

Lancaster Colony Corporation



BAIRD

2023 Global Consumer, Technology & Services Conference
June 7, 2023



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Evolution of Lancaster Colony ...

P3

1961 – 2013



- Established 1961 and grew through numerous acquisitions
- In 2007, commenced strategic plan to divest of all non-food businesses

2014 – 2022



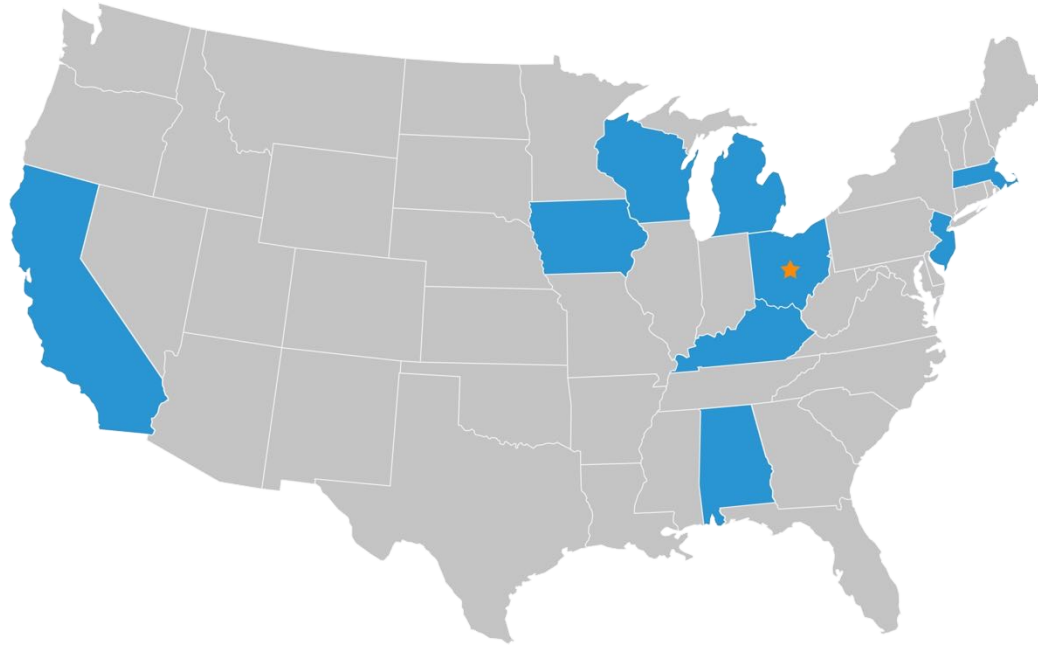
SAP S/4 HANA

- Portfolio streamlined to exclusively food with sale of Candle business in 2014
- Beginning in 2019, a period of investment in assets and capabilities to grow and support the next phase of our business. Key investments:
 - ✓ New Innovation Center
 - ✓ Increased production capacity for dressings and sauces
 - ✓ New, scalable ERP platform

2023 and Beyond



- Period of increased investments concludes
- Leverage new, scalable infrastructure to pursue existing and new pathways to both organic and inorganic growth



- Manufacturer and Marketer of Specialty Food Products
- Established in 1961
- Headquartered in Westerville, Ohio
- Fiscal 2022 Net Sales of \$1.7 Billion (primarily U.S.)
- 15 Production Facilities in Nine States
- Approximately 3,200 Employees



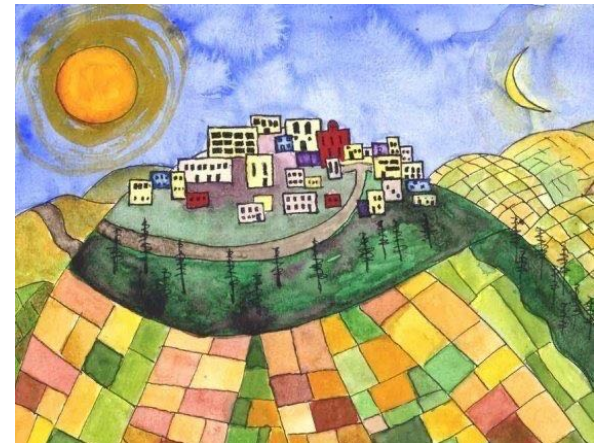
- Leading Market Share Positions in Retail Food Categories
- Supplier to 17 of the Top 30 National Restaurant Chains
- Growing and Consumer-Relevant Retail Licensing Program
- Long History of Sustained Organic Sales Growth
- Strong Cash Flows
- One of 13 U.S. Companies to have Increased Regular Cash Dividend for 60 Consecutive Years

1. Defined Winning - Pursue Top Quartile Financial Performance

- Grow Organic Sales Volumes Low- to Mid-Single Digit (pounds shipped basis)
- Grow Operating Margins

2. Developed Strategy

- Strategic Growth Initiatives
 - Accelerate Base Business Growth
 - Simplify Supply Chain
 - Expand Core with Retail Licensing Program and Focused M&A

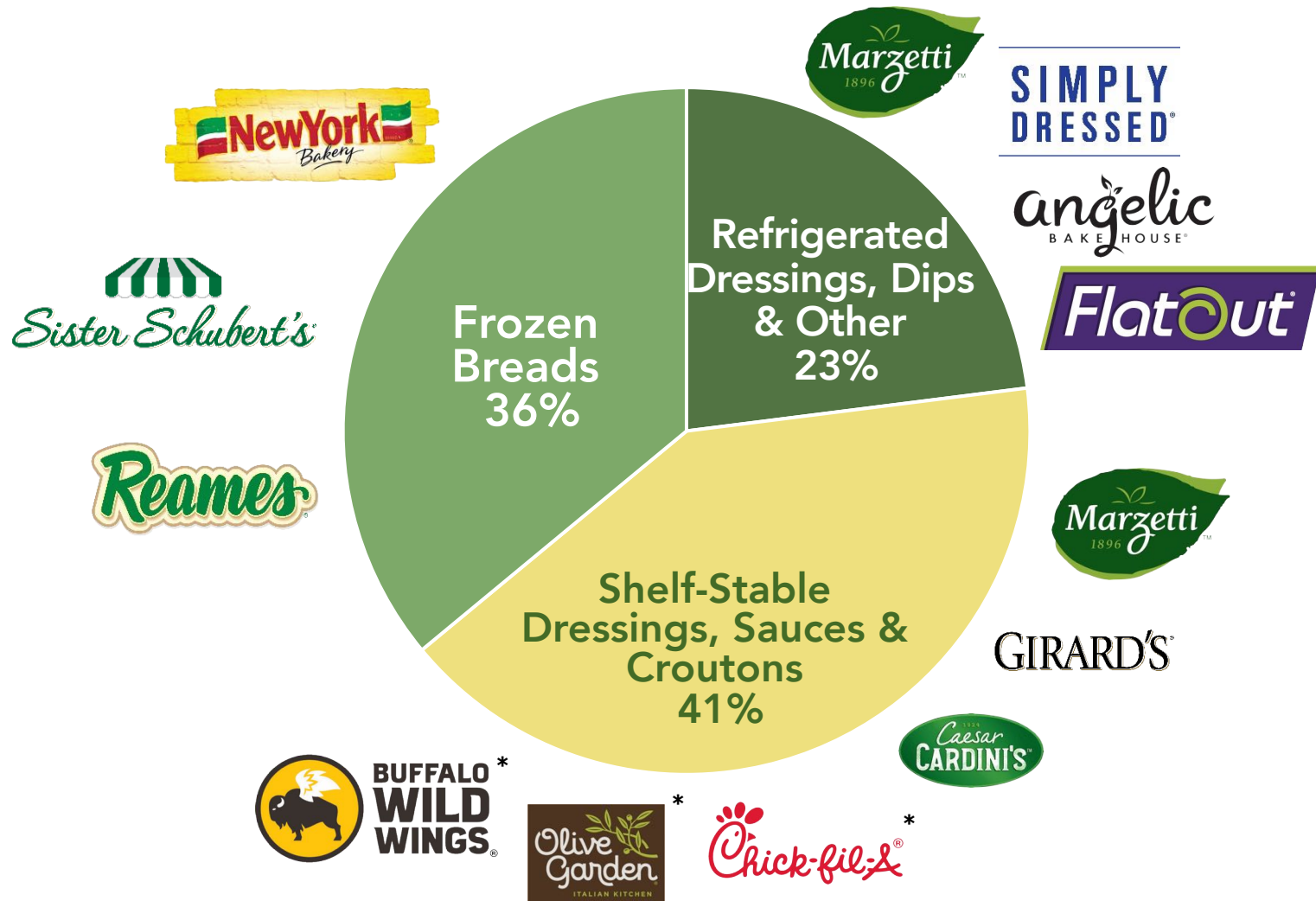


3. Strengthened Organization

- Top-Graded Talent
- Investing in Plants to Drive Efficiency and Support Growth
- Investing in IT Infrastructure to Improve Efficiency and Effectiveness
- All Supported by a Transcendent Vision to be a Purpose-Driven Organization

Retail Sales Mix (55% of Total Net Sales)

P7



Based on approximated net sales for the 12 months ending June 30, 2022.

* Products for these brands are produced and sold under exclusive licensing agreements.

Foodservice Sales Mix (45% of Total Net Sales)

P8



Based on approximated net sales for the 12 months ending June 30, 2022.

Retail Segment Growth Initiatives

P9

Initiative	Brand	Products	Initial Ship Date
Licensing		 	<p>Added Larger 24 oz. Chick-fil-A Sauce Fall 2022</p> <p>BBQ & Sriracha Flavors National Launch March 2023</p>
			<p>Arby's Sauce and Horsey Sauce Launch Fall 2022</p>
			<p>Added BWW Hot and Nashville Hot Flavors to BWW Lineup March 2022</p>

* Products for these brands are produced and sold under exclusive licensing agreements.

Retail Segment Growth Initiatives

P10

Initiative	Brand	Products	Initial Ship Date
Licensing			Added new Caesar flavor to Olive Garden Product Line March 2023
Innovation & Renovation			Introduced New Filled Bites Product Line Fall 2022
			Restaged Lineup of Marzetti Simply Refrigerated Dressings May 2023

* Products for these brands are produced and sold under exclusive licensing agreements.

Consumer-Relevant Retail Licensing Program



- Successfully developed exclusive licensing agreements through our proven culinary expertise, strong reputation and longstanding relationships in the foodservice channel combined with our demonstrated sales execution in the retail channel
- Per IRI scanner data*, retail channel sales of our licensed Chick-fil-A sauces, Buffalo Wild Wings sauces, Olive Garden dressings, and Arby's sauces, combined, totaled \$376 Million for the 52-week period ended April 2, 2023
- Opportunities for continued growth through established and potential future agreements supported by our capacity expansion investments

Dressings and Sauces for the brands noted above are produced and sold to the retail channel under exclusive licensing agreements with Lancaster Colony.

** IRI Total U.S. Multi-Outlet data for the 52 weeks ended 4/2/2023.*

Simplify Supply Chain and Reduce Costs

Lean Six Sigma Program

Since introduction in Fiscal 2018, program has focused on personnel development and cost savings ...

- Volunteers across the company representing all areas of the business
- Significant cost savings

As the program grows, we will pursue the assignment and completion of projects that align with our key business goals and priorities ...

- Participants nominated by leaders in conjunction with personal development plans
- Certified belts continue in their mission to eliminate waste and system losses focusing on projects aligned with organizational goals and business priorities
- Pursuit of projects to support continuous improvement
- Added focus on Root Cause Analysis or “white belts level” training for employees at all manufacturing facilities
- Further cost savings



Simplify Supply Chain and Reduce Costs

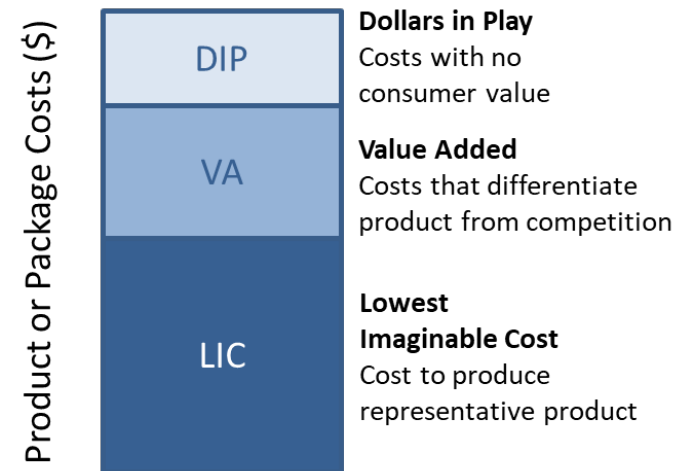
Value Engineering (VE) to Help Offset Cost Inflation and Improve Profitability

Identify opportunities to reduce product and packaging costs that consumer doesn't value

- Lower-cost packaging materials
- Alternative/substitute ingredients
- Coordinated/cross-functional initiative among R&D, Marketing, Procurement, Manufacturing/Engineering and Finance



VE Approach



Simplify Supply Chain and Reduce Costs

Strategic Procurement

- Should-Cost Modeling
- More Extensive Competitive Bidding
- Strategic Supplier Selection
- Extending Payment Terms



Simplify Supply Chain and Reduce Costs

Transportation and Warehousing Initiatives

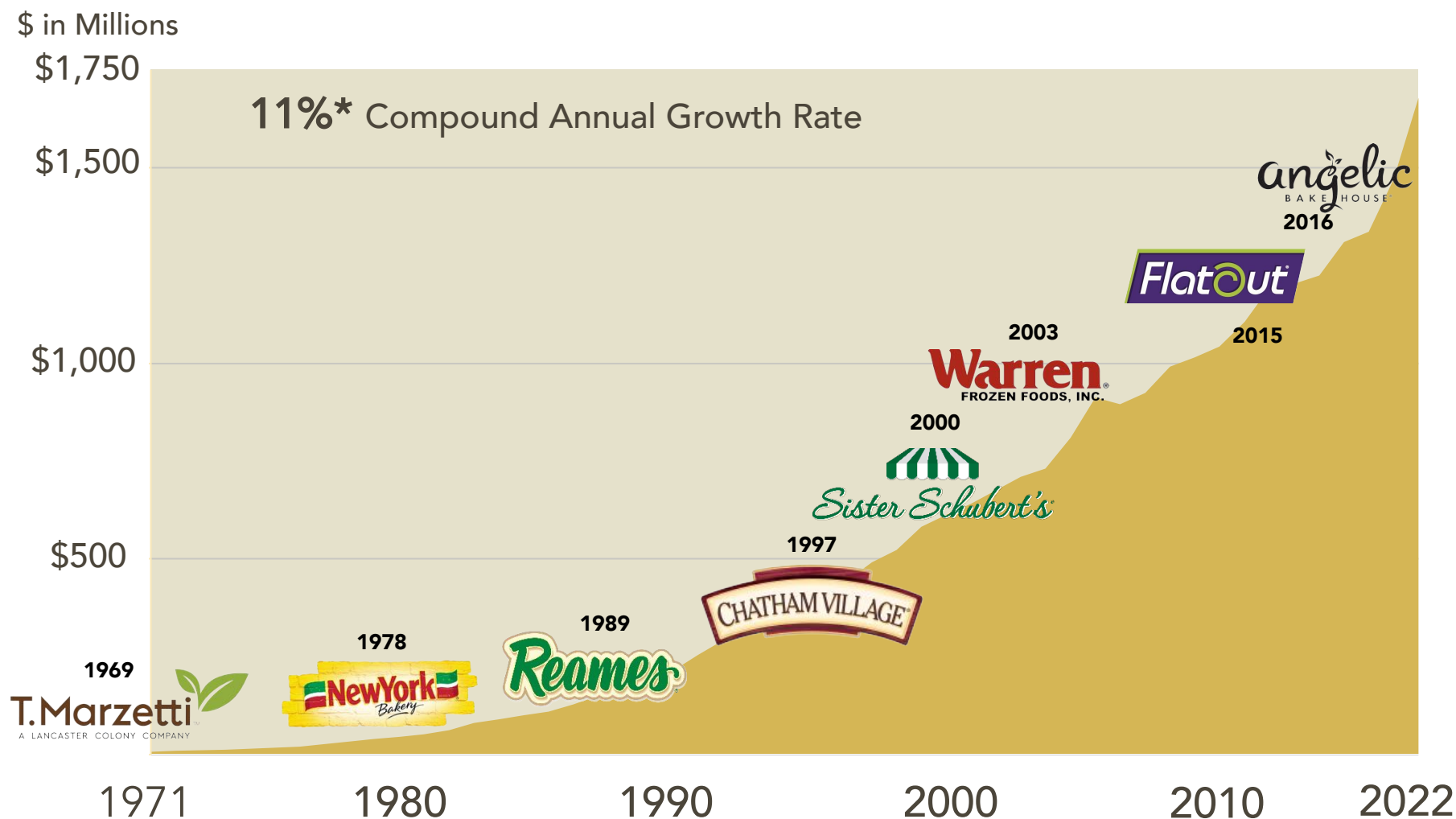
- Transportation Management System
- Expanded Base of Dedicated Carriers
- Lane and Truckload Optimization
- Mixing Centers
- Added New Columbus-Based Warehouse Location and Pursuing Other Initiatives to Reduce Material Handling Costs, Decrease Third-Party Warehouse Needs and Improve Inventory Management

Project T²



Successful Track Record of Growth through Acquisitions

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Net sales information is presented as originally reported in Lancaster Colony's Annual Report for the fiscal years ending June 30. Therefore, certain years may not reflect adjustments for subsequent accounting changes.

*Compound Annual Growth Rate calculated from Fiscal 1972 through Fiscal 2022.

Strengthened Leadership Team

- Supply Chain
- R&D and Quality
- Retail
- Foodservice
- Information Technology
- Finance



Established Transformation Program Office

- ERP Initiative

Aligned Compensation Incentives with Sales Growth, Operating Income Growth and Shareholder Returns

Investing to Drive Efficiency and Support Growth

Significant Capacity Expansion Project for Dressings and Sauces



- Added 192,000 square feet to existing facility in Horse Cave, KY
- Provides increased processing, warehousing and utilities to expand production capacity and support continued growth of our dressing and sauce products in both the Retail and Foodservice segments
- Total capital expenditure of ~\$140 Million, with approximately \$55 Million spent in Fiscal 2023 to complete project
- Project reached substantial completion in March 2023

Building a Solid Foundation for ESG Disclosure and Performance

Materiality assessment, disclosure frameworks, ESG ratings & disclosure best practices



Executing repeatable disclosure strategy



Working to align Corporate efforts to the ESG Ecosystem



Benchmark peer performance, ratings, and survey feedback to prioritize future efforts



The logo consists of the letters 'ESG' in a bold, sans-serif font. The 'E' is green, while the 'S' and 'G' are a darker teal color.

LANCASTER COLONY
CORPORATION

2022

ENVIRONMENTAL,
SOCIAL AND
GOVERNANCE REPORT

This Corporate Sustainability Report (CSR) covers the activities of Lancaster Colony for the fiscal year ending June 30, (FY21).

Developing Enterprise Sustainability & ESG Program

- ▶ Evaluating conformance with established reporting and disclosure frameworks
- ▶ Performing gap assessments of our sustainability program elements to identify areas for improvement
- ▶ Benchmarking selected industry peers'/leaders' sustainability program attributes
- ▶ Developing sustainability policy, strategy, programs, and implementation plans
- ▶ Establishing key performance indicators

Financial Performance – Fiscal YTD Nine Months Ended March 31, 2023 P21

\$ in Millions

(Except Per Share Values)

Fiscal 2023 Year-To-Date Results vs. Prior Year

(Nine Months Ended March 31, 2023)

	Value	\$ Change	% Change
Consolidated Net Sales	\$1,367.9	\$143.9	11.8%
Gross Profit	\$295.4	\$38.1	14.8%
SG&A	\$165.4	\$7.4	4.7%
Operating Income	\$130.0	\$51.8	66.3%
Earnings Per Share (Diluted)	\$3.71	\$1.51	68.6%

Note: In the prior-year period (Nine Months Ended March 31, 2022), Restructuring and Impairment Charges reduced Operating Income and Earnings Per Share (Diluted) by \$24.7 MM and \$0.68, respectively, partially offset by a Change in Contingent Consideration that increased Operating Income and Earnings Per Share (Diluted) by \$3.5 MM and \$0.10, respectively.

Strong Balance Sheet

P22

\$ in Millions

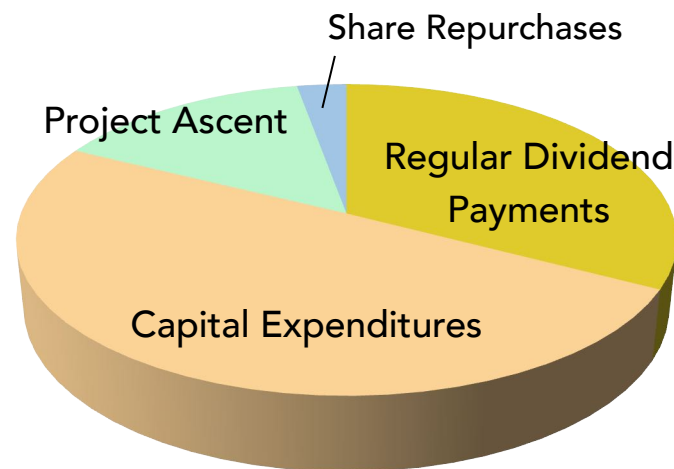
	June 30			Mar 31
	2020	2021	2022	2023
Cash and Equivalents	\$198	\$188	\$60	\$83
Total Debt	\$0	\$0	\$0	\$0

- Debt Free
- Credit Revolver of \$150 Million, Expandable up to \$225 Million
- Investments in Capacity Expansion Projects and ERP System (Project Ascent) to Support Continued Growth ... Fiscal 2022 Capital Expenditures totaled \$132 Million, with an additional \$39 Million Invested in Project Ascent

Cash Priorities

- Invest in Existing Business
 - Fiscal 2023 capital expenditures estimated at \$100 Million (including ~\$55 Million to complete significant capacity expansion project)
- Good-Fitting Acquisitions
- Regular Dividends
 - Quarterly cash dividend paid on December 30, 2022, was increased 6% from \$0.80 to \$0.85 per common share, marking 60 consecutive years of regular cash dividend increases
- Opportunistic Share Repurchases

Fiscal 2022 – Major Cash Uses



Appendix A

Supplemental Financial Information

Results of Consolidated Operations – Current Fiscal Year Periods A1

RESULTS OF CONSOLIDATED OPERATIONS

(Dollars in thousands, except per share data)	Three Months Ended March 31,		Change		Nine Months Ended March 31,		Change	
	2023	2022			2023	2022		
Net Sales	\$ 464,935	\$ 403,494	\$ 61,441	15 %	\$1,367,866	\$ 1,223,977	\$ 143,889	12 %
Cost of Sales	370,698	335,162	35,536	11 %	1,072,472	966,676	105,796	11 %
Gross Profit	94,237	68,332	25,905	38 %	295,394	257,301	38,093	15 %
Gross Margin	20.3 %	16.9 %			21.6 %	21.0 %		
Selling, General and Administrative Expenses	64,829	54,526	10,303	19 %	165,361	157,920	7,441	5 %
Change in Contingent Consideration	—	(1,300)	1,300	(100)%	—	(3,470)	3,470	(100)%
Restructuring and Impairment Charges	—	22,723	(22,723)	(100)%	—	24,651	(24,651)	(100)%
Operating Income (Loss)	29,408	(7,617)	37,025	486 %	130,033	78,200	51,833	66 %
Operating Margin	6.3 %	(1.9)%			9.5 %	6.4 %		
Other, Net	607	119	488	410 %	815	250	565	226 %
Income (Loss) Before Income Taxes	30,015	(7,498)	37,513	500 %	130,848	78,450	52,398	67 %
Taxes Based on Income (Loss)	5,460	(3,015)	8,475	281 %	28,728	17,908	10,820	60 %
Effective Tax Rate	18.2 %	40.2 %			22.0 %	22.8 %		
Net Income (Loss)	\$ 24,555	\$ (4,483)	\$ 29,038	648 %	\$ 102,120	\$ 60,542	\$ 41,578	69 %
Diluted Net Income (Loss) Per Common Share	\$ 0.89	\$ (0.17)	\$ 1.06	624 %	\$ 3.71	\$ 2.20	\$ 1.51	69 %

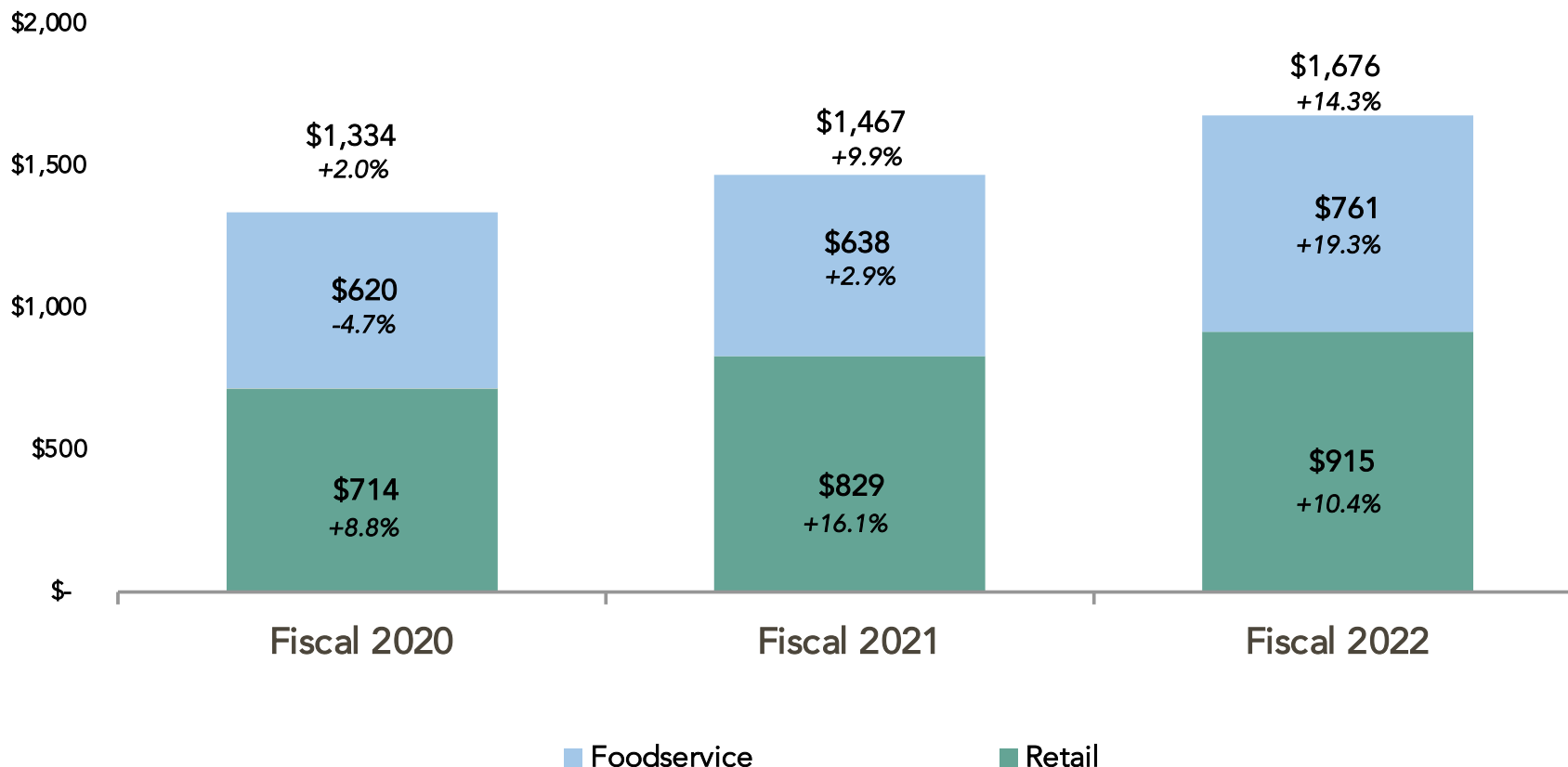
Strong Growth in Retail; Foodservice Demand Impacted by COVID-19 Fiscal 22 Sales Gains Driven by Pricing Actions Taken to Offset Inflation

A2

Fiscal Year Net Sales Results

Fiscal Years Ended June 30

\$ in Millions



Note: Totals and year-over-year percentage changes presented above are based on unrounded dollar values. Totals may not foot and percentage values may not recalculate based on the rounded dollar values shown above.

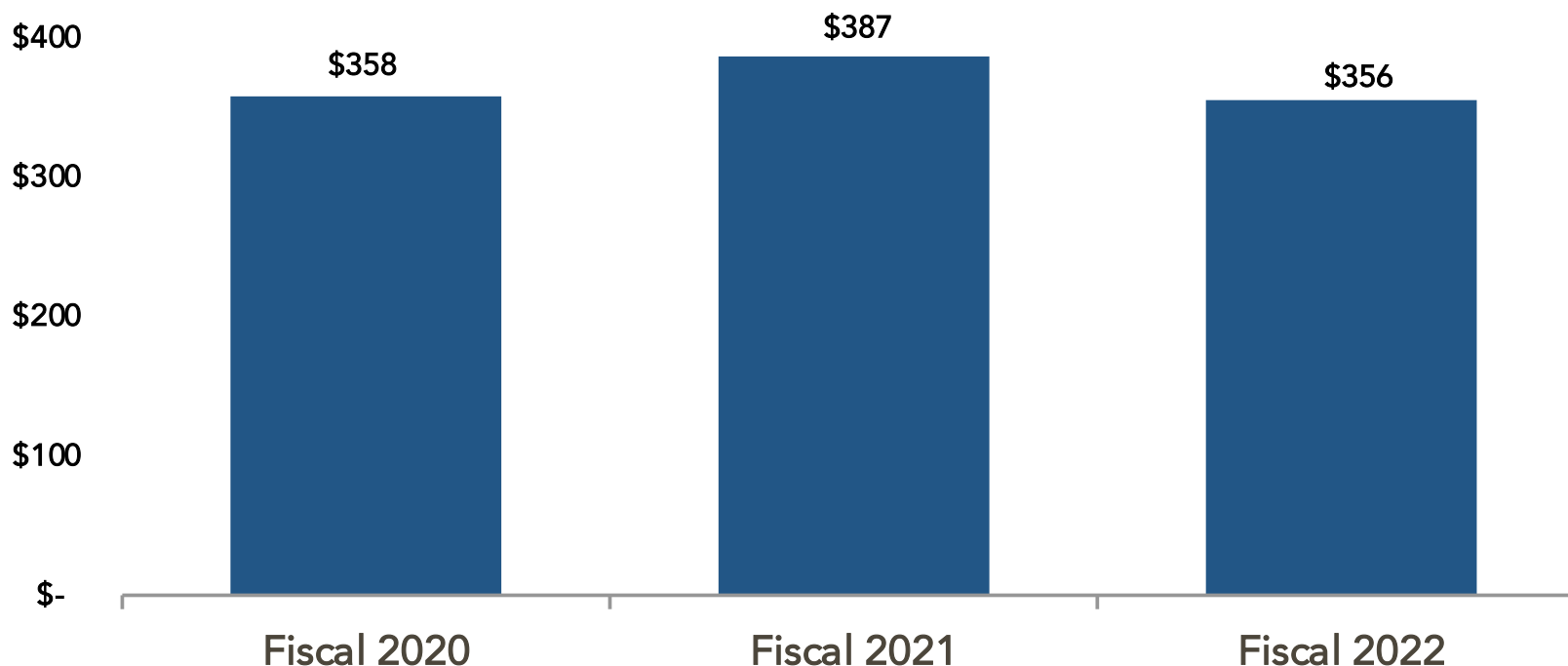
Gross Profit Impacted by Inflationary Costs, Supply Chain Disruptions and Other COVID-19 Factors

A3

Fiscal Year Gross Profit Results

Fiscal Years Ended June 30

\$ in Millions



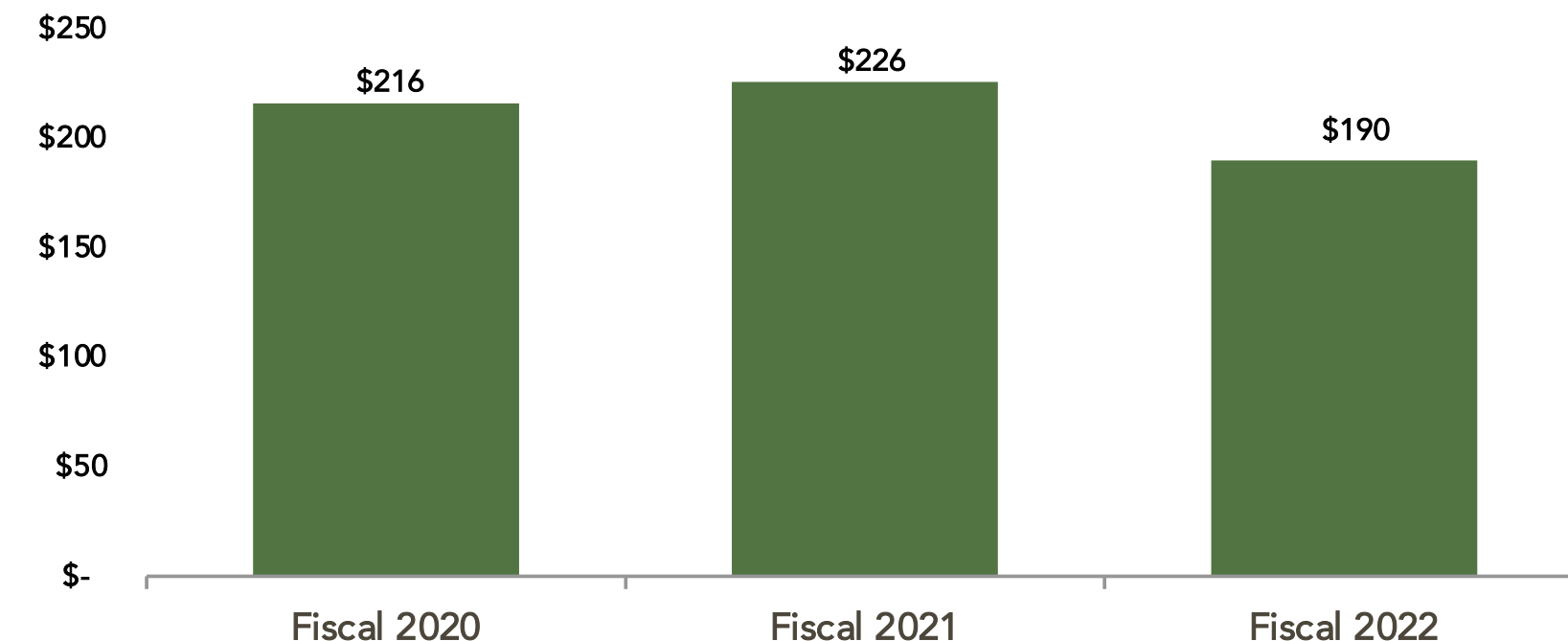
EBITDA Impacted by Inflationary Costs, Supply Chain Disruptions and Other COVID-19 Factors

A4

Fiscal Year Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)*

Fiscal Years Ended June 30

\$ in Millions



** Expenditures for
Project Ascent

\$18.0 MM

\$37.9 MM

\$39.3 MM

* Calculation of EBITDA values excludes non-cash change in contingent consideration and also excludes restructuring and impairment charges. Please refer to Appendix A for detailed calculation.

** EBITDA totals include the impact of expenditures for Project Ascent, our ERP initiative, as noted.

Fiscal Year EBITDA Calculation Details

A5

Calculation of Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) * (\$ in Millions)

	Fiscal Years Ending June 30,		
	<u>2020</u>	<u>2021</u>	<u>2022</u>
Income Before Income Taxes **	\$177	\$186	\$112
Depreciation and Amortization	\$38	\$45	\$46
Change in Contingent Consideration	\$0	(\$6)	(\$3)
Restructuring and Impairment Charges	<u>\$1</u>	<u>\$1</u>	<u>\$35</u>
EBITDA *	\$216	\$226	\$190

* As presented above, the EBITDA value calculation reflects adjustments to exclude Change in Contingent Consideration (a non-cash item) and Restructuring and Impairment Charges.

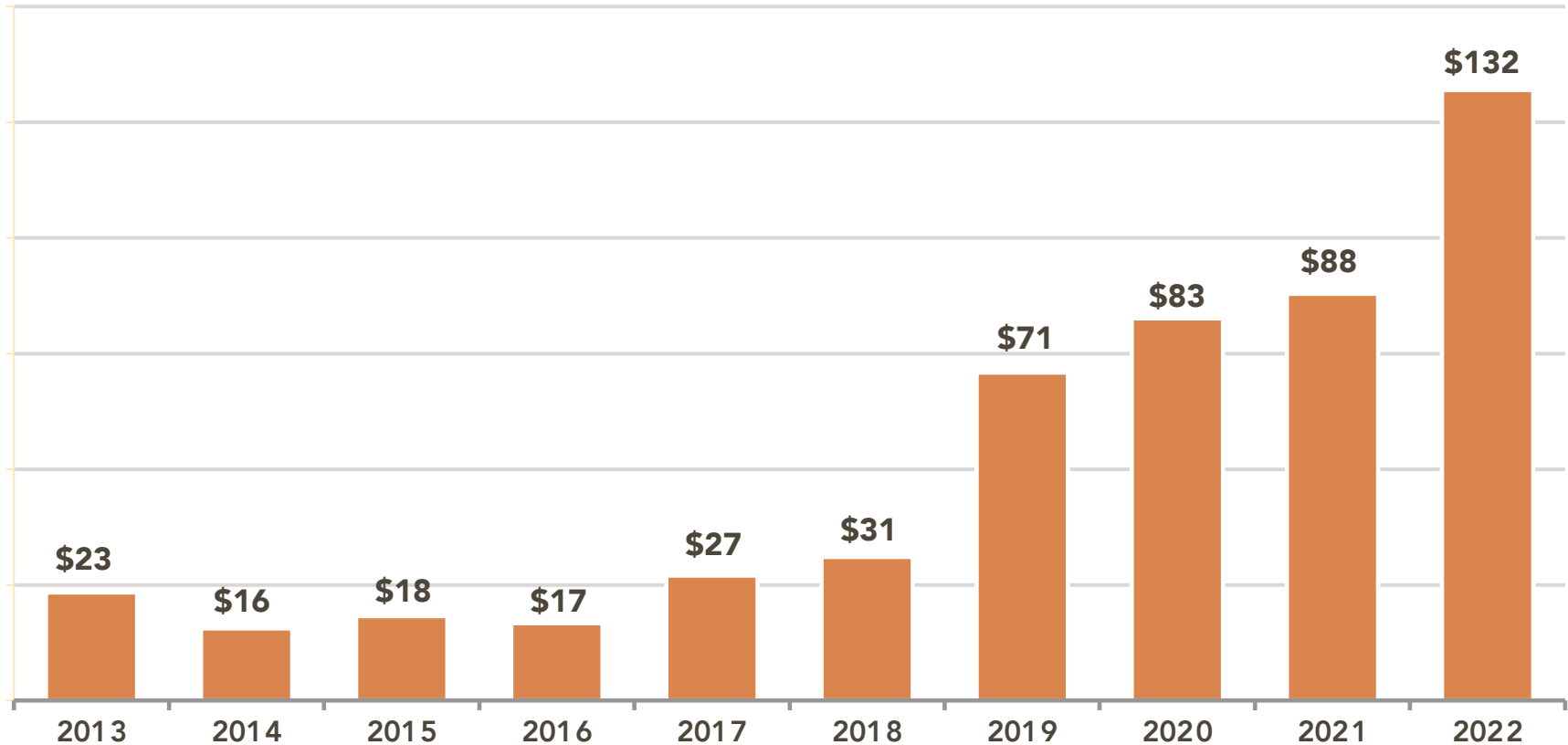
** Excludes interest income

Note: EBITDA value may not foot to sum of line items listed due to rounding.

Capital Expenditure History

A6

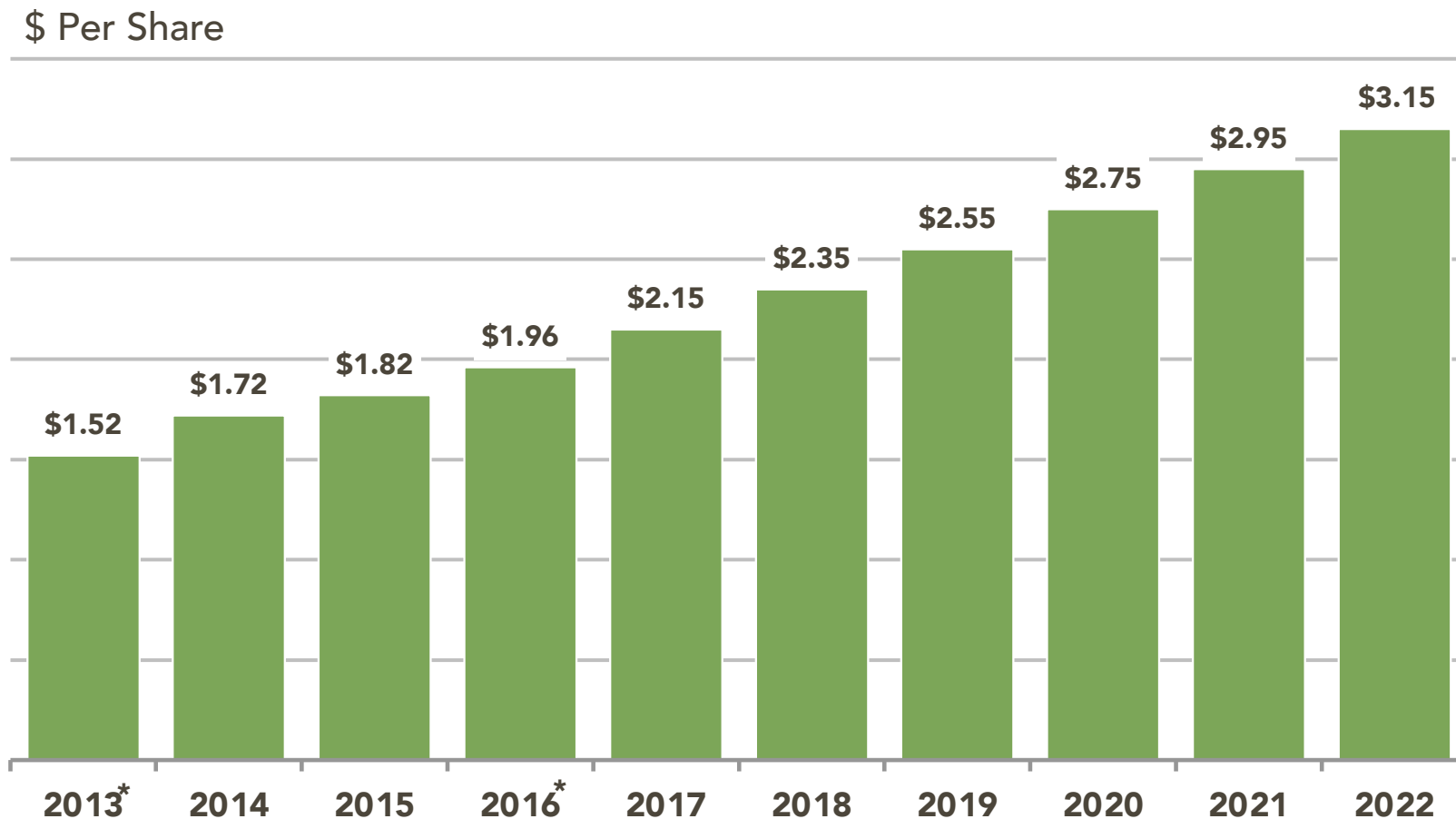
\$ in Millions



Fiscal years ended June 30.

Regular Cash Dividends Per Share

A7



Regular cash dividends for the fiscal years ended June 30.

* Excludes special cash dividends of \$5.00 per share paid in FY13 and \$5.00 per share paid in FY16.

Appendix B

Retail Brand Market Share and Related Information

Portfolio of Strong Brands and Licensing Relationships

(Retailer Sales and Market Share Data per IRI*)

B1

Marzetti®

Ref. Dressing

\$ Sales: 113.1MM

\$ Share: 23.2%

Dips

\$ Sales: 135.3MM

\$ Share: 80.1%



Sister Schubert's®

\$ Sales: 147.4MM

\$ Share: 53.0%



New York Brand® Bakery

\$ Sales: 283.9MM

\$ Share: 41.5%



Croutons (all brands)

\$ Sales: 91.1MM

\$ Share: 34.2%



Olive Garden SM ^

\$ Sales: 134.7MM

\$ Share: 6.3%



Chick-fil-A® ^

\$ Sales: 137.7MM

\$ Share: 14.1% (Prep/Finishing Sauce Subcategory)



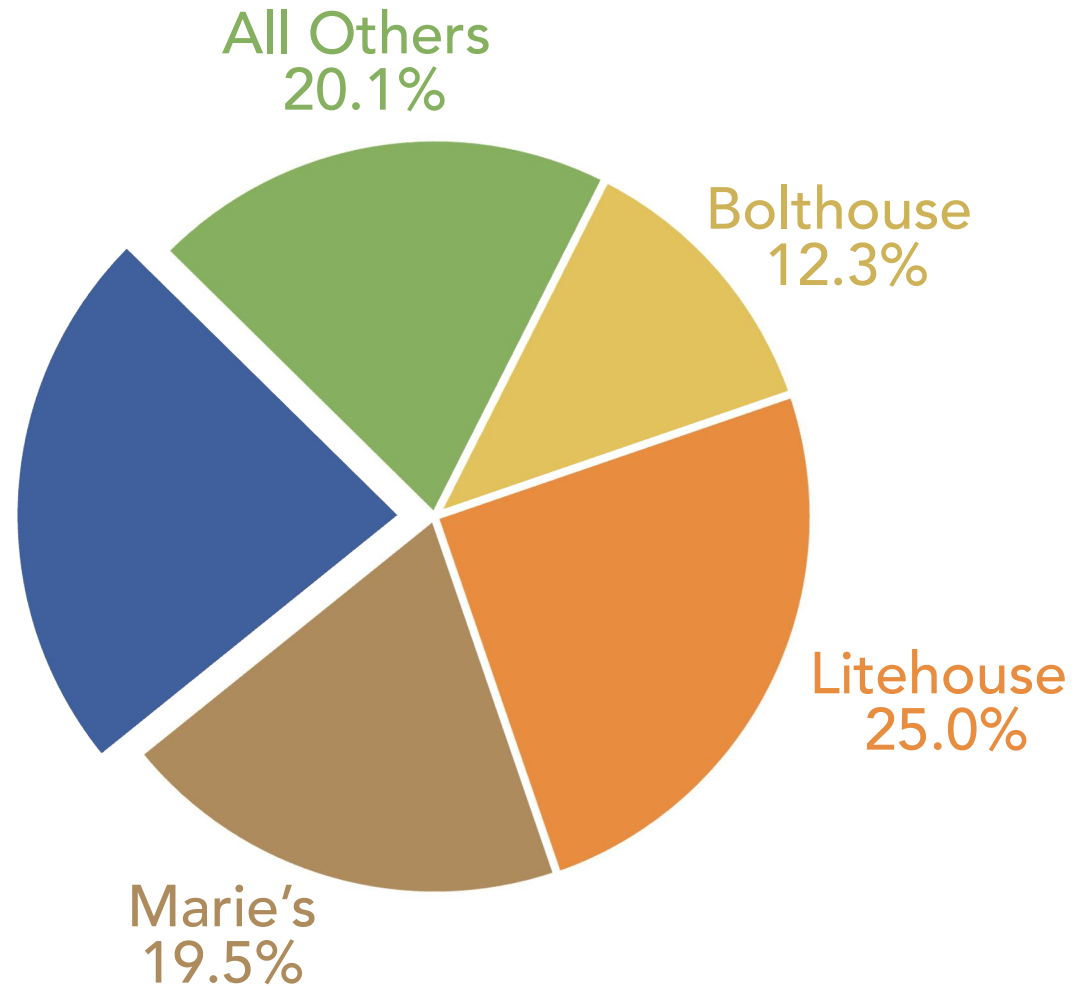
*Retailer sales and market share data for the 52 weeks ended 6/26/22. Source: IRI, Total U.S. Multi-Outlet

^ Products for these brands are produced and sold under exclusive licensing agreements.

Refrigerated Dressing Market Share

B2

Marzetti
23.2%



Total Category Sales: \$487.8 MM

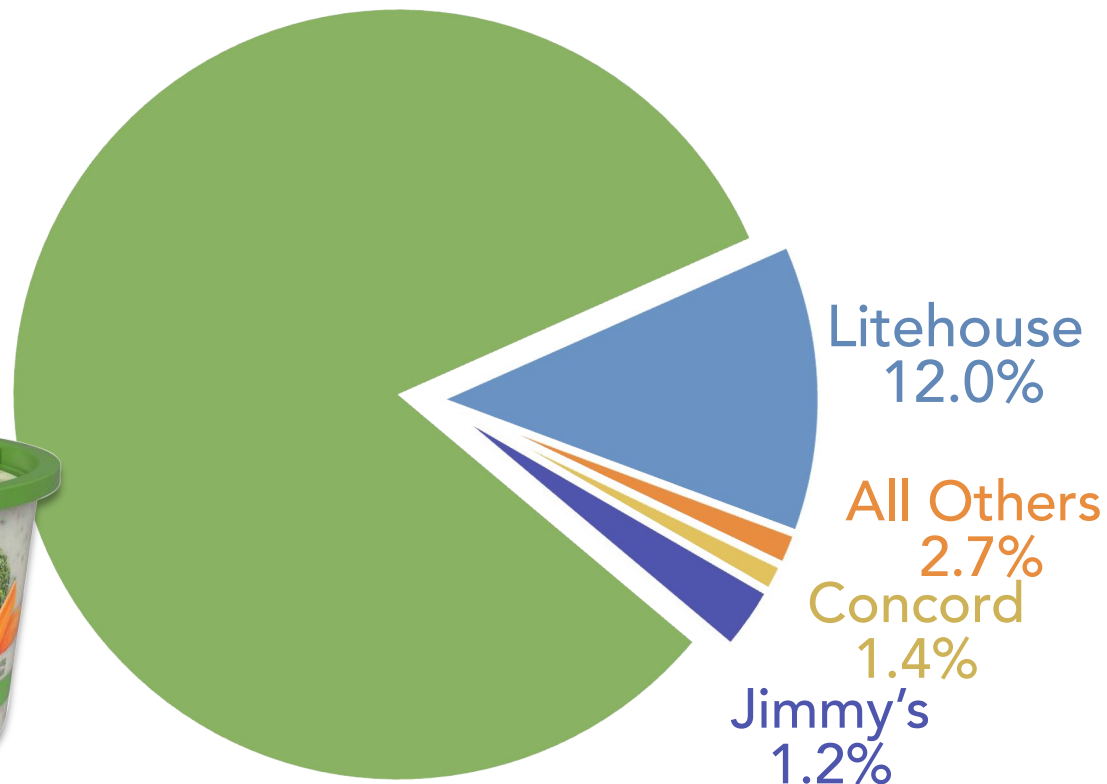
B3



Produce Dip Market Share

B4

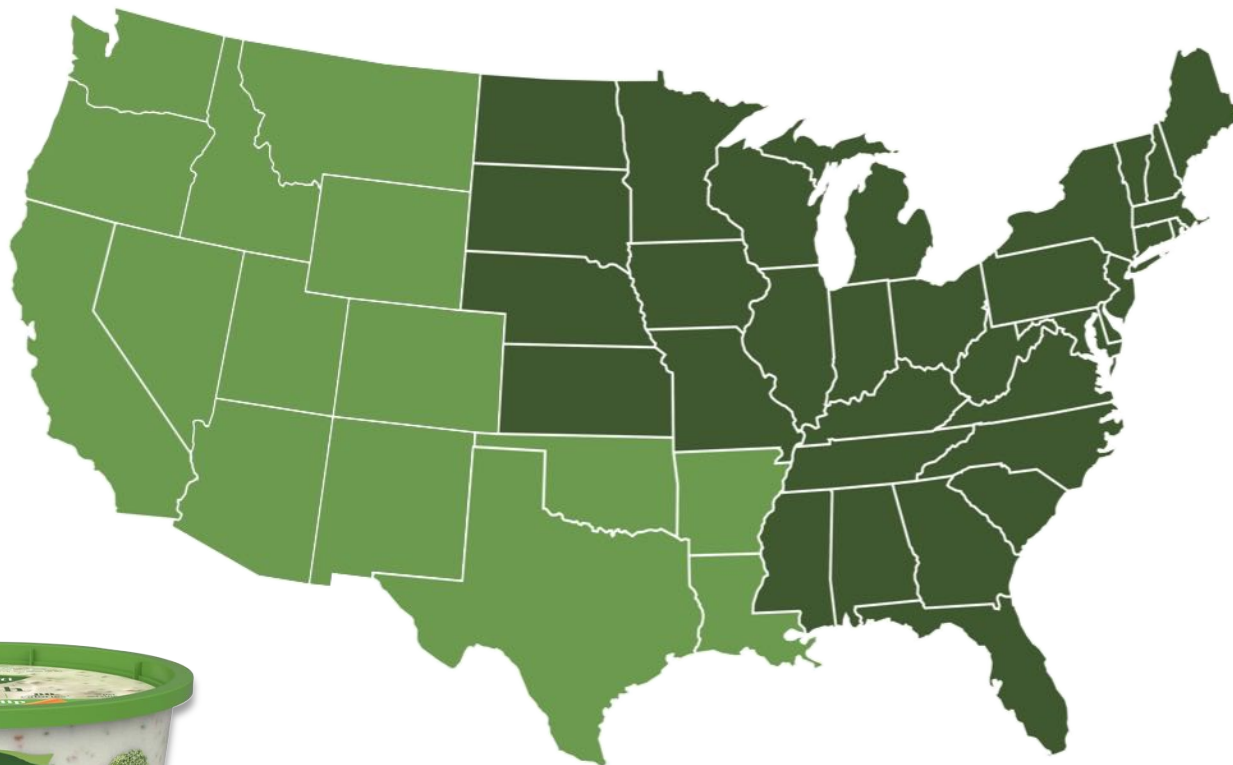
Marzetti
80.1%



Total Category Sales: \$169.0 MM

B5

- 21 - 80%
- 81 - 100%



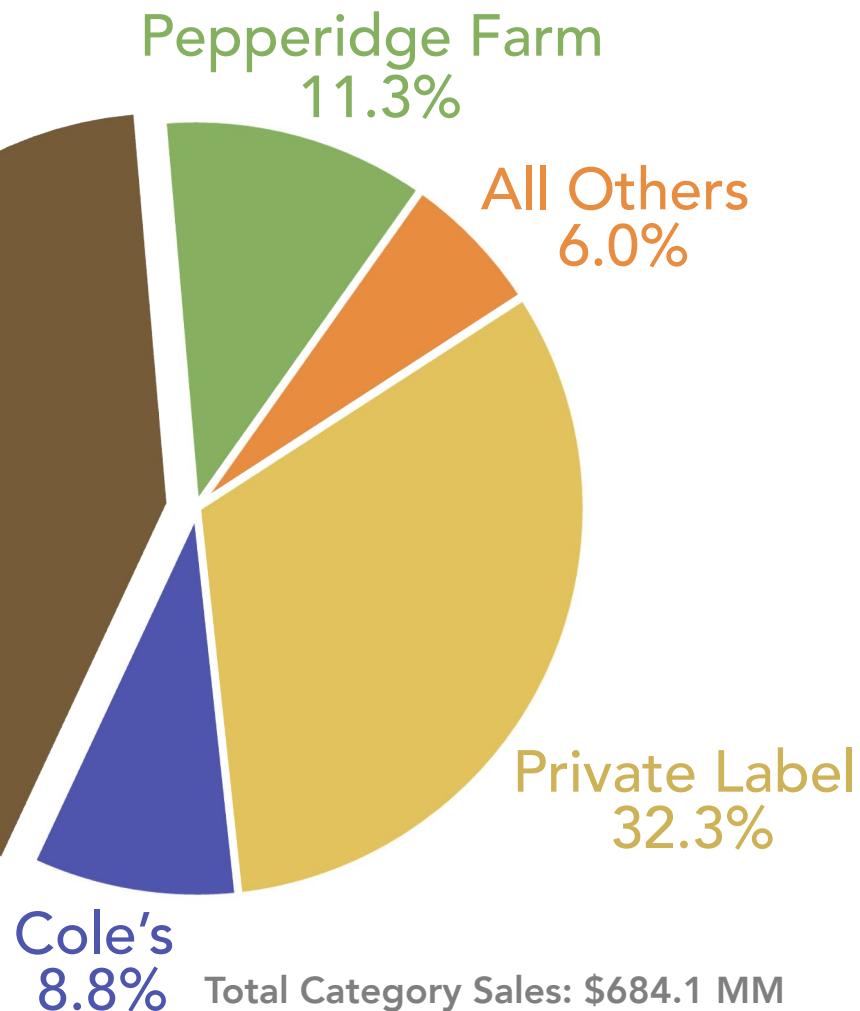
**Total U.S. Multi-Outlet
82.1% ACV Weighted Distribution**



Frozen Garlic Bread Market Share

B6

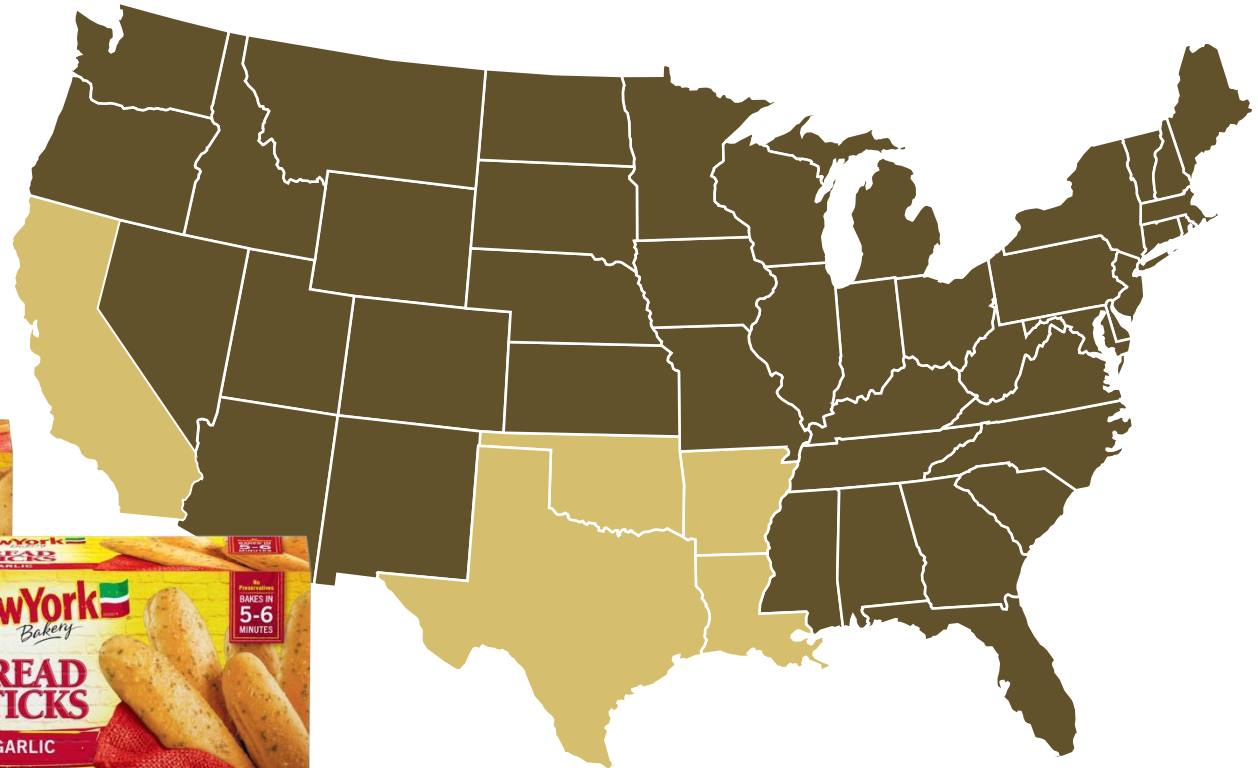
**New York Bakery
41.5%**



B7

81 - 90%

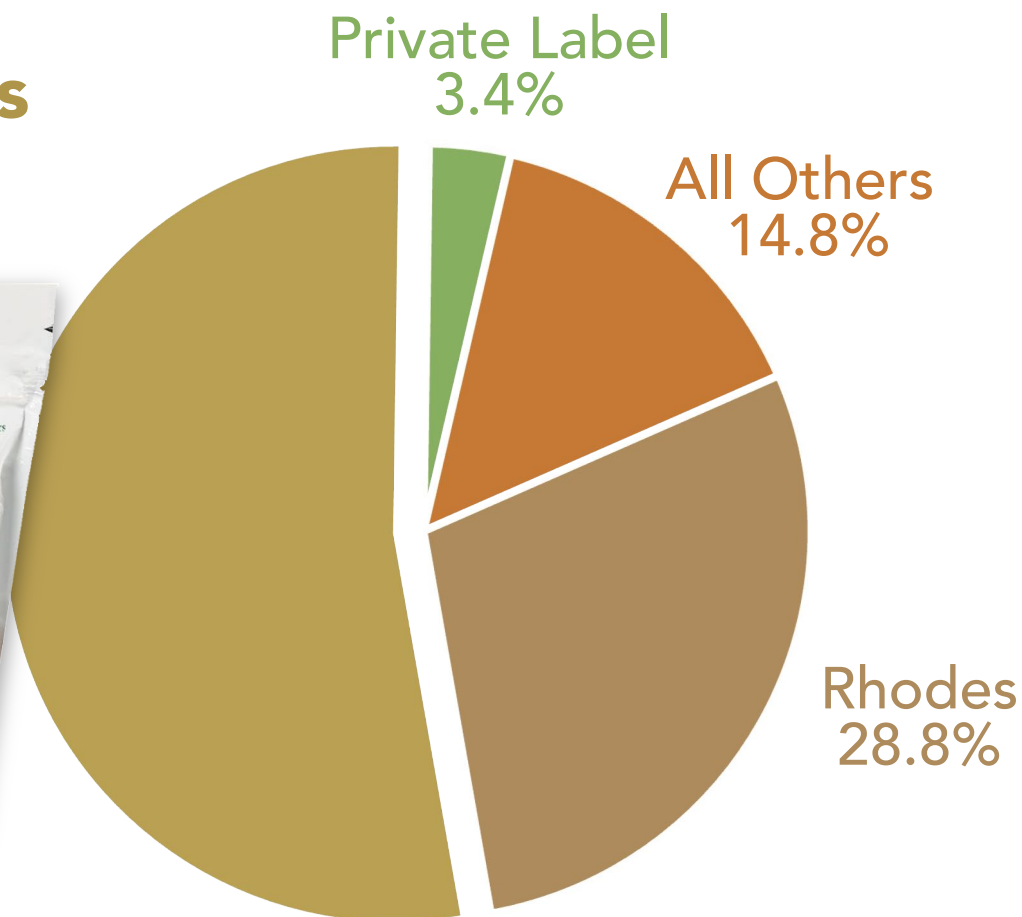
91 - 100%



**Total U.S. Multi-Outlet
92.2% ACV Weighted Distribution**



Sister Schubert's
53.0%

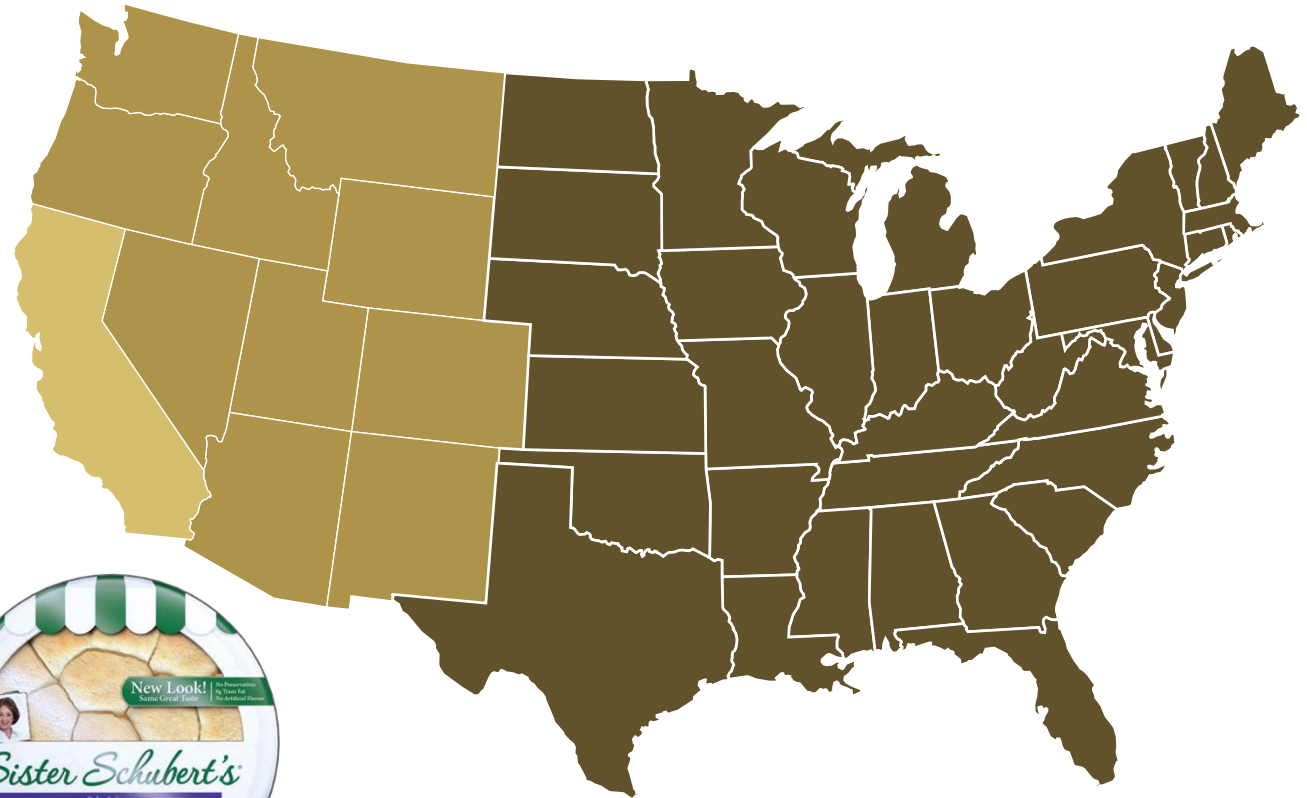
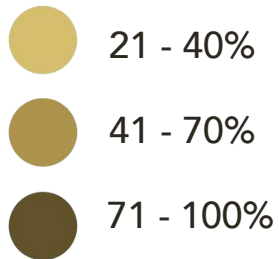


Total Category Sales: \$278.4 MM

Sister Schubert's Distribution

B9

ACV Distribution

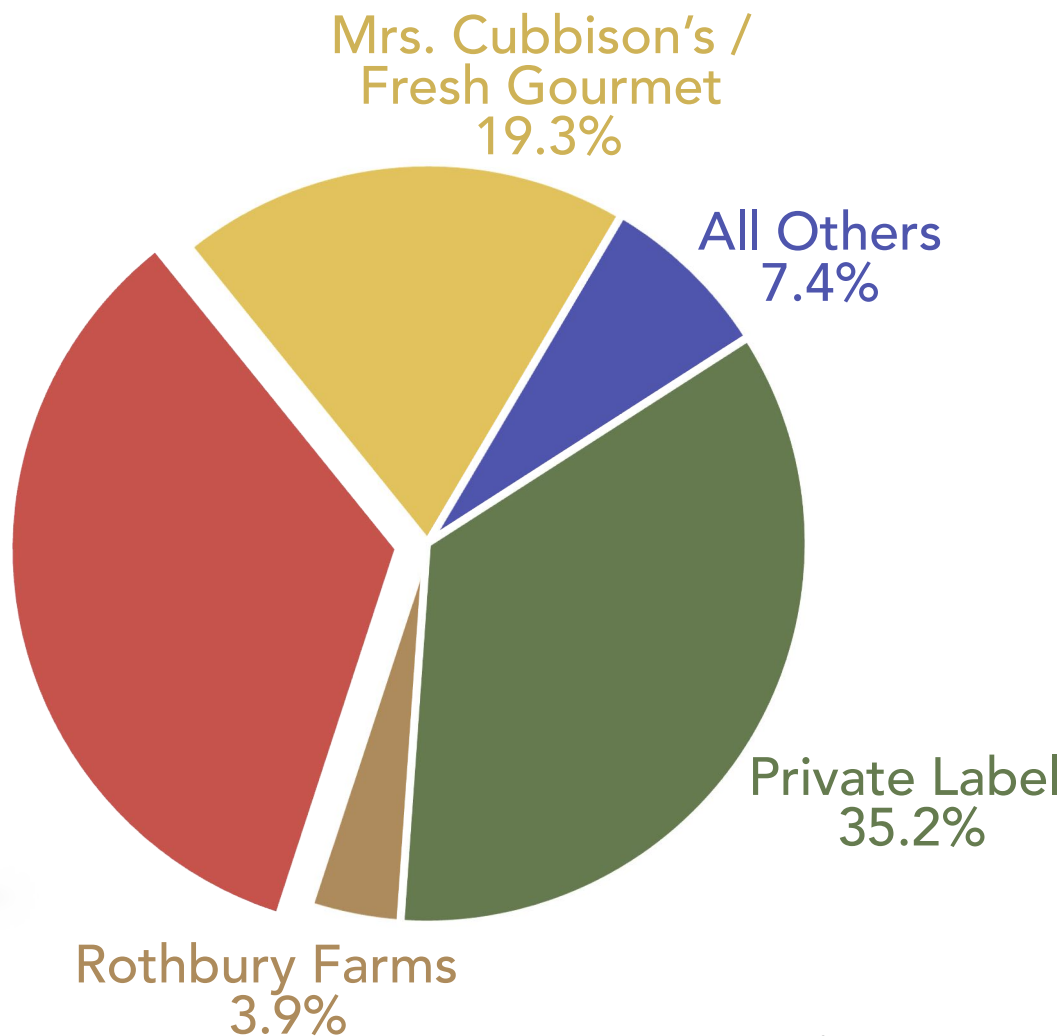


**Total U.S. Multi-Outlet
81.1% ACV Weighted Distribution**

Crouton Market Share

B10

**Marzetti, Cardini's,
New York Bakery,
Chatham Village
34.2%**

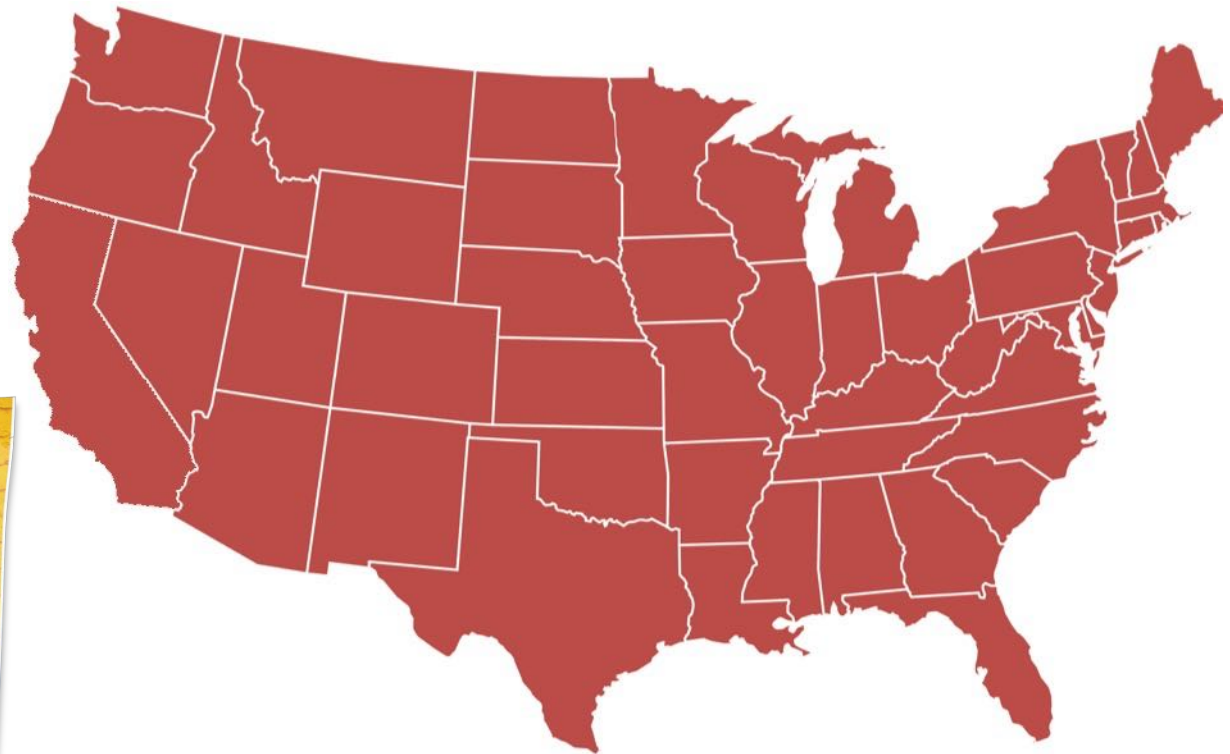
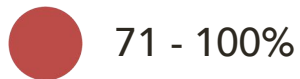


Total Category Sales: \$266.6 MM

New York Bakery Crouton Distribution

B11

ACV Distribution



Total U.S. Multi-Outlet
83.6% ACV Weighted Distribution

Lancaster Colony Is The Leader Amongst Our Peers In The Retail Channel For Both Dollar Sales Growth and Unit Sales Growth Per IRI *

B12

Compound Annual Growth Rates - Calendar Year 2019 to 2022		
	Dollar Sales CAGR	Unit Sales CAGR
LANCASTER COLONY	14.5%	8.8%
Peer A	9.7%	2.2%
Peer B	9.5%	2.0%
Peer C	7.9%	-1.8%
Peer D	7.3%	0.2%
Peer E	6.6%	-0.1%
Peer F	4.1%	-1.1%
Peer G	2.7%	-3.4%

Compound Annual Growth Rates - Calendar Year 2020 to 2022		
	Dollar Sales CAGR	Unit Sales CAGR
LANCASTER COLONY	12.2%	5.4%
Peer B	8.5%	-1.2%
Peer C	5.1%	-6.0%
Peer A	4.4%	-3.2%
Peer E	2.7%	-5.9%
Peer F	1.1%	-4.5%
Peer D	-1.1%	-6.5%
Peer G	-5.5%	-12.1%

*Source: IRI, Total U.S. – All Outlets for the calendar year periods noted. Dollar sales and unit sales used for this analysis are as provided by IRI for the companies noted with no adjustments for the impact of acquisitions or divestitures.

Note - Peer companies used for this evaluation, with an enterprise value ranging from about \$2.5 Billion to \$25 Billion as of February 2023, were (in alphabetical order of company name): B&G Foods, Inc.; Campbell Soup Company; J&J Snack Foods Corp.; McCormick & Company, Inc.; Post Holdings, Inc.; The Hain Celestial Group, Inc.; and The JM Smucker Company.