

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

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended April 20, 2024  
OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_ to  
Commission file number 1-16247

FLOWERS FOODS, INC .  
(Exact name of registrant as specified in its charter)

GEORGIA 58-2582379  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification Number)  
1919 FLOWERS CIRCLE , THOMASVILLE , GEORGIA  
(Address of principal executive offices)  
31757  
(Zip Code)  
( 229 )- 226-9110  
(Registrant's telephone number, including area code)  
N/A  
(Former name, former address and former fiscal year, if changed since last report)

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, \$0.01 par value	FLO	NYSE

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 ☒ Accelerated filer ☐  
Non-accelerated filer ☐ Smaller reporting company ☐

Emerging growth company ☐

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

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

As of May 10, 2024, the registrant had

211,141,599  
shares of common stock, \$0.01 par value per share, outstanding.

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FLOWERS FOODS, INC.

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## Forward-Looking Statements

Statements contained in this filing and certain other written or oral statements made from time to time by Flowers Foods, Inc. (the “company”, “Flowers Foods”, “Flowers”, “us”, “we”, or “our”) and its representatives that are not historical facts are forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements relate to current expectations regarding our business and our future financial condition and results of operations and are often identified by the use of words and phrases such as “anticipate,” “believe,” “continue,” “could,” “estimate,” “expect,” “intend,” “may,” “plan,” “predict,” “project,” “should,” “will,” “would,” “is likely to,” “is expected to” or “will continue,” or the negative of these terms or other comparable terminology. These forward-looking statements are based upon assumptions we believe are reasonable.

Forward-looking statements are based on current information and are subject to risks and uncertainties that could cause our actual results to differ materially from those projected. Certain factors that may cause actual results, performance, liquidity, and achievements to differ materially from those projected are discussed in this Quarterly Report on Form 10-Q (this “Form 10-Q”) and may include, but are not limited to:

- unexpected changes in any of the following: (i) general economic and business conditions; (ii) the competitive setting in which we operate, including advertising or promotional strategies by us or our competitors, as well as changes in consumer demand; (iii) interest rates and other terms available to us on our borrowings; (iv) supply chain conditions and any related impact on energy and raw materials costs and availability and hedging counter-party risks; (v) relationships with or increased costs related to our employees and third-party service providers; (vi) laws and regulations (including environmental and health-related issues); and (vii) accounting standards or tax rates in the markets in which we operate;
- the loss or financial instability of any significant customer(s), including as a result of product recalls or safety concerns related to our products;
- changes in consumer behavior, trends and preferences, including health and whole grain trends, and the movement toward less expensive store branded products;
- the level of success we achieve in developing and introducing new products and entering new markets;
- our ability to implement new technology and customer requirements as required;
- our ability to operate existing, and any new, manufacturing lines according to schedule;
- our ability to implement and achieve our corporate responsibility goals in accordance with regulatory requirements and expectations of stakeholders, suppliers, and customers;
- our ability to execute our business strategies which may involve, among other things, (i) the ability to realize the intended benefits of completed, planned or contemplated acquisitions, dispositions or joint ventures, (ii) the deployment of new systems (e.g., our enterprise resource planning (“ERP”) system), distribution channels and technology, and (iii) an enhanced organizational structure (e.g., our sales and supply chain reorganization);
- consolidation within the baking industry and related industries;
- changes in pricing, customer and consumer reaction to pricing actions (including decreased volumes), and the pricing environment among competitors within the industry;
- our ability to adjust pricing to offset, or partially offset, inflationary pressure on the cost of our products, including ingredient and packaging costs;
- disruptions in our direct-store-delivery distribution model, including litigation or an adverse ruling by a court or regulatory or governmental body that could affect the independent contractor classifications of the independent distributor partners, and changes to our direct-store-delivery distribution model in California;
- increasing legal complexity and legal proceedings that we are or may become subject to;
- labor shortages and turnover or increases in employee and employee-related costs;
- the credit, business, and legal risks associated with independent distributor partners and customers, which operate in the highly competitive retail food and foodservice industries;
- any business disruptions due to political instability, pandemics, armed hostilities (including the ongoing conflict between Russia and Ukraine and the conflict in the Middle East), incidents of terrorism, natural disasters, labor strikes or work stoppages, technological breakdowns, product contamination, product recalls or safety concerns related to our products, or the responses to or repercussions from any of these or similar events or conditions and our ability to insure against such events;

- the failure of our information technology (“IT”) systems to perform adequately, including any interruptions, intrusions, cyber-attacks or security breaches of such systems or risks associated with the implementation of the upgrade of our ERP system; and
- the potential impact of climate change on the company, including physical and transition risks, availability or restriction of resources, higher regulatory and compliance costs, reputational risks, and availability of capital on attractive terms.

The foregoing list of important factors does not include all such factors, nor does it necessarily present them in order of importance. In addition, you should consult other disclosures made by the company (such as in our other filings with the Securities and Exchange Commission (“SEC”) or in company press releases) for other factors that may cause actual results to differ materially from those projected by the company. Refer to Part I, Item 1A., *Risk Factors*, of our Annual Report on Form 10-K for the year ended December 30, 2023 (the “Form 10-K”) for additional information regarding factors that could affect the company’s results of operations, financial condition and liquidity.

We caution you not to place undue reliance on forward-looking statements, as they speak only as of the date made and are inherently uncertain. The company undertakes no obligation to publicly revise or update such statements, except as required by law. You are advised, however, to consult any further public disclosures by the company (such as in our filings with the SEC or in company press releases) on related subjects.

We own or have rights to trademarks or trade names that we use in connection with the operation of our business, including our corporate names, logos and website names. In addition, we own or have the rights to copyrights, trade secrets and other proprietary rights that protect the content of our products and the formulations for such products. Solely for convenience, some of the trademarks, trade names and copyrights referred to in this Form 10-Q are listed without the ©, ® and ™ symbols, but we will assert, to the fullest extent under applicable law, our rights to our trademarks, trade names and copyrights.

**PART 1. FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS (UNAUDITED)**

**FLOWERS FOODS, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Amounts in thousands, except share data)  
(Unaudited)

	April 20, 2024	December 30, 2023
<b>ASSETS</b>		
Current assets:		
	15,818	22,527
Cash and cash equivalents	\$	\$
Accounts and notes receivable, net of allowances of \$		
32,810		
and \$		
33,386	359,481	328,246
, respectively		
Inventories, net:		
	63,610	72,941
Raw materials		
	27,518	28,743
Packaging materials		
	84,875	82,813
Finished goods		
	176,003	184,497
Inventories, net		
	88,579	86,386
Spare parts and supplies		
	48,523	66,057
Other		
	688,404	687,713
Total current assets		
Property, plant and equipment:		
	2,531,910	2,500,531
Property, plant and equipment		
	(	(
	1,572,814	1,537,550
Less: accumulated depreciation	)	)
	959,096	962,981
Property, plant and equipment, net		
	336	130
Financing lease right-of-use assets		
	294,203	276,734
Operating lease right-of-use assets		
	118,191	123,571
Notes receivable from independent distributor partners		

Assets held for sale	26,769	21,799
Other assets	14,245	18,487
Goodwill	679,896	677,796
Other intangible assets, net	648,026	657,742
Total assets	<u>\$ 3,429,166</u>	<u>\$ 3,426,953</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Current maturities of long-term debt	\$ —	\$ —
Current maturities of financing leases	153	99
Current maturities of operating leases	57,610	47,507
Accounts payable	303,583	318,600
Other accrued liabilities	261,048	292,946
Total current liabilities	622,394	659,152
Noncurrent long-term debt	1,043,543	1,048,144
Noncurrent financing lease obligations	40	23
Noncurrent operating lease obligations	247,387	236,872
Total long-term debt and right-of-use lease liabilities	1,290,970	1,285,039
Other liabilities:		
Postretirement/post-employment obligations	5,700	5,798
Deferred taxes	98,373	91,245
Other long-term liabilities	35,849	33,937
Total other long-term liabilities	139,922	130,980
Commitments and Contingencies		
Stockholders' equity:		

Preferred stock — \$		
100		
stated par value,		
200,000		
authorized shares and		
none		
issued	—	—
Preferred stock — \$		
.01		
stated par value,		
800,000		
authorized shares and		
none		
issued	—	—
Common stock — \$		
.01		
stated par value and \$		
.001		
current par value,		
500,000,000		
authorized shares and		
228,729,585		
shares issued	199	199
Treasury stock —		
17,587,986		
shares and	(	(
18,309,359	273,115	281,318
shares, respectively	)	)
Capital in excess of par value	693,855	699,808
Retained earnings	954,409	932,472
Accumulated other comprehensive income	532	621
Total stockholders' equity	1,375,880	1,351,782
Total liabilities and stockholders' equity	\$ 3,429,166	\$ 3,426,953

(See Accompanying Notes to Condensed Consolidated Financial Statements)





**FLOWERS FOODS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
(Amounts in thousands, except per share data)  
(Unaudited)

	For the Sixteen Weeks Ended	
	April 20, 2024	April 22, 2023
Sales	\$ 1,576,818	\$ 1,534,493
Materials, supplies, labor and other production costs (exclusive of depreciation and amortization shown separately below)	797,186	800,852
Selling, distribution and administrative expenses	625,251	591,943
Depreciation and amortization	48,235	43,735
Impairment of assets	4,000	—
Restructuring charges	598	4,195
Income from operations	101,548	93,768
Interest expense	11,301	10,837
	(	(
Interest income	5,690	6,951
	)	)
	(	(
Other components of net periodic pension and postretirement benefit plans credit	158	83
	)	)
Income before income taxes	96,095	89,965
Income tax expense	23,052	19,255
Net income	\$ 73,043	\$ 70,710
Net income per common share:		
Basic:		
Net income per common share	\$ 0.35	\$ 0.33
Weighted average shares outstanding	211,078	211,769
Diluted:		
Net income per common share	\$ 0.34	\$ 0.33
Weighted average shares outstanding	212,114	213,397

Cash dividends paid per common share	\$	0.2300	\$	0.2200
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(See Accompanying Notes to Condensed Consolidated Financial Statements)

**FLOWERS FOODS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(Amounts in thousands)  
(Unaudited)

	For the Sixteen Weeks Ended	
	April 20, 2024	April 22, 2023
Net income	\$ 73,043	\$ 70,710
Other comprehensive loss, net of tax:		
Pension and postretirement plans:		
	(	(
	41	42
Amortization of prior service credit included in net income	)	)
	(	(
	32	17
Amortization of actuarial gain included in net income	)	)
	(	(
	73	59
Pension and postretirement plans, net of tax	)	)
Derivative instruments:		
	(	(
	566	3,044
Net change in fair value of derivatives	)	)
	550	940
Loss reclassified to net income	(	(
	16	2,104
Derivative instruments, net of tax	)	)
	(	(
	89	2,163
Other comprehensive loss, net of tax	_____)	_____)
Comprehensive income	\$ 72,954	\$ 68,547

(See Accompanying Notes to Condensed Consolidated Financial Statements)

**FLOWERS FOODS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
(Amounts in thousands, except share data)  
(Unaudited)

	For the Sixteen Weeks Ended April 20, 2024							
	Common Stock Number of Shares Issued	Par Value	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock Number of Shares	Cost	Total
						(	(	
Balances at December 30, 2023	228,729,585	199	699,808	932,472	621	18,309,359	281,318	1,351,782
	\$	\$	\$	\$		)	\$	\$
				73,043				73,043
Net income					(			(
					16			16
Derivative instruments, net of tax					)			)
					(			(
Pension and postretirement plans, net of tax					73			73
					)			)
			11,129					11,129
Amortization of stock-based compensation awards					(			(
			19			1,259	19	
Issuance of deferred compensation			)					—
			(					
Time-based restricted stock units issued (Note 17)			3,849			250,501	3,849	
			)					—
			(					
Performance-contingent restricted stock awards issued (Note 17)			12,884			836,621	12,884	
			)					—
			(					
Issuance of deferred stock awards			330			21,283	330	
			)					—
						(	(	(
						388,291	8,879	8,879
Share repurchases						)	)	)
				(				(
				2,546				2,546
Dividends paid on vested stock-based payment awards				)				)
Dividends paid — \$				(				(
					(			
0.2300 per common share				48,560				48,560
				)				)
						(	(	
	228,729,585	199	693,855	954,409	532	17,587,986	273,115	1,375,880
Balances at April 20, 2024		\$	\$	\$	\$	)	\$	\$

	For the Sixteen Weeks Ended April 22, 2023							
	Common Stock Number of Shares Issued	Par Value	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock Number of Shares	Cost	Total
						(	(	
						(		
Balances at December 31, 2022	228,729,585	199	689,959	1,004,271	1,474	17,595,619	252,613	1,443,290
	\$	\$	\$	\$	\$	)	\$	\$

				70,710					70,710
Net income					(				(
					2,104				2,104
Derivative instruments, net of tax					)				)
					(				(
Pension and postretirement plans, net of tax					59				59
					)				)
Amortization of stock-based compensation awards			9,836						9,836
			(						
			13			852		13	
Issuance of deferred compensation			)						—
			(						
Time-based restricted stock awards issued (Note 17)			2,986			207,892		2,986	
			)						
			(						
Performance-contingent restricted stock awards issued (Note 17)			12,508			867,944		12,508	
			)						—
			(						
			134			9,324		134	
Issuance of deferred stock awards			)						—
									(
						(		(	
						385,882		10,981	10,981
Share repurchases						)		)	)
					(				(
					2,498				2,498
Dividends paid on vested share-based payment awards					)				)
Dividends paid — \$					(				(
0.2200									
per					46,602				46,602
common share					)				)
						(		(	
	228,729,585	199	684,154	1,025,881	689	16,895,489	247,953	1,461,592	
Balances at April 22, 2023		\$	\$	\$	\$	)	)	)	\$

(See Accompanying Notes to Condensed Consolidated Financial Statements)

**FLOWERS FOODS, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Amounts in thousands)  
(Unaudited)

	For the Sixteen Weeks Ended	
	April 20, 2024	April 22, 2023
<b>CASH FLOWS PROVIDED BY (DISBURSED FOR) OPERATING ACTIVITIES:</b>		
Net income	\$ 73,043	\$ 70,710
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock-based compensation	11,129	9,836
Loss reclassified from accumulated other comprehensive income to net income	886	1,407
Depreciation and amortization	48,235	43,735
Deferred income taxes	6,951	1,868
Impairment of assets	4,000	—
Provision for inventory obsolescence	3,971	921
Allowances for accounts receivable	2,445	4,341
Pension and postretirement plans cost	123	182
Other	481	685
Changes in operating assets and liabilities, net of acquisitions:		
	(	(
Accounts receivable	32,833 )	18,201 )
Inventories	4,523	14,552 )
	(	(
Hedging activities	1,202 )	2,334 )
Accounts payable	16,499 )	9,285 )
	(	(
Other assets and accrued liabilities	104 )	31,361 )
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>105,149</b>	<b>57,952</b>
<b>CASH FLOWS PROVIDED BY (DISBURSED FOR) INVESTING ACTIVITIES:</b>		
	(	(
Purchases of property, plant and equipment	33,332 )	33,958 )

	60	96
Proceeds from sale of property, plant and equipment	(	(
	5,524	2,150
Repurchase of independent distribution rights	)	)
	(	(
	5,071	6,887
Cash paid at issuance of notes receivable	)	)
	7,932	12,113
Principal payments from notes receivable		
	(	(
Acquisition of business	—	270,451
		)
	8	30
Other investing activities	(	(
	35,927	301,207
NET CASH DISBURSED FOR INVESTING ACTIVITIES	)	)
CASH FLOWS PROVIDED BY (DISBURSED FOR) FINANCING ACTIVITIES:		
	(	(
	51,106	49,100
Dividends paid, including dividends on stock-based payment awards	)	)
	(	(
	8,879	10,981
Stock repurchases	)	)
	(	(
	10,701	4,261
Change in bank overdrafts	)	)
	117,500	487,900
Proceeds from debt borrowings		
	(	(
	122,500	316,900
Debt obligation payments	)	)
	(	(
	95	599
Payments on financing leases	)	)
	(	(
	150	218
Payments for financing fees	)	)
	(	(
	75,931	105,841
NET CASH (DISBURSED FOR) PROVIDED BY FINANCING ACTIVITIES	)	)
	(	(
	6,709	137,414
Net decrease in cash and cash equivalents	)	)
	22,527	165,134
Cash and cash equivalents at beginning of period		
	15,818	27,720
Cash and cash equivalents at end of period	\$	\$

(See Accompanying Notes to Condensed Consolidated Financial Statements)



**FLOWERS FOODS, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

**1. BASIS OF PRESENTATION**

**BASIS OF ACCOUNTING** — The accompanying unaudited Condensed Consolidated Financial Statements of Flowers Foods, Inc. (the “company”, “Flowers Foods”, “Flowers”, “us”, “we”, or “our”) have been prepared by the company’s management in accordance with generally accepted accounting principles in the United States of America (“GAAP”) for interim financial information and applicable rules and regulations of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Accordingly, they do not include all the information and footnotes required by GAAP for audited financial statements. In the opinion of management, the unaudited Condensed Consolidated Financial Statements included herein contain all adjustments (consisting of only normal recurring adjustments) necessary to state fairly the company’s financial position, results of operations and cash flows. The results of operations for the sixteen weeks ended April 20, 2024 and April 22, 2023 are not necessarily indicative of the results to be expected for a full fiscal year. The Condensed Consolidated Balance Sheet at December 30, 2023 has been derived from the audited financial statements at that date but does not include all the information and footnotes required by GAAP for complete financial statements. These financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 30, 2023 (the “Form 10-K”).

**INFLATIONARY ECONOMIC ENVIRONMENT AND MACROECONOMIC FACTORS** — We continue to monitor the impact of the inflationary economic environment, supply chain disruptions, increased labor costs, the conflict between Russia and Ukraine and the conflict in the Middle East on our business. Our results through the first quarter of Fiscal 2024 have continued to benefit from a more optimized sales mix of branded retail products as compared to pre-pandemic periods. However, we have experienced significant input cost inflation during the previous two fiscal years which has partially offset the more optimized sales mix. We implemented price increases during the first quarter of Fiscal 2023 and in the second quarter of Fiscal 2023 to mitigate these cost pressures. Commodity cost inflation began to moderate in the latter half of Fiscal 2023 and has continued during the first quarter of Fiscal 2024.

**INVESTMENT IN UNCONSOLIDATED AFFILIATE** — In the second quarter of Fiscal 2022, we invested \$

9.0 million in Base Culture, a Clearwater, Florida-based company with one manufacturing facility. We made an additional investment of \$

2.0 million in Base Culture during the second quarter of Fiscal 2023. Base Culture's product offerings include better-for-you, gluten-free, and grain-free sliced breads and baked goods and are all-natural, 100% Paleo-certified, kosher-certified, dairy-free, soy-free, and non-GMO verified. The investment is being accounted for at cost, less any impairment, adjusted for changes resulting from observable price changes in orderly transactions involving the affiliate, as we do not control nor do we have the ability to significantly influence the affiliate, nor is there a readily determinable fair value. Should circumstances indicate a change in the fair value, a fair value adjustment may be necessary.

During the first quarter of Fiscal 2024, the company’s qualitative assessment of the fair value of Base Culture indicated the investment may be impaired. Additional quantitative analysis of Base Culture indicated a fair value of approximately \$

1.5 million of the company’s interest. The company recognized an impairment loss of \$

4.0 million during the first quarter of Fiscal 2024 which is reported in the Impairment of assets line item of the Condensed Consolidated Statements of Income. The company also recognized an impairment loss of \$

5.5 million during the fourth quarter of Fiscal 2023. The losses recognized represent the difference between the estimated fair value and the company’s original carrying value. The current carrying value is approximately \$

1.5 million.

**ESTIMATES** — The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The company believes the following critical accounting estimates affect its more significant judgments and estimates used in the preparation of its consolidated financial statements: revenue recognition, derivative financial instruments, valuation of long-lived assets, goodwill and other intangible assets, leases, self-insurance reserves, income tax expense and accruals, postretirement plans, stock-based compensation, and commitments and contingencies. These estimates are summarized in Form 10-K.

**REPORTING PERIODS** — Fiscal Year End. Our fiscal year ends on the Saturday nearest December 31, resulting in a 53<sup>rd</sup> reporting week every five or six years. The last 53-week year was our Fiscal 2020. The next 53-week year will be Fiscal 2025. Our internal financial results and key performance indicators are reported on a weekly calendar basis to ensure the same numbers of Saturdays and Sundays in comparable months and to allow for a consistent four-week progression analysis. The company has elected the first quarter to report the extra four-week period. As such, our quarters are divided as follows:

Quarter	Number of Weeks
First Quarter	Sixteen
Second Quarter	Twelve
Third Quarter	Twelve
Fourth Quarter	Twelve (or Thirteen in fiscal years with an extra week)

Accordingly, interim results may not be indicative of subsequent interim period results, or comparable to prior or subsequent interim period results, due to differences in the lengths of the interim periods.

Fiscal 2024 consists of 52 weeks, with the company's quarterly reporting periods as follows: first quarter ended April 20, 2024 (sixteen weeks), second quarter ending July 13, 2024 (twelve weeks), third quarter ending October 5, 2024 (twelve weeks) and fourth quarter ending December 28, 2024 (twelve weeks).

**REPORTING SEGMENT** — The company has one operating segment based on the nature of products the company sells, intertwined production and distribution model, the internal management structure and information that is regularly reviewed by the chief executive officer ("CEO"), who is the chief operating decision maker, for the purpose of assessing performance and allocating resources.

**SIGNIFICANT CUSTOMER** — Below is the effect that our largest customer, Walmart/Sam's Club, had on the company's sales for the sixteen weeks ended April 20, 2024 and April 22, 2023. Walmart/Sam's Club is the only customer to account for greater than 10% of the company's sales.

	For the Sixteen Weeks Ended	
	April 20, 2024	April 22, 2023
	(% of Sales)	
Total	22.5	22.1

Walmart/Sam's Club is our only customer with greater than 10% of outstanding trade receivables, representing

19.8  
% and

20.3  
%, on a consolidated basis, as of April 20, 2024 and December 30, 2023, respectively, of our trade receivables.

**BUSINESS PROCESS IMPROVEMENT COSTS** — In the second half of Fiscal 2020, we launched initiatives to transform our business operations, which include upgrading our information system to a more robust platform, as well as investments in e-commerce, autonomous planning, and our "bakery of the future" initiatives. These costs may be expensed as incurred, capitalized, recognized as a cloud computing arrangement, or recognized as a prepaid service contract. The expensed portion of these costs incurred related to these initiatives was \$

3.7  
million and \$

6.2  
million for the sixteen weeks ended April 20, 2024 and April 22, 2023, respectively. These costs are reflected in the selling, distribution and administrative expenses line item of the Condensed Consolidated Statements of Income.

## 2. RECENT ACCOUNTING PRONOUNCEMENTS

### *Recently adopted accounting pronouncements*

The company did not adopt any accounting pronouncements during the sixteen weeks ended April 20, 2024.

### *Accounting pronouncements not yet adopted*

On August 23, 2023, the FASB issued ASU 2023-05, "*Business Combinations - Joint Venture Formations (Subtopic 805-60): Recognition and Initial Measurement*", which requires a joint venture to initially measure all contributions received upon its formation at fair value. This accounting will largely be consistent with ASC 805, *Business Combinations*, although there are some specific exceptions. This new guidance is intended to reduce diversity in practice and provide users of the joint venture's financial statements with more decision-useful information. It may also reduce the amount of basis differences that an investor in a joint venture needs to track. The standard is effective for all joint venture entities with a formation date on or after January 1, 2025, with early adoption permitted. Joint ventures formed prior to the adoption date may elect to apply the new guidance retrospectively back to their original formation date. The company is determining the impact on our business.

On November 27, 2023, the FASB issued ASU 2023-07, "*Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*", which requires public entities to disclose, on an annual and interim basis, significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss. All public entities will be required to report segment information in accordance with the new guidance starting in annual periods beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. The company is determining the impact on our business.

On December 14, 2023, The FASB issued ASU 2023-09, "*Income Taxes (Topic 740): Improvements to Income Tax Disclosures*", which enhances the transparency and decision usefulness of income tax disclosures by requiring; (1) consistent categories and greater disaggregation of information in the rate reconciliation and (2) income taxes paid disaggregated by jurisdiction. It also includes certain other amendments to improve the effectiveness of income tax disclosures. For public business entities, the standard is effective for annual periods beginning after December 15, 2024. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. The company is determining the impact on our business.

On March 29, 2024, the FASB issued ASU 2024-02, "Codification Improvements - Amendments to Remove References to the Concepts Statements" which removes references to the Board's concepts statements from the FASB Accounting Standards Codification. The ASU is part of the Board's standing project to make codification updated for technical corrections such as conforming amendments, clarifications to guidance, simplifications to wording or structure guidance, and other minor improvements. The amendments in this update are effective for public entities for fiscal years beginning after December 15, 2024. The company is determining the impact on our business.

We have reviewed other recently issued accounting pronouncements and concluded that either they are not applicable to our business, or no material effect is expected upon future adoption.

3. RESTRUCTURING ACTIVITIES

In April 2024, the company announced a cost savings program to improve operational performance, which includes employee termination benefits associated with a reduction-in-force ("2024 RIF") and other optimization initiatives expected to be completed in Fiscal 2024. The company expects additional 2024 RIF and other restructuring costs of approximately \$

7.0  
million to \$

10.0  
million. The company also incurred consulting costs associated with implementing the restructuring program.

In February 2023, to improve operational effectiveness, increase profitable sales, and better meet customer requirements, the company announced a restructuring of plant operation responsibilities from the sales function to the supply chain function. As part of that restructuring, we incurred costs for employee termination benefits and other cash charges, which were primarily related to the voluntary employee separation incentive plan (the "2023 VSIP"), reduction-in-force, and employee relocation costs. There were

no  
additional costs incurred during Fiscal 2024.

The table below presents the components of costs associated with the restructuring programs detailed above (amounts in thousands):

	For the Sixteen Weeks Ended April 20, 2024	For the Sixteen Weeks Ended April 22, 2023
Restructuring charges:		
		3,927
2023 VSIP	\$ —	\$ —
2024 RIF	598	—
Relocation costs	—	268
Restructuring charges (1)	598	4,195
Restructuring-related implementation costs (2)	1,344	—
Total restructuring charges	\$ 1,942	\$ 4,195

- (1) Presented on our Condensed Consolidated Statements of Income.  
(2) Costs are recorded in the selling, distribution and administrative expenses line item of our Condensed Consolidated Statements of Income.

The table below presents the components of, and changes in, our restructuring accruals (amounts in thousands):

	2023 VSIP	2024 RIF	Total
Liability balance at December 30, 2023	\$ 1,429	\$ —	\$ 1,429
Charges	—	598	598

	(	(	(
	1,429	242	1,671
Cash payments	)	)	)
Liability balance at April 20, 2024	\$ —	\$ 356	\$ 356

4. ACQUISITION

On February 17, 2023 , the company completed the acquisition of the Papa Pita for total consideration of approximately \$ 274.8 million, inclusive of net working capital adjustments. Papa Pita is a manufacturer and distributor of bagels, tortillas, breads, buns, English muffins, and flat breads with one production facility in West Jordan, Utah and, prior to the acquisition, Papa Pita co-manufactured certain products for the company. Papa Pita has direct-store-delivery distribution in the western U.S., expanding our geographic reach. We incurred additional acquisition costs of \$ 3.2 million during the sixteen weeks ended April 22, 2023. These costs are reflected in the selling, distribution, and administrative expenses line item of the Condensed Consolidated Statements of Income. The company also recognized a \$ 2.1 million goodwill measurement period adjustment related to an environmental and emissions liability during the first quarter of Fiscal 2024.

The following table summarizes the consideration paid for Papa Pita based on the fair value at the acquisition date. This table is based on the valuations for the assets acquired (the company did not acquire any cash), liabilities assumed, and the allocated intangible assets and goodwill (amounts in thousands):

Fair Value of consideration transferred:			
Cash consideration paid	\$	270,258	
Working capital adjustments		4,497	
Total consideration	\$	274,755	
Recognized amounts of identifiable assets acquired and liabilities assumed:			
Property, plant, and equipment	\$	104,118	
Identifiable intangible assets		27,100	
Financial assets		14,250	
Liabilities assumed		( 5,365 )	
Net recognized amounts of identifiable assets acquired		140,103	
Goodwill	\$	134,652	

The following table presents the acquired intangible assets subject to amortization (amounts in thousands, except amortization periods):

	Total	Weighted average amortization years	Amortization Method
Trademarks	\$ 4,600	20.0	Straight-line
Customer relationships	22,200	25.0	Sum of year digits

Noncompete agreements	300	4.0	Straight-line
Total intangible assets	<u>\$ 27,100</u>	23.9	

## 5. LEASES

The company's leases consist of the following types of assets: two bakeries, corporate office space, warehouses, bakery equipment, transportation and IT equipment. The quantitative disclosures for our leases follow below.

The following table details lease modifications and renewals and lease terminations (amounts in thousands):

	For the Sixteen Weeks Ended	
	April 20, 2024	April 22, 2023
Lease modifications and renewals	\$ 16,465	\$ 17,348
Lease terminations	\$ 1,331	\$ 36

The lease modifications and renewals for the sixteen weeks ended April 20, 2024 include renewals of multiple warehouse leases. The lease modifications and renewals for the sixteen weeks ended April 22, 2023 include \$

10.6 million related to a 10-year extension for a freezer storage lease that occurred during our first quarter of Fiscal 2023.

Lease costs incurred by lease type, and/or type of payment, and other supplemental quantitative disclosures as of and for the sixteen weeks ended April 20, 2024 and April 22, 2023 were as follows (amounts in thousands):

	For the Sixteen Weeks Ended	
	April 20, 2024	April 22, 2023
Lease cost:		
Amortization of right-of-use assets	\$ 87	\$ 524
Interest on lease liabilities	2	16
Operating lease cost	21,079	19,318
Short-term lease cost	703	825
Variable lease cost	13,777	10,924
Total lease cost	\$ 35,648	\$ 31,607

	For the Sixteen Weeks Ended	
	April 20, 2024	April 22, 2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from financing leases	\$ 2	\$ 16
Operating cash flows from operating leases	\$ 22,461	\$ 21,134
Financing cash flows from financing leases	\$ 95	\$ 599
Right-of-use assets obtained in exchange for new financing lease liabilities	\$ 140	\$ —
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 27,003	\$ 17,628

Weighted-average remaining lease term (years):	
Financing leases	1.5
Operating leases	7.1
Weighted-average IBR (percentage):	
Financing leases	2.9
Operating leases	4.3

Estimated undiscounted future lease payments under non-cancelable operating leases and financing leases, along with a reconciliation of the undiscounted cash flows to operating and financing lease liabilities, respectively, as of April 20, 2024 (in thousands) were as follows:

Operating lease liabilities	Financing lease liabilities
-----------------------------	-----------------------------

Remainder of 2024	\$	47,991	\$	142
2025		68,777		26
2026		50,752		15
2027		42,644		10
2028		33,239		4
2029 and thereafter		111,647		—
Total minimum lease payments		355,050		197
		(		(
Less: amount of lease payments representing interest		50,053		4
		)		)
Present value of future minimum lease payments		304,997		193
		(		(
Less: current obligations under leases		57,610		153
		)		)
Long-term lease obligations	\$	247,387	\$	40



## 6. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS) ("AOCI")

The company's total comprehensive income presently consists of net income, adjustments for our derivative financial instruments accounted for as cash flow hedges, and various pension and other postretirement benefit related items.

During the sixteen weeks ended April 20, 2024 and April 22, 2023, reclassifications out of AOCI were as follows (amounts in thousands):

	Amount Reclassified from AOCI For the Sixteen Weeks Ended		Affected Line Item in the Statement
Details about AOCI Components (Note 2)	April 20, 2024	April 22, 2023	Where Net Income is Presented
Derivative instruments:			
	153	153	
Interest rate contracts	\$ (	\$ (	Interest expense
	886	1,407	
Commodity contracts	)	)	Cost of sales, Note 3
	(	(	
	733	1,254	
Total before tax	)	)	Total before tax
	183	314	
Tax benefit			Income tax expense
	(	(	
	550	940	
Total net of tax	)	)	Net of tax
Pension and postretirement plans:			
	54	55	
Prior-service credits			Note 1
	42	23	
Actuarial gain losses			Note 1
	96	78	
Total before tax	(	(	Total before tax
	23	19	
Tax expense	)	)	Income tax expense
	73	59	
Total net of tax	(	(	Net of tax
	477	881	
Total reclassifications	\$ )	\$ )	Net of tax

Note 1: These items are included in the computation of net periodic pension cost and are reported in the other components of net periodic pension and postretirement benefits credit line item on the Condensed Consolidated Statements of Income. See Note 18, *Postretirement Plans*, for additional information.

Note 2: Amounts in parentheses indicate debits to determine net income.

Note 3: Amounts are presented as an adjustment to reconcile net income to net cash provided by operating activities on the Condensed Consolidated Statements of Cash Flows.

During the sixteen weeks ended April 20, 2024, changes to AOCI, net of income tax, by component were as follows (amounts in thousands and parentheses denote a debit balance):

	Cash Flow Hedge Items	Defined Benefit Pension Plan Items	Total
AOCI at December 30, 2023	\$ 963	\$ 342	\$ 621
	(	(	(
Other comprehensive loss before reclassifications	566	—	566
	(	(	(

		(	
	550	73	477
Reclassified to earnings from AOCI		)	
		(	
	947	415	532
AOCI at April 20, 2024	<u>\$</u>	<u>\$</u> )	<u>\$</u>

During the sixteen weeks ended April 22, 2023, changes to AOCI, net of income tax, by component were as follows (amounts in thousands and parentheses denote a debit balance):

	Cash Flow Hedge Items	Defined Benefit Pension Plan Items	Total
		(	
	2,099	625	1,474
AOCI at January 1, 2022	\$	\$ )	\$
	(		(
	3,044		3,044
Other comprehensive income before reclassifications	)	—	)
		(	
	940	59	881
Reclassified to earnings from AOCI		)	
	(	(	(
	5	684	689
AOCI at April 22, 2023	<u>\$</u> )	<u>\$</u> )	<u>\$</u> )

Amounts reclassified out of AOCI to net income that relate to commodity contracts are presented as an adjustment to reconcile net income to net cash provided by operating activities on the Condensed Consolidated Statements of Cash Flows. The following table presents the net of tax amount reclassified from AOCI for our commodity contracts (amounts in thousands and positive value indicates credits to determine net income):

	For the Sixteen Weeks Ended	
	April 20, 2024	April 22, 2023
	(	(
Gross loss reclassified from AOCI into net income	886	1,407
	\$ )	\$ )
	221	352
Tax benefit	(	(
	665	1,055
Net of tax	\$ )	\$ )

## 7. GOODWILL AND OTHER INTANGIBLE ASSETS

The table below summarizes our goodwill and other intangible assets at April 20, 2024 and December 30, 2023, respectively, each of which is explained in additional detail below (amounts in thousands):

	April 20, 2024	December 30, 2023
	679,896	677,796
Goodwill	\$	\$
	520,926	530,642
Amortizable intangible assets, net		
	127,100	127,100
Indefinite-lived intangible assets		
	1,327,922	1,335,538
Total goodwill and other intangible assets	\$	\$

The changes in the carrying amount of goodwill during the sixteen weeks ended April 20, 2024, during which time we finalized the purchase accounting for the acquisition of Papa Pita, are as follows (amounts in thousands):

	Total
Balance as of December 30, 2023	\$ 677,796
Measurement period adjustment (see Note 4, <i>Acquisition</i> )	2,100
Balance as of April 20, 2024	\$ 679,896

On February 17, 2023, the company completed the acquisition of Papa Pita for total consideration of \$

274.8 million, inclusive of a net working capital adjustment payment. The acquisition included several amortizable intangible assets which total \$

27.1 million and are included in the table below. See Note 4, *Acquisition*, for details of the assets and the respective amortization period by category.

As of April 20, 2024 and December 30, 2023, respectively, the company had the following amounts related to amortizable intangible assets (amounts in thousands):

Asset	Cost	April 20, 2024 Accumulated Amortization	Net Value	Cost	December 30, 2023 Accumulated Amortization	Net Value
Trademarks	\$ 481,715	\$ 112,137	\$ 369,578	\$ 481,715	\$ 107,562	\$ 374,153

	340,221	189,309	150,912	340,221	184,222	155,999
Customer relationships						
	5,454	5,229	225	5,454	5,206	248
Non-compete agreements						
	4,123	3,912	211	4,123	3,881	242
Distributor relationships						
	831,513	310,587	520,926	831,513	300,871	530,642
Total	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

Aggregate amortization expense for the sixteen weeks ended April 20, 2024 and April 22, 2023 was as follows (amounts in thousands):

	Amortization Expense
For the sixteen weeks ended April 20, 2024	\$ 9,716
For the sixteen weeks ended April 22, 2023	\$ 9,723

Estimated amortization of intangibles for each of the next five years is as follows (amounts in thousands):

	Amortization of Intangibles
Remainder of 2024	\$ 21,691
2025	\$ 30,747
2026	\$ 28,891
2027	\$ 27,242
2028	\$ 25,610

There were \$

127.1

million of indefinite-lived intangible trademark assets separately identified from goodwill at April 20, 2024 and December 30, 2023. These trademarks are classified as indefinite-lived because we believe they are well established brands with a long history and well-defined markets. We believe these factors support an indefinite life. We perform an annual impairment analysis, or on an interim basis if the facts and circumstances change, to determine if the trademarks are realizing their expected economic benefits.

8. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of cash and cash equivalents, accounts receivable, and short-term debt approximates fair value because of the short-term maturity of the instruments. Notes receivable are entered into in connection with the purchase of independent distributors' distribution rights by independent distributor partners ("IDPs"). These notes receivable are recorded in the Condensed Consolidated Balance Sheets at carrying value, which represents the closest approximation of fair value. Fair value is defined as 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. The company financed approximately

2,900  
and

3,000

IDPs' distribution rights as of April 20, 2024 and December 30, 2023, respectively, all with varied financial histories and credit risks. However, the current stated interest rates used to record the carrying values are appropriately reflective of our estimated interest rates that would be made to borrowers with similar credit ratings for the remaining maturities of the distributor notes receivable. The distribution rights are generally purchased by the IDP with a

5

% down payment with the remainder financed for up to 10 years. The distributor notes receivable are collateralized by the IDPs' distribution rights. The company maintains a wholly-owned subsidiary to assist in financing the distribution rights purchase activities if requested by new IDPs, using the distribution rights and certain associated assets as collateral. These notes receivable earn interest at a fixed rate.

Interest income was primarily related to the IDPs' notes receivable and was as follows (amounts in thousands):

	Interest Income
For the sixteen weeks ended April 20, 2024	\$ 5,690
For the sixteen weeks ended April 22, 2023	\$ 6,951

At April 20, 2024 and December 30, 2023, respectively, the carrying value of the distributor notes receivable was as follows (amounts in thousands):

April 20, 2024      December 30, 2023

Distributor notes receivable	\$	128,802	\$	133,335
		(		(
Less: current portion of distributor notes receivable recorded in accounts and notes receivable, net		10,611		9,764
		)		)
Long-term portion of distributor notes receivable	\$	118,191	\$	123,571

The distributor notes receivable balance as of April 20, 2024 and December 30, 2023 include a reserve of \$

13.4  
million and \$

14.8  
million, respectively, related to a legal settlement. See Note 15, *Commitments and Contingencies*, for additional information.

The fair value of the company's variable rate debt at April 20, 2024 approximates the recorded value. The fair value of the company's

2.400  
% senior notes due 2031 (the "2031 notes") and

3.500  
% senior notes due 2026 (the "2026 notes"), as discussed in Note 13, *Debt and Other Obligations*, of this Form 10-Q, are estimated using yields obtained from independent pricing sources for similar types of borrowing arrangements and are considered a Level 2 valuation. The fair value of the 2031 notes and 2026 notes are presented in the table below (amounts in thousands, except level classification):

	Carrying Value	Fair Value	Level
2031 notes	\$ 494,947	\$ 407,195	2
2026 notes	\$ 398,596	\$ 380,500	2

For fair value disclosure information about our derivative assets and liabilities see Note 9, *Derivative Financial Instruments*.

## 9. DERIVATIVE FINANCIAL INSTRUMENTS

The company measures the fair value of its derivative portfolio by using the price that would be received to sell an asset or paid to transfer a liability in the principal market for that asset or liability. These measurements are classified into a hierarchy by the inputs used to perform the fair value calculation as follows:

Level 1: Fair value based on unadjusted quoted prices for identical assets or liabilities at the measurement date

Level 2: Modeled fair value with model inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Modeled fair value with unobservable model inputs that are used to estimate the fair value of the asset or liability

### Commodity Risk

The company enters into commodity derivatives designated as cash-flow hedges of existing or future exposure to changes in commodity prices. The company's primary raw materials are flour, sweeteners and shortening, along with pulp, paper and petroleum-based packaging products. Natural gas, which is used as oven fuel, and diesel fuel are also important commodity inputs.

As of April 20, 2024, the company's hedge portfolio contained commodity derivatives, which are recorded in the following accounts with fair values measured as indicated (amounts in thousands):

	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
	16			16
Other current	\$	\$	\$	\$
Other long-term	—	—	—	—
	16			16
Total		—	—	
<b>Liabilities:</b>				
	(			(
	1,675			1,675
Other current	)	—	—	)
	(			(
Other long-term	26			26
	)	—	—	)
	(			(
Total	1,701			1,701
	)	—	—	)
	(			(
	1,685			1,685
Net Fair Value	\$	\$	\$	\$

As of December 30, 2023, the company's hedge portfolio contained commodity derivatives, which are recorded in the following accounts with fair values measured as indicated (amounts in thousands):

	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
	55			55
Other current	\$	\$	\$	\$
Other long-term	—	—	—	—
	55			55
Total		—	—	
<b>Liabilities:</b>				
	(			(
	1,918			1,918
Other current	)	—	—	)

	(			(
	2			2
Other long-term	)	—	—	)
	(			(
	1,920			1,920
Total	)	—	—	)
	(			(
	1,865			1,865
Net Fair Value	\$	\$	\$	\$

The positions held in the portfolio are used to hedge economic exposure to changes in various raw material prices and effectively fix, or limit increases in, prices for a period extending into Fiscal 2025. These instruments are designated as cash-flow hedges. The change in the fair value for these derivatives is reported in AOCI. All the company-held commodity derivatives at April 20, 2024 and December 30, 2023, respectively, qualified for hedge accounting.

#### Interest Rate Risk

During the first quarter of Fiscal 2021, the company entered into treasury locks to fix the interest rate for the 2031 notes issued on March 9, 2021. The derivative positions were closed when the debt was priced on March 2, 2021 with a cash settlement net receipt of \$

3.9 million that offset changes in the benchmark treasury rate between execution of the treasury rate locks and the debt pricing date. These rate locks were designated as a cash flow hedge and the deferred amount reported in AOCI is being reclassified to interest expense as interest payments are made on the notes through the maturity date.



The company previously entered into treasury rate locks at the time we executed the 2026 notes. These rate locks were designated as a cash flow hedge and the fair value at termination was deferred in AOCI. The deferred amount reported in AOCI is being reclassified to interest expense as interest payments are made on the related notes through the maturity date.

#### Derivative Assets and Liabilities

The company has the following derivative instruments located on the Condensed Consolidated Balance Sheets, which are utilized for the risk management purposes detailed above (amounts in thousands):

Derivatives Designated as Hedging Instruments	Derivative Assets				Derivative Liabilities			
	April 20, 2024		December 30, 2023		April 20, 2024		December 30, 2023	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Commodity contracts								
	Other current assets	\$ 16	Other current assets	\$ 55	Other accrued liabilities	\$ 1,675	Other accrued liabilities	\$ 1,918
Commodity contracts								
	Other assets	—	Other assets	—	Other long-term liabilities	26	Other long-term liabilities	2
Total								
		\$ 16		\$ 55		\$ 1,701		\$ 1,920

#### Derivative AOCI transactions

The company had the following derivative instruments for deferred gains and (losses) on closed contracts and the effective portion for changes in fair value recorded in AOCI (no amounts were excluded from the effectiveness test), all of which are utilized for the risk management purposes detailed above (amounts in thousands and net of tax):

Derivatives in Cash Flow Hedge Relationships(1)	Amount of (Loss) or Gain Recognized in AOCI on Derivatives (Effective Portion) For the Sixteen Weeks Ended		Location of Gain or (Loss) Reclassified from AOCI into Income (Effective Portion)(2)	Amount of Gain or (Loss) Reclassified from AOCI into Income (Effective Portion) For the Sixteen Weeks Ended	
	April 20, 2024	April 22, 2023		April 20, 2024	April 22, 2023
Interest rate contracts	\$ —	\$ —	Interest expense	\$ 115	\$ 115
	(	(		(	(
Commodity contracts	566	3,044	Production costs(3)	665	1,055
	)	)		)	)
	(	(		(	(
Total	\$ 566	\$ 3,044		\$ 550	\$ 940

1. Amounts in parentheses indicate debits to determine net income.

2. Amounts in parentheses, if any, indicate credits to determine net income.

3. Included in materials, supplies, labor and other production costs (exclusive of depreciation and amortization shown separately).

There was

no

hedging ineffectiveness, and

no

amounts were excluded from the ineffectiveness testing, during the sixteen weeks ended April 20, 2024 and April 22, 2023, respectively, related to the company's commodity risk hedges.

At April 20, 2024, the balance in AOCI related to commodity price risk and interest rate risk derivative transactions that closed or will expire over the following years are as follows (amounts in thousands and net of tax) (amounts in parenthesis indicate a debit balance):

Commodity Price Risk Derivatives	Interest Rate Risk Derivatives	Totals
----------------------------------	--------------------------------	--------

		10	2,202	2,212
Closed contracts	\$	\$	\$	
		(		(
		1,235		1,235
Expiring in 2024		)	—	)
		(		(
		30		30
Expiring in 2025		)	—	)
		(		
		1,255	2,202	947
Total	\$	\$	\$	

**Derivative Transactions Notional Amounts**

As of April 20, 2024, the company had the following outstanding financial contracts that were entered to hedge commodity risk (amounts in thousands):

	Notional Amount
Wheat contracts	\$ 10,565
Soybean oil contracts	11,412
Natural gas contracts	1,693
Corn contracts	398
Total	\$ 24,068

The company's derivative instruments contain no credit-risk related contingent features at April 20, 2024. As of April 20, 2024 and December 30, 2023, the company had \$

5.5  
million and \$

6.3  
million, respectively, in other current assets representing collateral for hedged positions. As of April 20, 2024 and December 30, 2023, the company had \$

2.1  
million and \$

3.2  
million, respectively, recorded in other accrued liabilities representing collateral due to counterparties for hedged positions.

**10. OTHER CURRENT AND NON-CURRENT ASSETS**

Other current assets consist of (amounts in thousands):

	April 20, 2024	December 30, 2023
Prepaid assets	\$ 2,559	\$ 4,042
Service contracts	24,473	27,102
Prepaid insurance	2,790	6,546
Prepaid marketing and promotions	1,386	4,458
Collateral to counterparties for derivative positions	5,450	6,333
Income taxes receivable	10,770	17,362
Other	1,095	214

Total	\$ 48,523	\$ 66,057
Other non-current assets consist of (amounts in thousands):		
	April 20, 2024	December 30, 2023
Unamortized financing fees	\$ 1,109	\$ 1,125
Investments	2,426	2,443
Investment in unconsolidated affiliate	1,481	5,481
Deposits	2,665	2,789
Noncurrent postretirement benefit plan asset	6,428	6,494
Other	136	155
Total	\$ 14,245	\$ 18,487

## 11. OTHER ACCRUED LIABILITIES AND OTHER LONG-TERM LIABILITIES

Other accrued liabilities consist of (amounts in thousands):

	April 20, 2024	December 30, 2023
Employee compensation	\$ 28,311	\$ 28,000
Employee vacation	20,526	17,699
VSIP	—	1,429
Employee bonus	12,632	28,004
Fair value of derivative instruments	1,675	1,918
Self-insurance reserves	34,121	38,003
Bank overdraft	7,479	18,180
Accrued interest	2,200	7,516
Accrued utilities	5,729	6,121
Accrued taxes	11,257	7,984
Accrued advertising	3,169	2,333
Accrued legal settlements	55,000	55,000
Accrued legal costs	4,928	3,798
Accrued short-term deferred income	2,894	3,217
Collateral due to counterparties for derivative positions	2,081	3,230
Multi-employer pension plan withdrawal liability	—	1,297
Repurchase obligations of distribution rights	60,608	64,583
Other	8,438	4,634

	261,048	292,946
Total	\$	\$

The repurchase of distribution rights is part of a legal settlement which requires a phased repurchase of approximately

350

distribution rights. The company estimated the cost of these repurchases, and an additional

50

other California distribution rights that are not part of the settlement, in accordance with the settlement agreement and the amount is net of the remaining notes receivable balance. The repurchases began at the end of the first quarter of Fiscal 2024 and are anticipated to be completed by the end of the first quarter of Fiscal 2025. See Note 15, *Commitments and Contingencies*, for details on this settlement.

Other long-term liabilities consist of (amounts in thousands):

	April 20, 2024	December 30, 2023
Deferred income	\$ 6,485	\$ 7,222
Deferred compensation	26,777	26,207
Other	2,587	508
Total	\$ 35,849	\$ 33,937

## 12. ASSETS HELD FOR SALE

The company may repurchase distribution rights from IDPs for a variety of reasons, including when the company decides to exit a territory or, in some cases, when the IDP elects to terminate its relationship with the company. In most of the distributor agreements, if the company decides to exit a territory or stop using the independent distribution model in a territory, the company is contractually required to purchase the distribution rights from the IDP. In the event an IDP terminates its relationship with the company, the company, although not legally obligated, may repurchase and operate those distribution rights as a company-owned territory. The IDPs may also sell their distribution rights to another person or entity. Distribution rights purchased from IDPs and operated as company-owned territories are recorded on the Condensed Consolidated Balance Sheets in the line item assets held for sale while the company actively seeks another IDP to purchase the distribution rights for the territory. Distribution rights held for sale and operated by the company are sold to IDPs at fair market value pursuant to the terms of a distributor agreement. There are multiple versions of the distributor agreement in place at any given time and the terms of such distributor agreements vary.

Additional assets recorded in assets held for sale are for property, plant and equipment. The carrying values of assets held for sale are not amortized and are evaluated for impairment as required at the end of the reporting period. The table below presents the assets held for sale as of April 20, 2024 and December 30, 2023, respectively (amounts in thousands):

	April 20, 2024	December 30, 2023
Distribution rights	\$ 25,445	\$ 20,587
Property, plant and equipment	1,324	1,212
Total assets held for sale	<u>\$ 26,769</u>	<u>\$ 21,799</u>

### 13. DEBT AND OTHER OBLIGATIONS

Long-term debt (net of issuance costs and debt discounts excluding line-of-credit arrangements) (leases are separately discussed in Note 5, Leases) consisted of the following at April 20, 2024 and December 30, 2023, respectively (amounts in thousands):

	April 20, 2024	December 30, 2023
Unsecured credit facility	\$ —	\$ —
2031 notes	494,947	494,723
2026 notes	398,596	398,421
Accounts receivable repurchase facility	150,000	155,000
	1,043,543	1,048,144
Less current maturities of long-term debt	—	—
Total long-term debt	<u>\$ 1,043,543</u>	<u>\$ 1,048,144</u>

Bank overdrafts occur when checks have been issued but have not been presented to the bank for payment. Certain banks allow us to delay funding of issued checks until the checks are presented for payment. The delay in funding results in a temporary source of financing from the bank. The activity related to bank overdrafts is shown as a financing activity in our Condensed Consolidated Statements of Cash Flows. Bank overdrafts are included in other accrued liabilities on our Condensed Consolidated Balance Sheets.

The company also had standby letters of credit ("LOCs") outstanding of \$

8.4

million at April 20, 2024 and December 30, 2023, which reduce the availability of funds under the senior unsecured revolving credit facility (the "credit facility"). The outstanding LOCs are for the benefit of certain insurance companies and lessors. None of the outstanding LOCs are recorded as a liability on the Condensed Consolidated Balance Sheets.

#### 2031 Notes, 2026 Notes, Accounts Receivable Repurchase Facility, Accounts Receivable Securitization Facility, and Credit Facility

2031 Notes. On March 9, 2021, the company issued \$

500.0

million of senior notes. The company will pay semiannual interest on the 2031 notes on each March 15 and September 15 and the 2031 notes will mature on March 15, 2031. The notes bear interest at

2.400

% per annum. On any date prior to December 15, 2030, the company may redeem some or all of the notes at a price equal to the greater of (1)

100

% of the principal amount of the notes redeemed and (2) a "make-whole" amount plus, in each case, accrued and unpaid interest. The make-whole amount is equal to the sum of the present values of the remaining scheduled payments of principal and interest on the 2031 notes to be redeemed that would be due if such notes matured December 15, 2030 (exclusive of interest accrued to, but not including, the date of redemption), discounted to the

date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at a rate equal to the sum of the applicable treasury rate (as defined in the indenture governing the notes), plus

20  
basis points, plus, in each case, accrued and unpaid interest. At any time on or after December 15, 2030, the company may redeem some or all of the 2031 notes at a price equal to

100  
% of the principal amount of the notes redeemed plus accrued and unpaid interest. If the company experiences a "change of control triggering event" (which involves a change of control of the company and the related rating of the notes below investment grade), it is required to offer to purchase the notes at a purchase price equal to

101  
% of the principal amount, plus accrued and unpaid interest thereon unless the company has exercised its option to redeem the notes in whole. The 2031 notes are also subject to customary restrictive covenants for investment grade debt, including certain limitations on liens and sale and leaseback transactions.



The face value of the 2031 notes is \$

500.0

million. There was a debt discount of \$

2.4

million representing the difference between the net proceeds, after expenses, received upon issuance of debt and the amount repayable at its maturity. The company also accrued issuance costs of \$

4.8

million (including underwriting fees and other fees) on the 2031 notes. Debt issuance costs and the debt discount are being amortized to interest expense over the term of the 2031 notes. As of April 20, 2024 and December 30, 2023, respectively, the company was in compliance with all restrictive covenants under the indenture governing the 2031 notes.

*2026 Notes.* On September 28, 2016, the company issued \$

400.0

million of senior notes. The company pays semiannual interest on the 2026 notes on each April 1 and October 1 and the 2026 notes will mature on October 1, 2026. The notes bear interest at

3.500

% per annum. The 2026 notes are subject to interest rate adjustments if either Moody's or S&P downgrades (or downgrades and subsequently upgrades) the credit rating assigned to the 2026 notes. On any date prior to July 1, 2026, the company may redeem some or all of the notes at a price equal to the greater of (1)

100

% of the principal amount of the notes redeemed and (2) a "make-whole" amount plus, in each case, accrued and unpaid interest. The make-whole amount is equal to the sum of the present values of the remaining scheduled payments of principal and interest on the 2026 notes to be redeemed that would be due if such notes matured July 1, 2026 (exclusive of interest accrued to, but not including, the date of redemption), discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the treasury rate (as defined in the indenture governing the notes), plus

30

basis points, plus in each case accrued and unpaid interest. At any time on or after July 1, 2026, the company may redeem some or all of the 2026 notes at a price equal to

100

% of the principal amount of the notes redeemed plus accrued and unpaid interest. If the company experiences a "change of control triggering event" (which involves a change of control of the company and the related rating of the notes below investment grade), it is required to offer to purchase the notes at a purchase price equal to

101

% of the principal amount, plus accrued and unpaid interest thereon unless the company exercised its option to redeem the notes in whole. The 2026 notes are also subject to customary restrictive covenants for investment grade debt, including certain limitations on liens and sale and leaseback transactions.

The face value of the 2026 notes is \$

400.0

million. There was a debt discount of \$

2.1

million representing the difference between the net proceeds, after expenses, received upon issuance of debt and the amount repayable at its maturity. The company also paid issuance costs of \$

3.6

million (including underwriting fees and other fees) on the 2026 notes. Debt issuance costs and the debt discount are being amortized to interest expense over the term of the 2026 notes. As of April 20, 2024, and December 30, 2023, respectively, the company was in compliance with all restrictive covenants under the indenture governing the 2026 notes.

*Accounts Receivable Repurchase Facility.* On April 14, 2023, the company terminated the accounts receivable securitization facility (the "securitization facility") and entered into a two-year \$

200.0

million accounts receivable repurchase facility (the "repurchase facility"). On April, 15, 2024, the company entered into the First Omnibus Amendment to amend the repurchase facility and extend the scheduled facility expiration date from April 14, 2025 to April 14, 2026. Under the repurchase facility, certain subsidiaries of the company sell or distribute, on an ongoing basis, substantially all of their trade receivables to the company. The company may at its option onward sell all of its qualifying receivables to the funding parties under the repurchase facility with an agreement to repurchase the receivables on a monthly basis for a repurchase price equal to the purchase price paid and an interest component based on Term SOFR (as defined below) plus a margin. There is an unused fee applicable on the daily unused portion of the repurchase facility. The repurchase facility contains certain customary representations and warranties, affirmative and negative covenants, and events of default. As of April 20, 2024, the company was in compliance with all restrictive covenants under the repurchase facility.

The table below presents the borrowings and repayments under the repurchase facility during the sixteen weeks ended April 20, 2024:

	Amount (thousands)
Balance at December 30, 2023	\$ 155,000

Borrowings	80,000
	(
Payments	85,000
	)

Balance at April 20, 2024	\$150,000
---------------------------	-----------

The table below presents the net amount available for working capital and general corporate purposes under the repurchases facility as of April 20, 2024:

	Amount (thousands)
Gross amount available	\$200,000
	(
Outstanding	150,000
	)
Available for withdrawal	\$50,000

Amounts available for withdrawal under the repurchase facility are determined as the lesser of the total repurchase facility limit and a formula derived amount based on qualifying trade receivables. The table below presents the highest and lowest outstanding balance under the repurchase facility during the sixteen weeks ended April 20, 2024:

		Amount (thousands)
High balance	\$	175,000
Low balance	\$	105,000

Financing costs paid at inception of the repurchase facility and when amendments are executed are being amortized over the life of the repurchase facility. The company incurred \$

0.2 million in financing costs during the first quarter of Fiscal 2024 related to the amendment and \$0.8 million in financing costs at inception during the first quarter of Fiscal 2023. The balance of unamortized financing costs was \$

0.4 million and \$

0.3 million on April 20, 2024 and December 30, 2023, respectively, and is recorded in other assets on the Condensed Consolidated Balance Sheets.

*Accounts Receivable Securitization Facility.* On July 17, 2013, the company entered into the securitization facility. The company had previously amended the securitization facility 11 times since execution and most recently on February 13, 2023. On April 14, 2023, the company terminated the securitization facility with no outstanding borrowings and recognized a charge of \$

0.3 million to write-off the unamortized loan costs upon the early extinguishment of the securitization facility.

*Credit Facility.* The company is party to an amended and restated credit agreement, dated as of October 24, 2003, with the lenders party thereto and Deutsche Bank Trust Company Americas, as administrative agent, (as amended, restated, modified or supplemented from time to time, the "amended and restated credit agreement"). The company has amended the amended and restated credit agreement eight times since execution, most recently on April 12, 2023 (the "eighth amendment"). Under the amended and restated credit agreement, our credit facility is a five-year, \$

500.0 million senior unsecured revolving loan facility with the following terms and conditions: (i) a maturity date of July 30, 2026; (ii) an applicable margin for revolving loans maintained as (1) base rate loans and swingline loans with a range of

0.00 % to

0.525 % and (2) SOFR loans with a range of

0.815 % to

1.525 %, in each case, based on the more favorable (to the company) of (x) the leverage ratio of the company and its subsidiaries and (y) the company's debt rating; (iii) an applicable facility fee with a range of

0.06 % to

0.225 %, due quarterly on all commitments under the amended and restated credit agreement, based on the more favorable (to the company) of (x) the leverage ratio of the company and its subsidiaries and (y) the company's debt rating; and (iv) a maximum leverage ratio covenant to permit the company, at its option, in connection with certain acquisitions and investments and subject to the terms and conditions provided in the amended and restated credit agreement, to increase the maximum ratio permitted thereunder on one or more occasions to

4.00 to 1.00 for a period of four consecutive fiscal quarters, including and/or immediately following the fiscal quarter in which such acquisitions or investments were completed (the "covenant holiday"), provided that each additional covenant holiday will not be available to the company until it has achieved and maintained a leverage ratio of at least

3.75 to 1.00 and has been complied with for at least two fiscal quarters. Additionally, the eighth amendment replaced the benchmark rate at which borrowings under the amended and restated credit agreement bear interest from LIBOR to the forward-looking SOFR term rate administered by CME Group Benchmark Administration Limited ("Term SOFR"). As a result of these amendments and with respect to SOFR Loans, we can borrow at Term SOFR, plus a credit spread adjustment of

0.10 % subject to a floor of

zero

In addition, the credit facility contains a provision that permits the company to request up to \$

200.0

million in additional revolving commitments, for a total of up to \$

700.0

million, subject to the satisfaction of certain conditions. Proceeds from the credit facility may be used for working capital and general corporate purposes, including capital expenditures, acquisition financing, refinancing of indebtedness, dividends and share repurchases. The credit facility includes certain customary restrictions, which, among other things, require maintenance of financial covenants and limit encumbrance of assets and creation of indebtedness. Restrictive financial covenants include such ratios as a minimum interest coverage ratio and a maximum leverage ratio. The company believes that, given its current cash position, its cash flow from operating activities and its available credit capacity, it can comply with the current terms of the amended credit facility and can meet its presently foreseeable financial requirements. As of April 20, 2024 and December 30, 2023, respectively, the company was in compliance with all restrictive covenants under the credit facility.

Financing costs paid at inception of the credit facility and at the time amendments are executed are being amortized over the life of the credit facility. The company incurred additional financing costs of \$

0.1

million during the first quarter of Fiscal 2023 for the eighth amendment. The balance of unamortized financing costs was \$

0.8

million and \$

0.9

million on April 20, 2024 and December 30, 2023, respectively, and is recorded in other assets on the Condensed Consolidated Balance Sheets.

Amounts outstanding under the credit facility can vary daily. Changes in the gross borrowings and repayments can be caused by cash flow activity from operations, capital expenditures, acquisitions, dividends, share repurchases, and tax payments, as well as derivative transactions, which are part of the company's overall risk management strategy as discussed in Note 9, *Derivative Financial*

Instruments, of this Form 10-Q. The table below presents the borrowings and repayments under the credit facility during the sixteen weeks ended April 20, 2024.

	Amount (thousands)
Balance at December 30, 2023	\$ —
	37,500
Borrowings	(
	37,500
Payments	)
Balance at April 20, 2024	<u>\$ —</u>

The table below presents the net amount available under the credit facility as of April 20, 2024:

	Amount (thousands)
	500,000
Gross amount available	\$
Outstanding	—
	(
	8,400
Letters of credit	)
	491,600
Available for withdrawal	<u>\$</u>

The table below presents the highest and lowest outstanding balance under the credit facility during the sixteen weeks ended April 20, 2024:

	Amount (thousands)
	17,500
High balance	\$
Low balance	\$ —

Aggregate maturities of debt outstanding as of April 20, 2024 are as follows (excluding unamortized debt discount and issuance costs) (amounts in thousands):

Remainder of 2024	\$ —
2025	—
	550,000
2026	—
2027	—
2028	—
	500,000
2029 and thereafter	
	1,050,000
Total	<u>\$</u>

Debt discount and issuance costs are being amortized straight-line (which approximates the effective method) over the term of the underlying debt outstanding. The table below reconciles the debt issuance costs and debt discounts to the net carrying value of each of our debt obligations (excluding line-of-credit arrangements) at April 20, 2024 (amounts in thousands):

#### Debt Issuance Costs

	Face Value	and Debt Discount	Net Carrying Value
2031 notes			
	\$ 500,000	\$ 5,053	\$ 494,947
2026 notes			
	400,000	1,404	398,596
Total			
	\$ 900,000	\$ 6,457	\$ 893,543

The table below reconciles the debt issuance costs and debt discounts to the net carrying value of each of our debt obligations (excluding line-of-credit arrangements) at December 30, 2023 (amounts in thousands):

	Face Value	Debt Issuance Costs and Debt Discount	Net Carrying Value
2031 notes			
	\$ 500,000	\$ 5,277	\$ 494,723
2026 notes			
	400,000	1,579	398,421
Total			
	\$ 900,000	\$ 6,856	\$ 893,144

## 14. VARIABLE INTEREST ENTITIES

### ***Distribution rights agreement VIE analysis***

The incorporated IDPs qualify as variable interest entities ("VIEs"). The IDPs who are formed as sole proprietorships are excluded from the following VIE accounting analysis and discussion.

Incorporated IDPs acquire distribution rights and enter into a contract with the company to sell the company's products in the IDPs' defined geographic territory. The incorporated IDPs have the option to finance the acquisition of their distribution rights with the company. They can also pay cash or obtain external financing at the time they acquire the distribution rights. The combination of the company's loans to the incorporated IDPs and the ongoing distributor arrangements with the incorporated IDPs provide a level of funding to the equity owners of the various incorporated IDPs that would not otherwise be available. As of April 20, 2024 and December 30, 2023, there was \$

130.7  
million and \$

134.4  
million, respectively, in gross distribution rights notes receivable outstanding from incorporated IDPs.

The company is not considered to be the primary beneficiary of the VIEs because the company does not (i) have the ability to direct the significant activities of the VIEs that would affect their ability to operate their respective businesses and (ii) provide any implicit or explicit guarantees or other financial support to the VIEs, other than the financing described above, for specific return or performance benchmarks. The activities controlled by the incorporated IDPs that are deemed to most significantly impact the ultimate success of the incorporated IDP entities relate to those decisions inherent in operating the distribution business in the territory, including acquiring trucks and trailers, managing fuel costs, employee matters and other strategic decisions. In addition, we do not provide, nor do we intend to provide, financial or other support to the IDP. The IDPs are responsible for the operations of their respective territories.

The company's maximum contractual exposure to loss for the incorporated IDP relates to the distributor rights note receivable for the portion of the territory the incorporated IDPs financed at the time they acquired the distribution rights. The incorporated IDPs remit payment on their distributor rights note receivable each week during the settlement process of their weekly activity. The company will operate a territory on behalf of an incorporated IDP in situations where the IDP has abandoned its distribution rights. Any remaining balance outstanding on the distribution rights notes receivable is relieved once the distribution rights have been sold on the IDPs behalf. The company's collateral from the territory distribution rights mitigates the potential losses.

## 15. COMMITMENTS AND CONTINGENCIES

### ***Self-insurance reserves and other commitments and contingencies***

The company records self-insurance reserves as an other accrued liability on our Condensed Consolidated Balance Sheets. The reserves include an estimate of expected settlements on pending claims, defense costs and a provision for claims incurred but not reported. These estimates are based on the company's assessment of potential liability using an analysis of available information with respect to pending claims, historical experience and current cost trends. The amount of the company's ultimate liability in respect of these matters may differ materially from these estimates.

In the event the company ceases to utilize the independent distributor model or exits a geographic market, the company is contractually required in some situations to purchase the distribution rights from the independent distributor. The company expects to continue operating under this model and has concluded for the litigation described below that none require loss contingency recognition pursuant to our policy. See Note 2, *Summary of Significant Accounting Policies*, of our Form 10-K.

The company's facilities are subject to various federal, state and local laws and regulations regarding the discharge of material into the environment and the protection of the environment in other ways. The company is not a party to any material proceedings arising under these laws and regulations. The company believes that compliance with existing environmental laws and regulations will not materially affect the consolidated financial condition, results of operations, cash flows or the competitive position of the company. The company believes it is currently in substantial compliance with all material environmental laws and regulations affecting the company and its properties.

## Litigation

The company and its subsidiaries from time to time are parties to, or targets of, lawsuits, claims, investigations and proceedings, including personal injury, commercial, contract, environmental, antitrust, product liability, health and safety and employment matters, which are being handled and defended in the ordinary course of business. At this time, the company is defending

twenty  
complaints filed by IDPs alleging that such distributors were misclassified as independent contractors.

Six  
of these lawsuits seek class and/or collective action treatment. The remaining

fourteen  
cases either allege individual claims or do not seek class or collective action treatment or, in cases in which class treatment was sought, the court denied class certification. The respective courts have ruled on plaintiffs' motions for class certification in

two  
of the pending cases, each of which is discussed below. Unless otherwise noted, a class was conditionally certified under the Fair Labor Standards Act ("FLSA") in each of the cases described below, although the company has the ability to petition the court to decertify that class at a later date:

Case Name	Case No.	Venue	Date Filed	Status
Richard et al. v. Flowers Foods, Inc., Flowers Baking Co. of Lafayette, LLC, Flowers Baking Co. of Baton Rouge, LLC, Flowers Baking Co. of Tyler, LLC and Flowers Baking Co. of New Orleans, LLC	6:15-cv-02557	U.S. District Court Western District of Louisiana	10/21/2015	On April 9, 2021, the court decertified the FLSA collective action and denied plaintiffs' motion to certify under Federal Rule of Civil Procedure 23 a state law class of distributors who operated in the state of Louisiana.
Martins v. Flowers Foods, Inc., Flowers Baking Co. of Bradenton, LLC and Flowers Baking Co. of Villa Rica, LLC	8:16-cv-03145	U.S. District Court Middle District of Florida	11/8/2016	

The company and/or its respective subsidiaries contest the allegations and are vigorously defending all of these lawsuits. Given the stage of the complaints and the claims and issues presented, except for lawsuits disclosed herein that have reached a settlement or agreement in principle, the company cannot reasonably estimate at this time the possible loss or range of loss that may arise from the unresolved lawsuits.

Since the beginning of Fiscal 2023, the company has settled, and the appropriate court has approved, the following collective/class action lawsuits filed by IDPs alleging that such IDPs were misclassified as independent contractors:

Case Name	Case No.	Venue	Date Filed	Comments
Ludlow et al. v. Flowers Foods, Inc., Flowers Bakeries, LLC and Flowers Finance, LLC	3:18-cv-01190	U.S. District Court Southern District of California	6/6/2018	On March 18, 2024, the court approved a settlement to settle this lawsuit and two companion cases – Maciel et al. v. Flowers Foods, Inc. et al., No. 3:20-cv-02059-JO-JLB (U.S. District Court for the Southern District of California) and Maciel v. Flowers Foods, Inc. et al., No. 20-CIV-02959 (Superior Court of San Mateo County, California). The settlement provides for a \$  55 million common fund to cover settlement payments to a class of approximately  475 plaintiffs, service awards, attorneys' fees and settlement administration expenses. The settlement also requires a phased repurchase of distribution rights associated with approximately  350 territories in California. Once completed, the company plans to service its California market with an employment model. The repurchase of distribution rights is anticipated to be completed by the first quarter of Fiscal 2025. The company estimates the repurchase cost of the  350 territories, along with  50 additional





California territories that are not part of the settlement, to be approximately \$

80.2 million (of which \$

65.3 million was originally included in other accrued liabilities and the remaining \$

14.9 million in a contra account to notes receivable). These amounts were recorded in the selling, distribution, and administrative expenses line item of the Consolidated Statements of Income during Fiscal 2023.

See Note 13, *Debt and Other Obligations*, for additional information on the company's commitments.

## 16. EARNINGS PER SHARE

The following is a reconciliation of net income and weighted average shares for calculating basic and diluted earnings per common share for the sixteen weeks ended April 20, 2024 and April 22, 2023, respectively (amounts and shares in thousands, except per share data):

	For the Sixteen Weeks Ended	
	April 20, 2024	April 22, 2023
Net income		
	\$ 73,043	\$ 70,710
<b>Basic Earnings Per Common Share:</b>		
Basic weighted average shares outstanding for common stock		
	211,078	211,769
Basic earnings per common share		
	\$ 0.35	\$ 0.33
<b>Diluted Earnings Per Common Share:</b>		
Basic weighted average shares outstanding for common stock		
	211,078	211,769
Add: Shares of common stock assumed issued upon exercise of stock options and vesting of restricted stock		
	1,036	1,628
Diluted weighted average shares outstanding for common stock		
	212,114	213,397
Diluted earnings per common share		
	\$ 0.34	\$ 0.33

There were

407,670  
and

326,690  
anti-dilutive shares during the sixteen weeks ended April 20, 2024 and April 22, 2023, respectively.

## 17. STOCK-BASED COMPENSATION

On March 5, 2014, our Board of Directors approved and adopted the 2014 Omnibus Equity and Incentive Compensation Plan ("Omnibus Plan"). The Omnibus Plan was approved by our shareholders on May 21, 2014 and authorized

8,000,000

shares to be used for awards under the Omnibus Plan. The Omnibus Plan authorizes the compensation committee of the Board of Directors to provide equity-based compensation in the form of stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, performance units, dividend equivalents and other awards to provide our officers, key employees, and non-employee directors' incentives and rewards for performance. Equity awards granted after May 21, 2014 are governed by the Omnibus Plan. On May 25, 2023, the company amended and restated the Omnibus Plan to register an additional

9,340,000  
shares.

The following is a summary of restricted stock and deferred stock outstanding under the Omnibus Plan described above. Information relating to the company's stock appreciation rights, which were issued under a separate stock appreciation right plan, is also described below. The company typically grants awards at the beginning of its fiscal year. Information on grants to employees during the sixteen weeks ended April 20, 2024 is discussed below.

## Performance-Contingent Restricted Stock Awards

### Performance-Contingent Total Shareholder Return Shares ("TSR Shares")

Certain key employees have been granted performance-contingent restricted stock under the Omnibus Plan in the form of TSR Shares. The awards vest approximately three years from the date of grant (after the filing of the company's Annual Report on Form 10-K), and the shares become non-forfeitable if, and to the extent that, on that date the vesting conditions are satisfied. The total shareholder return ("TSR") is the percent change in the company's stock price over the measurement period plus the dividends paid to shareholders. The performance payout is calculated at the end of each of the last four quarters (averaged) in the measurement period. Once the TSR is determined for the company ("Company TSR"), it is compared to the TSR of our food company peers ("Peer Group TSR"). The Company TSR compared to the Peer Group TSR will determine the payout as set forth below:

Percentile	Payout as % of Target
90 <sup>th</sup>	200%
70 <sup>th</sup>	150%
50 <sup>th</sup>	100%
30 <sup>th</sup>	50%
Below 30 <sup>th</sup>	0%

For performance between the levels described above, the degree of vesting is interpolated on a linear basis.

The TSR Shares vest immediately if the grantee dies or becomes disabled. For awards granted starting in Fiscal 2024, if the grantee retires after attaining at least age 55, provided that the sum of the grantee's age plus years of service is an amount equal to or greater than 65, on the normal vesting date the grantee will receive a pro-rated number of shares based upon the retirement date and measured at the actual performance for the entire performance period. For awards granted prior to Fiscal 2024, if the grantee retires at age 65 (or age 55 with at least 10 years of service with the company) or later, on the normal vesting date the grantee will receive a pro-rated number of shares based upon the retirement date and measured at the actual performance for the entire performance period. In addition, if the company undergoes a change in control, the TSR Shares will immediately vest at the target level, provided that if 12 months of the performance period have been completed, vesting will be determined based on Company TSR as of the date of the change in control without application of four-quarter averaging. During the vesting period, the grantee has none of the rights of a shareholder. Dividends declared during the vesting period will accrue and will be paid at vesting on the TSR Shares that ultimately vest. The fair value estimate was determined using a *Monte Carlo* simulation model, which utilizes multiple input variables to estimate the probability of the company achieving the market condition discussed above. Inputs into the model included the following for the company and comparator companies: (i) TSR from the beginning of the performance cycle through the measurement date; (ii) volatility; (iii) risk-free interest rates; and (iv) the correlation of the comparator companies' TSR. The inputs are based on historical capital market data.

The following performance-contingent TSR Shares have been granted during the sixteen weeks ended April 20, 2024 under the Omnibus Plan (amounts in thousands, except price data):

Grant Date	Shares Granted	Vesting Date	Fair Value per Share
12/31/2023	272	2/28/2027	\$ 26.07

*Performance-Contingent Return on Invested Capital Shares ("ROIC Shares")*

Certain key employees have been granted performance-contingent restricted stock under the Omnibus Plan in the form of ROIC Shares. The awards generally vest approximately three years from the date of grant (after the filing of the company's Annual Report on Form 10-K), and the shares become non-forfeitable if, and to the extent that, on that date, the vesting conditions are satisfied. Return on Invested Capital ("ROIC") is calculated by dividing our profit, as defined, by the invested capital. Generally, the performance condition requires the company's average ROIC to exceed its average weighted cost of capital ("WACC") by between

1.50  
to

4.50  
percentage points for the Fiscal 2024 awards and

1.75  
to

4.75  
percentage points for the Fiscal 2023 and Fiscal 2022 awards (the "ROI Target") over the three fiscal year performance period. If the lowest ROI Target is not met, the awards are forfeited. The ROIC Shares can be earned based on a ranges of target as defined below:

Difference of ROIC minus WACC	2024 Award
Less than	
150 basis points	0 %
150 basis points	50 %
300 basis points	100 %
450 + basis points	150 %
Difference of ROIC minus WACC	2023 and 2022 Award
Less than	
175 basis points	0 %
175 basis points	50 %
375 basis points	100 %
475 + basis points	125 %

For performance between the levels described above, the degree of vesting is interpolated on a linear basis.

The ROIC Shares vest immediately if the grantee dies or becomes disabled. For awards granted starting in Fiscal 2024, if the grantee retires after attaining at least age 55, provided that the sum of the grantee's age plus years of service is an amount equal to or greater than 65, on the normal vesting date the grantee will receive a pro-rated number of shares based upon the retirement date and measured at the actual performance for the entire performance period. For awards granted prior to Fiscal 2024, if the grantee retires at age 65 (or age 55 with at least 10 years of service with the company) or later, on the normal vesting date the grantee will receive a pro-rated number of ROIC Shares based upon the retirement date and actual performance for the entire performance period. In addition, if the company undergoes a change in control, the ROIC Shares will immediately vest at the target level. During the vesting period, the grantee has none of the rights of a shareholder. Dividends declared during the vesting period will accrue and will be paid at vesting on the ROIC Shares that ultimately vest. The fair value of this type of award is equal to the stock price on the grant date. Since these awards have a performance condition feature, the expense associated with these awards may change depending on the expected ROI Target attained at each reporting period. The 2022 award is being expensed at our current estimated payout percentage of

125  
% of ROI Target, and the 2023 and 2024 awards are being expensed at

100  
%.

The following performance-contingent ROIC Shares have been granted under the Omnibus Plan during the sixteen weeks ended April 20, 2024 (amounts in thousands, except price data):

<u>Grant Date</u>	<u>Shares Granted</u>	<u>Vesting Date</u>	<u>Fair Value per Share</u>
12/31/2023	272	2/28/2027	22.51
			\$

*Performance-Contingent Restricted Stock*

The table below presents the TSR modifier share adjustment (a

127.69

% final payout), ROIC modifier share adjustment (a

125

% final payout), accumulated dividends on vested shares, and the tax benefit at vesting of the performance-contingent restricted stock awards (amounts in thousands, except per share data):

<u>Award Granted</u>	<u>Fiscal Year Vested</u>	<u>TSR Modifier Increase Shares</u>	<u>ROIC Modifier Increase Shares</u>	<u>Dividends at Vesting</u>	<u>Tax Benefit</u>	<u>Fair Value at Vesting</u>
2021	2024	92,775	83,835	2,173	40	19,159
				\$	\$	\$

The company's performance-contingent restricted stock activity for the sixteen weeks ended April 20, 2024 is presented below (amounts in thousands, except price data):

	Shares	Weighted Average Grant Date Fair Value
Nonvested shares at December 30, 2023	2,017	\$ 27.70
Granted	544	\$ 24.29
Grant increase for achieving the ROIC modifier	84	\$ 22.51
Grant increase for achieving the TSR modifier	93	\$ 26.07
Vested	(848)	\$ 24.40
Forfeited	(8)	\$ 28.94
Nonvested shares at April 20, 2024	<u>1,882</u>	\$ 27.89

As of April 20, 2024, there was \$

29.8

million of total unrecognized compensation cost related to non-vested restricted stock granted under the Omnibus Plan. That cost is expected to be recognized over a weighted-average period of 2.11 years.

#### Time-Based Restricted Stock Units

Certain key employees have been granted time-based restricted stock units ("TBRSU Shares") at the beginning of the year. These awards vest on January 5<sup>th</sup> each year in equal installments over a three-year period which began in Fiscal 2021. Occasionally, awards may be issued that have a vesting period of less than three years. Dividends earned on shares will be held by the company during the vesting period and paid in cash when the awards vest and shares are distributed.

The following TBRSU Shares have been granted under the Omnibus Plan during the sixteen weeks ended April 20, 2024 (amounts in thousands, except price data):

Grant Date	Shares Granted	Vesting Date	Fair Value per Share
		Equally over	
12/31/2023	818	3 years	\$ 22.51
		Equally over	
2/16/2024	7	3 years	\$ 22.42

The TBRSU Shares activity for the sixteen weeks ended April 20, 2024 is set forth below (amounts in thousands, except price data):

TBRSU Shares	Weighted Average Fair Value	Weighted Average Remaining Contractual Term (Years)	Unrecognized Compensation Cost
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					473		26.67		
Nonvested shares at December 30, 2023						\$			
					(				
					249		25.75		
Vested					)	\$			
					825	\$	22.53		
Granted									
					(				
					11		24.55		
Forfeitures					)	\$			
					1,038		23.62	2.40	21,345
Nonvested shares at April 20, 2024						\$		\$	

The table below presents the accumulated dividends on vested shares and the tax (expense)/benefit at vesting of the time-based restricted stock units (amounts in thousands).

Award Granted	Fiscal Year Vested	Dividends at Vesting	Tax (Expense) Benefit	Fair Value at Vesting
2023	2024	\$ 73	(	2,612
			137 )	
2022	2024	\$ 103	(	1,348
			69 )	
2021	2024	\$ 197	3	1,734
		\$	\$	\$



### Deferred Stock

Non-employee directors may convert their annual board retainers into deferred stock equal in value to

100

% of the cash payments directors would otherwise receive and the vesting period is a one-year period to match the period that cash would have been received if no conversion existed. Accumulated dividends are paid upon delivery of the shares. During the sixteen weeks ended April 20, 2024, non-employee directors elected to receive, and were granted, an aggregate grant of

6,663

common shares for board retainer deferrals pursuant to the Omnibus Plan. During the first quarter of Fiscal 2023, non-employee directors elected to receive, and were granted, an aggregate grant of

3,479

shares for board retainer deferrals pursuant to the Omnibus Plan which vested during the first quarter of Fiscal 2024. Non-employee directors received

14,764

shares of previously deferred board retainer deferrals during the sixteen weeks ended April 20, 2024.

Non-employee directors also receive annual grants of deferred stock. This deferred stock vests one year from the grant date. The deferred stock will be distributed to the grantee at a time designated by the grantee at the date of grant. Compensation expense is recorded on this deferred stock over the one-year vesting period. During the second quarter of Fiscal 2023, non-employee directors were granted

59,400

shares for their annual grant pursuant to the Omnibus Plan. Additionally, during the third quarter of Fiscal 2023, an aggregate of

4,660

shares were granted to two newly elected non-employee directors, representing a prorated portion of the annual grant pursuant to the Omnibus Plan. Non-employee directors received

5,700

shares of previously deferred annual grant awards during the sixteen weeks ended April 20, 2024.

The deferred stock activity for the sixteen weeks ended April 20, 2024 is set forth below (amounts in thousands, except price data):

	Shares	Weighted Average Fair Value	Weighted Average Remaining Contractual Term (Years)	Unrecognized compensation cost
Nonvested shares at December 30, 2023	68	26.26		
	\$			
(				
Vested	4	28.74		
	)	\$		
Granted	7	22.51		
	\$			
Nonvested shares at April 20, 2024	71	25.75	0.35	253
	\$			\$

### Stock-Based Payments Compensation Expense Summary

The following table summarizes the company's stock-based compensation expense for the sixteen weeks ended April 20, 2024 and April 22, 2023, respectively (amounts in thousands):

	For the Sixteen Weeks Ended	
	April 20, 2024	April 22, 2023
Performance-contingent restricted stock awards	\$ 7,250	\$ 7,510
TBRSU Shares	3,360	1,837
Deferred and restricted stock	519	489

Total stock-based compensation	\$ 11,129	\$ 9,836
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## 18. POSTRETIREMENT PLANS

The following summarizes the company's Condensed Consolidated Balance Sheets related pension and other postretirement benefit plan accounts at April 20, 2024 compared to accounts at December 30, 2023 (amounts in thousands):

	April 20, 2024	December 30, 2023
Noncurrent benefit asset	\$ 6,428	\$ 6,494
Current benefit liability	\$ 699	\$ 699
Noncurrent benefit liability	\$ 5,700	\$ 5,798
	(	(
AOCI, net of tax	\$ 415	\$ 342
	)	)

### **Defined Benefit Plans and Nonqualified Plan**

The company sponsors two pension plans, the Flowers Foods, Inc. Retirement Plan No. 2, and the Tasty Baking Company Supplemental Executive Retirement Plan ("Tasty SERP"). The Tasty SERP is frozen and has only retirees and beneficiaries remaining in the plan.

The company used a measurement date of December 31, 2023 for the defined benefit and postretirement benefit plans described below.

There were

no

contributions made by the company to any plan during the sixteen weeks ended April 20, 2024 and April 22, 2023.

The net periodic pension cost for the company's plans include the following components (amounts in thousands):

	For the Sixteen Weeks Ended	
	April 20, 2024	April 22, 2023
Service cost	\$ 224	\$ 210
Interest cost	362	401
	(	(
Expected return on plan assets	494	480
	)	)
Amortization of prior service cost	18	18
Amortization of net loss	13	53
Total net periodic pension cost	\$ 123	\$ 202

The components of total net periodic benefit cost other than the service cost are included in the other components of net periodic pension and postretirement benefit plans credit line item on our Condensed Consolidated Statements of Income.

#### **Postretirement Benefit Plan**

The company provides certain health care and life insurance benefits for eligible retired employees covered under the active medical plans. The plan incorporates an up-front deductible, coinsurance payments and retiree contributions at various premium levels. Eligibility and maximum period of coverage is based on age and length of service.

The net periodic postretirement expense for the company includes the following components (amounts in thousands):

	For the Sixteen Weeks Ended	
	April 20, 2024	April 22, 2023
Service cost	\$ 56	\$ 55
Interest cost	70	73
	(	(
Amortization of prior service credit	72	72
	)	)
	(	(
Amortization of net gain	55	76
	)	)
	(	(
Total net periodic postretirement credit	\$ 1	\$ 20

The components of total net periodic postretirement benefits credit other than the service cost are included in the other components of net periodic pension and postretirement benefit plans credit line item on our Condensed Consolidated Statements of Income.

#### **401(k) Retirement Savings Plan**

The Flowers Foods, Inc. 401(k) Retirement Savings Plan covers substantially all the company's employees who have completed certain service

requirements. The total cost and employer contributions were as follows (amounts in thousands):

	For the Sixteen Weeks Ended	
	April 20, 2024	April 22, 2023
	10,520	9,974
Total cost and employer contributions	\$	\$

**Multi-employer Pension Plan**

On July 19, 2022, the company announced the closure of the Holsum Bakery in Phoenix, Arizona. The bakery produced bread and bun products and ceased production on October 31, 2022. As a result, the union participants of the IAM National Pension Fund (the "IAM Fund") at the Phoenix bakery will withdraw from the IAM Fund. During the third quarter of Fiscal 2022, the company recorded a liability of \$

1.3 million for the withdrawal from the IAM Fund. During the first quarter of Fiscal 2024, the company paid \$

1.4 million for the withdrawal and recorded additional expense of \$

0.1 million which is included in the selling, distribution and administrative expenses line item of our Condensed Consolidated Statements of Income. While this is our best estimate of the ultimate cost of the withdrawal from this plan, additional withdrawal liability may be incurred in the event of a mass withdrawal, as defined by statute, occurring anytime within the next three years following our complete withdrawal.

## 19. INCOME TAXES

The company's effective tax rate for the sixteen weeks ended April 20, 2024 was

24.0

% compared to

21.4

% for the sixteen weeks ended April 22, 2023. The increase in the rate was primarily due to a reduction in the discrete tax benefit in the current quarter when compared to the discrete tax benefit for the prior year quarter. During the sixteen weeks ended April 20, 2024, the primary differences in the effective rate and the statutory rate were state income taxes.

During the sixteen weeks ended April 20, 2024, the company's activity with respect to its uncertain tax positions and related interest expense accrual was not significant to the Condensed Consolidated Financial Statements. As of April 20, 2024, we do not anticipate significant changes to the amount of gross unrecognized tax benefits over the next twelve months.

## 20. SUBSEQUENT EVENTS

The company has evaluated subsequent events since April 20, 2024, the date of these financial statements. We believe there were no material events or transactions discovered during this evaluation that require recognition or disclosure in the financial statements other than the item discussed below.

On May 9, 2024, the company paid \$

55.0

million for a legal settlement recognized in the third quarter of Fiscal 2023. See Note 15, *Commitments and Contingencies*, for additional details on this settlement.

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

The following discussion of the financial condition and results of operations of the company as of and for the sixteen weeks ended April 20, 2024 should be read in conjunction with the Form 10-K.

Management's Discussion and Analysis of Financial Condition and Results of Operations is segregated into four sections, including:

- *Executive overview* — provides a summary of our business, operating performance and cash flows, and strategic initiatives.
- *Critical accounting estimates* — describes the accounting areas where management makes critical estimates to report our financial condition and results of operations. There have been no changes to this section from the Form 10-K.
- *Results of operations* — an analysis of the company's consolidated results of operations for the comparative period presented in our Condensed Consolidated Financial Statements.
- *Liquidity and capital resources* — an analysis of cash flow, contractual obligations, and certain other matters affecting the company's financial position.

### Matters Affecting Comparability

Comparative results from quarter to quarter are impacted by the company's fiscal reporting calendar. Internal financial results and key performance indicators are reported on a weekly basis to ensure the same number of Saturdays and Sundays in comparable months to allow for consistent four-week progression analysis. This structure results in our first quarter consisting of sixteen weeks while the remaining three quarters have twelve weeks (except in cases where there is an extra week every five or six years). Accordingly, interim results may not be indicative of subsequent interim period results, or comparable to prior or subsequent interim period results, due to differences in the lengths of the interim periods.

Additionally, detailed below are expense items affecting comparability that will provide greater context while reading this discussion:

	For the Sixteen Weeks Ended		Footnote Disclosure
	April 20, 2024	April 22, 2023	
	(Amounts in thousands)		
Business process improvement costs	\$ 3,683	\$ 6,219	Note 1
Restructuring charges	598	4,195	Note 3
Restructuring-related implementation costs	1,344	—	Note 3
Impairment of assets	4,000	—	Note 1
Acquisition-related costs	—	3,223	Note 4
	<u>\$ 9,625</u>	<u>\$ 13,637</u>	

• *Business process improvement costs related to the transformation strategy initiatives* In the second half of Fiscal 2020, we launched initiatives to transform our business, including upgrading our information system to a more robust platform, as well as investments in e-commerce, autonomous planning, and our "bakery of the future" initiatives. Implementation of the ERP upgrade is anticipated to be completed in Fiscal 2026. These initiatives are further discussed in the "Transformation Strategy Initiatives" section below. The expensed portion of costs incurred related to these initiatives, which was primarily consulting costs, was \$3.7 million during the sixteen weeks ended April 20, 2024 compared to \$6.2 million in the first quarter of the prior year. These costs are reflected in the selling, distribution, and administrative expenses line item of the Condensed Consolidated Statements of Income. We currently expect costs (a portion of which may be expensed as incurred, capitalized, recognized as a cloud computing arrangement, or recognized as a prepaid service contract) related to the upgrade of our ERP system to be approximately \$25.0 million to \$35.0 million for Fiscal 2024.

• *Restructuring charges* In April 2024, the company announced a cost savings program to improve operational performance, which includes employee termination benefits associated with a reduction-in-force ("RIF") and other optimization initiatives. The company also incurred consulting costs of \$1.3 million associated with implementing the restructuring program which are included in the selling, distribution, and administrative expenses line item of the Condensed Consolidated Statements of Income. In the first quarter of Fiscal 2024, the company incurred \$0.6 million of restructuring charges for the RIF and made \$0.2 million of RIF payments. The company expects to incur additional RIF and other restructuring costs of approximately \$7.0 million to \$10.0 million in Fiscal 2024.

In February 2023, to improve operational effectiveness, increase profitable sales, and better meet customer requirements, the company announced a restructuring of plant operation responsibilities from the sales function to the supply chain

function. As part of that restructuring, we incurred costs for employee termination benefits and other cash charges, which were primarily related to the voluntary employee separation incentive plan (the "VSIP"), RIF, and employee relocation costs. During the first quarter of Fiscal 2023, we recorded VSIP-related charges of \$3.9 million and made VSIP-related payments of \$0.5 million. Relocation costs incurred and paid during the first quarter of Fiscal 2023 were \$0.3 million. These costs are recorded in the restructuring charges line item of the Condensed Consolidated Statements of Income. In the first quarter of Fiscal 2024, we paid the remaining VSIP payments of \$1.4 million.

- *Impairment of assets* During the second quarter of the Fiscal 2022, we invested \$9.0 million in Base Culture, a Clearwater, Florida-based company with one manufacturing facility. We made an additional investment of \$2.0 million in the second quarter of Fiscal 2023. Base Culture's product offerings include better-for-you, gluten-free, and grain-free sliced breads and baked goods and are all-natural, 100% Paleo-certified, kosher-certified, dairy-free, soy-free, and non-GMO verified. These investments are being accounted for at cost, less any impairment, as we do not control, nor do we have the ability to significantly influence Base Culture. In the fourth quarter of Fiscal 2023, we recognized an impairment loss of \$5.5 million on this investment and recognized an additional impairment of \$4.0 million in the first quarter of Fiscal 2024.
- *Acquisition-related costs* On February 17, 2023, the company completed the acquisition of the Papa Pita bakery business ("Papa Pita") for total consideration of approximately \$274.8 million, inclusive of a net working capital purchase price adjustment. We funded the purchase price with cash on-hand and from our existing credit facilities. Papa Pita is a manufacturer and distributor of bagels, tortillas, breads, buns, English muffins, and flat breads with one production facility in West Jordan, Utah and, prior to the acquisition, Papa Pita co-manufactured certain products for us. Papa Pita has direct-store-delivery distribution in the western United States ("U.S."), expanding our geographic reach. We incurred additional acquisition costs during the sixteen weeks ended April 23, 2023 of \$3.2 million and these costs are reflected in the selling, distribution, and administrative expenses line item of the Condensed Consolidated Statements of Income.

## Executive Overview

### *Business*

Flowers is the second-largest producer and marketer of packaged bakery foods in the U.S. Our principal products include breads, buns, rolls, snack items, bagels, English muffins, and tortillas and are sold under a variety of brand names, including *Nature's Own*, *Dave's Killer Bread ("DKB")*, *Wonder*, *Canyon Bakehouse*, *Tastykake*, and *Mrs. Freshley's*. Our brands are among the best known in the U.S. baking industry. Many of our brands have a major presence in the product categories in which they compete. We manage our business as one operating segment. The company defines EBITDA as earnings before interest, taxes, depreciation and amortization.

Flowers' strategic priorities include developing our team, focusing on our brands, prioritizing our margins, and proactively seeking smart, disciplined acquisitions in the grain-based foods category. We believe executing on our strategic priorities will drive future growth and margin expansion and deliver meaningful shareholder value over time allowing us to achieve our long-term financial targets of 1% to 2% sales growth, 4% to 6% EBITDA growth, and 7% to 9% EPS growth.

Optimization initiatives in our procurement, distribution, operations, and administrative functions are projected to save \$40 million to \$50 million in Fiscal 2024. In the second quarter of Fiscal 2023, we completed the build phase of our ERP upgrade project and began the deployment, which is anticipated to be completed in Fiscal 2026. Additionally, we continue to implement our digital strategy initiatives as discussed further in the "Transformation Strategy Initiatives" section below.

### Highlights

- *Nature's Own* is the best-selling loaf bread in the U.S., *DKB* is the #1 selling organic brand in the U.S., and *Canyon Bakehouse* is the #1 selling gluten-free bread brand in the U.S. (Source: *Circana Total US MultiOutlet+C-Store 16 Weeks Ended 4/21/24*).
- Our branded retail sales comprised 64.4% of total sales for the sixteen weeks ended April 20, 2024 as compared to 63.9% for the sixteen weeks ended April 22, 2023.
- As of April 20, 2024, we operated 46 bakeries, which produce fresh and frozen breads, buns, and rolls, as well as snack items, bagels, English muffins, and tortillas.
- We distribute our fresh bakery foods through a direct-store-delivery ("DSD") distribution system, whereby product is primarily sold by a network of independent distributor partners to retail and foodservice customers with access to more than 85% of the U.S. population. In certain markets, we utilize a sales employee model to facilitate the distribution of product through our DSD distribution system.
- We offer nationwide distribution of certain fresh snack items and frozen breads and rolls via contract carriers.

#### *Impact of the Inflationary Economic Environment and Other Macroeconomic Factors on Our Business*

We continue to monitor the impact of a variety of factors on our business, including the inflationary economic environment, supply chain disruptions, increased labor costs, the conflict between Russia and Ukraine, and the conflict in the Middle East. Our results through the first quarter of Fiscal 2024 have continued to benefit from a more optimized sales mix of branded retail products as compared to pre-pandemic periods. However, we experienced significant input cost inflation during the previous two fiscal years which has partially offset the improved sales mix. We implemented price increases to mitigate these cost pressures during the first quarter of Fiscal 2023 and midway through the second quarter of Fiscal 2023. Commodity cost inflation began to moderate in the latter half of Fiscal 2023, though it remains above pre-pandemic levels, and we expect that trend to continue throughout the remainder of Fiscal 2024.

Additionally, in the prior year period, capacity constraints, largely for gluten-free production, resulted in lower production volumes and sales. These supply chain and other disruptions could continue to negatively impact production volumes as the global and U.S. supply chain remains uncertain. Although the conflict between Russia and Ukraine and the conflict in the Middle East have not impacted our operations directly, we are closely monitoring the impact of these conflicts on the broader economy, including on the availability and price of commodities used in or for the production of our products. Disruptions in our operations, related to factors including, but not limited to, the procurement of raw materials and packaging items, transport of our products, and available workforce, have negatively impacted, and could continue to negatively impact, our operations, results of operations, cash flows, and liquidity.

Labor shortages and turnover at some bakeries has negatively impacted our results in the current and prior year periods. These and other factors, including, but not limited to, high employment rates and additional government regulations, may continue to adversely affect labor availability and labor costs. These challenges may negatively impact the efficiency of our production lines and our ability to operate at, or near, full capacity, and could result in increased labor costs, including additional overtime to meet demand, and higher wage rates to attract and retain workers. An overall labor shortage, lack of skilled labor, or increased turnover has and could continue to have a negative impact on the company's operations, results of operations, liquidity, or cash flows.

We believe we have sufficient liquidity to satisfy our cash needs and we continue to execute on our strategic priorities, including our transformation strategy initiatives, as further discussed in the "Liquidity and Capital Resources" section below.

#### *Summary of Operating Results, Cash Flows and Financial Condition*

Sales increased 2.8% for the sixteen weeks ended April 20, 2024 compared to the same quarter in the prior year, with price/mix contributing 3.1% and the Papa Pita acquisition contributing 0.5% (cycled on February 17, 2024), partially offset by volume declines of 0.8%. The benefits of inflation-driven pricing actions implemented in the prior year were partially offset by softer volumes. Volume declines were concentrated in our Other sales category, where we exited certain lower margin foodservice business in the second half of Fiscal 2023. Those declines were partially offset by volume increases in Branded Retail sales from execution in the marketplace. Sales of DKB continued to grow on higher volumes and sales of *Nature's Own* improved on positive price/mix, partially offset by lower volumes.

For the sixteen weeks ended April 20, 2024, income from operations was \$101.5 million compared to \$93.8 million in the prior year quarter. The improvement resulted from moderating input costs, sales price increases implemented in the prior year, and the prior year acquisition costs, partially offset by increased workforce-related, repairs and maintenance, and depreciation expenses and lower production volumes (excluding the acquisition impact) quarter over quarter.

Net income for the sixteen weeks ended April 20, 2024 was \$73.0 million compared to \$70.7 million in the prior year period. The increase resulted primarily from the increase in income from operations, as described above, net of increased interest expense and a higher effective tax rate quarter over quarter.

During the sixteen weeks ended April 20, 2024, we generated net cash flows from operations of \$105.1 million, invested \$33.3 million in capital expenditures, decreased our indebtedness by \$5.0 million, and paid \$51.1 million in dividends to our shareholders. On April 15, 2024, we amended the two-year \$200.0 million accounts receivable repurchase facility (the "repurchase facility") to extend the scheduled facility expiration date to April 14, 2026. During the sixteen weeks ended April 22, 2023, we generated net cash flows from operations of \$58.0 million, paid \$270.5 million for the Papa Pita acquisition (an additional \$4.3 million net working capital purchase price adjustment was paid in the second quarter of Fiscal 2023), invested \$34.0 million in capital expenditures, increased our indebtedness \$171.0 million, and paid \$49.1 million in dividends to our shareholders.

#### *Transformation Strategy Initiatives*

In the second half of Fiscal 2020, we launched initiatives to transform our business operations. The primary goals of these initiatives are: (1) enable a more agile business model, empowering the organization by fundamentally redesigning core business



processes; (2) embed digital capabilities and transform the way we engage with our consumers, customers and employees; and (3) modernize and simplify our application and technology infrastructure landscape, inclusive of the upgrade of our ERP system.

As discussed above, in February 2023, we announced a restructuring of plant operation responsibilities from the sales function to the supply chain function to improve operational effectiveness, increase profitable sales, and better meet customer requirements. This restructuring has transitioned to digitally enabling these key functions, driving accountability, and improving operational performance and sales execution.

#### Digital Strategy Initiatives

Our digital strategy initiatives include investments in digital domains of e-commerce, autonomous planning, bakery of the future, digital logistics, and digital sales. In e-commerce, we strive to become a category and market share leader, engage with the consumer through digital platforms and marketplaces, and support our retail partners' omnichannel strategies. The autonomous planning domain encompasses predictive ordering, cost-to-serve modeling, integrated business planning, and supply and demand forecasting, among other areas. Bakery of the future involves transforming our current manufacturing processes and operational visibility to apply industry-leading digital manufacturing tools, such as real-time performance management and visibility, automation of repetitive processes, standardization of processes and procedures, and sensor-based quality monitoring tools to improve consistency and quality. Digital logistics includes real-time operational visibility, improving our routing efficiency, and automating the freight bill pay audit process. Finally, digital sales is focused on improving our sales execution through improved visibility to in-store activities, streamlined reporting, focusing in-store priorities, and improved collaboration tools across our sales ecosystem.

These digital domains are expected to improve data visibility and efficiencies while automating many of our processes. When fully implemented, we expect this work will further our brand efforts, bring us closer to the consumer, increase operational efficiencies, and deliver higher-quality, real-time insights, which will in turn enable more predictive business decision-making. We transitioned into the implementation phase for the e-commerce, autonomous planning, and bakery of the future domains and selected two bakeries for the pilot program for bakery of the future and autonomous planning in Fiscal 2021. To date, we have rolled out bakery of the future to 35 bakeries, digital logistics to all bakery locations, and autonomous planning and our digital sales tools across our entire sales organization. Costs related to the digital initiatives are fluid and cannot be currently estimated.

#### ERP Upgrade

Our ERP initiative, which includes upgrading our information system platform, is expected to improve data management and efficiencies while automating many of our processes. We completed the initial planning and road mapping phase of the ERP upgrade at the end of Fiscal 2020. In the first quarter of Fiscal 2021, we transitioned into the design phase and engaged a leading, global consulting firm to assist us in designing and implementing the upgrade of our ERP platform and to serve as the system integrator for the project. We transitioned into the build phase at the beginning of Fiscal 2022 and during the second quarter of Fiscal 2023, we began deploying the ERP upgrade. The deployment is anticipated to be completed in Fiscal 2026. We currently estimate total costs for the upgrade of our ERP system will be approximately \$350 million (of which approximately 34% has been or is anticipated to be capitalized). As of April 20, 2024, we have incurred costs related to the project of approximately \$223 million.

#### **CRITICAL ACCOUNTING POLICIES:**

Our financial statements are prepared in accordance with generally accepted accounting principles in the U.S. ("GAAP"). These principles are numerous and complex. Our significant accounting policies are summarized in the Form 10-K. In many instances, the application of GAAP requires management to make estimates or to apply subjective principles to particular facts and circumstances. A variance in the estimates used or a variance in the application or interpretation of GAAP could yield a materially different accounting result. Refer to the Form 10-K for a discussion of the areas where we believe that the estimates, judgments or interpretations that we have made, if different, could yield the most significant differences in our financial statements. There have been no significant changes to our critical accounting policies from those disclosed in the Form 10-K.

## RESULTS OF OPERATIONS:

Results of operations, expressed as a percentage of sales and the dollar and percentage change from period to period, for the sixteen weeks ended April 20, 2024 and April 22, 2023, respectively, are set forth in the table below (dollars in thousands):

			For the Sixteen Weeks Ended		Increase (Decrease)	
	April 20, 2024	April 22, 2023	Percentage of Sales	Percentage of Sales	Dollars	%
Sales	\$ 1,576,818	\$ 1,534,493	100.0	100.0	\$ 42,325	2.8
Materials, supplies, labor and other production costs (exclusive of depreciation and amortization shown separately below)	797,186	800,852	50.6	52.2	(3,666)	(0.5)
Selling, distribution and administrative expenses	625,251	591,943	39.7	38.6	33,308	5.6
Restructuring charges	598	4,195	0.0	0.3	(3,597)	NM
Impairment of assets	4,000	—	0.3	—	4,000	NM
Depreciation and amortization	48,235	43,735	3.1	2.9	4,500	10.3
Income from operations	101,548	93,768	6.4	6.1	7,780	8.3
Other components of net periodic pension and postretirement benefit plans credit	(158)	(83)	(0.0)	(0.0)	(75)	NM
Interest expense, net	5,611	3,886	0.4	0.3	1,725	44.4
Income before income taxes	96,095	89,965	6.1	5.9	6,130	6.8
Income tax expense	23,052	19,255	1.5	1.3	3,797	19.7
Net income	\$ 73,043	\$ 70,710	4.6	4.6	\$ 2,333	3.3
Comprehensive income	\$ 72,954	\$ 68,547	4.6	4.5	\$ 4,407	6.4

NM - the computation is not meaningful.  
Percentages may not add due to rounding.

### SIXTEEN WEEKS ENDED APRIL 20, 2024 COMPARED TO SIXTEEN WEEKS ENDED APRIL 22, 2023

#### Sales (dollars in thousands)

			For the Sixteen Weeks Ended		Increase (Decrease)	
	April 20, 2024	April 22, 2023	Percentage of Sales	Percentage of Sales	Dollars	%
Branded Retail	\$ 1,014,901	\$ 980,479	64.4	63.9	\$ 34,422	3.5
Other	561,917	554,014	35.6	36.1	7,903	1.4
Total	\$ 1,576,818	\$ 1,534,493	100.0	100.0	\$ 42,325	2.8

(The table above presents certain sales by category that have been reclassified from amounts previously reported to conform to the current period presentation.)

The change in sales was generally attributable to the following:

Percentage Point Change in Sales Attributed to:	Branded Retail	Other	Total
	Favorable (Unfavorable)		
Pricing/Mix*	2.6	3.3	3.1
Volume*	0.3	(2.2)	(0.8)
Acquisition until cycled on February 17, 2024	0.6	0.3	0.5
Total percentage change in sales	3.5	1.4	2.8

\* Computations above are calculated as follows (the Total column is consolidated and is not adding the Branded Retail and Other columns):

Price/Mix \$ = Current year period units x change in price per unit

Price/Mix % = Price/Mix \$ ÷ Prior year period Sales \$

Volume \$ = Prior year period price per unit x change in units

Volume % = Volume \$ ÷ Prior year period Sales \$

The company disaggregates its sales into two categories, Branded Retail and Other. These categories align with our brand-focused strategy to drive above-market growth via innovation and focusing on higher-margin products. The Other category includes store branded retail and non-retail sales (foodservice, restaurant, institutional, vending, thrift stores, and contract manufacturing).

Sales increased quarter over quarter due to positive pricing actions implemented in the first and second quarters of the prior year to mitigate considerable cost inflation, and, to a lesser extent, the Papa Pita acquisition contribution. These increases were partially offset by volume declines, largely for non-retail items and, to a lesser extent, for branded retail traditional loaf breads. Our promotional activity increased quarter over quarter largely due to inflationary pressure on consumer spending but remained lower than pre-pandemic levels.

#### *Branded Retail Sales*

Branded retail sales grew 3.5% quarter over quarter due to favorable price/mix, the acquisition contribution, and volume growth. Price/mix benefitted from inflation-driven pricing actions taken in the second quarter of the prior year and improved mix from greater branded organic product sales. Volumes improved mainly as a result of efficient sales execution in a competitive marketplace. Volume growth in branded organic products, branded buns and rolls, and branded Keto bread was partially offset by softer volumes primarily for branded traditional loaf breads. Our *Nature's Own* and *DKB* brands continued to perform well benefiting from inflation-driven price increases and growth from more recently introduced products, such as *Nature's Own* Keto bread and Hawaiian and Everything bun varieties, all introduced in the second quarter of Fiscal 2023, and *DKB* snack bars and bites. *Nature's Own* did experience volume declines quarter over quarter largely due to inflationary pressure on consumer spending.

#### *Other Sales*

Sales in the Other category increased 1.4% due to positive price/mix from price increases implemented in the prior year, and the acquisition contribution, partially offset by volume declines. Store branded retail sales increased largely due to volume growth in store branded traditional loaf breads, partially offset by negative price/mix. Non-retail sales increased quarter over quarter due to inflation-driven pricing actions in the prior year and the acquisition contribution, offset mostly by volume declines. Foodservice drove most of the volume decrease as we exited certain lower margin business in the second half of Fiscal 2023. Declines in vending also contributed to lower volumes, partially offset by increased contract manufacturing volume.

We anticipate our Fiscal 2024 sales will be flat to higher than Fiscal 2023 sales due to price increases implemented in Fiscal 2023, however, this benefit could be offset by changes in consumer buying patterns, changes in promotional activity, and the impact of cycling certain exits of lower margin business that occurred in Fiscal 2023.

#### **Materials, Supplies, Labor and Other Production Costs (exclusive of depreciation and amortization shown separately; as a percent of sales)**

<u>Line Item Component</u>	<u>For the Sixteen Weeks Ended</u>		<u>Increase (Decrease) as a % of Sales</u>
	<u>April 20, 2024 % of Sales</u>	<u>April 22, 2023 % of Sales</u>	
Ingredients and packaging	30.0	32.7	(2.7)
Workforce-related costs	14.3	13.5	0.8
Other	6.3	6.0	0.3
Total	<u>50.6</u>	<u>52.2</u>	<u>(1.6)</u>

Materials, supplies, labor and other production costs as a percent of sales decreased quarter over quarter due to the benefit of prior year inflation-driven pricing actions, moderating ingredient and packaging costs, and decreased product returns. Lower production volumes (excluding the acquisition impact) and higher workforce-related and bakery maintenance costs, reflected in the Other line item, partially offset the overall improvement. The decrease in ingredient and packaging costs was mostly attributed to lower pricing for commodities such as flour, fats and oils, and eggs, and packaging items including bags and corrugated containers. Wage inflation, higher employee compensation costs, and lower production volumes resulted in the increase in workforce-related costs as a percent of sales. We expect the impact of lower production volumes (excluding the acquisition impact) and the competitive labor market to continue to negatively impact our operations.

Prices of ingredient and packaging materials fluctuate due to government policy and regulation, weather conditions, domestic and international demand, or other unforeseen circumstances, and we monitor these markets closely. Ingredient and packaging costs continued to experience volatility in the current quarter and are expected to remain volatile for the remainder of Fiscal 2024. We enter into forward purchase agreements and other financial instruments to manage the impact of volatility in certain raw material prices. Any decrease in the availability of these agreements and instruments could increase the cost of these raw materials and significantly affect our earnings.

**Selling, Distribution and Administrative Expenses (as a percent of sales)**

<u>Line Item Component</u>	<u>For the Sixteen Weeks Ended</u>		<u>Increase (Decrease) as a % of Sales</u>
	<u>April 20, 2024 % of Sales</u>	<u>April 22, 2023 % of Sales</u>	
Workforce-related costs	11.9	10.8	1.1
Distributor distribution fees	13.8	14.1	(0.3)
Other	14.0	13.7	0.3
Total	39.7	38.6	1.1

Workforce-related costs increased as a percent of sales due to higher employee compensation costs quarter over quarter, a shift from distributor distribution fees, and a competitive labor market. Distributor distribution fees decreased as a percent of sales primarily due to a smaller portion of our sales being made through IDPs. We anticipate a continued shift from distributor distribution fees to workforce-related costs and territory-related logistics costs, among others, as the company completes a phased repurchase of the California distribution rights and converts to an employee-based model in that state. The repurchases began at the end of the first quarter of Fiscal 2024 and are anticipated to be completed by the end of the first quarter of Fiscal 2025. The increase in the Other line item mostly reflects increased amortization of cloud-based applications, increased rent expense, and lower scrap dough income, partially offset by reduced transportation costs and the prior year quarter acquisition costs. See the "Matters Affecting Comparability" section above for a discussion of the acquisition-related costs.

**Restructuring Charges and Impairment of Assets**

Refer to the discussion in the "Matters Affecting Comparability" section above regarding these items.

**Depreciation and Amortization Expense**

Depreciation and amortization expense for the first quarter of Fiscal 2024 increased in dollars and as a percent of sales as compared to the prior year period primarily due to ERP assets being placed in service in the second quarter of Fiscal 2023 and, to a lesser extent, the Papa Pita assets acquired midway through the first quarter of Fiscal 2023, partially offset by assets becoming fully depreciated.

**Income from Operations**

Income from operations for the sixteen weeks ended April 20, 2024 increased as a percent of sales compared to the prior year quarter due primarily to moderating input costs, partially offset by lower production volumes (excluding the acquisition impact), increased selling, distribution, and administrative expenses, and increased depreciation and amortization expense, as discussed above.

**Net Interest Expense**

Net interest expense increased in dollars and as a percent of sales as compared to the prior year quarter largely due to higher average amounts outstanding under our borrowing arrangements primarily from funding the Papa Pita acquisition in the first quarter of Fiscal 2023 and increased interest rates on our variable rate debt. Decreased interest income also contributed to the overall increase in net interest expense. We anticipate higher net interest expense year over year due to funding payments associated with the legal settlement and related costs, all accrued for in Fiscal 2023, and lower interest income resulting from decreases in distributor notes receivable outstanding.

**Income Tax Expense**

The effective tax rate for the sixteen weeks ended April 20, 2024 was 24.0% compared to 21.4% in the prior year quarter. The increase in the rate quarter over quarter was primarily due to a decrease in windfall tax benefits on stock-based compensation. For both periods presented, the primary differences in the effective rate and statutory rate were state income taxes and windfall/shortfall tax impacts related to stock-based compensation.

**Comprehensive Income**

The increase in comprehensive income quarter over quarter resulted primarily from increased net earnings and changes in the fair value of derivatives.

## LIQUIDITY AND CAPITAL RESOURCES:

### *Strategy and Update on Impact of the Inflationary Economic Environment and Other Macroeconomic Factors on Our Business*

We believe that our ability to consistently generate cash flows from operating activities to meet our liquidity needs is one of our key financial strengths. Furthermore, we strive to maintain a conservative financial position as we believe it allows us flexibility to make investments and acquisitions and is a strategic competitive advantage. Currently, our liquidity needs arise primarily from working capital requirements, capital expenditures, and obligated debt repayments. We believe that we currently have access to available funds and financing sources to meet our short and long-term capital requirements. The company's strategy for use of its excess cash flows includes:

- implementing our strategic priorities, including our transformation strategy initiatives;
- paying dividends to our shareholders;
- maintaining a conservative financial position;
- making strategic acquisitions; and
- repurchasing shares of our common stock.

Although there has been no material adverse impact on our results of operations, liquidity or cash flows for the sixteen weeks ended April 20, 2024, volatility in global and U.S. economic environments, as a result of, among other things, the inflationary economic environment, supply chain disruptions, increased labor costs, the conflict between Russia and Ukraine, and the conflict in the Middle East, could significantly impact our ability to generate future cash flows and we continue to evaluate these various potential business risks. Potential risks include the possibility of future economic downturns that could shift consumer demand away from our branded retail products to store branded products, supply chain disruptions that have impacted, and could continue to impact, the procurement of raw materials and packaging items, the available workforce, and our ability to implement additional pricing actions to offset inflation.

The macroeconomic-related factors discussed above remain fluid and the future impact on our business, results of operations, liquidity or capital resources cannot be reasonably estimated with any degree of certainty. In the event of a significant reduction in revenues, we would have additional alternatives to maintain liquidity, including the availability on our debt facilities, capital expenditure reductions, adjustments to our capital allocation policy, and cost reductions. Although we do not currently anticipate a need, we also believe that we could access the capital markets to raise additional funds. During the first quarter of Fiscal 2024, we amended the two-year \$200.0 million trade receivable repurchase facility (the "repurchase facility") to extend the maturity date to April 14, 2026. We believe that we have sufficient liquidity on hand to continue business operations during this time of volatility in the global and U.S. economic environments. As of April 20, 2024, we had total available liquidity of \$557.4 million, consisting of cash on hand and the available balances under the senior unsecured revolving credit facility (the "credit facility") and repurchase facility.

### **Liquidity Discussion for the Sixteen Weeks Ended April 20, 2024 and April 22, 2023**

Cash and cash equivalents were \$15.8 million at April 20, 2024 and \$22.5 million at December 30, 2023. The cash and cash equivalents were derived from the activities presented in the tables below (amounts in thousands):

<b>Cash Flow Component</b>	<b>For the Sixteen Weeks Ended</b>		<b>Change</b>
	<b>April 20, 2024</b>	<b>April 22, 2023</b>	
Cash provided by operating activities	\$ 105,149	\$ 57,952	\$ 47,197
Cash disbursed for investing activities	(35,927)	(301,207)	265,280
Cash (disbursed for) provided by financing activities	(75,931)	105,841	(181,772)
Total change in cash	<u>\$ (6,709)</u>	<u>\$ (137,414)</u>	<u>\$ 130,705</u>

**Cash Flows Provided by Operating Activities.** Net cash provided by operating activities consisted of the following items for non-cash adjustments to net income (amounts in thousands):

	For the Sixteen Weeks Ended		
	April 20, 2024	April 22, 2023	Change
Depreciation and amortization	\$ 48,235	\$ 43,735	\$ 4,500
Impairment of assets	4,000	—	4,000
Loss reclassified from accumulated other comprehensive income to net income	886	1,407	(521)
Allowances for accounts receivable	2,445	4,341	(1,896)
Stock-based compensation	11,129	9,836	1,293
Deferred income taxes	6,951	1,868	5,083
Other non-cash items	4,575	1,788	2,787
Net non-cash adjustment to net income	<u>\$ 78,221</u>	<u>\$ 62,975</u>	<u>\$ 15,246</u>

- Refer to the *Impairment of assets* discussion in the "Matters Affecting Comparability" section above for additional information regarding this item.
- For the sixteen weeks ended April 20, 2024, deferred income tax activity was composed of changes in temporary differences year over year, including the current year impact of a payment for a previously accrued legal settlement for the repurchase of distribution rights. For the current and prior year quarters ended April 20, 2024 and April 22, 2023, deferred income tax activity was composed of changes in temporary differences year over year, including the impact of the vesting of stock equity awards and activity related to the capitalization of research and development expenses as defined under Internal Revenue Code Section 174.
- Other non-cash items include non-cash interest expense for the amortization of debt discounts and deferred financing costs (including \$0.3 million related to the write-off of unamortized loan costs upon the early extinguishment of the accounts receivable securitization facility in the first quarter of Fiscal 2023) and gains or losses on the sale of assets.

Net changes in working capital consisted of the following items (amounts in thousands):

	For the Sixteen Weeks Ended		
	April 20, 2024	April 22, 2023	Change
Changes in accounts receivable	\$ (32,833)	\$ (18,201)	\$ (14,632)
Changes in inventories	4,523	(14,552)	19,075
Changes in hedging activities	(1,202)	(2,334)	1,132
Changes in accounts payable	(16,499)	(9,285)	(7,214)
Changes in other assets and accrued liabilities	(104)	(31,361)	31,257
Net changes in working capital	<u>\$ (46,115)</u>	<u>\$ (75,733)</u>	<u>\$ 29,618</u>

- Changes in accounts receivable were mainly attributable to sales increases period over period. Changes in inventories resulted primarily from volatility in input costs. Changes in accounts payable were mainly attributable to higher capital spending in the prior year period largely due to the upgrade of the ERP system and volatility in input costs.
- Hedging activities change due to market movements that affect the fair value and the associated required collateral of positions and the timing and recognition of deferred gains or losses. We expect these changes will continue to occur as part of our hedging program, though the degree and financial impact cannot be currently estimated.
- The change in other assets primarily resulted from changes in prepaid assets and income tax receivables in each respective period. Changes in employee compensation and legal settlement accruals primarily resulted in the change in other accrued liabilities. During the first quarter of Fiscal 2024 and Fiscal 2023, we paid \$31.9 million and \$32.1 million, respectively, including our share of employment taxes, in performance-based cash awards under our bonus plans. An additional \$1.9 million and \$2.2 million was paid during the first quarter of Fiscal 2024 and Fiscal 2023, respectively, for our share of employment taxes on the vesting of employee restricted stock awards in each respective year. During the sixteen weeks ended April 20, 2024, the company paid \$1.3 million related to territory repurchase obligations recognized as part of a legal settlement recognized in the third quarter of Fiscal 2023, and on May 9, 2024, subsequent to the first quarter of Fiscal 2024, paid \$55.0 million to the legal settlement fund. The company expects to complete the territory repurchases by the end of the first quarter of Fiscal 2025. During the sixteen weeks ended April 22, 2023, the company paid \$5.5 million of legal settlements that had been accrued for in a prior period.

**Cash Flows Disbursed for Investing Activities.** The table below presents net cash disbursed for investing activities for the sixteen weeks ended April 20, 2024 and April 22, 2023, respectively (amounts in thousands):

	For the Sixteen Weeks Ended		
	April 20, 2024	April 22, 2023	Change
Purchases of property, plant, and equipment	\$ (33,332)	\$ (33,958)	\$ 626
Principal payments from notes receivable, net of repurchases of independent distribution rights	(2,655)	3,106	(5,761)
Proceeds from sale of property, plant and equipment	60	96	(36)
Acquisition of business	—	(270,451)	270,451
Net cash disbursed for investing activities	<u>\$ (35,927)</u>	<u>\$ (301,207)</u>	<u>\$ 265,280</u>

- We currently anticipate capital expenditures of \$145.0 million to \$155.0 million for Fiscal 2024 (inclusive of expenditures for the ERP upgrade of \$3.0 million to \$6.0 million).

- As discussed in the Executive Overview section above, on February 17, 2023, we completed the Papa Pita acquisition. We paid \$270.5 million of the total purchase price in the first quarter of Fiscal 2023 and \$4.3 million in the second quarter of Fiscal 2023 for a net working capital purchase price adjustment. Papa Pita operates one manufacturing facility in West Jordan, Utah.

**Cash Flows Disbursed for Financing Activities.** The table below presents net cash disbursed for financing activities for the sixteen weeks ended April 20, 2024 and April 22, 2023, respectively (amounts in thousands):

	For the Sixteen Weeks Ended		
	April 20, 2024	April 22, 2023	Change
Dividends paid, including dividends on stock-based payment awards	\$ (51,106)	\$ (49,100)	\$ (2,006)
Payments for financing fees	(150)	(218)	68
Stock repurchases	(8,879)	(10,981)	2,102
Change in bank overdrafts	(10,701)	(4,261)	(6,440)
Net change in debt obligations	(5,000)	171,000	(176,000)
Payments on financing leases	(95)	(599)	504
Net cash (disbursed for) provided by financing activities	<u>\$ (75,931)</u>	<u>\$ 105,841</u>	<u>\$ (181,772)</u>

- Our Board of Directors declared the following quarterly dividend during the sixteen weeks ended April 20, 2024 (amounts in thousands, except per share data):

Date Declared	Record Date	Payment Date	Dividend per Common Share	Dividends Paid
February 16, 2024	March 1, 2024	March 15, 2024	\$ 0.2300	\$ 48,560

Additionally, we paid dividends of \$2.5 million at the time of vesting of certain restricted stock awards. The increase in dividends paid resulted from an increase in the dividend rate compared to the prior year. While there are no requirements to increase our dividend rate, we have shown a recent historical trend to do so. We anticipate funding future dividend payments from cash flows from operations.

- During the sixteen weeks ended April 20, 2024, we paid financing fees for the amendment of the repurchase facility. In the prior year period, we paid financing fees associated with executing the repurchase facility and for the amendment to the credit facility.

- Stock repurchase decisions are made based on our stock price, our belief of relative value, and our cash projections at any given time. During the sixteen weeks ended April 20, 2024 and April 22, 2023, we repurchased 388,291 and 385,882 shares of our common stock for \$8.9 million and \$11.0 million, respectively, under a share repurchase plan approved by our Board of Directors. These shares were acquired to satisfy employees' tax withholding and payment obligations in connection with the vesting of restricted stock awards, which are repurchased by the company based on the fair market value on the vesting date.

- Changes in debt obligations primarily related to drawdowns made to fund the Papa Pita acquisition in the first quarter of Fiscal 2023. See the discussion below under the "Capital Structure" section for additional details regarding changes in debt obligations.

## Capital Structure

Long-term debt and right-of-use lease obligations and stockholders' equity were as follows at April 20, 2024 and December 30, 2023, respectively. For additional information regarding our debt and right-of-use lease obligations, see Note 5, *Leases*, and Note 13, *Debt and Other Obligations*, of Notes to Condensed Consolidated Financial Statements of this Form 10-Q.

	April 20, 2024	Balance at December 30, 2023	Fixed or Variable Rate	Final Maturity
<b>Long-term debt and right-of-use lease obligations</b>				
	(Amounts in thousands)			
2031 notes	\$ 494,947	\$ 494,723	Fixed Rate	2031
2026 notes	398,596	398,421	Fixed Rate	2026
Unsecured credit facility	—	—	Variable Rate	2026
Accounts receivable repurchase facility	150,000	155,000	Variable Rate	2026
Right-of-use lease obligations	305,190	284,501		2036
	1,348,733	1,332,645		
Less: Current maturities of long-term debt and right-of-use lease obligations	(57,763)	(47,606)		
Long-term debt and right-of-use lease obligations	\$ 1,290,970	\$ 1,285,039		
<b>Total stockholders' equity</b>				
Total stockholders' equity	\$ 1,375,880	\$ 1,351,782		

The repurchase facility and the credit facility are generally used for short-term liquidity needs. On April 15, 2024, we amended the repurchase facility to extend the scheduled facility expiration date to April 14, 2026. See Note 13, *Debt and Other Obligations*, of Notes to Condensed Consolidated Financial Statements of this Form 10-Q for additional information.

We believe we have sufficient liquidity to satisfy our cash needs, however, we continue to closely monitor our liquidity in light of the continued economic uncertainty in the U.S. and throughout the world due to, among other things, the impact of the inflationary economic environment, supply chain disruptions, increased labor costs, the conflict between Russia and Ukraine, and the conflict in the Middle East on our business. There is no current portion payable over the next year for our debt obligations. Amounts available for withdrawal under the repurchase facility are determined as the lesser of the total facility limit and a formula derived amount based on qualifying trade receivables.

The following table details the amounts available under the repurchase facility and the credit facility and the highest and lowest balances outstanding under these arrangements during the sixteen weeks ended April 20, 2024:

Facility	Amount Available for Withdrawal at April 20, 2024	For the Sixteen Weeks Ended April 20, 2024	
		Highest	Lowest
		Balance	Balance
(Amounts in thousands)			
Accounts receivable repurchase facility	\$ 50,000	\$ 175,000	\$ 105,000
Unsecured credit facility (1)	491,600	17,500	—
	\$ 541,600		

(1) Amount excludes a provision in the credit facility agreement which allows the company to request an additional \$200.0 million in additional revolving commitments.

Amounts outstanding under the credit facility can vary daily. Changes in the gross borrowings and repayments can be caused by cash flow activity from operations, capital expenditures, acquisitions, dividends, share repurchases, and tax payments, as well as derivative transactions which are part of the company's overall risk management strategy as discussed in Note 9, *Derivative Financial Instruments*, of Notes to Condensed Consolidated Financial Statements of this Form 10-Q. During the sixteen weeks ended April 20, 2024, the company made \$37.5 million in revolving borrowings and \$37.5 million in payments on revolving borrowings under the credit facility. The amount available under the credit facility is reduced by \$8.4 million for letters of credit.

The repurchase facility and the credit facility are variable rate debt and provide us the greatest direct exposure to changing interest rates. In periods of rising interest rates, like we experienced in Fiscal 2023 and Fiscal 2022, the cost of using these facilities becomes more expensive and results in increased interest expense.



Restrictive financial covenants for our borrowings can include such ratios as a minimum interest coverage ratio and a maximum leverage ratio. Our debt may also contain certain customary representations and warranties, affirmative and negative covenants, and events of default. The company believes that, given its current cash position, its cash flow from operating activities, and its available credit capacity, it can comply with the current terms of the debt agreements and can meet presently foreseeable financial requirements. As of April 20, 2024, the company was in compliance with all restrictive covenants under our debt agreements.

At April 20, 2024, the company did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which are established to facilitate off-balance sheet arrangements or other contractually narrow or limited purposes.

Under our share repurchase plan, the company may repurchase its common stock in the open market or privately negotiated transactions at such times and at such prices as determined to be in the company's best interest. These repurchases may be commenced or suspended without prior notice depending on then-existing business or market conditions and other factors. During the sixteen weeks ended April 20, 2024, 388,291 shares, at a cost of \$8.9 million, of the company's common stock were repurchased under the share repurchase plan. From the inception of the share repurchase plan through April 20, 2024, 72.4 million shares, at a cost of \$742.2 million, have been repurchased.

#### **Accounting Pronouncements Recently Adopted and Not Yet Adopted**

See Note 2, *Recent Accounting Pronouncements*, of Notes to Condensed Consolidated Financial Statements of this Form 10-Q for information regarding recently adopted accounting pronouncements and accounting pronouncements not yet adopted.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

The company uses derivative financial instruments as part of an overall strategy to manage market risk. The company uses forward, futures, swap and option contracts to hedge existing or future exposure to changes in interest rates and commodity prices. The company does not enter into these derivative financial instruments for trading or speculative purposes. If actual market conditions are less favorable than those anticipated, raw material prices could increase significantly, adversely affecting the margins from the sale of our products.

#### **Commodity Price Risk**

The company enters into commodity forward, futures and option contracts and swap agreements for wheat and, to a lesser extent, other commodities in an effort to provide a predictable and consistent commodity price and thereby reduce the impact of market volatility in its raw material and packaging prices. As of April 20, 2024, the company's hedge portfolio contained commodity derivatives with a fair value (liability) of \$(1.7) million, based on quoted market prices. All of this amount relates to instruments that will be utilized in Fiscal 2024 except for an immaterial amount that will be utilized in Fiscal 2025.

A sensitivity analysis has been prepared to quantify the company's potential exposure to commodity price risk with respect to the derivative portfolio. Based on the company's derivative portfolio as of April 20, 2024, a hypothetical ten percent increase (decrease) in commodity prices would increase (decrease) the fair value of the derivative portfolio by \$2.2 million. The analysis disregards changes in the exposures inherent in the underlying hedged items; however, the company expects that any increase (decrease) in fair value of the portfolio would be substantially offset by increases (decreases) in raw material and packaging prices.

### **ITEM 4. CONTROLS AND PROCEDURES**

#### **Management's Evaluation of Disclosure Controls and Procedures**

We have established and maintain a system of disclosure controls and procedures that are designed to ensure that material information relating to the company, which is required to be timely disclosed by us in reports that we file or submit under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is accumulated and communicated to management in a timely fashion and is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms.

Under the supervision and with the participation of our management, including our Chief Executive Officer ("CEO") and our Chief Financial Officer and Chief Accounting Officer ("CFO and CAO"), we conducted an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period covered by this report. Based upon that evaluation and as of the end of the period covered by this report, the CEO and the CFO and CAO concluded that the company's disclosure controls and procedures were effective to allow timely decisions regarding disclosure in its reports that the company files or submits to the SEC under the Exchange Act.

**Changes in Internal Control Over Financial Reporting**

There were no changes in our internal control over financial reporting that occurred during the fiscal quarter ended April 20, 2024 that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

## PART II. OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

For a description of all material pending legal proceedings, see Note 15, *Commitments and Contingencies*, of Notes to Condensed Consolidated Financial Statements of this Form 10-Q.

### ITEM 1A. RISK FACTORS

Refer to Part I, Item 1A., Risk Factors, in the Form 10-K for information regarding factors that could affect the company's results of operations, financial condition and liquidity. Additional risks and uncertainties not presently known to us or that we currently deem to be immaterial also may affect us. The occurrence of any of these known or unknown risks could have a material adverse ultimate impact on our business, financial condition, or results of operations.

### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES, USE OF PROCEEDS, AND ISSUER PURCHASES OF EQUITY SECURITIES

As originally announced on December 19, 2002, and subsequently increased, our Board of Directors had approved a plan that authorized share repurchases of up to 74.6 million shares. On May 26, 2022, the company announced that the Board of Directors increased the company's share repurchase authorization by 20.0 million shares. Under the share repurchase plan, the company may repurchase its common stock in open market or privately negotiated transactions or under an accelerated share repurchase program at such times and at such prices as determined to be in the company's best interest. These repurchases may be commenced or suspended without prior notice depending on then-existing business or market conditions and other factors.

During the sixteen weeks ended April 20, 2024, 388,291 million shares, at a cost of \$8.9 million, of the company's common stock were repurchased under the share repurchase plan. From the inception of the share repurchase plan through April 20, 2024, 72.4 million shares, at a cost of \$742.2 million, have been repurchased. The company currently has 22.1 million shares remaining available for repurchase under the share repurchase plan. The table below sets forth the common stock repurchased by the company during the sixteen weeks ended April 20, 2024 (amounts in thousands, except share price data):

Period	Total Number of Shares Purchased	Weighted Average Price Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
December 31, 2023 — January 27, 2024	78 *	\$ 22.80	78 *	22,451
January 28, 2024 — February 24, 2024	310 *	\$ 22.88	310 *	22,141
February 25, 2024 — March 23, 2024	—	\$ —	—	22,141
March 24, 2024 — April 20, 2024	—	\$ —	—	22,141
Total	388	\$ 22.87	388	

\* These shares were acquired to satisfy employees' tax withholding and payment obligations in connection with the vesting of restricted stock awards, which are repurchased by the company based on the fair market value on the vesting date.

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

### ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

### ITEM 5. OTHER INFORMATION

None of the company's directors or officers adopted, modified, or terminated a "Rule 10b5-1 trading arrangement" or a "non-rule 10b5-1 trading arrangement," as each term is defined in Item 408 of Regulation S-K, during the company's fiscal quarter ended April 20, 2024.

## ITEM 6. EXHIBITS

The following documents are filed as exhibits hereto:

Exhibit No	Name of Exhibit
3.1	— <a href="#">Amended and Restated Articles of Incorporation of Flowers Foods, Inc., as amended through May 21, 2020 (Incorporated by reference to Exhibit 3.1 to Flowers Foods' Current Report on Form 8-K, dated May 28, 2020, File No. 1-16247).</a>
3.2	— <a href="#">Amended and Restated Bylaws of Flowers Foods, Inc., as amended through August 18, 2023 (Incorporated by reference to Exhibit 3.1 to Flowers Foods' Current Report on Form 8-K, dated August 21, 2023, File No. 1-16247).</a>
10.1	* — <a href="#">First Omnibus Amendment, dated as of April 15, 2024, including Amendment No. 1 to the Master Framework Agreement, by and among Coöperatieve Rabobank U.A., New York Branch, and the other financial institutions listed on the signature pages thereof as "Buyer Funding Parties," Coöperatieve Rabobank U.A., New York Branch, as repo counterparty, on behalf of itself and the other Buyer Funding Parties, the subsidiaries of Flowers Foods, Inc. listed on the signature pages thereof, as Originators, and Flowers Foods, Inc., as repo seller, and Amendment No. 1 to the Master Repurchase Agreement, between Coöperatieve Rabobank U.A., New York Branch and Flowers Foods, Inc.</a>
31.1	* — <a href="#">Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
31.2	* — <a href="#">Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</a>
32	* — <a href="#">Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, by A. Ryals McMullian, Chairman and Chief Executive Officer, and R. Steve Kinsey, Chief Financial Officer and Chief Accounting Officer, for the quarter ended April 20, 2024.</a>
101.INS	* — Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	* — Inline XBRL Taxonomy Extension Schema Linkbase.
101.CAL	* — Inline XBRL Taxonomy Extension Calculation Linkbase.
101.DEF	* — Inline XBRL Taxonomy Extension Definition Linkbase.
101.LAB	* — Inline XBRL Taxonomy Extension Label Linkbase.
101.PRE	* — Inline XBRL Taxonomy Extension Presentation Linkbase.
104	— The cover page from Flowers Foods' Quarterly Report on Form 10-Q for the quarter ended April 20, 2024 has been formatted in Inline XBRL.

\* Filed herewith

## 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.

FLOWERS FOODS, INC.

By: /s/ A. RYALS McMULLIAN  
Name: **A. Ryals McMullian**  
Title: ***Chairman and Chief Executive Officer***

By: /s/ R. STEVE KINSEY  
Name: **R. Steve Kinsey**  
Title: ***Chief Financial Officer and  
Chief Accounting Officer***

Date: May 16, 2024

**FIRST OMNIBUS AMENDMENT**

This FIRST OMNIBUS AMENDMENT (this "**Amendment**"), dated as of April 15, 2024, is:

(i) AMENDMENT NO. 1 TO MASTER FRAMEWORK AGREEMENT, by and among Coöperatieve Rabobank U.A., New York Branch ("**Rabobank**"), and the other financial institutions listed on the signature pages hereof as "Buyer Funding Parties" (the "**Buyer Funding Parties**"); Rabobank, as repo counterparty ("**Buyer**"), on behalf of itself and the other Buyer Funding Parties; the subsidiaries of Flowers listed on the signature pages hereof ("**Originators**"); and Flowers Foods, Inc., a Georgia corporation ("**Flowers**"), as repo seller ("**Seller**"); and

(ii) AMENDMENT NO. 1 TO THE MASTER REPURCHASE AGREEMENT, between Seller and Buyer.

**RECITALS**

**WHEREAS**, reference is made to (i) the Master Framework Agreement, dated as of April 14, 2023 (the "Existing Master Framework Agreement") and, as amended, supplemented or otherwise modified from time to time, the "Master Framework Agreement"), among the parties to this Amendment and (ii) the Master Receivables Financing Agreement, dated as of April 14, 2023 (the "Existing Receivables Financing Agreement") and, as amended, supplemented or otherwise modified from time to time, the "Receivables Financing Agreement" and, together with the Master Framework Agreement, the "Agreements"), between the Seller and the Buyer. Unless otherwise provided elsewhere herein, capitalized terms used herein shall have the respective meanings assigned thereto in the Master Framework Agreement or, if not defined therein, in the Receivables Financing Agreement, and, in addition, this Amendment is to be interpreted and construed in accordance with the provisions set forth in Section 1.1 of the Master Framework Agreement; and

**WHEREAS**, the Originators and the Seller have requested that the Buyer and Buyer Funding Parties agree to amend the Agreements in certain respects, and the Buyer and Buyer Funding Parties are willing to so amend the Agreements.

**NOW, THEREFORE**, the parties to this Amendment hereby agree as follows:

**SECTION 1. Amendments to Existing Master Framework Agreement.** Effective as of the Amendment Effective Date (as defined below), the Existing Master Framework Agreement is hereby amended as set forth in Exhibit A to this Amendment, with text marked in underline indicating additions to the Existing Master Framework Agreement and with text marked in ~~strikethrough~~ indicating deletions to the Existing Master Framework Agreement.

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**SECTION 2. Amendments to Existing Receivables Financing Agreement.** Effective as of the Amendment Effective Date, Annex I of the Existing Receivables Financing Agreement is hereby amended as set forth in Exhibit B to this Amendment, with text marked in underline indicating additions to Annex I of the Existing Receivables Financing Agreement and with text marked in ~~strikethrough~~ indicating deletions to Annex I of the Existing Receivables Financing Agreement.

**SECTION 3. Effectiveness – Amendment Effective Date.** The amendments set forth in Sections 1 and 2 above shall become effective as of the date (the “Amendment Effective Date”) when the Buyer shall have received (a) counterpart signature pages executed by each of the parties thereto to (i) this Amendment and (ii) the amendment fee letter dated the date hereof between the Seller and the Buyer and (b) the “Amendment Fee” described in such amendment fee letter.

**SECTION 4. Representations and Warranties.** Each of the Seller and the Originators hereby represents and warrants to the Buyer Funding Parties and the Buyer that, on and as of the date hereof:

(a) this Amendment has been duly executed and delivered by it, and this Amendment, the Existing Master Framework Agreement and the Existing Receivables Financing Agreement to which it is a party, as amended hereby, constitute its legal, valid and binding obligations, enforceable against it in accordance with their respective terms except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors’ rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law); and

(b) its representations and warranties contained in the Master Framework Agreement or in the other Transaction Documents to which it is a party are true and correct in all material respects as of the date hereof, with the same effect as though made on such date (after giving effect to this Amendment), except to the extent such representations or warranties expressly relate only to an earlier date (in which case such representations and warranties were true and correct in all material respects as of such earlier date).

**SECTION 5. Miscellaneous.**

(a) This Amendment may be amended, modified, terminated or waived only as provided in Section 7.5 of the Master Framework Agreement.

(b) Except as expressly modified as contemplated hereby, the Agreements are hereby confirmed to be in full force and effect in accordance with their respective terms and are hereby ratified and confirmed. This Amendment is intended by the parties to constitute an amendment and modification to, and otherwise to constitute a continuation of, the Agreements, and is not intended by any party and shall not be construed to constitute a novation thereof or of any obligation of any party thereunder. This Amendment shall constitute a Transaction Document.

(c) This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns under the Agreements.

(d) This Amendment may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which counterparts, when executed and delivered, shall be deemed an original and all of which counterparts, taken together, shall constitute one and the same agreement. Delivery of an executed signature page to this Amendment by facsimile transmission or other electronic image scan transmission shall be as effective as delivery of a manually signed counterpart of this Amendment. The words "execution," "signed," "signature," and words of like import in this Amendment shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; *provided* that nothing herein shall require the Buyer to accept electronic signatures in any form or format without its prior consent.

(e) The provisions of this Amendment are intended to be severable. If any provision of this Amendment shall be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability of such provision in any other jurisdiction or the remaining provisions hereof in any jurisdiction.

(f) THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, INCLUDING SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW. Each party hereto hereby irrevocably submits to the non-exclusive jurisdiction of any New York State or Federal court sitting in New York City in any action or proceeding arising out of or relating to this Amendment and any other Transaction Agreement, and each party hereto hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in such New York State court or, to the extent permitted by law, in such Federal court. The parties hereto hereby irrevocably waive, to the fullest extent they may effectively do so, the defense of an inconvenient forum to the maintenance of such action or proceeding. The parties hereto agree that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(g) EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AMENDMENT OR ANY OF THE OTHER TRANSACTION AGREEMENTS OR THE ACTIONS OF BUYER OR BUYER FUNDING PARTIES IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT HEREOF OR THEREOF.

*[Signature pages follow]*



**IN WITNESS WHEREOF**, the parties hereto, by their duly authorized signatories, have executed and delivered this Amendment as of the date first above written.

COOPERATIEVE RABOBANK U.A., NEW  
YORK BRANCH, as Buyer and Buyer Funding Party

By: /s/ Erin M. Scott  
Name: Erin M. Scott  
Title: Executive Director

By: /s/ Jinyang Wang  
Name: Jinyang Wang  
Title Executive Director

*[Signature Page to First Omnibus Amendment]*

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**Originators:**

MESA ORGANIC BAKING CO., INC.  
C&G HOLDINGS INC.  
DAVE'S KILLER BREAD, INC.  
DERST BAKING COMPANY, LLC  
FLOWERS BAKING CO. OF BARDSTOWN, LLC  
FLOWERS BAKING CO. OF BATESVILLE, LLC  
FLOWERS BAKING CO. OF BATON ROUGE, LLC  
FLOWERS BAKING CO. OF BIRMINGHAM, LLC  
FLOWERS BAKING CO. OF BRADENTON, LLC  
FLOWERS BAKING CO. OF CALIFORNIA, LLC  
FLOWERS BAKING CO. OF DENTON, LLC  
FLOWERS BAKING CO. OF DENVER, LLC  
FLOWERS BAKING CO. OF EL PASO, LLC  
FLOWERS BAKING CO. OF FLORIDA, LLC  
FLOWERS BAKING CO. OF HENDERSON, LLC  
FLOWERS BAKING CO. OF HOUSTON, LLC  
FLOWERS BAKING CO. OF JACKSONVILLE, LLC  
FLOWERS BAKING CO. OF JAMESTOWN, LLC  
FLOWERS BAKING CO. OF LAFAYETTE, LLC  
FLOWERS BAKING CO. OF LENEXA, LLC  
LYNCHBURG ORGANIC BAKING CO., LLC  
FLOWERS BAKING CO. OF MIAMI, LLC  
FLOWERS BAKING CO. OF MODESTO, LLC  
FLOWERS BAKING CO. OF MORRISTOWN, LLC  
FLOWERS BAKING CO. OF NEW ORLEANS, LLC  
FLOWERS BAKING CO. OF NORFOLK, LLC  
FLOWERS BAKING CO. OF OHIO, LLC  
FLOWERS BAKING CO. OF OXFORD, INC.  
FLOWERS BAKING CO. OF PORTLAND, LLC  
FLOWERS BAKING CO. OF SAN ANTONIO, LLC  
FLOWERS BAKING CO. OF TEXAS, LLC  
FLOWERS BAKING CO. OF THOMASVILLE, LLC

TUSCALOOSA ORGANIC BAKING CO., LLC  
FLOWERS BAKING CO. OF VILLA RICA, LLC  
FLOWERS FOODS SPECIALTY GROUP, LLC  
FLOWERS SPECIALTY SNACK SALES, INC.  
FRANKLIN BAKING COMPANY, LLC  
HOLSUM BAKERY, INC.  
LEPAGE BAKERIES PARK STREET, LLC  
LEPAGE BAKERIES BRATTLEBORO, LLC  
FLOWERS BAKING CO. OF LAKE LAND, INC.  
TASTY BAKING COMPANY  
FLOWERS BAKERIES, LLC  
FLOWERS BAKERIES SALES OF ALABAMA, LLC  
FLOWERS BAKERIES SALES OF DESERT SOUTHWEST, LLC  
FLOWERS BAKERIES SALES OF FLORIDA, LLC  
FLOWERS BAKERIES SALES OF GEORGIA, LLC  
FLOWERS BAKERIES SALES OF LOUISIANA, LLC  
FLOWERS BAKERIES SALES OF MID ATLANTIC, LLC  
FLOWERS BAKERIES SALES OF MIDWEST, LLC  
FLOWERS BAKERIES SALES OF NE METRO NORTH, LLC  
FLOWERS BAKERIES SALES OF NE METRO SOUTH, LLC  
FLOWERS BAKERIES SALES OF NEW ENGLAND, LLC  
FLOWERS BAKERIES SALES OF NORCAL, LLC  
FLOWERS BAKERIES SALES OF NORTH TEXAS, LLC  
FLOWERS BAKERIES SALES OF SOCAL, LLC  
FLOWERS BAKERIES SALES OF SOUTH TEXAS, LLC  
FLOWERS BAKERIES SALES OF TENNESSEE, LLC  
TASTY BAKING SALES, LLC  
FLOWERS BAKERIES SALES, LLC  
HOLSUM HOLDINGS, LLC  
DKB ORGANIC BAKERIES, LLC  
FLOWERS BAKING CO. OF TYLER, LLC  
FLOWERS BAKERIES SALES OF UTAH, LLC

By: /s/ J.T. Rieck  
Name: J.T. Rieck  
Title: Secretary and Treasurer

*[Signature Page to First Omnibus Amendment]*

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Flowers Bakeries, LLC

By: /s/ J.T. Rieck  
Name: J.T. Rieck  
Title: Treasurer

*[Signature Page to First Omnibus Amendment]*

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FLOWERS FOODS, INC.,  
as Seller

By: /s/ R. Steve Kinsey  
Name: R. Steve Kinsey  
Title: Chief Financial Officer and Chief  
Accounting Officer

*[Signature Page to First Omnibus Amendment]*

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**Exhibit A**

[Attached]

A-1

*First Omnibus Amendment*

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**MASTER FRAMEWORK AGREEMENT**

This MASTER FRAMEWORK AGREEMENT (this “**Framework Agreement**”), is made and entered into as of April 14, 2023 (the “**Effective Date**”), by and among:

(A) Coöperatieve Rabobank U.A., New York Branch (“**Rabobank**”), and the other financial institutions listed on the signature pages hereof as “Buyer Funding Parties” (the “**Buyer Funding Parties**”);

(B) Rabobank, as repo counterparty (“**Buyer**”), on behalf of itself and the other Buyer Funding Parties;

(C) the subsidiaries of Flowers listed on Annex I hereto, as Originators (together with each of the subsidiaries of Flowers that hereafter becomes a party hereto by executing a Joinder Agreement and satisfying the conditions of Section 7.18 hereof, “**Originators**”); and

() Flowers Foods, Inc., a Georgia corporation (“**Flowers**”), as repo seller (“**Seller**”).

Each of Buyer, the Buyer Funding Parties, Originators and Seller may also be referred to herein individually as a “**Party**”, and collectively as the “**Parties**”.

**RECITALS**

WHEREAS, Buyer, on behalf of the Buyer Funding Parties, has agreed to provide Seller with a facility under which Buyer and Seller will enter into certain sale and repurchase agreements with respect to Receivables originated by certain Originators and previously transferred to Seller pursuant to the Receivables Distribution Agreement.

**AGREEMENT**

NOW, THEREFORE, in consideration of the mutual covenants, agreements and conditions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

**1. Interpretation.**

1.1. *Definitions.* All capitalized terms used in this Framework Agreement (including its recitals, Annexes, Exhibits and Schedules) shall, unless defined herein, have the respective meanings set forth in Schedule 1 hereto or, if not defined therein, in the Master Receivables Financing Agreement.

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### 1.2. *Construction.*

(a) The headings, sub-headings and table of contents in this Framework Agreement shall not affect its interpretation. References in this Framework Agreement to Sections, Annexes, Exhibits and Schedules shall, unless the context otherwise requires, be references to Sections of, and Annexes, Exhibits and Schedules to, this Framework Agreement.

(b) Words denoting the singular number only shall include the plural number also and vice versa; words denoting one gender only shall include the other genders and words denoting persons shall include firms and corporations and vice versa.

(c) References to a Person are also to its permitted successors or assigns.

(d) References in this Framework Agreement to any agreement or other document shall be deemed also to refer to such agreement or document as amended or varied or novated from time to time.

(e) References to an amendment include a supplement, novation, restatement or re-enactment, and “amend” and “amended” (or any of their derivative forms) will be construed accordingly.

(f) Reference to a time of day is a reference to New York City time.

(g) “Include”, “includes” and “including” shall be deemed to be followed by the words “without limitation.”

(h) “Hereof”, “hereto”, “herein” and “hereunder” and words of similar import when used in this Framework Agreement refer to this Framework Agreement as a whole and not to any particular provision of this Framework Agreement.

(i) References to a “writing” or “written” include any text transmitted or made available on paper or through electronic means.

(j) References to “\$”, U.S. Dollars or otherwise to dollar amounts refer to the lawful currency of the United States.

(k) References to a law include any amendment or modification to such law and any rules and regulations issued thereunder, whether such amendment or modification is made, or issuance of such rules and regulations occurs, before or after the Effective Date.

## 2. **Transaction Agreements.**

2.1. Agreements to be Executed at the Closing. Concurrently with this Framework Agreement, the Parties intend to execute the following additional agreements (together with this Framework Agreement, each Joinder Agreement entered into

subsequent to the Closing, the Existing Control Agreements, and each Control Agreement entered into ~~subsequent to the Closing, and each Confirmation entered into during the Facility Term~~ subsequent to the Closing, the “**Transaction Agreements**”) to which they are party:

- (a) the Master Receivables Financing Agreement;
- (b) the Receivables Distribution Agreement; and
- (c) the Fee Letter.

### **3. Closing; Closing Deliverables.**

3.1. Closing. Subject to the terms and conditions of this Framework Agreement, the transactions contemplated in this Framework Agreement to occur concurrently with the execution hereof ~~(other than the entry into any Confirmations other than the initial Confirmation)~~ will take place at a closing (the “**Closing**”) to be held on the Effective Date by the exchange of electronic documentation.

3.2. Originator and Seller Closing Deliverables. On or prior to the Closing, Originators and Seller will deliver, or cause to be delivered, to Buyer and Buyer Funding Parties:

(a) counterparts to each Transaction Agreement referenced in Section 2.1(a)-(c) executed by each of the parties thereto (other than Buyer and Buyer Funding Parties);

(b) a certificate of the Secretary or an Assistant Secretary of each Originator and the Seller, dated the Effective Date, certifying as to (i) the incumbency of the officers of such Person executing the Transaction Agreements, (ii) attached copies of such Person’s certificate of formation or incorporation and limited liability company agreement or by-laws; and (iii) copies of all limited liability company or corporate approvals and consents of such Person that are required by it in connection with entering into, and the exercise of its rights and the performance of its obligations under, the Transaction Agreements;

(c) customary legal opinions, in form and substance satisfactory to Buyer, with respect to Originators and Seller opining on existence, due authorization and execution, absence of conflicts with Organizational Documents and with the Flowers Credit Agreement, binding nature of obligations, enforceability, absence of violations of Law, absence of consents under Law, validity and perfection of security interests and any other matters Buyer may reasonably request;

(d) results of a UCC lien search with respect to each Originator and Seller;

(e) fully prepared UCC-1 financing statements reflecting the Security Interests granted by each Originator and Seller under the Transaction Agreements; and



(f) the Upfront Fee as set forth and defined in the Fee Letter.

3.3. **Buyer Closing Deliverables.** On or prior to the Closing, each Buyer Funding Party shall deliver to Originators and Seller (i) an executed counterpart to each of the Transaction Agreements ~~(other than any Confirmations other than the initial Confirmation)~~ to which it is a party and (ii) a validly completed and duly executed copy of Internal Revenue Service Form W-9 or W-8ECI evidencing a complete exemption from U.S. federal income tax withholding on payments to be made hereunder (and agrees to promptly update and redeliver such forms upon expiration or invalidity).

3.4. **Seller Initial Transaction Deliverables.** No later than 11:00 a.m. on the second Business Day prior to the initial Transaction hereunder (unless such initial Transaction is on the Effective Date in which case no later than 11:00 a.m. on the Effective Date), Seller shall deliver to Buyer and each Buyer Funding Party a duly completed Transaction Notice ~~and accompanying draft Confirmation and Portfolio Report~~ for the initial Transaction.

#### 4. **Transactions.**

##### 4.1. **Requests for Transactions.**

(a) *Transaction Notices.* Seller may, from time to time during the Facility Term, deliver to Buyer and Buyer Funding Parties a written notice, substantially in the form attached hereto as Exhibit A-1 (a "**Transaction Notice**"), ~~including a completed draft Confirmation (excluding the applicable Pricing Schedule) and Portfolio Report,~~ requesting that Buyer enter into a Transaction on a proposed Purchase Date; provided, that the proposed Purchase Price for such Transaction may not exceed the Funding Limit as of the applicable Purchase Date; ~~provided, further, if there is any Transaction outstanding at the time a Transaction Notice is delivered, the proposed Purchase Date for the proposed Transaction shall be the Repurchase Date with respect to the outstanding Transaction.~~ Such Transaction Notice shall be delivered to Buyer and Buyer Funding Parties no later than 11:00 am on the date that is two (2) Business Days prior to the proposed Purchase Date for such proposed Transaction.

(b) *Agreement to Enter into Transactions.* Following receipt of a duly completed Transaction Notice in accordance with the preceding Section 4.1(a), and subject to the terms and conditions set forth herein and in the other Transaction Agreements, Buyer, on behalf of and for the ratable benefit of the Buyer Funding Parties, agrees to enter into such Transaction with Seller on the applicable Purchase Date, and each Buyer Funding Party agrees to fund its pro rata portion of such Transaction.

(c) *Delivery of ~~Completed Confirmation~~Rate Setting Notice.* Following its receipt of a duly completed Transaction Notice in accordance with ~~the preceding~~ Section 4.1(a), Buyer, on behalf of Buyer Funding Parties, shall, no later than ~~5:00 p.m.~~11:00 a.m. on the ~~date that is two (2) Business Days prior to the proposed~~Day immediately preceding the applicable Purchase Date with respect to the requested Transaction, deliver to Seller a ~~fully completed form of Confirmation (including the applicable Pricing Schedule) with~~

respect to such proposed Transaction and attaching the related Portfolio Report provided by Seller pursuant to Section 4.1(a) (as such Portfolio Report may have been modified or replaced by Seller or Buyer in accordance with the provisions of this Article IV). Seller shall deliver an executed counterpart of such Confirmation to Buyer no later than 5:00 p.m. on the Business Day immediately preceding the applicable Purchase Date. In the event Buyer determines in good faith that any applicable Funding Conditions are not, or will not be, satisfied as of the proposed Purchase Date (and such Funding Conditions have not been waived by Buyer Funding Parties), Buyer shall promptly notify Seller of the same, and Seller and Buyer, on behalf of Buyer Funding Parties, shall cooperate expeditiously and in good faith to resolve any such matters (to the extent the same are capable of being resolved), including by making any necessary revisions to the form of Confirmation for the proposed Transaction. If, notwithstanding such efforts, the applicable Funding Conditions are not satisfied or waived as of the proposed Purchase Date, then no Transaction shall be entered into on such proposed Purchase Date written notice, substantially in the form attached hereto as Exhibit A-2 (a "Rate Setting Notice"), setting forth the Pricing Rate for such proposed Transaction.

~~(d) Confirmation Process.~~ If the applicable Funding Conditions for such Transaction are satisfied or waived as of the applicable Purchase Date, then Buyer, on behalf of and for the ratable benefit of the Buyer Funding Parties, shall enter into the proposed Transaction with Seller on the terms set forth in the form of Confirmation delivered pursuant to Section 4.1(c) (as may be modified in accordance with the provisions of this Article IV) by delivering to Seller on such Purchase Date a final and fully executed Confirmation evidencing such Transaction in accordance with the Master Receivables Financing Agreement whereupon, in accordance with terms of the Master Receivables Financing Agreement and such Confirmation, Seller will sell and assign, and Buyer, on behalf of and for the ratable benefit of the Buyer Funding Parties, will purchase, the Purchased Securities for such Transaction. The entry into such Transaction and payment of such Funded Purchase Price (if any) shall, subject to satisfaction of the applicable Funding Conditions, occur at or before 2:00 p.m. on the applicable Purchase Date (or such later time on such Purchase Date as Buyer and Seller may agree) Reserved.

4.2. Funding of Purchase Prices and Closing. ~~Upon entry into the final Confirmation with Seller on such~~ On each Purchase Date ~~in accordance with Section 4.1(c), and,~~ subject to satisfaction of the Funding Conditions, (i) each Buyer Funding Party shall pay its Funding Percentage of the Funded Purchase Price (if any) for such Transaction (subject to any adjustments made pursuant to this Article IV) by wire transfer of immediately available funds to the account of Buyer specified in Schedule 2 and (ii) Buyer shall pay the Funded Purchase Price (if any) for such Transaction (subject to any adjustments made pursuant to this Article IV) in accordance with terms of the Master Receivables Financing Agreement and applicable ~~Confirmation~~ Transaction Notice by wire transfer of immediately available funds to the account of Seller specified in Schedule 2.

#### 4.3. Funding Conditions.

(a) The entry by Buyer, on behalf of Buyer Funding Parties, into any Transaction shall be subject to the satisfaction of the following conditions (in each case, as of the applicable Purchase Date) (together, the “**Funding Conditions**”):

(i) with respect to the initial Transaction, each of the items required to be delivered by Originators and Seller in connection with such initial Transaction pursuant to Section 3.4 shall have been delivered in accordance with the terms hereof;

(ii) all amounts then due and owing by Originators and Seller under the Transaction Agreements shall have been paid in full;

(iii) the Transaction Notice, ~~including the draft Confirmation and proposed Portfolio Report required to be attached thereto,~~ shall have been delivered to Buyer and Buyer Funding Parties in accordance with Section 4.1(a);

(iv) ~~Seller~~ the Rate Setting Notice shall have been delivered to ~~Buyer a duly executed counterpart to the applicable Confirmation~~ Seller in accordance with Section 4.1(c);

(v) each of the representations and warranties of Originators and Seller set forth in the Transaction Agreements (giving effect to the entry into such Transaction) shall be true and correct in all material respects (except (A) that any representation or warranty that is subject to any materiality qualification shall be true and correct in all respects and (B) to the extent that any such representation and warranty specifically refers to an earlier date, such representation and warranty shall be true and correct in all material respects as of such earlier date);

(vi) the Purchase Price for such Transaction shall be no greater than the aggregate Market Value of the Purchased Securities for such Transaction ~~(as set forth in the Portfolio Report to the Confirmation provided by Seller (as such Portfolio Report may subsequently be revised by Seller in accordance with the terms hereof))~~;

(vii) the Receivables included as Purchased Securities for such Transaction ~~(as set forth in the Portfolio Report to the Confirmation provided by Seller (as such Portfolio Report may subsequently be revised by Seller in accordance with the terms hereof))~~ shall be Eligible Receivables;

(viii) the Purchase Date for such Transaction shall be at least one month prior to the Facility Expiration Date;

(ix) the payment of the applicable Purchase Price for such Transaction (including any amounts to be paid as the Funded Purchase Price) would not cause the Buyer Balance (after giving effect to such payment) to exceed the Funding Limit;

(x) Buyer shall have received the full amount of Funded Repurchase Price (if any) due and payable by Seller on such Purchase Date; and

(xi) no Potential Event of Default or Event of Default shall have occurred and be continuing.

4.4. Funding of Transaction Repurchase Prices. On each Repurchase Date for a Transaction on which the Funded Repurchase Price is due and payable by Seller pursuant to the Transaction Agreements (including, for the avoidance of doubt, on the Facility Expiration Date), Seller shall fund the Funded Repurchase Price for such Transaction by wire transfer of immediately available funds to the account of Buyer specified in Schedule 2, no later than 11:00 a.m. on such Repurchase Date. Buyer shall promptly after receipt of any Funded Repurchase Price distribute to each Buyer Funding Party its Funding Percentage thereof.

~~4.5. Seller Delivery of Revised Portfolio Report. Seller may, no later than 5:00 p.m. on the Business Day which is two Business Days immediately preceding the Purchase Date, deliver to Buyer a revised proposed Portfolio Report for such Transaction. Subject to satisfaction of the Funding Conditions (giving effect to such revised Portfolio Report), such revised Portfolio Report shall be attached to the final Confirmation entered into pursuant to Section 4.1(c) evidencing such Transaction; provided, that if the proposed Purchase Price for such Transaction (as otherwise theretofore adjusted in accordance with the terms hereof) exceeds the aggregate Market Value of the Purchased Securities included by Seller in such Transaction, then the Purchase Price for such Transaction shall be reduced in the final form of Confirmation to the extent necessary to satisfy the Funding Condition set forth in Section 4.3(a)(vi) with respect to the Purchased Securities set forth in such revised Portfolio Report.~~

4.5. Reserved.

4.6. Security Interest.

*(a) Security Interest.*

(i) Seller, as security for the payment or performance, as the case may be, in full of the Secured Obligations, hereby grants to Buyer, its successors and assigns, for the benefit of Buyer and Buyer Funding Parties, a Security Interest in, all right, title and interest of Seller in and to, whether now existing or hereafter arising: (i) all Receivables and all proceeds thereof, (ii) all Related Security with respect to such Receivables and all proceeds thereof, (iii) all Related Contract Rights with respect to such Receivables and all proceeds thereof, (iv) each Collection Account, (v) all funds on deposit in each Collection Account and (vi) the Receivables Distribution Agreement (together with the Collateral (as defined in the Master Receivables Financing Agreement), the **"Collateral"**).

(ii) Seller hereby irrevocably authorizes Buyer at any time and from time to time to file in any relevant jurisdiction any financing statements with respect to the Collateral or any part thereof and amendments thereto that (i) indicate the Collateral

as all Receivables, all Related Security with respect to such Receivables, all Related Contract Rights with respect to such Receivables, each Collection Account and all relevant funds on deposit therein or words of similar effect as being of an equal or lesser scope or with greater detail, and (ii) contain the information required by Article 9 of the UCC of each applicable jurisdiction for the filing of any financing statement or amendment, including whether Seller is an organization, the type of organization and any organizational identification number issued to Seller. Seller agrees to provide such information to Buyer promptly upon reasonable written request therefor. For the avoidance of doubt, nothing in this Section 4.6(a)(iii) shall require Buyer to file financing statements or amendments thereto.

(iii) The Security Interest is granted as security only and shall not subject Buyer to, or in any way alter or modify, any obligation or liability of Seller with respect to or arising out of the Collateral.

(b) *Security Interest Absolute.* All rights of Buyer hereunder, the grant of a security interest in the Collateral and all obligations of Seller hereunder shall be absolute and unconditional irrespective of (i) any lack of validity or enforceability of any of the Transaction Agreements, any agreement with respect to any of the Secured Obligations or any other agreement or instrument relating to any of the foregoing, (ii) any change in the time, manner or place of payment of, or in any other term of, all or any of the Secured Obligations, or any other amendment or waiver of or any consent to any departure from any of the Transaction Agreements, or any other agreement or instrument relating to any of the foregoing or (iii) any exchange, release or non-perfection of any Security Interest on other collateral, or any release or amendment or waiver of or consent under or departure from any guarantee, securing or guaranteeing all or any of the Secured Obligations.

(c) *Buyer Appointed Attorney-in-Fact.* Seller hereby appoints Buyer as its attorney-in-fact for the purpose of carrying out the provisions of this Framework Agreement and taking any action and executing any instrument that Buyer may, acting reasonably, deem necessary or advisable to accomplish the purposes hereof, which appointment is irrevocable and coupled with an interest; provided, that the foregoing powers shall only be exercisable during the occurrence and continuance of an Event of Default. Without limiting the generality of the foregoing or of Paragraph 11 of the Master Receivables Financing Agreement, Buyer shall have the right, upon the occurrence and during the continuance of an Event of Default, with full power of substitution either in Buyer's name or in the name of Seller (i) to receive, endorse, assign and/or deliver any and all notes, acceptances, checks, drafts, money orders or other evidences of payment relating to the Collateral or any part thereof; (ii) to demand, collect, receive payment of, give receipt for and give discharges and releases of all or any of the Collateral; (iii) to sign the name of Seller on any invoice or bill of lading relating to any of the Collateral; (iv) to commence and prosecute any and all suits, actions or proceedings at law or in equity in any court of competent jurisdiction to collect or otherwise realize on all or any of the Collateral or to enforce any rights in respect of any Collateral; (v) to settle, compromise, compound, adjust or defend any actions, suits or proceedings relating to all or any of the Collateral; and (vi) to use, sell, assign, transfer, pledge, make any agreement with respect to or otherwise deal

with all or any of the Collateral, and to do all other acts and things necessary to carry out the purposes of this Framework Agreement, as fully and completely as though Buyer were the absolute owner of the Collateral for all purposes; provided that nothing herein contained shall be construed as requiring or obligating Buyer to make any commitment or to make any inquiry as to the nature or sufficiency of any payment received by Buyer or the entitlement of any party thereto, or to present or file any claim or notice, or to take any action with respect to the Collateral or any part thereof or the moneys due or to become due in respect thereof or any property covered thereby. Buyer shall be accountable only for amounts actually received as a result of the exercise of the powers granted to it herein, and neither it nor its officers, directors, employees or agents shall be responsible to Seller for any act or failure to act hereunder, except for their own gross negligence or willful misconduct.

4.7. Unused Fee; Upfront Fee. (a) On each Settlement Date, Seller shall pay to the Buyer, for the ratable benefit of Buyer Funding Parties, an unused fee (the “**Unused Fee**”) for each day during the period from the preceding Settlement Date to such Settlement Date (each such period, an “**Accrual Period**”) equal to the product of (x) Unused Fee Rate times (y) the excess, if any, of (i) the Funding Limit over (ii) the daily average Buyer Balance during such Accrual Period. Buyer shall promptly following its receipt thereof pay to each Buyer Funding Party its Funding Percentage of each instalment of the Unused Fee.

(b) On the Effective Date, Seller shall pay to Buyer a fee (the “**Upfront Fee**”) in the amount set forth in the Fee Letter.

(c) The Upfront Fee and Unused Fees shall be fully earned on the date on which payment thereof is required to be made by Seller and, once paid, shall not be refundable under any circumstances.

4.8. Benchmark Replacement Setting.

(a) Notwithstanding anything to the contrary herein or in any other Transaction Agreement, upon the occurrence of a Benchmark Transition Event, Buyer and the Seller may amend this Agreement to replace the then-current Benchmark with a Benchmark Replacement. Any such amendment with respect to a Benchmark Transition Event will become effective at 5:00 p.m. (New York City time) on the fifth (5th) Business Day after Buyer has posted such proposed amendment to all affected Buyer Funding Parties and the Seller so long as Buyer has not received, by such time, written notice of objection to such amendment from Buyer Funding Parties comprising the Buyer Funding Parties. No replacement of a Benchmark with a Benchmark Replacement pursuant to this Section 4.8(a) will occur prior to the applicable Benchmark Transition Start Date.

(b) In connection with the use, administration, adoption or implementation of a Benchmark Replacement, Buyer will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Transaction Agreement, any amendments implementing such Conforming Changes will become effective without any further action or consent of any

other party to this Agreement or any other Transaction Agreement. Buyer agrees to provide, promptly following the effectiveness thereof, a copy of any such amendments to Seller and each Buyer Funding Party.

(c) Buyer will promptly notify Seller of (i) any occurrence of a Benchmark Transition Event, (ii) the implementation of any Benchmark Replacement, (iii) the effectiveness of any Conforming Changes in connection with the use, administration, adoption or implementation of a Benchmark Replacement, (iv) the removal or reinstatement of any tenor of a Benchmark pursuant to Section 4.8(d) and (v) the commencement or conclusion of any Benchmark Unavailability Period. Any determination, decision or election that may be made by Buyer pursuant to this Section 4.8, including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party to this Agreement or any other Transaction Agreement, except, in each case, as expressly required pursuant to this Section 4.8.

(d) Notwithstanding anything to the contrary herein or in any other Transaction Agreement, at any time (including in connection with the implementation of a Benchmark Replacement), (i) if the then-current Benchmark is a term rate (including the Term SOFR Reference Rate) and either (A) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by Buyer in its reasonable discretion or (B) the administrator of such Benchmark or the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is not or will not be representative or in compliance with or aligned with the International Organization of Securities Commissions (IOSCO) Principles for Financial Benchmarks, then Buyer may modify this Agreement (including the definition of "Transaction Period" or any similar or analogous definition) for any Benchmark settings at or after such time to remove such unavailable, non-representative, non-compliant or non-aligned tenor and (ii) if a tenor that was removed pursuant to clause (i) above either (A) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) or (B) is not, or is no longer, subject to an announcement that it is not or will not be representative or in compliance with or aligned with the International Organization of Securities Commissions (IOSCO) Principles for Financial Benchmarks for a Benchmark (including a Benchmark Replacement), then Buyer may modify this Agreement (including the definition of "Transaction Period" or any similar or analogous definition) for all Benchmark settings at or after such time to reinstate such previously removed tenor.

(e) Upon Seller's receipt of notice of the commencement of a Benchmark Unavailability Period, the Seller may revoke any pending Transaction Notice and, failing that, the Seller will be deemed to have converted any Transaction Notice into a request for a Transaction with respect to which the Price Differential is calculated based on the Alternate Base Rate.

(f) Seller hereby acknowledges and agrees to be bound by the provisions of this Section 4.8 (including, without limitation, the implementation from time to time of any Benchmark Replacement and any Conforming Changes in accordance herewith) and, in furtherance of the forgoing (and without, in any way express or implied, invalidating, impairing or otherwise negatively affecting any obligations heretofore provided) hereby acknowledges and agrees that in connection with and after giving effect to any Conforming Changes: (i) its obligations shall not in any way be novated, discharged or otherwise impaired, and shall continue, be ratified and be affirmed and shall remain in full force in effect, (ii) its grant of a guarantee, pledge, assignment or any other accommodation, lien or security interests in or to its properties relating to this Agreement or any other Transaction Agreement shall continue, be ratified and be affirmed, and shall remain in full force and effect and shall not be novated, discharged or otherwise impaired and (iii) the Transaction Agreements and its obligations thereunder (contingent or otherwise) shall continue, be ratified and be affirmed and shall remain in full force and effect and shall not be novated, discharged or otherwise impaired. From time to time, the Seller shall execute and deliver, or cause to be executed and delivered, such instruments, agreements, certificates or documents, and take all such actions, as Buyer may reasonably request for the purposes implementing or effectuating the provisions of this Section 4.8, or of renewing, continuing, reaffirming or ratifying the rights of Buyer.

(g) In connection with the use, administration of, or conventions associated with, Term SOFR, Buyer will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Transaction Agreement, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Transaction Agreement. Buyer will reasonably promptly notify the Seller of the effectiveness of any such Conforming Changes.

## **5. Representations and Warranties; Certain Covenants.**

**5.1. Representations and Warranties of Seller Entities.** Each Seller Entity represents to Buyer and each Buyer Funding Party as of the Effective Date and each Purchase Date that:

(a) *Organization; Power.* It (i) is a corporation or a limited liability company organized and validly existing and, to the extent applicable, in good standing under the laws of its jurisdiction of incorporation or organization, as the case may be, indicated on Annex I (or set forth in the Joinder Agreement pursuant to which it became a party to this Framework Agreement); (ii) is duly qualified to do business, and is in good standing, in every jurisdiction where the nature of its business requires it to be so qualified, except to the extent that any failure to be so qualified or in good standing could not reasonably be expected, individually and in the aggregate, to have a Material Adverse Effect; and (iii) has the requisite organizational power and authority and the legal right to own, sell, assign, transfer or encumber and operate its properties, to lease the property it operates under lease, and to conduct its business, in each case, as now, heretofore and proposed to be conducted. It has the requisite organizational power and authority to enter



into the Transaction Agreements to which it is a party, to carry out its obligations thereunder, and to consummate the transactions contemplated thereby.

(b) *Authorization; No Conflict.* The execution, delivery and performance by it of the Transaction Agreements to which it is or is to be a party and the other documents to be delivered by it thereunder, and the transactions contemplated hereby and thereby, including its use of the proceeds of the sales, transfers and assignments of Receivables hereunder and under the Receivables Distribution Agreement, (i) are within its organizational powers, (ii) have been duly authorized by all necessary or proper corporate, limited liability company or member action, and (iii) do not (A) contravene its articles of incorporation (or comparable charter document), limited liability company agreement or by-laws, as applicable, (B) violate any applicable Law or (C) breach or result in a default under, or result in the acceleration of (or entitle any party to accelerate) the maturity of any of its obligations under, or result in or require the creation of any Lien (other than the Lien in favor of the Buyer pursuant to the Transaction Agreements and, in the case of any Originator, the Lien in favor of the Seller pursuant to the Transaction Agreements) upon any of its property pursuant to the terms of, any indenture, debenture, contract or any other agreement or instrument binding on or affecting it or any of its properties, whether now owned or hereafter acquired, except in each case where such contravention, violation, breach, default, acceleration or Lien could not reasonably be expected to have a Material Adverse Effect.

(c) *Authorizations and Filings.* No authorization, consent, approval, license, exemption or other action by, and no registration, qualification, designation, declaration, notice or filing with or to, any Governmental Authority or any other third party is required for (i) the due execution, delivery or performance by it of this Agreement or any other Transaction Agreement to which it is a party, (ii) (A) its sale, transfer and assignment of Receivables hereunder or any other Transaction Agreement to which it is a party, (B) its grant of the Liens granted by it pursuant to the Transaction Agreements; or (C) the perfection or maintenance of such Liens; or (iii) the exercise by the Seller and Buyer of their respective rights and remedies in respect of such Liens under the Transaction Agreements, except (x) for the filing of financing statements or other notification filings necessary to perfect the transfer of the Receivables to the Seller or the Buyer and other authorizations, consents, approvals, licenses, exemptions, actions, registrations, qualifications, designations, declarations, notices and filings that have been duly obtained, taken, given or made and are in full force and effect, and (y) where the failure to obtain such consent, approval or make such registration or filing could not reasonably be expected to have a Material Adverse Effect.

(d) *Execution and Binding Effect.* This Agreement has been, and each other Transaction Agreement to which it is a party when delivered will have been, duly executed and delivered by it. This Agreement is, and the other Transaction Agreements to which it is or will be a party when delivered hereunder will be, its legal, valid and binding obligations enforceable against it in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally and to general equitable principles (regardless of whether considered in a proceeding in equity or at law).

(e) *Accurate and Complete Disclosure*. Each Transaction Notice, financial statement and other report, notice or statement heretofore furnished or to be furnished at any time by it to Buyer or any Buyer Funding Party pursuant to the terms of this Agreement or the other Transaction Agreements is and will be accurate in all material respects as of the date so furnished. All factual information (taken as a whole) furnished by or on behalf of the Seller Entities in writing to Buyer or any Buyer Funding Party (including, without limitation, all factual information contained in the Transaction Agreements) for purposes of or in connection with this Agreement or the other Transaction Agreements or any transaction contemplated herein or therein is, and all other such factual information (taken as a whole) hereafter furnished by or on behalf of the Seller Entities in writing to Buyer or any Buyer Funding Party will be, true and accurate in all material respects on the date as of which such information is dated or certified and not incomplete by omitting to state any fact necessary to make such information (taken as a whole) not misleading in any material respect at the time such information was provided; *provided, however*, that with respect to projected financial information and information of a general economic or industry specific nature, it represents only that such information has been prepared in good faith based on assumptions reasonably believed by the Seller Entities to be reasonable.

(f) *No Proceedings*. There is no pending or, to its knowledge, threatened in writing action or proceeding affecting it before any Governmental Authority that purports to affect the legality, validity or enforceability of any Transaction Agreement or any material amount of the Receivables or that could reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect.

(g) *Credit and Collection Policy*. It has complied with the Credit and Collection Policy in all respects with respect to the Receivables it originated or purchased except where such noncompliance could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect, and no amendment or other modification to such Credit and Collection Policy has occurred except in compliance with the Transaction Agreements.

(h) *No Defaults*. No Potential Event of Default or Event of Default has occurred and is continuing.

(i) *Properties*. It has good and valid title to, or valid leasehold interests in, all its material properties and assets, except in each case where the failure to have such good and valid title or such valid leasehold interests could not reasonably be expected to have a Material Adverse Effect.

(j) *Financial Statements*. Flowers has heretofore posted on the website of the Securities and Exchange Commission (<http://www.sec.gov>) the consolidated balance sheet and consolidated statements of income, comprehensive income, stockholders' equity and cash flows of Flowers and its consolidated subsidiaries as of and for the fiscal year ended January 1, 2023, reported on by PricewaterhouseCoopers LLP, independent public accountants certified by a financial officer of Flowers. All of the foregoing financial statements have been prepared in accordance with GAAP consistently applied (except, in

the case of the aforementioned unaudited financial statements, for normal year-end audit adjustments and the absence of footnotes). Since January 1, 2023, there has been no change in the business, assets, operations or financial condition of Flowers and its consolidated subsidiaries taken as a whole has occurred that would constitute a Material Adverse Effect.

(k) *Financial Condition*. The transactions under this Agreement and any other Transaction Agreement to which it is a party do not and will not render it not Solvent. It is not subject to any Insolvency Event.

(l) *Margin Regulations*. The use of all funds acquired by it under this Framework Agreement will not conflict with or contravene any of Regulations T, U and X of the Board of Governors of the Federal Reserve System, as the same may from time to time be amended, supplemented or otherwise modified.

(m) *Taxes*. It has timely filed or caused to be timely filed, on the due dates thereof or within applicable grace periods, with the appropriate taxing authority, all Returns required to be filed by or with respect to the income, properties or operations of such Seller Entity and its Subsidiaries, except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect. Each such Seller Entity has paid all Taxes payable by it which have become due, except (i) for such Taxes (A) as are being contested in good faith by appropriate proceedings and (B) against which adequate cash reserves have been established in accordance with generally accepted accounting principles or (ii) to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect. There is no action, suit, proceeding, investigation, audit, or claim now pending or threatened in writing by any authority regarding any material Taxes relating to such Seller Entity.

(n) *Employee Benefit Plans*. Except to the extent not reasonably expected to have a Material Adverse Effect, such Seller Entity and its ERISA Affiliates have fulfilled their respective obligations under the minimum funding standards of ERISA and the Code with respect to each Plan and are in compliance in all material respects with the presently applicable provisions of ERISA and the Code, and have not incurred any liability to the PBGC or any Plan or Multiemployer Plan (other than to make contributions, pay annual PBGC premiums or pay out benefits in the ordinary course of business).

(o) *Compliance with Laws*. Subject to specific representations set forth herein regarding tax laws and other Laws, it is in compliance in all material respects with all applicable Laws applicable to it, its business or properties or to the Receivables, Related Security and Collections with respect thereto, except where the failure to comply, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

(p) *Investment Company*. It is not an "investment company" or a company "controlled by an investment company" within the meaning of the Investment Company Act of 1940.

(q) *Perfection.* The Receivables Distribution Agreement will vest absolutely and unconditionally in Seller, a valid ownership interest in the Receivables purported to be assigned by each Originator thereby, subject to no Liens whatsoever other than the Lien in favor of Buyer pursuant to this Framework Agreement. Upon the filing of the necessary financing statements under the UCC as in effect in the jurisdiction whose Law governs the perfection of the Seller's ownership or security interests in the conveyed Receivables, in each case to the extent a security interest in such assets can be perfected by filing such financing statement, Seller will have a first priority perfected security interest in and to such Receivables, in each case to the extent a security interest in such assets can be perfected by filing such financing statement.

(r) *Location of Records, etc.* As of the date hereof, the offices where it keeps all of its Records relating to the Receivables are listed on Schedule I to the Receivables Distribution Agreement.

(s) *Books and Records.* Each Originator has indicated on its books and records (including any computer files) that the Receivables, if any, sold and/or distributed by such Originator under the Receivables Distribution Agreement are the property of Seller.

(t) *Anti-Terrorism Law.* (i) Neither it nor any other Seller Entity is in violation of any legal requirement relating to any laws with respect to terrorism or money laundering ("**Anti-Terrorism Laws**"), including Executive Order No. 13224 on Terrorist Financing effective September 24, 2001 (the "**Executive Order**") and the Patriot Act. Neither it nor any other Seller Entity and, to its knowledge, no agent of any Seller Entity acting on behalf of such Seller Entity, is any of the following:

(1)a Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(2)a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(3)a Person with which Buyer or any Buyer Funding Party is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law;

(4) a Person that commits, threatens or conspires to commit or supports "terrorism" as defined in the Executive Order; or

(5)a Person that is named as a "specially designated national and blocked person" on the most current list published by OFAC at its official website or any replacement website or other replacement official publication of such list.

(ii) Neither it nor any other Seller Entity and, to the knowledge of the Seller Entities, no agent of any Seller Entity acting on behalf of any Seller Entity, as the case may be, (x) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of a Person described in clause

(1) above, (y) deals in, or otherwise engages in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order, or (z) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law.

(u) *Anti-Corruption Laws.* Policies and procedures have been implemented and maintained by or on behalf of the Seller Entities that are designed to achieve compliance by the Seller Entities and their respective directors, officers, employees and agents with Anti-Corruption Laws, and, to its knowledge, the Seller Entities and their respective officers, employees, directors and agents acting in any capacity in connection with or directly benefitting from the facility established hereby, are in compliance with Anti-Corruption Laws. None of the Seller Entities has violated, been found in violation of or is under investigation by any governmental authority for possible violation of any Anti-Corruption Laws.

(v) *Use of Proceeds.* It shall not, directly or indirectly, use or otherwise make available to its Affiliates or its or their respective directors, officers and employees the proceeds of any Transaction to fund any activities or business of or with any Sanctioned Person, or in any Sanctioned Country, or in any manner that would result in the violation of any Sanctions required to be observed by any party hereto. No part of the proceeds of any Transaction will be used, directly or indirectly, to provide anything of value to any officer or employee of a foreign (non-U.S.) governmental entity or authority, any foreign (non-U.S.) political party, any officer or employee of a foreign (non-U.S.) political party, any candidate for foreign (non-U.S.) political office, any officer or employee of an international organization, and any officer or employee of a foreign (non-U.S.) government or state-owned or controlled entity (collectively referred to as "**Foreign Official**"), to obtain, retain, or direct business, secure any improper advantage, or influence any act or decision within the scope of that Foreign Official's lawful duty, in violation of any Anti-Corruption Laws.

(w) *Security Interests; Collection Accounts.*

(i) Seller has good and valid rights in and title to the Collateral with respect to which it has purported to grant a Security Interest hereunder and the Security Interest granted by Seller hereunder constitutes (i) a valid security interest in all the Collateral securing the payment and performance of the Secured Obligations and (ii) subject to the filing of any required financing statements and delivery of any Control Agreements, a first priority, perfected security interest (subject to Permitted Liens).

(ii) The Collateral is owned free and clear of any Security Interests except for Permitted Liens. Except for the filings made pursuant to this Framework Agreement and the Master Receivables Financing Agreement, Seller has not filed nor consented to the filing of (i) any financing statement or analogous document under the UCC or any other applicable laws covering any Collateral or (ii) any assignment in which Seller assigns any Collateral or any security agreement or similar instrument covering the Collateral with any foreign governmental, municipal or other office, which

financing statement or analogous document, assignment, security agreement or similar instrument is still in effect.

(x) *Flowers Credit Agreement*. The Transactions contemplated by the Transaction Agreements are a "Permitted Repurchase Facility" within the meaning of the Flowers Credit Agreement.

(y) *Ownership of Originators*. All of the issued and outstanding shares of common stock or membership interests of each of the Originators are owned by Flowers, directly or indirectly through Wholly-Owned Subsidiaries, free and clear of any material Lien (other than Permitted Liens).

(z) *Beneficial Ownership Certification*. As of the Effective Date, each Seller Entity is an entity that is organized under the laws of the United States or of any state and at least 51% of whose common stock or analogous equity interest is owned directly or indirectly by a company listed on the New York Stock Exchange or the American Stock Exchange or designated as a NASDAQ National Market Security listed on the NASDAQ stock exchange and is excluded on that basis from the definition of "Legal Entity Customer" as defined in the Beneficial Ownership Regulation.

5.2. Asset Representations and Warranties. Seller represents or covenants, as applicable, to Buyer and each Buyer Funding Party as of each Purchase Date with respect to the ~~Receivables (including the Purchased Securities included in the applicable Transaction entered into on such Purchase Date (or, in the case of Section 5.2(a), with respect to the Portfolio Report for such Transaction))~~, that:

(a) *Accuracy of Information*. The information set forth on the ~~Portfolio Report to the Confirmation~~ Transaction Notice for such Transaction is true and correct in all material respects as of the date such ~~Portfolio Report~~ Transaction Notice was prepared.

(b) *Eligibility*. Each such Purchased Security is an Eligible Receivable.

(c) *Satisfaction of Conditions*. All of the applicable Funding Conditions pertaining to such Purchased Securities have been satisfied or waived as of such Purchase Date.

(d) *Ownership*. With respect to each Purchased Security, immediately prior to the sale of such Purchased Securities pursuant to the Transaction Agreements, and except to the extent such Purchased Securities are already subject to an outstanding Transaction, Seller is the sole legal and beneficial owner of such Purchased Securities and is entitled to sell and assign and is selling and assigning all such Purchased Security, together with the collections with respect thereto and all Related Security and all Related Contract Rights, to Buyer free from any Security Interest, attachment, encumbrance and instructions to pay to a third party (other than Permitted Liens).

5.3. Certain Covenants. Each Seller Entity covenants with Buyer and each Buyer Funding Party as follows:

(a) *Preservation of Legal Existence*. It shall preserve and maintain its legal existence, rights, franchises and privileges in the jurisdiction of its organization, and qualify and remain qualified in good standing as a corporation in each jurisdiction where the failure to preserve and maintain such qualification could reasonably be expected to have Material Adverse Effect.

(b) *Compliance with Laws*. It shall comply in all material respects with all Laws applicable to it, its business and properties.

(c) *Enforceability of Obligations*. It shall take such actions as are reasonable and within its power to ensure that, with respect to each Receivable, the obligation of any related Obligor to pay the unpaid balance of such Receivable remains legal, valid, binding and enforceable against such Obligor.

(d) *Fulfillment of Obligations*. It shall duly observe and perform, or cause to be observed or performed, all material obligations and undertakings on its part to be observed and performed under or in connection with the Receivables, shall duly observe and perform all material provisions, covenants and other promises required to be observed by it under its Receivables, shall do nothing to impair the rights, title and interest of the Seller or Buyer in and to its Receivables and shall pay when due any material sales, excise, stamp or documentary Tax or other similar Tax or charge payable by it in connection with its Receivables and their creation and satisfaction or shall properly contest the payment of any such Tax in good faith and before a court or administrative body of appropriate jurisdiction.

(e) *Exercise of Remedies*. It shall use its commercially reasonable efforts to assist and aid Seller and Buyer to obtain as soon as practicable upon the request of Seller or Buyer any necessary approvals or consents of any Governmental Authority or any other Person for the exercise of any remedies, voting or consensual rights or attorney-in-fact powers set forth in this Agreement or the other Transaction Agreements to which such Seller Entity is a party.

(f) *Taxes*. It will pay and discharge, or cause to be paid and discharged, all Taxes imposed upon it or upon its income or profits, or upon any properties belonging to it, in each case on a timely basis and prior to the date on which penalties attach thereto and all lawful claims which, if unpaid, might become a Lien or charge upon its properties or assets; provided that no Seller Entity shall be required to pay any such Tax or claim (i) if it is being contested in good faith and by proper proceedings if it has maintained adequate reserves with respect thereto in accordance with generally accepted accounting principles or (ii) to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

(g) *Performance of Agreements*. At its expense, it shall timely and fully (i) perform, or cause to be performed, and comply in all material respects with, or cause to

be complied with in all material respects, all provisions, covenants and other promises required to be observed by it under the Contracts related to its Receivables, and timely and fully comply with the Credit and Collection Policy in regard to such Receivables and the related Contracts and (ii) enforce such Related Security in accordance with the Credit and Collection Policy and at any time an Event of Default exists as otherwise reasonably requested by Buyer or any Buyer Funding Party.

(h) *Indemnification.* Seller Entities, jointly and severally, agree to indemnify, defend and save harmless each Indemnified Party, other than for the gross negligence, bad faith or willful misconduct of such Indemnified Party and any of its Related Parties, forthwith on demand, from and against any and all losses, claims, damages, liabilities, costs and expenses (including all reasonable attorneys' fees and expenses, reasonable expenses incurred by its respective credit recovery groups (or any successors thereto) and reasonable expenses of settlement, litigation or preparation therefor) which any Indemnified Party may incur or which may be asserted against any Indemnified Party by any Person (including any Obligor or any other Person whether on its own behalf or derivatively on behalf of Seller Entities) arising from or incurred in connection with:

(i) the characterization in any Portfolio Report or other statement made by the Seller Entities of any Receivable as an Eligible Receivable which was not an Eligible Receivable at the time of such characterization;

(ii) any representation, warranty or statement made or deemed made by a Seller Entity under or in connection with this Framework Agreement or any other Transaction Agreement or any Portfolio Report or other document delivered by the Seller Entities or to be delivered by any Seller Entity in connection herewith or with any other Transaction Agreement being incorrect in any material respect when made or deemed made or delivered;

(iii) the failure by any Seller Entity to comply in any material respect with any applicable Law with respect to any Receivable or any Related Security with respect thereto;

(iv) the failure to vest and maintain in Buyer a first priority perfected security interest, in each Purchased Security and all Related Security and Collections with respect thereto, free and clear of any other Lien;

(v) the failure to have filed, or any delay in filing, financing statements, notices of assignment or other similar instruments or documents under the UCC of any applicable jurisdiction or other applicable Laws with respect to any Receivable, the Related Security and Collections with respect thereto in which a security interest is granted or purported to Buyer hereunder, and the proceeds of any thereof, whether at the Effective Date, the time of any purchase or at any subsequent time;



(vi) any products liability, personal injury or damage, suit or other similar claim arising out of or in connection with merchandise, insurance or services that are subject to any Contract or Receivable;

(vii) the existence of any Lien other than the Lien in favor of Buyer pursuant hereto against or with respect to any Receivable or the Related Security or Collections with respect thereto;

(viii) any dispute, claim, offset or defense (other than discharge in bankruptcy of the Obligor or arising from the financial inability of the Obligor to pay) of any Obligor to the payment of any Receivable (including any defense based on such Receivable not being a legal, valid and binding obligation of such Obligor enforceable against it in accordance with its terms), or any other claim resulting from the sale or lease of the goods or services related to such Receivable or the furnishing or failure to furnish such goods or services, except to the extent that such dispute, claim, offset or defense results solely from any action or inaction on the part of Buyer;

(ix) any failure of any Seller Entity to perform its duties or obligations in accordance with the provisions of this Framework Agreement or any other Transaction Agreement or to perform its duties or obligations with respect to any Receivable;

(x) the commingling of Collections of Receivables at any time with other funds;

(xi) any action or omission by any Seller Entity reducing or impairing the rights of Buyer or any Buyer Funding Party under this Framework Agreement, any other Transaction Agreement or any other instrument or document furnished pursuant hereto or thereto or with respect to any Receivable;

(xii) any compromise, rescission, cancellation, adjustment or modification by any Seller Entity (except in accordance with the Credit and Collection Policy or otherwise with the prior written consent of Buyer) of a Receivable or any Related Security, whether by written agreement, verbal agreement, acquiescence or otherwise;

(xiii) any investigation, litigation or proceeding related to or arising from this Framework Agreement, any other Transaction Agreement or any other instrument or document furnished pursuant hereto or thereto, or any transaction contemplated by this Framework Agreement or the servicing, administering or collecting of any Receivable, insofar as such investigation, litigation or proceeding relates to any Seller Entity or relates to or arises from the servicing, administering or collecting of any Receivable by any Seller Entity (or the failure to do so to the extent required by this Framework Agreement or the other Transaction Agreements); or

(xiv) any claim brought by any Person other than an Indemnified Party arising from any activity by any Seller Entity in servicing, administering or collecting any Receivable (or the failure to do so to the extent required by this Framework Agreement or the other Transaction Agreements); provided, that notwithstanding the foregoing, in no

event shall the Seller Entities be liable hereunder to any Indemnified Party or any other Person for (A) any special, indirect, consequential or punitive damages, even if the Seller Entities has been advised of the likelihood of such loss or damage and regardless of the form of action or (B) claims to the extent arising from any Indemnified Party's gross negligence or willful misconduct.

(i) *Administrative and Operating Procedures.* It will maintain and implement, or cause to be maintained and implemented, administrative and operating procedures adequate to permit the identification of all Receivables and all Collections and adjustments attributable thereto and shall comply in all material respects with the Credit and Collection Policy in regard to each Receivable.

(j) *Books and Records.* It shall maintain and implement administrative and operating procedures (including the ability to recreate, in all material respects, Records evidencing the Receivables in the event of the destruction of the originals thereof), and keep and maintain (or cause the Seller to maintain) all documents, books, records and other information, reasonably necessary or advisable for the collection of all Receivables (including Records adequate to permit the daily identification of each Receivable, the dates which payments are due thereon, Related Security and Collections and adjustments to each existing Receivable). Each Originator shall also maintain a record clearly designating the respective Receivables which are owned by the Seller, and to the extent such Records constitute computer programs and other nonwritten Records, appropriately legend such Records to reflect that the Receivables have been conveyed to the Seller.

(k) *Diligence Audit.* From time to time during regular business hours as requested by Buyer upon reasonable prior notice (but no more than once per calendar year so long as no Potential Event of Default or Event of Default shall have occurred and be continuing or unless the results of the immediately prior Diligence Audit were incomplete or not satisfactory to the Buyer or there has been a material change in the servicing software, systems or procedures or in the Credit and Collection Policy of any Seller Entity that would have a material impact on the required Portfolio Report), it shall permit Buyer or its agents or representatives, (A) to examine and make copies of and abstracts from all Records in the possession or under its control or the control of its agents or their respective Affiliates relating to Receivables and the Related Security and (B) to visit its offices and properties and those of its agents or their respective Affiliates for the purpose of examining such materials described in clause (A) above, and to discuss matters relating to Receivables and the Related Security or its performance hereunder with any of its officers or employees having knowledge of such matters or with its independent public accountants (collectively, a "**Diligence Audit**"). In connection with a Diligence Audit, any Seller Entity, at its expense, shall permit the Buyer or its agents or representatives (who may also render other services to any Seller Entity or any of their Affiliates), to review Portfolio Reports to verify amounts reported to underlying accounting records. Such review may include analysis procedures and verification of sales, dilution, collections, write-offs, concentrations, and other information included on the Portfolio Reports. Testing may include a review of sample Receivables. Additional testing procedures may be performed to verify the accuracy of information on selected Portfolio Reports. Each Seller Entity agrees to cooperate and provide all requested information necessary to

perform such due diligence reviews and/or collateral inspections. Additionally, each Seller Entity shall permit such testing as may be required to ensure that it has adhered to all terms and conditions required under the Transaction Agreements. Notwithstanding the foregoing, after the occurrence and during the continuation of a Potential Event of Default or Event of Default, the Buyer shall be permitted to take the actions described in the preceding sentences of this Section without being subject to the requirement of providing prior notice. Seller shall reimburse the Buyer for all reasonable fees, costs and expenses incurred by it in connection with the foregoing actions promptly upon receipt of a written invoice therefor. In addition, each Seller Entity shall be required to reimburse the Buyer for fees, costs and expenses in connection with an additional Diligence Audit following any material change in the servicing software, systems or procedures or in the Credit and Collection Policy of any Seller Entity.

(l) *No Sales, Liens.* No Seller Entity shall sell, pledge, assign or transfer to any other Person, or grant, create, incur, assume or suffer to exist any Lien, other than the Lien in favor of the Buyer pursuant hereto and Permitted Liens, on any portion of the Collateral. The Seller shall promptly notify the Buyer and each Buyer Funding Party of the existence of any Lien on any portion of the Collateral (other than the Lien in favor of the Buyer and Permitted Liens) and shall defend the right, title and interest of the Buyer in, to and under such Collateral, assets, property or rights, against all claims of third parties.

(m) *No Waivers, Amendments.* No Seller Entity shall rescind or cancel any Purchased Security or modify any terms or provisions thereof or grant any credits or adjustments to an Obligor (other than a Purchased Security which has been deemed collected pursuant to Section 2.03 of the Receivables Distribution Agreement or repurchased pursuant to Section 2.04 of the Receivables Distribution Agreement), except in accordance with the Credit and Collection Policy.

(n) *Ordinary Course.* Seller Entities shall collect payments due under the Receivables in accordance with the standards that would be employed by the Seller Entities in servicing comparable receivables for their own account and comparable to the Receivables and in accordance with the Credit and Collection Policy.

(o) *Notice of Certain Events.* Seller shall provide Buyer and each Buyer Funding Party with prompt written notice after a Responsible Officer of Seller becoming aware of (i) any Potential Event of Default or Event of Default, (ii) the occurrence or existence of any event or circumstance that could reasonably be expected to have a Material Adverse Effect with respect to any Seller Entity, (iii) any change in the information provided in the Beneficial Ownership Certification (or a certification that the Seller Entities qualify for an express exclusion to the "legal entity customer" definition under the Beneficial Ownership Regulation) that would result in a change to the list of beneficial owners identified therein (or, if applicable, the Seller Entities ceasing to fall within an express exclusion to the definition of "legal entity customer" under the Beneficial Ownership Regulation) and/or (iv) any ERISA Event (together with a written statement setting forth the details thereof and any action with respect thereto taken or contemplated to be taken by Flowers).

(p) *Changes in Credit and Collection Procedures.* The Seller Entities shall not make, allow or consent to any change in the Credit and Collection Policy, if such change could reasonably be expected to have a Material Adverse Effect; *provided*, the Seller shall promptly and in no event later than the end of the calendar month in which any Responsible Officer of Seller obtains knowledge of any material change to the Credit and Collection Policy, furnish or cause to be furnished to Buyer and each Buyer Funding Party a copy thereof; *provided, further*, that on each anniversary of the Effective Date it shall furnish or cause to be furnished to Buyer and each Buyer Funding Party a copy of the Credit and Collection Policy then in effect to the extent there have been any changes from the last time so furnished.

(q) *Information Required by Governmental Authorities.* Seller shall provide Buyer and each Buyer Funding Party promptly, from time to time upon request, such information, documents, records or reports relating to the Receivables or Seller Entities as Buyer or any Buyer Funding Party (or its assigns) may be required by a Governmental Authority to obtain (including for purposes of compliance by Buyer or Buyer Funding Party with applicable "know your customer" requirements under the PATRIOT Act, the Beneficial Ownership Regulation or other applicable Anti-Terrorism Laws).

(r) *Accounting.* Seller Entities shall comply in all material respects with all required accounting and Tax disclosures related to the Transactions in accordance with GAAP and applicable Law.

(s) *Litigation.* Seller shall as soon as possible, and in any event within ten (10) Business Days of its knowledge thereof, it shall give Buyer and each Buyer Funding Party notice of (i) any litigation, action, suit, arbitration or other proceeding by or before any court or other Governmental Authority affecting it or any of its Subsidiaries that could be reasonably be expected to have a Material Adverse Effect, (ii) any litigation, action, suit, arbitration or other proceeding by or before any court or other Governmental Authority relating to the Purchased Securities which, in its reasonable judgment, could reasonably be expected to have a Material Adverse Effect, and (iii) any material adverse development in any such previously disclosed litigation.

(t) *Changes Concerning Seller Entity.* No Seller Entity will change its (i) jurisdiction of organization, (ii) name, or (iii) identity or structure (within the meaning of Article 9 of the UCC), unless it shall have notified Buyer of the same and delivered to Buyer all financing statement amendments and other documents necessary to maintain the perfection of the security interests granted by such Seller Entity under the Transaction Agreements in connection with such change or relocation.

(u)*Anti-Corruption Laws.* Each Seller Entity agrees that policies and procedures will be maintained and enforced by or on behalf of the Seller Entities that are designed to promote and achieve compliance, by the Seller Entities and their respective directors, officers, employees and agents with Anti-Corruption Laws.

(v)*Reports.* Seller shall deliver (or cause to be delivered) to Buyer and each Buyer Funding Party the following:

(i) within 90 days after the end of each fiscal year of Flowers, the audited consolidated balance sheets and related consolidated statements of income, comprehensive income, shareholders' equity and cash flows of Flowers and its consolidated subsidiaries as of the end of and for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, all reported on by PricewaterhouseCoopers LLP or other independent public accountants of recognized national standing (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly the financial condition and results of operations of Flowers and its consolidated subsidiaries on a consolidated basis in accordance with GAAP consistently applied, *provided*, that Seller shall be deemed to have delivered the financial statements referred to in this Section 5.3(v)(i) if such financial statements or other information have been posted on the website of the Securities and Exchange Commission (<http://www.sec.gov>) or on Seller's own website as previously identified to Buyer and each Buyer Funding Party;

(ii) within 60 days after the end of each of the first three fiscal quarters of each fiscal year of Flowers, the consolidated balance sheets and related consolidated statements of income, comprehensive income, shareholders' equity and cash flows of Flowers and its consolidated subsidiaries, in each case, as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year ended with the last day of such quarterly period, setting forth in each case in comparative form the figures for the corresponding period or periods of the previous fiscal year, all certified by a financial officer of Flowers as presenting fairly the financial condition and results of operations of Flowers and its consolidated subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes, *provided*, that Seller shall be deemed to have delivered the financial statements referred to in this Section 5.3(v)(ii) if such financial statements or other information have been posted on the website of the Securities and Exchange Commission (<http://www.sec.gov>) or on Seller's own website as previously identified to Buyer and each Buyer Funding Party;

(iii)*Officer's Certificates.* At the time of the delivery of the financial statements provided for in Section 5.3(v)(i) and (ii), a certificate of a Responsible Officer of the Seller in the form of Exhibit J to the Flowers Credit Agreement; provided, at any time Rabobank (or an Affiliate thereof) is a party to the Flowers Credit Agreement, Seller shall be deemed to deliver the certificate referred to in this Section 5.3(v)(iii) at the time such certificate is delivered to Rabobank (or an Affiliate thereof) under the Flowers Credit Agreement.

(iv) on or prior to the date that is two (2) ~~Business Days prior to any proposed Purchase Date for any proposed Transaction;~~ days prior to each Settlement Date (or, if such day is not a Business Day, the next succeeding Business Day), the Seller shall deliver a Portfolio Report ~~for such Transaction with respect to the Eligible Receivables to be included as Purchased Securities for such Transaction~~ to the Buyer; and

(v) such other information, documents, records or reports respecting the Receivables and the Related Security or the condition or operations, financial or otherwise, of it as Buyer or any Buyer Funding Party may from time to time reasonably request.

(w) *Further Assurance*. Each Seller Entity agrees, at its own expense, to execute, acknowledge, deliver and cause to be duly filed all such further instruments and documents and take all such actions as Buyer may from time to time reasonably request to preserve, protect and perfect the security interests granted by it hereunder and under the other Transaction Agreements and the rights and remedies created hereby, including the payment of any fees and stamp, documentary or similar Taxes required in connection with the execution and delivery of this Framework Agreement, the granting of such security interests and the filing of any financing statements or other documents in connection herewith or therewith. Each Seller Entity shall remain liable to observe and perform all the conditions and obligations to be observed and performed by it under each contract, agreement or instrument pertaining to each Collection Account, all in accordance with the terms and conditions thereof.

(x) *Commingled Accounts*. No Seller Entity will permit funds in any Collection Account to be subject to any Lien, attachment or encumbrance (other than Permitted Liens). If, notwithstanding the foregoing, any funds are deposited into any Collection Account that are subject to a Lien, attachment or encumbrance (other than Permitted Liens), the related Originator shall promptly (but in any event within one (1) Business Day after identification and deposit) remove such funds from the Collection Account.

(y) *Consolidations and Mergers*. Flowers shall not, and shall not permit any of its Subsidiaries to, consolidate or merge with or into any other Person, except as permitted under Section 10.02 of the Flowers Credit Agreement (as in effect on the Effective Date).

#### 5.4. Collection Accounts.

##### *(a) Account Arrangements.*

(i) The Collection Accounts established and subject to the Existing Control Agreements are identified as such on Schedule 5 hereto. Prior to the Post-Closing Effective Date, the Seller shall deliver to the Buyer a fully executed Control Agreement with respect to (x) each of the Collection Account that are identified on Schedule 5 as of the date hereof that are not subject to an Existing Control Agreement and

(y) each of the Collection Accounts of each New Sales Originator, in form and substance reasonably satisfactory to the Buyer.

(ii) Each Collection Account is maintained in an Originator's name. Each Originator hereby (A) agrees that Collections of Receivables in its Collection Accounts are solely the property of the Seller and/or Buyer and subject to a first priority and, after the Post-Closing Effective Date, a perfected security interest granted to Seller pursuant to the Receivables Distribution Agreement and to Buyer pursuant to this Framework Agreement; and (B) agrees that any interest which such Originator may have in the Collections of Receivables in such Collection Account as owner of such Collection Accounts solely as bailee in trust for the Seller, as owner, and/or Buyer, as owner and as secured party, and waives any other right or interest it may have in such Collections, including any right of offset. Each of Seller and Buyer authorizes and instructs each such Originator, as the accountholder of a Collection Account, to enter into a Control Agreement with the bank at which such Collection Account is held. Each such Originator hereby hypothecates to Buyer, and grants to Buyer, a security interest in, all of such Originator's right, title and interest in and to each such Collection Account and all funds therein (and investments thereof) and all proceeds thereof, as collateral security for the performance by such Originator of all the terms, covenants and agreements on the part of such Originator to be performed under the Transaction Agreements in accordance with the terms thereof, including the punctual payment when due of all obligations of such Originator thereunder, whether for indemnification payments, repurchases of Receivables or otherwise.

(iii) Except for the Control Agreements, there are no other control agreements or similar instruments, there are no other security agreements or similar instruments, in each case, with respect to any Collection Account.

(b) *Payments to the Collection Accounts.* Unless and until the Facility Term has expired and all amounts then owing by Seller Entities under the Transaction Agreements have been paid and full:

(i) Each Originator shall direct each applicable Obligor to make, and shall use commercially reasonable efforts to ensure that each applicable Obligor continues to make, all payments relating to any Receivables of such Obligor directly into a Collection Account;

(ii) if any payments by any applicable Obligor in connection with any Receivables are received by any Seller Entity or any Affiliate thereof in any account (other than a Collection Account) or otherwise, such Seller Entity shall cause such payment to be promptly (and, in any event, within two (2) Business Days of such Seller Entity's discovery of the receipt thereof) deposited into a Collection Account;

(iii) to the extent any Related Security is not assigned or pledged under any Transaction Agreement due to any contractual restrictions and any Seller Entity or any Affiliate thereof receives any payment thereunder relating to any such Receivable referred to in clause (i) of this Section 5.4(b), such Seller Entity shall cause such payment

to be promptly (and, in any event, within two Business Days of receipt and identification thereof) deposited into a Collection Account; and

(iv) no Seller Entity shall add or terminate any bank as a bank maintaining a Collection Account or any deposit account as a Collection Account, change any instructions given to any bank which in any manner redirects the proceeds of any Collections to any account which is not a Collection Account, which from and after the Post-Closing Effective Date shall be subject to a Control Agreement, or make any change in the instructions to Obligors regarding payments to be made to any Collection Account, unless [either \(i\)](#) Buyer shall have received at least 10 days' prior written notice of such addition, termination or change and shall have received with respect to each new Collection Account, a related Control Agreement executed by each applicable Originator, the related depository institution and the Buyer [or \(ii\) Seller and Buyer shall agree to other arrangements.](#)

For the avoidance of doubt, the obligations of Seller Entities under this Section 5.4(b) shall be absolute and unconditional, irrespective of any limitation imposed upon Seller Entities or any Affiliates thereof on distributions from any other account into which a payment on such a Receivable is made.

(c) *Distributions from the Collection Accounts.* Notwithstanding the provisions of the foregoing Section 5.4(b), so long as no Specified Event of Default has occurred and is continuing, each Seller Entity, shall have the right to withdraw, distribute or otherwise transfer any funds held or received in or paid into a Collection Account to other accounts maintained by such Seller Entity or its Affiliates. If a Specified Event of Default has occurred and is continuing, then (i) at the written direction of the Buyer to the Seller, all such rights of each Seller Entity with respect to each Collection Account shall be suspended and (ii) following Buyer's delivery of a shifting control notice with respect to the Collection Accounts pursuant to the terms of the related Control Agreement, Buyer shall be entitled to distribute (or instruct the related depository bank to distribute) funds held in the related Collection Accounts in accordance with, and subject to the terms of, Section 5.5(b) until all amounts then due and payable by all Seller Entities under the Transaction Agreements have been paid in full.

#### 5.5. Remedies.

(a) Remedies Upon Event of Default. Upon the occurrence and during the continuance of an Event of Default, Seller agrees to deliver each item of Collateral to Buyer on demand, and it is agreed that Buyer shall have the right, with or without legal process and with or without prior notice or demand for performance, to take possession of the Collateral and, generally, to exercise any and all rights afforded to a secured party under the UCC or other applicable law, including exercising control under any Control Agreement.



(b) Application of Proceeds. Buyer shall apply the proceeds of any collection or sale of Collateral consisting of cash as follows:

(i) FIRST, to the payment of all reasonable and documented out-of-pocket costs and expenses incurred by Buyer in connection with such collection or sale;

(ii) SECOND, to the payment in full of the Secured Obligations; and

(iii) THIRD, to Seller, its successors or assigns, or as a court of competent jurisdiction may otherwise direct.

## **6. Certain Calculations.**

6.1. Certain Calculations. Buyer shall calculate the Funded Purchase Price, Funded Repurchase Price, Buyer Balance and all other amounts to be calculated under the Transaction Agreements, as well as any adjustments thereto, which calculations shall be made in a commercially reasonable matter and conclusive absent manifest error. Upon the reasonable request of Seller for any such calculations, Buyer shall promptly provide such calculations to Seller.

## **7. Miscellaneous.**

Except as otherwise expressly set forth in a Transaction Agreement, the following will apply to all Transaction Agreements:

7.1. Further Assurances. Each Seller Entity agrees that from time to time it will promptly execute and deliver such other documents and instruments and take all further action that Buyer or any Buyer Funding Party may reasonably request, to carry out the purpose and intent of the Transaction Agreements, including in order to perfect, protect or more fully evidence Buyer's interest in the Collateral and any proceeds thereof.

7.2. Expenses. Each Seller Entity shall, on demand, pay all reasonably incurred costs, liabilities, losses, damages and expenses (including reasonable and documented legal fees and expenses of one outside counsel of Buyer (but excluding the allocated costs of in-house counsel)) incurred or suffered by Buyer in connection with (w) the negotiation, preparation, execution and delivery of this Framework Agreement, the other Transaction Agreements and any related documents, (x) the consummation of the transactions contemplated hereby or thereby, (y) the occurrence of an Event of Default or the exercise of any remedies under the Transaction Agreements in connection therewith and (z) the annual audits (if any) conducted by Buyer in connection with the Transaction Agreements pursuant to Section 5.3(k).

7.3. Entire Agreement. This Framework Agreement, together with the other Transaction Agreements, constitutes the entire agreement between the Parties and supersedes all prior oral and written negotiations, communications, discussions, and correspondence pertaining to the subject matter of the Transaction Agreements.

7.4. Order of Precedence. If there is a conflict between this Framework Agreement and any other Transaction Agreement, this Framework Agreement will control unless the conflicting provision of the other Transaction Agreement specifically references the provision of this Framework Agreement to be superseded.

7.5. Amendments and Waivers. No amendment, supplement, modification or waiver of any provision of this Framework Agreement or any other Transaction Agreement, and no consent to any departure by any Seller Entity, shall be effective unless in writing signed by Buyer and the Required Buyer Funding Parties and Seller, as the case may be, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. Notwithstanding the foregoing, without the consent of each Buyer Funding Party that would be affected thereby, no amendment, modification, supplement, waiver or consent shall be effective if the effect thereof would (i) waive, reduce or postpone any scheduled payment to such Buyer Funding Party; (ii) reduce the Pricing Rate on any portion of any Repurchase Price or any fee payable hereunder; (iii) extend the time for payment of any Repurchase Price; (iv) reduce the Buyer Balance; (v) reduce the percentage contained in the definition of "Required Funding Parties;" (vi) increase the Buyer Funding Limit of a Buyer Funding Party; extend the Scheduled Facility Expiration Date; or change the definition of Eligible Receivable; (vii) release all or any material portion of the Collateral (except as expressly provided herein); (viii) change the pro rata sharing of payments for the account of the Buyer Funding Parties or the pro rata sharing of funding commitments required hereby; (ix) consent to or permit the assignment or transfer by the Seller of its rights or obligations under this Framework Agreement; or (x) change this Section 7.5.

7.6. Binding Effect. The Transaction Agreements will be binding upon and inure to the benefit of the Parties and their respective heirs, legal representatives, successors, and permitted assigns.

7.7. Assignment. Except as provided in this Framework Agreement or any other Transaction Agreement, neither this Framework Agreement nor any other Transaction Agreement, respectively, may be assigned or otherwise transferred, nor may any right or obligation hereunder or under another Transaction Agreement be assigned or transferred by any Party without the consent of the other Parties; provided that each of Buyer and the Buyer Funding Parties may transfer or assign any or all of the Transaction Agreements and its rights and obligations thereunder at any time during which a Specified Event of Default has occurred and is continuing; provided further, that each Buyer Funding Party may assign, in whole or in part, its interests, rights and obligations hereunder and under the other Transaction Agreements to any other Buyer Funding Party or any Affiliate of a Buyer Funding Party, and provided further, that any assignee of, participant in or other transferee of any of the rights or obligations of Buyer or a Buyer Funding Party under this Framework Agreement or any other Transaction Agreement shall deliver to the Seller, at the time it becomes an assignee, participant or other transferee and at the other time or times reasonably requested by the Seller, a validly completed Internal Revenue Service Form W-9 or W-8ECI permitting payments under this Framework Agreement or any other Transaction Agreement to be made without deduction or withholding for Taxes. Any permitted assignee shall assume all obligations of its assignor under this Framework

Agreement. This Framework Agreement is binding upon the permitted successors and assigns of the Parties. Any attempted assignment not in accordance with this Section 7.7 shall be void.

7.8. Notices. All notices, requests, demands, directions and other communications (collectively "notices") under the provisions of this Framework Agreement shall be in writing (including facsimile or electronic communication) unless otherwise expressly permitted hereunder and shall be sent by first-class mail, first-class express mail or courier, or by facsimile or electronic communication, in all cases with charges prepaid. Any such properly given notice shall be effective when received. All notices shall be sent to the applicable party at the office set forth below or in accordance with the last unrevoked written direction from such party to the other parties hereto.

If to Buyer or Rabobank:

Coöperatieve Rabobank U.A., New York Branch  
245 Park Avenue  
New York, New York 10167  
Attention: Thomas McNamara  
E-Mail: [TMTeam@rabobank.com](mailto:TMTeam@rabobank.com)

With copy to:

Coöperatieve Rabobank U.A., New York Branch  
245 Park Avenue  
New York, New York 10167  
Attention: SecMo  
E-Mail: [SecMo@rabobank.com](mailto:SecMo@rabobank.com)

If to Seller or any Originator:

Flowers Foods, Inc.  
1919 Flowers Circle  
Thomasville, GA 31757  
Attention: Mr. R. Steve Kinsey  
E-mail: [steve.kinsey@flocorp.com](mailto:steve.kinsey@flocorp.com)

With a copy to:

Flowers Foods, Inc.  
1919 Flowers Circle  
Thomasville, GA 31757  
Attention: James Thomas Rieck  
Telecopy: 229-225-5439  
Telephone: 229-227-2253  
E-mail: [jt.rieck@flocorp.com](mailto:jt.rieck@flocorp.com)

**7.9. GOVERNING LAW. THIS FRAMEWORK AGREEMENT AND EACH OTHER TRANSACTION AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, INCLUDING SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW.**

7.10. Jurisdiction. Each Party hereby irrevocably submits to the non-exclusive jurisdiction of any New York State or Federal court sitting in New York City in any action or proceeding arising out of or relating to this Framework Agreement and any other Transaction Agreement, and each party hereto hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in such New York State court or, to the extent permitted by law, in such Federal court. The Parties hereby irrevocably waive, to the fullest extent they may effectively do so, the defense of an inconvenient forum to the maintenance of such action or proceeding. The Parties agree that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

**7.11. WAIVER OF JURY TRIAL. EACH PARTY HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS FRAMEWORK AGREEMENT OR ANY OF THE OTHER TRANSACTION AGREEMENTS OR THE ACTIONS OF BUYER OR BUYER FUNDING PARTIES IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT HEREOF OR THEREOF.**

7.12. Severability. The provisions of this Framework Agreement and each other Transaction Agreement are intended to be severable. If any provision of this Framework Agreement or any other Transaction Agreement shall be held invalid or unenforceable in whole or in part in any jurisdiction, such provision shall, as to such jurisdiction, be ineffective to the extent of such invalidity or unenforceability without in any manner affecting the validity or enforceability of such provision in any other jurisdiction or the remaining provisions hereof in any jurisdiction.

7.13. Termination; Survival.

(a) This Agreement, the Security Interests and all other security interests granted hereby and the appointment of Buyer contemplated by Section 4.6(c) shall terminate on such date following the Facility Expiration Date when all the Secured Obligations have been paid in full; provided that, notwithstanding the foregoing, the provisions of Section 5.3(h) shall survive any termination or expiration of this Framework Agreement and any of the other Transaction Agreements.

(b) In connection with any termination pursuant to this Section 7.13, Buyer shall execute and deliver to Seller Entities, at Seller Entities' expense, all documents

that Seller shall reasonably request to evidence such termination or release and shall return any Collateral remaining in its possession to Seller.

7.14. Counterparts. Each Transaction Agreement may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which counterparts, when executed and delivered, shall be deemed an original and all of which counterparts, taken together, shall constitute one and the same agreement. Delivery of an executed signature page to any Transaction Agreement by facsimile transmission or other electronic image scan transmission shall be as effective as delivery of a manually signed counterpart of such Transaction Agreement. The words "execution," "signed," "signature," and words of like import in this Framework Agreement or any Transaction Agreement shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; *provided* that nothing herein shall require the Buyer to accept electronic signatures in any form or format without its prior consent.

7.15. Right of Setoff. If an Event of Default shall have occurred and be continuing, Buyer and each Buyer Funding Party is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable Law, to set off any obligations at any time owing by Buyer or such Buyer Funding Party to or for the credit or the account of any Seller Entity against any and all of the obligations of such Seller Entity, now or hereafter existing under this Framework Agreement or any other Transaction Agreement to Buyer or such Buyer Funding Party, irrespective of whether or not Buyer or such Buyer Funding Party shall have made any demand under this Framework Agreement or any other Transaction Agreement and although such obligations of such Seller Entity may be contingent or unmatured. The rights of Buyer and each Buyer Funding Party under this Section 7.15 are in addition to other rights and remedies (including other rights of setoff) that Buyer or such Buyer Funding Party may have. Buyer and each Buyer Funding Party agrees to notify any affected Seller Entity promptly after any such setoff and application; provided, that the failure to give such notice shall not affect the validity of such setoff and application.

7.16. USA Patriot Act. Buyer and each Buyer Funding Party hereby notifies Seller and Originators that pursuant to the requirements of the USA PATRIOT Act, Title III of Pub. L. 107-56 (signed into law October 26, 2001) (the "**PATRIOT Act**"), it may be required to obtain, verify and record information that identifies Seller and each Originator, which information includes the name, address, tax identification number and other information regarding such Person, that will allow it to identify such Person in accordance with the PATRIOT Act. This notice is given in accordance with the requirements of the PATRIOT Act. Each Seller Entity agrees to provide Buyer and each Buyer Funding Party, from time to time, with all documentation and other information required by bank regulatory authorities under "know your customer" and anti-money laundering rules and regulations, including the PATRIOT Act.

7.17. Acknowledgement and Consent to Bail-In of Affected Financial Institutions. Notwithstanding anything to the contrary in any Transaction Agreement or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Affected Financial Institution arising under any Transaction Agreement, to the extent such liability is unsecured, may be subject to the Write-down and Conversion Powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder that may be payable to it by any party hereto that is an Affected Financial Institution; and

(b) the effects of any Bail-In Action on any such liability, including, if applicable:

i. a reduction in full or in part or cancellation of any such liability;

ii. a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Transaction Agreement; or

iii. the variation of the terms of such liability in connection with the exercise of the Write-down and Conversion Powers of the applicable Resolution Authority.

7.18. Addition of New Originators. From time to time upon not less than 10 days' prior written notice to Buyer and each Buyer Funding Party (or such shorter period of time as Buyer may agree upon), Seller may propose that one or more of the direct or indirect, existing or hereafter acquired, wholly-owned subsidiaries of Flowers become an Originator hereunder and a "Seller" under the Receivables Distribution Agreement. No such addition shall become effective (a) without the written consent of the Buyer and each Buyer Funding Party but may become effective prior to such 10th day if such written consent is given more promptly, and (b) unless all the following conditions precedent to such addition are satisfied prior to such date:

(a) each new Originator will execute a Joinder Agreement;

(b) each new Originator and the related depositary bank shall deliver to Buyer satisfactory Control Agreements with respect to any Collection Accounts of the new Originator;

(c) each new Originator will deliver to Buyer (i) a legal existence and good standing certificate from the jurisdiction of its organization, (ii) a copy of its certificate of incorporation or formation certified by the secretary of state of the jurisdiction of its organization, and (iii) a secretary's certificate from such new Originator's certifying (A) no amendments to the certificate delivered pursuant to clause (ii) since the certified copy thereof, (B) a copy of the related bylaws, operating agreement or similar organizational document of such new Originator, (C) a copy of the resolutions of the board of directors or managers or similar governing body of such new Originator authorizing the execution, delivery and performance of the transaction documents to which such new Originator is a party and (D) the names and true signatures of the officers authorized to sign the transaction documents on behalf of such new Originator;

(d) each new Originator will deliver UCC lien search reports in respect of filings made against such new Originator satisfactory to the Buyer;

(e) each new Originator will deliver a UCC-1 financing statement naming such new Originator, as debtor/Originator, and the Buyer, as secured party/buyer, filed with the Secretary of State of the jurisdiction where such new Originator is organized;

(f) each new Originator will deliver an opinion of counsel to such new Originator (which may be from in-house counsel of Flowers) reasonably satisfactory to Buyer relating to (i) corporate matters relating to such new Originator, (ii) the due authorization, execution and delivery of the transaction documents by such new Originator, (iii) the legality, validity and enforceability of transaction documents to which the new Originator is a party, (iv) absence of required consents, approvals, filings or registrations of or with governmental authorities, (v) execution and delivery of the transaction documents does not violate, and no such execution and delivery of transaction documents gives rise to liens under, applicable laws, material agreements or organizational documents, (vi) Investment Company Act matters and (vii) creation and perfection of Buyer's interest in Receivables and related assets of such new Originator; and

(g) each new Originator will deliver information reasonably satisfactory to Buyer and each Buyer Funding Party in response to its legal and business diligence requests.

7.19. Exclusion of Originators. Seller may designate any Originator as an "Excluded Originator" in connection with the sale or other disposition of such Originator by Flowers or its Subsidiaries or the transition of the origination of Receivables being originated by such Originator to a different Originator or if such Originator is no longer originating Receivables by written notice to Buyer and each Buyer Funding Party, specifying the effective date, which shall be a Repurchase Date if a Transaction is outstanding, of such designation (the "Exclusion Effective Date" for such Excluded Originator) if no Event of Default or Potential Event of Default has occurred and is continuing or would occur as a result of such designation. The representations, covenants and provisions of this Agreement applicable to an Originator shall no longer be applicable to an Excluded Originator after the Exclusion Effective Date for such Excluded Originator, and such Excluded Originator shall cease to be a party hereto. The parties hereto shall

work together in good faith to effectuate any actions as may be appropriate in connection with the designation of an Originator as an Excluded Originator.

7.20. Confidentiality. Each Seller Entity, Buyer and each Buyer Funding Party shall keep all non-public information obtained pursuant to (i) this Framework Agreement and each other Transaction Agreement and (ii) the transactions contemplated hereby or thereby or effected in connection herewith or therewith ("Confidential Information") confidential and will not disclose such information to any third party; provided the Transaction Agreements (other than the Fee Letter) may be disclosed by Flowers pursuant to applicable law (including SEC requirements). However, each party may disclose Confidential Information (a) reasonably required by a bona fide permitted assignee, *provided*, that any such assignee to whom such disclosure is made shall have agreed to abide by the confidentiality provisions of this Section 7.20, (b) to its affiliates, officers, directors, employees, attorneys, accountants, agents and professional advisers engaged in the transactions contemplated by this Framework Agreement and the other Transaction Agreements who are bound by a duty of confidentiality (including by means of applicable policies of the relevant party), (c) to any other person with the prior written consent of the party from whom such Confidential Information was obtained, (d) to the extent necessary in connection with the exercise of any remedies hereunder or under any other Transaction Agreement or any action or proceeding relating to this Agreement or any other Transaction Agreements or the enforcement of rights hereunder or thereunder, (e) as may be required by the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith, and (f) to parties to whom disclosure of Confidential Information is required by any other applicable Law, subpoena, court order or other legal process or requested by any governmental agency or other regulatory authority (including any self-regulatory organization asserting jurisdiction over the applicable party or its affiliates); *provided* that (in the case of any disclosure under foregoing clause (e) or (f)) the disclosing party will, to the extent permitted by applicable Law, give reasonable notice of such disclosure requirement to the party from whom such Confidential Information was obtained prior to disclosure of the Confidential Information, and will disclose only that portion of the Confidential Information that is necessary to comply with such requirement in a manner reasonably designed to maintain the confidentiality thereof; and *provided further* that no such notice shall be required for any disclosure by Buyer or Buyer Funding Party to regulatory authorities with appropriate jurisdiction in connection with an examination of Buyer or Buyer Funding Party in the normal course. Each such party agrees that any Confidential Information shall be used only in connection with this Framework Agreement and the transactions contemplated hereby and not for any other purpose. Confidential Information shall not include information that:

(i) was known to the recipient party previous to its receipt of the relevant Confidential Information;



(ii) is, or becomes, readily available to the public other than through a breach by a recipient party or any Person to whom Confidential Information has been disclosed by a recipient party of the obligations set forth herein or a duty of confidentiality owed by such Person;

(iii) has been, or is later, disclosed to the recipient party by a third party not known to the recipient party to be bound by any confidentiality agreement; or

(iv) was independently developed by the recipient party, either before or after the Effective Date, without using any of the Confidential Information.

The Seller Entities each acknowledges and agrees that Buyer may share information on matters relating to the Seller Entities or the transactions contemplated by this Framework Agreement and the other Transaction Agreements with its affiliates and subsidiaries, and that such affiliates and subsidiaries may likewise share information relating to the Seller Entities or such transactions with Buyer. The Seller Entities each hereby authorize Buyer and its affiliates to disclose the existence and principal terms of this Framework Agreement and the other Transaction Agreements (other than the Fee Letter) (including the names and respective roles of the Seller Entities and Buyer in connection therewith) for the purpose of conducting and marketing their businesses.

7.21. Tax Treatment. Buyer, each Buyer Funding Party and each Seller Party will treat the Transactions effected by the Transaction Agreements for U.S. federal and state income tax purposes as loans by Buyer and each Buyer Funding Party secured by the applicable Collateral, and agree to prepare their U.S. federal and state income tax returns, if required, in a manner consistent with the foregoing, unless otherwise required by applicable law.

7.22. Register. Buyer, acting solely for this purpose as a non-fiduciary agent of Seller (and such agency being solely for tax purposes), shall maintain at its office a copy of each assignment or participation of its rights hereunder and a register for the recordation of the names and addresses of the Persons that become privy to those rights hereto and, with respect to each such Person, the aggregate assigned Purchase Price and applicable Price Differential and Pricing Rate (the "Register"). The Parties shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Buyer for all purposes of this Agreement. The Register shall be available for inspection by the Parties at any reasonable time and from time to time upon reasonable prior notice.

7.23. Buyer as Agent.

(a) Appointment. Each Buyer Funding Party hereby irrevocably appoints Coöperatieve Rabobank, U.A., New York Branch, to act as its agent with respect to the Transactions and the Transaction Agreements and authorizes Rabobank as Buyer to take such action as agent on its behalf and to exercise such powers as are delegated to Buyer by the terms thereof, together with such powers as are reasonably incidental thereto.

It is understood and agreed that the use of the term “agent” herein with reference to Buyer is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead such term is used as a matter of market custom and is intended to create or reflect only an administrative relationship between contracting parties. Rabobank shall have the same rights and powers in its capacity as a Buyer Funding Party as any other Buyer Funding Party and may exercise the same as though it were not Buyer, and Rabobank and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with any Seller Entity or Obligor, any of their respective Affiliates and any Person who may do business with or own securities of any Seller Entity or Obligor or any of their respective Affiliates as if it were not Buyer and without any duty to account therefor to the Buyer Funding Parties.

(b) Immunities and Limitations on Duties. Buyer shall not have any duties or obligations except those expressly set forth in the Transaction Agreements. Without limiting the generality of the foregoing, (i) Buyer shall not be subject to any fiduciary or other implied duties, regardless of whether an Event of Default has occurred and is continuing, (ii) Buyer shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby that Buyer is instructed in writing to exercise by the Required Buyer Funding Parties or such other number or percentage of the Buyer Funding Parties as shall be necessary under the circumstances as provided in Section 7.5, or in any case such other number or percentage of the Buyer Funding Parties as Buyer shall believe in good faith to be necessary under the applicable Transaction Agreement and (iii) except as expressly set forth in the Transaction Agreements, Buyer shall not have any duty to disclose, nor shall it be liable for the failure to disclose, any information relating to a Seller Entity or its Affiliates that is communicated to or obtained by the institution serving as Buyer or any of its Affiliates in any capacity.

(c) Reliance on Third Parties. Buyer shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing (including any electronic message, Internet or intranet website posting or other distribution) reasonably believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper Person (whether or not such Person in fact meets the requirements set forth in the Transaction Agreements for being the signatory, sender or authenticator thereof). Buyer also may rely upon any statement made to it orally or by telephone and reasonably believed by it to be made by the proper Person (whether or not such Person in fact meets the requirements set forth in the Transaction Agreements for being the signatory, sender or authenticator thereof), and shall not incur any liability for relying thereon. Buyer also may consult with legal counsel (who may be counsel for a Seller Entity), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

(d) Independent Credit Decisions. Each Buyer Funding Party acknowledges that it has, independently and without reliance upon Buyer or any other Buyer Funding Party and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Framework

Agreement. Each Buyer Funding Party also acknowledges that it will, independently and without reliance upon Buyer or any other Buyer Funding Party and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Framework Agreement or any other Transaction Agreement, any related agreement or any document furnished hereunder or thereunder.

(e)Indemnification. (a) Each Buyer Funding Party (proportionately in accordance with its respective Funding Percentage) severally agrees to indemnify Buyer (to the extent not reimbursed by the Seller Entities), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against Buyer in any way relating to or arising out of this Framework Agreement or any action taken or omitted by the Buyer under this Framework Agreement or any other Transaction Agreement; provided that (i) no Buyer Funding Party shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting or arising from Buyer's gross negligence or willful misconduct to the extent such gross negligence or willful misconduct is determined by a court of competent jurisdiction in a final and non-appealable decision, and (ii) no Buyer Funding Party shall be liable for any amount in respect of any compromise or settlement or any of the foregoing unless such compromise or settlement is approved by the Required Buyer Funding Parties. Without limitation of the generality of the foregoing, each Buyer Funding Party (proportionately in accordance with its respective Funding Percentage) agrees to reimburse Buyer, promptly upon demand, for any reasonable expenses (including reasonable counsel fees) incurred by Buyer in connection with the administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Framework Agreement or any other Transaction Agreement; provided that no Buyer Funding Party shall be responsible for the costs and expenses of Buyer in defending itself against any claim alleging the gross negligence or willful misconduct of Buyer to the extent such gross negligence or willful misconduct is determined by a court of competent jurisdiction in a final and non-appealable decision.

(f)Satisfaction of Certain Conditions. Each Buyer Funding Party, by delivering its signature page to this Framework Agreement and, if applicable, funding its initial Transaction on the Effective Date, or delivering its signature page to an assignment pursuant to which it shall become a Buyer Funding Party hereunder, shall be deemed to have acknowledged receipt of, and consented to and approved, each Transaction Agreement and each other document required to be delivered to, or be approved by or satisfactory to, Buyer or the Buyer Funding Parties on the Effective Date.

(g)Exclusive Benefit. The provisions of this Section 7.23 are solely for the benefit of Buyer and the Buyer Funding Parties, and none of the Seller Entities shall have any rights as a third party beneficiary of any such provisions.

[SIGNATURE PAGES FOLLOW]

**Buyer and Buyer Funding Party:**

Coöperatieve Rabobank U.A., New York Branch

By:  
Name:  
Title:

By:  
Name:  
Title:

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**Seller:**

Flowers Foods, Inc.

By:

Name:

Title:

---

**Originators:**

MESA ORGANIC BAKING CO., INC.

C&G HOLDINGS INC.

DAVE'S KILLER BREAD, INC.

DERST BAKING COMPANY, LLC

FLOWERS BAKING CO. OF BARDSTOWN, LLC

FLOWERS BAKING CO. OF BATESVILLE, LLC

FLOWERS BAKING CO. OF BATON ROUGE, LLC

FLOWERS BAKING CO. OF BIRMINGHAM, LLC

FLOWERS BAKING CO. OF BRADENTON, LLC

FLOWERS BAKING CO. OF CALIFORNIA, LLC

FLOWERS BAKING CO. OF DENTON, LLC

FLOWERS BAKING CO. OF DENVER, LLC

FLOWERS BAKING CO. OF EL PASO, LLC

FLOWERS BAKING CO. OF FLORIDA, LLC

FLOWERS BAKING CO. OF HENDERSON, LLC

FLOWERS BAKING CO. OF HOUSTON, LLC

FLOWERS BAKING CO. OF JACKSONVILLE, LLC

FLOWERS BAKING CO. OF JAMESTOWN, LLC

FLOWERS BAKING CO. OF LAFAYETTE, LLC

FLOWERS BAKING CO. OF LENEXA, LLC

LYNCHBURG ORGANIC BAKING CO., LLC

TUSCALOOSA ORGANIC BAKING CO., LLC

FLOWERS BAKING CO. OF VILLA RICA, LLC

FLOWERS FOODS SPECIALTY GROUP, LLC

FLOWERS SPECIALTY SNACK SALES, INC.

FRANKLIN BAKING COMPANY, LLC

HOLSUM BAKERY, INC.

LEPAGE BAKERIES PARK STREET, LLC

LEPAGE BAKERIES BRATTLEBORO, LLC

FLOWERS BAKING CO. OF LAKELAND, INC.

TASTY BAKING COMPANY

FLOWERS BAKERIES SALES OF ALABAMA, LLC

FLOWERS BAKERIES SALES OF DESERT SOUTHWEST, LLC

FLOWERS BAKERIES SALES OF FLORIDA, LLC

FLOWERS BAKERIES SALES OF GEORGIA, LLC

FLOWERS BAKERIES SALES OF LOUISIANA, LLC

FLOWERS BAKERIES SALES OF MID ATLANTIC, LLC

FLOWERS BAKERIES SALES OF MIDWEST, LLC

FLOWERS BAKERIES SALES OF NE METRO NORTH, LLC

FLOWERS BAKERIES SALES OF NE METRO SOUTH, LLC

FLOWERS BAKERIES SALES OF NEW ENGLAND, LLC

FLOWERS BAKERIES SALES OF NORCAL, LLC

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FLOWERS BAKING CO. OF MIAMI, LLC  
FLOWERS BAKING CO. OF MODESTO, LLC  
FLOWERS BAKING CO. OF MORRISTOWN, LLC  
FLOWERS BAKING CO. OF NEW ORLEANS, LLC  
FLOWERS BAKING CO. OF NORFOLK, LLC  
FLOWERS BAKING CO. OF OHIO, LLC  
FLOWERS BAKING CO. OF OXFORD, INC.  
FLOWERS BAKING CO. OF PORTLAND, LLC  
FLOWERS BAKING CO. OF SAN ANTONIO, LLC  
FLOWERS BAKING CO. OF TEXAS, LLC  
FLOWERS BAKING CO. OF THOMASVILLE, LLC

FLOWERS BAKERIES SALES OF NORTH TEXAS, LLC  
FLOWERS BAKERIES SALES OF SOCAL, LLC  
FLOWERS BAKERIES SALES OF SOUTH TEXAS, LLC  
FLOWERS BAKERIES SALES OF TENNESSEE, LLC  
TASTY BAKING SALES, LLC  
FLOWERS BAKERIES SALES, LLC  
HOLSUM HOLDINGS, LLC  
DKB ORGANIC BAKERIES, LLC  
FLOWERS BAKING CO. OF TYLER, LLC  
FLOWERS BAKERIES SALES OF UTAH, LLC

By:  
Name: J.T. Rieck  
Title: Secretary and Treasurer

Flowers Bakeries, LLC

By:  
Name: J.T. Rieck  
Title: Treasurer

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## ANNEX I

### ORIGINATORS

Mesa Organic Baking Co., Inc.	Tuscaloosa Organic Baking Co., LLC
C&G Holdings Inc.	Flowers Baking Co. of Villa Rica, LLC
Dave's Killer Bread, Inc.	Flowers Foods Specialty Group, LLC
Derst Baking Company, LLC	Flowers Specialty Snack Sales, Inc.
Flowers Baking Co. of Bardstown, LLC	Franklin Baking Company, LLC
Flowers Baking Co. of Batesville, LLC	Holsum Bakery, Inc.
Flowers Baking Co. of Baton Rouge, LLC	Lepage Bakeries Park Street, LLC
Flowers Baking Co. of Birmingham, LLC	Lepage Bakeries Brattleboro, LLC
Flowers Baking Co. of Bradenton, LLC	Flowers Baking Co. of Lakeland, Inc.
Flowers Baking Co. of California, LLC	Tasty Baking Company
Flowers Baking Co. of Denton, LLC	Flowers Bakeries Sales of Alabama, LLC
Flowers Baking Co. of Denver, LLC	Flowers Bakeries Sales of Desert Southwest, LLC
Flowers Baking Co. of El Paso, LLC	Flowers Bakeries Sales of Florida, LLC
Flowers Baking Co. of Florida, LLC	Flowers Bakeries Sales of Georgia, LLC
Flowers Baking Co. of Henderson, LLC	Flowers Bakeries Sales of Louisiana, LLC
Flowers Baking Co. of Houston, LLC	Flowers Bakeries Sales of Mid Atlantic, LLC
Flowers Baking Co. of Jacksonville, LLC	Flowers Bakeries Sales of Midwest, LLC
Flowers Baking Co. of Jamestown, LLC	Flowers Bakeries Sales of NE Metro North, LLC
Flowers Baking Co. of Lafayette, LLC	Flowers Bakeries Sales of NE Metro South, LLC
Flowers Baking Co. of Lenexa, LLC	Flowers Bakeries Sales of New England, LLC
Lynchburg Organic Baking Co., LLC	Flowers Bakeries Sales of NorCal, LLC
Flowers Baking Co. of Miami, LLC	Flowers Bakeries Sales of North Texas, LLC
Flowers Baking Co. of Modesto, LLC	Flowers Bakeries Sales of SoCal, LLC
Flowers Baking Co. of Morristown, LLC	Flowers Bakeries Sales of South Texas, LLC
Flowers Baking Co. of New Orleans, LLC	Flowers Bakeries Sales of Tennessee, LLC
Flowers Baking Co. of Norfolk, LLC	Tasty Baking Sales, LLC
Flowers Baking Co. of Ohio, LLC	Flowers Bakeries Sales, LLC
Flowers Baking Co. of Oxford, Inc.	Holsum Holdings, LLC
Flowers Baking Co. of Portland, LLC	DKB Organic Bakeries, LLC
Flowers Baking Co. of San Antonio, LLC	Flowers Baking Co. of Tyler, LLC
Flowers Baking Co. of Texas, LLC	Flowers Bakeries, LLC
Flowers Baking Co. of Thomasville, LLC	Flowers Bakeries Sales of Utah, LLC

## SCHEDULE 1

### DEFINITIONS

As used in the Transaction Agreements, the following terms have the following meanings unless otherwise defined in any Transaction Agreement:

**"Accrual Period"** has the meaning specified in Section 4.7.

**"Affected Financial Institution"** means (a) any EEA Financial Institution or (b) any UK Financial Institution.

**"Affiliate"** means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

**"Affiliated Obligor"** means any Obligor that is an Affiliate of another Obligor.

**"Alternate Base Rate"** means, as of any date of determination, a fluctuating interest rate per annum in effect from time to time, which rate per annum shall at all times be equal to the greater of:

(a) the rate of interest announced by Rabobank in New York, New York, from time to time, as Rabobank's base rate; and

(b) one percent (1.00%) per annum above the Federal Funds Rate.

If for any reason Buyer has determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Federal Funds Rate for any reason, including the inability of Buyer to obtain sufficient quotations in accordance with the terms hereof, the Alternate Base Rate shall be determined without regard to clause (b) of the first sentence of this definition until the circumstances giving rise to such inability no longer exist. Any change in the Alternate Base Rate due to a change in Rabobank's base rate or the Federal Funds Rate shall be effective on the effective date of such change in such base rate or the Federal Funds Rate, respectively.

**"Anti-Corruption Laws"** means all laws, rules, and regulations of any jurisdiction applicable to any Seller Entity concerning or relating to bribery or corruption, including, without limitation, the Foreign Corrupt Practices Act of 1977, as amended.

**"Anti-Terrorism Laws"** has the meaning specified in Section 4.01(t).

**“Attributable Debt”** means as of the date of determination thereof, without duplication, (i) in connection with a Sale and Leaseback Transaction, the net present value (discounted according to GAAP at the cost of debt implied in the lease) of the obligations of the lessee for rental payments during the then remaining term of any applicable lease, and (ii) the principal balance outstanding under any synthetic lease, tax retention operating lease, off-balance sheet loan or similar off-balance sheet financing product to which such Person is a party, where such transaction is considered borrowed money indebtedness for tax purposes but is classified as an operating lease in accordance with GAAP.

**“Available Tenor”** means, as of any date of determination and with respect to the then-current Benchmark, as applicable, (x) if such Benchmark is a term rate, any tenor for such Benchmark (or component thereof) that is or may be used for determining the length of a Transaction Period pursuant to this Framework Agreement or any other Transaction Agreement or (y) otherwise, any payment period for Price Differential calculated with reference to such Benchmark (or component thereof) that is or may be used for determining any frequency of making payments of Price Differential calculated with reference to such Benchmark, in each case, as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed pursuant to Section 4.8(d).

**“Bail-In Action”** means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

**“Bail-In Legislation”** means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

**“Bankruptcy Code”** means Title 11 of the United States Code, as amended, or any successor statute.

**“Benchmark”** means the Term SOFR Reference Rate; *provided* that if a Benchmark Transition Event has occurred with respect to the then-current Benchmark, then “Benchmark” means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to Section 4.8(a).

**“Benchmark Replacement”** means with respect to any Benchmark Transition Event, the sum of: (a) the alternate benchmark rate that has been selected by Buyer and Seller giving due consideration to (i) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement to the then-current Benchmark for Dollar-denominated repurchase facilities and (b) the related Benchmark Replacement Adjustment; *provided* that, if such Benchmark Replacement as so determined would be less than the Floor, such Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Transaction Agreements.

**“Benchmark Replacement Adjustment”** means, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement, the spread adjustment, or

method for calculating or determining such spread adjustment (which may be a positive or negative value or zero) that has been selected by Buyer and Seller giving due consideration to (a) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body on the applicable Benchmark Replacement Date or (b) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for Dollar-denominated repurchase facilities at such time in the United States.

**“Benchmark Replacement Date”** means the earliest to occur of the following events with respect to the then-current Benchmark:

(a) in the case of clause (a) or (b) of the definition of “Benchmark Transition Event”, the later of (A) the date of the public statement or publication of information referenced therein and (B) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Available Tenors of such Benchmark (or such component thereof); or

(b) in the case of clause (c) of the definition of “Benchmark Transition Event”, the first date on which such Benchmark (or the published component used in the calculation thereof) has been determined and announced by or on behalf of the administrator of such Benchmark (or such component thereof) or the regulatory supervisor for the administrator of such Benchmark (or such component thereof) to be non-representative or non-compliant with or non-aligned with the International Organization of Securities Commissions (IOSCO) Principles for Financial Benchmarks; provided that such non-representativeness, non-compliance or non-alignment will be determined by reference to the most recent statement or publication referenced in such clause (c) and even if any Available Tenor of such Benchmark (or such component thereof) continues to be provided on such date.

For the avoidance of doubt, the “Benchmark Replacement Date” will be deemed to have occurred in the case of clause (a) or (b) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

**“Benchmark Transition Event”** means the occurrence of one or more of the following events with respect to the then-current Benchmark:

(a) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely; *provided* that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);

(b) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the Federal Reserve Board, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); or

(c) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) or the regulatory supervisor for the administrator of such Benchmark (or such component thereof) announcing that all Available Tenors of such Benchmark (or such component thereof) are not, or as of a specified future date will not be, representative or in compliance with or aligned with the International Organization of Securities Commissions (IOSCO) Principles for Financial Benchmarks.

For the avoidance of doubt, a “Benchmark Transition Event” will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

“**Benchmark Transition Start Date**” means, in the case of a Benchmark Transition Event, the earlier of (a) the applicable Benchmark Replacement Date and (b) if such Benchmark Transition Event is a public statement or publication of information of a prospective event, the 90th day prior to the expected date of such event as of such public statement or publication of information (or if the expected date of such prospective event is fewer than 90 days after such statement or publication, the date of such statement or publication).

“**Benchmark Unavailability Period**” means, the period (if any) (a) beginning at the time that a Benchmark Replacement Date has occurred if, at such time, no Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Transaction Agreement in accordance with Section 4.8 and (b) ending at the time that a Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Transaction Agreement in accordance with Section 4.8.

“**Beneficial Ownership Certification**” means a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation.

“**Beneficial Ownership Regulation**” means 31 C.F.R. § 1010.230.

“**Business Day**” means a day of the year on which banks are not required or authorized by law to close in New York, New York and, if the applicable Business Day relates to any

determination of SOFR or Term SOFR or any calculations or notices by reference to SOFR, or Term SOFR, shall exclude Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

**"Buyer"** has the meaning set forth in the Preamble.

**"Buyer Balance"** means, as of any time of determination, the excess, if any, of (x) the aggregate Funded Purchase Price funded by Buyer and applied to the Purchase Price under the Master Receivables Financing Agreement over (y) the aggregate Funded Repurchase Price received by Buyer (excluding any such amounts of Funded Repurchase Price attributable to payments of Price Differential) in connection with the outstanding Transaction (if any) and all prior Transactions as of such time of determination, subject to transfer or adjustment in accordance with the terms hereof.

**"Buyer Funding Limit"** means, (a) with respect to Rabobank on the Effective Date, \$200,000,000 and (b) with respect to any Person who becomes a Buyer Funding Party by assignment from an existing Buyer Funding Party, the amount set forth in the related assignment documentation, in either case as such amount may be increased or reduced from time to time pursuant to assignments permitted hereunder.

**"Buyer Funding Party"** has the meaning set forth in the Preamble.

**"Change of Control"** means (a) any Originator shall cease to be a Wholly-Owned Subsidiary of Flowers or (b) (i) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), other than Permitted Holders, is or shall (A) be the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), of 30% or more on a fully diluted basis of the voting and/or economic interest in Flower's capital stock or other Equity Interests or (B) have obtained the power (whether or not exercised) to elect a majority of Flower's directors or (ii) the Board of Directors of Flowers shall cease to consist of a majority of Continuing Directors.

**"Code"** means the Internal Revenue Code of 1986, as amended.

**"Collateral"** has the meaning set forth in Section 4.6(a).

**"Collection Account"** means any of the accounts specified on Schedule 5 hereto (as such Schedule 5 may be updated from time to time with the written consent of Seller and Buyer) and includes any associated Lockbox; provided, Schedule 5 shall be deemed automatically updated without the written consent of Seller or Buyer upon the establishment of each deposit account for each of the New Sales Originators.

**"Collections"** means, for any Receivable as of any date, the sum of all amounts, whether in the form of wire transfer, cash, checks, drafts, or other instruments, received by or for the account of any Seller Entity or in a Collection Account in payment of, or applied to, any amount owed by an Obligor on account of such Receivable on or before such date, including (i) all amounts received on account of such Receivable and all other fees and charges, (ii) cash proceeds of Related Security with respect to such Receivable (iii) all amounts deemed to have been received by any

Seller Entity as a Collection pursuant to Section 2.03 of the Receivables Distribution Agreement, and (iv) the proceeds of a repurchase paid by an Originator pursuant to Section 2.04 of the Receivables Distribution Agreement.

**“Confidential Information”** has the meaning set forth in Section 7.20.

~~**“Confirmation”** has the meaning set forth in the Master Receivables Financing Agreement.~~

**“Conforming Changes”** means, with respect to either the use or administration of Term SOFR or the use, administration, adoption or implementation of any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of the definition of “Business Day,” the definition of “Transaction Period” or any similar or analogous definition (or the addition of a concept of “interest period”), timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, the applicability and length of lookback periods, and other technical, administrative or operational matters) that Buyer decides may be appropriate to reflect the adoption and implementation of any such rate or to permit the use and administration thereof by Buyer in a manner substantially consistent with market practice (or, if Buyer decides that adoption of any portion of such market practice is not administratively feasible or if Buyer determines) that no market practice for the administration of any such rate exists, in such other manner of administration as Buyer decides is reasonably necessary in connection with the administration of this Agreement and the other Transaction Agreements.

**“Contingent Obligation”** means, as to any Person, any obligation of such Person guaranteeing or intended to guarantee any Indebtedness, leases, dividends or other obligations (“primary obligations”) of any other Person (the “primary obligor”) in any manner, whether directly or indirectly, including, without limitation, any obligation of such Person, whether or not contingent, (a) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (b) to advance or supply funds (x) for the purchase or payment of any such primary obligation or (y) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (c) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (d) otherwise to assure or hold harmless the holder of such primary obligation against loss in respect thereof; *provided, however*, that the term Contingent Obligation shall not include (x) endorsements of instruments for deposit or collection or product warranties extended, in each case, in the ordinary course of business and (y) the guarantee by Flowers of any operating lease of any Subsidiary of Flowers. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which such Contingent Obligation is made (or, if less, the maximum amount of such primary obligation for which such Person may be liable pursuant to the terms of the instrument evidencing such Contingent Obligation) or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder) as determined by such Person in good faith.

**“Continuing Directors”** means the directors of Flowers on the Effective Date and each other director if such director’s nomination for election to the board of directors of Flowers is recommended by a majority of the then Continuing Directors or is recommended by a committee of such board of directors a majority of which is composed of the then Continuing Directors.

**“Contract”** means, with respect to a Receivable, any written agreements, invoices, contracts or understandings between the applicable Originator and an Obligor pursuant to which the Receivable arises or is evidenced and under which the Obligor thereof is obligated to pay the Receivable to the applicable Originator.

**“Control”** means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise, and the terms “Controlling” and “Controlled” has meanings correlative thereto.

**“Control Agreement”** means each Existing Control Agreement (as may be terminated or replaced in accordance with Section 5.4(a)(iv)) and any other agreement in form and substance reasonably satisfactory to Buyer with respect to one or more Collection Accounts.

**“Credit and Collection Policy”** means each of the credit, collection, enforcement and other policies and practices of the Seller Parties relating to Receivables existing on the date hereof, copies of which have previously been delivered to Buyer and each Buyer Funding Party.

**“Defaulted Receivable”** means a Receivable (a) as to which the Obligor has suffered an Insolvency Event, (b) which, consistent with the Credit and Collection Policy, would be written off as uncollectible or (c) as to which any payment, or part thereof, becomes unpaid for more than eight (8) weeks past its original invoice date (determined without regard to any modification thereof).

**“Diligence Audit”** has the meaning specified in Section 5.3.

**“Dispute”** means any dispute, deduction, claim, offset, defense, counterclaim, or right of set-off, including any dispute relating to goods, purchased or leased equipment, leased real or personal property, or services already paid for.

**“Disqualified Preferred Stock”** means any Equity Interest that by its terms (or by the terms of any security or other Equity Interest into which it is convertible or for which it is exchangeable), or upon the happening of any event or condition, (a) matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, (b) is redeemable at the option of the holder thereof, in whole or in part, (c) provides for scheduled payments of dividends in cash or (d) is or becomes convertible into or exchangeable for Indebtedness or any other Equity Interest that would constitute Disqualified Preferred Stock, in each case, on or prior to the 91st day following the Maturity Date; *provided* that (i) any Equity Interests that would constitute Disqualified Preferred Stock solely because the holders thereof have the right to require Flowers to repurchase such Disqualified Preferred Stock upon the occurrence of a change of control or asset sale shall not constitute Disqualified Preferred Stock if the terms of such Equity Interests (and all securities into which they are convertible or for which they are exchangeable) provide that Flowers may not repurchase or redeem any such Equity Interests (and all securities into which they are convertible



or for which they are exchangeable) pursuant to such provision unless the obligations (other than contingent indemnification claims) of Flowers and its Subsidiaries under the Flowers Credit Agreement are fully satisfied prior thereto or simultaneously therewith and (ii) only the portion of the Equity Interests meeting one of the foregoing clauses (a) through (d) prior to the date that is ninety-one (91) days after the Maturity Date will be deemed to be Disqualified Preferred Stock. Notwithstanding the preceding sentence, (A) if such Equity Interest is issued pursuant to any plan for the benefit of directors, officers, employees, members of management, managers or consultants or by any such plan to such directors, officers, employees, members of management, managers or consultants, in each case in the ordinary course of business of Flowers or any Subsidiary, such Equity Interest shall not constitute Disqualified Preferred Stock solely because it may be required to be repurchased by the issuer thereof in order to satisfy applicable statutory or regulatory obligations, and (B) no Equity Interest held by any future, present or former employee, director, officer, manager, member of management or consultant (or their respective Affiliates or immediate family members) of Flowers (or any Subsidiary) shall be considered Disqualified Preferred Stock because such stock is redeemable or subject to repurchase pursuant to any management equity subscription agreement, stock option, stock appreciation right or other stock award agreement, stock ownership plan, put agreement, stockholder agreement or similar agreement that may be in effect from time to time.

**“Distributor Receivable”** mean a Receivable the Obligor of which is a wholesale distributor of an Originator’s goods.

**“Domestic Subsidiary”** means each Subsidiary of Flowers that is incorporated under the laws of the United States, any State or territory thereof or the District of Columbia.

**“EEA Financial Institution”** means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

**“EEA Member Country”** means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

**“EEA Resolution Authority”** means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any EEA Financial Institution.

**“Effective Date”** has the meaning set forth in the Preamble.

**“Eligibility Criteria”** means the criteria set forth in Schedule 3.

**“Eligible Receivable”** means, for purposes of any Transaction, a Receivable that meets all of the Eligibility Criteria in connection with such Transaction.

**“Equity Interest”** of any Person means any and all shares, interests, non-contingent rights to purchase, warrants, options, participations or other equivalents of or interest in (however

designated) equity of such Person, including, without limitation, any common stock, preferred stock, any limited or general partnership interest and any limited liability company membership interest.

**"ERISA"** means the Employee Retirement Income Security Act of 1974, as amended from time to time.

**"ERISA Affiliate"** means each person (as defined in Section 3(9) of ERISA) which together with any Seller Entity or any Subsidiary of a Seller Entity would be deemed to be a "single employer" within the meaning of Section 414(b), (c), (m) or (o) of the Code.

**"EU Bail-In Legislation Schedule"** means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

**"Event of Default"** means any of the following:

(a) Seller shall have failed to pay any Repurchase Price in respect of any Transaction (other than the portion thereof attributable to Price Differential) when and as the same shall become due and payable and such failure shall continue unremedied for a period of one or more Business Days;

(b) Seller shall have failed to pay any portion of Repurchase Price attributable to Price Differential or any other amounts owing under any Transaction Agreement (other than amounts specified in clause (a) of this definition), in each case, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of two (2) or more Business Days;

(c) Any Seller Entity shall fail to observe or perform any covenant or agreement set forth in Sections 5.3(a), 5.3(m), 5.3(o), 5.3(s), or 5.3(u) of this Framework Agreement.

(d) Any Seller Entity shall fail to observe or perform any covenant, condition or agreement contained in this Framework Agreement or any other Transaction Agreement (excluding any covenants, conditions or agreements specified in clauses (a), (b) or (c) of this definition) and such failure shall continue unremedied for a period of thirty (30) or more days following the earlier of knowledge of by a Responsible Officer or notice to Seller of such failure;

(e) any representation or warranty made or deemed made by or on behalf of any Seller Entity in or in connection with this Framework Agreement or any other Transaction Agreement shall prove to have been incorrect in any material respect when made or deemed made, and such failure to be correct shall continue unremedied for a period of thirty (30) or more days, unless such representation or warranty relates solely to one or more specific Receivables and any Seller Entity makes a deemed collection payment with respect to such Pool Receivable when and to the extent required by the Transaction Agreements;

(f) Buyer shall cease to have a perfected Security Interest in all or any portion of the Collateral granted by Seller Entities pursuant to the Transaction Agreements and such cessation shall have a Material Adverse Effect, except to the extent released in accordance with, or in connection with a disposition permitted under, the Transaction Agreements;

(g) an Insolvency Event shall occur with respect to any Seller Entity;

(h) (i) Flowers or any of its Subsidiaries shall default in any payment of any Indebtedness (other than the Repurchase Prices) beyond the period of grace or cure, if any, provided in the instrument or agreement under which such Indebtedness was created; or (ii) Flowers or any of its Subsidiaries shall default in the observance or performance of any agreement or condition relating to any Indebtedness (other than the Repurchase Prices and a default specified under clause (m)) or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause (after giving effect to any grace or cure period, but determined without regard to whether any notice is required), any such Indebtedness to become due or, in the case of a Permitted Securitization (as defined in the Flowers Credit Agreement), terminating (except voluntary terminations by Flowers or any of its Subsidiaries), prior to its stated maturity; or (iii) any Indebtedness (other than the Repurchase Prices) of Flowers or any of its Subsidiaries shall be declared to be due and payable, or required to be prepaid (other than (x) by a regularly scheduled required prepayment or (y) as a mandatory prepayment (unless such required prepayment or mandatory prepayment results from a default thereunder or an event of the type that constitutes an Event of Default)) or, in the case of a Permitted Securitization, shall be terminated (except voluntary terminations by Flowers or any of its Subsidiaries), prior to the stated maturity thereof, *provided* that it shall not be an Event of Default under this clause (h) unless the aggregate principal amount of all Indebtedness as described in preceding clauses (i) through (iii), inclusive, is at least \$75,000,000 or if any such default shall have been waived in writing by the holder or holders of such Indebtedness;

(i) one or more judgments or decrees shall be entered against Flowers or any other Seller Entity involving in the aggregate for Flowers and the other Seller Entities a liability (not paid or fully covered by a reputable and solvent insurance company) and such judgments and decrees either shall be final and non-appealable or shall not be vacated, discharged or stayed or bonded pending appeal for any period of 60 consecutive days, and the aggregate amount of all such judgments exceeds \$75,000,000;

(j) an ERISA Event shall have occurred that, when taken together with all other ERISA Events that have occurred, could reasonably be expected to result in a Material Adverse Effect or in the imposition of a Lien on any assets of any Seller Entity or ERISA Affiliate under Sections 436(f) or 430(k) of the Code or under Section 4068 of ERISA;

(k) the Master Receivables Financing Agreement or, after the Post-Closing Effective Date, the Control Agreements shall cease to be in full force and effect (except to the extent such agreement is terminated in accordance with its terms), or the validity or enforceability of any thereof shall be disputed by any Seller Entity;

(l) the occurrence of a Change of Control;

(m) the Flowers Credit Agreement Financial Covenant shall at any time be breached; provided, if, after the Effective Date, the Flowers Credit Agreement Financial Covenant (or any of the defined terms used in connection with such covenant) is amended, amended and restated, modified or waived, then the test set forth in this clause (m) or the defined terms used therein, as applicable, shall, for all purposes of this Framework Agreement, automatically and without further action on the part of any Person, be deemed to be also so amended, modified or waived, if at the time of the effectiveness of such amendment, amendment and restatement, modification or waiver, (i) Rabobank (or an Affiliate thereof) is a party to the Flowers Credit Agreement and (ii) Rabobank (or an Affiliate thereof) consented in writing to such amendment, amendment and restatement, modification or waiver under the Flowers Credit Agreement.

**“Exchange Act”** means the Securities Exchange Act of 1934, as amended.

**“Excluded Originator”** has the meaning specified in Section 7.19.

**“Excluded Receivable”** means (a) any Distributor Receivable and (b) with respect to any Excluded Originator, any indebtedness of an Obligor to such Excluded Originator otherwise constituting a Receivable that is originated by such Excluded Originator on or after its Exclusion Effective Date.

**“Exclusion Effective Date”** has the meaning specified in Section 7.19.

**“Executive Order”** has the meaning specified in Section 5.1.

**“Existing Control Agreement”** means (a) that certain Restricted Non-Blocked Account Agreement, dated as of July 16, 2013; among Derst Baking Company, LLC, SunTrust Bank (the “SunTrust Depository Bank”) and Rabobank; (b) that certain Deposit Account Control Agreement, dated as of July 17, 2013, among Flowers Foods Specialty Group, LLC, SunTrust Depository Bank and Rabobank and (c) that certain Restricted Non-Blocked Account Agreement, dated as of July 16, 2013, among Flowers Bakeries LLC, Flowers Baking Co of New Orleans, LLC, Flowers Baking Co of Thomasville, LLC, Flowers Baking Co of Batesville, LLC, Flowers Baking Co of Denton, LLC, Flowers Baking Co of El Paso, LLC, Flowers Baking Co of Houston, LLC, Flowers Baking Co of San Antonio, LLC, Flowers Baking Co of Tyler, LLC, Flowers Baking Co of Villa Rica, LLC, Holsum Bakery Inc., Bank of America, N.A. and Rabobank as amended by Amendment No. 1 dated October 9, 2018.

**“Face Amount”** means, with respect to any Receivable at any given time, the gross amount (if any) outstanding in respect of such Receivable at such time.

**“Facility Expiration Date”** means the Scheduled Facility Expiration Date; provided, that (i) the Facility Expiration Date shall be deemed to have occurred on the first date (if any) upon which an Insolvency Event shall occur with respect to any Seller Entity, (ii) on any Business Day during which an Event of Default has occurred and is continuing, Buyer may deliver a written notice to Seller terminating the Facility Term, in which case the Facility Expiration Date shall be deemed to occur on the date of such delivery and (iii) on any Business Day during the Facility Term, Seller may deliver a written notice to the Buyer terminating the Facility Term effective as of the first Settlement Date to occur that is at least three (3) Business Days following the date of such delivery.

**“Facility Term”** means the period beginning on the Effective Date and ending on the Facility Expiration Date.

**“Federal Funds Rate”** means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for such day for such transactions received by the Buyer from three federal funds brokers of recognized standing selected by it.

**“Fee Letter”** means the fee letter agreement dated as of the date hereof between the Seller and the Buyer.

**“Fiscal Period”** means, for each calendar year, the relevant four week period specified on Schedule 6, as such Schedule may be amended from time to time by the Seller, with the consent of the Buyer, which consent shall not be unreasonably withheld, to reflect comparable fiscal periods of the Seller Entities.

**“Floor”** means 0.00%.

**“Flowers Credit Agreement”** means the Credit Agreement, dated as of October 24, 2003 and amended and restated as of October 29, 2004, as further amended and restated as of June 6, 2006 and as further amended and restated as of May 20, 2011 and as further amended by First Amendment to Amended and Restated Credit Agreement, dated as of November 16, 2012, Second Amendment to Amended and Restated Credit Agreement, dated as of April 5, 2013, Third Amendment to Amended and Restated Credit Agreement, dated as of February 14, 2014, Fourth Amendment to Amended and Restated Credit Agreement, dated as of April 21, 2015, Fifth Amendment to Amended and Restated Credit Agreement, dated as of April 19, 2016, Sixth Amendment to Amended and Restated Credit Agreement, dated as of November 29, 2017, Seventh Amendment to Amended and Restated Credit Agreement, dated as of July 30, 2021 and as amended by Eighth Amendment to Amended and Restated Credit Agreement, dated as of April 12, 2023, among Flowers, the Lenders party thereto from time to time, Rabobank, Branch Banking and Trust Company and Regions Bank, as co-documentation agents, Bank of America, N.A., as syndication agent, and Deutsche Bank AG New York Branch, as administrative agent, as the same may be amended, restated, supplemented or otherwise modified from time to time.

**"Flowers Credit Agreement Financial Covenant"** means the financial covenants set forth in Sections 10.07 and 10.08 of the Flowers Credit Agreement as in effect on the Effective Date and without giving effect to any amendment, restatement, supplement, modification, waiver or termination thereof (unless otherwise agreed to in writing by the Required Buyer Funding Parties in their sole discretion), i.e., the covenants that the "Consolidated Interest Coverage Ratio" on the last day of any fiscal quarter of Flowers may not be less than 4.50 to 1.00 and that the "Leverage Ratio" on the last day of any fiscal quarter of Flowers may not be greater than 3.75 to 1.00 (or, in certain circumstances set forth in the Flowers Credit Agreement, greater than 4.00 to 1.00).

**"Foreign Official"** has the meaning set forth in Section 5.1(p).

**"Foreign Subsidiary"** means, as to any Person, each Subsidiary of such Person which is not a Domestic Subsidiary.

**"Framework Agreement"** has the meaning set forth in the Preamble.

**"Funded Purchase Price"** means, with respect to any Transaction entered into (or proposed to be entered into) on any Purchase Date, the excess of (a) the Purchase Price for such Transaction over (b) the amount of Repurchase Price under any Transaction whose Repurchase Date coincides with such Purchase Date which is netted against such Purchase Price in accordance with Paragraph 12 of the Master Receivables Financing Agreement (any such netting being subject to Paragraph 12 of Annex I to the Master Receivables Financing Agreement).

**"Funded Repurchase Price"** means, with respect to any Transaction expiring on any Repurchase Date, the excess of (a) the Repurchase Price for such Transaction over (b) the amount of any Purchase Price under any other Transaction whose Purchase Date coincides with such Repurchase Date which is netted against such Repurchase Price in accordance with Paragraph 12 of the Master Receivables Financing Agreement (any such netting being subject to Paragraph 12 of Annex I to the Master Receivables Financing Agreement).

**"Funding Conditions"** has the meaning set forth in Section 4.3(a).

**"Funding Limit"** means \$200,000,000.

**"Funding Percentage"** means, with respect to any Buyer Funding Party, its Buyer Funding Limit as a percentage of the Funding Limit.

**"GAAP"** means generally accepted accounting principles as applied in the United States as in effect from time to time.

**"Governmental Authority"** means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, stock exchange, regulatory body, securities commission, bureau, board, court, central bank, Person or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

**“Guarantee”** of or by any Person (the “guarantor”) means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the “primary obligor”) in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or obligation; *provided*, that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business.

**“Indebtedness”** means, with respect to any Person, without duplication, (i) all indebtedness (including principal, interest, fees and charges) of such Person for borrowed money or for the deferred purchase price of property or services, (ii) the maximum amount available to be drawn under all letters of credit issued for the account of such Person and all unpaid drawings in respect of such letters of credit, (iii) all Indebtedness of the types described in clause (i), (ii), (iv), (v), (vi) or (vii) of this definition secured by any Lien on any property owned by such Person, whether or not such Indebtedness has been assumed by such Person; *provided* that, if such Person has not assumed such obligations, then the amount of Indebtedness of such Person for purposes of this clause (iii) shall be equal to the lesser of the aggregate unpaid amount of such Indebtedness and the fair market value of the assets of such Person which secure such Indebtedness, (iv) the aggregate amount required to be capitalized under leases under which such Person is the lessee, (v) all obligations of such person to pay a specified purchase price for goods or services, whether or not delivered or accepted, i.e., take-or-pay and similar obligations, (vi) all Contingent Obligations of such Person in respect of Indebtedness of another Person, (vii) all obligations under any Interest Rate Protection Agreement, Other Hedging Agreement or under any similar type of agreement, (viii) all Attributable Debt of such Person, (ix) the amount of any Permitted Repurchase Facilities and Permitted Securitizations of such Person, and (x) the greater of the aggregate liquidation value or the maximum fixed repurchase price of all Disqualified Preferred Stock, *provided* that, notwithstanding the foregoing, (x) Indebtedness outstanding (a) pursuant to trade payables and accrued expenses incurred in the ordinary course of business and earn outs and other similar contingent payments, and (b) under leases shall continue to be classified and accounted for on a basis consistent with that reflected in the audited financial statements of Flowers delivered pursuant to Section 5.1(j) for all purposes notwithstanding any change in GAAP relating thereto and (y) liabilities presented on the balance sheet of Flowers or any Subsidiary shall not constitute Indebtedness to the extent attributable to, or arising because of, a VIE Transaction not prohibited hereunder.

**“Indemnified Parties”** means the Buyer, the Buyer Funding Parties and their respective Affiliates and successors and assigns and their respective officers, directors, managers, managing members, partners, employees, agents, advisors and representatives.

**“Insolvency Event”** means, with respect to any Person, the filing by such Person of a notice of intention to make a proposal under applicable insolvency legislation to some or all of its

creditors; or the commencement or filing of a petition, notice or application by or against such Person of any proceedings to adjudicate it a bankrupt or insolvent or seeking liquidation, winding-up, reorganization, arrangement, adjustment, protection, relief or composition of it or its debts under any law of any jurisdiction relating to the dissolution, liquidation or winding-up, bankruptcy, insolvency, reorganization of insolvent debtors, arrangement of insolvent debtors, readjustment of debt or moratorium of debts, or to obtain an order for relief by the appointment of a receiver, receiver manager, administrator, inspector, liquidator or trustee or other similar official for it or for any substantial part of its property and, if any such proceeding has been instituted against such Person, either (i) such proceeding has not been stayed or dismissed within 60 days or any of the actions sought in such proceeding (including the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official) are granted in whole or in part; or (ii) such Person has authorized, consented to, approved of or acquiesced in, or such Person has performed any act, or omitted to perform any act, that authorizes or indicates its consent to, approval of or acquiescence in, any such proceeding.

**"Interest Rate Protection Agreement"** means any interest rate swap agreement, interest rate cap agreement, interest collar agreement, interest rate hedging agreement, interest rate floor agreement or other similar agreement or arrangement.

**"Joinder Agreement"** means a joinder agreement in the form of Exhibit B hereto.

**"Law"** means, in respect of any Person, all provisions of constitutions, statutes, rules, regulations, and orders of Governmental Authorities applicable to such Person, and all orders and decrees of all courts and arbitrators in proceedings or actions to which the Person in question is a party or by which it is bound.

**"Lien"** means any mortgage, pledge, hypothecation, assignment, encumbrance, lien (statutory or other), preference, priority or other security arrangement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement, any financing or similar statement or notice filed under the UCC or any other similar recording or notice statute, and any lease having substantially the same effect as any of the foregoing).

**"Lockbox"** means a post office box or other mailing location maintained by a Lockbox Bank pursuant to a Lockbox Agreement for the purpose of receiving payments made by the Obligor for subsequent deposit into a Collection Account.

**"Lockbox Agreement"** means the agreement, if any, that governs the operation of a Lockbox which is in compliance with this agreement and which is in form and substance reasonably satisfactory to the Buyer.

**"Lockbox Bank"** means one or more banks as to which the Buyer and the Seller may agree upon from time to time.

**"Market Value"** means, with respect to any Eligible Receivable as of any date of determination, the product of (x) the Face Amount of such Eligible Receivable as of such date of determination multiplied by (y) ninety percent (90%).



**“Master Receivables Financing Agreement”** means that certain 1996 SIFMA Master Repurchase Agreement dated as of the Effective Date, between Seller and Buyer, including Annex I thereto (and as amended thereby).

**“Material Adverse Effect”** means (a) a material adverse effect on (i) the business, assets, operations or financial condition of the Seller Entities considered as a consolidated group, (ii) the ability of any Seller Entity to perform its obligations under this Framework Agreement or any other Transaction Agreement to which it is a party, (iii) the validity, enforceability or collectability of this Framework Agreement or any other Transaction Agreement or the validity, enforceability or collectability of a material portion of the Receivables or other Collateral taken as a whole, (iv) the rights and remedies of the Buyer under this Agreement or any other Transaction Agreement or (v) the status, existence, perfection, priority or enforceability of the Buyer’s interest in the Collateral, or (b) any event or condition which constitutes an Event of Default or results in the imposition of any Lien (other than the Lien in favor of the Buyer pursuant hereto or Permitted Liens) on 1.00% or more of the aggregate Face Amount of the Eligible Receivables.

**“Maturity Date”** means the “Maturity Date” set forth in the Flowers Credit Agreement.

**“Multiemployer Plan”** shall mean a multiemployer plan as defined in Section 4001(a)(3) of ERISA, which is maintained or contributed to by (or to which there is an obligation to contribute of) any Seller Entity or any Subsidiary of a Seller Entity or an ERISA Affiliate and each such plan for the five year period immediately following the latest date on which any Seller Entity, any Subsidiary of a Seller Entity or any ERISA Affiliates maintained, contributed to or had an obligation to contribute to such plan.

**“New Sales Originators”** means Flowers Bakeries Sales of Alabama, LLC, an Alabama limited liability company, Flowers Bakeries Sales of Desert Southwest, LLC, an Arizona limited liability company, Flowers Bakeries Sales of Florida, LLC, a Florida limited liability company, Flowers Bakeries Sales of Georgia, LLC, a Georgia limited liability company, Flowers Bakeries Sales of Louisiana, LLC, a Louisiana limited liability company, Flowers Bakeries Sales of Mid Atlantic, LLC, a North Carolina limited liability company, Flowers Bakeries Sales of Midwest, LLC, an Ohio limited liability company, Flowers Bakeries Sales of NE Metro North, LLC, a New Jersey limited liability company, Flowers Bakeries Sales of NE Metro South, LLC, a Pennsylvania limited liability company, Flowers Bakeries Sales of New England, LLC, a Maine limited liability company, Flowers Bakeries Sales of NorCal, LLC, a California limited liability company, Flowers Bakeries Sales of North Texas, LLC, a Texas limited liability company, Flowers Bakeries Sales of SoCal, LLC, a Nevada limited liability company, Flowers Bakeries Sales of South Texas, LLC, a Texas limited liability company, Flowers Bakeries Sales of Tennessee, LLC, a Tennessee limited liability company, Flowers Bakeries Sales of Utah, LLC, a Utah limited liability company and Tasty Baking Sales, LLC, a Pennsylvania limited liability company.

**“Obligor”** means with respect to any Receivable, the Person or Persons obligated to make payments with respect to such Receivable.

**“OFAC”** means the U.S. Department of the Treasury’s Office of Foreign Assets Control.

**“Organizational Documents”** means a Party’s articles or certificate of incorporation or formation and its by-laws, operating agreement or similar governing instruments required by the laws of its jurisdiction of formation or organization.

**“Originator”** has the meaning set forth in the Preamble.

**“Other Hedging Agreements”** means any foreign exchange contracts, currency swap agreements or other similar agreements or arrangements designed to protect against the fluctuations in currency or commodity values.

**“Party”** and **“Parties”** have the meaning set forth in the Preamble.

**“PATRIOT Act”** means the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)).

**“PBGC”** means the Pension Benefit Guaranty Corporation established pursuant to Section 4002 of ERISA, or any successor thereto.

**“Permitted Holders”** means the descendants of William H. Flowers, Sr. and members of their immediate families.

**“Permitted Liens”** means (a) any Security Interest in the Collateral granted by a Seller in favor of Buyer under any Transaction Agreement, (b) any inchoate liens for current Taxes not yet due and payable or for which the validity or amount thereof is being contested in good faith by appropriate proceedings and as to which adequate reserves are set aside in accordance with GAAP, but only so long as foreclosure with respect to such lien is not imminent and the use and value of the property to which the liens attach are not impaired during the pendency of such proceedings and (c) bankers’ liens, rights of setoff and other similar liens existing solely with respect to cash or instruments on deposit in a Collection Account.

**“Permitted Repurchase Facility”** has the meaning set forth in the Flowers Credit Agreement.

**“Permitted Securitization”** has the meaning set forth in the Flowers Credit Agreement.

**“Person”** means an individual, corporation, partnership, joint venture, limited liability company, Governmental Authority, unincorporated organization, trust, association, or other entity.

**“Plan”** means any single-employer plan, as defined in Section 4001 of ERISA, which is maintained or contributed to by (or to which there is an obligation to contribute of), any Seller Entity or any Subsidiary of a Seller Entity or an ERISA Affiliate and each such plan for the five year period immediately following the latest date on which any Seller Entity, any Subsidiary of a Seller Entity or an ERISA Affiliate maintained, contributed or had an obligation to contribute to such plan.

**"Portfolio Report"** means a report ~~updated and delivered on the date that is two (2) Business Days prior to any proposed Purchase Date for such proposed Transaction with respect to the Receivables~~ in substantially the form attached hereto as Schedule 4.

**"Post-Closing Effective Date"** means the date occurring one-hundred and twenty (120) days following the Effective Date (or such later date, if any, consented to in writing by the Required Buyer Funding Parties in their sole discretion).

**"Potential Event of Default"** means the occurrence of any event that, with the giving of notice or lapse of time, would become an Event of Default.

**"Price Differential"** has the meaning set forth in the Master Receivables Financing Agreement.

**"Pricing Rate"** has the meaning set forth in the Master Receivables Financing Agreement.

**"Pricing Schedule"** has the meaning set forth in the Master Receivables Financing Agreement.

**"Purchase Date"** has the meaning set forth in the Master Receivables Financing Agreement.

**"Purchase Price"** has the meaning set forth in the Master Receivables Financing Agreement.

**"Purchased Securities"** has the meaning set forth in the Master Receivables Financing Agreement.

**"Rabobank"** has the meaning set forth in the Preamble.

**"Rate Setting Notice"** has the meaning set forth in Section 4.1(c).

**"Receivable"** means, collectively, all indebtedness owed to the applicable Originator by any Obligor (without giving effect to any purchase or distribution under the Receivables Distribution Agreement or any other Transaction Agreement), whether or not constituting an account, a payment intangible or a general intangible and whether or not evidenced by chattel paper or an instrument, whether now existing or hereafter arising and wherever located, arising in connection with the sale of goods by the applicable Originator to an Obligor under an invoice between the applicable Originator and such Obligor, all monies due or to become due under such indebtedness, and including the right to payment of any other obligations of such Obligor with respect thereto. Notwithstanding the foregoing, the term "Receivable" shall not include Excluded Receivables.

**"Receivables Distribution Agreement"** means the Receivables Sale and Distribution Agreement dated as of the date hereof among the Seller and the Originators from time to time party thereto.

**"Records"** means correspondence, memoranda, computer programs, tapes, discs, papers, books or other documents or transcribed information of any type whether expressed in ordinary or machine readable language.

**"Related Contract Rights"** means, in relation to any Receivable, any rights of Originator under or relating to the Contract to the extent necessary to enforce collection of the Receivable.

**"Related Parties"** means, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents, sub-agents, trustees and advisors of such Person and of such Person's Affiliates.

**"Related Security"** means, with respect to any Receivable:

(a) all of the applicable Originator's interest, if any, in the goods (including returned goods), the sale of which by the applicable Originator gave rise to such Receivable;

(b) all other security interests or Liens and property subject thereto from time to time, if any, purporting to secure payment of such Receivable, together with all financing statements signed or authorized by an Obligor describing any collateral securing such Receivable;

(c) all guarantees, indemnities, letters of credit, letter of credit rights, insurance or other agreements or arrangements of any kind from time to time supporting or securing payment of such Receivable;

(d) all Records relating to, and all service contracts and any other contracts associated with, such Receivable; and

(e) all proceeds of the foregoing.

**"Relevant Governmental Body"** means the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or any successor thereto.

**"Repurchase Date"** has the meaning set forth in the Master Receivables Financing Agreement.

**"Repurchase Price"** has the meaning set forth in the Master Receivables Financing Agreement.

**"Required Buyer Funding Parties"** means Buyer Funding Parties holding Funding Percentages aggregating more than 50%.

**"Resolution Authority"** means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

**“Responsible Officer”** means, as to any Person, the Chairman, Chief Executive Officer, President, Chief Financial Officer, Treasurer, Controller or an Executive or Senior Vice President of such Person.

**“Return”** means any federal, state, foreign and other material return, statement, form or report for Taxes required to be filed with any Governmental Authority.

**“Sale and Leaseback Transaction”** means any arrangement, directly or indirectly, whereby a Seller Entity or transferor shall sell or otherwise transfer any real or personal property and then or thereafter lease, or repurchase under an extended purchase contract, conditional sales or other title retention agreement, the same or similar property.

**“Sanctioned Country”** means, at any time, a country, region or territory which is itself the subject or target of any Sanctions.

**“Sanctioned Person”** shall mean, at any time, (a) any Person listed in any Sanctions-related list of designated or blocked Persons maintained by OFAC, the U.S. Department of State, or by the United Nations Security Council, the European Union or His Majesty’s Treasury of the United Kingdom, (b) any Person organized or resident in a Sanctioned Country if doing business with such Person would be in violation of any applicable Sanctions law required to be observed or (c) any Person owned or controlled by any such Person referred to in preceding clauses (a) or (b).

**“Sanctions”** means all economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by OFAC or the U.S. Department of State or (b) the United Nations Security Council, the European Union or His Majesty’s Treasury of the United Kingdom.

**“Scheduled Facility Expiration Date”** means April 14, ~~2025~~2026.

**“Secured Obligations”** means (a) all of the payment obligations of the Originators and the Seller to Buyer, Buyer Funding Parties and any Indemnified Party under the Transaction Agreements, including obligations to pay any Repurchase Price, Price Differential, fees, expense reimbursement obligations and indemnification obligations, whether primary, secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) and (b) all other obligations of Originators and Seller required to be performed under or pursuant to the Transaction Agreements.

**“Security Interest”** means any pledge, charge, lien, assignment by way of security, retention of title and any other encumbrance or security interest whatsoever created or arising under any relevant Law, as well as any other agreement or arrangement having the effect of or performing the economic function of the same.

**“Seller”** has the meaning set forth in the Preamble.

**“Seller Entity”** means each of the Originators and the Seller.

**"Settlement Date"** means, with respect to each Fiscal Period, the ~~17th~~<sup>18th</sup> day following the last day of such Fiscal Period (or, if such day is not a Business Day, the next succeeding Business Day).

**"SOFR"** means a rate equal to the secured overnight financing rate as administered by the SOFR Administrator.

**"SOFR Administrator"** means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

**"Solvent"** means, with respect to any Person at any time, that (a) the fair value of the property of such Person is greater than the total amount of liabilities (including without limitation contingent liabilities) of such Person, (b) the present fair saleable value of the property of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature, and (d) such Person is not engaged in a business and is not about to engage in a business for which such Person's property would constitute an unreasonably small capital.

**"Specified Event of Default"** means the any of the following:

(a) an Event of Default of the kind specified in clause (a) or (b) of the definition thereof shall have occurred and be continuing; or

(b) an Insolvency Event shall occur with respect to any Seller Entity.

**"Subsidiary"** means, as to any Person, (a) any corporation more than 50% of whose stock of any class or classes having by the terms thereof ordinary voting power to elect a majority of the directors of such corporation (irrespective of whether or not at the time stock of any class or classes of such corporation has or might have voting power by reason of the happening of any contingency) is at the time owned by such Person and/or one or more Subsidiaries of such Person and (b) any partnership, association, joint venture or other entity in which such Person and/or one or more Subsidiaries of such Person has more than a 50% Equity Interest at the time.

**"Taxes"** means all taxes, assessments, charges, duties, fees, levies or other governmental charges imposed by any Governmental Authority, including, without limitation, all federal, state, local, foreign and other income, franchise, profits, capital gains, capital stock, transfer, sales, use, occupation, property, excise, severance, windfall profits, stamp, license, payroll, withholding and other taxes, assessments, charges, duties, fees, levies or other governmental charges of any kind whatsoever (whether payable directly or by withholding and whether or not requiring the filing of a Return), all estimated taxes, deficiency assessments, additions to tax, penalties and interest and shall include any liability for such amounts as a result either of being a member of a combined, consolidated, unitary or affiliated group or of a contractual obligation to indemnify any person or other entity.

**"Term SOFR"** means, with respect to any Transaction Period, the Term SOFR Reference Rate for a tenor comparable to the applicable Transaction Period on the day (such day, the **"Periodic Term SOFR Determination Day"**) that is two (2) U.S. Government Securities Business

Days prior to the first day of such Transaction Period, as such rate is published by the Term SOFR Administrator; *provided*, however, that if as of 5:00 p.m. (New York City time) on any Periodic Term SOFR Determination Day the Term SOFR Reference Rate for the applicable tenor has not been published by the Term SOFR Administrator and a Benchmark Replacement Date with respect to the Term SOFR Reference Rate has not occurred, then Term SOFR will be the Term SOFR Reference Rate for such tenor as published by the Term SOFR Administrator on the first preceding U.S. Government Securities Business Day for which such Term SOFR Reference Rate for such tenor was published by the Term SOFR Administrator so long as such first preceding U.S. Government Securities Business Day is not more than three (3) U.S. Government Securities Business Days prior to such Periodic Term SOFR Determination Day.

**“Term SOFR Administrator”** means CME Group Benchmark Administration Limited (CBA) (or a successor administrator of the Term SOFR Reference Rate selected by the Buyer in its reasonable discretion).

**“Term SOFR Reference Rate”** means the forward-looking term rate based on SOFR.

**“Transaction”** has the meaning set forth in the Master Receivables Financing Agreement.

**“Transaction Agreements”** has the meaning set forth in Section 2.1.

**“Transaction Notice”** has the meaning set forth in Section 4.1(a).

**“UCC”** means, with respect to any United States or foreign jurisdiction, the Uniform Commercial Code or any comparable law in effect in such jurisdiction.

**“UK Financial Institution”** means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

**“UK Resolution Authority”** means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

**“Unadjusted Benchmark Replacement”** means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

**“Unused Fee”** has the meaning specified in Section 3.2.

**“Unused Fee Rate”** has the meaning specified in the Fee Letter.

**“Upfront Fee”** has the meaning specified in Section 4.7.

**“U.S. Government Securities Business Day”** means any day except for (a) a Saturday, (b) a Sunday or (c) a day on which the Securities Industry and Financial Markets Association

recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities.

**“VIE Transaction”** means a transaction between Flowers or any Subsidiary and a Person where such Person is, because of the nature of such transaction and the relationship of the parties, a variable interest entity under FIN 46(r).

**“Wholly-Owned Subsidiary”** means, means, as to any Person, (a) any corporation 100% of whose capital stock (other than director’s qualifying shares and shares of a Foreign Subsidiary required to be held by a citizen or resident of the jurisdiction of organization thereof) is at the time owned by such Person and/or one or more Wholly-Owned Subsidiaries of such Person and (b) any partnership, association, joint venture or other entity in which such Person and/or one or more Wholly-Owned Subsidiaries of such Person has a 100% Equity Interest at such time.

**“Write-down and Conversion Powers”** means, (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule, and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.



## **SCHEDULE 2**

### **BANK ACCOUNTS**

Schedule 2 to Master Framework Agreement

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**SCHEDULE 3**  
**ELIGIBILITY CRITERIA**

In order for a Receivable to meet the Eligibility Criteria in connection with any Transaction, it must satisfy all of the following:

- (1) such Receivable which was originated by the related Originator in the ordinary course of its business;
- (2) ~~reserved~~ the related Obligor is a resident of the United States, Mexico, Canada, Bahamas, Cayman Islands, Chile, Cyprus, Great Britain, Haiti, Jamaica, Japan, or Turks and Caicos;
- (3) such Receivable does not constitute sales or other taxes, finance charges, service charges or similar charges (it being understood that only the portion of a Receivable so constituted shall not be eligible);
- (4) (i) such Receivable arises from a sale of goods or services that have been provided or performed by the related Originator in the ordinary course of business; (ii) as to which the related Originator has satisfied and fully performed all obligations required to be fulfilled by it (other than customary warranty obligations); and (iii) such Receivable does not arise under a Contract that provides for any obligations of the related Originator after the creation of such Receivable, and no further action is required to be performed by any Person with respect such Receivable other than payment thereon by the related Obligor;
- (5) such Receivable was originated in all material respects in accordance with the Credit and Collection Policy, and which has otherwise been underwritten in all material respects in accordance with the Credit and Collection Policy, and has terms which have not been impaired, waived, altered, extended, rewritten, renegotiated or otherwise modified since its origination in any material respect;
- (6) the Obligor of which is not a natural person;
- (7) such Receivable is denominated and payable only in Dollars in the United States and the related Contract is governed by the laws of the United States;
- (8) reserved;
- (9) such Receivable is not a Defaulted Receivable;
- (10) the Obligor of which is Solvent and not subject to an Insolvency Event;
- (11) the transfer, sale or assignment of such Receivable does not contravene any applicable Laws and is otherwise fully assignable by the related Originator to the Buyer (either under terms of the related Contract or by virtue of provisions of the UCC or other applicable law that render anti-assignment clauses ineffective), in each case (i) without the requirement of any notice to or consent of the Obligor or (ii) with notice to or the consent

of the related Obligor and such notice has been given or consent obtained (in each case in written form) with respect to the assignments contemplated in the Transaction Agreements;

(12) such Receivable does not contain any provision that restricts the ability of the Buyer to exercise its rights under this Framework Agreement or the other Transaction Agreements;

(13) such Receivable was not originated on a “billed but not shipped”, “bill and hold”, “guaranteed sale”, “sale and return”, “sale on approval”, “progress billed”, “consignment” or similar basis;

(14) such Receivable, together with any Contract related thereto, constitutes a legal, valid and binding obligation of the related Obligor, enforceable in accordance with its terms;

(15) such Receivable is not subject to any litigation, Dispute, counterclaim or other defenses;

(16) as to which neither the related Obligor nor any Affiliated Obligor is permitted to or has asserted any rights of setoff;

(17) such Receivable, together with any Contract related thereto, does not contravene in any material respect any Laws (including Laws relating to usury, consumer protection, truth in lending, fair credit billing, fair credit reporting, equal credit opportunity, fair debt collection practices and privacy) and with respect to which neither the related Originator nor the Obligor is in violation of any such Law in any material respect, in each case, which in any way renders unenforceable or would otherwise impair in any material respect the collectability of such Receivable;

(18) such Receivable is owned by the related Originator free and clear of all Liens (other than Permitted Liens);

(19) such Receivable has been sold or distributed by an Originator to the Seller, directly or indirectly through another Originator, pursuant to the Receivables Distribution Agreement;

(20) the related Obligor is not an Affiliate of any Seller Entity;

(21) such Receivable constitutes an “account” or a “payment intangible” as defined in the New York UCC, and which is not evidenced by an instrument or chattel paper (as defined in the New York UCC); and

(22) the related Obligor (i) is not a person named on the list of Specially Designated Nationals or Blocked Persons maintained by OFAC available at <http://www.treas.gov/offices/enforcement/ofac/index.shtml> or as otherwise published from time to time; (ii) is not (A) an agency of the government of a country, (B) an organization controlled by a country, or (C) a person resident in a country that is subject to a sanctions program identified on the list maintained by OFAC and available at <http://www.treas.gov/offices/enforcement/ofac/index.shtml>, or as otherwise published from time to time, as such program may be applicable to such agency, organization or person; and (iii) to the best of the knowledge of the applicable Originator, does not derive any of its assets or operating income from investments in or transactions with any such country, agency, organization or person; and none of the proceeds from any sales hereunder will be used by the Seller Entities to finance any operations, investments or activities in, or make any payments to, any such country, agency, organization, or person.

Schedule 3 to Master Framework Agreement

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**SCHEDULE 4**  
**FORM OF PORTFOLIO REPORT**  
(Attached.)

Schedule 4 to Master Framework Agreement

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## **SCHEDULE 5**

### **COLLECTION ACCOUNTS**

Schedule 5 to Master Framework Agreement -page 1

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**SCHEDULE 6**

**FISCAL PERIODS**

(See attached.)

Schedule 6 to Master Framework Agreement

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**Form of Transaction Notice**

COÖPERATIEVE RABOBANK U.A., NEW YORK BRANCH, as Buyer

[Names of any other Buyer Funding Parties]

RE: Transaction under the Framework Agreement and the Master Receivables Financing Agreement

Ladies and Gentlemen:

This Transaction Notice is delivered to you pursuant to Section 4.1(a) of the Master Framework Agreement, dated as of April 14, 2023 (the “**Framework Agreement**”), by and among Flowers Foods, Inc., a Delaware corporation (“**Seller**”), the subsidiaries of Flowers party thereto as Originators, the “Buyer Funding Parties” party thereto and Coöperatieve Rabobank U.A., as buyer (“**Buyer**”), relating to receivables financing transactions to be entered into pursuant to the terms of the 1996 SIFMA Master Repurchase Agreement, dated as of April 14, 2023, including Annex I thereto (the “**Master Receivables Financing Agreement**”) by and among Seller and Buyer. Capitalized terms used but not defined herein have the meanings set forth in the Framework Agreement, or if not defined therein, in the Master Receivables Financing Agreement.

Seller hereby requests, in accordance with the terms of the Framework Agreement, a Transaction under the Master Receivables Financing Agreement. The relevant terms of such Transaction are as follows:

1. The proposed Purchase Date for such Transaction is [].
2. The proposed Repurchase Date for such Transaction is [].
3. The Purchase Price for such Transaction is \$[].
4. The aggregate Face Amount of the Eligible Receivables included as Purchased Securities in the proposed Transaction (as set forth on the attached Portfolio Report) is \$[], which represents []% of the requested Purchase Price.
5. The proposed Funded Purchase Price for such Transaction is \$[].
6. The proposed Funded Repurchase Price for such Transaction is \$[], of which \$[] consists of Price Differential that will be payable by Seller in respect of the outstanding Transaction (if any) that expires on the proposed Purchase Date for the requested Transaction.

Included herewith are a completed draft Confirmation and proposed Portfolio Report setting forth information with respect to the proposed Eligible Receivables to be included in the Transaction as the Purchased Securities for such Transaction. Seller hereby certifies that the information set forth on such Portfolio Report is true and correct in all material respects, and that all Funding Conditions set forth in Section 4.3 of the Framework Agreement have been (or will be) satisfied as of the proposed Purchase Date.



~~FLOWERS FOODS, INC.~~

~~By:~~  
~~Name:~~  
~~Title:~~

Exhibit A-[1](#) to Master Framework Agreement – page 2

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**PLEASE DELIVER IMMEDIATELY**

**Date:**  
**To:** COÖPERATIEVE RABOBANK U.A., NEW YORK BRANCH, as Buyer  
**Attn:**  
**Phone:**  
**Fax#:**  
**cc:**  
**Re:** New Transaction pursuant to Master Framework Agreement, dated as of April 14, 2023, as amended, by and among Flowers Foods, Inc., a Delaware corporation ("Flowers"), as seller, the subsidiaries of Flowers party thereto as Originators, the "Buyer Funding Parties" party thereto and Coöperatieve Rabobank U.A., as buyer. Capitalized terms used but not defined herein have the meanings set forth in, or by reference in, such Master Framework Agreement.

**Purchase Date:**  
**Prior Buyer Balance:**  
**Purchase Price of new Transaction:**  
**[amount, if any, of reduction in Buyer Balance with respect to maturing Transaction]:**  
**Ending Buyer Balance:**  
**Repurchase Date of new Transaction:**

Flowers, as seller, hereby certifies that, after giving effect to the requested Transaction, the Buyer Balance does not exceed the lesser of the Funding Limit and the aggregate outstanding amount of all Eligible Receivables.

If you have any questions please contact

Phone:  
Fax:  
Email:

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**[Form of Rate Setting Notice](#)**

[Exhibit A-2 to Master Framework Agreement – page 1](#)

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**PLEASE DELIVER IMMEDIATELY**

**FORM OF CONFIRMATION**

~~Dated:~~ {Date};

To: Flowers Foods, Inc.;

~~as Seller~~

~~("Counterparty")~~ Re:

~~Flowers Foods, Inc.~~

~~USD 200,000,000.00~~

~~Repurchase Facility~~

~~[ ]~~

**Rollover Rate Setting Notice**

~~[ ]~~

FLOWERS FINANCE II, LLC request the following :

~~[ ]~~

~~Attention:~~ Documentation

~~Email:~~ { }

~~From:~~ Coöperatieve Rabobank U.A., New York Branch (***"Rabobank"***)

~~Tel~~ Loan Number:

~~Fax:~~

~~Re:~~ Confirmation of a Repurchase Transaction

~~Dear Flowers Foods, Inc.:~~

~~The purpose of this letter agreement (this "**Confirmation**") is to confirm the terms and conditions of the above referenced transaction entered into between Counterparty and Rabobank on the Purchase Date specified below (the "**Transaction**")~~

~~This Confirmation constitutes a "Confirmation" as referred to in the Master Receivables Financing Agreement specified below. The definitions and provisions contained in the Master Receivables Financing Agreement are incorporated into this Confirmation. Subject to the proviso to the definition of Repurchase Price set forth in the Master Receivables Financing Agreement, in the event of any inconsistency between the Master Receivables Financing Agreement and this Confirmation, this Confirmation will govern.~~

1. This Confirmation supplements, forms part of, and is subject to, the 1996 SIFMA Master Repurchase Agreement, dated as of April 14, 2023, including Annex I thereto and as amended thereby (as further amended and supplemented from time to time, the “**Master Receivables Financing Agreement**”), among Counterparty and Rabobank. All provisions contained in the Master Receivables Financing Agreement govern this Confirmation except as expressly modified below. Except for the information on the attached Pricing Schedule expressly incorporated below, all other information on such Pricing Schedule shall be disregarded.

~~The terms of the particular Transaction to which this Confirmation relates are as follows:~~

## 2.General Terms Loan Currency:

### Pricing Option:

~~Purchase~~Effective Date:

{Maturity Date}:

Year Basis:

Amount:

~~Purchase Price:~~

\$[ ]

### Rate Setting Info:

~~Buyer:~~ Base Rate

Margin

ReserveRabobank All-In Rate

~~Seller:~~

Counterparty

~~Purchased Securities:~~

~~Set forth on attached Portfolio Report.~~

~~Pricing Rate:~~

The rate set forth on the attached Pricing Schedule under the heading “All-in Rate” that appears in the row immediately above the reference to “Global Projected Interest” or “Projected Global Interest”, as the case may be

~~Repurchase Date:~~

~~[Date]~~

~~Repurchase Price:~~

~~The sum of (x) the Purchase Price plus (y) the Price Differential~~

~~Price Differential~~

~~The amount set forth on the attached Pricing Schedule as the “Global Projected Interest” or “Projected Global Interest”, as the case may be, on the date that is the Repurchase Date~~

~~3. Governing law: Unless otherwise provided in the Master Receivables Financing Agreement (in which case the law so specified shall govern), this Confirmation shall be governed by and construed in accordance with the laws as specified in the Master Receivables Financing Agreement.~~

~~[Remainder of page intentionally left blank]~~

~~Please confirm that the foregoing correctly sets forth the terms of our agreement by executing the copy of this Confirmation enclosed for that purpose and returning it to us by electronic mail.~~

~~Very truly yours,~~

~~COÖPERATIEVE RABOBANK U.A., NEW YORK BRANCH~~

~~By:~~

~~Name:~~

~~Title:~~

~~[If you have any questions please contact](#)~~

~~[Phone:](#)~~

~~[Email:](#)~~

~~By:~~

~~Name:~~

~~Title:~~

~~[IMPORTANT INFORMATION: THE FORMULA FOR DAILY COMPOUNDED SOFR / SONIA / SARON OR TONAR INTEREST IS IN YOUR LOAN DOCUMENTATION. THE "RATE" INCLUDED IN THE LAST 5 ROWS OF THE TABLE ABOVE \(THE "LAST 5 INTEREST PERIOD ROWS" \)DOES NOT CORRECTLY REFLECT THE DAILY COMPOUNDED RATE USED TO CALCULATE INTEREST UNDER YOUR FACILITY. AS A RESULT:  
\(1\) THE CORRESPONDING AMOUNT REFLECTED UNDER THE "ACCRUED" COLUMN FOR THE LAST 5 INTEREST PERIOD ROWS ABOVE MAY ALSO BE INCORRECT AND MAY NOT EQUAL THE "TOTAL AMOUNT DUE" ABOVE AND](#)~~

~~Confirmed as of the date first above written:~~

~~FLOWERS FOODS, INC.~~

~~[\(2\) NEITHER THE "\[COMPOUNDED RATE\]" NOR THE ACCRUED AMOUNT INCLUDED IN THE LAST 5 INTEREST PERIOD ROWS SHOULD BE RELIED UPON BY YOU. HOWEVER, THE "TOTAL AMOUNT DUE" INCLUDED ABOVE CORRECTLY REFLECTS THE ACCRUED DAILY COMPOUNDED INTEREST DUE FOR YOUR FACILITY.](#)~~

~~By:~~

~~Name:~~

~~Title:~~

THE CORRECT COMPOUNDED RATE AND ACCRUED AMOUNTS FOR THE LAST 5 INTEREST PERIOD ROWS CAN BE PROVIDED BY US UPON REQUEST. BUT FOR YOUR CONVENIENCE AND FOR INFORMATIONAL PURPOSES ONLY WE HAVE ALSO INCLUDED A LINK TO AN EXTERNAL INDEPENDENT SOURCE (RFRCALCULATOR.IHSMARKIT.COM) BASED ON WHICH YOU MAY BE ABLE TO DERIVE THE DAILY COMPOUNDED RFR. WE CANNOT, AND DO NOT, PROVIDE ANY ASSURANCE OF ITS ACCURACY OR SUITABILITY AND DISCLAIM ANY LIABILITY TO YOU IN CONNECTION WITH YOUR USE OF SUCH SOURCE.

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**Form of Joinder Agreement**

1. **THIS JOINDER AGREEMENT** is executed and delivered by \_\_\_\_\_ a \_\_\_\_\_ (“**New Originator**”) in favor of Coöperatieve Rabobank U.A., New York Branch, as Buyer (the “**Buyer**”), with respect to (1) that certain Master Framework Agreement, dated as of April 14, 2023 (as amended, supplemented or otherwise modified and in effect from time to time, the “**Master Framework Agreement**”), among the parties named as Originators therein (each a “**Originator**” and, collectively, the “**Originators**”), Flowers Foods, Inc. (“**Flowers**”), as Seller (in such capacity, the “**Seller**”), the “Buyer Funding Parties” party thereto and the Buyer and (2) that certain Receivables Sale and Distribution Agreement, dated as of April 14, 2023 (as amended, supplemented or otherwise modified and in effect from time to time, the “**Receivables Distribution Agreement**”), between the Originators as sellers and Flowers as buyer. Capitalized terms used and not otherwise defined herein are used with the meanings attributed thereto in the Master Framework Agreement.

2. Subject to receipt of counterparts hereof signed by the Buyer, by its signature below, New Originator hereby absolutely and unconditionally agrees that it shall be bound by all of the terms, conditions and provisions of, and shall become a party to (as if it were an original signatory to) (a) the Master Framework Agreement as an Originator thereunder and (b) the Receivables Distribution Agreement as a “[Primary] [Secondary] [Tertiary] [Quaternary] Originator” thereunder.

3. From and after the date the Buyer consents hereto (the “**Effective Date**”), the New Originator shall be an Originator for all purposes of the Master Framework Agreement and a “[Primary] [Secondary] [Tertiary] [Quaternary] Originator” for all purposes of the Receivables Distribution Agreement. New Originator hereby acknowledges that it has received copies of the Master Framework Agreement, the Receivables Distribution Agreement and the other Transaction Agreements.

4. Schedule 5 to the Existing Master Framework Agreement is hereby supplemented by adding the information with respect to the New Originator set forth on Schedule 5 hereto. After giving effect to the supplemental information embodied therein, each of the representations and warranties contained in Section 5 of the Master Framework Agreement will be true and correct in all material respects as to New Originator as of the date hereof, with the same effect as though made on such date, except to the extent such representation or warranty expressly relates only to a prior date (in which case such representation and warranty shall be true and correct as of such prior date).

5. Delivered herewith are each of the documents, certificates and opinions required to be delivered by New Originator pursuant to Section 7.18 of the Master Framework Agreement.



6. Please acknowledge your consent to New Originator's joinder to the Master Framework Agreement and Receivables Distribution Agreement by signing the enclosed copy hereof in the space provided below.

IN WITNESS WHEREOF, New Originator has executed this Joinder Agreement as of the \_\_\_\_\_ day of \_\_\_\_\_.

[NAME OF NEW ORIGINATOR]

By:  
Title:

***Each of the undersigned hereby consents  
to New Originator's joinder in the Master Framework Agreement and  
Receivables Distribution Agreement:***

~~COÖPERATIEVE~~COÖPERATIEVE RABOBANK U.A., NEW YORK BRANCH

By:  
Name:  
Title:

By:  
Name:  
Title:

FLOWERS FOODS, INC.

By:

Name:

Title:

[Exhibit B to Master Framework Agreement – page-3](#)

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New Originator -- Collection Accounts

DEPOSITOR	NAME OF DEPOSITORY INSTITUTION	DEPOSITORY ADDRESS	CONTACT PERSON	ACCOUNT NUMBER(S)	ACCOUNT TYPE
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~~30-~~  
~~31-~~  
~~32-~~  
~~33-~~  
~~34-~~

**Exhibit B**

[Attached]

B-1

*First Omnibus Amendment*

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[EXHIBIT B to First Omnibus Amendment, dated as of April 15, 2024](#)

**Annex I**

**Supplemental Terms and Conditions**

This Annex I forms a part of the 1996 SIFMA Master Repurchase Agreement dated as of April 14, 2023 (the “**SIFMA Master**”, and as amended by this Annex I, this or the “**Agreement**”) between Flowers Foods, Inc. (“**Flowers**”), as Seller under the Framework Agreement (as defined below), and Coöperatieve Rabobank U.A., New York Branch (“**Rabobank**”) as Buyer under the Framework Agreement. Subject to the provisions of Paragraph 1 of this Annex I, (a) capitalized terms used but not defined in this Annex I shall have the meanings ascribed to them in the SIFMA Master, and (b) aside from this Annex I, including all exhibits and schedules attached hereto and thereto, no other Annexes or Schedules thereto shall form a part of the SIFMA Master or be applicable thereunder.

**1.Applicability; Parties; Framework.**

(a) *Framework Agreement.* This Agreement is being entered into in accordance with that certain Master Framework Agreement, dated as of the date hereof (as amended, restated, supplemented or otherwise modified from time to time, the “**Framework Agreement**”), among certain subsidiaries of Flowers as originators, Flowers as Seller, certain “Buyer Funding Parties” party thereto from time to time, and Rabobank as buyer. Capitalized terms used but not defined in this Agreement ~~or in any Confirmations~~ shall have the meanings set forth in the Framework Agreement (including Schedule 1 thereto). In the event of any inconsistency between the provisions of this Agreement and that of the Framework Agreement, the Framework Agreement shall govern.

(b) *Seller.* The Seller will act as seller (in such capacity, the “**Seller**”) with respect to all Transactions entered into hereunder.

(c) *Buyer.* Rabobank will act as buyer (in such capacity, the “**Buyer**”) with respect to all Transactions entered into hereunder.

(d) *Securities.* The Securities under this Agreement shall consist of all of the Eligible Receivables of the Seller. Only Eligible Receivables shall be recognized as Securities for purposes of any Transactions hereunder. Notwithstanding the Eligible Receivables being referred to as “Securities”, the parties agree that the Eligible Receivables are not “securities” within the meaning of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, and no Transaction involves the offer and sale of securities within the meaning of those statutes or the regulations thereunder. The preceding sentence does not imply any agreement of the parties as to whether this Agreement or any Transaction hereunder is a “securities contract” or “repurchase agreement” within the meaning of the Bankruptcy Code.

(e) *Entire Agreement.* The first sentence of Paragraph 14 of the SIFMA Master is subject to, and superseded by, Section 7.3 of the Framework Agreement.

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## 2. Definitions.

(a) *Added Definitions.* For purposes of this Agreement, the following additional terms shall have the following meanings:

(i) “**Applicable Margin**”, the meaning set forth in the Fee Letter;

(ii) “**Framework Agreement**”, the meaning set forth in Paragraph 1(a) of this Annex I;

~~(iii) “**Pricing Schedule**”, with respect to any Transaction, a schedule attached to the applicable Confirmation setting forth certain terms of the Transaction as referenced in such Confirmation and which shall (i) in the case of Transactions having a Purchase Date that coincides with the Repurchase Date for an expiring Transaction, be substantially in the form attached hereto as Exhibit B to Annex I and (ii) in the case of Transactions having a Purchase Date that does not coincide with the Repurchase Date for an expiring Transaction, be substantially in the form attached as Exhibit C to Annex I.~~

~~(iviii)~~ (iv) “**Roll-Over Securities**”, with respect to any expiring Transaction, any Purchased Securities under such Transaction which, in lieu of being transferred back to Seller, become Purchased Securities under a new Transaction with a Purchase Date coinciding with the Repurchase Date of such expiring Transaction.

~~(viv)~~ (v) “**Transaction Period**”, with respect to any Transaction, the period commencing on (and including) the Purchase Date for such Transaction and expiring on (but excluding) the Repurchase Date for such Transaction.

(b) *Revised Definitions.* For purposes of this Agreement, and notwithstanding anything in Paragraph 2 of the SIFMA Master to the contrary, the following terms shall have the following amended and restated meanings:

(i) “**Market Value**”, the meaning set forth in Schedule 1 to the Framework Agreement;

(ii) “**Pricing Rate**”, the per annum percentage rate for determination of the Price Differential, determined for each Transaction ~~(unless otherwise specified in the Confirmation)~~ as being equal to the sum of (A) the Benchmark plus (B) the Applicable Margin plus (C) solely after the occurrence and during the continuance of an Event of Default, 2.00%;

(iii) “**Purchase Price**”, the price at which Purchased Securities are transferred by Seller to Buyer.

(iv) “**Purchased Securities**”, the Securities transferred by Seller to Buyer in a Transaction hereunder, consisting of all Eligible Receivables of the Seller identified in the relevant Portfolio Report ~~for such Transaction~~ together with all Related Security and Related Contract Rights pertaining to such Eligible Receivables ~~(it being understood, for the avoidance of doubt, that each Receivable indicated in the final Portfolio Report attached to any Confirmation as an Eligible Receivable for the applicable Transaction shall be a Purchased Security included in~~

~~such Transaction, irrespective of whether such Receivable was actually an Eligible Receivable as of the applicable Purchase Date).~~

(v) "**Repurchase Date**", the date on which Seller is to repurchase the Purchased Securities from Buyer, which shall be the earliest of (i) the next Settlement Date immediately succeeding the applicable Purchase Date, (ii) the Facility Expiration Date and (iii) any date determined by application of the provisions of Paragraph 3(c) or 11 of this Annex I.

(vi) "**Repurchase Price**", the price at which Purchased Securities are to be transferred from Buyer to Seller upon termination of a Transaction, which will be determined in each case as the sum of (i) the Purchase Price for such Transaction plus (ii) the accrued and unpaid Price Differential as of the date of such determination (it being understood that all such accrued and unpaid Price Differential shall be payable when and as set forth in Paragraph 12 of this Annex I); provided, that if a Specified Event of Default has occurred and is continuing as of the applicable Repurchase Date for a Transaction, then the Repurchase Price for such Transaction shall include, in addition to the amounts specified in the foregoing clauses (i) and (ii), all other Secured Obligations due and owing from Seller under the Transaction Agreements through the time such Repurchase Price is paid in full; ~~and provided~~, further, that if Purchased Securities are repurchased on a date other than a Repurchase Date pursuant to Paragraph 3(c), then the Repurchase Price for such Transaction shall include, in addition to the amounts specified in the foregoing ~~clauses~~clause (i) and (ii) and the preceding proviso, if any, such amount or amounts as shall, without duplication, compensate Buyer for any loss, cost or expense (the "Breakage Costs") incurred by Buyer as a result of the repurchase on a date other than a Settlement Date. Such Breakage Costs shall be calculated as (x) an amount determined by Buyer to be the cost of breaking any interest rate or currency hedging arrangement related to the portion of such Transaction (with any gain from such breakage offsetting any excess amount under (y) below), and (y) an amount determined by Buyer to be the excess, if any, of (i) the amount of Price Differential which would have accrued on the Purchase Price of such Transaction had such early repurchase not occurred, at the Pricing Rate that would have been applicable for the period from the date of such event to the scheduled Repurchase Date, over (ii) the income, if any, actually received during such period by Buyer from investing an amount equal to such Repurchase Price (including by entering into a new Transaction). The determination by Buyer of the amount of Breakage Costs shall be made in a commercially reasonable manner and set forth in a notice to the Seller.

(c) *Deleted Definitions*. For purposes of this Agreement, the following terms shall not be applicable to Transactions under this Agreement, and references thereto shall be disregarded for purposes of this Agreement: "Buyer's Margin Amount", "Buyer's Margin Percentage", "Margin Deficit", "Margin Excess", "Margin Notice Deadline", "Seller's Margin Amount", and "Seller's Margin Percentage".

**3. Initiation; Confirmation; Termination.** Notwithstanding anything to the contrary in Paragraph 3 of the SIFMA Master, the following shall apply:

(a) *No Oral Agreements*. All agreements to enter into Transactions hereunder shall be in writing in accordance with Article 4 of the Framework Agreement.

~~(b) *Confirmations; Priority.* All Confirmations with respect to Transactions hereunder shall be substantially in the form attached as Exhibit A to this Annex I, and shall be accompanied by (i) a Pricing Schedule setting forth certain terms referenced in such Confirmation and (ii) a Portfolio Report. Subject to the proviso in the definition of "Repurchase Price" set forth in Paragraph 2(b)(vi) of this Annex I, in the event of any conflict between the terms of a Confirmation and this Agreement, the Confirmation shall prevail.~~ Reserved.

(c) *Termination.* Paragraph 3(c) of the SIFMA Master is hereby amended and restated as follows:

"Transactions hereunder shall terminate upon the earlier of (i) the date determined pursuant to the definition of Repurchase Date (without regard to this Paragraph 3(c)) or (ii) a date specified upon demand by Seller, which demand shall be made by Seller in writing no later than 5:00 p.m. (New York City time) on the third Business Day prior to the Business Day on which such termination will be effective. On such earlier date, termination of the Transaction will be effected by transfer to Seller of the Purchased Securities (except as otherwise provided in Paragraph 7 of Annex I) against the payment of the related Repurchase Price by Seller (which may, to the extent permitted under Paragraph 12 of ~~Annex I hereto~~ the SIFMA Master, be netted against the Purchase Price payable in respect of any new Transaction) in accordance with the Framework Agreement."

~~(d) *Outstanding Transactions; Continuity.* Notwithstanding anything in this Agreement to the contrary, the Parties agree that no more than one Transaction hereunder shall be outstanding at any given time.~~ It is the intention of the Parties that during the Facility Term, and subject to fulfillment of the applicable conditions set forth in the Framework Agreement with respect to Buyer's entry into Transactions, the expiration of each Transaction hereunder on the applicable Repurchase Date shall coincide with the entry into a subsequent Transaction with a concurrent Purchase Date in accordance with the procedures set forth in the Framework Agreement. The Parties further intend that, pursuant to Paragraph 12 of the SIFMA Master, the Repurchase Price payable by Seller with respect to each such expiring Transaction shall be netted to the extent applicable against the Purchase Price payable by Buyer with respect to such subsequent Transaction.

**4. Margin Maintenance.** The provisions of Paragraph 4 of the SIFMA Master shall not apply to Transactions under this Agreement, and all terms and provisions thereof and references thereto shall be disregarded for purposes of this Agreement.

**5. Income Payments.** Notwithstanding anything to the contrary in Paragraph 5 of the SIFMA Master, (i) unless a Specified Event of Default has occurred and is continuing and Buyer has exercised remedies pursuant to Paragraph 11(d) of the SIFMA Master, as amended by this Annex I, to foreclose on or otherwise take possession or control of the Purchased Securities, Seller and one or more Originators shall service the Purchased Securities, and (ii) unless a Specified Event of Default has occurred and is continuing and any Repurchase Price in respect of an outstanding Transaction then remains due and owing by Seller, Seller shall be entitled to receive and retain all Income paid or distributed on or in respect of such Purchased Securities, and to dispose of such Income in accordance with (and to the extent permitted by) Section 5.4(b) of the



Framework Agreement. Clause (A) of the last sentence of Paragraph 5 of the SIFMA Master with respect to Margin Deficit shall not apply to Transactions under this Agreement.

6. **Security Interest.** Paragraph 6 of the SIFMA Master is hereby amended and restated in its entirety to read as follows:

“(a) Seller hereby grants to Buyer a security interest in all of Seller’s right, title, benefit and interest in and to all Purchased Securities applicable to each Transaction entered into under this Agreement, all Related Security with respect to such Purchased Securities and all Related Contract Rights with respect to such Purchased Securities, whether now existing or hereafter arising, and all proceeds thereof (collectively, the “**Collateral**”), to secure the Seller’s obligations under the Transaction Agreements (the “**Secured Obligations**”). This Agreement shall create a continuing security interest in the Collateral (including all Roll-Over Securities notwithstanding any repurchase by Seller of any such Roll-Over Security under an expiring Transaction and simultaneous purchase by Buyer of such Roll-Over Security under a subsequent Transaction) and shall remain in full force and effect until such security interest is released pursuant to (and to the extent provided in) Paragraph 6(c) below or until all unpaid Repurchase Price with respect to outstanding Transactions under this Agreement have been indefeasibly paid in full (without application of any set off or netting) (other than contingent indemnification claims). Buyer shall have, with respect to the Collateral, in addition to all other rights and remedies available to Buyer under the Transaction Agreements, all the rights and remedies of a secured party under the Uniform Commercial Code as in effect in any applicable jurisdiction.

(b) Seller hereby authorizes Buyer to file such financing statements (and continuation statements with respect to such financing statements when applicable) as may be necessary to perfect the security interest granted pursuant to the foregoing Paragraph 6(a) under the Uniform Commercial Code of the relevant jurisdiction (which financing statements may describe the collateral as “All of Debtor’s right, title, benefit and interest in and to all Purchased Securities, together with all Related Security and Related Contract Rights with respect to such Purchased Securities, whether now existing or hereafter arising, and all proceeds thereof.”).

(c) The security interest granted pursuant to the foregoing Paragraph 6(a) in connection with any Transaction shall be released by Buyer upon the termination of each Transaction Agreement in accordance with its terms. Buyer hereby agrees, at Seller’s expense, to (x) file appropriate financing statement amendments to reflect such release and (y) execute and deliver such other documents as Seller may reasonably request to further evidence such release.”

7. **Payment and Transfer.** Notwithstanding anything in Paragraph 7 of the SIFMA Master to the contrary, all transfers of Securities by one party to the other party shall be evidenced by ~~the Seller’s books and records and the relevant Portfolio Report attached to each Confirmation~~; it being understood that upon Seller’s payment in full of the Repurchase Price with respect to a Transaction ~~(excluding any such amounts of Repurchase Price attributable to payments of Price Differential if the Repurchase Date is not a Settlement Date)~~ on any Repurchase Date (including as a result of set off or netting pursuant to Paragraph 12 of the SIFMA Master ~~(to the extent~~

~~permitted under Paragraph 12 of this Annex I~~)), all Purchased Securities (other than Roll-Over Securities) shall be automatically deemed to be transferred and assigned from Buyer to Seller without further evidence thereof.

**8. Rehypothecation of Purchased Securities.** Paragraph 8 of the SIFMA Master is hereby amended and restated in its entirety to read as follows:

“Notwithstanding anything herein to the contrary, unless an Event of Default shall have occurred and be continuing, Buyer shall be prohibited from engaging in repurchase transactions with the Purchased Securities or otherwise selling, transferring, pledging or granting any liens or encumbrances on, or hypothecating the Purchased Securities.”

**9. Substitution.** The provisions of Paragraph 9 of the SIFMA Master shall not apply to Transactions under this Agreement, and all terms and provisions thereof and references thereto shall be disregarded for purposes of this Agreement.

**10. Representations.** The representations and warranties set forth in Paragraph 10 of the SIFMA Master are hereby deleted in the case of Buyer and, in the case of Seller, are hereby replaced with the representations and warranties set forth in Section 5.1 of the Framework Agreement. It is acknowledged that Seller is also making the representations and warranties set forth in Section 5.2 of the Framework Agreement with respect to the Purchased Securities.

**11. Events of Default.**

(a) *Replacement of Events of Default.* The Events of Default set forth in Paragraph 11 of the SIFMA Master (i) to the extent applicable to Seller, are hereby replaced with the Events of Default set forth in the definition thereof in the Framework Agreement and (ii) to the extent applicable to Buyer, are hereby deleted. All provisions in Paragraph 11 and elsewhere in the SIFMA Master, to the extent relating to the occurrence of any such Event of Default with respect to Buyer or any rights or remedies afforded to Seller in connection therewith, shall be disregarded for purposes of this Agreement. The first paragraph of Paragraph 11 of the SIFMA Master is hereby amended and restated in its entirety to read as follows: “If an Event of Default has occurred and is continuing:”

(b) *Remedies.* Paragraph 11(d) of the SIFMA Master is hereby amended and restated in its entirety to read as follows:

“If Buyer exercises or is deemed to have exercised the option referred to in subparagraph (a) of this Paragraph, Buyer may at its discretion and with such notice to Seller as may be required by applicable law, immediately (i) take possession of any or all Purchased Securities subject to any outstanding Transactions, at its discretion, (ii) deliver a Shifting Control Notice under any Control Agreement, (iii) subject to the requirements of applicable law, sell any or all such Purchased Securities, at such price or prices as Buyer may reasonably deem satisfactory, and apply the proceeds thereof to amounts owing by Seller hereunder or under any of the other Transaction Agreements (it being understood, for the avoidance of doubt, that Seller shall remain liable to Buyer for the excess of such amounts owing by Seller over any sale proceeds so applied); and (iv) generally exercise any and all

rights afforded to a secured party under the Uniform Commercial Code or other applicable law.”

(c) *Certain Provisions Inapplicable*. The provisions of Paragraphs 11(c), 11(e), and 11(f) of the SIFMA Master shall not apply to Transactions under this Agreement, and all terms and provisions thereof and references thereto (including any references to “**Replacement Securities**”) shall be disregarded for purposes of this Agreement.

(d) *Expenses*. The provisions of Paragraph 11(g) of the SIFMA Master are hereby deleted, and shall be deemed to have been replaced with the provisions of Section 7.2 of the Framework Agreement, which are hereby incorporated by reference.

**12. Payments.** With respect to any Transaction under this Agreement, and notwithstanding anything in this Agreement to the contrary, the portions of the Repurchase Price for such Transaction consisting of the Price Differential shall, in all circumstances, be paid by Seller by wire transfer of immediately available funds to the account of Buyer set forth in Schedule 2 to the Framework Agreement (x) on the Repurchase Date for such Transaction ~~and such if such Repurchase Date is a Settlement Date or~~ (y) ~~if the Repurchase Date for such Transaction is not a Settlement Date, such payment of the Price Differential shall be paid on the first Settlement Date occurring after such Repurchase Date.~~ Such payment of the Price Differential shall not, except as contemplated by Section 3(c) of this Annex, be subject to any setoff, netting or other application by Seller against other amounts, whether pursuant to Paragraph 12 of the SIFMA Master or otherwise.

### **13. Miscellaneous.**

(a) *Termination of Agreement*. The last sentence of Paragraph 15(a) of the SIFMA Master is hereby amended and restated to read as follows:

“This Agreement shall terminate on the Facility Expiration Date, except that this Agreement shall, notwithstanding such termination, remain applicable to any Transactions then outstanding.”

(b) *Notices*. The provisions of Paragraph 13 of the SIFMA Master are hereby deleted, and shall be deemed to have been replaced with the provisions of Section 7.8 of the Framework Agreement, which are hereby incorporated by reference.

(c) *Governing Law*. Notwithstanding the provisions of Paragraph 16 of the SIFMA Master, this Agreement shall be governed by the laws of the State of New York (including Sections 5-1401 and 5-1402 of the General Obligations Law).

(d) *Other Inapplicable Provisions*. Paragraphs 18, 19 and 20 of the SIFMA Master shall not be applicable to Transactions under this Agreement, and all terms and provisions thereof and references thereto shall be disregarded for purposes of this Agreement.

**EXHIBIT A**  
**FORM OF CONFIRMATION**

Dated: {Date}

To: Flowers Foods, Inc., as Seller ("**Counterparty**")  
{ }  
{ }  
{ }

Attention: Documentation  
Email: { }

From: Coöperatieve Rabobank U.A., New York Branch ("**Rabobank**")  
Tel:  
Fax:

Re: Confirmation of a Repurchase Transaction

Dear Flowers Foods, Inc.:

The purpose of this letter agreement (this "**Confirmation**") is to confirm the terms and conditions of the above referenced transaction entered into between Counterparty and Rabobank on the Purchase Date specified below (the "**Transaction**").

This Confirmation constitutes a "Confirmation" as referred to in the Master Receivables Financing Agreement specified below. The definitions and provisions contained in the Master Receivables Financing Agreement are incorporated into this Confirmation. Subject to the proviso to the definition of Repurchase Price set forth in the Master Receivables Financing Agreement, in the event of any inconsistency between the Master Receivables Financing Agreement and this Confirmation, this Confirmation will govern.

1. This Confirmation supplements, forms part of, and is subject to, the 1996 SIFMA Master Repurchase Agreement, dated as of April 14, 2023, including Annex I thereto and as amended thereby (as further amended and supplemented from time to time, the "*Master Receivables Financing Agreement*"), among Counterparty and Rabobank. All provisions contained in the Master Receivables Financing Agreement govern this Confirmation except as expressly modified below. Except for the information on the attached Pricing Schedule expressly incorporated below, all other information on such Pricing Schedule shall be disregarded.

The terms of the particular Transaction to which this Confirmation relates are as follows:

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## **~~2. General Terms:~~**

<del>Purchase Date:</del>	<del>{Date}</del>
<del>Purchase Price:</del>	<del>#{ }</del>
<del>Buyer:</del>	<del>Rabobank</del>
<del>Seller:</del>	<del>Counterparty</del>
<del>Purchased Securities:</del>	<del>Set forth on attached Portfolio Report</del>
<del>Pricing Rate:</del>	<del>The rate set forth on the attached Pricing Schedule under the heading "All-in Rate" that appears in the row immediately above the reference to "Global Projected Interest" or "Projected Global Interest", as the case may be</del>
<del>Repurchase Date:</del>	<del>{Date}</del>
<del>Repurchase Price:</del>	<del>The sum of (x) the Purchase Price plus (y) the Price Differential</del>
<del>Price Differential</del>	<del>The amount set forth on the attached Pricing Schedule as the "Global Projected Interest" or "Projected Global Interest", as the case may be, on the date that is the Repurchase Date</del>

**~~3. Governing law:~~** This Confirmation shall be governed by and construed in accordance with the laws of the State of New York (including Sections 5-1401 and 5-1402).

~~{Remainder of page intentionally left blank}~~

~~Please confirm that the foregoing correctly sets forth the terms of our agreement by executing the copy of this Confirmation enclosed for that purpose and returning it to us by electronic mail.~~

~~Very truly yours,~~

~~COÖPERATIEVE RABOBANK U.A., NEW YORK BRANCH~~

~~By:  
Name:  
Title:~~

~~By:  
Name:  
Title:~~

~~Confirmed as of the date first above written:~~

~~FLOWERS FOODS, INC.~~

~~By:  
Name:  
Title:~~

~~EXHIBIT B~~  
~~FORM OF PRICING SCHEDULE~~  
~~(EXPIRING TRANSACTION)~~

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~~EXHIBIT C~~  
~~FORM OF PRICING SCHEDULE~~  
~~(NO EXPIRING TRANSACTION)~~

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I, A. Ryals McMullian, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Flowers Foods, 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: May 16, 2024

/s/ A. RYALS McMULLIAN  
A. Ryals McMullian  
Chairman and Chief Executive Officer

I, R. Steve Kinsey, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Flowers Foods, 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: May 16, 2024

/s/ R. STEVE KINSEY  
R. Steve Kinsey  
Chief Financial Officer and  
Chief Accounting Officer

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

In connection with the Quarterly Report of Flowers Foods, Inc. (the "company") on Form 10-Q for the period ended April 20, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned officers of the company certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to such officer's knowledge:

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 as of the dates and for the periods expressed in the Report.

/s/ A. RYALS McMULLIAN  
A. Ryals McMullian  
Chairman and Chief Executive Officer

/s/ R. STEVE KINSEY  
R. Steve Kinsey  
Chief Financial Officer and  
Chief Accounting Officer

Date: May 16, 2024

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

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