

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934  
For the three months ended  
March 31, 2023**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934  
For the transition period from to**

Commission file number 001-37540



**HOSTESS BRANDS, INC.**

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

**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

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

<b>Title of each Class</b>	<b>Ticker Symbol</b>	<b>Name of each exchange on which registered</b>
Class A Common Stock, Par Value of \$0.0001 per share	TWNK	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.:

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company  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.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

Shares of Class A common stock outstanding - 132,850,224 shares at May 5, 2023

**HOSTESS BRANDS, INC.**  
**FORM 10-Q**  
**For the Three Months Ended March 31, 2023**

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### **Cautionary Note Regarding Forward Looking Statements**

*This Quarterly Report on Form 10-Q contains statements reflecting our views about our future performance that constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that involve substantial risks and uncertainties. All statements contained in this Quarterly Report other than statements of historical fact, including statements regarding our future results of operations and financial position, our business strategy and plans, and our objectives for future operations, are forward-looking statements. Statements that constitute 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 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. It is routine for our internal projections and expectations to change throughout the year, and any forward-looking statements based upon these projections or expectations may change prior to the end of the next quarter or year. Readers of this Quarterly Report are cautioned not to place undue reliance on any such forward-looking statements. As a result of a number of known and unknown risks and uncertainties, our actual results or performance may be materially different from those expressed or implied by these forward-looking statements. Risks and uncertainties are identified under "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2022, as updated by subsequent filings. All subsequent written or oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these risk factors. We undertake no obligation to update any forward-looking statement, whether as a result of new information, future events, or otherwise, except to the extent required by law.*

**PART I**

**Item 1. Financial Statements (Unaudited)**

**HOSTESS BRANDS, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

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

	March 31, 2023	December 31, 2022
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 101,666	\$ 98,584
Short-term investments	—	17,914
Accounts receivable, net	189,952	168,783
Inventories	67,498	65,406
Prepays and other current assets	11,952	16,375
Total current assets	371,068	367,062
Property and equipment, net	442,963	425,313
Intangible assets, net	1,915,002	1,920,880
Goodwill	706,615	706,615
Other assets, net	63,382	72,329
Total assets	<u>\$ 3,499,030</u>	<u>\$ 3,492,199</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Long-term debt and lease obligations payable within one year	\$ 4,176	\$ 3,917
Tax receivable agreement payments payable within one year	11,200	12,600
Accounts payable	91,771	85,667
Customer trade allowances	66,058	62,194
Accrued expenses and other current liabilities	33,679	59,933
Total current liabilities	206,884	224,311
Long-term debt and lease obligations	998,226	999,089
Tax receivable agreement obligations	123,134	123,092
Deferred tax liability	353,376	347,030
Other long-term liabilities	1,623	1,593
Total liabilities	1,683,243	1,695,115
Commitments and Contingencies (Note 9)		
Class A common stock, \$0.0001 par value, 200,000,000 shares authorized, 143,099,217 shares issued and 133,005,487 shares outstanding as of March 31, 2023 and 142,650,344 shares issued and 133,117,224 shares outstanding as of December 31, 2022	14	14
Additional paid in capital	1,311,291	1,311,629
Accumulated other comprehensive income	29,499	35,078
Retained earnings	677,884	639,595
Treasury stock	(202,901)	(189,232)
Stockholders' equity	1,815,787	1,797,084
Total liabilities and stockholders' equity	<u>\$ 3,499,030</u>	<u>\$ 3,492,199</u>

See accompanying notes to the unaudited condensed consolidated financial statements.

**HOSTESS BRANDS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

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

	Three Months Ended	
	March 31, 2023	March 31, 2022
Net revenue	\$ 345,403	\$ 332,051
Cost of goods sold	224,686	216,427
Gross profit	120,717	115,624
Operating costs and expenses:		
Advertising and marketing	13,899	11,950
Selling	10,649	9,777
General and administrative	28,198	29,672
Amortization of customer relationships	5,878	5,878
Total operating costs and expenses	58,624	57,277
Operating income	62,093	58,347
Other expense		
Interest expense, net	10,185	9,666
Other expense	181	436
Total other expense	10,366	10,102
Income before income taxes	51,727	48,245
Income tax expense	13,438	13,687
Net income	\$ 38,289	\$ 34,558
Earnings per Class A share:		
Basic	\$ 0.29	\$ 0.25
Diluted	\$ 0.28	\$ 0.25
Weighted-average shares outstanding:		
Basic	133,551,603	138,602,451
Diluted	134,553,122	139,565,136

See accompanying notes to the unaudited condensed consolidated financial statements.

**HOSTESS BRANDS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
*(Unaudited, amounts in thousands)*

	<b>Three Months Ended</b>	
	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Net income	\$ 38,289	\$ 34,558
Other comprehensive income:		
Unrealized gain (loss) on interest rate swap and foreign currency contracts designated as a cash flow hedge	(3,013)	23,656
Reclassification into net income	(4,532)	1,062
Income tax benefit (expense)	1,966	(6,492)
Comprehensive income	<u>\$ 32,710</u>	<u>\$ 52,784</u>

See accompanying notes to the unaudited condensed consolidated financial statements.

**HOSTESS BRANDS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**

*(Unaudited, amounts in thousands)*

	Class A Voting Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Treasury Stock		Total Stockholders' Equity
	Shares	Amount				Shares	Amount	
<b>Balance—December 31, 2022</b>	133,117	\$ 14	\$ 1,311,629	\$ 35,078	\$ 639,595	9,533	\$ (189,232)	\$ 1,797,084
Comprehensive income	—	—	—	(5,579)	38,289	—	—	32,710
Share-based compensation	324	—	3,011	—	—	—	—	3,011
Exercise of employee stock options	125	—	2,112	—	—	—	—	2,112
Payment of taxes for employee stock awards	—	—	(5,461)	—	—	—	—	(5,461)
Repurchase of common stock	(561)	—	—	—	—	561	(13,669)	(13,669)
<b>Balance—March 31, 2023</b>	133,005	\$ 14	\$ 1,311,291	\$ 29,499	\$ 677,884	10,094	\$ (202,901)	\$ 1,815,787

	Class A Voting Common Stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Treasury Stock		Total Stockholders' Equity
	Shares	Amount				Shares	Amount	
<b>Balance—December 31, 2021</b>	138,279	\$ 14	\$ 1,303,254	\$ (506)	\$ 475,400	3,753	\$ (59,172)	\$ 1,718,990
Comprehensive income	—	—	—	18,226	34,558	—	—	52,784
Share-based compensation	350	—	2,339	—	—	—	—	2,339
Exercise of employee stock options	105	—	1,662	—	—	—	—	1,662
Payment of taxes for employee stock awards	—	—	(5,216)	—	—	—	—	(5,216)
Repurchase of common stock	(459)	—	—	—	—	459	(9,680)	(9,680)
<b>Balance—March 31, 2022</b>	138,275	\$ 14	\$ 1,302,039	\$ 17,720	\$ 509,958	4,212	\$ (68,852)	\$ 1,760,879

See accompanying notes to the unaudited condensed consolidated financial statements.

**HOSTESS BRANDS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

*(Unaudited, amounts in thousands)*

	Three Months Ended	
	March 31, 2023	March 31, 2022
<b>Operating activities</b>		
Net income	\$ 38,289	\$ 34,558
Depreciation and amortization	15,327	13,297
Debt discount amortization	264	308
Unrealized foreign exchange losses	52	317
Non-cash lease expense	73	125
Share-based compensation	3,011	2,339
Realized and unrealized gains on short-term investments	(86)	—
Deferred taxes	8,312	7,322
Change in operating assets and liabilities:		
Accounts receivable	(21,167)	(44,848)
Inventories	(2,092)	(7,054)
Prepays and other current assets	5,092	3,735
Accounts payable and accrued expenses	(23,016)	10,866
Customer trade allowances	3,869	10,561
Net cash provided by operating activities	<u>27,928</u>	<u>31,526</u>
<b>Investing activities</b>		
Purchases of property and equipment	(23,463)	(23,034)
Proceeds from maturity of short-term investments	18,000	—
Acquisition and development of software assets	(964)	(1,825)
Net cash used in investing activities	<u>(6,427)</u>	<u>(24,859)</u>
<b>Financing activities</b>		
Repayments of long-term debt and lease obligations	—	(2,792)
Repurchase of common stock	(13,669)	(9,680)
Tax payments related to issuance of shares to employees	(5,461)	(5,216)
Cash received from exercise of options and warrants	2,112	1,662
Payments on tax receivable agreement	(1,358)	(1,443)
Net cash used in financing activities	<u>(18,376)</u>	<u>(17,469)</u>
Effect of exchange rate changes on cash and cash equivalents	(43)	74
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>3,082</u>	<u>(10,728)</u>
Cash and cash equivalents at beginning of period	98,584	249,159
<b>Cash and cash equivalents at end of period</b>	<u>\$ 101,666</u>	<u>\$ 238,431</u>
<b>Supplemental Disclosures of Cash Flow Information:</b>		
Cash paid during the period for:		
Interest, net of amounts capitalized	\$ 10,096	\$ 9,678
Net taxes paid (refunded)	\$ 6,416	\$ (514)
Supplemental disclosure of non-cash investing:		
Accrued capital expenditures	\$ 11,778	\$ 5,433

See accompanying notes to the unaudited condensed consolidated financial statements.



**HOSTESS BRANDS, INC.**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies**

***Description of Business***

Hostess Brands, Inc. is a Delaware corporation headquartered in Lenexa, Kansas. The condensed consolidated financial statements include the accounts of Hostess Brands, Inc. and its subsidiaries (collectively, the “Company”). The Company is a leading sweet snacks company focused on developing, manufacturing, marketing, selling and distributing snacks in North America primarily 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® branded cookies and wafers. The Hostess® brand dates back to 1919 when the Hostess® CupCake was introduced to the public, followed by Twinkies® in 1930.

***Basis of Presentation***

The Company’s operations are conducted through wholly-owned operating subsidiaries. The condensed consolidated financial statements included herein have been prepared in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”) and the rules and regulations of the Securities and Exchange Commission (“SEC”). The results of operations for any quarter or a partial fiscal year period are not necessarily indicative of the results to be expected for other periods or the full fiscal year. For the periods presented, the Company has one reportable segment.

***Adoption of New Accounting Standards***

In March 2020, the FASB issued ASU No. 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting, which provides practical expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The expedients and exceptions provided by the amendments in this update apply only to contracts, hedging relationships, and other transactions that reference the London Inter-Bank Offered Rate (“LIBOR”) or another reference rate expected to be discontinued as a result of reference rate reform. In December 2022, the FASB issued ASU No 2022-06, “Reference Rate Reform (Topic 848) - Deferral of the Sunset Date of Topic 848”, which extends the optional transition relief to ease the potential burden in accounting for reference rate reform on financial reporting. The transition relief is provided through December 31, 2024 based on the expectation that the London Interbank Offered Rate (LIBOR) will cease to be published as of June 30, 2023. The Company is evaluating the impact the new standard will have on the consolidated financial statements and related disclosures but does not anticipate a material impact.

***Principles of Consolidation***

All intercompany balances and transactions related to activity between the Company and its wholly-owned subsidiaries have been eliminated in consolidation.

***Use of Estimates***

The preparation of condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and judgments that affect the reported amounts of assets and liabilities at the date of the financial statements and for the reported amounts of revenues and expenses during the reporting period.

***Accounts Receivable***

Accounts receivable represents amounts invoiced to customers for performance obligations which have been satisfied. As of March 31, 2023 and December 31, 2022, the Company’s accounts receivable were \$190.0 million and \$168.8 million, respectively, which have been reduced by an allowance for damages occurring during shipment, quality claims and doubtful accounts in the amount of \$5.8 million for both periods ended March 31, 2023 and December 31, 2022.

***Inventories***

Inventories are stated at the lower of cost or net-realizable value on a first-in first-out basis. Abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage) are expensed in the period they are incurred.

**HOSTESS BRANDS, INC.**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

The components of inventories are as follows:

<b>(In thousands)</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>
Ingredients and packaging	\$ 33,459	\$ 35,410
Finished goods	31,253	26,133
Inventory in transit to customers	2,786	3,863
	<u>\$ 67,498</u>	<u>\$ 65,406</u>

**Capitalized Interest**

The Company capitalizes a portion of the interest on its term loan (see Note 4. Debt and Lease Obligations) related to certain property and equipment during its construction period. The capitalized interest is recorded as part of the asset to which it relates and depreciated over the asset's estimated useful life. The Company capitalized interest of \$1.7 million during the three months ended March 31, 2023. No interest was capitalized during the three months ended March 31, 2022. Capitalized interest is included in property and equipment, net on the condensed consolidated balance sheets.

**Software Costs**

Capitalized software is included in other assets on the condensed consolidated balance sheets in the amount of \$21.0 million and \$21.4 million, net of accumulated amortization of \$24.0 million and \$22.6 million as of March 31, 2023 and December 31, 2022, respectively. Capitalized software costs are amortized over their estimated useful life of up to five years commencing when such assets are ready for their intended use. Software amortization expense included in general and administrative expense on the condensed consolidated statements of operations was \$1.4 million for the three months ended March 31, 2023, compared to \$1.0 million for the three months ended March 31, 2022, respectively.

**Disaggregation of Revenue**

Net revenue consists of sales of packaged food products primarily within the Sweet Baked Goods ("SBG") category in the United States, as well as in the Cookie category in the United States and Canada.

The following tables disaggregate revenue by geographical market and category.

<b>(In thousands)</b>	<b>Three Months Ended March 31, 2023</b>		
	<b>Sweet Baked Goods</b>	<b>Cookies</b>	<b>Total</b>
United States	\$ 308,430	\$ 32,714	\$ 341,144
Canada	—	4,259	4,259
	<u>\$ 308,430</u>	<u>\$ 36,973</u>	<u>\$ 345,403</u>

<b>(In thousands)</b>	<b>Three Months Ended March 31, 2022</b>		
	<b>Sweet Baked Goods</b>	<b>Cookies</b>	<b>Total</b>
United States	\$ 296,372	\$ 30,916	\$ 327,288
Canada	—	4,763	4,763
	<u>\$ 296,372</u>	<u>\$ 35,679</u>	<u>\$ 332,051</u>

**Concentrations**

The Company had one customer (together with its affiliates) that accounted for 18.3% and 20.7% of total net revenue for the three months ended March 31, 2023 and 2022, respectively.

**HOSTESS BRANDS, INC.**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**2. Property and Equipment**

Property and equipment consists of the following:

<b>(In thousands)</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>
Land and buildings	\$ 81,631	\$ 81,405
Right of use assets, operating	32,170	32,170
Machinery and equipment	328,110	315,149
Construction in progress	130,607	118,679
	572,518	547,403
Less accumulated depreciation and amortization	(129,555)	(122,090)
	<u>\$ 442,963</u>	<u>\$ 425,313</u>

Depreciation expense was \$8.0 million and \$6.4 million for the three months ended March 31, 2023 and 2022, respectively.

**3. Accrued Expenses and Other Current Liabilities**

Included in accrued expenses and other current liabilities are the following:

<b>(In thousands)</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>
Payroll, vacation and other compensation	\$ 8,812	\$ 6,195
Accrued interest	7,820	7,850
Incentive compensation	5,232	29,045
Other	11,815	16,843
	<u>\$ 33,679</u>	<u>\$ 59,933</u>

**HOSTESS BRANDS, INC.**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**4. Debt and Lease Obligations**

A summary of the carrying value of the debt and lease obligations are as follows:

<u>(In thousands)</u>	<u>March 31, 2023</u>	<u>December 31, 2022</u>
Term loan (7.1% as of March 31, 2023)		
Principal	\$ 983,221	\$ 983,221
Unamortized debt premium and issuance costs	(2,323)	(2,563)
	980,898	980,658
Lease obligations	21,504	22,348
Total debt and lease obligations	1,002,402	1,003,006
Less: Current portion of long term debt and lease obligations	(4,176)	(3,917)
Long-term portion	<u>\$ 998,226</u>	<u>\$ 999,089</u>

At March 31, 2023, there are no principal payments due under the Company's aggregate term loans until maturity on August 3, 2025.

Including the impact of the interest rate swap contracts, at March 31, 2023, the Company's aggregate term loans had an effective interest rate of 4.8%.

**Leases**

The Company has entered into operating leases for certain properties that expire at various times through 2030. The Company determines if an arrangement is a lease at inception.

At March 31, 2023 and December 31, 2022, right of use assets related to operating leases are included in property and equipment, net on the condensed consolidated balance sheets (see Note 2. Property and Equipment). As of March 31, 2023 and December 31, 2022, the Company had no outstanding financing leases. Lease liabilities for operating leases are included in the current and non-current portions of long-term debt and lease obligations on the condensed consolidated balance sheets.

The table below shows the composition of lease expense:

<u>(In thousands)</u>	<u>Three Months Ended</u>	
	<u>March 31, 2023</u>	<u>March 31, 2022</u>
Operating lease expense	\$ 1,663	\$ 1,603
Short-term lease expense	505	373
Variable lease expense	402	382
	<u>\$ 2,570</u>	<u>\$ 2,358</u>

**5. Derivative Instruments**

**Interest Rate Swap and Foreign Currency Contracts**

The Company entered into interest rate swap contracts with counterparties to make a series of payments based on fixed rates ranging from 1.11% to 2.06% and receive a series of payments based on the greater of LIBOR or 0.75%. Both the fixed and floating payment streams are based on the March 31, 2023 notional amount of \$700 million, outstanding through the maturity date of the term loan in August 2025. The Company entered into these transactions to reduce its exposure to changes in cash flows associated with its variable rate debt and has designated these derivatives as cash flow hedges. At March 31, 2023, the interest on the Company's variable rate debt hedged by these contracts is effectively fixed at rates ranging from 3.36% to 4.31%, which includes the term loan margin of 2.25%.

**HOSTESS BRANDS, INC.**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

To reduce the effect of fluctuations in Canadian dollar (“CAD”) denominated expenses relative to their U.S. dollar equivalents originating from its Canadian operations, the Company entered into CAD purchase contracts. The contracts provide for the Company to sell a total of \$3.2 million USD for \$4.1 million CAD at varying defined settlement dates through June 2023. The Company has designated these contracts as cash flow hedges.

A summary of the fair value of interest rate and foreign currency instruments is as follows:

<b>(In thousands)</b>		<b>March 31, 2023</b>	<b>December 31, 2022</b>
<b>Asset derivatives</b>	<b>Location</b>		
Interest rate swap contracts (1)	Other non-current assets	\$ 40,087	\$ 48,539
<b>Liability derivatives</b>	<b>Location</b>		
Foreign currency contracts (2)	Accrued expenses	\$ 183	\$ 423

(1) The fair values of interest rate swap contracts are measured on a recurring basis by netting the discounted future fixed cash payments and the discounted expected variable cash receipts. The variable cash receipts are based on the expectation of future interest rates (forward curves) derived from observed market interest rate curves (Level 2).

(2) The fair values of foreign currency contracts are measured at each reporting period by comparison to available market information on similar contracts (Level 2).

A summary of the gains and losses related to interest rate and foreign currency instruments on the condensed consolidated statements of operations is as follows:

<b>(In thousands)</b>		<b>Three Months Ended</b>	
		<b>March 31, 2023</b>	<b>March 31, 2022</b>
<b>(Gain ) Loss on derivative contracts designated as cash flow hedges</b>	<b>Location</b>		
Interest rate swap contracts	Interest expense, net	\$ (4,672)	\$ 1,062
Foreign currency contracts	Cost of goods sold	140	—
		\$ (4,532)	\$ 1,062

**6. Earnings per Share**

Basic earnings per share is calculated by dividing net income for the period by the weighted average number of shares of Class A common stock outstanding for the period excluding non-vested share-based awards. In computing diluted earnings per share, basic earnings per share is adjusted for the assumed issuance of all applicable potentially dilutive share-based awards, including restricted stock units (“RSUs”), stock options and Employee Stock Purchase Plan (“ESPP”) awards.

**HOSTESS BRANDS, INC.**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

Below are basic and diluted net income per share:

	Three Months Ended	
	March 31, 2023	March 31, 2022
<b>Numerator:</b>		
Net income (in thousands)	\$ 38,289	\$ 34,558
<b>Denominator:</b>		
Weighted-average Class A shares outstanding - basic	133,551,603	138,602,451
Dilutive effect of RSUs	499,273	484,295
Dilutive effect of stock options and ESPP awards	502,246	478,390
Weighted-average shares outstanding - diluted	<u>134,553,122</u>	<u>139,565,136</u>
Net income per Class A share - basic	<u>\$ 0.29</u>	<u>\$ 0.25</u>
Net income per Class A share - diluted	<u>\$ 0.28</u>	<u>\$ 0.25</u>

**7. Income Taxes**

The Company is subject to U.S. federal, state and local income taxes as well as Canadian income tax on its controlled foreign subsidiary. The income tax provision is determined based on the estimated full year effective tax rate, adjusted for infrequent or unusual items, which are recognized on a discrete basis in the period they occur. The Company's estimated annual effective tax rate is 27% prior to taking into account any discrete items.

**8. Tax Receivable Agreement Obligations**

The following table summarizes activity related to the tax receivable agreement for the three months ended March 31, 2023:

<b>(In thousands)</b>		
Balance December 31, 2022	\$	135,692
Payments		<u>(1,358)</u>
Balance March 31, 2023	<u>\$</u>	<u>134,334</u>

**HOSTESS BRANDS, INC.**  
**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**9. Commitments and Contingencies**

Liabilities related to legal proceedings are recorded when it is probable that a liability has been incurred and the associated amount can be reasonably estimated. Where the estimated amount of loss is within a range of amounts and no amount within the range is a better estimate than any other amount, the minimum amount is accrued. As additional information becomes available, potential liabilities are reassessed and the estimates revised, if necessary. Any accrued liabilities are subject to change in the future based on new developments in each matter, or changes in circumstances, which could have a material effect on the Company's financial condition and results of operations.

In December 2020, the Company asserted claims for indemnification against the sellers under the terms of the Share Purchase Agreement pursuant to which the Company acquired Voortman (the "Agreement") for damages arising out of alleged breaches by the sellers of certain representations, warranties and covenants contained in such agreement relating to periods prior to the closing of the acquisition. The Company also submitted claims relating to these alleged breaches under the representation and warranty insurance policy ("RWI") it purchased in connection with the acquisition. In the third quarter of 2022, the RWI insurers paid the Company \$42.5 million CAD (the RWI coverage limit) (the "Proceeds") related to these breaches. Per agreement with the RWI insurers, under no circumstances will the Company be required to return the Proceeds.

On November 3, 2022, pursuant to the agreement with the RWI insurer, Voortman brought claims in the Ontario (Canada) Superior Court of Justice (the "Claim"), related to the breaches against certain of the sellers from whom Voortman was acquired. The Claim alleges the seller defendants made certain non-disclosures and misrepresentations to induce the Company to overpay for Voortman. The Company is seeking damages of \$109 million CAD representing the amount of the aggregate liability of the sellers for indemnification under the Agreement, \$5.0 million CAD in punitive or aggravated damages, interest, proceedings fees and any other relief the presiding court deems appropriate. A portion of any recovery will be shared with the RWI insurers. Although the Company strongly believes that its Claim against the sellers is meritorious, no assurance can be given as to whether the Company will recover all, or any part, of the amounts it is pursuing.

## **Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations**

The following discussion summarizes the significant factors affecting the consolidated operating results, financial condition, liquidity and capital resources of Hostess Brands, Inc. This discussion should be read in conjunction with our unaudited condensed consolidated financial statements and notes thereto included herein, and our audited consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2022. The terms “our”, “we,” “us,” and “Company” as used herein refer to Hostess Brands, Inc. and its consolidated subsidiaries.

### **Overview**

We are a leading sweet snacks company focused on developing, manufacturing, marketing, selling and distributing snacks in North America, primarily under the Hostess® and Voortman® brands. Our direct-to-warehouse (“DTW”) product distribution system allows us to deliver to our customers’ warehouses. Our customers in turn distribute to the retail stores.

Hostess® is the second leading brand by market share within the Sweet Baked Goods (SBG) category, according to Nielsen U.S. total universe. For the 13-week period ended April 1, 2023, our branded SBG (which includes Hostess®, Dolly Madison®, Cloverhill® and Big Texas®) market share was 20.3% per Nielsen’s U.S. SBG category data.

### **Factors Impacting Recent Results**

We continue to experience increased labor, raw materials, and transportation costs in the current economic climate. Given the volatility of the global supply-chain environment, our ability to source raw materials and produce and ship products to meet the needs of our customers may be materially impacted. We continue to work closely with all of our vendors, distributors, contract manufacturers, and other external business partners to ensure availability of our products for our customers and consumers.



## Operating Results

<b>(In thousands, except per share data)</b>	<b>Three Months Ended</b>	
	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Net revenue	\$ 345,403	\$ 332,051
Gross profit	120,717	115,624
<i>As a % of net revenue</i>	<i>34.9 %</i>	<i>34.8 %</i>
Operating costs and expenses	58,624	57,277
Operating income	62,093	58,347
Other expense (income)	10,366	10,102
Income tax expense	13,438	13,687
Net income	38,289	34,558
Earnings per Class A share:		
Basic	\$ 0.29	\$ 0.25
Diluted	\$ 0.28	\$ 0.25

### Results of Operations

#### *Net Revenue*

Net revenue for the three months ended March 31, 2023 increased \$13.3 million, or 4.0%, compared to the three months ended March 31, 2022. Contribution from previously taken pricing actions and product mix provided 14.6% of the growth, offset by a 10.6% decline from volume. Compared to the same period last year, SBG net revenue increased \$12.0 million or 4.0%, while cookies net revenue increased \$1.3 million or 3.6%.

#### *Gross Profit*

Gross profit increased 4.4% and was 34.9% of net revenue for the three months ended March 31, 2023, an increase of 13 basis points from a gross margin of 34.8% for the three months ended March 31, 2022. The increase in gross margin was due to favorable price/mix and productivity benefits which more than offset higher supply chain costs, including inflation. The increase in gross profit was primarily attributed to favorable price/mix and productivity, partially offset by inflation.

#### *Operating Costs and Expenses*

Operating costs and expenses for the three months ended March 31, 2023 were \$58.6 million, compared to \$57.3 million for the three months ended March 31, 2022. The increase was primarily attributed to the planned increase in advertising investments, higher depreciation and higher share-based compensation expense, partially offset by project consulting costs included in the prior-year period.

#### *Other Expense*

Other expense for the three months ended March 31, 2023 was \$10.4 million compared to \$10.1 million for the three months ended March 31, 2022. The increase in other expense was primarily due to interest expense on our term loans which was \$11.1 million and \$9.6 million for the three months ended March 31, 2023 and 2022, respectively, partially offset by a decrease in foreign currency remeasurement.

#### *Income Taxes*

Our effective tax rate for the three months ended March 31, 2023 was 26.0% compared to 28.4% for the three months ended March 31, 2022. The decrease in the tax rate is attributed to a discrete tax benefit of \$0.5 million during the three months ended March 31, 2023 as compared to a discrete tax expense of \$0.6 million during the three months ended March 31, 2022, both related to share-based compensation.

## **Liquidity and Capital Resources**

Our primary sources of liquidity are from cash on hand, future cash flow generated from operations, and availability under our revolving credit agreement (“Revolver”). We believe that cash flows from operations and the current cash and cash equivalents on the balance sheet will be sufficient to satisfy the anticipated cash requirements associated with our existing operations for at least the next 12 months. Our future cash requirements include, but are not limited to, the purchase commitments for certain raw materials and packaging used in our production process, scheduled rent on leased facilities, scheduled debt service payments on our term loan, settlements on related interest rate swap contracts, payments on our tax receivable agreement, settlements on our outstanding foreign currency contracts and outstanding purchase orders on capital projects.

Our ability to generate sufficient cash from our operating activities depends on our future performance, which is subject to general economic, political, financial, competitive and other factors beyond our control. In addition, future cash requirements could be higher than we currently expect as a result of various factors, including any expansion of our business that we undertake, such as acquisitions or bringing new production facilities on line. We consider all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

We had working capital, excluding cash and short-term investments, as of March 31, 2023 and December 31, 2022 of \$62.5 million and \$44.2 million, respectively. We have the ability to borrow under the Revolver to meet obligations as they come due. As of March 31, 2023, we had approximately \$94.1 million available for borrowing, net of letters of credit, under our Revolver.

### ***Cash Flows from Operating Activities***

Cash flows provided by operating activities for the three months ended March 31, 2023 and 2022 were \$27.9 million and \$31.5 million, respectively. Operating cash flows were lower due to higher tax and incentive compensation payments partially offset by favorable working capital fluctuations and increased profitability in the current year period.

### ***Cash Flows from Investing Activities***

Investing activities used \$6.4 million and \$24.9 million of cash for the three months ended March 31, 2023 and 2022, respectively. During the three months ended March 31, 2023, we received proceeds from maturity of short-term marketable securities of \$18.0 million. We did not have any proceeds from maturity of short-term investments during the three months ended March 31, 2022.

### ***Cash Flows from Financing Activities***

Financing activities used \$18.4 million and \$17.5 million for the three months ended March 31, 2023 and 2022, respectively. The net outflow in the current year period consisted of cash used to repurchase 0.6 million shares of our common stock under existing share repurchase authorizations for an amount of \$13.7 million and an average price per share of \$24.38, as well as tax payments related to issuance of shares to employees and scheduled payments under the tax receivable agreement, offset by cash inflows from the proceeds on exercise of employee stock options. The net outflow in the prior-year period reflects proceeds on exercise of employee stock options, offset by cash used to repurchase 0.5 million shares of our common stock for an amount of \$9.7 million and an average price per share of \$21.09 and scheduled payments under the tax receivable agreement and term loan.

### ***Long-Term Debt***

As of March 31, 2023, \$983.2 million aggregate principal amount of the term loan was outstanding and letters of credit worth up to \$5.9 million aggregate principal amount were outstanding, reducing the amount available under the Revolver. We had no outstanding borrowings under our Revolver as of March 31, 2023, with a remaining borrowing capacity of \$94.1 million. As of March 31, 2023, we were in compliance with the covenants under the term loan and the Revolver.

**Item 3. Quantitative and Qualitative Disclosures about Market Risk**

For quantitative and qualitative disclosures about market risk, see Item 7A “Quantitative and Qualitative Disclosures About Market Risk” of our Annual Report on Form 10-K for the year ended December 31, 2022. Our exposures to market risk have not changed materially since December 31, 2022.

**Item 4. Controls and Procedures**

Under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e)) under the Securities and Exchange Act of 1934, as amended (the Exchange Act)) as of March 31, 2023, the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of March 31, 2023 to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission, and that information relating to the Company is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

During the three months ended March 31, 2023, there was no change in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

## PART II

### Item 1. Legal Proceedings

We are involved from time to time in lawsuits, claims and proceedings arising in the ordinary course of business. These matters typically involve personnel and employment issues, personal injury claims, contract matters and other proceedings arising in the ordinary course of business. Although we do not expect the outcome of these matters to have a material adverse effect on our financial condition or results of operations, litigation is inherently unpredictable. Therefore, we could incur judgments enter into settlements or be subject to claims that could materially impact our results.

The information required to be furnished by us under this Part II, Item 1 (Legal Proceedings) is incorporated by reference to the information contained in Note 9. Commitments and Contingencies, to the Unaudited Condensed Consolidated Financial Statements.

### Item 1A. Risk Factors

Our risk factors are set forth in the “Risk Factors” section of our Annual Report on Form 10-K filed on February 21, 2023. There have been no material changes to our risk factors since the filing of the Form 10-K.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

#### Issuer Purchase of Equity Securities

Period	Total number of securities repurchased	Average price paid per share	Total number of securities purchased as part of publicly announced plans or programs	Approximate dollar value of securities that may yet be purchased under the program (in millions) <sup>(1)</sup>
January 1 - 31, 2023	—	\$ —	—	\$ 21.7
February 1 - 28, 2023	—	—	—	21.7
March 1 - 31, 2023	560,610	24.38	560,610	8.0
	<u>560,610</u>		<u>560,610</u>	

(1) In February 2022, our Board of Directors approved a securities repurchase program of up to \$150 million of our outstanding securities. As of March 31, 2023, there was \$8.0 million remaining under this program. The program has no expiration date. The program may be amended, suspended or discontinued at any time at our discretion and does not commit us to repurchase our securities.

(2) Repurchase of shares of Class A common stock

### Item 3. Defaults Upon Senior Securities

None.

### Item 4. Mine Safety Disclosures

Not applicable.

**Item 5. Other Information**

None.

**Item 6. Exhibits**

<b>Exhibit No.</b>	<b>Description</b>
10.1	<a href="#"><u>Hostess Brands, Inc. Incentive Compensation Plan for Exempt Employees (2023)</u></a>
10.2	<a href="#"><u>Form of Chief Executive Officer Restricted Stock Unit Award Agreement</u></a>
10.3	<a href="#"><u>Form of Chief Executive Officer Performance Stock Unit Award Agreement</u></a>
10.4	<a href="#"><u>Form of Restricted Stock Unit Award Agreement</u></a>
10.5	<a href="#"><u>Form of Performance Stock Unit Award Agreement</u></a>
31.1	<a href="#"><u>Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u></a>
31.2	<a href="#"><u>Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u></a>
32.1	<a href="#"><u>Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u></a>
32.2	<a href="#"><u>Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</u></a>
101.INS	XBRL Instance Document - the instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2023, formatted in Inline XBRL

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Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on May 9, 2023.

HOSTESS BRANDS, INC.

By:

/s/ Travis E. Leonard

**Travis E. Leonard**  
**Executive Vice President, Chief Financial Officer**



## Hostess Brands, Inc. Incentive Compensation Plan for Exempt Employees

### Introduction

The Hostess Brands, Inc. (the "**Company**") Incentive Compensation Plan for Exempt Employees (the "**Plan**") provides the opportunity for compensation in addition to base salary to designated employees. The Plan is designed to motivate Participants (as defined below) to grow the business through increased sales, profitability and valuable contribution within their area of expertise. While employees play many different roles within the Company, the Company will only be successful if all employees are focused on achieving common goals, strive individually for functional excellence in their assigned roles and contribute to organizational excellence as a team. Participants may receive incentive compensation under the Plan ("**Incentive Comp**") if the Company and Participants achieve certain designated results (the "**Metric(s)**"). The four Metrics under the Plan are EBITDA, Net Revenue, Free Cash Flow and Strategic Goals. EBITDA, Net Revenue and Free Cash Flow Metrics will be approved by the Talent and Compensation Committee (the "**Committee**").

### Administration

- The Plan will be administered by the Committee, which will have the full power and authority to interpret and administer the Plan. All decisions and determinations of the Committee shall be final, conclusive and binding. The Committee may delegate such duties or responsibilities to an officer of the Company as it deems desirable.
- The Plan year begins on January 1<sup>st</sup> and ends on December 31<sup>st</sup>. Except as otherwise set forth herein, the calculation of any Incentive Comp payments will be based on a Participant's Incentive Comp level (defined as a percentage of base salary) and base salary at the end of the Plan year. Participants are assigned an Incentive Comp level based on their position or specified in their offer letter. For example, if a Participant's base salary at the end of the Plan year is \$100,000 and that employee has a 20% Incentive Comp level, the Incentive Comp target for that Participant would be \$100,000 x 20% or \$20,000.
- The Committee shall determine the extent to which EBITDA, Net Revenue and Free Cash Flow Metrics are achieved.

### Funding

- Attainment of not less than 93% of the Company's Annual Operating Plan ("**AOP**") established EBITDA must be achieved in order to establish funding for Incentive Comp payments under **any** Metric to occur ("**EBITDA Funding**"). If EBITDA Funding is achieved, the Plan will fund 50% based on EBITDA and 50% based on Net Revenue Metrics. Funding for each of these Metrics is independent and will be calculated based on the schedule below.
- The EBITDA and Net Revenue Metrics will fund on the following schedule, subject to the Company's discretion, as described below:



<u>% of EBITDA/Net Revenue Achieved</u>	<u>% Funded</u>
Below 93%	0%
93%	40%
94%	50%
95%	60%
96%	65%
97%	75%
98%	85%
99%	95%
100%	100%
-	-
105%	150%
-	-
110%	200%

*Plan will fund incrementally at the rate 10% for every 1% of EBITDA or Net Revenue achieved over 100%, up to a total funding of 200% performance against AOP.*

**Allocation and Payout**

- For purposes of determining a Participant's Incentive Comp, Plan Metrics will be weighted as follows:

For Participants (as defined below) who are members of the Company's Leadership Team (the Company's Chief Executive Officer (**CEO**)), the CEO's direct reports and others as designated by the CEO):

- 30% - **EBITDA**
- 35% - **Net Revenue**
- 15% **Free Cash Flow**
- 20% - **Strategic Goals** (functional or individual goals as applicable)

For all other Participants:

- 35% - **EBITDA**
- 35% - **Net Revenue**
- 10% **Free Cash Flow**
- 20% - **Strategic Goals** (functional or individual goals as applicable)

- The possible allocation and payout for each of the EBITDA, Net Revenue and Free Cash Flow Metrics will be based on the following schedule:

<u>% Achieved</u>	<u>% Possible Allocation/Payout</u>
Below 93%	0%
93%	40%
94%	50%
95%	60%
96%	65%
97%	75%
98%	85%
99%	95%
100%	100%
-	-
105%	150%
-	-
110%	200%

**Possible allocation and payout will increase 10% for every 1% of the applicable metric achieved over 100%, up to a total payout of 200% performance against AOP.**

- The Strategic Goals Metric will be based on actual performance against established goals, such as revenue growth, cost control, environmental, social, and governance (“ESG”) metrics, case or dollar volume, specific tasks to be accomplished, etc.
  - Maximum of 3 goals are set by the functional Manager near the start of the Plan year, with the weighting of each Strategic Goal as determined by the Company in its sole discretion.
- Notwithstanding any term or condition contained in this Plan to the contrary,
  - The Committee may adjust the performance results for any Metric on account of extraordinary items or other events, as the Committee deems appropriate.
  - Any and all Incentive Comp payouts under this Plan will be determined by the Company in its sole discretion. The Company may adjust Incentive Comp payouts up or down (or reduce or eliminate any Participant’s Incentive Comp payout) on account of overall individual or functional team performance, regardless of the extent to which any Metric has been achieved (“**Incentive Comp Adjustments**”); provided, however, that any Incentive Comp Adjustments for Senior Vice Presidents and above must be approved by the Committee. Company achievement of the EBITDA, Net Revenue or Free Cash Flow Metrics does not guarantee payment hereunder to any Participant.
  - In the event that EBITDA Funding is not achieved, thereby disallowing funding under the Plan, the CEO may recommend to the Committee, for its approval, that a pool equal to up to 10% of target Incentive Comp, be distributed to deserving employees, at the discretion of the CEO or, in the case of executive officers, the Committee, at the time Incentive Comp payments would otherwise be paid pursuant to this Plan. In no event shall this provision result in the payment of more than 100% of the target Incentive Comp to any single Participant.

**Re-Allocation**

Any Funded Amounts that are not paid to Participants due to a Participant’s failure to achieve Strategic Goals Metrics or due to Incentive Comp Adjustments (the “**Un-Allocated Funds**”) may be re-allocated by

the CEO (or others within the Company as delegated by the CEO) to other Participants who met or exceeded expectations during the Plan year; provided, however, that, no Participant may receive a payout of greater than 200% of such Participant's target Incentive Comp opportunity under the Plan in any Plan year; and provided further that any re-allocation of Un-Allocated Funds to Senior Vice Presidents or above must be approved by the Committee.

**Eligibility**

For purposes of the Plan, "**Participants**" means employees who are designated as full time (30 hours or more), exempt (salaried), are in a position that has been designated as eligible for Incentive Comp under this Plan and do not participate in any other annual incentive compensation plan.

Employees are eligible to participate in the Plan if they meet the following criteria:

- Employees who commence employment or are promoted to an eligible position after January 1<sup>st</sup> and prior to October 1<sup>st</sup> of a Plan year will be eligible to participate in the Plan for that year. Incentive Comp will be pro-rated based upon their service date.
- Employees who remain employed by the Company but are transferred out of an eligible position on or before June 30<sup>th</sup> are not eligible to receive an Incentive Comp payment under the Plan for the year of transfer. Employees who are transferred out of an eligible position after June 30<sup>th</sup> will continue to be eligible to receive an Incentive Comp payment for the year of transfer, based on the portion of the Plan year the employee was employed in an eligible position.
- Employees hired or promoted from a non-Incentive Comp eligible position to an Incentive Comp eligible position on or after October 1 of a Plan year will not be eligible for Incentive Comp for that year.
- An Employee must be an active employee of the Company and on the payroll as of the date on which the applicable Incentive Comp is paid. For the avoidance of doubt, Funded Amounts previously identified and accrued (in the Plan year financial statements) for Participants who terminate employment after December 31 of a Plan year, but before the payout date, can be pooled for re-allocation with the Unallocated Funds.

As consideration for being eligible for receipt of Incentive Comp in any Plan year, an employee must have executed and delivered to the Company a mutually agreed form of Confidentiality Agreement and any other agreement requested by the Company in connection with such employee's employment.

**Eligible Income**

- Any sums paid to a Participant that are other than base salary payments will not be included in an Incentive Comp payment calculation.
- The Incentive Comp payment will be pro-rated for any approved unpaid leave of absence lasting 4 consecutive weeks or more, to the extent permitted by law.
- If during a Plan year, an employee becomes Incentive Comp eligible after January 1<sup>st</sup> and prior to October 1<sup>st</sup>, or changes from Incentive Comp eligible to non-Incentive Comp eligible after June 30<sup>th</sup>, actual salary for the period of employment, while in an Incentive Comp eligible position, paid during the Plan year will be the salary used for Incentive Comp calculation purposes. Thus, a person who has been hired at a base salary of \$100,000 on September 30 and was paid \$25,000 in salary (1/4 of base salary for working 1/4 of the year) during the Plan year and had a 20% Incentive Comp level, assuming 100% of each Metric is achieved, would be eligible for an Incentive Comp payment of \$25,000 x 20% or \$5,000 for the short year.

**Payment of Incentive Comp under the Plan**

Incentive Comp will be paid, if at all, after completion of the audit by the Company's independent auditor of the annual financial statements for the applicable Plan year, which the Company anticipates, but cannot ensure, will be around the middle of March of the successive year.

**Amendment and Termination of the Plan**

The Company reserves the right to amend, modify, suspend or terminate this Plan in whole or in part at any time without advance notice to or prior approval of the Plan Participants. Eligibility for participation in the Plan in one year does not confer upon any participant eligibility to participate in any subsequent year.

**Additional Information**

- Incentive Comp payments will not be treated as compensation for purposes of any of the Company's employee benefit plans or programs, unless otherwise provided in such employee benefit plan or program.
- Participation in the Plan is not a guarantee of any particular level of compensation or of continued employment for any period. Nothing in the Plan interferes with the Company's right to terminate any employee's employment for any reason or no reason at any time.
- The Company will withhold from any payments under the Plan an amount to satisfy applicable federal, state and local tax withholding requirements. Payments under the Plan are intended to be exempt from or comply with Section 409A of the Internal Revenue Code. However, the Company shall not be liable for any taxes, penalties, interest or other expenses that may be incurred by a participant on account of non-compliance with Section 409A of the Code.
- The Plan will be construed, administered and governed in all respect in accordance with the laws of the State of Delaware, without reference to principles of conflicts of laws.

**HOSTESS BRANDS, INC.  
RESTRICTED STOCK UNIT AGREEMENT**

**Cover Sheet**

Hostess Brands, Inc., a company incorporated under the laws of the State of Delaware ("Company"), hereby grants an award of restricted stock units ("RSUs") to the individual named below. The terms and conditions of the RSUs are set forth in this cover sheet ("Cover Sheet"), in the attached Restricted Stock Unit Agreement (the "Agreement") and in the Amended and Restated Hostess Brands, Inc. 2016 Equity Incentive Plan, as may be amended from time to time (the "Plan"). All capitalized terms used but not defined in this Cover Sheet and the Agreement will have the meanings ascribed to such terms in the Plan.

**Granted to:**

**Date of Grant:**

**Number of RSUs:**

**Vesting Commencement Date:**

**Vesting Schedule:**

By signing this Cover Sheet, you agree to all of the terms and conditions described in this Cover Sheet, in the Agreement and in the Plan.

If you do not sign and return this Cover Sheet within 60 days of the Date of Grant, the Company will have the right to rescind this award.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

HOSTESS BRANDS, INC.

By: \_\_\_\_\_  
Name:  
Title:

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**HOSTESS BRANDS, INC.  
RESTRICTED STOCK UNIT AGREEMENT**

**Right to Shares**

The award of RSUs represents your right to receive, and the Company's obligation to deliver, one share of Common Stock (a "Share") per RSU, subject to the terms and conditions of this Agreement, the Plan and the Cover Sheet.

**Vesting**

The RSUs awarded to you will vest in accordance with the schedule set forth in the Cover Sheet.

All unvested RSUs will cease vesting and will be forfeited as of the date your employment with the Company and its Subsidiaries has terminated for any reason.

**Delivery; Settlement**

A number of Shares equal to the number of the RSUs that vest on each Vesting Date will be delivered as soon as practicable and within 60 days following the applicable Vesting Date, and upon such delivery, you shall have no further rights with respect to those RSUs.

**Change of Control**

Notwithstanding the foregoing:

(A) if there occurs a Change of Control, and this Award does not continue or is not assumed by an acquiror on a substantially equivalent basis, then all RSUs that have not yet vested shall vest immediately prior to the Change of Control; and

(B) if there occurs a Change of Control, and this Award continues or is assumed by an acquiror on a substantially equivalent basis, and you experience a Change in Control Termination as defined by the HB Key Executive Severance Benefit Plan, as in effect at the time of your termination of employment, or your employment is otherwise terminated by the Company for any reason other than Cause, then all RSUs that have not yet vested shall vest immediately on your date of termination.

A number of Shares equal to the number of the RSUs that vest in accordance with the preceding clauses (A) and (B) shall be delivered as soon as practicable and within 60 days following the applicable vesting date described above, and upon such delivery, you shall have no further rights with respect to those RSUs.

**Termination**

Should your employment with the Company and its Subsidiaries terminate for any reason except in connection with a Change of Control as described above, all of your RSUs then unvested and outstanding will terminate, and you will no longer have any rights in respect of such RSUs.

**Termination for Cause or Breach of any Continuing Obligation; Recoupment**

If your employment is terminated for Cause or if you breach any restrictive covenant under any agreement between you and the Company or its Subsidiaries, the RSUs, whether or not vested, will immediately terminate.

In addition, if at any time within one year after the date on which you receive payment in respect of the RSUs (whether in the form of cash or Shares), (a) your employment is terminated for Cause or (b) after termination of your employment for any reason, the Committee determines in its discretion either that (i) during your period of employment, you engaged in an act or omission that would have warranted termination of your employment for Cause, or (ii) after termination of your employment, you engaged in conduct that violated any continuing obligation or duty in respect of the Company or any Subsidiary (including any breach of any restrictive covenant under any agreement between you and the Company or any Subsidiary), then, subject to applicable law, upon notice from the Company, you shall repay to the Company any cash or Shares you received pursuant to the RSUs, or if you disposed of any such Shares, the Fair Market Value of such Shares as of the date of disposition.

Nothing in this Agreement shall limit the Company's right of recoupment pursuant to Section 13 of the Plan. For the avoidance of doubt, the RSUs shall be subject to the Company's compensation recovery, "clawback" or similar policy, as may be in effect from time to time.

**Taxes**

You are solely responsible for the satisfaction of all taxes and penalties that may arise in connection with the award or settlement of the RSUs. At the time of taxation, the Company shall have the right to deduct from other compensation, or to withhold Shares in an amount equal to the federal (including FICA), state, local and foreign taxes and other amounts as may be required by law to be withheld with respect to the RSUs. If Shares are withheld, the value of the Shares withheld may not exceed the minimum applicable tax withholding amount (except as otherwise determined by the Committee in its sole discretion). By accepting this Award, you expressly consent to the withholding of Shares or other amounts payable to you.

**Restrictions on Resale and Settlement**

By signing this Agreement, you agree not to sell any Shares received upon settlement of RSUs at a time when applicable laws, regulations or Company policies prohibit a sale. The Company's obligation to deliver Shares upon settlement of the RSUs shall be subject to applicable laws, rules and regulations and also to such approvals by governmental agencies as may be deemed appropriate to comply with relevant securities laws and regulations, and the Company will not permit the issuance of Shares at a time when such issuance would violate any law, rule, regulation or Company policy, as determined by the Company.

Any Shares issued hereunder, and any cash proceeds realized from the sale of such Shares will be subject to all share retention, trading, and other policies that may be implemented by the Committee or the Board from time to time.

**Transfer of RSUs**

You cannot transfer or assign your RSUs. For instance, you may not sell RSUs or use them as security for a loan. If you attempt to do any of these things, your Award will immediately become invalid.

Regardless of any marital property settlement agreement, the Company or a securities broker, as applicable, is not obligated to recognize your former spouse's interest in your right to RSUs in any way.

**Stockholder Rights; Dividend Equivalent Rights**

You, or your estate or heirs, have no rights as a stockholder of the Company in respect of RSUs unless and until Shares have been delivered in settlement of the RSUs.

No adjustments are made for dividends or other rights if the applicable record date occurs before Shares are delivered, except as described in the Plan. However, to the extent you hold RSUs on the record date any cash dividend is declared on Shares, you will receive a dividend equivalent right ("DER"). A DER is a right to an amount, per RSU held, equal to the amount of the cash dividend declared and paid in respect of one Share. DERs will be credited in the form of additional RSUs, with the number of RSUs based on the Fair Market Value of a Share as of the date the dividend is paid (rounded down to the nearest whole Share). DERs will be subject to the same vesting and other conditions as the RSUs to which they relate. If and to the extent that the underlying RSUs are forfeited, all related DERs shall also be forfeited. DERs will be paid at the same time the underlying RSUs are settled.

**No Right to Continued Employment**

Neither the grant of this Award, nor any other action taken hereunder shall be construed as giving you the right to be retained in the employ or service of the Company or any of its Subsidiaries (for the vesting period or any other period of time) nor interfere in any way with the Company's right to terminate your employment.

**Applicable Law and Arbitration**

This Agreement will be subject to and interpreted in accordance with the laws of the State of Delaware, without reference to the principles of conflicts of laws, and applicable Federal or other securities laws. Any dispute, controversy or claim arising out of or relating to the Plan or this Agreement that cannot be resolved by you on the one hand and the Company on the other, shall be submitted to arbitration in accordance with the terms of the Plan.

**Certain Definitions**

For purposes of this Agreement, "Cause" shall have the meaning set forth in the Employment Agreement between you and Hostess Brands, LLC entered into on April 12, 2018, as amended by the First Amendment to Employment Agreement dated as of August 1, 2018.



**Delivery of Documents**

The Company may, in its sole discretion, decide to deliver any documents related to this Award or other Awards granted to you under the Plan by electronic means. By signing the Cover Sheet, you consent to receive all documents related to this Award or other Awards granted to you under the Plan by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

**Amendment**

The terms and conditions of this Agreement and the RSUs may be amended by the Committee or the Board as permitted by the Plan.

**The Plan and Other Agreements**

The text of the Plan and any amendments thereto are incorporated in this Agreement by reference.

This Agreement, the Cover Sheet and the Plan constitute the entire understanding between you and the Company regarding the RSUs. Any prior agreements, commitments or negotiations concerning the RSUs are superseded. In the event there is any express conflict between this Agreement and the terms of the Plan, the terms of the Plan shall govern.

***By signing the Cover Sheet of this Agreement, you agree to all of the terms and conditions described above and in the Plan and evidence your acceptance of the powers of the Committee of the Board of Directors of the Company that administers the Plan.***

**HOSTESS BRANDS, INC.  
PERFORMANCE SHARE UNIT AWARD AGREEMENT**

**Cover Sheet**

Hostess Brands, Inc., a company incorporated under the laws of the State of Delaware ("Company"), hereby grants an award of performance share units ("PSUs") to the individual named below. The terms and conditions of the PSUs are set forth in this cover sheet ("Cover Sheet"), in the attached Performance Share Award Agreement (the "Agreement") and in the Amended and Restated Hostess Brands, Inc. 2016 Equity Incentive Plan, as may be amended from time to time (the "Plan"). All capitalized terms used but not defined in this Cover Sheet and the Agreement will have the meanings ascribed to such terms in the Plan.

**Granted to:**  
**Date of Grant:**  
**Performance Period:**  
**Performance Metric:**  
**Target Number of PSUs:**  
**Performance Goal:**

Company's Relative TSR Rank  
Number of PSUs that Vest

Maximum\*

Target

Threshold or below

\* If the Company's TSR for the Performance Period is negative, the maximum number of PSUs that vest will be limited to the target number of PSUs, as described in Exhibit A.

**Vesting Date:**

By signing this Cover Sheet, you agree to all of the terms and conditions described in this Cover Sheet, in the Agreement and in the Plan. If you do not sign and return this Cover Sheet within 60 days of the Date of Grant, the Company will have the right to rescind this Award.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**HOSTESS BRANDS, INC.**

By: \_\_\_\_\_  
Name:  
Title:

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**HOSTESS BRANDS, INC.**  
**PERFORMANCE SHARE AWARD AGREEMENT**

**Right to Shares**

The award of PSUs represents your right to receive, and the Company's obligation to issue, one share of the Company's Class A Common Stock (a "Share") for each PSU that is or becomes a Vested PSU (as described below) on the Vesting Date, subject to the terms of this Agreement. Such issuance will occur as soon as practicable following the date the Committee certifies the extent to which Performance Goal has been satisfied, determined in accordance with Exhibit A attached hereto, but no later than 70 days following the Vesting Date. Notwithstanding the foregoing, the Company will not permit the issuance of Shares at a time when such issuance would violate any law, rule, regulation or Company policy, as determined by the Company.

**Vested PSUs**

The number of PSUs, if any, that become Vested PSUs will be determined, based on the extent to which the Performance Goal, as set forth in the Cover Sheet, has been achieved for the Performance Period, as determined in accordance with Exhibit A and certified by the Committee, subject in all cases, to your continued employment through the Vesting Date. If actual performance is equal to or below the threshold Performance Goal for the Performance Period, then no PSUs will become Vested PSUs for the Performance Period. If the target Performance Goal has been achieved for the Performance Period, then the target number of PSUs for the Performance Period, as set forth on the Cover Sheet, will become Vested PSUs for the Performance Period. If the maximum Performance Goal (or greater) has been achieved for the Performance Period, then the maximum number of PSUs for the Performance Period, as set forth on the Cover Sheet, will become Vested PSUs for the Performance Period. If actual performance falls between the threshold Performance Goal and the target Performance Goal, or between the target Performance Goal and the maximum Performance Goal, the number of PSUs that become Vested PSUs will be determined by linear interpolation between the respective performance inflection points. Notwithstanding the foregoing, if actual performance exceeds the target Performance Goal, the number of PSUs that become Vested PSUs will be subject to the Maximum Cap described in Exhibit A.

**Performance Metric**

As set forth in the Cover Sheet, the Performance Metric shall be Relative TSR, as defined and further described in Exhibit A.

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**Vesting; Forfeiture**

On the Vesting Date, your right to issuance of the Shares underlying any PSUs that are Vested PSUs as of the Vesting Date shall become vested and nonforfeitable. Should your employment with the Company and its Subsidiaries terminate for any reason prior to the Vesting Date, all PSUs will be forfeited and you will have no right to the issuance of any Shares hereunder. Notwithstanding the foregoing and except as provided below in connection with a Change in Control, if such termination is other than (i) by you voluntarily without Good Reason or (ii) by the Company for Cause, and in either case, the date of your termination of employment is at least one year following the Date of Grant, the date of such termination will be treated as if it were the Vesting Date, and you will be entitled to issuance of a number of Shares underlying any PSUs that would become Vested PSUs determined as if the Performance Period ended on the Performance Measurement Date, and the number of PSUs as set forth in the Cover Sheet was prorated to reflect the shortened vesting period, but your rights in respect of any additional PSUs will be forfeited. For purposes of this Agreement, "Performance Measurement Date" means the date on or preceding your employment termination date as of which the Company most recently received a report from its third-party advisors indicating its Relative TSR Rank determined in accordance with Exhibit A; provided that, the Company shall receive such report no less frequently than annually. Issuance of shares underlying Vested PSUs determined in accordance with this paragraph shall occur within 70 days following your termination of employment.

**Termination for Cause; Breach of any Continuing Obligation; Recoupment**

If your employment is terminated for Cause or if you breach any restrictive covenant under any agreement between you and the Company or its Subsidiaries, the PSUs, whether or not vested, will immediately terminate.

In addition, if at any time within one year after the date on which you receive payment in respect of the PSUs (whether in the form of cash or Shares), (a) your employment is terminated for Cause or (b) after termination of your employment for any reason, the Committee determines in its discretion either that (i) during your period of employment, you engaged in an act or omission that would have warranted termination of your employment for Cause or (ii) after termination of your employment, you engaged in conduct that violated any continuing obligation or duty in respect of the Company or any Subsidiary (including any breach of any restrictive covenant under any agreement between you and the Company or any Subsidiary), then, subject to applicable law, upon notice from the Company, you shall repay to the Company any cash or Shares you received pursuant to the PSUs, or if you disposed of any such Shares, the Fair Market Value of such Shares as of the date of disposition.

Nothing in this Agreement shall limit the Company's right of recoupment pursuant to Section 13 of the Plan. For the avoidance of doubt, the PSUs shall be subject to the Company's compensation recovery, "clawback" or similar policy, as may be in effect from time to time.

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**Change of Control**

Notwithstanding the foregoing:

(A) If there occurs a Change of Control prior to the last day of the Performance Period, and this Award does not continue or is not assumed by an acquiror, then the date of such Change of Control will be treated as if it were the Vesting Date, and you will be entitled to issuance of a number of Shares underlying any PSUs that would become Vested PSUs determined as if the Performance Period ended on the date of the Change of Control, and the number of PSUs as set forth in the Cover Sheet was prorated to reflect the shortened vesting period. Issuance of shares underlying Vested PSUs determined in accordance with this subsection (A) shall occur within 70 days following the Change of Control; and

(B) If there occurs a Change of Control prior to the last day of the Performance Period, and this Award continues or is assumed by an acquiror, and you experience a Change in Control Termination as defined by the HB Key Executive Severance Benefit Plan, as in effect at the time of your termination of employment, or your employment is otherwise terminated by the Company for any reason other than Cause, then the number of PSUs that become Vested PSUs as of the date of such termination shall be equal to the target number of PSUs, as set forth on the Cover Sheet. Issuance of shares underlying Vested PSUs determined in accordance with this subsection (B) shall occur within 70 days following your termination of employment.

For purposes of the foregoing, this Award shall not be treated as continued or assumed unless it is continued or assumed on a substantially equivalent basis, including, without limitation, continuation or assumption of the Performance Metric and Performance Goals.

**Taxes**

You are solely responsible for the satisfaction of all taxes and penalties that may arise in connection with the award or settlement of the PSUs. At the time of taxation, the Company shall have the right to deduct from other compensation, or to withhold Shares in an amount equal to the federal (including FICA), state, local and foreign taxes and other amounts as may be required by law to be withheld with respect to the PSUs. If Shares are withheld, the value of the Shares withheld may not exceed the minimum applicable tax withholding amount (except as otherwise determined by the Committee in its sole discretion). By accepting this Award, you expressly consent to the withholding of Shares or other amounts payable to you.

**Restrictions on Resale/ Company Policies**

By signing this Agreement, you agree not to sell any Shares received hereunder at a time when applicable laws, regulations or Company policies prohibit a sale. Any Shares issued hereunder, and any cash proceeds realized from the sale of such Shares will be subject to all share retention, trading, and other policies that may be implemented by the Committee or the Board from time to time.

**Transfer of right to receive PSUs**

You cannot transfer or assign your PSUs. For instance, you may not sell your right to PSUs or use such right as security for a loan. If you attempt to do any of these things, your Award will immediately become invalid.

Regardless of any marital property settlement agreement, the Company or a securities broker, as applicable, is not obligated to recognize your former spouse's interest in your right to PSUs in any way.

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**Stockholder Rights**

You, or your estate or heirs, have no rights as a stockholder of the Company in respect of PSUs, unless and until the underlying Shares are issued. No adjustments are made for dividends or other rights if the applicable record date occurs before Shares are issued, except as described in the Plan. However, to the extent you hold PSUs on the record date any cash dividend is declared on Shares, you will receive a dividend equivalent right ("DER"). A DER is a right to an amount, per PSU held, equal to the amount of the cash dividend declared and paid in respect of one Share. DERs will be credited in the form of additional PSUs, with the number of PSUs based on the Fair Market Value of a Share as of the date the dividend is paid (rounded down to the nearest whole Share). DERs will be subject to the same vesting and other conditions as the PSUs. If and to the extent that the underlying PSUs are forfeited, all related DERs shall also be forfeited. DERs will be paid at the same time the underlying PSUs are settled if and to the extent that the underlying PSUs vest and become payable.

**No Right to Continued Employment**

Neither the grant of this Award, nor any other action taken hereunder shall be construed as giving you the right to be retained in the employ or service of the Company or any of its Subsidiaries (for the vesting period or any other period of time) nor interfere in any way with the Company's right to terminate your employment.

**Applicable Law and Arbitration**

This Agreement will be subject to and interpreted in accordance with the laws of the State of Delaware, without reference to the principles of conflicts of laws, and applicable Federal or other securities laws. Any dispute, controversy or claim arising out of or relating to the Plan or this Agreement that cannot be resolved by you on the one hand and the Company on the other, shall be submitted to arbitration in accordance with the terms of the Plan.

**Certain Definitions**

For purposes of this Agreement, "Cause" and "Good Reason" shall have the meanings set forth in the Employment Agreement between you and Hostess Brands, LLC entered into on April 12, 2018, as amended by First Amendment to Employment Agreement dated as of August 1, 2018.

**Delivery of Documents**

The Company may, in its sole discretion, decide to deliver any documents related to this Award or other Awards granted to you under the Plan by electronic means. By signing the Cover Sheet, you consent to receive all documents related to this Award or other Awards granted to you under the Plan by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

**Amendment**

The terms and conditions of this Agreement and the PSUs may be amended by the Committee or the Board as permitted by the Plan.

The text of the Plan and any amendments thereto are incorporated in this Agreement by reference.

This Agreement, the Cover Sheet and the Plan constitute the entire understanding between you and the Company regarding the PSUs. Any prior agreements, commitments or negotiations concerning the PSUs are superseded. In the event there is any express conflict between this Agreement, the Cover Sheet and the terms of the Plan, the terms of the Plan shall govern.

**The Plan and Other Agreements**

***By signing the Cover Sheet of this Agreement, you agree to all of the terms and conditions described above and in the Plan and evidence your acceptance of the powers of the Committee of the Board of Directors of the Company that administers the Plan.***

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**HOSTESS BRANDS, INC.  
PERFORMANCE SHARE UNIT AWARD AGREEMENT**

**Exhibit A**

The PSUs will vest based on the Company's total shareholder return ("TSR") for the Performance Period compared to the TSR of the companies in the S&P Composite 1500 Packaged Foods and Meats Sub Index (the "Peer Group Companies") for the Performance Period (the "Relative TSR"), subject to the Maximum Cap described below.

TSR for the Company and each Peer Group Company for the Performance Period shall be calculated as follows:

- the (x) Average Final Price minus the Average Initial Price, plus Reinvested Dividends, divided by (y) the Average Initial Price.
- The "Average Initial Price" is equal to the average closing price of a share of such company's stock during the 20 trading day period ending immediately prior to the first day of the Performance Period.
- The "Average Final Price" is equal to the average closing price of a share of such company's stock during the last 20 trading days in the Performance Period.
- "Reinvested Dividends" shall be calculated by multiplying (x) the aggregate number of shares of each company's stock (including fractional shares) that could have been purchased during the Performance Period had each cash dividend paid on a single share during the Performance Period been immediately reinvested in additional shares of such company's stock (or fractional shares) at the closing price per share of such company's stock on the applicable dividend payment date by (y) the average daily closing price per share of such company's stock calculated for the last 20 trading days in the Performance Period.

At the end of the Performance Period, the Company's TSR and the TSR of each of the Peer Group Companies will be ranked from highest to lowest (for clarity, the Company's TSR will be excluded from the comparator set for ranking). The number of PSUs that vest will be determined based on the Company's Relative TSR as follows:

<b>Performance</b>	<b>Company Relative TSR Rank</b>	<b>Number of PSUs that Vest</b>
<b>Maximum</b>		
<b>Target</b>		
<b>Threshold or below</b>		

If the Company's Relative TSR rank is between the threshold Performance Goal and the target Performance Goal or between the target Performance Goal and the maximum Performance Goal, the number of Vested PSUs will be determined by linear interpolation between the respective performance inflection points.

Notwithstanding anything in this Exhibit A or the Agreement to the contrary, if the Company's TSR for the Performance Period (as calculated in accordance with the formula set forth above) is a negative number, the number of PSUs that vest shall not exceed the target number of PSUs (regardless of whether the Company's Relative TSR rank is between the target Performance Goal and the maximum Performance Goal), as set forth on the Cover Sheet (such limitation, the "Maximum Cap").

Any PSUs that do not vest on the Vesting Date shall be forfeited.

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For the avoidance of doubt, the Peer Group Companies shall consist of the following companies, which are the companies in the S&P Composite 1500 Packaged Foods and Meats Sub Index as of the first day of the Performance Period:

[LIST]

- In the event of a merger, acquisition or business combination transaction of a Peer Group Company during the Performance Period in which such Peer Group Company is the surviving entity and remains publicly traded, the surviving entity shall remain a Peer Group Company. Any entity involved in the transaction during the Performance Period that is not the surviving company shall no longer be a Peer Group Company.
- In the event of a merger, acquisition or business combination transaction of a Peer Group Company, a “going private” transaction or other event involving a Peer Group Company or the liquidation of a Peer Group Company (other than a bankruptcy as described below), in each case during the Performance Period and where the Peer Group Company is not the surviving entity or is no longer publicly traded, such Peer Group Company shall no longer be a Peer Group Company.
- Notwithstanding the foregoing, in the event of a bankruptcy of a Peer Group Company during the Performance Period where the Peer Group Company is not publicly traded at the end of the Performance Period, such Peer Group Company shall remain a Peer Group Company but shall be deemed to be ranked last among all Peer Group Companies.



**HOSTESS BRANDS, INC.  
RESTRICTED STOCK UNIT AGREEMENT  
Cover Sheet**

Hostess Brands, Inc., a company incorporated under the laws of the State of Delaware ("Company"), hereby grants an award of restricted stock units ("RSUs") to the individual named below. The terms and conditions of the RSUs are set forth in this cover sheet ("Cover Sheet"), in the attached Restricted Stock Unit Agreement (the "Agreement") and in the Amended and Restated Hostess Brands, Inc. 2016 Equity Incentive Plan, as may be amended from time to time (the "Plan"). All capitalized terms used but not defined in this Cover Sheet and the Agreement will have the meanings ascribed to such terms in the Plan.

**Granted to:**

**Date of Grant:**

**Number of RSUs:**

**Vesting Commencement Date:**

**Vesting Schedule:**

By signing this Cover Sheet, you agree to all of the terms and conditions described in this Cover Sheet, in the Agreement and in the Plan.

If you do not sign and return this Cover Sheet within 60 days of the Date of Grant, the Company will have the right to rescind this award.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

HOSTESS BRANDS, INC.

By: \_\_\_\_\_  
Name:  
Title:

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**HOSTESS BRANDS, INC.  
RESTRICTED STOCK UNIT AGREEMENT**

**Right to Shares**

The award of RSUs represents your right to receive, and the Company's obligation to deliver, one share of Common Stock (a "Share") per RSU, subject to the terms and conditions of this Agreement, the Plan and the Cover Sheet.

**Vesting**

The RSUs awarded to you will vest in accordance with the schedule set forth in the Cover Sheet.

All unvested RSUs will cease vesting and will be forfeited as of the date your employment with the Company and its Subsidiaries has terminated for any reason.

**Delivery; Settlement**

A number of Shares equal to the number of RSUs that vest on each Vesting Date will be delivered as soon as practicable and within 60 days following the applicable Vesting Date, and upon such delivery, you shall have no further rights with respect to those RSUs.

**Change of Control**

Notwithstanding the foregoing:

(A) if there occurs a Change of Control and this Award does not continue or is not assumed by an acquiror on a substantially equivalent basis, then all RSUs that have not yet vested shall vest immediately prior to the Change of Control; and

(B) if there occurs a Change of Control and this Award continues or is assumed by an acquiror on a substantially equivalent basis, and your employment is terminated by the Company or an acquiror without Cause or otherwise under circumstances entitling you to severance under the Company's or acquiror's severance plan within 12 months following the Change of Control, then all RSUs that have not yet vested shall vest immediately on your date of termination.

A number of Shares equal to the number of the RSUs that vest in accordance with the preceding clauses (A) and (B) shall be delivered as soon as practicable and within 60 days following the applicable vesting date described above, and upon such delivery, you shall have no further rights with respect to those RSUs.

**Termination**

Should your employment with the Company and its Subsidiaries terminate for any reason except in connection with a Change of Control as described above, all of your RSUs then unvested and outstanding will terminate, and you will no longer have any rights in respect of such RSUs.

**Termination for Cause or Breach of any Continuing Obligation; Recoupment**

If your employment is terminated for Cause or if you breach any restrictive covenant under this Agreement or any other agreement between you and the Company or its Subsidiaries, the RSUs, whether or not vested, will immediately terminate.

In addition, if at any time within one year after the date on which you receive payment in respect of the RSUs (whether in the form of cash or Shares), (a) your employment is terminated for Cause or (b) after termination of your employment for any reason, the Committee determines in its discretion either that (i) during your period of employment, you engaged in an act or omission that would have warranted termination of your employment for Cause, or (ii) after termination of your employment, you engaged in conduct that violated any continuing obligation or duty in respect of the Company or any Subsidiary (including any breach of any restrictive covenant under this Agreement or any other agreement between you and the Company or any Subsidiary), then, subject to applicable law, upon notice from the Company, you shall repay to the Company any cash or Shares you received pursuant to the RSUs, or if you disposed of any such Shares, the Fair Market Value of such Shares as of the date of disposition.

Nothing in this Agreement shall limit the Company's right of recoupment pursuant to Section 13 of the Plan. For the avoidance of doubt, the RSUs shall be subject to the Company's compensation recovery, "clawback" or similar policy, as may be in effect from time to time.

**Taxes**

You are solely responsible for the satisfaction of all taxes and penalties that may arise in connection with the award or settlement of the RSUs. At the time of taxation, the Company shall have the right to deduct from other compensation, or to withhold Shares in an amount equal to the federal (including FICA), state, local and foreign taxes and other amounts as may be required by law to be withheld with respect to the RSUs. If Shares are withheld, the value of the Shares withheld may not exceed the minimum applicable tax withholding amount (except as otherwise determined by the Committee in its sole discretion). By accepting this Award, you expressly consent to the withholding of Shares or other amounts payable to you.

**Restrictions on Resale and Settlement**

By signing this Agreement, you agree not to sell any Shares received upon settlement of RSUs at a time when applicable laws, regulations or Company policies prohibit a sale. The Company's obligation to deliver Shares upon settlement of the RSUs shall be subject to applicable laws, rules and regulations and also to such approvals by governmental agencies as may be deemed appropriate to comply with relevant securities laws and regulations, and the Company will not permit the issuance of Shares at a time when such issuance would violate any law, rule, regulation or Company policy, as determined by the Company.

Any Shares issued hereunder, and any cash proceeds realized from the sale of such Shares will be subject to all share retention, trading, and other policies that may be implemented by the Committee or the Board from time to time.

**Transfer of RSUs**

You cannot transfer or assign your RSUs. For instance, you may not sell RSUs or use them as security for a loan. If you attempt to do any of these things, your Award will immediately become invalid.

Regardless of any marital property settlement agreement, the Company or a securities broker, as applicable, is not obligated to recognize your former spouse's interest in your right to RSUs in any way.

**Stockholder Rights; Dividend Equivalent Rights**

You, or your estate or heirs, have no rights as a stockholder of the Company in respect of RSUs unless and until Shares have been delivered in settlement of the RSUs.

No adjustments are made for dividends or other rights if the applicable record date occurs before Shares are delivered, except as described in the Plan. However, to the extent you hold RSUs on the record date any cash dividend is declared on Shares, you will receive a dividend equivalent right ("DER"). A DER is a right to an amount, per RSU held, equal to the amount of the cash dividend declared and paid in respect of one Share. DERs will be credited in the form of additional RSUs, with the number of RSUs based on the Fair Market Value of a Share as of the date the dividend is paid (rounded down to the nearest whole Share). DERs will be subject to the same vesting and other conditions as the RSUs to which they relate. If and to the extent that the underlying RSUs are forfeited, all related DERs shall also be forfeited. DERs will be paid at the same time the underlying RSUs are settled.

During your employment with the Company or any Subsidiary and continuing for a period of six (6) months after the termination of the employment relationship by either party, with or without Cause, including voluntary termination, you will not, directly or indirectly, as an employee, agent, partner, consultant, representative, contractor or in any other capacity, work for or operate a "Competitive Business". For the purposes of this Agreement, Competitive Business means any enterprise (including a person, firm or business) operating or which has made material plans to operate (i) in the sweet baked goods business or (ii) any other business that offers products competitive with those products offered by the Company or its Subsidiaries or which the Company or its Subsidiaries have made material plans to offer. This restriction is limited to the United States and any other geographic market in which the Company or its Subsidiaries operate, or have made material plans to operate, as of the date of your separation from the Company or its Subsidiaries.

**Restrictive Covenants:**

**Covenant Not to Compete**

During your employment with the Company or any Subsidiary and continuing for a period of six (6) months after the termination of the employment relationship by either party, with or without Cause, including voluntary termination, you will not, directly or indirectly, (a) as an employee, agent, partner, consultant, representative, contractor or in any other capacity, solicit, call on, divert, negotiate with or communicate with any customer or distributor of the Company or its Subsidiaries with whom you had contact during the final one (1) year period of your employment with the Company or any Subsidiary for the purpose of providing or selling competitive products or services to those of the Company or any Subsidiary or diverting or inducing the diversion of business from the Company or any Subsidiary or (b) engage, recruit, solicit for employment or engagement, offer employment to or hire, or otherwise seek to influence or alter any relationship with any person who is an employee of the Company or any Subsidiary; provided, however, that this provision shall not restrict you from offering employment to or otherwise engaging any current or former employee of the Company or any Subsidiary who responds to a general advertisement. The term "contact" as used above, shall mean any customer or distributor: (i) with which you had dealings; or (ii) for which you had responsibility for engaging, supervising, overseeing or conducting the Company's or any Subsidiary's relationship.

**Covenant Not to Solicit**

You acknowledge, agree and represent that the type and periods of restrictions imposed in this Agreement are fair and reasonable, and that such restrictions are intended solely to protect the legitimate interests of the Company and its Subsidiaries, rather than to prevent you from earning a livelihood. You further acknowledge and agree that the business of the Company and its Subsidiaries is highly competitive and that the Company's and its Subsidiaries' confidential information and proprietary materials have been developed by the Company and its Subsidiaries at significant expense and effort, and that the restrictions contained in this Agreement are reasonable and necessary to protect the legitimate business interests of the Company and its Subsidiaries. You represent and agree that: (i) you have reviewed and understand the covenants set forth in this Agreement, (ii) you are fully aware of your obligations hereunder, including, without limitation, the length of time, scope and geographic coverage of these covenants, (iii) the length of time, scope and geographic coverage of these covenants is reasonable and (iv) you are receiving valuable and sufficient consideration for your covenants under this Agreement, including without limitation your covenants not to compete and not to solicit.

You acknowledge and agree that each of the covenants in this Agreement has a unique, very substantial and immeasurable value to the Company and its Subsidiaries, that such covenants will not in any way impair your ability to earn a living and that you have sufficient assets and skills to earn a living while such covenants remain in force and that, as a result of the foregoing, in the event that you breach such covenants, monetary damages would be an insufficient remedy for the Company and its Subsidiaries and equitable enforcement of the covenants would be proper. You therefore agree that the Company, in addition to any other remedies available to it, including under this Agreement and pursuant to Section 13 of the Plan, will be entitled to preliminary and permanent injunctive relief in aid of arbitration in the event of any breach or threatened breach by you of any of the covenants in this Agreement, without the necessity of showing actual monetary damages or the posting of a bond or other security. Such action for injunctive relief in aid of arbitration shall be brought exclusively in any court of competent jurisdiction sitting in the State of Kansas, and you and the Company agree to the personal jurisdiction thereof. You and the Company hereby irrevocably waive any objection you or the Company may now or hereafter have to the laying of venue of any such action for injunctive relief in aid of arbitration in said court(s), and further irrevocably waive any claim you or the Company may now or hereafter have that any such action brought in said court(s) has been brought in an inconvenient forum.

You and the Company further agree that, in the event that any provision of this Agreement is determined by any court or arbitrator of competent jurisdiction to be unenforceable for any reason,

that provision or a portion thereof will be deemed to be modified so as to render it enforceable to the maximum extent permitted by law and to the extent such provision or portion thereof cannot be rendered enforceable, this Agreement shall be considered divisible as to such provision, which shall become null and void, leaving the remainder of this Agreement in full force and effect.

The provisions of this Agreement shall not affect the Company's ability to enforce the provisions of any other agreement in effect between the Company or any Subsidiary and you, including without limitation, the covenants contained in any offer letter, severance plan or policy, or employment agreement.

**Remedies Applicable to Restrictive Covenants**  
**No Right to Continued Employment**

Neither the grant of this Award, nor any other action taken hereunder shall be construed as giving you the right to be retained in the employ or service of the Company or any of its Subsidiaries (for the vesting period or any other period of time) nor interfere in any way with the Company's right to terminate your employment.

**Applicable Law and Arbitration**

This Agreement will be subject to and interpreted in accordance with the laws of the State of Delaware, without reference to the principles of conflicts of laws, and applicable Federal or other securities laws. Any dispute, controversy or claim arising out of or relating to the Plan or this Agreement that cannot be resolved by you on the one hand and the Company on the other, shall be submitted to arbitration in accordance with the terms of the Plan, except to the extent otherwise provided in this Agreement with respect to injunctive relief in aid of arbitration.

**Delivery of Documents**

The Company may, in its sole discretion, decide to deliver any documents related to this Award or other Awards granted to you under the Plan by electronic means. By signing the Cover Sheet, you consent to receive all documents related to this Award or other Awards granted to you under the Plan by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

**Amendment**

The terms and conditions of this Agreement and the RSUs may be amended by the Committee or the Board as permitted by the Plan.

**The Plan and Other Agreements**

The text of the Plan and any amendments thereto are incorporated in this Agreement by reference.

This Agreement, the Cover Sheet and the Plan constitute the entire understanding between you and the Company regarding the RSUs. Any prior agreements, commitments or negotiations concerning the RSUs are superseded. In the event there is any express conflict between this Agreement and the terms of the Plan, the terms of the Plan shall govern.

***By signing the Cover Sheet of this Agreement, you agree to all of the terms and conditions described above and in the Plan and evidence your acceptance of the powers of the Committee of the Board of Directors of the Company that administers the Plan.***

**HOSTESS BRANDS, INC.  
PERFORMANCE SHARE UNIT AWARD AGREEMENT**

**Cover Sheet**

Hostess Brands, Inc., a company incorporated under the laws of the State of Delaware ("Company"), hereby grants an award of performance share units ("PSUs") to the individual named below. The terms and conditions of the PSUs are set forth in this cover sheet ("Cover Sheet"), in the attached Performance Share Award Agreement (the "Agreement") and in the Amended and Restated Hostess Brands, Inc. 2016 Equity Incentive Plan, as may be amended from time to time (the "Plan"). All capitalized terms used but not defined in this Cover Sheet and the Agreement will have the meanings ascribed to such terms in the Plan.

<b>Granted to:</b>	
<b>Date of Grant:</b>	
<b>Performance Period:</b>	
<b>Performance Metric:</b>	<b>Relative TSR (as defined in Exhibit A)</b>
<b>Target Number of PSUs:</b>	
<b>Performance Goal:</b>	Company's Relative TSR Rank Number of PSUs that Vest  Maximum*  Target  Threshold or below

**Vesting Date:** \* If the Company's TSR for the Performance Period is negative, the maximum number of PSUs that vest will be limited to the target number of PSUs, as described in Exhibit A.

By signing this Cover Sheet, you agree to all of the terms and conditions described in this Cover Sheet, in the Agreement and in the Plan. If you do not sign and return this Cover Sheet within 60 days of the Date of Grant, the Company will have the right to rescind this Award.

**Signature:** \_\_\_\_\_ **Date:** \_\_\_\_\_

**HOSTESS BRANDS, INC.**

By: \_\_\_\_\_  
Name:  
Title:

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**HOSTESS BRANDS, INC.  
PERFORMANCE SHARE AWARD AGREEMENT**

**Right to Shares**

The award of PSUs represents your right to receive, and the Company's obligation to issue, one share of the Company's Class A Common Stock (a "Share") for each PSU that is or becomes a Vested PSU (as described below) on the Vesting Date, subject to the terms of this Agreement. Such issuance will occur following the date the Committee certifies the extent to which Performance Goal has been satisfied, determined in accordance with Exhibit A attached hereto, and no later than 70 days following the Vesting Date. Notwithstanding the foregoing, the Company will not permit the issuance of Shares at a time when such issuance would violate any law, rule, regulation or Company policy, as determined by the Company.

**Vested PSUs**

The number of PSUs, if any, that become Vested PSUs will be determined, based on the extent to which the Performance Goal, as set forth in the Cover Sheet, has been achieved for the Performance Period, as determined in accordance with Exhibit A and certified by the Committee, subject in all cases, to your continued employment through the Vesting Date. If actual performance is equal to or below the threshold Performance Goal for the Performance Period, then no PSUs will become Vested PSUs for the Performance Period. If the target Performance Goal has been achieved for the Performance Period, then the target number of PSUs for the Performance Period, as set forth on the Cover Sheet, will become Vested PSUs for the Performance Period. If the maximum Performance Goal (or greater) has been achieved for the Performance Period, then the maximum number of PSUs for the Performance Period, as set forth on the Cover Sheet, will become Vested PSUs for the Performance Period. If actual performance falls between the threshold Performance Goal and the target Performance Goal, or between the target Performance Goal and the maximum Performance Goal, the number of PSUs that become Vested PSUs will be determined by linear interpolation between the respective performance inflection points. Notwithstanding the foregoing, if actual performance exceeds the target Performance Goal, the number of PSUs that become Vested PSUs will be subject to the Maximum Cap described in Exhibit A.

**Performance Metric**

As set forth in the Cover Sheet, the Performance Metric shall be Relative TSR, as defined and further described in Exhibit A.



**Vesting; Forfeiture**

On the Vesting Date, your right to issuance of the Shares underlying any PSUs that are Vested PSUs as of the Vesting Date shall become vested and nonforfeitable. Should your employment with the Company and its Subsidiaries terminate for any reason prior to the Vesting Date, all PSUs will be forfeited and you will have no right to the issuance of any Shares hereunder. Notwithstanding the foregoing and except as provided below in connection with a Change in Control, if such termination is other than (i) by you voluntarily (except where such voluntary termination entitles you to severance under the Company's severance plan) or (ii) by the Company for Cause, and in either case, the date of your termination of employment is at least one year following the Date of Grant, the date of such termination will be treated as if it were the Vesting Date, and you will be entitled to issuance of a number of Shares underlying any PSUs that would become Vested PSUs determined as if the Performance Period ended on the Performance Measurement Date, and the number of PSUs as set forth in the Cover Sheet was prorated to reflect the shortened vesting period, but your rights in respect of any additional PSUs will be forfeited. For purposes of this Agreement, "Performance Measurement Date" means the date on or preceding your employment termination date as of which the Company most recently received a report from its third-party advisors indicating its Relative TSR Rank determined in accordance with Exhibit A; provided that, the Company shall receive such report no less frequently than annually. Issuance of shares underlying Vested PSUs determined in accordance with this paragraph shall occur within 70 days following your termination of employment.

**Termination for Cause; Breach of any Continuing Obligation; Recoupment**

If your employment is terminated for Cause or if you breach any restrictive covenant under this Agreement or any other agreement between you and the Company or its Subsidiaries, the PSUs, whether or not vested, will immediately terminate.

In addition, if at any time within one year after the date on which you receive payment in respect of the PSUs (whether in the form of cash or Shares), (a) your employment is terminated for Cause or (b) after termination of your employment for any reason, the Committee determines in its discretion either that (i) during your period of employment, you engaged in an act or omission that would have warranted termination of your employment for Cause or (ii) after termination of your employment, you engaged in conduct that violated any continuing obligation or duty in respect of the Company or any Subsidiary (including any breach of any restrictive covenant under this Agreement or any other agreement between you and the Company or any Subsidiary), then, subject to applicable law, upon notice from the Company, you shall repay to the Company any cash or Shares you received pursuant to the PSUs, or if you disposed of any such Shares, the Fair Market Value of such Shares as of the date of disposition.

Nothing in this Agreement shall limit the Company's right of recoupment pursuant to Section 13 of the Plan. For the avoidance of doubt, the PSUs shall be subject to the Company's compensation recovery, "clawback" or similar policy, as may be in effect from time to time.

**Change of Control**

Notwithstanding the foregoing:

(A) If there occurs a Change of Control prior to the last day of the Performance Period, and this Award does not continue or is not assumed by an acquiror, then the date of such Change of Control will be treated as if it were the Vesting Date, and you will be entitled to issuance of a number of Shares underlying any PSUs that would become Vested PSUs determined as if the Performance Period ended on the date of the Change of Control, and the number of PSUs as set forth in the Cover Sheet was prorated to reflect the shortened vesting period. Issuance of shares underlying Vested PSUs determined in accordance with this subsection (A) shall occur within 70 days following the Change of Control; and

(B) If there occurs a Change of Control prior to the last day of the Performance Period, and this Award continues or is assumed by an acquiror, and your employment is terminated by the Company or an acquiror without Cause or otherwise under circumstances entitling you to severance under the Company's or acquiror's severance plan within 12 months following the Change of Control, then the number of PSUs that become Vested PSUs as of the date of such termination shall be equal to the target number of PSUs, as set forth on the Cover Sheet. Issuance of shares underlying Vested PSUs determined in accordance with this subsection (B) shall occur within 70 days following your termination of employment.

For purposes of the foregoing, this Award shall not be treated as continued or assumed unless it is continued or assumed on a substantially equivalent basis, including, without limitation, continuation or assumption of the Performance Metric and Performance Goals.

**Taxes**

You are solely responsible for the satisfaction of all taxes and penalties that may arise in connection with the award or settlement of the PSUs. At the time of taxation, the Company shall have the right to deduct from other compensation, or to withhold Shares in an amount equal to the federal (including FICA), state, local and foreign taxes and other amounts as may be required by law to be withheld with respect to the PSUs. If Shares are withheld, the value of the Shares withheld may not exceed the minimum applicable tax withholding amount (except as otherwise determined by the Committee in its sole discretion). By accepting this Award, you expressly consent to the withholding of Shares or other amounts payable to you.

**Restrictions on Resale/ Company Policies**

By signing this Agreement, you agree not to sell any Shares received hereunder at a time when applicable laws, regulations or Company policies prohibit a sale. Any Shares issued hereunder, and any cash proceeds realized from the sale of such Shares will be subject to all share retention, trading, and other policies that may be implemented by the Committee or the Board from time to time.

**Transfer of right to receive PSUs**

You cannot transfer or assign your PSUs. For instance, you may not sell your right to PSUs or use such right as security for a loan. If you attempt to do any of these things, your Award will immediately become invalid.

Regardless of any marital property settlement agreement, the Company or a securities broker, as applicable, is not obligated to recognize your former spouse's interest in your right to PSUs in any way.

## Stockholder Rights

You, or your estate or heirs, have no rights as a stockholder of the Company in respect of PSUs, unless and until the underlying Shares are issued. No adjustments are made for dividends or other rights if the applicable record date occurs before Shares are issued, except as described in the Plan. However, to the extent you hold PSUs on the record date any cash dividend is declared on Shares, you will receive a dividend equivalent right ("DER"). A DER is a right to an amount, per PSU held, equal to the amount of the cash dividend declared and paid in respect of one Share. DERs will be credited in the form of additional PSUs, with the number of PSUs based on the Fair Market Value of a Share as of the date the dividend is paid (rounded down to the nearest whole Share). DERs will be subject to the same vesting and other conditions as the PSUs. If and to the extent that the underlying PSUs are forfeited, all related DERs shall also be forfeited. DERs will be paid at the same time the underlying PSUs are settled if and to the extent that the underlying PSUs vest and become payable.

During your employment with the Company or any Subsidiary and continuing for a period of six (6) months after the termination of the employment relationship by either party, with or without Cause, including voluntary termination, you will not, directly or indirectly, as an employee, agent, partner, consultant, representative, contractor or in any other capacity, work for or operate a "Competitive Business". For the purposes of this Agreement, Competitive Business means any enterprise (including a person, firm or business) operating or which has made material plans to operate (i) in the sweet baked goods business or (ii) any other business that offers products competitive with those products offered by the Company or its Subsidiaries or which the Company or its Subsidiaries have made material plans to offer. This restriction is limited to the United States and any other geographic market in which the Company or its Subsidiaries operate, or have made material plans to operate, as of the date of your separation from the Company or its Subsidiaries.

**Restrictive Covenants:**

**Covenant Not to Compete**

During your employment with the Company or any Subsidiary and continuing for a period of six (6) months after the termination of the employment relationship by either party, with or without Cause, including voluntary termination, you will not, directly or indirectly, (a) as an employee, agent, partner, consultant, representative, contractor or in any other capacity, solicit, call on, divert, negotiate with or communicate with any customer or distributor of the Company or its Subsidiaries with whom you had contact during the final one (1) year period of your employment with the Company or any Subsidiary for the purpose of providing or selling competitive products or services to those of the Company or any Subsidiary or diverting or inducing the diversion of business from the Company or any Subsidiary or (b) engage, recruit, solicit for employment or engagement, offer employment to or hire, or otherwise seek to influence or alter any relationship with any person who is an employee of the Company or any Subsidiary; provided, however, that this provision shall not restrict you from offering employment to or otherwise engaging any current or former employee of the Company or any Subsidiary who responds to a general advertisement. The term "contact" as used above, shall mean any customer or distributor: (i) with which you had dealings; or (ii) for which you had responsibility for engaging, supervising, overseeing or conducting the Company's or any Subsidiary's relationship.

You acknowledge, agree and represent that the type and periods of restrictions imposed in this Agreement are fair and reasonable, and that such restrictions are intended solely to protect the legitimate interests of the Company and its Subsidiaries, rather than to prevent you from earning a livelihood. You further acknowledge and agree that the business of the Company and its Subsidiaries is highly competitive and that the Company's and its Subsidiaries' confidential information and proprietary materials have been developed by the Company and its Subsidiaries at significant expense and effort, and that the restrictions contained in this Agreement are reasonable and necessary to protect the legitimate business interests of the Company and its Subsidiaries. You represent and agree that: (i) you have reviewed and understand the covenants set forth in this Agreement, (ii) you are fully aware of your obligations hereunder, including, without limitation, the length of time, scope and geographic coverage of these covenants, (iii) the length of time, scope and geographic coverage of these covenants is reasonable and (iv) you are receiving valuable and sufficient consideration for your covenants under this Agreement, including without limitation your covenants not to compete and not to solicit.

**Covenant Not to Solicit**

You acknowledge and agree that each of the covenants in this Agreement has a unique, very substantial and immeasurable value to the Company and its Subsidiaries, that such covenants will not in any way impair your ability to earn a living and that you have sufficient assets and skills to earn a living while such covenants remain in force and that, as a result of the foregoing, in the event that you breach such covenants, monetary damages would be an insufficient remedy for the Company and its Subsidiaries and equitable enforcement of the covenants would be proper. You therefore agree that the Company, in addition to any other remedies available to it, including under this Agreement and pursuant to Section 13 of the Plan, will be entitled to preliminary and permanent injunctive relief in aid of arbitration in the event of any breach or threatened breach by you of any of the covenants in this Agreement, without the necessity of showing actual monetary damages or the posting of a bond or other security. Such action for injunctive relief in aid of arbitration shall be brought exclusively in any court of competent jurisdiction sitting in the State of Kansas, and you and the Company agree to the personal jurisdiction thereof. You and the Company hereby irrevocably waive any objection you or the Company may now or hereafter have to the laying of venue of any such action for injunctive relief in aid of arbitration in said court(s), and further irrevocably waive any claim you or the Company may now or hereafter have that any such action brought in said court(s) has been brought in an inconvenient forum.

You and the Company further agree that, in the event that any provision of this Agreement is determined by any court or arbitrator of competent jurisdiction to be unenforceable for any reason, that provision or a portion thereof will be deemed to be modified so as to render it enforceable to the maximum extent permitted by law and to the extent such provision or portion thereof cannot be rendered enforceable, this Agreement shall be considered divisible as to such provision, which shall become null and void, leaving the remainder of this Agreement in full force and effect.

**Remedies Applicable to Restrictive Covenants**

The provisions of this Agreement shall not affect the Company's ability to enforce the provisions of any other agreement in effect between the Company or any Subsidiary and you, including without limitation, the covenants contained in any offer letter, severance plan or policy, or employment agreement.

**No Right to Continued Employment**

Neither the grant of this Award, nor any other action taken hereunder shall be construed as giving you the right to be retained in the employ or service of the Company or any of its Subsidiaries (for the vesting period or any other period of time) nor interfere in any way with the Company's right to terminate your employment.

**Applicable Law and Arbitration**

This Agreement will be subject to and interpreted in accordance with the laws of the State of Delaware, without reference to the principles of conflicts of laws, and applicable Federal or other securities laws. Any dispute, controversy or claim arising out of or relating to the Plan or this Agreement that cannot be resolved by you on the one hand and the Company on the other, shall be submitted to arbitration in accordance with the terms of the Plan, except to the extent otherwise provided in this Agreement with respect to injunctive relief in aid of arbitration.

**Delivery of Documents**

The Company may, in its sole discretion, decide to deliver any documents related to this Award or other Awards granted to you under the Plan by electronic means. By signing the Cover Sheet, you consent to receive all documents related to this Award or other Awards granted to you under the Plan by electronic delivery and agree to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

**Amendment**

The terms and conditions of this Agreement and the PSUs may be amended by the Committee or the Board as permitted by the Plan.

The text of the Plan and any amendments thereto are incorporated in this Agreement by reference.

This Agreement, the Cover Sheet and the Plan constitute the entire understanding between you and the Company regarding the PSUs. Any prior agreements, commitments or negotiations concerning the PSUs are superseded. In the event there is any express conflict between the Cover Sheet, this Agreement and the terms of the Plan, the terms of the Plan shall govern.

**The Plan and Other Agreements**

***By signing the Cover Sheet of this Agreement, you agree to all of the terms and conditions described above and in the Plan and evidence your acceptance of the powers of the Committee of the Board of Directors of the Company that administers the Plan.***

**HOSTESS BRANDS, INC.  
PERFORMANCE SHARE UNIT AWARD AGREEMENT**

**Exhibit A**

The PSUs will vest based on the Company's total shareholder return ("TSR") for the Performance Period compared to the TSR of the companies in the S&P Composite 1500 Packaged Foods and Meats Sub Index (the "Peer Group Companies") for the Performance Period (the "Relative TSR"), subject to the Maximum Cap described below.

TSR for the Company and each Peer Group Company for the Performance Period shall be calculated as follows:

- the (x) Average Final Price minus the Average Initial Price, plus Reinvested Dividends, divided by (y) the Average Initial Price.
- The "Average Initial Price" is equal to the average closing price of a share of such company's stock during the 20 trading day period ending immediately prior to the first day of the Performance Period.
- The "Average Final Price" is equal to the average closing price of a share of such company's stock during the last 20 trading days in the Performance Period.
- "Reinvested Dividends" shall be calculated by multiplying (x) the aggregate number of shares of each company's stock (including fractional shares) that could have been purchased during the Performance Period had each cash dividend paid on a single share during the Performance Period been immediately reinvested in additional shares of such company's stock (or fractional shares) at the closing price per share of such company's stock on the applicable dividend payment date by (y) the average daily closing price per share of such company's stock calculated for the last 20 trading days in the Performance Period.

At the end of the Performance Period, the Company's TSR and the TSR of each of the Peer Group Companies will be ranked from highest to lowest (for clarity, the Company's TSR will be excluded from the comparator set for ranking). The number of PSUs that vest will be determined based on the Company's Relative TSR as follows:

Performance	Company Relative TSR Rank	Number of PSUs that Vest
<b>Maximum</b>		
<b>Target</b>		
<b>Threshold or below</b>		

If the Company's Relative TSR rank is between the threshold Performance Goal and the target Performance Goal or between the target Performance Goal and the maximum Performance Goal, the number of Vested PSUs will be determined by linear interpolation between the respective performance inflection points.

Notwithstanding anything in this Exhibit A or the Agreement to the contrary, if the Company's TSR for the Performance Period (as calculated in accordance with the formula set forth above) is a negative number, the number of PSUs that vest shall not exceed the target number of PSUs (regardless of whether the Company's Relative TSR rank is between the target Performance Goal and the maximum Performance Goal), as set forth on the Cover Sheet (such limitation, the "Maximum Cap").

Any PSUs that do not vest on the Vesting Date shall be forfeited.

For the avoidance of doubt, the Peer Group Companies shall consist of the following companies, which are the companies in the S&P Composite 1500 Packaged Foods and Meats Sub Index as of the first day of the Performance Period:

[LIST]

- In the event of a merger, acquisition or business combination transaction of a Peer Group Company during the Performance Period in which such Peer Group Company is the surviving entity and remains publicly traded, the surviving entity shall remain a Peer Group Company. Any entity involved in the transaction during the Performance Period that is not the surviving company shall no longer be a Peer Group Company.
- In the event of a merger, acquisition or business combination transaction of a Peer Group Company, a "going private" transaction or other event involving a Peer Group Company or the liquidation of a Peer Group Company (other than a bankruptcy as described below), in each case during the Performance Period and where the Peer Group Company is not the surviving entity or is no longer publicly traded, such Peer Group Company shall no longer be a Peer Group Company.
- Notwithstanding the foregoing, in the event of a bankruptcy of a Peer Group Company during the Performance Period where the Peer Group Company is not publicly traded at the end of the Performance Period, such Peer Group Company shall remain a Peer Group Company but shall be deemed to be ranked last among all Peer Group Companies.

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF  
THE SARBANES-OXLEY ACT OF 2002**

I, Andrew P. Callahan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Hostess Brands, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2023

/s/ Andrew P. Callahan

*President and Chief Executive Officer  
(Principal Executive Officer)*



**CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER PURSUANT TO SECTION 302 OF  
THE SARBANES-OXLEY ACT OF 2002**

I, Travis E. Leonard, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Hostess Brands, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2023

/s/ Travis E. Leonard

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*Executive Vice President, Chief Financial Officer*  
*(Principal Financial Officer)*

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of Hostess Brands, Inc., (the "Company") on Form 10-Q for the fiscal quarter ended March 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Andrew P. Callahan, Chief Executive Officer of the Company, certify, based on my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 9, 2023

/s/ Andrew P. Callahan

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*President and Chief Executive Officer  
(Principal Executive Officer)*

This certification accompanies the Report to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-K), irrespective of any general incorporation language contained in such filing.

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO SECTION 906  
OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of Hostess Brands, Inc., (the "Company") on Form 10-Q for the fiscal quarter ended March 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Travis E. Leonard, Principal Financial Officer of the Company, certify, based on my knowledge, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 9, 2023

/s/ Travis E. Leonard

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*Executive Vice President, Chief Financial Officer  
(Principal Financial Officer)*

This certification accompanies the Report to which it relates, is not deemed filed with the Securities and Exchange Commission and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of the Form 10-K), irrespective of any general incorporation language contained in such filing.