.8 million, or 34.9% of net revenues as pricing and productivity largely offset double-digit inflation.
- Net income was \$34.6 million or \$0.25 per diluted share. Adjusted net income increased 41.3% to \$38.0 million, and adjusted EPS was \$0.27 compared to \$0.20 in the prior year period.
- Adjusted EBITDA increased 23.8% to \$77.4 million, the second consecutive quarter of record-high quarterly adjusted EBITDA. Adjusted EBITDA margin of 23.3% was largely in-line with the prior year period.
- Cash and cash equivalents were \$238.4 million as of March 31, 2022, reflecting a net leverage ratio of 3x.
- Capital expenditures increased to \$24.9 million from \$10.9 million in the prior-year period. The Company continues to expect capital expenditures to be in the \$120-\$140 million range in 2022.
- Raising full year 2022 guidance for net revenue growth to at least 12%, adjusted EBITDA towards the higher end of its initial \$280 - \$290 million range while maintaining its adjusted EPS guidance of \$0.93 - \$0.98.

Other Highlights

- Hostess Brands' Sweet Baked Goods point-of-sale ("POS") increased 24.7% and its share of the category increased by 135 basis points to 22.0% driven by solid core performance and strong contribution from new products innovation.
- Voortman® branded POS grew 29.0% and its share of the Cookie category increased 342 basis points reflecting continued consumer demand in the faster-growing sugar-free cookies sub-segment and distribution gains.
- Inflation is now expected to be at least high teens, including the impact from stronger-than-expected volume growth. We are planning additional pricing actions along with a combination of revenue management activities to offset higher inflation.
- Completed the purchase of the Arkadelphia, Arkansas facility which will be converted into our previously announced new bakery to support growing consumer demand.
- Repurchased \$9.7 million of shares under our previously announced \$150 million share repurchase program.
- Announced the appointment of Travis Leonard as the Chief Financial Officer. Mr. Leonard will join the Company on May 11, 2022.

¹This press release contains certain non-GAAP financial measures, including adjusted gross profit, adjusted gross profit margin, adjusted operating income, adjusted EBITDA, adjusted EBITDA margin, adjusted net income, adjusted net income margin and adjusted earnings per share ("EPS"). Please refer to the schedules in the press release for reconciliations of non-GAAP financial measures to the comparable GAAP measure. Unless otherwise stated, all comparisons of financial measures in this press release are to the first quarter of 2021. All measures of market performance contained in this press release, including point of sale and market share include all Company branded products within the SBG or Cookie categories as reported by Nielsen but do not include other products sold outside of those categories. All market data in this press release refer to the thirteen-week period ended April 2, 2022. The Company's leverage ratio is net debt (total long-term debt less cash) divided by the trailing twelve months adjusted EBITDA.

Guidance and Outlook

The Company is raising its full year 2022 guidance as follows:

	Updated Guidance	Previous Guidance
Net revenue growth	At least 12%	5% - 8%
Adjusted EBITDA	Towards the higher end of \$280 - \$290 million	\$280 - \$290 million
Adjusted EPS (diluted)*	\$0.93 - \$0.98	\$0.93 - \$0.98
Capital expenditures	\$120 - \$140 million (Including capacity expansion)	\$120 - \$140 million (Including capacity expansion)
Effective tax rate	27.0%	27.0%

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

The Company provides guidance only on a non-generally accepted accounting principles (non-GAAP) basis and does not provide a reconciliation of the Company's 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, 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 this press release for further information about the use of these measures.

First Quarter 2022 Compared to First Quarter 2021

Net revenue was \$332.1 million, an increase of 25.1%, or \$66.7 million, compared to \$265.4 million with higher volumes accounting for approximately 15% of the quarterly growth, with the remaining growth from planned pricing actions and favorable product mix. Compared to the same period last year, sweet baked goods net revenue of \$296.4 million increased 24.7% or \$58.7 million, while cookies net revenue of \$35.7 million increased 28.9% or \$8.0 million.

Gross profit was \$115.6 million, or 34.8% of net revenue compared to 36.0% in the same period last year. Adjusted gross profit margin of 34.9% declined from 36.0% in the same period last year due to transportation, labor and other input cost inflation partially offset by pricing actions and productivity initiatives. Adjusted gross profit increased 21.3% on higher volume and pricing actions.

Operating income was \$58.3 million. Adjusted operating income of \$61.8 million increased 31.5% from the same period last year as higher gross profit was partially offset by higher incentive compensation and other investments in workforce.

Adjusted EBITDA of \$77.4 million, or 23.3% of net revenue, increased 23.8% from the same period last year driven by strong Hostess® branded volume and pricing actions, partially offset by transportation and input cost inflation as well as higher incentive compensation and other investments in the Company's workforce.

The Company's effective tax rate was 28.4% compared to 27.2% in the prior year. The increase in the tax rate is attributed to a discrete expense recognized during the current year period related to share-based compensation. The current year effective tax rate, excluding this discrete item was 27.1%.

Net income was \$34.6 million. Adjusted net income of \$38.0 million increased 41.3% from the same period last year. Diluted EPS was \$0.25. Adjusted EPS was \$0.27 compared to \$0.20 in the prior year period as result of the higher net income.

Operating cash flows for the three months ended March 31, 2022 were \$31.5 million compared to \$32.9 million for the same period last year. Operating cash flow decreased slightly as the increase in earnings in the current year period was offset by an increase in working capital and additional tax refunds of \$7.7 million received in the prior-year period.

Conference Call and Webcast

The Company will host a conference call and webcast with an accompanying presentation today, May 4, 2022 at 4:30 p.m. ET to discuss the results for the first quarter. Investors interested in participating in the live call can dial 877-451-6152 from the U.S. and 201-389-0879 internationally. A telephone replay will be available approximately two hours after the call concludes through May 18, 2022, by dialing 844-512-2921 from the U.S., or 412-317-6671 internationally, and entering confirmation code 13728809. The simultaneous, live webcast and presentation will be available on the Investor Relations section of the Company's website at www.hostessbrands.com. The webcast will be archived for 30 days.

About Hostess Brands, Inc.

Hostess Brands, Inc. is a leading sweet snacks company focused on developing, manufacturing, marketing, selling and distributing snacks in North America sold under the Hostess® and Voortman® brands. The Company produces a variety of new and classic treats including iconic Hostess® Donettes®, Twinkies®, CupCakes, Ding Dongs® and Zingers®, as well as a variety of Voortman® cookies and wafers. For more information about Hostess Brands, Inc. please visit hostessbrands.com.

Investor Contact

Amit Sharma
816-701-4662
asharma@hostessbrands.com

Media Contact

Lauren Bettenga
952-797-6839
lauren.bettenga@clynch.com

Forward-Looking Statements

This press release contains statements reflecting the Company's views about its future performance that constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, 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 the Company's future operating performance and statements addressing events and developments that the Company expects or anticipates will occur are also considered as forward-looking statements. All forward-looking statements included herein are made only as of the date hereof. The Company undertakes 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; protecting intellectual property rights; leveraging the Company's brand value to compete against lower-priced alternative brands; correctly predicting, identifying and interpreting changes in consumer preferences and demand and offering new products to meet those changes; operating in a highly competitive industry; the continued ability to produce and successfully market products with extended shelf life; the ability to pass cost increases on to our customers; the ability to maintain or add additional shelf or retail space for the Company's products; our 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 drive revenue growth in key products or add products that are faster-growing and more profitable; adverse impact or disruption to our business caused by COVID-19 or future outbreaks of highly infectious or contagious diseases; volatility in commodity, energy, and other input prices and the ability to adjust pricing to cover increased costs; significant changes in the availability and pricing of transportation; dependence on major customers; increased labor and employee related costs; strikes or work stoppages; product liability claims, product recalls, or regulatory enforcement actions; dependence on third parties for significant services; unanticipated business disruptions; 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 filings.

As a result of a number of known and unknown risks and uncertainties, the Company's actual results or performance may be materially different from those expressed or implied by these forward-looking statements. Risks and uncertainties are identified and discussed in Item 1A-Risk Factors in the Company's Annual Report on Form 10-K for 2021 and its Quarterly Report on Form 10-Q for the quarter ended March 31, 2022 to be filed today. 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.

HOSTESS BRANDS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited, amounts in thousands, except shares and per share data)

	March 31, 2022	December 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 238,431	\$ 249,159
Accounts receivable, net	193,085	148,180
Inventories	59,867	52,813
Prepays and other current assets	6,972	10,564
Total current assets	498,355	460,716
Property and equipment, net	354,055	335,305
Intangible assets, net	1,938,514	1,944,392
Goodwill	706,615	706,615
Other assets, net	42,821	19,283
Total assets	<u>\$ 3,540,360</u>	<u>\$ 3,466,311</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Long-term debt and lease obligations payable within one year	\$ 14,126	\$ 14,170
Tax receivable agreement payments payable within one year	10,200	11,600
Accounts payable	90,591	68,104
Customer trade allowances	63,329	52,746
Accrued expenses and other current liabilities	36,873	47,009
Total current liabilities	215,119	193,629
Long-term debt and lease obligations	1,096,867	1,099,975
Tax receivable agreement obligations	134,222	134,265
Deferred tax liability	331,658	317,847
Other long-term liabilities	1,615	1,605
Total liabilities	<u>1,779,481</u>	<u>1,747,321</u>
Class A common stock, \$0.0001 par value, 200,000,000 shares authorized, 142,487,326 issued and 138,275,493 shares outstanding as of March 31, 2022 and 142,031,329 shares issued and 138,278,573 shares outstanding as of December 31, 2021	14	14
Additional paid in capital	1,302,039	1,303,254
Accumulated other comprehensive income (loss)	17,720	(506)
Retained earnings	509,958	475,400
Treasury stock	(68,852)	(59,172)
Stockholders' equity	1,760,879	1,718,990
Total liabilities and stockholders' equity	<u>\$ 3,540,360</u>	<u>\$ 3,466,311</u>

HOSTESS BRANDS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited, amounts in thousands, except shares and per share data)

	Three Months Ended	
	March 31, 2022	March 31, 2021
Net revenue	\$ 332,051	\$ 265,421
Cost of goods sold	216,427	169,902
Gross profit	115,624	95,519
Operating costs and expenses:		
Advertising and marketing	11,950	11,781
Selling expense	9,777	8,630
General and administrative	29,672	22,185
Amortization of customer relationships	5,878	5,878
Total operating costs and expenses	57,277	48,474
Operating income	58,347	47,045
Other expense (income):		
Interest expense, net	9,666	10,017
Change in fair value of warrant liabilities	—	(76)
Other expense	436	363
Total other expense	10,102	10,304
Income before income taxes	48,245	36,741
Income tax expense	13,687	10,009
Net income	\$ 34,558	\$ 26,732
Earnings per Class A share:		
Basic	\$ 0.25	\$ 0.20
Diluted	\$ 0.25	\$ 0.19
Weighted-average shares outstanding:		
Basic	138,602,451	130,839,313
Diluted	139,565,136	137,186,889

HOSTESS BRANDS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited, amounts in thousands)

	Three Months Ended	
	March 31, 2022	March 31, 2021
Operating activities		
Net income	\$ 34,558	\$ 26,732
Depreciation and amortization	13,297	12,691
Debt discount amortization	308	311
Change in fair value of warrant liabilities	—	(76)
Unrealized foreign exchange losses	317	123
Non-cash lease expense	125	329
Share-based compensation	2,339	2,723
Deferred taxes	7,322	6,646
Change in operating assets and liabilities:		
Accounts receivable	(44,848)	(34,204)
Inventories	(7,054)	(2,796)
Prepays and other current assets	3,735	13,112
Accounts payable and accrued expenses	10,866	6,582
Customer trade allowances	10,561	680
Net cash provided by operating activities	<u>31,526</u>	<u>32,853</u>
Investing activities		
Purchases of property and equipment	(23,034)	(10,251)
Acquisition and development of software assets	(1,825)	(634)
Net cash used in investing activities	<u>(24,859)</u>	<u>(10,885)</u>
Financing activities		
Repayments of long-term debt and lease obligations	(2,792)	(2,792)
Repurchase of common stock	(9,680)	—
Tax payments related to issuance of shares to employees	(5,216)	(843)
Cash received from exercise of options and warrants	1,662	7,984
Payments on tax receivable agreement	(1,443)	(1,600)
Net cash provided by (used in) financing activities	<u>(17,469)</u>	<u>2,749</u>
Effect of exchange rate changes on cash and cash equivalents	74	95
Net increase (decrease) in cash and cash equivalents	<u>(10,728)</u>	<u>24,812</u>
Cash and cash equivalents at beginning of period	249,159	173,034
Cash and cash equivalents at end of period	<u>\$ 238,431</u>	<u>\$ 197,846</u>
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the period for:		
Interest	\$ 9,678	\$ 9,807
Net taxes paid (refunded)	\$ (514)	\$ (8,191)
Supplemental disclosure of non-cash investing:		
Accrued capital expenditures	\$ 5,433	\$ 4,026

HOSTESS BRANDS, INC.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

Adjusted gross profit, adjusted gross profit margin, adjusted operating income, adjusted net income, adjusted net income margin, adjusted EBITDA, adjusted EBITDA margin 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 or earnings per share as indicators of operating performance (as determined in accordance with GAAP). These Non-GAAP Financial Measures may not be comparable to similarly titled measures reported by other companies. The Company has included these Non-GAAP Financial Measures because it believes the measures provide management and investors with additional information to measure the Company's performance, estimate the Company's value and evaluate the Company's ability to service debt.

Non-GAAP Financial Measures are adjusted to exclude certain items that affect comparability. The adjustments are itemized in the tables below. You are encouraged to evaluate these adjustments and the reason the Company considers them appropriate for supplemental analysis. In evaluating adjustments, you should be aware that in the future the Company may incur expenses that are the same as or similar to some of the adjustments set forth below. The presentation of Non-GAAP Financial Measures should not be construed as an inference that future results will be unaffected by unusual or recurring items.

The Company defines adjusted EBITDA as net income adjusted to exclude (i) interest expense, net, (ii) depreciation and amortization (iii) income taxes and (iv) share-based compensation, as further adjusted to eliminate the impact of certain items that the Company does not consider indicative of its ongoing operating performance. Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of the Company's results as reported under GAAP. For example, adjusted EBITDA:

- does not reflect the Company's capital expenditures, future requirements for capital expenditures or contractual commitments;
- does not reflect changes in, or cash requirements for, the Company's working capital needs;
- does not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on the Company's debt; and
- does not reflect payments related to income taxes or the tax receivable agreement.

HOSTESS BRANDS, INC.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(Unaudited, amounts in thousands, except percentages and per share data)

Three Months Ended March 31, 2022						
	Gross Profit	Gross Margin	Operating Income	Net Income	Net Income Margin	Diluted EPS
GAAP Results	\$ 115,624	34.8 %	\$ 58,347	\$ 34,558	10.4 %	\$ 0.25
Non-GAAP adjustments:						
Foreign currency remeasurement	—	—	—	317	0.1	—
Project consulting costs (1)	—	—	3,328	3,328	1.0	0.03
Other (2)	129	0.1	129	247	0.1	—
Discrete income tax expense	—	—	—	592	0.2	—
Tax impact of adjustments	—	—	—	(1,051)	(0.3)	(0.01)
Adjusted Non-GAAP results	<u>\$ 115,753</u>	<u>34.9 %</u>	<u>\$ 61,804</u>	<u>37,991</u>	<u>11.4</u>	<u>\$ 0.27</u>
Income tax				14,146	4.3	
Interest expense				9,665	2.9	
Depreciation and amortization				13,297	4.0	
Share-based compensation				2,339	0.7	
Adjusted EBITDA				<u>\$ 77,438</u>	<u>23.3 %</u>	

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

(2) 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.

Three Months Ended March 31, 2021						
	Gross Profit	Gross Margin	Operating Income	Net Income	Net Income Margin	Diluted EPS
GAAP Results	\$ 95,519	36.0 %	\$ 47,045	\$ 26,732	10.1 %	\$ 0.19
Non-GAAP adjustments:						
Foreign currency remeasurement	—	—	—	123	—	—
Change in fair value of warrant liabilities	—	—	—	(76)	—	—
Other (1)	—	—	—	239	—	0.01
Tax impact of adjustments	—	—	—	(99)	—	—
Adjusted Non-GAAP results	<u>\$ 95,519</u>	<u>36.0 %</u>	<u>\$ 47,045</u>	<u>26,919</u>	<u>10.1</u>	<u>\$ 0.20</u>
Income tax				10,108	3.8	
Interest expense				10,017	3.8	
Depreciation and amortization				12,691	4.8	
Share-based compensation				2,723	1.0	
Adjusted EBITDA				<u>\$ 62,458</u>	<u>23.5 %</u>	

(1) Voortman acquisition related costs included in other non-operating expenses on the condensed consolidated statement of operations.



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



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®

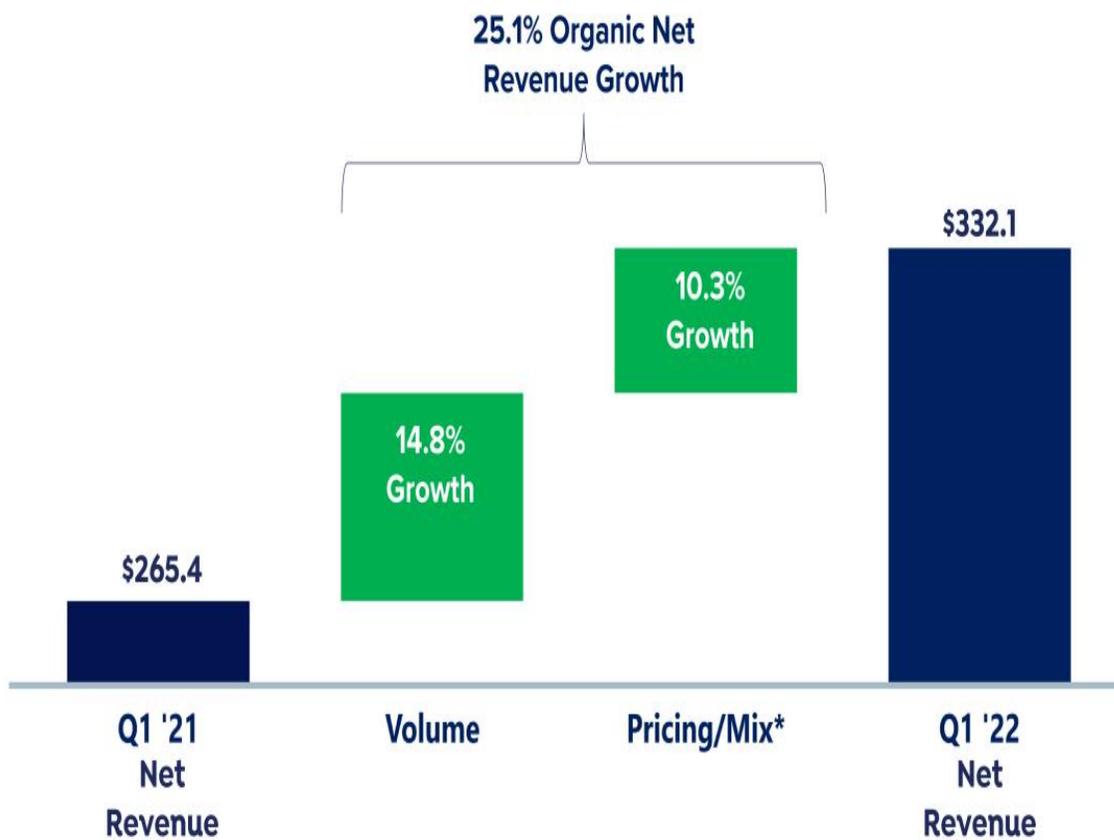
Double-digit growth across our portfolio of sweet baked goods and cookies

(\$ in millions)	Three Months Ended			
	March 31,		Change	
	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



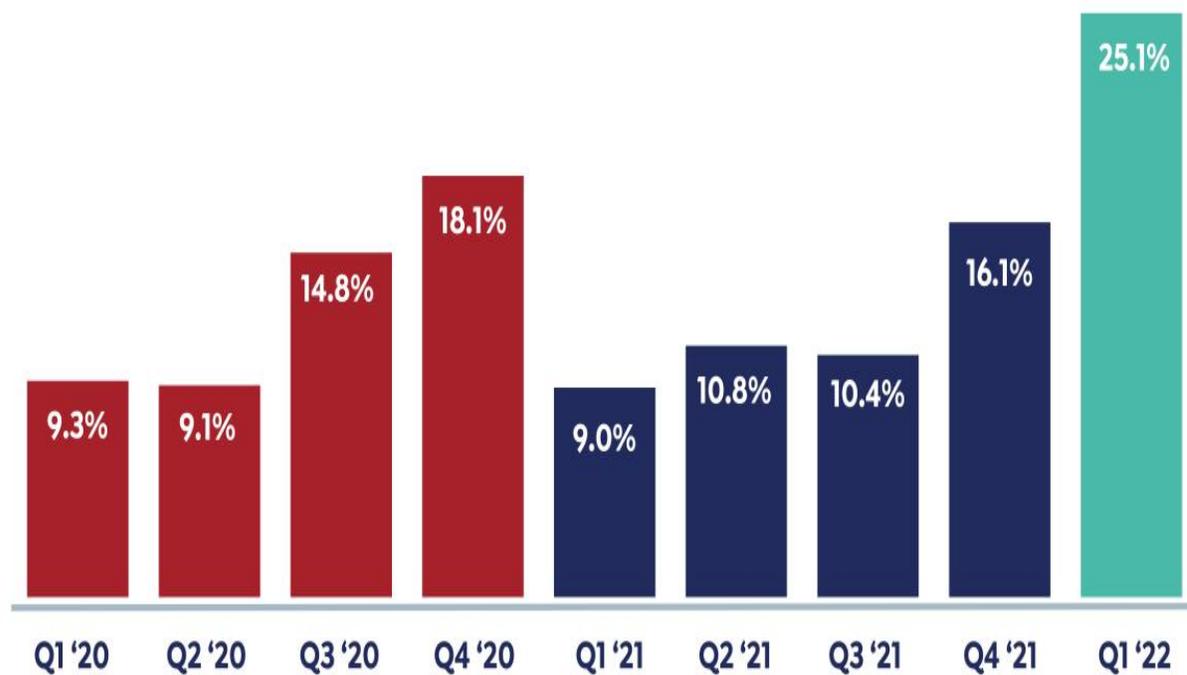
* Primarily to offset higher inflation



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 measure. 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.

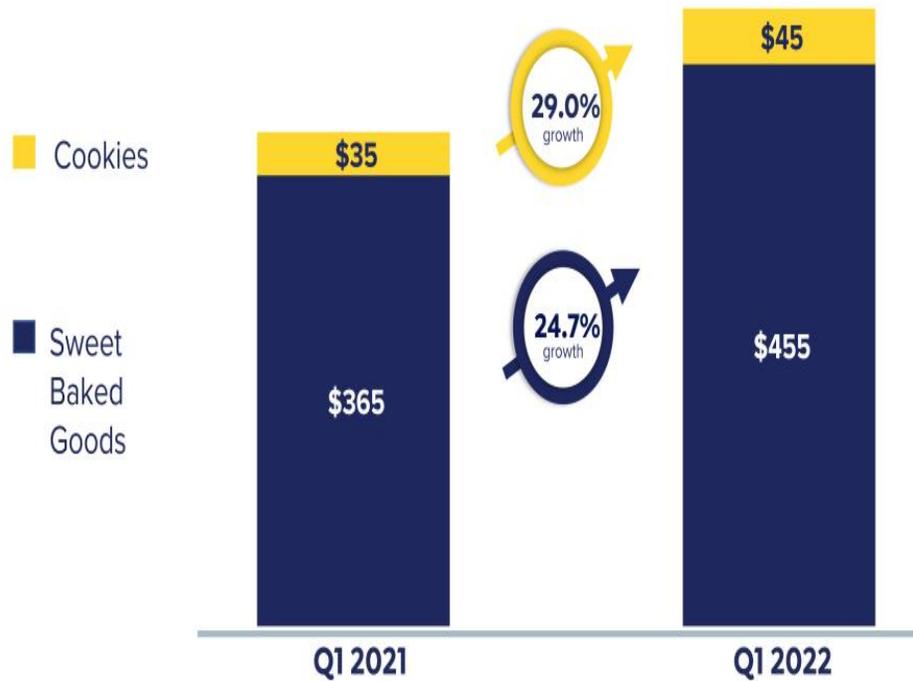


Accelerating POS Dollar Growth Across Portfolio

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

Hostess[®] Point-of-Sale Growth BRANDS

(in millions)



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.

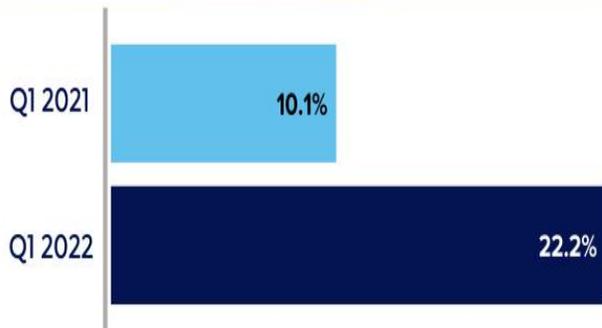


20+% Single-Serve and Multi-Pack POS Growth in Q1

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

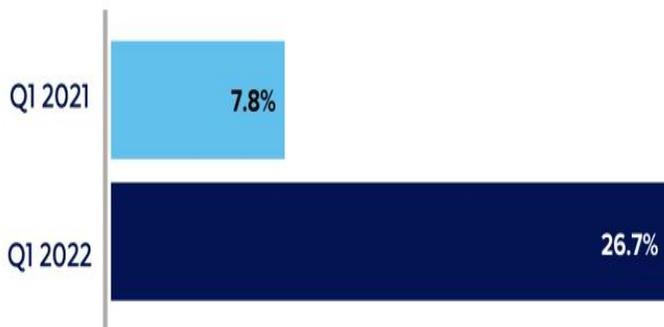


Single-Serve Point-of-Sale



Single-serve
2 year stacked growth
32.3%

Multi-Pack Point-of-Sale

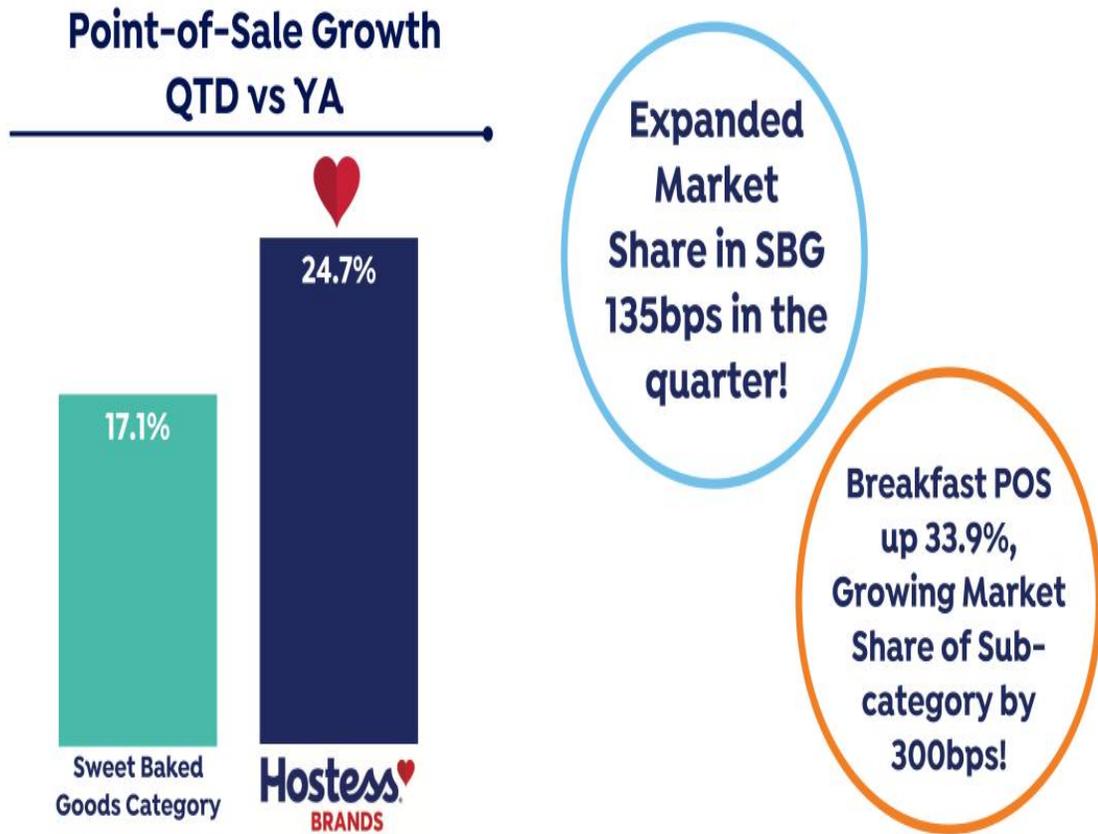


Multi-pack
2 year stacked growth
34.5%

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



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.

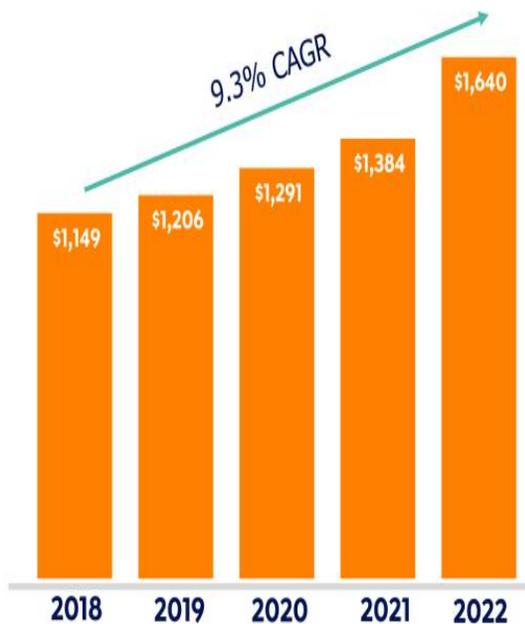


Consistent Track Record of Market Share Gains

Outstanding execution drives POS growth and expanding market share in Sweet Baked Goods category

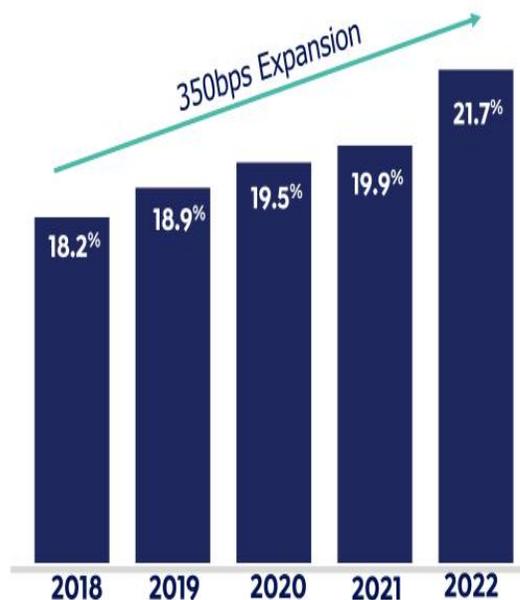
Point-of-Sale

(52 weeks, in millions)



Market Share

(52 Weeks)



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,		Change	
	2022	2021	\$	%
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.



Raising Full-Year 2022 Guidance

	Updated Guidance	Previous Guidance
(\$ in millions, except EPS)		
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





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

Target Snacking Occasions

**\$50 Billion +
ADDRESSABLE
MARKET In
Targeted
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





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

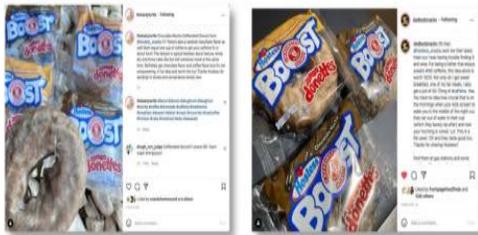
Brand Activation is Helping Fuel Consumer Interest

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



Continuing Digital Marketing Investments



Advancing E-Commerce Presence

Investing in high ROI ecommerce advertising and improvement to digital shelf



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	10	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				<u>\$ 77.4</u>	<u>23.3%</u>					<u>\$ 62.5</u>	<u>23.5%</u>	

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.

