

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

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended September 29, 2024
TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Commission file number 0-7647

HAWKINS, INC.

(Exact name of registrant as specified in its charter)

Minnesota

41-0771293

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

2381 Rosegate, Roseville, Minnesota
(Address of principal executive offices)

55113
(Zip code)

(612) 331-6910

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$.01 per share	HWKN	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 (§232.405 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 the 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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 Exchange Act).

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

CLASS	Shares Outstanding at October 25, 2024
Common Stock, par value \$.01 per share	20,910,745

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

HAWKINS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(In thousands, except share data)

	September 29, 2024	March 31, 2024
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 7,526	\$ 7,153
Trade accounts receivables, net	115,221	114,477
Inventories	81,565	74,600
Prepaid expenses and other current assets	5,563	6,596
Total current assets	209,875	202,826
PROPERTY, PLANT, AND EQUIPMENT:	402,104	386,648
Less accumulated depreciation	184,642	177,774
Net property, plant, and equipment	217,462	208,874
OTHER ASSETS:		
Right-of-use assets	12,047	11,713
Goodwill	111,566	103,399
Intangible assets, net of accumulated amortization	123,886	116,626
Deferred compensation plan asset	11,698	9,584
Other	3,163	4,912
Total other assets	262,360	246,234
Total assets	<u><u>\$ 689,697</u></u>	<u><u>\$ 657,934</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable — trade	\$ 50,956	\$ 56,387
Accrued payroll and employee benefits	12,701	19,532
Income tax payable	2,284	1,943
Current portion of long-term debt	9,913	9,913
Environmental remediation	7,700	7,700
Other current liabilities	8,787	7,832
Total current liabilities	92,341	103,307
LONG-TERM DEBT, LESS CURRENT PORTION	93,862	88,818
LONG-TERM LEASE LIABILITY	9,687	9,530
PENSION WITHDRAWAL LIABILITY	3,348	3,538
DEFERRED INCOME TAXES	21,875	22,406
DEFERRED COMPENSATION LIABILITY	13,057	11,764
EARNOUT LIABILITY	11,919	11,235
OTHER LONG-TERM LIABILITIES	236	1,310
Total liabilities	246,325	251,908
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY:		
Common stock; authorized: 60,000,000 shares of \$0.01 par value; 20,766,764 and 20,790,261 shares issued and outstanding as of September 29, 2024 and March 31, 2024, respectively	208	208
Additional paid-in capital	31,060	38,154
Retained earnings	410,425	364,549
Accumulated other comprehensive income	1,679	3,115
Total shareholders' equity	443,372	406,026
Total liabilities and shareholders' equity	<u><u>\$ 689,697</u></u>	<u><u>\$ 657,934</u></u>

See accompanying notes to condensed consolidated financial statements.

HAWKINS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
(In thousands, except share and per-share data)

	Three Months Ended		Six Months Ended	
	September 29, 2024	October 1, 2023	September 29, 2024	October 1, 2023
Sales	\$ 247,029	\$ 236,526	\$ 502,908	\$ 487,646
Cost of sales	(186,807)	(182,640)	(378,031)	(381,769)
Gross profit	60,222	53,886	124,877	105,877
Selling, general and administrative expenses	(26,477)	(20,895)	(51,341)	(40,399)
Operating income	33,745	32,991	73,536	65,478
Interest expense, net	(1,427)	(717)	(2,690)	(1,865)
Other income (expense)	673	(289)	832	48
Income before income taxes	32,991	31,985	71,678	63,661
Income tax expense	(8,873)	(8,769)	(18,681)	(17,015)
Net income	<u>\$ 24,118</u>	<u>\$ 23,216</u>	<u>\$ 52,997</u>	<u>\$ 46,646</u>
Weighted average number of shares outstanding - basic	20,757,397	20,903,690	20,786,938	20,905,707
Weighted average number of shares outstanding - diluted	20,860,418	21,026,428	20,898,641	21,034,153
Basic earnings per share	\$ 1.16	\$ 1.11	\$ 2.55	\$ 2.23
Diluted earnings per share	\$ 1.16	\$ 1.10	\$ 2.54	\$ 2.22
Cash dividends declared per common share	\$ 0.18	\$ 0.16	\$ 0.34	\$ 0.31

See accompanying notes to condensed consolidated financial statements.

HAWKINS, INC.**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)**

(In thousands)

	Three Months Ended		Six Months Ended	
	September 29, 2024	October 1, 2023	September 29, 2024	October 1, 2023
Net income	\$ 24,118	\$ 23,216	\$ 52,997	\$ 46,646
Other comprehensive income, net of tax:				
Unrealized (loss) gain on interest rate swap	(1,330)	306	(1,436)	1,055
Total comprehensive income	<u>\$ 22,788</u>	<u>\$ 23,522</u>	<u>\$ 51,561</u>	<u>\$ 47,701</u>

See accompanying notes to condensed consolidated financial statements.

HAWKINS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (UNAUDITED)

(In thousands, except share data)

	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
	Shares	Amount				
BALANCE — March 31, 2024	20,790,261	\$ 208	\$ 38,154	\$ 364,549	\$ 3,115	\$ 406,026
Cash dividends declared and paid (\$0.16 per share)	—	—	—	(3,358)	—	(3,358)
Share-based compensation expense	—	—	1,467	—	—	1,467
Vesting of restricted stock	83,658	1	(1)	—	—	—
Shares surrendered for payroll taxes	(34,047)	(1)	(2,540)	—	—	(2,541)
Shares repurchased	(105,541)	(1)	(9,148)	—	—	(9,149)
Other comprehensive income, net of tax	—	—	—	—	(106)	(106)
Net income	—	—	—	28,879	—	28,879
BALANCE — June 30, 2024	20,734,331	\$ 207	\$ 27,932	\$ 390,070	\$ 3,009	\$ 421,218
Cash dividends declared and paid (\$0.18 per share)	—	—	—	(3,763)	—	(3,763)
Share-based compensation expense	—	—	1,832	—	—	1,832
Vesting of restricted stock	10,647	—	—	—	—	—
ESPP shares issued	21,786	1	1,296	—	—	1,297
Other comprehensive income, net of tax	—	—	—	—	(1,330)	(1,330)
Net income	—	—	—	24,118	—	24,118
BALANCE — September 29, 2024	20,766,764	\$ 208	\$ 31,060	\$ 410,425	\$ 1,679	\$ 443,372
	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Shareholders' Equity
	Shares	Amount				
BALANCE — April 2, 2023	20,850,454	\$ 209	\$ 44,443	\$ 302,424	\$ 2,940	\$ 350,016
Cash dividends declared and paid (\$0.15 per share)	—	—	—	(3,160)	—	(3,160)
Share-based compensation expense	—	—	959	—	—	959
Vesting of restricted stock	105,600	1	(1)	—	—	—
Shares surrendered for payroll taxes	(48,478)	(1)	(2,139)	—	—	(2,140)
ESPP shares issued	35,281	—	1,147	—	—	1,147
Other comprehensive income, net of tax	—	—	—	—	749	749
Net income	—	—	—	23,430	—	23,430
BALANCE — July 2, 2023	20,942,857	\$ 209	\$ 44,409	\$ 322,694	\$ 3,689	\$ 371,001
Cash dividends declared and paid (\$0.16 per share)	—	—	—	(3,375)	—	(3,375)
Share-based compensation expense	—	—	1,260	—	—	1,260
Vesting of restricted stock	12,565	—	—	—	—	—
Shares repurchased	(167,796)	(1)	(9,751)	—	—	(9,752)
Other comprehensive income, net of tax	—	—	—	—	306	306
Net income	—	—	—	23,216	—	23,216
BALANCE — October 1, 2023	20,787,626	\$ 208	\$ 35,918	\$ 342,535	\$ 3,995	\$ 382,656

See accompanying notes to condensed consolidated financial statements.

HAWKINS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(In thousands)

	Six Months Ended	
	September 29, 2024	October 1, 2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 52,997	\$ 46,646
Reconciliation to cash flows:		
Depreciation and amortization	19,256	14,506
Change in fair value of earnout liability	684	—
Operating leases	1,607	1,115
Gain on deferred compensation assets	(833)	(48)
Stock compensation expense	3,299	2,219
Other	(32)	(34)
Changes in operating accounts providing (using) cash:		
Trade receivables	616	4,909
Inventories	(6,403)	20,752
Accounts payable	(4,218)	6,421
Accrued liabilities	(7,285)	(7,149)
Lease liabilities	(1,624)	(1,127)
Income taxes	341	990
Other	811	3,430
Net cash provided by operating activities	<u>59,216</u>	<u>92,630</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant, and equipment	(21,286)	(16,922)
Acquisitions	(25,400)	(3,355)
Other	357	335
Net cash used in investing activities	<u>(46,329)</u>	<u>(19,942)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash dividends declared and paid	(7,121)	(6,535)
New shares issued	1,297	1,147
Payroll taxes paid in exchange for shares withheld	(2,541)	(2,140)
Shares repurchased	(9,149)	(9,752)
Payments on revolving loan	(40,000)	(52,000)
Proceeds from revolving loan borrowings	45,000	—
Net cash used in financing activities	<u>(12,514)</u>	<u>(69,280)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>373</u>	<u>3,408</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>7,153</u>	<u>7,566</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u><u>\$ 7,526</u></u>	<u><u>\$ 10,974</u></u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid for income taxes	\$ 18,340	\$ 16,025
Cash paid for interest	\$ 2,923	\$ 2,002
Noncash investing activities - capital expenditures in accounts payable	\$ 1,094	\$ 2,970

See accompanying notes to condensed consolidated financial statements.

HAWKINS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Note 1 – Summary of Significant Accounting Policies

Basis of Presentation. The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the instructions for Form 10-Q and, accordingly, do not include all information and footnotes required by generally accepted accounting principles for complete financial statements. These financial statements should be read in conjunction with the consolidated financial statements and footnotes included in our [Annual Report on Form 10-K for the fiscal year ended March 31, 2024](#), previously filed with the Securities and Exchange Commission ("SEC"). In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments necessary to present fairly our financial position and the results of our operations and cash flows for the periods presented. All adjustments made to the interim condensed consolidated financial statements were of a normal recurring nature. All significant intercompany accounts and transactions have been eliminated in consolidation. The results of operations for the six months ended September 29, 2024 are not necessarily indicative of the results that may be expected for the full year.

References to fiscal 2024 refer to the fiscal year ended March 31, 2024 and references to fiscal 2025 refer to the fiscal year ending March 30, 2025.

Use of Estimates. The preparation of condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, particularly receivables, inventories, property, plant and equipment, right-of-use assets, goodwill, intangibles, accrued expenses, short-term and long-term lease liability, income taxes and related accounts and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounting Policies. The accounting policies we follow are set forth in Note 1 – Nature of Business and Significant Accounting Policies to our consolidated financial statements in our [Annual Report on Form 10-K for the fiscal year ended March 31, 2024](#), previously filed with the SEC. There has been no significant change in our accounting policies since the end of fiscal 2024.

Recently Issued Accounting Pronouncements

Income Taxes (Topic 740): Improvements to Income Tax Disclosures (ASU No.2023-09)

In December 2023, the Financial Accounting Standards Board ("FASB") issued accounting standards update No. 2023-09 to enhance the transparency and decision-usefulness of income tax disclosures and to provide information to better assess how an entity's operations and related tax risks and tax planning and operational opportunities affect its tax rate and prospects for future cash flows. For public business entities, the amendments in this update are effective for annual periods beginning after December 15, 2024. We are in the process of evaluating the impact of this standard on the disclosures in our financial statements.

Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures (ASU 2023-07)

In November 2023, the FASB issued accounting standards update No. 2023-07 to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses. The update requires public entities to disclose, on an annual and interim basis, significant segment expenses that are regularly provided to the chief operating decision maker ("CODM"), the title and position of the CODM and an explanation of how the CODM uses the reported measure(s) of segment profit or loss in assessing segment performance and deciding how to allocate resources. The amendments in this update are effective for public entities in fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024 and are to be applied retrospectively to all prior periods presented in the financial statements. Early adoption is permitted. We are in the process of evaluating the impact of this standard on the disclosures in our financial statements.

Note 2 — Acquisitions

Acquisition of Wofford Water Service, Inc.: On June 28, 2024, we acquired substantially all the assets of Wofford Water Service, Inc. ("Wofford") for \$3.4 million under the terms of a purchase agreement with Wofford and its shareholders. Wofford distributed water treatment chemicals and equipment to customers mainly in Mississippi. Of the \$3.4 million purchase price, \$2.2 million was allocated to customer relationships, to be amortized over 10 years, \$1.0 million was allocated to goodwill, and the remaining amount was allocated to net working capital. The goodwill recognized as a result of this acquisition is primarily attributable to strategic and synergistic benefits, as well as the assembled workforce. Such goodwill is expected to be deductible for tax purposes. The results of operations since the acquisition date and the assets are included in our Water Treatment segment. Costs associated with this transaction were not material and were expensed as incurred.

Acquisition of Intercoastal Trading, Inc.: On June 3, 2024, we acquired substantially all the assets of Intercoastal Trading, Inc. and certain related entities ("Intercoastal") for \$22.0 million under the terms of a purchase agreement with Intercoastal and its shareholders. Intercoastal distributes water treatment chemicals and equipment to its customers in Maryland, Delaware and Virginia. Of the \$22.0 million purchase price, \$10.7 million was allocated to customer relationships, to be amortized over 15 years, \$0.3 million to trade names, to be amortized over two years, \$0.1 million to non-compete agreements, to be amortized over one year, \$7.1 million to goodwill, and the remaining amount to net working capital and property, plant and equipment. The goodwill recognized as a result of this acquisition is primarily attributable to strategic and synergistic benefits, as well as the assembled workforce. Such goodwill is expected to be deductible for tax purposes. The purchase price allocation is not yet complete due to the timing of the acquisition. The results of operations since the acquisition date and the assets are included in our Water Treatment segment. Costs associated with this transaction were not material and were expensed as incurred.

Acquisition of Industrial Research Corporation: In the fourth quarter of fiscal 2024, we acquired substantially all the assets of Industrial Research Corporation ("Industrial Research") for \$4.6 million under the terms of a purchase agreement with Industrial Research and its shareholders. Industrial Research distributed water treatment chemicals and equipment to customers primarily in central to northern Louisiana, eastern Texas and southern Arkansas. The results of operations since the acquisition date and the assets are included in our Water Treatment segment. Costs associated with this transaction were not material and were expensed as incurred.

Acquisition of The Miami Products & Chemical Company: In the third quarter of fiscal 2024, we acquired substantially all the assets of The Miami Products & Chemical Company ("Miami Products") for \$15.5 million under the terms of a purchase agreement with Miami Products and its shareholders. Miami Products is a bleach manufacturer and distributor serving customers primarily throughout Ohio and the surrounding region. The results of operations since the acquisition date and the assets are included in our Water Treatment segment.

Acquisition of Water Solutions Unlimited, Inc.: In the third quarter of fiscal 2024, we acquired substantially all the assets of Water Solutions Unlimited, Inc. ("Water Solutions") under the terms of a purchase agreement with Water Solutions and its shareholders. We paid \$60 million at closing and may be obligated to pay an additional amount based on achieving a certain earnings target three years after the acquisition. Water Solutions is a manufacturer and distributor of water treatment chemicals serving customers primarily throughout Indiana, Illinois and Michigan. The results of operations since the acquisition date and the assets are included in our Water Treatment segment.

Acquisition of EcoTech Enterprises, Inc.: In the second quarter of fiscal 2024, we acquired substantially all the assets of EcoTech Enterprises, Inc. ("EcoTech") for \$3.4 million, under the terms of a purchase agreement with EcoTech and its shareholders. EcoTech was a water treatment chemical distribution company operating primarily in Arkansas. The results of operations since the acquisition date and the assets are included in our Water Treatment segment.

Note 3 - Revenue

Our revenue arrangements generally consist of a single performance obligation to transfer promised goods or services. We disaggregate revenues from contracts with customers by operating segments as well as types of products sold. Reporting by operating segment is pertinent to understanding our revenues, as it aligns to how we review the financial performance of our operations. Types of products sold within each operating segment help us to further evaluate the financial performance of our segments. The following tables disaggregate external customer net sales by major revenue stream for the three and six months ended September 29, 2024 and October 1, 2023:

(In thousands)	Three months ended September 29, 2024			
	Water Treatment	Industrial	Health and Nutrition	Total
Manufactured, blended or repackaged products ⁽¹⁾	\$ 113,529	\$ 74,935	\$ 6,110	\$ 194,574
Distributed specialty products ⁽²⁾	—	—	26,292	26,292
Bulk products ⁽³⁾	9,753	13,238	—	22,991
Other	1,246	1,763	163	3,172
Total external customer sales	\$ 124,528	\$ 89,936	\$ 32,565	\$ 247,029

(In thousands)	Three months ended October 1, 2023			
	Water Treatment	Industrial	Health and Nutrition	Total
Manufactured, blended or repackaged products ⁽¹⁾	\$ 90,964	\$ 83,890	\$ 10,858	\$ 185,712
Distributed specialty products ⁽²⁾	—	—	26,113	26,113
Bulk products ⁽³⁾	8,560	13,149	—	21,709
Other	1,401	1,496	95	2,992
Total external customer sales	\$ 100,925	\$ 98,535	\$ 37,066	\$ 236,526

(In thousands)	Six months ended September 29, 2024			
	Water Treatment	Industrial	Health and Nutrition	Total
Manufactured, blended or repackaged products ⁽¹⁾	\$ 218,535	\$ 162,718	\$ 11,793	\$ 393,046
Distributed specialty products ⁽²⁾	—	—	55,938	55,938
Bulk products ⁽³⁾	20,672	26,668	—	47,340
Other	2,497	3,752	335	6,584
Total external customer sales	\$ 241,704	\$ 193,138	\$ 68,066	\$ 502,908

(In thousands)	Six months ended October 1, 2023			
	Water Treatment	Industrial	Health and Nutrition	Total
Manufactured, blended or repackaged products ⁽¹⁾	\$ 175,749	\$ 186,565	\$ 21,099	\$ 383,413
Distributed specialty products ⁽²⁾	—	—	52,267	52,267
Bulk products ⁽³⁾	16,081	28,359	—	44,440
Other	2,746	4,484	296	7,526
Total external customer sales	\$ 194,576	\$ 219,408	\$ 73,662	\$ 487,646

(1) For our Water Treatment and Industrial segments, this line includes our non-bulk specialty products that we either manufacture, blend, repackage, resell in their original form, or direct ship to our customers in smaller quantities, and services we provide for our customers. For our Health and Nutrition segment, this line includes products manufactured, processed or repackaged in our facility and/or with our equipment.

(2) This line includes non-manufactured distributed specialty products in our Health and Nutrition segment, which may be sold out of one of our facilities or direct shipped to our customers.

(3) This line includes bulk products in our Water Treatment and Industrial segments that we do not modify in any way, but receive, store, and ship from our facilities, or direct ship to our customers in large quantities.

Note 4 – Earnings per Share

Basic earnings per share ("EPS") is computed by dividing net earnings by the weighted-average number of common shares outstanding. Diluted EPS includes the dilutive impact of incremental shares assumed to be issued as performance units and restricted stock.

Basic and diluted EPS were calculated using the following:

	Three Months Ended		Six Months Ended	
	September 29, 2024	October 01, 2023	September 29, 2024	October 01, 2023
Weighted-average common shares outstanding—basic	20,757,397	20,903,690	20,786,938	20,905,707
Dilutive impact of performance units and restricted stock	103,021	122,738	111,703	128,446
Weighted-average common shares outstanding—diluted	<u>20,860,418</u>	<u>21,026,428</u>	<u>20,898,641</u>	<u>21,034,153</u>

For each of the periods presented, there were no shares excluded from the calculation of weighted-average common shares for diluted EPS.

Note 5 – Fair Value Measurements

Our financial assets and liabilities are measured at fair value at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The carrying value of cash equivalents, accounts receivable, accounts payable, and accrued expenses approximate fair value because of the short-term nature of these instruments. Because of the variable-rate nature of our debt under our credit facility, our debt also approximates fair value.

Assets and Liabilities Measured at Fair Value on a Recurring Basis. The fair value hierarchy requires the use of observable market data when available. In instances where inputs used to measure fair value fall into different levels of the fair value hierarchy, the fair value measurement has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. Our assessment of the significance of a particular item to the fair value measurement in its entirety requires judgment, including the consideration of inputs specific to the asset or liability.

Our financial assets that are measured at fair value on a recurring basis are an interest rate swap and assets held in a deferred compensation retirement plan. Both of these assets are classified as long-term assets on our balance sheet, with the portion of the deferred compensation retirement plan assets expected to be paid within twelve months classified as current assets. The fair value of the interest rate swap is determined by the respective counterparties based on interest rate changes. Interest rate swaps are valued based on observable interest rate yield curves for similar instruments. The deferred compensation plan assets relate to contributions made to a non-qualified compensation plan on behalf of certain employees who are classified as "highly compensated employees" as determined by IRS guidelines. The assets are part of a rabbi trust and the funds are held in mutual funds. The fair value of the deferred compensation is based on the quoted market prices for the mutual funds at the end of the period.

The earnout liability recorded in conjunction with the Water Solutions acquisition is based upon achieving certain targets. The earnout is based on a target of adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) in year three of the acquisition. The earnout liability was valued based upon a risk-neutral pricing analysis within a Monte Carlo simulation framework, which is a Level 3 input. The earnout liability is adjusted to fair value at each reporting date until settled. Changes in fair value are included in selling, general and administrative expenses in our Consolidated Statements of Income.

The following tables summarize the balances of assets and liabilities measured at fair value on a recurring basis as of September 29, 2024 and March 31, 2024.

(In thousands)		September 29, 2024	March 31, 2024
Assets			
Deferred compensation plan assets	Level 1	\$ 12,115	\$ 10,042
Interest rate swap	Level 2	\$ 2,301	\$ 4,268
Liabilities			
Earnout liability	Level 3	\$ 11,919	\$ 11,235
Changes in the earnout liability measured at fair value using Level 3 inputs were as follows:			
(In thousands)			
Earnout liability at March 31, 2024		\$ 11,235	
Addition for acquisition		\$ —	
Fair value adjustments		\$ 684	
Earnout liability at September 29, 2024		\$ 11,919	

Note 6 – Inventories

Inventories at September 29, 2024 and March 31, 2024 consisted of the following:

(In thousands)	September 29, 2024	March 31, 2024
Inventory (FIFO basis)	\$ 106,430	\$ 99,058
LIFO reserve	(24,865)	(24,458)
Net inventory	\$ 81,565	\$ 74,600

The first in, first out ("FIFO") value of inventories accounted for under the last in, first out ("LIFO") method was \$ 79.3 million at September 29, 2024 and \$76.2 million at March 31, 2024. The remainder of the inventory was valued and accounted for under the FIFO method.

Note 7 – Goodwill and Intangible Assets

The carrying amount of goodwill was \$111.6 million as of September 29, 2024 and \$103.4 million as of March 31, 2024, of which \$60.1 million was related to our Water Treatment segment, \$44.9 million was related to our Health and Nutrition segment, and \$ 6.5 million was related to our Industrial segment. The increase in goodwill during the six months ended September 29, 2024 represents goodwill recorded in connection with the acquisitions of the assets of Intercoastal and Wofford as discussed in Note 2.

The following is a summary of our identifiable intangible assets as of September 29, 2024 and March 31, 2024:

(In thousands)	September 29, 2024			March 31, 2024		
	Gross Amount	Accumulated Amortization	Net	Gross Amount	Accumulated Amortization	Net
Finite-life intangible assets						
Customer relationships	\$ 166,564	\$ (51,431)	\$ 115,133	\$ 153,694	\$ (46,146)	\$ 107,548
Trademarks and trade names	\$ 13,870	\$ (6,579)	\$ 7,291	\$ 13,570	\$ (5,968)	\$ 7,602
Other finite-life intangible assets	4,310	(4,075)	235	4,221	(3,972)	249
Total finite-life intangible assets	184,744	(62,085)	122,659	171,485	(56,086)	115,399
Indefinite-life intangible assets	1,227	—	1,227	1,227	—	1,227
Total intangible assets	\$ 185,971	\$ (62,085)	\$ 123,886	\$ 172,712	\$ (56,086)	\$ 116,626

Note 8 – Debt

Debt at September 29, 2024 and March 31, 2024 consisted of the following:

	September 29, 2024	March 31, 2024
(In thousands)		
Senior secured revolving loan	\$ 104,000	\$ 99,000
Less: unamortized debt issuance costs	(225)	(269)
Total debt, net of debt issuance costs	103,775	98,731
Less: current portion of long-term debt	(9,913)	(9,913)
Total long-term debt	\$ 93,862	\$ 88,818

We were in compliance with all covenants of our credit agreement as of September 29, 2024.

Note 9 – Income Taxes

We are subject to U.S. federal income tax as well as income tax of multiple state jurisdictions. The tax years prior to our fiscal year ended March 28, 2021 are closed to examination by the Internal Revenue Service, and with few exceptions, state and local income tax jurisdictions. Our effective income tax rate was 26% for the six months ended September 29, 2024, compared to 27% for the six months ended October 1, 2023. The effective tax rate is impacted by projected levels of annual taxable income, permanent items, and state taxes.

Note 10 – Share-Based Compensation

Performance-Based Restricted Stock Units. Our Board of Directors (the “Board”) approved a performance-based equity compensation arrangement for our executive officers during the first quarters of each of fiscal 2025 and fiscal 2024. These performance-based arrangements provide for the grant of performance-based restricted stock units that represent a possible future issuance of restricted shares of our common stock based on a pre-tax income target for the applicable fiscal year. The actual number of restricted shares to be issued to each executive officer is determined when our final financial information becomes available after the applicable fiscal year and will be between zero shares and 76,137 shares in the aggregate for fiscal 2025. The restricted shares issued, if any, will fully vest approximately two years after the last day of the fiscal year on which the performance is based. We are recording the compensation expense for the outstanding performance share units and the converted restricted stock over the life of the awards.

The following table represents the restricted stock activity for the six months ended September 29, 2024:

	Shares	Weighted-Average Grant Date Fair Value
Unvested at beginning of period	145,477	\$ 40.33
Granted	75,428	76.60
Vested	(83,658)	38.31
Unvested at end of period	137,247	\$ 61.49

We recorded compensation expense related to performance share units and restricted stock of \$ 1.5 million and \$2.6 million for the three and six months ended September 29, 2024, respectively. We recorded compensation expense related to performance share units and restricted stock of \$1.0 million and \$1.6 million for the three and six months ended October 1, 2023, respectively. Substantially all of the compensation expense was recorded in selling, general and administrative expenses in the condensed consolidated statements of income.

Restricted Stock Awards. As part of their retainer, our directors, other than the Chief Executive Officer, receive restricted stock for their Board services. The restricted stock awards are generally expensed over a one-year vesting period, based on the market value on the date of grant. As of September 29, 2024, there were 6,734 shares of restricted stock with an average grant date fair value of \$ 103.90 outstanding under this program. Compensation expense for the three and six months ended September 29, 2024 related to restricted stock awards to the Board was \$0.2 million and \$0.3 million, respectively. Compensation expense for the three and six months ended October 1, 2023 related to restricted stock awards to the Board was \$0.1 million and \$0.2 million, respectively.

Note 11 – Share Repurchase Program

Our Board has authorized the repurchase of up to 2.6 million shares of our outstanding common shares. The shares may be repurchased on the open market or in privately negotiated transactions subject to applicable securities laws and regulations. Upon purchase of the shares, we reduce our common stock for the par value of the shares with the excess applied against additional paid-in capital. During the three months ended September 29, 2024, no shares were repurchased, and during the six months ended September 29, 2024, we repurchased 105,541 shares at an aggregate purchase price of \$9.1 million. During the three and six months ended October 1, 2023, we repurchased 167,796 shares at an aggregate purchase price of \$9.8 million. As of September 29, 2024, 831,946 shares remained available to be repurchased under the share repurchase program.

Note 12 – Commitments and Contingencies

Environmental Remediation. In the fourth quarter of fiscal 2024, we recorded a liability of \$ 7.7 million related to estimated remediation expenses associated with perchlorinated biphenyls ("PCBs") discovered in the soil at our Rosemount, MN facility during our expansion project. We acquired the property, which had prior heavy industrial use, in fiscal 2012. While the source of the PCBs is unknown, we have never brought PCBs onto the property or used PCBs on the site. The liability is not discounted as management expects to incur these expenses within the next twelve months. Given the many uncertainties involved in assessing environmental claims, our reserves may prove to be insufficient. While it is possible that additional expense related to the remediation will be incurred in future periods if currently unknown issues arise, we are unable to estimate the extent of any further financial impact. No expenses were charged against this liability during the three and six months ended September 29, 2024.

Note 13 – Segment Information

We have three reportable segments: Water Treatment, Industrial, and Health and Nutrition. The accounting policies of the segments are the same as those described in the summary of significant accounting policies in our [Annual Report on Form 10-K for the fiscal year ended March 31, 2024](#).

We evaluate performance based on profit or loss from operations before income taxes not including nonrecurring gains and losses. Reportable segments are defined primarily by product and type of customer. Segments are responsible for the sales, marketing and development of their products and services. We allocate certain corporate expenses to our operating segments. There are no intersegment sales and no operating segments have been aggregated. No single customer's revenues amounted to 10% or more of our total revenue. Sales are primarily within the United States and all assets are located within the United States.

(In thousands)	Water Treatment	Industrial	Health and Nutrition	Total
Three months ended September 29, 2024:				
Sales	\$ 124,528	\$ 89,936	\$ 32,565	\$ 247,029
Gross profit	35,590	18,268	6,364	60,222
Selling, general, and administrative expenses	15,512	6,952	4,013	26,477
Operating income	20,078	11,316	2,351	33,745
Three months ended October 1, 2023:				
Sales	\$ 100,925	\$ 98,535	\$ 37,066	\$ 236,526
Gross profit	29,308	17,844	6,734	53,886
Selling, general, and administrative expenses	10,145	6,806	3,944	20,895
Operating income	19,163	11,038	2,790	32,991
Six months ended September 29, 2024:				
Sales	\$ 241,704	\$ 193,138	\$ 68,066	\$ 502,908
Gross profit	70,545	40,144	14,188	124,877
Selling, general and administrative expenses	29,678	13,591	8,072	51,341
Operating income	40,867	26,553	6,116	73,536
Six months ended October 1, 2023:				
Sales	\$ 194,576	\$ 219,408	\$ 73,662	\$ 487,646
Gross profit	55,716	37,150	13,011	105,877
Selling, general and administrative expenses	19,271	13,381	7,747	40,399
Operating income	36,445	23,769	5,264	65,478

No significant changes to identifiable assets by segment occurred during the six months ended September 29, 2024.

Note 14 – Subsequent Events

On October 30, 2024, we acquired substantially all the assets of Waterguard, Inc. ("Water Guard") for \$ 18 million, under the terms of an asset purchase agreement with Water Guard and its shareholders. Water Guard is a distributor of water treatment chemicals and equipment serving customers primarily throughout North Carolina. The results of operations and the assets, including goodwill associated with this acquisition, if any, will be included as part of our Water Treatment segment from the date of acquisition forward. The purchase accounting for this acquisition has not yet been completed.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion and analysis of our financial condition and results of operations for the six months ended September 29, 2024 as compared to the similar period ended October 1, 2023. This discussion should be read in conjunction with the condensed consolidated financial statements and notes to condensed consolidated financial statements included in this quarterly report on Form 10-Q and Item 8 of our [Annual Report on Form 10-K for the fiscal year ended March 31, 2024](#).

Overview

We derive substantially all of our revenues from the sale of chemicals and specialty ingredients to our customers in a wide variety of industries. We began our operations primarily as a distributor of bulk chemicals with a strong customer focus. Over the years, we have maintained the strong customer focus and have expanded our business by increasing our sales of value-added chemicals and specialty ingredients, including manufacturing, blending, and repackaging certain products.

Business Acquisitions

On June 28, 2024, we acquired substantially all the assets of Wofford Water Service, Inc. ("Wofford") for \$3.4 million. Wofford distributed water treatment chemicals and equipment to customers mainly in Mississippi. The results of operations since the acquisition date and the assets are included in our Water Treatment segment.

On June 3, 2024, we acquired substantially all the assets of Intercoastal Trading, Inc. and certain related entities ("Intercoastal") for \$22.0 million. Intercoastal distributes water treatment chemicals and equipment to its customers in Maryland, Delaware and Virginia. The results of operations since the acquisition date and the assets are included in our Water Treatment segment.

In the fourth quarter of fiscal 2024, we acquired substantially all the assets of Industrial Research Corporation ("Industrial Research") for \$4.6 million. Industrial Research was a distributor of water treatment chemicals and equipment for its customers in central to northern Louisiana, eastern Texas and southern Arkansas. The results of operations since the acquisition and the assets are included in our Water Treatment segment.

In the third quarter of fiscal 2024, we acquired substantially all the assets of Miami Products & Chemical Company ("Miami Products") for \$15.5 million. Miami Products is a bleach manufacturer and distributor serving customers primarily throughout Ohio and the surrounding region. The results of operations and the assets, including goodwill associated with this acquisition, are included as part of our Water Treatment segment from the date of acquisition forward.

In the third quarter of fiscal 2024, we acquired substantially all the assets of Water Solutions Unlimited, Inc. ("Water Solutions") for \$60 million and an additional amount to be paid after three years based on achieving certain targets. The total purchase price was estimated to be \$70.7 million, including the estimated potential earnout to be paid of \$10.7 million. Water Solutions is a manufacturer and distributor of water treatment chemicals serving customers primarily throughout Indiana, Illinois and Michigan. The results of operations and the assets, including goodwill associated with this acquisition, are included as part of our Water Treatment segment from the date of acquisition forward.

In the second quarter of fiscal 2024, we acquired substantially all the assets of EcoTech Enterprises, Inc. ("EcoTech") for \$3.4 million. EcoTech was a manufacturer and distributor of water treatment chemicals serving customers throughout Arkansas and surrounding states. The results of operations and the assets are included as part of our Water Treatment segment from the date of acquisition forward.

The aggregate annual revenue of these six businesses acquired in fiscal 2024 and fiscal 2025 totaled approximately \$85 million, as determined using the applicable twelve-month period preceding each respective acquisition date.

Share Repurchase Program

We have in place a share repurchase program for up to 2.6 million shares of our common shares. As of September 29, 2024, 831,946 shares remain available to be repurchased under this program.

Financial Results

We focus on total profitability dollars when evaluating our financial results as opposed to profitability as a percentage of sales, as sales dollars tend to fluctuate as raw material prices rise and fall, particularly in our Water Treatment and Industrial segments. The costs for certain of our raw materials can rise or fall rapidly, causing fluctuations in gross profit as a percentage of sales.

We use the last in, first out ("LIFO") method of valuing the majority of our inventory in our Water Treatment and Industrial segments, which causes the most recent product costs to be recognized in our income statement. The LIFO inventory valuation method and the resulting cost of sales are consistent with our business practices of pricing to current chemical raw material prices. Inventories in our Health and Nutrition segment are valued using the first-in, first-out ("FIFO") method.

We disclose the sales of our bulk commodity products as a percentage of total sales dollars for our Water Treatment and Industrial segments. Our definition of bulk commodity products includes products that we do not modify in any way, but receive, store, and ship from our facilities, or direct ship to our customers in large quantities. We disclose the percentage of our overall sales that consist of sales of bulk commodity products as these products are generally distributed and we do not add significant value to these products in comparison to our non-bulk products. Sales of these products are generally highly competitive and price sensitive. As a result, bulk commodity products generally have our lowest margins.

Results of Operations

The following table sets forth the percentage relationship of certain items to sales for the period indicated:

	Three Months Ended		Six Months Ended	
	September 29, 2024	October 1, 2023	September 29, 2024	October 1, 2023
Sales	100.0 %	100.0 %	100.0 %	100.0 %
Cost of sales	(75.6) %	(77.2) %	(75.2) %	(78.3) %
Gross profit	24.4 %	22.8 %	24.8 %	21.7 %
Selling, general and administrative expenses	(10.7) %	(8.8) %	(10.2) %	(8.3) %
Operating income	13.7 %	14.0 %	14.6 %	13.4 %
Interest expense, net	(0.6) %	(0.3) %	(0.5) %	(0.4) %
Other (expense) income	0.3 %	(0.1) %	0.2 %	— %
Income before income taxes	13.4 %	13.6 %	14.3 %	13.0 %
Income tax expense	(3.6) %	(3.7) %	(3.7) %	(3.5) %
Net income	9.8 %	9.9 %	10.6 %	9.5 %

Three Months Ended September 29, 2024 Compared to Three Months Ended October 1, 2023

Sales

Sales were \$247.0 million for the three months ended September 29, 2024, an increase of \$10.5 million, or 4%, from sales of \$236.5 million in the same period a year ago. Increased sales in our Water Treatment segment more than offset sales softness in our Industrial and Health and Nutrition segments.

Water Treatment Segment. Water Treatment segment sales increased \$23.6 million, or 23%, to \$124.5 million for the three months ended September 29, 2024, from sales of \$100.9 million in the same period a year ago. Sales of bulk commodity products in the Water Treatment segment were approximately 8% of sales dollars for both the three months ended September 29, 2024 and in the same period a year ago. Sales increased as a result of added sales from acquired businesses.

Industrial Segment. Industrial segment sales decreased \$8.6 million or 9%, to \$89.9 million for the three months ended September 29, 2024, from sales of \$98.5 million in the same period a year ago. Sales of bulk commodity products in the Industrial segment were approximately 15% of sales dollars in the three months ended September 29, 2024 and 13% in the same period a year ago. Although overall volumes increased slightly year over year, sales decreased as a result of lower selling prices on certain products, driven by lower raw material costs and competitive pricing actions.

Health & Nutrition Segment. Health and Nutrition segment sales decreased \$4.5 million, or 12%, to \$32.6 million for the three months ended September 29, 2024, from sales of \$37.1 million in the same period a year ago. Sales decreased due to lower sales of our manufactured products driven by reduced volumes and selling prices due to decreased demand for certain of our products.

Gross Profit

Gross profit increased \$6.3 million, or 12%, to \$60.2 million, or 24% of sales, for the three months ended September 29, 2024, from \$53.9 million, or 23% of sales, in the same period a year ago. During the three months ended September 29, 2024, the

LIFO reserve was unchanged, having no impact on gross profit. In the same quarter a year ago, the LIFO reserve decreased, and gross profit increased, by \$3.2 million.

Water Treatment Segment. Gross profit for the Water Treatment segment increased \$6.3 million, or 22%, to \$35.6 million, or 29% of sales, for the three months ended September 29, 2024, from \$29.3 million, or 29% of sales, in the same period a year ago. During the three months ended September 29, 2024, the LIFO reserve was unchanged, having no impact on gross profit. In the same quarter a year ago, the LIFO reserve decreased, and gross profit increased, by \$0.6 million. Gross profit increased as a result of increased sales from our acquired businesses.

Industrial Segment. Gross profit for the Industrial segment increased \$0.5 million, or 3%, to \$18.3 million, or 20% of sales, for the three months ended September 29, 2024, from \$17.8 million, or 18% of sales, in the same period a year ago. During the three months ended September 29, 2024, the LIFO reserve was unchanged, having no impact on gross profit. In the same quarter a year ago, the LIFO reserve decreased, and gross profit increased, by \$2.6 million. Gross profit increased as a result of increased volumes of certain products and product mix changes.

Health and Nutrition Segment. Gross profit for our Health and Nutrition segment decreased \$0.3 million, or 4%, to \$6.4 million, or 20% of sales, for the three months ended September 29, 2024, from \$6.7 million, or 18% of sales, in the same period a year ago. Gross profit decreased as a result of the decrease in sales.

Selling, General and Administrative Expenses

Selling, general and administrative ("SG&A") expenses increased \$5.6 million, or 27%, to \$26.5 million, or 11% of sales, for the three months ended September 29, 2024, from \$20.9 million, or 9% of sales, in the same period a year ago. Expenses increased primarily due to \$3.8 million in added costs from the acquired businesses in our Water Treatment segment, including amortization of intangibles of \$1.5 million. In addition, a year-over-year increase of \$1.0 million in compensation expense related to our non-qualified deferred compensation plan increased SG&A expenses, with the offset in other income.

Operating Income

Operating income increased \$0.7 million, or 2%, to \$33.7 million, or 14% of sales, for the three months ended September 29, 2024, from \$33.0 million, or 14% of sales, in the same period a year ago due to the combined impact of the factors discussed above.

Interest Expense, Net

Interest expense was \$1.4 million for the three months ended September 29, 2024 and \$0.7 million the same period a year ago. Interest expense increased due to an increase in outstanding borrowings in the current year as compared to a year ago as well as a slightly higher interest rate.

Other Income (Expense)

Other income was \$0.7 million for the three months ended September 29, 2024 compared to expense of \$0.3 million in the same period a year ago. The current year income represents gains recorded on investments held for our non-qualified deferred compensation plan, while the prior year expense represented losses recorded on those investments. The amounts recorded as a gain were offset by similar amounts recorded as an increase or decrease to compensation expense within SG&A expenses.

Income Tax Provision

Our effective income tax rate was 27% for both the three months ended September 29, 2024 and the three months ended October 1, 2023. The effective tax rate is impacted by projected levels of annual taxable income, permanent items, and state taxes. Our effective tax rate for the full year is expected to be approximately 26-27%.

Six Months Ended September 29, 2024 Compared to Six Months Ended October 1, 2023

Sales

Sales were \$502.9 million for the six months ended September 29, 2024, an increase of \$15.3 million, or 3%, from sales of \$487.6 million in the same period a year ago. Increased sales in our Water Treatment segment more than offset sales softness in our Industrial and Health and Nutrition segments.

Water Treatment Segment. Water Treatment segment sales increased \$47.1 million, or 24%, to \$241.7 million for the six months ended September 29, 2024, from sales of \$194.6 million in the same period a year ago. Sales of bulk commodity products in the Water Treatment segment were approximately 9% of sales dollars in the six months ended September 29, 2024 and 8% in the same period a year ago. Sales increased as a result of added sales from acquired businesses.

Industrial Segment. Industrial segment sales decreased \$26.3 million or 12%, to \$193.1 million for the six months ended September 29, 2024, from sales of \$219.4 million in the same period a year ago. Sales of bulk commodity products in the Industrial segment were approximately 14% of sales dollars in the six months ended September 29, 2024 and 13% in the same period of the prior year. Although overall volumes increased slightly year over year, sales decreased as a result of lower selling prices on certain of our products, driven by lower raw material costs and competitive pricing pressures.

Health & Nutrition Segment. Health and Nutrition segment sales decreased \$5.6 million, or 8%, to \$68.1 million for the six months ended September 29, 2024, from sales of \$73.7 million in the same period a year ago. Sales decreased due to lower sales of our manufactured products, driven by reduced volumes and selling prices due to decreased demand for certain of our products, offset somewhat by increased sales of our distributed products.

Gross Profit

Gross profit increased \$19.0 million, or 18%, to \$124.9 million, or 25% of sales, for the six months ended September 29, 2024, from \$105.9 million, or 22% of sales, in the same period a year ago. During the six months ended September 29, 2024, the LIFO reserve increased, and gross profit decreased, by \$0.4 million due primarily to an increase in our forecasted year-end quantities. In the same quarter a year ago, the LIFO reserve decreased, and gross profit increased, by \$3.4 million.

Water Treatment Segment. Gross profit for the Water Treatment segment increased \$14.8 million, or 27%, to \$70.5 million, or 29% of sales, for the six months ended September 29, 2024, from \$55.7 million, or 29% of sales, in the same period a year ago. During the six months ended September 29, 2024, the LIFO reserve increased, and gross profit decreased, by \$0.2 million. In the same quarter a year ago, the LIFO reserve decreased, and gross profit increased, by \$0.5 million. Gross profit increased primarily as a result of increased sales from our acquired businesses.

Industrial Segment. Gross profit for the Industrial segment increased \$2.9 million, or 8% to \$40.1 million, or 21% of sales, for the six months ended September 29, 2024, and \$37.2 million, or 17% of sales, in the same period a year ago. During the six months ended September 29, 2024, the LIFO reserve increased, and gross profit decreased, by \$0.2 million. In the same quarter a year ago, the LIFO reserve decreased, and gross profit increased, by \$3.0 million. Gross profit increased as a result of increased volumes of certain products and product mix changes.

Health and Nutrition Segment. Gross profit for our Health and Nutrition segment increased \$1.2 million, or 9%, to \$14.2 million, or 21% of sales, for the six months ended September 29, 2024, from \$13.0 million, or 18% of sales, in the same period a year ago. Gross profit increased as a result of product mix changes.

Selling, General and Administrative Expenses

Selling, general and administrative ("SG&A") expenses increased \$10.9 million, or 27%, to \$51.3 million, or 10% of sales, for the six months ended September 29, 2024, from \$40.4 million, or 8% of sales, in the same period a year ago. Expenses increased primarily due to the \$7.2 million in added costs from the acquired businesses in our Water treatment segment, including amortization of intangibles of \$2.7 million. In addition, a year-over-year increase of \$0.8 million in compensation expense related to our non-qualified deferred compensation plan increased SG&A expenses, with the offset in Other Income. Variable pay increased \$0.7 million driven by our increased stock price. Wages and other variable expenses increased primarily as a result of business growth.

Operating Income

Operating income increased \$8.0 million, or 12%, to \$73.5 million, or 15% of sales, for the six months ended September 29, 2024, from \$65.5 million, or 13% of sales, in the same period a year ago due to the combined impact of the factors discussed above.

Interest Expense, Net

Interest expense was \$2.7 million for the six months ended September 29, 2024 and \$1.9 million the same period a year ago. Interest expense increased due to an increase in outstanding borrowings in the current year as compared to a year ago as well as a higher interest rate.

Other Income (Expense)

Other income was \$0.7 million for the six months ended September 29, 2024 compared to a nominal amount in the same period a year ago. The current year income represents gains recorded on investments held for our non-qualified deferred compensation plan. The amounts recorded as a gain were offset by similar amounts recorded as an increase to compensation expense within SG&A expenses.

Income Tax Provision

Our effective income tax rate was 26% for the six months ended September 29, 2024 and 27% the six months ended October 1, 2023. The effective tax rate in the first six months of the current year was impacted by favorable tax provision adjustments recorded. The effective tax rate is impacted by projected levels of annual taxable income, permanent items, and state taxes. Our effective tax rate for the full year is currently expected to be approximately 26-27%.

Liquidity and Capital Resources

Cash was \$7.5 million at September 29, 2024, an increase of \$0.3 million as compared with the \$7.2 million available as of March 31, 2024.

Cash provided by operating activities was \$59.2 million for the six months ended September 29, 2024, compared to cash provided by operating activities of \$92.6 million in the same period a year ago. The year-over-year decrease in cash provided by operating activities in the first six months of the current year was primarily driven by unfavorable year-over-year changes in inventory and accounts payable, slightly offset by increased net income compared to the same period a year ago. Due to the nature of our operations, which includes purchases of large quantities of bulk chemicals, the timing of purchases can result in significant changes in working capital investment and the resulting operating cash flow.

Cash used in investing activities was \$46.3 million for the six months ended September 29, 2024, compared to \$19.9 million in the same period a year ago. In the first six months of the current year, we incurred acquisition spending of \$25.4 million, with the acquisitions of Intercoastal for \$22.0 million and Wofford for \$3.4 million. Capital expenditures were \$21.3 million for the six months ended September 29, 2024, compared to \$16.9 million in the same period a year ago. In the first six months of fiscal 2025, we purchased a building in Texas for \$2.5 million and had more investments in equipment and containers, resulting in an increase in overall capital expenditures compared to the prior year. In the prior year, we invested \$5.1 million to complete an expansion of one of our Minnesota manufacturing facilities.

Cash used in financing activities was \$12.5 million for the six months ended September 29, 2024, compared to \$69.3 million of cash used in financing activities in the same period a year ago. Included in financing activities in the first six months of the current year were net debt proceeds of \$5.0 million, compared to net debt payments of \$52.0 million in the first six months of the prior year. In addition, we repurchased \$9.1 million of our common stock in the first six months of the current year, compared to \$9.8 million in the same period of the prior year.

We expect our cash balances and funds available under our credit facility, discussed below, along with cash flows generated from operations, will be sufficient to fund the cash requirements of our ongoing operations for the foreseeable future.

Our Board has authorized the repurchase of up to 2.6 million shares of our outstanding common shares. The shares may be purchased on the open market or in privately negotiated transactions subject to applicable securities laws and regulations. The primary objective of the share repurchase program is to offset the impact of dilution from issuances relating to employee and director equity grants and our employee stock purchase program. During the six months ended September 29, 2024, we repurchased 105,541 shares of common stock with an aggregate purchase price of \$9.1 million. During the six months ended October 1, 2023, we repurchased 167,796 shares of common stock with an aggregate purchase price of \$9.8 million. As of September 29, 2024, 831,946 shares remained available to be repurchased under the share repurchase program.

We are party to a second amended and restated credit agreement (the "Credit Agreement") with U.S. Bank National Association ("U.S. Bank") as Sole Lead Arranger and Sole Book Runner, and other lenders from time to time party thereto (collectively, the "Lenders"), whereby U.S. Bank is also serving as Administrative Agent. The Credit Agreement refinanced the revolving loan under our previous credit agreement with U.S. Bank and provides us with senior secured revolving credit facilities (the "Revolving Loan Facility") totaling \$250 million. The Revolving Loan Facility includes a \$10 million letter of credit subfacility and \$25 million swingline subfacility. The Revolving Loan Facility has a five-year maturity date, maturing on April 30, 2027. The Revolving Loan Facility is secured by substantially all of our personal property assets and those of our subsidiaries. We may use the amount available under the Revolving Loan Facility for working capital, capital expenditures, share repurchases, restricted payments and acquisitions permitted under the Credit Agreement, and other general corporate purposes.

Borrowings under the Revolving Loan Facility bear interest at a rate per annum equal to one of the following, plus, in both cases, an applicable margin based upon our leverage ratio: (a) Term SOFR, which includes a credit spread adjustment of 0.10%, for an interest period of one, three or six months as selected by us, reset at the end of the selected interest period, or (b) a base rate determined by reference to the highest of (1) U. S. Bank's prime rate, (2) the Federal Funds Effective Rate plus 0.5%, or (3) one-month Term SOFR for U.S. dollars plus 1.0%. The Term SOFR margin is between 0.85% and 1.35%, depending on our leverage ratio. The base rate margin is between 0.00% and 0.35%, depending on our leverage ratio. At September 29, 2024, the effective interest rate on our borrowings was 4.5%.

In addition to paying interest on the outstanding principal under the Revolving Loan Facility, we are required to pay a commitment fee on the unutilized commitments thereunder. The commitment fee is between 0.15% and 0.25%, depending on our leverage ratio.

Debt issuance costs paid to the Lenders are being amortized as interest expense over the term of the Credit Agreement. As of September 29, 2024, the unamortized balance of these costs was \$0.2 million, and is reflected as a reduction of debt on our balance sheet.

The Credit Agreement requires us to maintain (a) a minimum fixed charge coverage ratio of 1.15 to 1.00 and (b) a maximum total cash flow leverage ratio of 3.0 to 1.0. The Credit Agreement also contains other customary affirmative and negative covenants, including covenants that restrict our ability to incur additional indebtedness, dispose of significant assets, make certain investments, including any acquisitions other than permitted acquisitions, make certain payments, enter into sale and leaseback transactions, grant liens on our assets or enter into rate management transactions, subject to certain limitations. We are permitted to make distributions, pay dividends and repurchase shares so long as no default or event of default exists or would exist as a result thereof. We were in compliance with all covenants of the Credit Agreement as of September 29, 2024 and expect to remain in compliance with all covenants for the next 12 months.

The Credit Agreement contains customary events of default, including failure to comply with covenants in the Credit Agreement and other loan documents, cross default to other material indebtedness, failure by us to pay or discharge material judgments, bankruptcy, and change of control. The occurrence of an event of default would permit the lenders to terminate their commitments and accelerate loans under the Credit Facility.

We have in place an interest rate swap agreement to manage the risk associated with a portion of our variable-rate long-term debt. We do not utilize derivative instruments for speculative purposes. The interest rate swap involves the exchange of fixed-rate and variable-rate payments without the exchange of the underlying notional amount on which the interest payments are calculated. The notional amount of the swap agreement is \$60 million, and it will terminate on May 1, 2027.

As part of our growth strategy, we have acquired businesses and may pursue acquisitions or other strategic relationships in the future that we believe will complement or expand our existing businesses or increase our customer base. We believe we could borrow additional funds under our current or new credit facilities or sell equity for strategic reasons or to further strengthen our financial position.

Critical Accounting Estimates

There were no material changes in our critical accounting estimates since the filing of our [Annual Report on Form 10-K for the fiscal year ended March 31, 2024](#).

Forward-Looking Statements

The information presented in this Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). These forward-looking statements have been made pursuant to the provisions of the Private Securities Litigation Reform Act of 1995. These statements are not historical facts, but rather are based on our current expectations, estimates and projections, and our beliefs and assumptions. Words such as "anticipate," "believe," "estimate," "expect," "intend," "plan," "will" and similar expressions to identify forward-looking statements. These statements are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, some of which are beyond our control and are difficult to predict. These factors could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. Additional information concerning potential factors that could affect future financial results is included in our [Annual Report on Form 10-K for the fiscal year ended March 31, 2024](#). We caution you not to place undue reliance on these forward-looking statements, which reflect our management's view only as of the date of this Quarterly Report on Form 10-Q. We are not obligated to update these statements or publicly release the result of any revisions to them to reflect events or circumstances after the date of this Quarterly Report on Form 10-Q or to reflect the occurrence of unanticipated events.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are subject to the risk inherent in the cyclical nature of commodity chemical prices. However, we do not currently purchase forward contracts or otherwise engage in hedging activities with respect to the purchase of commodity chemicals. We attempt to pass changes in the cost of our materials to our customers. However, there are no assurances that we will be able to pass on the increases in the future.

We are exposed to market risks related to interest rates. Our exposure to changes in interest rates is primarily related to borrowings under our Revolving Loan Facility. We have in place an interest rate swap agreement to manage the risk associated with a portion of our variable-rate long-term debt. The interest rate swap involves the exchange of fixed-rate and variable-rate payments without the exchange of the underlying notional amount on which the interest payments are calculated. The notional amount of the swap agreement is \$60.0 million, and it will terminate on May 1, 2027. As of September 29, 2024, a 25-basis point change in interest rates on our unhedged variable-rate debt would potentially increase or decrease our annual interest expense by approximately \$0.1 million.

Other types of market risk, such as foreign currency risk, do not arise in the normal course of our business activities.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Quarterly Report on Form 10-Q, we conducted an evaluation, under supervision and with the participation of management, including the chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rules 13a-15 and 15d-15 of the Exchange Act. Based upon that evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective as of September 29, 2024. Disclosure controls and procedures are defined by Rules 13a-15(e) and 15d-15(e) of the Exchange Act as controls and other procedures that are designed to ensure that information required to be disclosed by us in reports filed with the SEC under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in reports filed under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, or person performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control

There was no change in our internal control over financial reporting during the second quarter of fiscal 2025 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

There are no material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which we or any of our subsidiaries are a party or of which any of our property is the subject.

ITEM 1A. RISK FACTORS

There have been no material changes to our risk factors from those disclosed in our [Annual Report on Form 10-K for the fiscal year ended March 31, 2024](#).

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Our Board has authorized the repurchase of up to 2.6 million shares of our outstanding common stock, initially approved on May 29, 2014 and subsequently amended from time to time. The repurchase plan has no expiration date. The shares may be purchased on the open market or in privately negotiated transactions subject to applicable securities laws and regulations. The following table sets forth information concerning purchases of our common stock for the three months ended September 29, 2024:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of a Publicly Announced Plan or Program	Maximum Number of Shares that May Yet be Purchased under Plans or Programs
07/01/2024-07/28/2024	—	\$ —	—	831,946
07/29/2024-08/25/2024	—	—	—	831,946
08/26/2024-09/29/2024	—	—	—	831,946
Total	—	—	—	—

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

None of the Company's directors or officers (as defined in Rule 16a-1(f) of the Exchange Act) adopted, modified or terminated any contract, instruction, or written plan for the purchase or sale of the Company's securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) of the Exchange Act or any non-Rule 10b5-1 trading arrangement (as defined in Item 408(c) of Regulation S-K) during the three months ended September 29, 2024.

ITEM 6. EXHIBITS

Exhibit	Description	Method of Filing
3.1	Restated Articles of Incorporation. (1)	Incorporated by Reference
3.2	Amended and Restated By-Laws. (2)	Incorporated by Reference
10.1	First Amendment to Second Amended and Restated Credit Agreement, dated as of May 30, 2024, among the Company, U.S. Bank National Association, and certain financial institutions.	Filed Electronically
10.2	Amended and Restated Executive Severance Plan.	Filed Electronically
31.1	Certification by Chief Executive Officer pursuant to Rule 13a-14(a) of the Exchange Act.	Filed Electronically
31.2	Certification by Chief Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act.	Filed Electronically
32.1	Section 1350 Certification by Chief Executive Officer.	Filed Electronically
32.2	Section 1350 Certification by Chief Financial Officer.	Filed Electronically
101	Financial statements from the Quarterly Report on Form 10-Q of Hawkins, Inc. for the period ended September 29, 2024 filed with the SEC on October 30, 2024 formatted in Inline Extensible Business Reporting Language (iXBRL); (i) the Condensed Consolidated Balance Sheets at September 29, 2024 and March 31, 2024, (ii) the Condensed Consolidated Statements of Income for the three and six months ended September 29, 2024 and October 1, 2023, (iii) the Condensed Consolidated Statements of Comprehensive Income for the three and six months ended September 29, 2024 and October 1, 2023, (iv) the Condensed Consolidated Statements of Shareholder's Equity for the three and six months ended September 29, 2024 and October 1, 2023, (v) the Condensed Consolidated Statements of Cash Flows for the six months ended September 29, 2024 and October 1, 2023, and (vi) Notes to Condensed Consolidated Financial Statements.	Filed Electronically
104	Cover Page Interactive Data File (embedded within the inline XBRL document)	Filed Electronically

(1) Incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K dated February 26, 2021 and filed March 2, 2021.
 (2) Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K dated October 28, 2009 and filed November 3, 2009.

SIGNATURES

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

HAWKINS, INC.

By: /s/ Jeffrey P. Oldenkamp
Jeffrey P. Oldenkamp
Executive Vice President and Chief Financial Officer
(On behalf of the registrant and as principal financial and accounting
officer)

Dated: October 30, 2024

HAWKINS, INC.

Execution Version

**FIRST AMENDMENT TO
SECOND AMENDED AND RESTATED CREDIT AGREEMENT**

This FIRST AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT (this “**Amendment**”) is dated as of May 30, 2024 (the “**First Amendment Effective Date**”), and is between Hawkins, Inc., a Minnesota corporation (the “**Borrower**”), the Lenders party hereto, U.S. Bank National Association, a national banking association, as LC Issuer, Swing Line Lender and as Administrative Agent (the “**Administrative Agent**”).

RECITALS

- A. The Borrower, the Lenders and the Administrative Agent are party to that certain Second Amended and Restated Credit Agreement, dated as of March 31, 2022 (as may be amended, restated or otherwise modified from time to time, the “**Credit Agreement**”). Capitalized terms not otherwise defined in this Amendment shall have the meanings respectively assigned to them in the Credit Agreement.
- B. The parties hereto desire to amend and modify the Credit Agreement in accordance with the terms and subject to the conditions set forth in this Amendment.

NOW, THEREFORE , in consideration of the mutual covenants, conditions and agreements herein contained, the parties hereto hereby agree as follows:

AGREEMENT

SECTION 1. **Capitalized Terms** . Capitalized terms used and not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement, unless the context otherwise requires.

SECTION 2. **Amendments**. Subject to the satisfaction of the conditions precedent set forth herein, the Credit Agreement is hereby amended as set forth herein, effective as of the First Amendment Effective Date.

Section 2.1 - The following defined terms in Section 1.1 of the Credit Agreement are hereby amended and restated in their entirety, or added to Section 1.1 of the Credit Agreement in alphabetical order, as follows:

“Indebtedness” of a Person means such Person’s (i) obligations for borrowed money, (ii) obligations representing the deferred purchase price of Property or services (other than accounts payable arising in the ordinary course of such Person’s business payable on terms customary in the trade, Working Capital Adjustments or earn-out payments in the aggregate amount not to exceed \$2,000,000 for such earn-out payments), (iii) obligations, whether or not assumed, secured by Liens or payable out of the proceeds or production from Property now or hereafter owned or acquired by such Person, (iv) obligations that are evidenced by notes, acceptances or other instruments, (v) any capital securities or other equity instrument, whether or not mandatorily redeemable, that under GAAP is characterized as debt, whether pursuant to financial accounting standards board issuance No. 150 or otherwise, (vi) Capitalized Lease Obligations, (vii) obligations of such Person as an account party with respect to standby and commercial Letters of Credit, (viii) Contingent Obligations of such Person, (ix) Net Mark to Market Exposure under Financial Contracts, (x) Receivables Transaction Attributed Indebtedness, and (xi) any other obligation for borrowed money or other financial accommodation that in accordance with GAAP would be shown as a liability on the consolidated balance sheet of such Person.

“Lien” means any lien (statutory or other), mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, priority or other security agreement or similar arrangement of any kind or nature whatsoever (including, without limitation, (a) the interest of a vendor or lessor under any conditional sale, Capitalized Lease or other title retention agreement or (b) assignment, sale or other disposition of any notes receivable or accounts receivable).

“Qualified Receivables Transaction” means any transaction or series of transactions entered into by the Borrower or any Subsidiary pursuant to which the Borrower or any Subsidiary may sell, convey or otherwise transfer any accounts or notes receivable and rights related thereto and with respect to which (a) all of the terms and conditions of such transaction or series of transactions, including without limitation the amount and type of any recourse to the Borrower or any Subsidiary with respect to the Property transferred, are acceptable to the Administrative Agent in its reasonable discretion, and (b) the Receivables Transaction Attributed Indebtedness does not exceed \$10,000,000.

“Receivables Transaction Attributed Indebtedness” means the amount of obligations outstanding under the legal documents entered into as part of any Qualified Receivables Transaction on any date of determination that would be characterized as principal if such Qualified Receivables Transaction were structured as a secured lending transaction rather than as a purchase.

Section 2.2 - Section 6.17 of the Credit Agreement is hereby amended to add the following subsection as subsection 6.17(o), and to accordingly renumber existing subsection 6.17(o) to subsection 6.17(p):

- (o) Receivables Transaction Attributed Indebtedness not to exceed \$10,000,000; and

Section 2.3 - Section 6.19(d) of the Credit Agreement is hereby amended and restated in its entirety as follows:

(d) any transfer of an interest (whether characterized as a grant of a security interest or the transfer of ownership) in accounts or notes receivable and related Property as part of a Qualified Receivables Transaction; or

Section 2.4 - Section 6.22 of the Credit Agreement is hereby amended to add the following subsection as subsection 6.22(n), and to accordingly renumber existing subsection 6.22(n) to subsection 6.22(o):

(n) Liens incurred in connection with any transfer of an interest (whether characterized as a grant of a security interest or the transfer of ownership) in accounts or notes receivable or related Property as part of a Qualified Receivables Transaction; and

Section 2.5 - Section 6.28 of the Credit Agreement is hereby amended and restated in its entirety as follows:

6.28 Negative Pledges; Subsidiary Restrictions. Neither the Borrower nor the Subsidiaries shall enter into any agreement, bond, note or other instrument with or for the benefit of any Person other than the Lenders that would (a) prohibit any of the Borrower and the Subsidiaries from granting, or otherwise limit the ability of such Person to grant, to the Lenders any Lien on any of the assets or properties of such Person, or (b) require any of the Borrower and the Subsidiaries to grant a Lien to any other Person if such Borrower or such Subsidiary grants any Lien to the Lenders, in each case except for any such agreement, bond, note or other instrument interest with respect to the property subject to purchase money financings and Capitalized Lease agreements permitted hereby. Neither the Borrower nor the Subsidiaries shall place or allow any restriction, directly or indirectly, on the ability of the Borrower or Subsidiary to (x) pay dividends or any distributions on or with respect to such Person's Equity Interests or (y) make loans or other cash payments to the Borrower, in each case except for (i) restrictions placed or allowed by any Person with respect to the property subject to purchase money financings and Capitalized Lease agreements permitted hereunder and (ii) customary restrictions and conditions in documents evidencing Qualified Receivables Transactions.

SECTION 3. **Effectiveness of Amendments** . The amendments contained in this Amendment shall become effective upon delivery by the Borrower of, and compliance by the Borrower with, the following:

Section 3.1 - This Amendment duly executed by the Borrower.

Section 3.2 - A certificate of the Secretary of the Borrower certifying or confirming no change from the Borrower's certificate dated as of March 31, 2022 (i) as to the resolutions of the Board of Directors of the Borrower authorizing the execution, delivery and performance of this Amendment, (ii) as to Articles of Incorporation or Bylaws of the Borrower, and (iii) as to the identity, office and signatures of each officer of the Borrower authorized to execute this Amendment and any other instrument or agreement executed by the Borrower in connection with this Amendment (collectively, the " **Amendment Documents** ").

SECTION 4. Representations, Warranties, Authority, No Adverse Claim .

Section 4.1 - Reassertion of Representations and Warranties, No Default . The Borrower hereby represents that on and as of the date hereof and after giving effect to this Amendment (a) all of the representations and warranties contained in the Credit Agreement are true, correct and complete in all respects as of the date hereof as though made on and as of such date, except to the extent any such representation or warranty is stated to relate solely to an earlier date, in which case such representation or warranty shall have been true and correct on and as of such earlier date, and (b) there will exist no Default or Event of Default under the Credit Agreement as amended by this Amendment on such date which has not been waived by the Required Lenders.

Section 4.2 - Authority, No Conflict, No Consent Required, Enforceability . Borrower represents and warrants that the Borrower has the power and legal right and authority to enter into the Amendment Documents and has duly authorized as appropriate the execution and delivery of the Amendment Documents and other agreements and documents executed and delivered by the Borrower in connection herewith or therewith by proper corporate action, and none of the Amendment Documents nor the agreements contained herein or therein contravenes or constitutes a default under any agreement, instrument or indenture to which the Borrower is a party or a signatory or a provision of the Borrower's Articles of Incorporation, Bylaws, or any other agreement or requirement of law, or result in the imposition of any Lien on any of its property under any agreement binding on or applicable to the Borrower or any of its property except, if any, in favor of the Administrative Agent and the Lenders. The Borrower represents and warrants that no consent, approval or authorization of or registration or declaration with any Person, including but not limited to any governmental authority, is required in connection with the execution and delivery by the Borrower of the Amendment Documents or other agreements and documents executed and delivered by the Borrower in connection therewith or the performance of obligations of the Borrower therein described, except for those which the Borrower has obtained or provided and as to which the Borrower has delivered certified copies of documents evidencing each such action to the Administrative Agent. The Borrower represents and warrants that the Amendment Documents constitute the legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms, subject to limitations as to enforceability which might result from bankruptcy, insolvency, moratorium and other similar laws affecting creditors' rights generally and subject to limitations on the availability of equitable remedies.

Section 4.3 - No Adverse Claim . The Borrower warrants, acknowledges and agrees that no events have taken place and no circumstances exist at the date hereof which would give the Borrower a basis to assert a defense, offset or counterclaim to any claim of the Administrative Agent or the Lenders with respect to the Borrower's obligations under the Loan Documents as amended by this Amendment.

SECTION 5. Affirmation of Credit Agreement, Further References . The Borrower acknowledges and affirms that the Credit Agreement and all of the terms, conditions, provisions, agreements, requirements, promises, obligations, duties, covenants and representations of the Borrower under the Credit Agreement and the other Loan Documents and any and all other documents and agreements entered into with respect to the obligations under the Credit Agreement and the other Loan Documents are hereby ratified and affirmed in all respects by the Borrower. All references in any document or instrument to the Credit Agreement are hereby amended and shall refer to the Credit Agreement as amended by this Amendment.

SECTION 6. Successors . The Amendment Documents shall be binding upon the Borrower, the Administrative Agent and the Lenders and their respective successors and assigns, and shall inure to the benefit of the Borrower, the Administrative Agent and the Lenders and their respective successors and assigns.

SECTION 7. **Legal Expenses**. The Borrower agrees to reimburse the Administrative Agent, upon execution of this Amendment, for all reasonable out-of-pocket expenses (including attorneys' fees and legal expenses of Dorsey & Whitney LLP, counsel for the Administrative Agent) incurred in connection with the Credit Agreement, including in connection with the negotiation, preparation and execution of the Amendment Documents and all other documents negotiated, prepared and executed in connection with the Amendment Documents, and in enforcing the obligations of the Borrower under the Amendment Documents, and to pay and save the Administrative Agent and the Lenders harmless from all liability for, any stamp or other taxes which may be payable with respect to the execution or delivery of the Amendment Documents, which obligations of the Borrower shall survive any termination of the Credit Agreement.

SECTION 8. **Counterparts**. The Amendment Documents may be executed in several counterparts as deemed necessary or convenient, each of which, when so executed, shall be deemed an original, provided that all such counterparts shall be regarded as one and the same document, and either party to the Amendment Documents may execute any such agreement by executing a counterpart of such agreement.

SECTION 9. **Governing Law**. THE AMENDMENT DOCUMENTS SHALL BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF MINNESOTA, WITHOUT GIVING EFFECT TO CONFLICT OF LAW PRINCIPLES THEREOF, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS, THEIR HOLDING COMPANIES AND THEIR AFFILIATES.

SECTION 10. **Acknowledgement and Release**. IN ORDER TO INDUCE THE ADMINISTRATIVE AGENT AND THE LENDERS TO ENTER INTO THIS AMENDMENT, THE BORROWER: (A) REPRESENTS AND WARRANTS TO THE ADMINISTRATIVE AGENT AND THE LENDERS THAT NO EVENTS HAVE TAKEN PLACE AND NO CIRCUMSTANCES EXIST AT THE DATE HEREOF WHICH WOULD GIVE THE BORROWER THE RIGHT TO ASSERT A DEFENSE, OFFSET OR COUNTERCLAIM TO ANY CLAIM BY THE ADMINISTRATIVE AGENT OR ANY LENDER FOR PAYMENT OF THE OBLIGATIONS; AND (B) HEREBY RELEASE AND FOREVER DISCHARGE THE ADMINISTRATIVE AGENT AND THE LENDERS AND THEIR SUCCESSORS, ASSIGNS, DIRECTORS, OFFICERS, AGENTS, EMPLOYEES AND PARTICIPANTS FROM ANY AND ALL ACTIONS, CAUSES OF ACTION, SUITS, PROCEEDINGS, DEBTS, SUMS OF MONEY, COVENANTS, CONTRACTS, CONTROVERSIES, CLAIMS AND DEMANDS, AT LAW OR IN EQUITY, WHICH THE BORROWER EVER HAD OR NOW HAVE AGAINST THE ADMINISTRATIVE AGENT OR ANY LENDER OR ANY OF THEIR SUCCESSORS, ASSIGNS, DIRECTORS, OFFICERS, AGENTS, EMPLOYEES OR PARTICIPANTS BY VIRTUE OF THEIR RELATIONSHIP TO THE BORROWER IN CONNECTION WITH THIS AMENDMENT, THE CREDIT AGREEMENT, THE LOAN DOCUMENTS AND TRANSACTIONS RELATED THERETO.

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IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as of the date and year first above written.

BORROWER :

HAWKINS, INC.

By: /s/ Jeffrey P. Oldenkamp
Name: Jefferey P. Oldenkamp
Title: Executive Vice President and Chief Financial Officer

[Signature Page to First Amendment to Second Amended and Restated Credit Agreement]

U.S. BANK NATIONAL ASSOCIATION,
as a Lender, as LC Issuer and as
Administrative Agent

By: /s/ Stephen J. Heinen
Name: Stephen J. Heinen
Title: Vice President

[Signature Page to First Amendment to Second Amended and Restated Credit Agreement]

JPMORGAN CHASE BANK, N.A.,
as a Lender and an LC Issuer

By: /s/ Mike Myers
Name: Mike Myers
Title: Authorized Signer

[Signature Page to First Amendment to Second Amended and Restated Credit Agreement]

HAWKINS, INC.
EXECUTIVE SEVERANCE PLAN
(As Amended and Restated Effective July 31, 2024)

Hawkins, Inc. originally established this Hawkins, Inc. Executive Severance Plan (the "Plan") effective as of August 2, 2011 (the "Effective Date"). The Plan is amended and restated in its entirety as set forth herein, effective as of July 31, 2024 (the "Restatement Date").

The purpose of this Plan is to provide certain executive employees of Hawkins with severance benefits in the event that the executive's employment is involuntarily terminated under circumstances entitling the executive to such benefits.

The Plan is intended to be an unfunded plan for a select group of management or highly compensated employees that is intended to qualify for the exemptions provided in sections 201, 301 and 401 of ERISA, and for the alternative reporting method provided in DOL Reg. § 2520.104-23.

The Plan shall continue until such time as it is amended or terminated.

ARTICLE 1

DEFINITIONS

- 1.1 "Affiliate" means any entity with which Hawkins would be considered a single employer under Code § 414(b) or 414(c).
- 1.2 "Base Salary" means the Covered Executive's annualized rate of base salary as paid on each regularly scheduled payday for the Covered Executive's regular work schedule as of his or her Date of Termination; provided, however, that if such rate is reduced during the 90-day period preceding the Covered Executive's Date of Termination, the Covered Executive's annualized rate of base salary shall be based upon the highest rate in effect for the Covered Executive during such 90-day period.
- 1.3 "Beneficial Owner" and "Beneficial Ownership" have the same meaning as in Rule 13d-3 under the Securities Exchange Act of 1934, as amended (or any successor rule thereto).
- 1.4 "Board" means the Board of Directors of Hawkins.

1.5 “Cause” means:

- a. the Covered Executive’s willful and material failure or refusal during his or her employment to carry out any reasonable directive of the Board;
- b. any willful and material failure by the Covered Executive during his or her employment to comply with any material policy, rule or code of conduct generally applicable to employees of Hawkins or to management employees of Hawkins, which failure is materially and demonstratively injurious to the financial condition or business reputation of Hawkins;
- c. the Covered Executive’s embezzlement or misappropriation of funds of Hawkins or any other willful act or omission by the Covered Executive which is materially injurious to the financial condition or business reputation of Hawkins; or
- d. the Covered Executive’s conviction or confession of an act or acts constituting a felony under the laws of the United States or any state thereof related to the business of Hawkins or which is materially injurious to the financial condition or business reputation of Hawkins.

1.6 “Change in Control” means the occurrence of any of the following events:

- a. the consummation of a Corporate Transaction unless, immediately following such Corporate Transaction, all or substantially all of the persons who were the Beneficial Owners of Voting Securities of Hawkins immediately prior to such Corporate Transaction beneficially own, directly or indirectly, more than 50% of the combined voting power of the then outstanding Voting Securities (or comparable equity interests) of the surviving or acquiring entity (or its parent) resulting from such Corporate Transaction in substantially the same proportions as their ownership of Voting Securities of Hawkins immediately prior to such Corporate Transaction; or
- b. any person or group, other than (i) one or more subsidiaries of Hawkins, or (ii) any employee benefit plan (or related trust) sponsored or maintained by Hawkins or any Affiliate, becomes the Beneficial Owner of equity securities of Hawkins representing more than 50% of the combined voting power of the then outstanding Voting Securities of Hawkins, except that (A) any acquisition of equity securities of Hawkins directly from Hawkins for the purpose of providing financing to Hawkins, any formation of a group consisting solely of Beneficial Owners of Voting Securities of Hawkins as of the Effective Date, or any repurchase or other acquisition by Hawkins of its equity securities that causes any person to become the beneficial owner of more than 50% of the combined voting power of the Voting Securities of Hawkins, will not be considered a Change in Control unless and until, in either case, such person acquires Beneficial Ownership of additional Voting Securities of Hawkins after the person initially became the Beneficial Owner of more than 50% of the combined voting power of the Voting Securities of Hawkins by one of the means described in this clause (A); and (B) a Change in Control will occur if a person or group becomes the Beneficial Owner of more than 50% of Voting Securities of Hawkins as the result of a Corporate Transaction only if the Corporate Transaction is itself a Change in Control pursuant to subsection (a) of this section; or
- c. individuals who are Continuing Directors cease for any reason to constitute a majority of the members of the Board.

1.7 “COBRA” means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

1.8 “Code” means the Internal Revenue Code of 1986, as amended, and the regulations and guidance issued thereunder.

1.9 “Committee” means the Compensation Committee of the Board or such other committee of the Board (including, without limitation, the full Board) to which the Board has delegated power to act under or pursuant to the provisions of the Plan.

1.10 “Continuing Director” means an individual (a) who is, as of the Effective Date, a director of Hawkins, or (b) who becomes a director of Hawkins after the Effective Date and whose initial election, or nomination for election by Hawkins’ stockholders, was approved by at least a majority of the then Continuing Directors, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board.

1.11 “Corporate Transaction” means a dissolution or liquidation of Hawkins, a sale of substantially all of the assets of Hawkins, a merger or consolidation of Hawkins with or into any other corporation, regardless of whether Hawkins is the surviving corporation, or a statutory share exchange involving capital stock of Hawkins.

1.12 “Covered Executive” means any Employee who is specifically designated by the Committee to participate in the Plan.

1.13 “Date of Termination” means the effective date of a Termination of Employment.

1.14 “Deferred Compensation Plan” means the Hawkins, Inc. Deferred Compensation Plan.

1.15 “Disability” means any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than six months, where such impairment causes the Covered Executive to be unable to perform the duties of the Covered Executive’s position of employment or any substantially similar position of employment.

1.16 “Effective Date” means the effective date of this Plan, which is August 2, 2011.

1.17 “Employee” means any common-law employee of Hawkins or an Affiliate (while it is an Affiliate).

1.18 “ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and the regulations and guidance issued.

1.19 “Good Reason” means any of the following conditions arising without the consent of the Covered Executive:

- a. a material decrease in the Covered Executive’s base compensation;
- b. a material diminution in the Covered Executive’s authority, duties, or responsibilities;
- c. relocation of Covered Executive’s principal office more than 50 miles from its current location; or
- d. any other action or inaction that constitutes a material breach by Hawkins of any terms or conditions of any agreement between Hawkins and the Covered Executive, which breach has not been caused by the Covered Executive.

1.20 “Hawkins” means Hawkins, Inc., a Minnesota corporation, or any successor to all or substantially all of its businesses by merger, consolidation, purchase of assets or otherwise.

1.21 “Plan Year” has the meaning given to such term in the Profit Sharing Plan.

1.22 “Profit Sharing Plan” means the Hawkins, Inc. Profit Sharing Plan.

1.23 “Release” means a written agreement and release of claims in a form furnished by Hawkins. In such release, the Covered Executive will be asked to release Hawkins and its directors, officer, employees and agents from any and all claims the Covered Executive may have against them, including but not limited to any contract, tort, or wage and hour claims, and any claims under Title VII, the ADEA, the ADA, ERISA, and other federal, state, local or foreign laws. Under the Release, the Covered Executive must also agree not to solicit business similar to any business offered by Hawkins from any Hawkins customer, not to advise any entity to cancel or limit its business with Hawkins, not to recruit, solicit or encourage any employee to leave their employment with Hawkins, not to disclose any of Hawkins’ trade secrets or confidential information, and not to disparage Hawkins or its employees in any way. These obligations are in addition to any other non-solicitation, noncompete, nondisclosure, or confidentiality agreements the Covered Executive may have executed while employed by Hawkins. The Release shall not diminish or terminate the Covered Executive’s rights under this Plan.

1.24 “Restatement Date” means the effective date of the amendment and restatement of this Plan, which is July 31, 2024.

1.25 “Salary Continuation Period” means the relevant period (which shall depend upon the Covered Executive’s Tier on his or her Date of Termination and whether the Covered Executive’s Termination of Employment is a Termination Due to a Change in Control) as described in Appendix A for determining the Severance Benefits payable to a Covered Executive.

1.26 “Separation Pay Plan Amount” means an amount payable pursuant to an arrangement that constitutes a “separation pay plan due to involuntary separation from service” under Treas. Reg. § 1.409A-1(b)(9)(iii) (or a successor rule thereto), and which, with respect to a Covered Executive, shall be equal to two times the lesser of (a) the maximum amount that may be taken into account under a qualified pension plan under Code § 401(a)(17) for the year in which the Date of Termination occurs; or (b) the Covered Executive’s annualized compensation for the calendar year prior to the calendar year in which the Date of Termination occurs (adjusted for any increase during that year that was expected to continue indefinitely if the Covered Executive had not separated from service).

1.27 “Severance Benefits” means the benefits payable under this Plan as described in Article 3.

1.28 “Target Annual Bonus” means the target annual bonus established under Hawkins’ annual incentive bonus program and approved by the Committee, as applicable, for the fiscal year in which the Covered Executive’s Date of Termination occurs, or if such target annual bonus has not been established for such fiscal year by the Covered Executive’s Date of Termination, the target annual bonus for the prior fiscal year.

1.29 “Termination Due to Change in Control” means a Termination for Good Reason or a Termination Without Cause that occurs during the 30-day period preceding or the two-year period commencing upon the occurrence of a Change in Control.

1.30 “Termination for Good Reason” means a Termination of Employment by the Covered Executive for Good Reason; provided, however, that a Termination of Employment shall not be considered to be a Termination for Good Reason unless the following conditions are satisfied:

- a. The Covered Executive has first given written notice to Hawkins of the existence of a condition constituting “Good Reason” as described in Sec. 1.19 within 90 days of its first occurrence, and Hawkins has failed to remedy the condition within 30 days thereafter.
- b. The Termination of Employment occurs not later than the expiration of the two-year period following the initial existence of a condition constituting “Good Reason” as described in Sec. 1.19.

1.31 “Termination of Employment” means a termination of a Covered Executive’s employment with Hawkins and its Affiliates, whether by action of the Covered Executive or by Hawkins or an Affiliate, provided that such Termination of Employment also constitutes a “separation from service” under Code § 409A and the regulations thereunder.

1.32 “Termination Without Cause” means a Termination of Employment for any reason other than Cause or the Covered Executive’s death or Disability.

1.33 “Voting Securities” means, with respect to any company, the company’s outstanding securities entitled to vote generally in the election of directors.

ARTICLE 2

ELIGIBILITY

- 2.1 Eligibility . An Employee shall be entitled to participate in, and shall become a Covered Executive under, the Plan upon his or her selection by the Committee for participation in the Plan. Hawkins shall advise each Covered Executive who is selected for participation in the Plan of his or her participation in the Plan.
- 2.2 Tiers . Each Covered Executive shall be assigned a Tier by the Committee for purposes of determining the Covered Executive's entitlement to certain Severance Benefits under this Plan. However, unless the Committee makes a different assignment, the Chief Executive Officer is assigned to Tier 1. Notwithstanding the foregoing, if the Covered Executive was assigned to a higher Tier during the 90-day period immediately preceding the Covered Executive's Date of Termination, the Covered Executive shall be deemed to be assigned to such higher Tier for purposes of determining the Covered Executive's Severance Benefits under this Plan.
- 2.3 Condition to Receiving Benefits . As a condition precedent to receiving Severance Benefits under the Plan, a Covered Executive must complete, execute and return to Hawkins, not later than 50 days following the Covered Executive's Date of Termination, a Release which has not been rescinded by the Covered Executive prior to the expiration of all applicable rescission period(s). Such Release shall be furnished to the Covered Executive within five days after the Covered Executive's Date of Termination.

ARTICLE 3

SEVERANCE BENEFITS

3.1 Termination Without Cause Not In Connection with a Change In Control. In the event of the Covered Executive's Termination Without Cause which is not a Termination Due to Change in Control, the Covered Executive shall be entitled to the Severance Benefits described in this Sec. 3.1. For purposes of determining a Covered Executive's Severance Benefits under this Sec. 3.1, the Salary Continuation Period for a Covered Executive shall be the relevant period described in Appendix A.

- a. Base Salary. Hawkins shall pay the Covered Executive his or her Base Salary for the Salary Continuation Period. Such Base Salary shall be paid in equal installments over the Salary Continuation Period in accordance with Hawkins' standard payroll practices. Notwithstanding the foregoing, the following conditions and limitations on the payment of Base Salary shall apply:
 - i. It is intended that all or a portion of the amounts payable during the six-month period following the Date of Termination will constitute separation pay due to involuntary separation from service under Treas. Reg. § 1.409A-1(b)(9)(iii). Accordingly, the amounts in excess of the Separation Pay Plan Amount that would otherwise have been payable during such six-month period shall be accumulated and paid (without interest) to the Covered Executive in a lump sum on the first day of the seventh month following the Date of Termination (subject to satisfaction of the conditions described in Sec. 2.3 by such date).
 - ii. Any installment payment(s) of Base Salary that otherwise would have been paid during such six-month period to the Covered Executive pursuant to this subsection, but solely for the fact that the conditions described in Sec. 2.3 have not yet been satisfied, shall be accumulated and paid (without interest) to the Covered Executive in a lump sum upon the first regularly scheduled payroll date following the satisfaction of such conditions.
- b. Medical and Dental. Hawkins shall reimburse the Covered Executive for the amount of the employer portion of his or her premium payments for COBRA continuation coverage for medical and dental benefits for the Salary Continuation Period, or, if shorter, the 18-month period following the Date of Termination, if the Covered Executive qualifies for and elects that coverage for such period. Notwithstanding the foregoing, however, Hawkins' obligation to make any payment or further payment pursuant to this subsection will cease on the date the Covered Executive becomes covered by another group health plan that does not impose pre-existing condition limitations on the Covered Executive's coverage. Nothing in this subsection shall be construed to extend the period for which COBRA continuation coverage must be provided to the Covered Executive or the Covered Executive's dependents beyond that mandated by law. Such payments are intended to be medical reimbursements exempt from Code § 409A pursuant to Treas. Reg. § 1.409A-1(b)(9)(v)(B).
- c. Outplacement Costs. Hawkins shall engage and pay on behalf of the Covered Executive, the reasonable costs of outplacement services for the twelve-month period following the Date of Termination. The payments under this subsection are intended to be exempt from Code § 409A pursuant to Treas. Reg. § 1.409A-1(b)(9)(v)(A). Accordingly, the costs of such outplacement services shall not be incurred beyond the last day of the second calendar year following the calendar year in which the Covered Executive's Date of Termination falls, and Hawkins' payment shall be made before the end of the third calendar year following the calendar year in which the Covered Executive's Date of Termination for the Salary Continuation Period.

3.2 Termination Due to Change in Control. In the event of a Covered Executive's Termination for Good Reason or Termination Without Cause that is also a Termination Due to Change in Control:

- a. The Covered Executive shall be entitled to the Severance Benefits described in Sec. 3.1, except that:
 - i. for purposes of determining the Covered Executive's Severance Benefits under this Sec. 3.2, the Salary Continuation Period shall be the Salary Continuation Period for a Termination Due to Change in Control described in Appendix A.
 - ii. the amounts payable during the six-month period described in Sec. 3.1(a)(i) that constitute separation pay due to involuntary separation from service under Treas. Reg. § 1.409A-1(b)(9)(iii) shall be paid as soon as administratively practicable following the Date of Termination (subject to satisfaction of the conditions described in Sec. 2.3 by such date).
 - iii. if the Change in Control constitutes a change in ownership of a corporation under Treas. Reg. § 1.409A-3(i)(5)(v), a change in the effective control of a corporation under Treas. Reg. § 1.409A-3(i)(5)(vi), or a change in the ownership of a substantial portion of a corporation's assets as defined in Treas. Reg. § 1.409A-3(i)(5)(vii), the Base Salary installment payments that would otherwise be payable for the remainder of the Salary Continuation Period following the period described in Sec. 3.1(a)(i) shall instead be paid in a lump sum on the first day of the seventh month following the Date of Termination (subject to satisfaction of the conditions described in Sec. 2.3 by such date).
- b. The Covered Executive shall be entitled to the following additional Severance Benefits:
 - i. Bonus. The Covered Executive shall be entitled to receive an amount equal to one-twelfth (1/12) of his or her Target Annual Bonus multiplied by the number of months in the Salary Continuation Period for a Termination Due to a Change in Control described in Appendix A. Such payment shall be made in a lump sum as soon as administratively practicable after the expiration of all rescission period(s) described in Sec. 2.3, but in any event not later than two and half months following the end of the year in which the Date of Termination occurs. Such amount is intended to be a short-term deferral pursuant to Treas. Reg. § 1.409A-1(b)(4).

ii. Profit Sharing Plan. The Covered Executive shall be entitled to receive an amount intended to provide a benefit equal to the additional benefit that the Executive would have received under the Profit Sharing Plan if such Covered Executive (x) had remained employed by Hawkins for the entire Salary Continuation Period and (y) had been entitled to Employer Contributions (as defined in the Profit Sharing Plan) under the Profit Sharing Plan for the Salary Continuation Period.

The amount of such payment shall equal the additional Discretionary Employer Profit Sharing Contribution (as defined in the Profit Sharing Plan) that the Covered Executive would have received for the Salary Continuation period if his/her Compensation had continued at the same rate as in effect immediately prior to his/her Termination of Employment and the rate of the Discretionary Employer Profit Sharing Contribution had been the same rate as in effect for the most recent Plan Year ending prior to the Termination of Employment, plus if, on the Date of Termination, the Profit Sharing Plan permits 401(k) Contributions, such Employer Matching Contributions the Covered Executive would have received for the Salary Continuation Period if he/she had made 401(k) Contributions at least at the rate that would have entitled him/her to the maximum Employer Matching Contributions permitted under the Plan.

Such payment shall be made in a lump sum as soon as administratively practicable after the expiration of all rescission period(s) described in Sec. 2.3, but in any event not later than two and half months following the end of the year in which the Date of Termination occurs. Such amount is intended to be a short-term deferral pursuant to Treas. Reg. § 1.409A-1(b)(4).

iii. Deferred Compensation Plan. To the extent that a Covered Executive is eligible for and participating in the Deferred Compensation Plan, the Covered Executive shall be entitled to receive an amount equal to the additional benefit that the Covered Executive would have received under the Deferred Compensation Plan if such Covered Executive (x) had remained employed by Hawkins for the entire Salary Continuation Period and (y) had been entitled to Company Credits (as defined in the Deferred Compensation Plan) under the Deferred Compensation Plan for the Salary Continuation Period.

The amount of such payment shall equal the value of the Company Credits that the Covered Executive would have received for the Salary Continuation Period.

Such payment, if any, shall be made in a lump sum as soon as administratively practicable after the expiration of all recession period(s) described in Sec. 2.3, but in any event not later than two and half months following the end of the year in which the Date of Termination occurs. Such amount is intended to be a short-term deferral pursuant to Treas. Reg. § 1.409A-1(b)(4). For the avoidance of doubt, this Sec. 3.2(b)(iii) shall in no way change the timing of distributions under the Deferred Compensation Plan.

3.3 Clawback. Any payment of a Severance Benefit hereunder shall be subject to, and recoverable by, Hawkins under Hawkins' clawback policy in effect from time to time; provided, however, that for any attempted recovery from and after a Change in Control, such clawback policy shall have been in effect prior to the Change in Control except as such policy has been modified to conform to applicable law or regulation.

ARTICLE 4

PLAN ADMINISTRATION

4.1 General. The Plan is administered by the Committee. The principal duty of the Committee is to administer the Plan in a consistent and non-discriminatory manner in accordance with its terms. The Committee shall have full power, as provided herein, to administer the Plan in all of its details.

4.1 Power and Authority. The Committee's powers shall include, but shall not be limited to, the following, in addition to all other powers provided by this Plan:

- a. to make, enforce, amend or rescind such rules and regulations relating to the Plan, and to make any other determinations that it deems necessary or proper for the efficient administration of the Plan;
- b. to interpret the Plan and its terms, with the Committee's interpretations thereof to be final and conclusive on all persons claiming benefits under the Plan;
- c. to correct any defect or supply any omission or reconcile any inconsistency in the Plan in the manner and to the extent it deems necessary or advisable;
- d. to decide all questions concerning the Plan and the eligibility of any person to participate in, and to receive benefits provided under, the Plan;
- e. to authorize the payment of benefits; and
- f. to appoint such agents, counsel, accountants, consultants, and actuaries as may be required to assist in administering the Plan.

Notwithstanding the foregoing, during the two-year period following a Change in Control, the Committee shall not have the authority to exercise discretion with respect to any aspect of the Committee's powers and duties and any other aspect of the Plan's administration, including the benefits enumerated in Article 3, with the exception of making benefits changes beneficial, but not less favorable, to the Covered Executive, and the review of benefit claims under Article 5.

4.3 Payment. Hawkins shall make payments of Severance Benefits from its general assets to Covered Executives in accordance with the terms of the Plan.

ARTICLE 5
CLAIMS PROCEDURE

5.1 Claims . All claims for benefits shall be filed in writing with the Committee. Each such claim must be filed by the Covered Executive, or his or her duly authorized representative, within 90 days following the Covered Executive's Termination of Employment.

5.2 Determination of Claims . The Committee shall decide all claims for benefits under the Plan within 30 days after receipt of the claim. Any denial by the Committee of a claim for benefits shall be stated in writing and shall set forth, in a manner calculated to be understood by the claimant, the specific reasons for denial, specific reference to pertinent Plan provisions on which the denial is based, a description of any additional material or information necessary to perfect the claim and an explanation of why such material or information is necessary, and the procedure for the appeal of such denial and a statement of the claimant's right to bring an action under ERISA § 502(a) following an adverse benefit determination on appeal. In addition, the Committee shall afford a reasonable opportunity to any claimant whose claim for benefits has been denied a review of the decision denying the claim.

5.3 Appeals . A claimant (or his or her duly authorized representative) may, upon written request to the Committee within 30 days of receiving a denial of his claim for benefits, (a) request a review of the denial, (b) review pertinent documents, and (c) submit issues and comments in writing to the Committee. A decision by the Committee shall be made promptly and shall not ordinarily be made later than 30 days after receipt of a request for review. The Committee's decision on review shall be in writing, shall include specific reasons for the decision, written in a manner calculated to be understood by the claimant, as well as specific references to the pertinent Plan provisions on which the decision is based, and shall contain a statement of the claimant's right to bring a civil action under ERISA § 502(a). If the decision on review is not furnished within the applicable time described in this section, the claim shall be deemed denied on review.

ARTICLE 6
MISCELLANEOUS

- 6.1 Amendment and Termination . Notwithstanding the foregoing, the Plan may not be amended in any manner that adversely affects any Covered Executive unless such Covered Executive expressly consents to such amendment in writing. In the event of a Change in Control and for a period of two years thereafter, the Plan may not be amended, suspended or discontinued in any manner except to comply with applicable changes in the law, to prevent adverse tax consequences to a Covered Executive, or to make benefits more favorable to a Covered Executive.
- 6.2 Limitation of Covered Executive's Rights . Nothing in this Plan shall be construed as conferring upon the Covered Executive any right to continue in the employment of Hawkins, nor shall it interfere with the rights of Hawkins to terminate the employment of the Covered Executive and/or to take any personnel action affecting the Covered Executive without regard to the effect which such action may have upon the Covered Executive as a recipient or prospective recipient of benefits under this Plan. Any amounts payable hereunder shall not be deemed salary or other compensation to the Covered Executive for the purposes of computing benefits to which the Covered Executive may be entitled under any other arrangement established by Hawkins for the benefit of its employees.
- 6.3 Application of Section 4999 to Severance Benefits .
 - a. Excise Tax Adjustment to Severance Benefits . Notwithstanding any other provisions of this Plan, in the event that any payment or benefit received or to be received by a Covered Executive, whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement (all such payments and benefits, including the Severance Benefits, being hereinafter referred to as the "Total Payments") would be subject (in whole or part), to an excise tax under Code § 4999 (the "Excise Tax"), then, after taking into account any reduction in the Total Payments provided by reason of Code § 280G in such other plan, arrangement or agreement, the payments under this Plan that do not constitute deferred compensation within the meaning of Code § 409A shall first be reduced, and all other payments that do constitute deferred compensation within the meaning of Code § 409A shall thereafter be reduced (beginning with those payments last to be paid), to the extent necessary so that no portion of the Total Payments is subject to the Excise Tax, but only if (i) the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income taxes on such reduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced Total Payments) is greater than or equal to (ii) the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income taxes on such Total Payments and the amount of Excise Tax to which the Covered Executive would be subject in respect of such unreduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced Total Payments). In no event shall the Covered Executive have the discretion to determine the order in which payments under this Plan shall be reduced in accordance with the preceding sentence.

- b. Excise Tax Determination . For purposes of determining whether and the extent to which the Total Payments will be subject to the Excise Tax and the amount of such Excise Tax, (i) no portion of the Total Payments the receipt or enjoyment of which the Covered Executive shall have waived at such time and in such manner as not to constitute a "payment" within the meaning of Code § 280G(b) of the Code shall be taken into account, (ii) no portion of the Total Payments shall be taken into account which, in the opinion of tax counsel ("Tax Counsel") reasonably acceptable to the Covered Executive and selected by the accounting firm (the "Auditor") which was, immediately prior to the Change in Control, Hawkins' independent auditor, does not constitute a "parachute payment" within the meaning of Code § 280G(b)(2) (including by reason of Code § 280G(b)(4)(A)) and, in calculating the Excise Tax, no portion of such Total Payments shall be taken into account which, in the opinion of Tax Counsel, constitutes reasonable compensation for services actually rendered, within the meaning of Code § 280G(b)(4)(B), in excess of the Covered Executive's "base amount" allocable to such reasonable compensation, and (iii) the value of any non-cash benefit or any deferred payment or benefit included in the Total Payments shall be determined by the Auditor in accordance with the principles of Code §§ 280G(d)(3) and (4). For purposes of this Sec. 6.3, (i) the Covered Executive shall be deemed to pay federal income tax at the highest marginal rate of federal income taxation in the calendar year in which the applicable Total Payment is to be made and state and local income taxes at the highest marginal rate of taxation in the state and locality of the Covered Executive's residence in the calendar year in which the applicable Total Payment is to be made, net of the maximum reduction in federal income taxes which could be obtained from deduction of such state and local taxes and (ii) except to the extent that the Covered Executive otherwise notifies Hawkins, the Covered Executive shall be deemed to be subject to the loss of itemized deductions and personal exemptions to the maximum extent provided by the Code for each dollar of incremental income.
- c. Payments Calculation Notice . At the time that payments are made under this Plan, Hawkins shall provide the Covered Executive with a written statement setting forth the manner in which such payments were calculated and the basis for such calculations including, without limitation, any opinions or other advice Hawkins has received from Tax Counsel, the Auditor or other advisors or consultants (and any such opinions or advice which are in writing shall be attached to the statement). If the Covered Executive objects to Hawkins' calculations, Hawkins shall pay to the Covered Executive such portion of the Total Payments (up to 100% thereof) as the Covered Executive determines is necessary to result in the proper application of subsection (a) of this Sec. 6.3.

6.4 Legal Fees and Expenses . Hawkins shall pay to the Covered Executive all legal fees and expenses incurred by the Covered Executive in disputing in good faith any issue hereunder relating to the termination of the Covered Executive's employment, in seeking in good faith to obtain or enforce any benefit or right provided by this Plan, or in connection with any tax audit or proceeding to the extent attributable to the application of Code § 4999 to any payment or benefit provided hereunder. Such payments shall be made within ten business days after delivery of the Covered Executive's written request for payment accompanied with such evidence of fees and expenses incurred as Hawkins reasonably may require, subject to the limits of Sec. 6.9. If Hawkins shall have reimbursed the Covered Executive for legal fees and expenses and it is later determined that the Covered Executive was not acting in good faith, all amounts paid on behalf of, or reimbursed to, the Covered Executive shall be promptly refunded to Hawkins.

6.5 Right of Offset. Hawkins reserves the right to withhold and set off from any payments to a Covered Executive any amount owed to Hawkins or an Affiliate by the Covered Executive, whether such obligation is matured or unmatured and however arising, at the time of (and with priority over) any such distribution or payment to the extent that the retention or exercise of such right does not have adverse tax consequences to the Covered Executive under Code § 409A (for clarity, this offset right is against amounts then due and payable and is not intended to accelerate payment of any amount). Hawkins further reserves the right to withhold and set off from the Covered Executive's accrued benefit under the Plan (even if a payment is not then due and payable) any amount owed to Hawkins or an Affiliate by the Covered Executive, as satisfaction of such obligation of the Covered Executive, where such obligation is incurred in the ordinary course of the service relationship between the Covered Executive and Hawkins or the Affiliate, the entire amount of reduction in any of Hawkins' or the Affiliate's taxable years does not exceed five thousand dollars (\$5,000), and the reduction is made at the same time and in the same amount as the obligation otherwise would have been due and collected from the Covered Executive.

6.6 Nonalienation of Benefits. Except as expressly provided herein, the Covered Executive shall not have the power or right to transfer, alienate or otherwise encumber his or her interest under the Plan. Hawkins' obligations under the Plan are not assignable or transferable except to (a) any corporation or partnership which acquires all or substantially all of Hawkins' assets, or (b) any corporation or partnership into which Hawkins may be merged or consolidated. The provisions of this Plan shall inure solely to the benefit of the Covered Executive.

6.7 Cooperation by Covered Executive. The Covered Executive shall cooperate with Hawkins by furnishing any and all information reasonably requested by Hawkins in order to facilitate the payment of benefits hereunder.

6.8 Withholding Taxes. Hawkins may make such provisions and take such action as it deems necessary or appropriate for the withholding of any taxes which Hawkins is required by any law or regulation of any governmental authority, whether Federal, state or local, to withhold in connection with any benefits under the Plan, including, but not limited to, the withholding of appropriate sums from any amount otherwise payable to the Covered Executive. The Covered Executive, however, shall be responsible for the payment of all individual tax liabilities relating to any such benefits.

6.9 Compliance with Code § 409A. This Plan and the payments hereunder are intended to be exempt from or to satisfy the requirements of Code § 409A(a)(2), (3) and (4), including the exceptions for short-term deferrals, separation pay arrangements, reimbursements, and in-kind distributions, and shall be interpreted and administered accordingly. Each payment under this Plan is intended to be treated as one of a series of separate payments for purposes of Code § 409A and Treas. Reg. § 1.409A-2(b)(2)(iii) (or any similar or successor provisions). To the extent that payments under this Plan are subject to Code § 409A and the Covered Executive is a "specified employee" (as defined in Code § 409A) as of the Date of Termination, distributions to the Covered Executive may not be made before the date that is six months after the Date of Termination or, if earlier, the date of the Covered Executive's death. Payments to which the Covered Executive would otherwise be entitled during the first six months following the date of termination will be accumulated and paid on the first day of the seventh month following the Date of Termination (or the Covered Executive's death, if earlier). To the extent that payments under this Plan are payments under a "reimbursement plan" subject to Code § 409A, the right to reimbursement may not be exchanged for cash or any other benefit, the amount of expenses eligible for reimbursement in one calendar year shall not affect the expenses eligible for reimbursement in any other calendar year, and the reimbursement of any eligible expense shall be made pursuant to Hawkins' normal policies and procedures for expense reimbursement, which shall be in any event no later than the last day of the calendar year following the calendar year in which the expense was incurred.

6.10 Unfunded Plan. The Plan shall not be funded, and no Covered Executive shall have any right to, or interest in, any assets of Hawkins or its Affiliates or subsidiaries.

6.11 Severability . If any provision of this Plan is held unenforceable, the remainder of the Plan shall continue in full force and effect without regard to such unenforceable provision and shall be applied as though the unenforceable provision were not contained in the Plan.

6.12 Governing Law . This Plan shall be construed in accordance with and governed by the laws of the State of Minnesota, without reference to the principles of conflict of laws and to the extent not superseded by the laws of the United States.

6.13 Jurisdiction and Venue . Any action involving claims of a breach of this Plan must be brought exclusively in the courts of the State of Minnesota and/or the United States District Court, District of Minnesota.

6.14 Headings . Headings are inserted in this Plan for convenience of reference only and are to be ignored in the construction of the provisions of the Plan.

6.15 Notice . Any notice or filing required or permitted to be given to Hawkins under this Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail, to the Human Resources Department, or to such other entity as Hawkins may designate from time to time. Such notice shall be deemed given as to the date of delivery, or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

6.16 Successors . This Plan shall be binding upon Hawkins and its successors and assigns. Hawkins shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to assume and agree to perform all of Hawkins' obligations hereunder in the same manner and to the same extent that Hawkins would have been required to perform if no succession had taken place.

Appendix A

Tier	Salary Continuation Period	
	Termination Without Cause (Not a Termination Due to Change In Control)	Termination Due to Change In Control
Tier 1	18 months	24 months
Tier 2	12 months	18 months

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

CERTIFICATIONS

I, Patrick H. Hawkins, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hawkins, 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 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; and
5. The registrant's other certifying officer 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: October 30, 2024

/s/ Patrick H. Hawkins

Patrick H. Hawkins
Chief Executive Officer and President

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

CERTIFICATIONS

I, Jeffrey P. Oldenkamp, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hawkins, 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 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; and
5. The registrant's other certifying officer 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: October 30, 2024

/s/ Jeffrey P. Oldenkamp

Jeffrey P. Oldenkamp
Executive Vice President and Chief Financial Officer

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**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 Hawkins, Inc. (the Company) on Form 10-Q for the period ended September 29, 2024, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Patrick H. Hawkins, Chief Executive Officer and President of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 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;
and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Patrick H. Hawkins

Patrick H. Hawkins
Chief Executive Officer and President
October 30, 2024

**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 Hawkins, Inc. (the Company) on Form 10-Q for the period ended September 29, 2024, as filed with the Securities and Exchange Commission on the date hereof (the Report), I, Jeffrey P. Oldenkamp, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 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;
and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jeffrey P. Oldenkamp

Jeffrey P. Oldenkamp
Executive Vice President and Chief Financial Officer
October 30, 2024