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DELTA REPORT

10-K

FLO - FLOWERS FOODS INC

10-K - DECEMBER 28, 2024 COMPARED TO 10-K - DECEMBER 30, 2023

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TOTAL DELTAS 6426

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

FORM 10-K

(Mark One)

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

For the fiscal year ended December 30, 28, 2023 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
incorporation or organization)

(IRS Employer
Identification No.)

1919 Flowers Circle

31757

Thomasville, Georgia

(Zip Code)

(Address of principal executive offices)

Registrant's telephone number, including area code:

(229) 226-9110

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, \$0.01 par value	FLO	NYSE

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

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant, based on the closing price of the shares of common stock on the New York Stock Exchange on **July 15, 2023** July 13, 2024, was **\$4 \$947,059,441** 4,366,026,779.

The number of shares of the registrant's Common Stock outstanding as of **February 15, 2024** February 14, 2025 was **210,566,527** 210,844,731.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement for the **2024** 2025 Annual Meeting of Shareholders to be held **May 23, 2024** May 22, 2025, which is expected to be filed with the Securities and Exchange Commission on or about **April 9, 2024** April 8, 2025, have been incorporated by reference into Part III, Items 10, 11, 12, 13 and 14 of this Annual Report on Form 10-K.

Auditor Firm Id: 238 Auditor Name: PricewaterhouseCoopers LLP Auditor Location: Atlanta, Georgia

FORM 10-K REPORT

TABLE OF CONTENTS

Page

PART I

REFINITIV CORPORATE DISCLOSURES | www.refinitiv.com | Contact Us

3/258

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REFINITIV 

Item 1. Business	4
Item 1A. Risk Factors	13
Item 1B. Unresolved Staff Comments	2123
Item 1C. Cybersecurity	2123
Item 2. Properties	2224
Item 3. Legal Proceedings	2325
Item 4. Mine Safety Disclosures	2325

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	2426
Item 6. [Reserved]	2527
Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations	2628
Item 7A. Quantitative and Qualitative Disclosures About Market Risk	4245
Item 8. Financial Statements and Supplementary Data	4245
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	4245
Item 9A. Controls and Procedures	4245
Item 9B. Other Information	4346
Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections	4346

PART III

Item 10. Directors, Executive Officers and Corporate Governance	4447
Item 11. Executive Compensation	4447
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	4447
Item 13. Certain Relationships and Related Transactions, and Director Independence	4548
Item 14. Principal Accountant Fees and Services	4548

PART IV

Item 15. Exhibits and Financial Statement Schedules	4649
Item 16. Form 10-K Summary	5154
Signatures	5255

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 Annual Report on Form 10-K (the "Form 10-K") 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 and our borrowings; (iv) supply chain conditions and any related impact on energy and raw materials costs and availability and hedging counter-party risk; (v) relationships with or increased costs related to our employees and third-party service providers; (vi) laws and regulations (including environmental and related **issues** and the **impacts of tariffs**); 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 brands;
- 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 **environmental, social, and governance** **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, such as the acquisition of Purposeful Foods Holdings, Inc. (such transaction, the "Simple Acquisition", including the risk that we may fail to complete such transaction on the terms contemplated or at all, and/or realize the expected benefits of such transaction, (ii) the deployment of new systems (e.g., our enterprise resource planning ("ERP") system), distribution channels and technology, and 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 in 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, safety concerns related

2

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;

2

- the failure of our information technology ("IT") systems to perform adequately, including any interruptions, intrusions, cyber-attacks or security breaches of our 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 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 this 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-K 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 I

Item 1. Business

The Company

Flowers Foods, Inc. (which we reference to herein as "we," "our," "us," the "company," "Flowers" or "Flowers Foods"), founded in 1919 as a Georgia corporation and headquartered in Thomasville, Georgia, is currently the second-largest producer and marketer of packaged bakery foods in the United States ("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.

Flowers' strategic priorities include developing our team, focusing on our brands, prioritizing our margins, and proactively seeking out smart, disciplined acquisitions and are described further in the following section. We believe that executing on our strategic priorities will drive future growth and margin expansion and deliver meaningful shareholder value over time.

Simple Mills Acquisition

On January 7, 2025, the company entered into an Agreement and Plan of Merger to acquire Simple Mills ("Simple Mills"), maker of a premium brand of better-for-you crackers, cookies, snack bars, and baking mixes. The total cash purchase price is approximately \$795 million. The acquisition is expected to expand the company's exposure to the better-for-you snacking segment and diversify its category exposure, and enhances the company's growth and margin prospects. The transaction is subject to customary regulatory and other approvals and closing conditions and is anticipated to close in the first quarter of Fiscal 2025.

Founded in 2012, Simple Mills is a market-leading natural brand offering premium better-for-you crackers, cookies, snack bars, and baking mixes. Built upon the belief that food has the power to spark impactful change, Simple Mills' mission is to revolutionize the way food is made to positively impact people and the planet. The brand's stunningly simple ingredients, pioneering use of nutrient-dense nut, seed, and vegetable flours, and exceptional taste have cultivated unmatched brand love and loyalty among natural and mainstream consumers alike. Simple Mills products are available nationwide across more than 30,000 natural and conventional stores.

Current Inflationary Economic Environment and Other Macroeconomic Factors

We continue to monitor the impact of a variety of factors on our business, including the impact of the inflationary economic environment on our costs and the buying patterns of our consumers, supply chain disruptions, increased labor shortages, costs, the conflict between Russia and Ukraine, and the conflict in the Middle East on our business. Our results for Fiscal 2023 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 for commodities. Inflationary pressures have negatively impacted consumer purchasing patterns and transportation, and, to a lesser extent, for labor behaviors over the last several years resulting in softness in the current fresh packaged bread and prior year periods. To mitigate cake categories and increased competition. Additionally, due to volatility in our input costs in the ongoing cost pressures, previous two fiscal years, 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.

2023 and executed our portfolio optimization initiatives. Commodity cost inflation began to moderate in the latter half of Fiscal 2023 and that trend continued throughout Fiscal 2024.

Additionally, in both the current and prior year, we experienced supply chain disruptions and capacity constraints, (largely) largely for gluten-free production) resulting production, resulted in lower production volumes and sales. sales of these products. These and other supply chain disruptions, including any impact from the imposition of tariffs, could continue to negatively impact production volumes due to uncertainty in the global and U.S. supply chain. Although the conflict between Russia and Ukraine and the conflict in the Middle East have not impacted us directly, we are closely monitoring the effects 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 availability, have negatively impacted, and could continue to negatively impact, our operations, results of operations, cash flows, and liquidity.

Labor shortages and turnover at some of our bakeries in Fiscal 2024 and Fiscal 2023 and 2022 hampered production levels, negatively impacted our results. 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 affect impact the efficiency of our production lines and our ability to operate our production lines efficiently at, or run at near, full capacity which and could lead to 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 material adverse negative impact on the company's operations, results of operations, liquidity, or cash flows.

4

We believe we have sufficient liquidity to satisfy our cash needs and we continue to execute on our strategic priorities, including the deployment of the upgrade of our transformation strategy initiatives, ERP system.

For additional discussion on the impact of macroeconomic factors on our business, refer to Part II, Item 7., *Management's Discussion and Analysis of Financial Condition and Results of Operations*, of this Form 10-K.

4

Strategic Initiatives

We are a brand-focused company dedicated to the consumer and committed to growing our most profitable brands through innovation, market expansion, and prudent mergers and acquisitions ("M&A"). Our strategic priorities and our long-term goals are as follows:

Strategic Priorities:

- *Develop team:* Capabilities to build brands and create value.
- *Focus on brands:* Enhance relevancy and expand presence. Invest in our brands to align with consumers to maximize our return on investment.
- *Prioritize margins:* Optimize the portfolio and supply chain.
- *Smart M&A:* Disciplined approach to acquisitions in the grain-based foods arena that enhances enhance our branded portfolio, improve our margin profile, and margin profile, broaden our geographic reach.

Long-term Goals:

- Grow sales by 1% to 2% annually (excluding any future acquisitions).

- Grow EBITDA by 4% to 6% annually (excluding any future acquisitions) (The company defines EBITDA as earnings before interest, taxes, depreciation and amortization.).
- Grow earnings per share by 7% to 9% annually.

A key to our success in achieving our strategic priorities is our talented and dedicated team. We recognize the importance of investing in our people as further discussed in the "Human Capital Resources" section below, which details how we attract, retain, and develop our team. Additionally, we recognize the importance of realigning people and responsibilities in successfully implementing our long-term strategies. This realignment can take the form of organizational changes or providing crucial tools, including investments in our information systems. Our cross-functional transformation office is responsible for overseeing the implementation of our strategic priorities, including our digital and ERP initiatives, which are discussed in more detail under the "Transformation Strategy Initiatives" section below.

A major focus of our long-term strategy is to evolve our sales portfolio to higher margin, value-added branded retail products that we expect will generate top line growth and improve overall profitability. We expect an optimized portfolio will drive share gains by targeting growth segments with new, innovative products. We have established clear roles for the brands and product lines within our portfolio to enable more targeted decision-making on brand investment. Over the past several years, we have completed sales rationalization initiatives resulting in a more streamlined brand and product assortment, and reduced brand portfolio complexity. We have also executed strategies to optimize our non-retail and store branded retail sales by exiting certain lower margin business, implementing price increases, and acquiring new customers.

As we implement our targeted sales portfolio strategy, continues to evolve, the flexibility of our production and distribution systems allows us to pivot capacity to meet this changing demand. We believe our flexible bakery system allows us to quickly shift production to high demand products and adjust distribution where needed. For example, we ceased production at our Baton Rouge, Louisiana bakery in Fiscal 2024 and our Phoenix, Arizona bakery in Fiscal 2022 to shift production to more efficient bakeries. In Fiscal 2023, we acquired the Papa Pita Bakery business ("Papa Pita") expanding our production capacity, including for bagels, pitas, and flat breads, the majority of which Papa Pita previously co-manufactured for us, and increasing our direct-store-delivery distribution in the western U.S. In Fiscal 2022, we increased production capacity for our organic products by adding a production line at our Henderson, Nevada bakery to better serve the West Coast market. Additionally, we ceased production at our Phoenix, Arizona bakery, an older, less efficient bakery that produced traditional bread and bun products. We believe our flexible bakery system allows us to quickly shift production to high demand products and adjust distribution where needed. We are continuing to optimize our distribution system by reducing network complexity through depot consolidation and reducing transport miles.

M&A has always been, and we expect will continue to be, an important part of our long-term growth strategy. We employ a disciplined approach to M&A, seeking out candidates primarily in the grain-based foods arena that enhance our branded portfolio, extend our geographic presence, are a strong cultural fit, and add enhanced capabilities to our company. We believe our strong balance sheet and cash flow generation enables us to execute our M&A strategy and, as discussed above, on February 17, 2023, we completed the purchase of Papa Pita, a manufacturer and distributor of bagels, tortillas, breads, buns, English muffins, and flat breads. Founded in 1983, Papa Pita operates one production

facility in West Jordan, Utah. Additionally, as discussed above, on January 7, 2025, the company entered into an agreement to acquire Simple Mills, maker of a premium brand of better-for-you crackers, cookies, snack bars, and baking mixes. The acquisition is expected to expand the company's exposure to the better-for-you snacking segment and diversify its category exposure. The transaction is subject to customary regulatory and other approvals and closing conditions and is anticipated to close in the first quarter of Fiscal 2025.

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 to: 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.

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 now 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 33 36 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

This initiative includes upgrading our information system platform and 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. We plan to continue the deployment across the organization over the next few two years.

We expect the transformation strategy initiatives to require significant capital investment and expense over the next several two years. We currently anticipate the upgrade of our ERP system will cost approximately \$350 million (of which approximately 34% 35% has been or is anticipated to be capitalized) and anticipate the upgrade to be completed in 2026. Previously, these costs were estimated in the third quarter of Fiscal 2024, we recorded a \$2.3 million asset impairment charge to be approximately \$275 million. The increase in estimated costs resulted from expanding the project scope and anticipation of greater reliance on external resources for bakery deployments due to labor constraints, fully impair certain ERP-related assets that no longer meet our business needs. As of December 30, 2023 December 28, 2024, we have incurred costs related to the project of approximately \$214 million \$238 million. See Item 1A., *Risk Factors*, "We may experience difficulties in designing and implementing deploying the upgrade of our ERP system."

Segment

Since the beginning of Fiscal 2019, we have managed our business as one operating segment. The company concluded it has one operating segment based on the nature of the products the company sells, its 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. See Note 2, *Summary of Significant Accounting Policies*, and Note 4, *Segments*, of Notes to Consolidated Financial Statements of this Form 10-K for detailed financial information about our operating segment.

Brands & Products

We report our sales as Branded Retail and Other. The Other category includes store branded retail, foodservice, restaurant, institutional, vending, thrift stores, and contract manufacturing. In Fiscal 2023, Branded Retail sales represented 64.1% of our total sales.

Our brands are some of the best-known in the U.S. fresh packaged bread industry and many of them hold leading market positions in the categories in which they compete. We believe having a well-diversified portfolio of brands allows us to be more competitive in the marketplace and appeal to a broader range of consumers. Our principal products are breads, buns, rolls, snack items, bagels, English muffins, and tortillas. The table below presents the major brands within our diversified brand portfolio:

Strategic Positioning	Key Brands
Mainstream	<i>Nature's Own, Wonder, Tastykake</i>
Organic	<i>Dave's Killer Bread DKB</i>
Gluten Free	<i>Canyon Bakehouse</i>

Brand Highlights

- *Nature's Own* is the best-selling loaf bread in the U.S. (Source: *Circana Total US MultiOutlet+C-Store w/Conv L52 Weeks Ending 12/31/23 29/24*). *Nature's Own*'s sales, at estimated retail, were \$1.5 billion for Fiscal 2023, 2024.
- *Nature's Own Honey Wheat* is the #1 Universal Product Code ("UPC") in the U.S. Fresh Packaged Bread category based on dollars and units. In the U.S. Fresh Packaged Bread category, *Nature's Own Butterbread* is the #2 UPC based on units and the #3 UPC based on dollars. (Source: *Circana Total US MultiOutlet+C-Store w/Conv L52 Weeks Ending 12/31/23 29/24*)
- *DKB* is the #1 selling organic brand in the U.S. and the company's #2 brand, with the top-selling organic brand in four different segments. *DKB*'s sales, at estimated retail, were \$1.0 billion for Fiscal 2023, 2024.
- *Canyon Bakehouse*, acquired at the end of Fiscal 2018, is the #1 selling gluten-free bread brand in the U.S. (Source: *Circana Total US MultiOutlet+C-Store w/Conv L52 Weeks Ending 12/31/23 29/24*). *Canyon Bakehouse*'s sales, at estimated retail, were \$164 million for Fiscal 2023, 2024.
- *Wonder*, over 100 years old, enjoys 97% brand awareness (Source: *Kantar Brand Health Tracking Study - Summer 2023*). *Wonder*'s Classic White loaf is the #2 UPC in the white loaf segment based on dollars and units in the U.S. (Source: *Circana Total US MultiOutlet+w/Conv L52 Weeks Ending 12/29/24*). *Wonder*'s sales, at estimated retail, were \$512 million for Fiscal 2023 (Source: *Circana Total US MultiOutlet+C-Store L52 Weeks Ending 12/31/23*).

In Fiscal 2024, we introduced *Nature's Own Keto* hamburger and hotdog buns, *Nature's Own Small Loaf* breads, *Wonder* bagels and English muffins, and *DKB Organic Rolls*, among other new products. In Fiscal 2023, we introduced *Nature's Own Keto* bread, *Nature's Own Hawaiian* and *Everything* hamburger buns, *Tastykake Dipp'n Sticks*, and *Mrs. Freshley's Donut Sticks*, among others. New product introductions in Fiscal 2022 included *Nature's Own Hawaiian* loaf bread, *Nature's Own Perfectly Crafted Sourdough* loaf bread, *DKB Organic Everything* Bread, and *Canyon Bakehouse Gluten-Free* Brioche and Hawaiian dinner roll varieties, among other new products. Additionally, in Fiscal 2022, we began the nationwide rollout of three varieties of *DKB Organic Snack Bars* including protein bars, and began the nationwide rollout of three varieties of the *DKB Organic Snack Bars* in Fiscal 2023. In early Fiscal 2023, we launched *DKB Crunchy Snack Bites* in test markets. In Fiscal 2025, we plan to roll out *DKB* snack bites nationwide and introduce *Wonder* branded cake products.

The *DKB* snack bars and snack bites are part of an initiative to extend our presence beyond the traditional bread category and into the snacking category. As discussed above, the Simple Mills Acquisition is expected to expand the company's exposure to the better-for-you snacking segment and diversify our category.

exposure.

Our brands and products are sold through various channels throughout the U.S. These channels include supermarkets, drugstores, mass merchandisers, discount stores, club stores, convenience stores, thrift outlet stores, and foodservice, among others.

7

Marketing

We support our key brands with an advertising and marketing effort that targets consumers through electronic and in-store coupons, social media (such as Facebook and X (formerly Twitter) X), digital media (including e-newsletters to consumers), websites (our brand sites and third-party sites), event and sports marketing, on-package promotional offers and sweepstakes, and print advertising. When appropriate, we may join other sponsors with promotional tie-ins. We often focus our marketing efforts on specific products and holidays, such as hamburger and hot dog bun sales during Memorial Day, the Fourth of July, and Labor Day, and snack cakes for specific seasons. Additionally, we have made and are continuing to make marketing investments to target e-commerce sales as consumers shift to more online shopping alternatives, such as grocery delivery sites, retailer websites and apps, among others.

7

Customers

Our top 10 customers in Fiscal 2023 2024 accounted for 55.5% 56.7% of sales. During Fiscal 2023, 2024, our largest customer, Walmart/Sam's Club, represented 22.3% 22.4% of the company's sales. The loss of, or a material negative change in our relationship with, Walmart/Sam's Club or any other major customer could have a material adverse effect on our business. Walmart/Sam's Club was the only customer to account for 10% or more of our sales during Fiscal 2024, 2023, 2022, and 2021 2022.

Fresh baked foods' customers include mass merchandisers, supermarkets and other retailers, restaurants, quick-serve chains, food wholesalers, institutions, dollar stores, and vending companies. We also sell returned and surplus product through a system of thrift stores. The company currently operates 238 223 such stores and reported sales of \$70.3 million \$64.1 million during Fiscal 2023 2024 from these outlets.

We also (1) supply national and regional restaurants, institutions and foodservice distributors, and retail in-store bakeries with breads and rolls; (2) sell packaged bakery products to wholesale distributors for ultimate sale to a wide variety of food outlets; and (3) sell packaged snack cakes primarily to customers who distribute them nationwide through multiple channels of distribution, including mass merchandisers, supermarkets, vending outlets and convenience stores. In certain circumstances, we enter into co-packing arrangements with retail customers or other food companies, some of which are competitors. Although we service public health care, military commissaries, and prisons, among other governmental institutions, we do not have any material government contracts.

Distribution

We distribute our products through a direct-store-delivery ("DSD") distribution system and a warehouse delivery system. The DSD distribution system primarily involves aggregating order levels and delivering products from bakeries to independent distributors for sale and direct delivery to customer stores. The independent distributors are responsible for ordering products, selling products to customers, stocking shelves, maintaining special displays, and developing and maintaining good customer relations, to ensure ensuring adequate inventory, and removing unsold goods. In certain markets, we utilize a sales employee model to facilitate the distribution of product through our DSD distribution system. The warehouse delivery system involves primarily delivering our products to customers' warehouses.

The company has sold the majority of the distribution rights to market certain brands within a geographic territory to independent distributors under long-term financing arrangements. Many other independent distributors have opted to obtain their own financing arrangements. Independent distributors, highly motivated by

financial incentives from their distribution rights ownership, strive to increase sales within their defined geographic territory by offering outstanding service and merchandising.

Our DSD distribution system is comprised of three types of territories: (1) independent distributor-owned and operated territories (independent distributors own the rights to distribute certain brands of our fresh packaged bakery foods in defined geographic markets); (2) distribution rights that are classified as available for sale in the Consolidated Balance Sheets; and (3) other company operated territories. The table below presents the approximate number of territories used by the company as of **December 30, 2023** **December 28, 2024**:

Type of territory	Number of territories
Independent distributor-owned and operated territories	5,105 4,784
Territories classified as available for sale	567 552
Other company operated territories	251 518
Total territories	5,923 5,854

The During Fiscal 2024, the company expects to repurchase commenced repurchasing approximately 400 territories in California during Fiscal 2024 and convert converting them to company operated territories mostly as a result of the settlement of litigation as further discussed in Note 23 24, *Commitments and Contingencies*, of Notes to Consolidated Financial Statements of this Form 10-K. Once repurchased, the territories will not be resold

8

and will be classified as other company operated territories. As of December 28, 2024, there were approximately 95 territories remaining to be repurchased and these are anticipated to be completed early in the second quarter of Fiscal 2025.

Our warehouse distribution system delivers a portion of our packaged bakery snack products from a central distribution facility located near our Crossville, Tennessee snack cake bakery. We believe this centralized distribution system allows us to achieve both production and distribution efficiencies. Products coming from different bakeries are then cross-docked and shipped directly to customers' warehouses nationwide. Our frozen bread and roll products are shipped to various outside freezer facilities for distribution to our customers.

8

Intellectual Property

We own many trademarks, trade names, patents, and licenses. The company also sells products under franchised and licensed trademarks and trade names which we do not own pursuant to contractual arrangements. We consider our trademarks and trade names important to our business since we use them to build strong brand awareness and consumer loyalty.

Raw Materials

Our primary baking ingredients are flour, sweeteners, shortening, yeast and water. We also purchase organic and gluten-free ingredients. We also use paper products, such as corrugated containers, folding cartons, films and plastics to package our bakery foods. We strive to maintain diversified sources for all of our baking ingredients and packaging products. In addition, we are dependent on natural gas or propane as fuel for firing our ovens.

Prices of ingredient and packaging materials fluctuate due to various factors including, but not limited 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 were volatile in both Fiscal 2023 2024 and 2022 2023 but are **expected to be more favorable** **expecting reduced volatility** in Fiscal 2024 2025 (excluding any impact of potential tariffs). 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 price of these raw materials and significantly affect our earnings.

Regulations

As a producer and marketer of food items, our operations are subject to regulation by various federal governmental agencies, including the U.S. Food and Drug Administration, the U.S. Department of Agriculture, the U.S. Federal Trade Commission, the U.S. Environmental Protection Agency, the U.S. Department of Commerce, and the U.S. Department of **Labor** (the "DOL"). **Labor**. We also are subject to the regulations of various state agencies, with respect to production processes, product quality, packaging, labeling, storage, distribution, labor, and local regulations regarding the licensing of bakeries and the enforcement of state standards and facility inspections. Under various statutes and regulations, these federal and state agencies prescribe requirements and establish standards for quality, purity, and labeling. Failure to comply with one or more regulatory requirements could result in a variety of sanctions, including monetary fines or compulsory withdrawal of products from store shelves.

Advertising of our brands is subject to regulation by the Federal Trade Commission, and we are subject to certain health and safety regulations, including those issued under the Occupational Safety and Health Act.

The cost of compliance with such laws and regulations has not had a material adverse effect on the company's business. We believe we are currently in substantial compliance with all material federal, state and local laws and regulations affecting the company and its properties.

Our operations, like those of similar businesses, are subject to various federal, state and local laws and regulations with respect to environmental matters, including air and water quality and underground fuel storage tanks, as well as other regulations intended to protect public health and the environment. The company is not a party to any material proceedings arising under these laws and regulations. We believe compliance with existing environmental laws and regulations will not materially affect the Consolidated Financial Statements or the competitive position of the company. The company is currently in substantial compliance with all material environmental laws and regulations affecting the company and its properties.

Competitive Overview

The U.S. market for fresh and frozen bakery products is estimated at \$50 billion **more than \$55 billion** at retail. The fresh packaged bread category is intensely competitive and has **continued to experience industry consolidation and experienced** volume decreases in recent years. Flowers Foods is currently the second-largest company in the U.S. fresh baking industry based on **dollar** market share as presented in the following chart (amounts may not compute due to rounding). (Source: *Circana Flowers custom database, 52 weeks ending 12/31/23 29/24;* **)** due to a change in methodology and sources, data provided previously may not be comparable to current data:



The current competitive landscape for breads and rolls in the U.S. baking industry consists of Bimbo Bakeries USA (BBU), Flowers Foods, and **Campbell Soup** **The Campbell's** Company, under the *Pepperidge Farm* brand, along with a number of smaller independent regional bakers, local bakeries, and retailer-owned bakeries.

Some of these smaller regional bakers do not enjoy the competitive advantages of larger operations, including greater brand awareness and economies of scale in purchasing, distribution, production, IT, advertising and marketing. However, size alone is not sufficient to ensure success in our industry. The company faces significant competition from regional and independent bakeries in certain geographic areas.

Competition in the baking industry continues to be driven by a number of factors, including the ability to serve retail and foodservice customers, generational changes in family-owned businesses, and competitors' promotional efforts on branded bread and store brands. Competition typically is based on the ability to target changing consumer preferences, product availability (including through e-commerce channels), product quality, brand loyalty, price, and effective promotions. Customer service, including frequent deliveries to keep store shelves well-stocked, is also a competitive factor.

The company also faces competition from store brands that are produced either by us or our competitors. Store brands (also known as "private label") have been offered by food retailers for decades. With the growth of mass merchandisers like Walmart and the ongoing consolidation of regional supermarkets into larger operations, store brands have become a significant competitor to the company. The store brand share of retail fresh packaged bread in the U.S. accounts for approximately 21% 25% of the dollar sales and approximately 31% 35% of unit sales. Its Store brand's dollar share had been steadily declining for a number of years prior to Fiscal 2022, however that trend reversed in Fiscal 2022 and expanded in Fiscal 2023, 2023 and Fiscal 2024. The recent inflationary environment has pressured more consumers to trade down to store brand bakery products.

Human Capital Resources

As of December 30, 2023 December 28, 2024, Flowers and its subsidiaries had approximately 9,300 10,200 employees located throughout the U.S. and approximately 4,800 4,100 long-term leased employees. Approximately 865 830 employees are covered by collective bargaining agreements and there are no material outstanding labor disputes.

Our Flowers' legacy of excellence is built on 100+ years of hard work by thousands of Flowers team members. As W.H. Flowers, Jr. said, "*The key to any enterprise or goal is people. People of character, people of integrity, people who don't mind working and taking advantage of their opportunity.*" We continue to strive toward a people-centric legacy by implementing initiatives that enhance the lives of every employee.

Flowers aims to attract Our hiring efforts utilize a qualified workforce through an inclusive variety of channels and accessible include various recruiting process that utilizes online recruiting platforms, intelligence and marketing strategies. Through campus outreach, apprenticeships, internships, and job fairs. In 2023, internship and rotational programs, we established relationships with historically black colleges and universities (HBCUs) to expand our reach and recruit more diverse talent. Flowers is also a proud second chance employer for individuals impacted by the criminal justice system, furthering the commitment that began when we acquired the DKB brand in Fiscal 2015. At Flowers, we have implemented recruitment initiatives at our bakeries employ an inclusive recruiting process to attract and retain ex-offenders, top talent in a competitive talent market. Most recently, Flowers has increased the number of focus schools and career fairs attended annually, and developed new relationships with Historically Black Colleges and Universities (HBCUs).

A number of our bakeries actively champion second chance employment by recruiting formerly incarcerated individuals who are ready to re-enter the job market. Our flagship Dave's Killer Bread bakery in Milwaukie, Oregon, is one of our biggest advocates for second chance employment – with nearly 40% of team members hired through the bakery's second chance initiatives.

In addition, Flowers is a long-time supporter of causes that support U.S. veterans and their families. Since 2018, through our Wonder and Tastykake brands, we have partnered with the USO United Service Organizations ("USO") to help provide a variety of programs that keep service members and their families connected. Through this partnership, we have donated \$2.3 million In support of these efforts, Flowers' brands fulfilled their multi-year commitment, donating \$2.8 million to the USO through Fiscal 2024, and some of our marketing campaigns and packaging tie-ins recognize the service and sacrifices of the military. increased their total pledge to \$3.4 million through 2026. Presently, Flowers employs more than 490 approximately 475 veterans.

Flowers offers team members competitive wages, benefits, and training opportunities, while also promoting a safe and healthy workplace. We believe it is the company's responsibility to give our team members every opportunity to grow as Flowers employees and as people. The company provides its employees with resources to enhance their skills and careers, including:

- Promoting education and development by investing in our internal Learning Management System and providing a range of formal and informal learning programs designed to help employees continuously develop skills throughout their careers. Programs available at our bakeries include Skillsoft online learning and a Mentor Up Mentoring Program.
- Offering a variety of programs that contribute to our leadership, training and development goals, including the "Flowers Front-Line Leadership Program,"

Now" for leaders at all levels, and "Leading The Flowers Way" for our high potential leaders.

- Encouraging employees to discuss their professional development during annual performance reviews with their supervisors.
- Expanding our goal setting process to include the creation of personal development plans (PDPs). PDPs help employees identify their career development goals and map out realistic steps to achieve them.
- Offering the Continuous Performance Management module which supports ongoing performance conversations between employees and their managers.
- Offering Career Conversations training for supervisory employees to discuss career pathing and employee development.

To foster our culture of belonging, Flowers deploys annual anti-harassment, antidiscrimination, and inclusiveness training. This content is also provided as part of our onboarding process for new corporate and bakery employees. In Fiscal 2023, Flowers continued implementing our diversity, equity, and inclusion (DE&I) training and added DE&I to the onboarding process. The company's board of directors (the "Board" or "Board of Directors") receives regular updates from management on our inclusion and diversity efforts, career progression.

Additionally, we regularly conduct anonymous surveys twice yearly. Flowers offers confidential employee opinion surveys to our entire employee population. These surveys are designed to capture real-life feedback about what it is like to work at Flowers. Data from our team members on a variety of topics, including, but not limited to, confidence in company leadership, competitiveness, one of our compensation and benefits package, career growth opportunities and how we can make surveys underscored the importance employees place on trust. This input drove us to dig deeper into the topic, ultimately creating an all-new training initiative throughout our company an employer of choice. The results are shared with our team members and reviewed by senior leadership, who seek to analyze areas of opportunity and prioritize actions and activities supply chain focused on trust, which debuted in response to the feedback to drive meaningful change in our overall employee experience. As an example, our leadership team approved the implementation of a self-managed time-off policy for those at the director and above level as a result of survey feedback late 2024.

11

Total Rewards

We have a demonstrated history of investing in our workforce by providing competitive wages and benefits. Our benefits package includes:

- comprehensive health insurance coverage to employees working 30 hours or more each week;
- parental leave to for all new parents for when their families experience a birth, adoption or foster placement;
- adoption reimbursement of up to \$20,000 per employee, per lifetime;

11

- short-term disability to provide wage protection for up to six months;
- a tuition reimbursement program; and
- a 401(k) plan (certain union-affiliated employees participate in a company-sponsored pension or multi-employer plan) with generous company match contributions.

We believe that because employees drive our success, they should share in that success. In addition to competitive wages and benefits, when annual company goals are met, eligible team members at all levels are rewarded with a bonus.

Other Available Information

Throughout this Form 10-K, we incorporate by reference information from parts of other documents filed with the SEC. The SEC allows us to disclose important information by referring to it in this manner, and you should review this information in addition to the information contained in this report.

Our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and proxy statement for the annual shareholders' meeting, as well as any amendments to those reports, are available free of charge through our website as soon as reasonably practicable after we file them with the SEC. You can learn more about us by reviewing our SEC filings on our website at www.flowersfoods.com in the "REPORTS & FILINGS" section of the "INVESTORS" tab. The SEC also maintains a website at www.sec.gov that contains reports, proxy statements and other information about SEC registrants, including the company. Except as otherwise expressly set forth herein, the information contained on our website is neither included nor incorporated by reference herein.

The following corporate governance documents may be obtained free of charge through our website in the "CORPORATE GOVERNANCE" section of the "INVESTORS" tab or by sending a written request to Flowers Foods, Inc., 1919 Flowers Circle, Thomasville, GA 31757, Attention: Investor Relations.

- Corporate Governance Guidelines
- Finance Committee Charter
- Audit Committee Charter
- Nominating/Corporate Governance Committee Charter
- Compensation and Human Capital Committee Charter
- Political Contribution and Activity Policy
- **Code of Business Conduct and Ethics**
- Flowers Foods Employee Code of Conduct
- Animal Welfare Commitment
- Stock Ownership Guidelines

12

Item 1A. Risk Factors

You should carefully consider the risks described below, together with the other information included in this report, in considering our business and prospects. The risks and uncertainties described below are not the only ones facing us. These risk factors are not listed in any order of significance. Additional risks and uncertainties not presently known to us, or that we currently deem insignificant, may also impair our business operations. The occurrence of any of the following risks could harm our business, financial condition, liquidity, or results of operations.

Operational Risks

Economic conditions may negatively impact demand for our products, which could adversely impact our sales and operating profit.

The willingness of our customers and consumers to purchase our products may depend in part on economic conditions. Worsening economic conditions or future challenges to economic growth could have a negative impact on consumer demand, which could adversely affect our business. Deterioration of national and global economic conditions could cause consumers to shift purchases to more generic, lower-priced, or other value offerings, or consumers may forego certain purchases altogether during economic downturns and could result in decreased demand in the foodservice business. This economic uncertainty may increase pressure to reduce the prices of some of our products, limit our ability to increase or maintain prices, and reduce sales of higher margin products or shift our product mix to low-margin products.

In addition, changes in tax or interest rates, whether due to recession, efforts to combat inflation, financial and credit market disruptions or other reasons, could negatively impact us.

A disruption or change in the operation of our DSD distribution system could materially and/or negatively affect our results of operations, financial condition and cash flows.

A material negative change in our relationship with the independent distributor partners could negatively affect our business. Such changes could result from litigation or one or more adverse rulings by courts or regulatory or governmental bodies in any of the jurisdictions in which we operate regarding our independent distributorship model, including actions or decisions that could affect the independent contractor classifications of the independent distributor partners, or an adverse

judgment against the company for actions taken by the independent distributor partners. These changes could also result from regulatory developments based on the manner in which the U.S. Department of Labor applies the Fair Labor Standards Act. In addition, as a result of California distributor-related litigation, we plan to convert began converting our DSD independent distributor partners distribution model in California to an employment model in 2024. Fiscal 2024 and anticipate completing the conversion early in the second quarter of Fiscal 2025. Any of these developments could materially and/or negatively affect our financial condition, results of operations and cash flows.

We may not be able to attract or retain the highly skilled people we need for our business.

We depend on the skills and continued service of key personnel, including our experienced management team. In addition, our ability to achieve our strategic and operating goals depends on our ability to attract, recruit, hire, develop, and retain qualified individuals, including individuals with e-commerce, digital marketing, and data analytics capabilities. We compete with other companies both within and outside of our industry for talented personnel, and we may lose key personnel or fail to attract, recruit, hire, develop, and retain other talented personnel. Any such loss, failure or negative perception with respect to these individuals may adversely affect our business or financial results. results or our ability to meet regulatory reporting requirements. In addition, activities related to identifying, recruiting, hiring, and integrating qualified individuals may require significant time and expense. We may not be able to locate suitable replacements for any key employees who terminate their employment or offer employment to potential replacements on reasonable terms, each of which may adversely affect our business and financial results.

Labor shortages and increased turnover or increases in employee and employee-related costs could have adverse effects on our profitability.

We have recently experienced labor shortages at some of our bakeries. A number of factors may adversely affect the labor force available to us, including high employment levels, federal unemployment subsidies and benefits offered, and other government regulations, which include laws and regulations related to workers' health and safety, wage and hour practices, and immigration. A labor shortage or increased turnover rates within our employee base could lead to increased costs, such as increased overtime to meet demand and increased wage rates to attract and retain employees, and could negatively affect our ability to efficiently operate our bakeries and bread lines or otherwise operate at full capacity. An overall labor shortage, lack of skilled labor, increased turnover or labor inflation could have a material adverse impact on the company's operations, results of operations, liquidity or cash flows.

Additionally, health care and workers' compensation postretirement welfare, and pension costs are increasing and will likely continue to do so. Any substantial increase in these costs may have an adverse impact on our profitability. The company records the liabilities related to its benefit plans based on

13

actuarial valuations, which include key assumptions determined by management. Material changes in benefit plan liabilities may occur in the future due to changes in these assumptions. Future annual amounts could be impacted by

13

various factors, such as changes in the number of plan participants, changes in the discount rate, changes in the expected long-term rate of return, changes in the level of contributions to the plan, and other factors. In addition, legislation or regulations involving labor and employment and employee benefit plans (including employee health care benefits and costs) may impact our operational results.

The costs of maintaining and enhancing the value and awareness of our brands are increasing, which could have an adverse impact on our revenues and profitability.

We rely on the success of our well-recognized brand names and we intend to maintain our strong brand recognition by continuing to devote resources to advertising, marketing and other brand building efforts. Brand value could diminish significantly due to several factors, including consumer perception that we have acted in an irresponsible manner, adverse publicity about our products (whether or not valid), our failure to maintain the quality of our products, the failure of our products to deliver consistently positive consumer experiences, or the products becoming unavailable to consumers. The growing use of social and digital media

platforms by consumers and third parties increases the speed and extent that information or misinformation and opinions can be shared. Brand recognition and loyalty can be impacted by the effectiveness of our advertising campaigns, marketing programs and sponsorships, as well as our use of social media. In addition, failure to comply with local or other laws and regulations could also hurt our reputation. Our marketing investments may not prove successful in maintaining or increasing our market share. If we are not able to successfully maintain our brand recognition or were to suffer damage to our reputation or loss of consumer confidence in our products for any of these reasons, our revenues and profitability could be adversely affected. Additionally, a company determination that any brand is no longer expected to contribute to the company's future results could lead to an impairment or material impairment of an intangible asset, resulting in an impairment or an acceleration of amortization due to a reduction in the useful life, and could adversely affect our business, financial condition or results of operations.

Our inability to execute our business strategy could adversely affect our business.

We employ various operating strategies to maintain our position as one of the nation's leading producers and marketers of bakery products available to customers through multiple channels of distribution. In particular, these operating strategies include, among other things, (i) the integration of acquisitions or the acquisition or disposition of assets at presently targeted values, (ii) the deployment of new systems and technology, and (iii) an enhanced organizational structure. Our focus on our long-term goals of being consumer-focused and committed to growing our most profitable brands is dependent on our success in achieving our strategic priorities: (i) develop team; (ii) focus on brands; (iii) prioritize margins; and (iv) smart M&A. These and related demands on our resources may divert the organization's attention from other business issues. Our success is partly dependent upon properly executing, and realizing cost savings or other benefits from, these often-complex initiatives. Any delay in, or failure to implement, our strategic initiatives could adversely affect our ability to grow margins. If we are unsuccessful in implementing or executing one or more of our business strategies, our business could be adversely affected.

We may be adversely impacted by the failure to successfully realize the expected benefits of acquisitions, divestitures or joint ventures.

From time to time, we undertake acquisitions, divestitures, joint ventures and co-investments. The success of any acquisition, divestiture or joint venture depends on the company's ability to identify opportunities that help us meet our strategic objectives, consummate a transaction on favorable contractual terms, and achieve expected returns and other financial benefits. In particular, this risk arises in the context of the pending Simple Mills Acquisition, which is expected to close in the first quarter of Fiscal 2025.

Acquisitions, including future acquisitions, require us to efficiently integrate the acquired business or businesses, which involves a significant degree of difficulty, including the following:

- integrating the operations and business cultures of the acquired businesses while carrying on the ongoing operations of the businesses we operated prior acquisitions;
- managing a significantly larger company than before consummation of the acquisitions;
- the possibility of faulty assumptions underlying our expectations regarding the prospects of the acquired businesses;
- coordinating a greater number of diverse businesses and businesses located in a greater number of geographic locations;
- attracting and retaining the necessary personnel associated with the acquisitions;
- creating uniform standards, controls, procedures, policies and information systems and controlling the costs associated with such matters; and
- expectations about the performance of acquired trademarks and brands and the fair value of such trademarks and brands.

14

Divestitures have operational risks that may include impairment charges. Divestitures also present unique financial and operational risks, including diverting management attention from the existing core business, separating personnel and financial data and other systems, and adversely affecting existing business relationships with suppliers and customers.

Co-investments with third parties through partnership, joint ventures, or other entities may involve non-controlling, illiquid interests and limited decision-making authority. Investments in partnerships, joint ventures, or other entities may, under certain

14

circumstances, involve risks not present were a third-party not involved, including the possibility that our joint venture partners might become bankrupt, fail to fund their share of required capital contributions, make poor business decisions, or block or delay necessary decisions, decisions which can lead to potential impairment recognition. Disputes between us and our joint venture partners may result in litigation or arbitration that would increase our expenses. In addition, we may in certain circumstances be liable for the actions of our joint venture partners.

We have had, and may have in the future, situations where acquisitions, divestitures or joint ventures are not successfully implemented or completed, or the expected benefits of such acquisitions or divestitures are not otherwise realized, which has, and may in the future, negatively impacted the company's business, results of operations or financial condition.

Disruption in our supply chain or distribution capabilities from political instability, armed hostilities, incidents of terrorism, natural disasters, weather, inferior product or ingredient supply, or labor strikes could have an adverse effect on our business, financial condition and results of operations.

Our ability to make, move and sell products is critical to our success. Damage or disruption to our manufacturing or distribution capabilities, or the manufacturing or distribution capabilities of our suppliers, due to weather, including any potential effects of climate change, natural disaster, fire or explosion, terrorism, pandemics, (such as COVID-19 and any variants), inferior product or ingredient supply, labor strikes or work stoppages, or adverse outcomes in litigation involving our independent distributor model, could impair our ability to make, move or sell our products. Moreover, terrorist activity, armed conflict or political instability, including any escalation of hostility arising out of the conflict between Russia and the Ukraine and the conflict in the Middle East, or natural disasters that may occur within or outside the U.S. may disrupt manufacturing, labor, and other business operations. Failure to take adequate steps to mitigate the likelihood or potential impact of such events and disruption to our manufacturing or distribution capabilities, or to effectively manage such events if they occur, could adversely affect our business, financial conditions and results of operations.

The third-party vendor management processes may not be appropriately designed to reduce risks related to the delivery of goods, supplies and services.

As part of a concerted effort to achieve cost savings and efficiencies, we have entered into agreements with third-party vendors for the delivery of goods, supplies and services, including IT services. If we do not select quality vendors, appropriately review vendor contracts and monitor these vendors' performance (including their ability to protect our customer, consumer or other confidential data), or if any of these third-parties do not perform according to the terms of the agreements, we may not be able to achieve the expected cost savings, we may have to incur additional costs to correct errors made by such third-party vendors or our reputation could be harmed by any failure to perform.

Technology Risks

We may be adversely impacted if our IT systems fail to perform adequately, including with respect to cybersecurity issues.

The efficient operation of our business depends on our IT systems. We rely on our IT systems to effectively manage our business data, communications, supply chain, order entry and fulfillment, and other business processes. The failure of our IT systems (including those provided to us by third-parties) to perform as we anticipate could disrupt our business and could result in billing, collecting and ordering errors, processing inefficiencies, and the loss of sales and customers, causing our business and results of operations to suffer.

In addition, our IT systems (including those provided to us by third parties), and the IT systems of our third-party business partners, may be vulnerable to damage or interruption from circumstances beyond our control, including fire, natural disasters, systems failures, security breaches or intrusions (including theft of customer, consumer or other confidential data), and viruses, cyber incidents. Cyber-attacks and other cyber incidents are occurring more frequently in the United States and are becoming more sophisticated with a wide range of expertise and motives. Such cyber-attacks and cyber incidents can take many forms, including extortion, denial of service, employee or personnel failures, or social engineering through phishing, ransomware or malware emails, malware. Cybersecurity threat actors also may attempt to exploit vulnerabilities through software including software that is commonly used by companies in cloud-based services and bundled software. In addition, the risk of cyber-attacks has increased in connection with the military conflict between Russia and Ukraine, the conflict in the Middle East, and the resulting geopolitical conflicts. In light of those and other geopolitical events, nation-state actors or their supporters may launch retaliatory cyber-attacks, and may attempt to cause supply chain and other third-party service provider disruptions, or take other geopolitically motivated retaliatory actions that may disrupt our business operations, result in data compromise,

or both. These circumstances increase the likelihood of cyber-attacks and/or security breaches. In addition, the rapid evolution and increased adoption of artificial intelligence ("AI") and machine learning technologies may intensify our cybersecurity risks.

risks and make it more difficult to anticipate and implement protective measures to recognize, detect, and prevent the occurrence of any of the cyber events described above. Further, the technology and techniques used in cyberattacks are constantly evolving and the pace and extent of that evolution may accelerate with the use of emerging technologies including AI and machine learning.

There can be no assurance that the policies, protocols, and practices that we follow to address cybersecurity, including our controls or procedures, will be fully implemented, complied with or effective in protecting our systems and information. We may incur significant costs in protecting or remediating cyber-attacks or other cyber incidents. If we are unable to prevent physical and electronic break-ins, cyber-attacks and other information security breaches, we may suffer financial and reputational damage, operational disruptions, be subject to litigation, civil or criminal investigations, regulatory intervention or incur costs related to remediation, costs payment of ransom or penalties, because including as result of the unauthorized disclosure of confidential information belonging to us or to our partners, customers, suppliers or employees.

15

We may experience difficulties in designing and implementing deploying the upgrade of our ERP system.

We are in the midst of implementing deploying an upgrade to our ERP system to a more robust platform. The upgrade of the ERP system is designed to accurately maintain our financial records, enhance our operational functionality and provide timely information to our management team related to the operations of the business. The design and implementation of the upgrade to the ERP system requires has required, and continues to require, an investment of significant personnel and financial resources, including substantial expenditures for outside consultants, system hardware and software in addition to other expenses in connection with the transformation of our financial and operating processes. During the second quarter of Fiscal 2023, we began deploying the ERP upgrade. The deployment is anticipated to be completed in Fiscal 2026. We may not be able to implement deploy the ERP system upgrade successfully without experiencing delays, increased costs and other difficulties, including potential design defects, miscalculations, testing requirements, and the diversion of management's attention from day-to-day business operations. If we are unable to implement deploy the ERP system upgrade as planned, the effectiveness of our internal control over financial reporting could be adversely affected, our ability to assess those controls adequately could be delayed, and our financial condition, results of operations and cash flows could be negatively impacted.

We use, and may continue to expand our use of, AI in our business, and challenges with properly managing its use could result in reputational harm, competitive harm, and legal liability, and adversely affect our business operations.

We may leverage AI, including generative AI, in our product development, operations, and software programming. Our competitors or other third parties may incorporate AI into their operational processes more quickly or more successfully than we do, which could impair our ability to compete effectively and adversely affect our results of operations.

In addition, there are significant risks involved in developing and deploying AI and there can be no assurance that the usage of AI will enhance our products or services or be beneficial to our business, including our efficiency or profitability. For example, our AI-related efforts, particularly those related to generative AI, subject us to risks related to accuracy, intellectual property infringement or misappropriation, data privacy, and cybersecurity, among others. It is also uncertain how various laws related to online services, intermediary liability, and other issues will apply to content generated by AI. AI also presents emerging ethical issues, and if our use of AI becomes controversial, we may experience brand or reputational harm, competitive harm, or legal liability. The rapid evolution of AI, including the regulation of AI by government or other regulatory agencies, will require significant resources to develop, test and maintain our platforms, offerings, services, and features to implement AI ethically and minimize any unintended harmful impacts.

16

Industry Risks

Increases in costs and/or shortages of raw materials, fuels and utilities could adversely impact our profitability.

Raw materials, such as flour, sweeteners, shortening, yeast, water, and eggs, which are used in our bakery products, are subject to price fluctuations. The cost of these inputs may fluctuate widely due to foreign and domestic government policies and regulations (including tariffs), inflation, weather conditions, domestic and international demand, availability due to supply chain conditions, livestock disease (for example, avian influenza) or other unforeseen circumstances. The global economy has been negatively impacted by the military conflict between Russia and Ukraine and the conflict in the Middle East. Both conflicts are fast-moving and uncertain. Global grain markets have exhibited increased volatility as sanctions have been imposed on Russia by the United States, the United Kingdom, the European Union, and others in response to Russia's invasion of Ukraine. Furthermore, the conflict in the Middle East may impact oil production capacity, oil prices, and cause disruptions in global supply chains and shipping routes. While we do not expect our operations to be directly impacted by these conflicts at this time, changes in global grain and commodity flows and increased supply chain costs could impact the markets in which we operate, which may in turn negatively impact our business, results of operations, supply chain and financial condition. Any substantial change in the prices or availability of raw materials may have an adverse impact on our profitability. We enter into forward purchase agreements and other derivative financial instruments from time to time to manage the impact of such volatility in raw materials prices; however, these strategies may not be adequate to overcome increases in market prices or availability. Our failure to enter into hedging or fixed price arrangements or any decrease in the availability or increase in the cost of these agreements and instruments could increase the price of these raw materials and significantly affect our earnings.

In addition, we are dependent upon natural gas or propane for firing ovens. The independent distributors and third-party transportation companies are dependent upon gasoline and diesel for their vehicles. The cost of these fuels may fluctuate widely due to economic and political conditions, government policy and regulation, war or other conflicts, (including the current situation in Ukraine and the Middle East), or other unforeseen circumstances. Substantial future increases in prices for, or shortages of, these fuels could have a material adverse effect on our profitability, financial condition or results of operations. There can be no assurance that we can cover these potential cost increases through future pricing actions. Also, as a result of these pricing actions, consumers could purchase less or move from purchasing higher-margin products to lower-margin products.

Inflation may adversely affect us by increasing our costs of production, materials, and labor. In an inflationary environment, such as the current economic environment, depending on the market conditions of the baking industry, and the raising of interest rates by the United States Federal Reserve (and the duration of the currently elevated interest rates), we may be unable to raise the prices of our products enough to keep up with the rate of inflation, which would reduce our profit margins, and continued inflationary pressures could impact our business, financial condition, and results of operations.

Competition could adversely impact revenues and profitability.

The U.S. bakery industry is highly competitive. Our principal competitors in these categories all have substantial financial, marketing, and other resources. In most product categories, we compete not only with other widely advertised branded products, but also with store branded products that are generally sold at lower prices. Competition is based on product availability, product quality, price, effective promotions, and the ability to target changing consumer preferences.

Competitor and customer pressures require that we timely and effectively respond to changes in relevant markets, including changes to distribution channels and technological developments. Substantial growth in e-commerce has encouraged the entry of new competitors and business models, intensifying competition by simplifying distribution and lowering barriers to entry. The expanding presence of e-commerce retailers has impacted, and may continue to impact, consumer preferences and market dynamics, which in turn may negatively affect our sales or profits. Failure to effectively and timely assess new or developing trends, technological advancements (including advancements such as AI and machine learning, which may become critical in understanding consumer preferences in the future) or changes in distribution methods could negatively impact demand for our products, our operating results, achievement of our strategic and financial goals and our ability to capitalize on new revenue or value-producing opportunities.

We experience price pressure from time to time due to competitors' promotional activity and other pricing efforts. This pricing pressure is particularly strong during adverse economic periods and periods of high inflation. Increased competition could result in reduced sales, margins, profits and market share.

Product removals, damaged product or safety concerns could adversely impact our results of operations.

We may be required to recall certain of our products should they be mislabeled, contaminated, spoiled, tampered with or damaged. We may become involved in lawsuits and legal proceedings alleging that the consumption of any of our products causes or caused injury, illness or death. Any such product removal, damaged product or an adverse result in any litigation related to such a product removal or damaged product could have a material adverse effect on our operating and financial results in future periods, depending on the costs of the product removal from the market, the destruction of product inventory, diversion of management time and attention, contractual and other claims made by customers that we supply, loss of key customers, competitive reaction and consumer attitudes.

17

Even if a product liability, consumer fraud or other claim is unsuccessful or without merit, the negative publicity surrounding such assertions regarding our products could adversely affect our reputation and brand image. We also could be adversely affected if our customers or consumers in our principal markets lose confidence in the safety and quality of our products.

During fiscal years 2018 through 2023, we have been required, and may be required in future periods, to remove certain of our products from the market should they be mislabeled, contaminated, spoiled, tampered with or damaged, including as a result of inferior ingredients provided by any of our suppliers.

Consolidation in the retail and foodservice industries could adversely affect our sales and profitability.

We expect consolidations among our retail and foodservice customers to continue. If this trend continues and our retail and foodservice customers continue to grow larger due to consolidation in their respective industries, they may demand lower pricing and increased promotional programs. In addition, these pressures may restrict our ability to increase prices, including in response to commodity and other cost increases. Our margins and profits could decrease if a reduction in prices or increased costs are not counterbalanced with increased sales volume.

Inability to anticipate or respond to changes in consumer preferences may result in decreased demand for our products, which could have an adverse impact on our future growth and operating results.

The fresh packaged bread category has experienced volume declines in recent years reflecting, among other factors, shifts in consumer behavior and preferences. Our success depends in part on our ability to respond to current market trends and to anticipate the tastes and dietary habits of consumers, including concerns of consumers regarding nutrition, health and wellness, obesity, product attributes, ingredients, and packaging. Similarly, demand for our products could be negatively affected by consumer concerns or perceptions regarding the health effects of specific ingredients such as, but not limited to, sodium, trans fats, sugar, processed wheat, or other product ingredients or attributes. Also, certain weight loss drugs and glucagon-like peptide 1 (GLP-1) agonists, which may suppress a person's appetite, may impact demand for our products. The introduction of new products and product extensions requires significant development and marketing investment. If we fail to anticipate, identify, or react to changes in consumer preferences, or if we fail to introduce new and improved products on a timely basis, we could experience reduced demand for our products, which could cause our sales, profitability, financial condition, and operating results to suffer.

We rely on several large customers for a significant portion of sales and the loss of one of our large customers or their decision to give higher priority to other brands could adversely affect our business, financial condition or results of operations.

We have several large customers that account for a significant portion of sales, and the loss of one of our large customers could adversely affect our financial condition and results of operations. Our top ten customers accounted for 55.5% 56.7% of sales during Fiscal 2023, 2024. Our largest customer, Walmart/Sam's Club, accounted for 22.3% 22.4% during this period. These customers do not typically enter long-term sales contracts, and instead make purchase decisions based on a combination of price, product quality, consumer demand, and customer service performance. At any time, there is a risk that our customers will give higher priority to their own products or to the products of our competitors, resulting in less shelf space for our products. Additionally, our customers may face financial or other difficulties that may impact their operations and their purchases from us. Disputes with significant suppliers could also adversely affect our ability to supply products to our customers. If our sales to one or more of these customers are reduced, this reduction may adversely affect our business, financial condition or results of operations.

17

Our large customers may impose requirements on us that may adversely affect our results of operations.

From time to time, our large customers may re-evaluate or refine their business practices and impose new or revised requirements on us, the distributors, and the customers' other suppliers. The growth of large mass merchandisers, supercenters and dollar stores, together with changes in consumer shopping patterns, have produced large, sophisticated customers with increased buying power and negotiating strength. Current trends among retailers and foodservice customers include fostering high levels of competition among suppliers, demanding new products or increased promotional programs, requiring suppliers to maintain or reduce product prices, reducing shelf space for our products, and requiring product delivery with shorter lead times. These business changes may involve inventory practices, logistics, or other aspects of the customer-supplier relationship. Compliance with requirements imposed by large customers may be costly and may have an adverse effect on our margins and profitability. However, if we fail to meet a large customer's demands, we could lose that customer's business, which also could adversely affect our sales and results of operations.

Legal and Regulatory Risks

Government regulation, including labeling or warning requirements, could adversely impact our results of operations and financial condition.

As a producer and marketer of food items, our production processes, product quality, packaging, labeling, storage, and distribution, and the safety of food products and the health and safety of our employees, are subject to regulation by various federal, state and local government entities and agencies. In addition, the marketing and labeling of food products has come under increased scrutiny in recent years, and the food industry has been subject to an increasing number of legal proceedings and claims relating to alleged false or deceptive marketing and labeling under federal, state or local laws or regulations. Uncertainty regarding labeling standards has led to customer confusion and legal challenges. The imposition or proposed imposition of additional product labeling or warning requirements could reduce overall consumption of our products, lead to negative publicity (whether based in scientific fact or not) or leave consumers with the perception (whether or not valid) that our products do not meet their health and wellness needs. Such factors could adversely affect our sales and results of operations.

In addition, our operations are subject to extensive and increasingly stringent regulations administered by the Environmental Protection Agency related to the discharge of materials into the environment and the handling and disposition of waste. Failure to comply with these regulations can have serious consequences, including civil and administrative penalties and negative publicity. Changes in applicable laws or regulations or evolving interpretations thereof, including increased government regulations to limit carbon dioxide and other greenhouse gas emissions as a result of concern over climate change, may result in increased compliance costs, capital expenditures, and other financial obligations for us, which could affect our profitability or impede the production or distribution of our products, and affect our sales.

Compliance with federal, state and local laws and regulations is costly and time consuming. Failure to comply with, or violations of, applicable laws and the regulatory requirements of one or more of these entities and agencies could subject us to civil remedies, including fines, injunctions, recalls or seizures, as well as potential criminal sanctions, any of which could result in increased operating costs and adversely affect our results of operations and financial condition. Legal proceedings or claims related to our marketing could damage our reputation and/or adversely affect our business or financial results.

Climate change, or legal, regulatory, or market measures to address climate change, may negatively affect our business and operations.

There is growing concern that carbon dioxide and other greenhouse gases in the atmosphere may have an adverse impact on global temperatures, weather patterns, and the frequency and severity of extreme weather and natural disasters. In the event that such climate change has a negative effect on agricultural productivity, we may be subject to decreased availability or less favorable pricing for certain commodities that are necessary for our products, such as corn and wheat. Adverse weather conditions and natural disasters can reduce crop size and crop quality, which in turn could reduce our supplies of raw materials, lower recoveries of usable raw materials, increase the prices of our raw materials, increase our cost of transporting and storing raw materials, or disrupt our production schedules.

We may also be subjected to decreased availability or less favorable pricing for water as a result of climate change, which could impact our production and distribution operations. In addition, natural disasters and extreme weather conditions may disrupt the productivity of our facilities or the operation of our supply chain. The increasing concern over climate change also may result in more regional, federal, and/or global legal and regulatory requirements to reduce or mitigate the effects

of greenhouse gases. In the event that such regulation is enacted and is more aggressive than the sustainability measures that we are currently undertaking to monitor our emissions and improve our energy efficiency, we may experience significant increases in our costs of operation and delivery. In particular, increasing regulation of fuel emissions could substantially increase the distribution and supply chain costs associated with our products. As a result, climate change could negatively affect our business and operations.

18

Additionally, as concerns about climate change and other environmental issues continue to increase, we may be required to comply with new laws and regulations which may result in increased/not yet identified compliance costs, the scale of which is to be evaluated. We continue to evaluate the possible impact of such new laws and regulations, including those mentioned in the following sentence. In October 2023, California passed new laws that mandate the disclosure of GHG emissions, including Scope 3 emissions, and climate-related financial risks and measures adopted to reduce and adapt to such risks. Both These California laws require initial disclosures in 2026.

19

We are subject to increasing legal complexity and could be party to litigation that may adversely affect our business.

Increasing legal complexity may continue to affect our operations and results in material ways. We are or could be subject to legal proceedings that may adversely affect our business, including class actions, administrative proceedings, government investigations, securities laws, employment and personal injury claims, disputes with current or former suppliers, claims by current or former distributors, and intellectual property claims (including claims that we infringed another party's trademarks, copyrights, or patents). Inconsistent standards imposed by governmental authorities can adversely affect our business and increase our exposure to litigation. Litigation involving our independent distributor model and the independent contractor classification of the independent distributors, as well as litigation related to disclosure made by us in connection therewith, if determined adversely, could increase costs, negatively impact our business prospects and the business prospects of our distributors and subject us to incremental liability for their actions. We are also subject to the legal and compliance risks associated with privacy, data collection, protection and management, in particular as it relates to information we collect when we provide products to customers.

Although we have various insurance programs in place that, subject to their terms and conditions, are intended to address certain costs associated with these events, the potential liabilities associated with these litigation matters, or those that could arise in the future, could be excluded from coverage or, if covered, could exceed the coverage provided by such programs. In addition, insurance carriers may seek to rescind or deny coverage with respect to pending or future claims or lawsuits. If we do not have sufficient coverage under our policies, or if coverage is denied, we may be required to make material payments to settle litigation or satisfy any judgment. Any of these consequences could adversely affect our financial condition, results of operations and cash flows.

Simple Mills Acquisition Risks

The market price for our common stock following the closing of the Simple Mills Acquisition may be affected by factors different from those that historically have affected or currently affect our common stock.

Our future financial position may differ from our financial position before the completion of the Simple Mills Acquisition, and the results of operations of the combined company may be affected by some factors that are different from those currently affecting our results of operations. Accordingly, the market price and performance of our common stock is likely to be different from the performance of our common stock in the absence of the Simple Mills Acquisition. In addition, general fluctuations in stock markets could have a material adverse effect on the market for, or liquidity of, our common stock, regardless of our actual operating performance.

We may not consummate the Simple Mills Acquisition on the terms currently contemplated or at all.

We may not consummate the Simple Mills Acquisition, which is subject to the satisfaction of customary closing conditions. Certain of the conditions to completion of the Simple Mills Acquisition are not within our control, and we cannot predict when, or if, these conditions will be satisfied. If any of these conditions are

not satisfied or waived prior to the outside date, it is possible that the Simple Mills Acquisition may be terminated. In addition, satisfying the conditions to and completion of the Simple Mills Acquisition may take longer, and could cost more than we currently expect. There can be no assurance that such conditions will be satisfied or that the Simple Mills Acquisition will be consummated on the terms currently contemplated or at all.

Failure to complete the Simple Mills Acquisition could negatively impact our stock price and have a material adverse effect on our results of operations, cash flows and financial position.

If the Simple Mills Acquisition is not completed for any reason, including as a result of failure to obtain all requisite regulatory approvals, we may be materially adversely affected and, without realizing any of the benefits of having completed the acquisition, we would be subject to a number of risks, including the following:

- we may experience negative reactions from the financial markets, including negative impacts on our stock price;
- we may experience negative reactions from our customers, distributors, suppliers, vendors and joint venture partners;
- we will still be required to pay certain significant costs relating to the acquisition, such as legal, accounting and financial advisor fees; and
- matters relating to the acquisition (including integration planning) require substantial commitments of time and resources by our management, which may resulted in the distraction of our management from ongoing business operations and pursuing other opportunities that could have been beneficial to us.

If the Simple Mills Acquisition is not completed, the risks described above may materialize and they may have a material adverse effect on our results of operations, cash flows, financial position and stock price.

20

Our business relationships may be subject to disruption due to uncertainty associated with the Simple Mills Acquisition, which could have a material adverse effect on the results of operations, cash flows and financial position of us pending and following the closing of the Simple Mills Acquisition.

Parties with which we do business may experience uncertainty associated with the Simple Mills Acquisition, including with respect to current or future business relationships with us following the closing of the Simple Mills Acquisition. Our business relationships may be subject to disruption as customers, distributors, suppliers, vendors and joint venture partners may attempt to delay or defer entering into new business relationships with us, negotiate changes in existing business relationships with us or consider entering into business relationships with parties other than us following the Simple Mills Acquisition. These disruptions could have a material and adverse effect on the results of operations, cash flows and financial position of us, regardless of whether the Simple Mills Acquisition is completed, as well as a material and adverse effect on our ability to realize the expected benefits of the Simple Mills Acquisition.

Executive Offices

The address and telephone number of our principal executive offices are 1919 Flowers Circle, Thomasville, Georgia 31757, (229) 226-9110.

Information about our Executive Officers

The following table sets forth certain information regarding the persons who currently serve as the executive officers of Flowers Foods.

1921

EXECUTIVE OFFICERS

Name, Age and Office	Business Experience
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A. Ryals McMullan

Age 54 55

Chairman and

Chief Executive Officer

Mr. McMullan serves as chairman and chief executive officer of Flowers. He was elected as chairman of the board of directors effective May 25, 2023 and has served as chief executive officer since May 2019. Previously, Mr. McMullan served as president and chief executive officer from May 2019 to August 2023. He served as chief operating officer from July 2018 until May 2019 and as chief strategy officer from May 2017 to July 2018. Prior to those appointments, Mr. McMullan served as vice president of mergers and acquisitions and deputy general counsel from 2015 until 2017, vice president and associate general counsel from 2011 until 2015, and as associate general counsel from 2003, when he joined the company, until 2011.

R. Steve Kinsey

Age 63 64

Chief Financial Officer and
Chief Accounting Officer

Mr. Kinsey was named has served as chief financial officer ("CFO") and chief accounting officer ("CAO") in since April 2020. Previously, he served as CFO and chief accounting officer ("CAO") from April 2020 to December 2024, and executive vice president, CFO and chief administrative officer from May 2017 to April 2020. Mr. Kinsey served as executive vice president and CFO from 2008 until 2017, and as senior vice president and CFO from 2007 to 2008. Prior to those appointments, Mr. Kinsey served in various accounting roles since joining the company in 1989.

Heeth Varnedoe IV

Age 57 58

President and Chief Operating Officer

Mr. Varnedoe was named president and chief operating officer effective September 2023. Previously, he served as chief operating officer from January 2023 to August 2023. He served as chief transformation officer from December 2020 until January 2023, senior vice president of DSD Regions/Sales from August 2017 until December 2020, and president of Flowers' Phoenix, Arizona bakery from January 2016 to August 2017. Mr. Varnedoe joined Flowers in 1990 and held a number of positions before leaving the company in 2000 to pursue other business interests. He rejoined Flowers in 2012.

Terry S. Thomas

Age 54 55

Chief Growth Officer

Mr. Thomas joined Flowers as chief growth officer in September 2023. Prior to joining the company, Mr. Thomas served as global chief customer officer of Unilever, a global food, personal care, and household products company, from January 2022 to July 2023, and executive vice president, chief customer officer of Unilever from July 2019 to July 2023. During his career with Unilever, he was named senior vice president of customer development in 2013 and senior vice president of customer development, U.S. grocery channel, DSD & natural channel in 2018. Prior to joining Unilever, Mr. Thomas worked for PepsiCo, Inc. for 13 years, serving as vice president and general manager of various business channels, including small format, global convenience, gas, drug, dollar, and super regional grocery. Mr. Thomas also held management positions at the Coca-Cola Company, Clorox Company, and The Procter & Gamble Company. From August 2020 to August 2023, Mr. Thomas served on Flowers' board of directors as an independent director.

Stephanie B. Tillman

Age 53 54

Chief Legal Counsel

Ms. Tillman was named chief legal counsel and corporate secretary effective January 2020. Previously, she served as vice president, chief compliance officer, and deputy general counsel from April 2011 to January 2020. Prior to that, Ms. Tillman served in various roles in the legal department since joining the company in 1995.

Cindy L. Cox

Age 57 58

Chief Human Resources Officer

Ms. Cox joined Flowers as chief human resources officer in February 2023. Before joining Flowers, she served as vice president of human resources for the Refrigeration segment of Carrier Corporation, the leading global provider of healthy, safe, sustainable, and intelligent building and cold chain solutions ("Carrier"), since July 2017. During her 27-year tenure with Carrier and Pratt & Whitney, she held multiple human resources roles of increasing scale and responsibility.

H. Mark Courtney

Age 63 64

Chief Brand Officer

Mr. Courtney was named chief brand officer in July 2020. He previously served as president of the Fresh Packaged Bread Business Unit from May 2019 to July 2020, senior vice president of retail accounts from May 2017 to May 2019, and senior vice president of sales from June 2008 to May 2017. Prior to that, Mr. Courtney served in various sales positions since joining the company in 1983.

2022

Name, Age and Office	Business Experience
Tom Winters Age 60 Chief Supply Chain Officer	Mr. Winters joined Flowers as chief supply chain officer in April 2022. Before joining Flowers, he served as senior vice president of supply chain at PepsiCo, Inc., an American multinational food, snack, and beverage corporation, overseeing supply chain functions for two of the company's North American divisions. During his 19-year tenure at PepsiCo, he also held a number of operations and production roles with responsibility for the management of internal plants, warehouses, and contract manufacturers. He began his career with The Proctor & Gamble Company in 1988, serving in a number of operational leadership roles at production facilities in the U.S. and Puerto Rico until joining PepsiCo in 2003.
David M. Roach Age 54 Chief Strategic Projects Officer	Mr. Roach was named chief strategic projects officer in August 2022. He previously served as president of cake operations from July 2020 until August 2022, president of the Snacking/Specialty Business Unit from May 2017 to July 2020, and senior vice president of organics from September 2015 until May 2017. Mr. Roach served in various sales and management positions since joining the company in 1992.
Mark Chaffin Age 53 Chief Information Officer	Mr. Chaffin was named chief information officer ("CIO") in February 2020 after serving four months in an interim capacity. Prior to joining Flowers, Mr. Chaffin was a partner in the Southeast practice of Fortium Partners, a provider of technology leadership services, from 2019 until joining Flowers. He also served as CIO at SGSCO, a global package and brand design and marketing company, from 2015 to 2019 and as CIO for Acosta Sales and Marketing from 2007 to 2015.

Item 1B. Unresolved Staff Comments.

None

Item 1C. Cybersecurity.

Protecting the security of our information systems is of significant importance to Flowers. We follow certain policies, protocols, and practices that address cybersecurity.

Risk Management and Strategy. We have processes in place for assessing, identifying and managing material risks from cybersecurity threats. These processes have been integrated into our enterprise risk management system. These processes also cover third-party service provider incidents that may impact the company.

Our cybersecurity program includes employee training and a computer security incident response plan (the "CSIRP") that provides controls and procedures designed to timely and accurately report material cybersecurity incidents. Employees receive regular security training, and we conduct periodic phishing testing to assess whether our employees require additional training. Additionally, we provide our employees with easy-to-use tools to report potential phishing emails. The CSIRP establishes an organizational framework and guidelines to assist the Company in identifying, responding to, and recovering from computer security incidents both at the company and its third-party service providers in connection with incidents that may impact the company, including the security incident management team (the "SIM Team"), a legal team (the "Legal Team") and the computer security incident response team (the "CSIRT"). Each of the SIM Team, the Legal Team, and the CSIRT, often in consultation with the VP of Information Security, has a discrete set of responsibilities and obligations under the CSIRP. The CSIRT is a broad, cross-functional team of management stakeholders assigned with coordinating, developing, and managing the Company's response to computer security incidents when activated.

Once the CSIRT has been activated, incidents are reported to a subcommittee of the Company's disclosure committee, which consists of certain senior executives and leaders throughout the company and is charged with making disclosure determinations.

The CSIRP provides that, when activated, the CSIRT will lead all aspects of incident response, including the engagement of outside counsel and other third-party resources, such as an external incident response team, forensic resources, a crisis management or public relations firm, or notification service providers. For incidents where the CSIRP is not activated, either the SIM Team or the Legal Team, depending on the circumstances, is expected to lead and manage the incident response.

We maintain insurance covering certain costs that may be incurred in connection with cybersecurity incidents, should they occur. However, there is no guarantee that such coverage will be sufficient to address costs, liabilities and damages we may incur in connection with a cybersecurity incident or that such coverage will continue to be available on commercially reasonable terms or at all.

23

The company engages consultants auditors, and other third parties to identify and manage risk cybersecurity risks, including risks from third parties, third-party service providers that may impact the company.

21

No risks from cybersecurity threats, including as the result of previous cybersecurity threats incidents, have materially affected or are reasonably likely to materially affect Flowers' business strategy, results of operations, or financial condition. However, we may incur significant costs in protecting or remediating cyber-attacks or other cyber incidents. If we are unable to prevent physical and electronic break-ins, cyber-attacks and other information security breaches, we may suffer financial and reputational damage, operational disruptions, be subject to litigation, civil or criminal investigations, regulatory intervention or incur costs related to remediation, costs payment of ransom or penalties, because including as a result of the unauthorized disclosure of confidential information belonging to us or to our partners, customers, suppliers or employees.

Governance. The company's board of directors (the "Board" or "Board of Directors") oversees the company's Information Security program, which is approved annually. The audit committee is tasked with oversight of certain risk issues, including cybersecurity, and regularly reports its activities to the Board of Directors. As described in its charter, the audit committee of the Board of Directors oversees risks related to information technology security and regularly reviews and discusses with the VP of Information Security and other members of management the company's information technology security risk exposures, including (a) the potential impact of those exposures on the company's business, financial results, operations and reputation, (b) the steps that management has taken to monitor and mitigate such exposures, (c) the company's information governance policies and programs, and (d) legislative and regulatory developments that could materially impact the company's privacy and data risk exposure.

At the management-level, the company's IT systems are overseen by our chief information officer, CIO, who has responsibility for information technology strategy and operations. The company's Information Security program is led by the company's VP of Information Security, who reports directly to the company's chief financial officer. The VP of Information Security has responsibility for information security strategy and operation. The VP of Information Security is responsible for managing and assessing material risks from cybersecurity threats. This individual has a variety of IT security skills, experiences and professional expertise, obtained through work experience and information security certifications and education.

Management tracks cybersecurity incidents through the process described above. Management regularly reports to the audit committee regarding policies and processes for assessing and managing risk associated with information technology and cybersecurity, as well as material cybersecurity incidents.

Item 2. Properties

Our principal executive offices are company owned and located in Thomasville, Georgia. The company also leases properties that are used for shared services functions and our IT group and owns several properties for our corporate offices. The company also has an additional shared services center in Phoenix, Arizona.

We operate 4645 bakeries across the continental U.S. Each of the listed bakeries is company owned except for Modesto, California and Philadelphia, Pennsylvania. We believe that our bakeries have adequate production utilization and can meet the current operational requirements for the operation of the business. As discussed in Item 1., *Business*, of this Form 10-K, the company is restructuring has restructured its plant operation responsibilities from the sales function to the supply chain function. This transition began in Fiscal 2023 and is anticipated to be completed for the remaining bakeries in Fiscal 2024. Additionally, across the continental U.S. in the markets we serve, we own approximately 140 warehouse/distribution centers and lease approximately 509500 warehouse/distribution centers.

The table below sets forth the production and sales operations in our bakeries:

Alabama	Kansas	Tennessee Texas
Birmingham (P)	Lenexa (PS)	Cleveland (P) Denton (PS)
Montgomery (P)	Kentucky	Crossville El Paso (PS)*
Tuscaloosa (P)	Bardstown (PS)	Knoxville (PS) Houston (P)
Arizona	London (PS)*	Texas Houston (PS)
Mesa (PS)*	Louisiana	Denton San Antonio (PS)
Tolleson (P)	Baton Rouge (PS)	El Paso (PS)
Arkansas	Lafayette (P)	Houston (P) Tyler (PS)
Batesville (PS) Arkansas	New Orleans (PS)	Houston (PS) Utah
Texarkana (P) Batesville (PS)	Maine	San Antonio West Jordan (PS)
California Texarkana (P)	Lewiston (P)	Tyler (PS) Virginia
Modesto (Leased) (P) California	Lewiston (PS)	Utah Lynchburg (P)
Colorado Modesto (Leased) (P)	Nevada	West Jordan Norfolk (PS)
Johnstown (P) Colorado	Henderson (PS)	Virginia
Florida Johnstown (P)	North Carolina	Lynchburg (P)
Bradenton (PS) Florida	Goldsboro (PS)	Norfolk (PS)
Jacksonville Bradenton (PS)	Jamestown (PS)	
Lakeland (P) Jacksonville (PS)	Newton (PS)	
Miami (PS) Lakeland (P)	Oregon	
Georgia Miami (PS)	Milwaukie (PS)*	
Atlanta (P) Georgia	Pennsylvania	
Savannah Atlanta (P)^	Oxford (PS)	
Swanee Savannah (P)	Philadelphia (Leased) (PS)	
Swanee (P)	Tennessee	
Thomasville (PS)	Cleveland (P)	
Tucker (P)	Crossville (PS)*	
Villa Rica (P)	Knoxville (PS)	

P - Production Only

PS - Production and Sales

*Only thrift store sales

^ Company announced the closure of this bakery effective late in the first quarter of Fiscal 2025.

We believe our facilities are well-maintained and adequate, that they are being appropriately utilized and that they have sufficient production utilization for their present intended purposes. Utilization is actual labor time as a percent of available hours of production in a week (based on 120 hours/week for three shifts). On a consolidated basis during Fiscal 2023, 2024, our average quarterly production utilization ranged from 89% to 98% 97% across all bakeries. During heightened periods of demand, the company can improve utilization by streamlining production with longer production runs and fewer differentiated products produced. Production utilization is not materially different when a sales facility is also located at the bakery.

Item 3. Legal Proceedings

For a description of all material pending legal proceedings, See Note 23, 24, Commitments and Contingencies, of Notes to Consolidated Financial Statements of this Form 10-K.

Item 4. Mine Safety Disclosures

Not Applicable

2325

PART II**Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities****Market Information**

Shares of the company's common stock are quoted on the New York Stock Exchange (the "NYSE") under the symbol "FLO."

Holders

As of **February 15, 2024** **February 14, 2025**, there were approximately **3,225** **3,195** holders of record of the company's common stock.

Dividends

The payment of dividends is subject to the discretion of the company's Board. **The For Fiscal 2024 and Fiscal 2023, we paid cash dividends on common stock totaling \$0.95 and \$0.91 per share, respectively. While we intend to continue paying dividends on our common stock, the declaration of cash dividends is at the discretion of the Board, bases its decisions regarding dividends on, considered in the context of,** among other things, general business conditions, our financial results, contractual, legal and regulatory restrictions regarding dividend payments and any other factors the Board may consider relevant.

Purchases of Equity Securities by the Issuer

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.

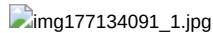
During the twelve weeks ended December 30, 2023, 0.7 million The company did not purchase any shares at a cost of \$14.9 million, of the company's its common stock were repurchased under in the share repurchase plan, fourth quarter of Fiscal 2024. From the inception of the share repurchase plan through **December 30, 2023 December 28, 2024, 72.0 million** 73.0 million shares have been repurchased, at a cost of \$733.3 million \$756.0 million. At the close of the company's fourth quarter on December 28, 2024, have been repurchased. The company currently has 22.5 million 21.5 million shares remaining available for repurchase remained under the share repurchase plan. The table below sets forth the common stock repurchased by the company during the twelve weeks ended December 30, 2023 (amounts in thousands, except share price data):

Period	Total Number of Shares Purchased	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs			
		Total Number of Shares Purchased		Weighted Average Price Per Share	
		Weighted Average Price Per Share	as Part of Publicly Announced Plans or Programs		
October 8, 2023 — November 4, 2023	—	\$	—	—	23,229
November 5, 2023 — December 2, 2023	700	\$	21.30	700	22,529
December 3, 2023 — December 30, 2023	—	\$	—	—	22,529
Total	700	\$	21.30	700	

existing authorization.

Stock Performance Graph

The chart below is a comparison of the cumulative total return (assuming the reinvestment of all dividends paid) of our common stock, Standard & Poor's 500 Index, Standard & Poor's 500 Packaged Foods and Meats Index, and Standard & Poor's MidCap 400 Index for the period December 29, 2018 December 28, 2019 through December 30, 2023 December 28, 2024, the last day of our 2023 2024 fiscal year.



	December	December	January	January	December	December	December	January	January	December	December	December
	29,	28,	2,	1,	31,	30,	28,	2,	1,	31,	30,	28,
	2018	2019	2021	2022	2022	2023	2019	2021	2022	2022	2023	2024
FLOWERS FOODS INC	100.00	123.00	132.50	166.47	179.74	146.26	100.00	107.73	135.34	146.14	118.91	112.71
S&P 500 INDEX	100.00	132.97	157.02	202.09	165.49	209.00	100.00	118.08	151.98	124.46	157.17	199.46
S&P 500 PACKAGED FOODS & MEATS INDEX	100.00	130.90	137.01	154.93	169.46	156.66	100.00	104.67	118.36	129.46	119.68	113.91
S&P MIDCAP 400 INDEX	100.00	127.42	144.91	180.79	157.18	183.01	100.00	113.73	141.88	123.35	143.63	164.48

Companies in the S&P 500 Index, the S&P 500 Packaged Foods and Meats Index, and the S&P MidCap 400 Index are weighted by market capitalization and indexed to \$100 at December 29, 2018 December 28, 2019. Flowers Foods' share price is also indexed to \$100 at December 29, 2018 December 28, 2019.

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with Item 1., *Business*, and the Consolidated Financial Statements and accompanying Notes to Consolidated Financial Statements included in this Form 10-K. The following information contains forward-looking statements which involve certain risks and uncertainties. See Forward-Looking Statements at the beginning of this Form 10-K. Any reference to sales refers to net sales inclusive of allowances and deductions against gross sales for variable consideration and consideration payable to customers.

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is segregated into four sections, including:

- *Executive overview* — provides a summary of our operating performance and cash flows, industry trends, and our strategic initiatives.
- *Critical accounting estimates* — describes the accounting areas where management makes critical estimates to report our financial condition and results of operations.
- *Results of operations* — an analysis of the company's consolidated results of operations for Fiscal 2023 2024 compared to Fiscal 2022 2023 as presented in the Consolidated Financial Statements. Refer to the Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 30, 2023 for a discussion of the results of operations for Fiscal 2022 2023 compared to Fiscal 2021 2022.

- *Liquidity, capital resources and financial position* — an analysis of cash flow, contractual obligations, and certain other matters affecting the company's financial position.

MATTERS AFFECTING COMPARABILITY

The company operates on a 52-53 week fiscal year ending the Saturday nearest December 31. Fiscal 2023 2024 and Fiscal 2022 2023 each consisted of 52 weeks and weeks. Fiscal 2024 2025 will also consist of 52 weeks. Furthermore, 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 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 in the fourth quarter). 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 (recovery) items affecting comparability that will provide additional context while reading this discussion:

	Fiscal 2023		Fiscal 2022		Footnote Disclosure	Fiscal 2024		Fiscal 2023		Footnote Disclosure		
	52 weeks		52 weeks			52 weeks		52 weeks				
	(Amounts in thousands)					(Amounts in thousands)						
Business process improvement costs	\$ 21,521	\$ 33,169			Note 2	\$ 4,529	\$ 21,521			Note 2		
Restructuring charges	7,099	—			Note 5	7,403	7,099			Note 6		
Restructuring-related implementation costs	2,979	—			Note 6							
Plant closure costs and impairment of assets	7,298	7,825			Note 2			10,310	7,298	Note 2		
Gain on sale, severance costs, and lease termination (gain) loss	—	(4,390)			Note 2							
FASTER Act, net of recovery on inferior ingredients	—	236			Note 4							
Acquisition-related costs	3,712	12,518			Note 2, 6			2,008	3,712	Note 2, 7, 25		
Legal settlements and related costs	137,529	7,500			Note 23			3,800	137,529	Note 24		
Pension plan settlement loss	241	—			Note 22							
	\$ 177,159	\$ 56,858				\$ 31,270	\$ 177,159					

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 an upgrade to our information system, to a more robust platform, as well as investments in e-commerce, autonomous planning, and our "bakery of the future" initiatives. In the first quarter of Fiscal 2022, we launched the digital logistics and digital sales initiatives. Implementation of the ERP upgrade is anticipated to be completed in Fiscal 2026. These initiatives are further discussed in Item 1., Business, of this Form 10-K. Implementation of the ERP upgrade is anticipated to be completed in Fiscal 2026. The expensed portion of costs incurred related to these initiatives, which was primarily consulting costs, was \$4.5 million in Fiscal 2024 and \$21.5 million in Fiscal 2023, and \$33.2 million in Fiscal 2022, and is reflected in the selling, distribution, and administrative expenses line item of the Consolidated Statements of Income.

26 28

Restructuring charges. In April 2024, the company announced a cost savings program to improve operational performance, which included employee termination benefits associated with a reduction-in-force ("RIF") and other expense optimization initiatives. During Fiscal 2024, the company incurred RIF costs of \$7.4 million and made payments of \$7.3 million. The company also incurred consulting costs associated with implementing the restructuring program in Fiscal 2024 and these costs are included in the selling, distribution, and administrative expenses line item of the Consolidated Statements of Income.

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. Employee termination benefits and other cash charges were primarily for the voluntary employee separation incentive plan (the "VSIP") and employee relocation costs. During Fiscal 2023, we recorded VSIP-related charges of \$5.2 million and made VSIP-related payments of \$3.8 million. Additionally, we recorded and paid reduction-in-force ("RIF") RIF charges of \$0.9 million and relocation costs of \$1.0 million in Fiscal 2023. All of these These costs are recorded in the restructuring charges line item of the Consolidated Statements of Income. In the first quarter of Fiscal 2024, we paid the remaining VSIP payments of \$1.4 million.

Plant closure costs and impairment of assets. On July 18, 2024, the company announced the closure of its Baton Rouge, Louisiana bakery. The bakery produced bun products and ceased production on September 19, 2024. This bakery closure is part of our strategy to optimize capacity within our supply chain. The facility continues to be used as a distribution center. The company recognized severance costs of \$1.1 million and asset impairment and equipment relocation charges of \$2.4 million in Fiscal 2024. Additionally, in Fiscal 2024, the company recorded charges totaling \$2.7 million to fully impair certain ERP-related software and other equipment, and recognized a recovery of \$1.3 million related to the sale of equipment that had been previously written off in Fiscal 2022 as part of the Phoenix, Arizona bakery closure. In Fiscal 2024, the company also recorded an asset impairment charge of \$1.4 million to write off certain cake distribution territories classified as held for sale that the company no longer intends to sell. These costs and the costs below are included as a separate line item of the Consolidated Statements of Income.

During 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 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 that 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 Fiscal 2024.

During the third and fourth quarters of Fiscal 2023, the company entered into agreements to sell a warehouse and a closed bakery, respectively, both of which were classified as held for sale, and recorded as impairment charges totaling \$1.8 million. The company completed the sale of the impaired warehouse at the end of the third quarter of Fiscal 2023 and anticipates completing completed the sale of the closed bakery in the first quarter of Fiscal 2024. Additionally, in the fourth quarter of Fiscal 2023, the company recognized an impairment of \$5.5 million for its investment in Base Culture, an unconsolidated affiliate accounted for as a cost method investment. Base Culture is discussed in more detail below.

Acquisition-related costs. On July 19, 2022 January 7, 2025, the company announced entered into an Agreement and Plan of Merger to acquire Simple Mills, maker of a premium brand of better-for-you crackers, cookies, snack bars, and baking mixes. The acquisition is expected to expand the closure company's exposure to the better-for-you snacking segment and diversify its category exposure. The total cash purchase price is approximately \$795 million. The company intends to use the net proceeds of the Holsum Bakery in Phoenix, Arizona. The bakery, which, produced bread senior notes offering completed on February 14, 2025, together with cash on hand, to fund the cash consideration for the Simple Mills Acquisition and bun products, ceased production on October 31, 2022. This closure is part of our strategy to optimize our sales portfolio related fees and improve supply chain and manufacturing efficiency. The company recognized severance costs of \$1.7 million, multi-employer pension plan withdrawal costs of \$1.3 million, and asset impairment and equipment relocation charges for bakery equipment of \$3.8 million expenses as further discussed in the third quarter of Fiscal 2022 Capital Structure section below. The severance payments were substantially complete as of December 31, 2022. As a result of the manufacturing line closures, the union participants of the IAM National Pension Fund (the "IAM Fund") at the Phoenix, Arizona bakery will withdraw from the IAM Fund. While this transaction is our best estimate of the ultimate cost of the withdrawal from this plan, additional withdrawal liability may be incurred based on the final IAM Fund assessment or subject to customary regulatory and other approvals and closing conditions and is anticipated to close in the event of a mass withdrawal, as defined by statute, occurring anytime up to July 19, 2025.

During the first quarter of Fiscal 2022, the company decided to sell two warehouses acquired at the end 2025. In Fiscal 2024, we incurred acquisition-related costs of Fiscal 2021 and recorded an impairment charge of \$1.0 million \$2.0 million. The company completed the sale of the impaired warehouse at the end of the first quarter of Fiscal 2022. The plant closure These costs and impairment of assets the acquisition costs discussed below are reflected in the Consolidated Statements of Income.

Gain on sale, severance costs, and lease termination (gain) loss. In the second quarter of Fiscal 2022, the company committed to a plan to outsource its aviation services and recorded severance and lease termination charges totaling \$1.7 million. In the fourth quarter of Fiscal 2022, the company completed the lease buyouts and subsequent sale of two aircraft and recorded gains on these sales totaling \$6.1 million. These amounts are reflected in the selling, distribution, and administrative expenses line item of the Consolidated Statements of Income. Lease termination costs were paid in the second quarter of Fiscal 2022 and the severance payments were completed in January 2023.

Food allergen compliance costs, net of recovery on inferior ingredients. In the fourth quarter of Fiscal 2022, the company recognized \$2.0 million of compliance costs associated with the Food, Allergy Safety, Treatment, Education, and Research Act (the FASTER Act) signed into law on April 23, 2021 and effective on January 1, 2023. The FASTER Act declared sesame as the ninth major food allergen recognized by the U.S. and requires, among other things, all food products containing sesame (or products produced on the same equipment as products containing sesame) to list it in the ingredients statement or in a separate allergen statement on the packaging. The costs were mostly attributable to write-offs of obsolete packaging and are recorded in our Consolidated Statements of Income.

In the fourth quarter of Fiscal 2021, the company issued a voluntary recall on certain Tastykake multi-pack cupcakes sold in eight states and certain Tastykake Krimpets distributed to retail customers throughout the U.S. due to the potential presence of tiny fragments of metal mesh wire. The recall was initiated following notification by a vendor of the possible contamination in a supplied ingredient. The company incurred costs of \$1.8 million related to the recall in Fiscal 2021 and received a full reimbursement for the loss in the fourth quarter of Fiscal 2022. These costs and related reimbursements are recorded in our Consolidated Statements of Income.

Acquisition-related costs. On December 13, 2022 February 17, 2023, the company announced it had entered into a definitive agreement to acquire the Papa Pita bakery business ("Papa Pita") and, on February 17, 2023, completed the acquisition of Papa Pita for total consideration of approximately \$274.8 million, inclusive of a net working capital purchase price adjustment. The property and equipment, certain financial assets and taxes are still under review. We funded the purchase price with cash on-hand 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 Utah. Prior to the acquisition, Papa Pita co-manufactured certain products for us. Papa Pita has direct-store-delivery distribution in the western U.S., expanding our geographic reach. We incurred additional acquisition-related costs of \$3.7 million and \$0.9 million in Fiscal 2023 and 2022, respectively.

27

In the third quarter of Fiscal 2022, we incurred \$11.6 million in costs from the pursuit of an acquisition that failed to materialize. In addition to customary acquisition costs, we incurred \$8.4 million related to realized foreign currency exchange losses. Although the majority of the target company's sales were made in the U.S., the target company's foreign domicile required us to convert funds from U.S. dollars to complete the transaction. Following that conversion, a significant strengthening of the U.S. dollar relative to the target company's currency resulted in the foreign currency exchange loss upon conversion back into U.S. dollars following the failure of the deal.

Acquisition-related costs are recorded in the selling, distribution, and administrative expenses line item of the Consolidated Statements of Income. 2023.

Legal settlements and related costs. In the third and fourth quarters of Fiscal 2024, we reached agreements to settle certain distributor-related litigation in the aggregate amount of \$2.2 million, inclusive of plaintiffs' attorney fees. Additionally, in the fourth quarter of Fiscal 2024, we reached an agreement to settle certain non-distributor-related litigation in the amount of \$1.6 million. In the third quarter of Fiscal 2023, we reached an agreement to settle certain distributor-related litigation for a settlement payment, inclusive of plaintiffs' attorney fees, of \$55.0 million, which was paid in the second quarter of Fiscal 2024. The settlement also requires a phased

29

repurchase of approximately 350 distribution territories in California and the company estimates this cost, along with the cost to repurchase approximately 50 other California distribution territories that are not part of the settlement, to be approximately \$80.2 million. Additional costs of \$2.3 million were recognized to fully impair held and used distribution rights classified as intangible assets. The terms repurchases of the settlement require court approval and preliminary approval was obtained in distribution rights commenced at the fourth end of the first quarter of Fiscal 2023. The legal settlement 2024 and related costs are higher than originally estimated in the Form 8-K filed by the company on September 1, 2023 primarily due anticipated to the planned repurchase of the additional distribution territories that were not part of the settlement.

During the second and third quarters of Fiscal 2022, we reached agreements to settle certain distributor-related litigation in the aggregate amount of \$7.5 million, inclusive of attorney fees. The settlement accrued for be completed early in the second quarter of Fiscal 2022 was paid in the third quarter of Fiscal 2022 and the settlement accrued for in the third quarter of Fiscal 2022 was paid in Fiscal 2023, 2025.

All amounts related to legal settlements and related costs are recorded in the selling, distribution, and administrative expenses line item of the Consolidated Statements of Income. As of December 30, 2023 December 28, 2024, \$119.6 million \$20.7 million of settlements were accrued (inclusive of obligations for the repurchase of distribution territories) and all payments are anticipated to be completed by the end of the second quarter of Fiscal 2025. The remaining reserve for the related distributor notes receivable was \$14.8 million \$2.4 million at December 28, 2024.

Pension plan settlement loss. Retired and terminated vested pension plan participants not yet receiving their benefit payments have the option to receive their benefit as a single lump sum payment. In the fourth quarter of Fiscal 2024, a settlement charge of \$0.2 million was triggered as a result of lump sum distributions paid in Fiscal 2024 and this amount is included in the other components of net periodic pension and postretirement benefit plans credit line item of the Consolidated Statements of Income.

EXECUTIVE OVERVIEW

We are the second-largest producer and marketer of packaged bakery foods in the U.S. with Fiscal 2023 2024 sales of \$5.1 billion. We operate in the highly competitive fresh bakery market. Our product offerings include a wide range of fresh breads, buns, rolls, snack items, bagels, English muffins, and tortillas, as well as frozen breads and rolls, which we produce at 46 45 plants in 19 states. Our products are sold under leading brands such as *Nature's Own*, *Dave's Killer Bread* ("DKB"), *DKB*, *Canyon Bakehouse*, *Tastykake*, *Mrs. Freshley's*, and *Wonder*. See Item 1., *Business*, of this Form 10-K for additional information regarding our customers and brands, business strategies, strengths and core competencies, and competition and risks.

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 impact of the inflationary economic environment on our costs and the buying patterns of our consumers, supply chain disruptions, including any impact from the imposition of tariffs, labor shortages, the conflict between Russia and Ukraine, and the conflict in the Middle East, on our business as further discussed in Item 1., *Business*, of this Form 10-K.

Summary of Operating Results, Cash Flows and Financial Condition:

Our results Sales increased 0.2% in Fiscal 2023 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 for commodities and, to a lesser extent, for transportation and labor, in Fiscal 2023 and Fiscal 2022. To mitigate these cost pressures, we implemented price increases in the first and second quarters of Fiscal 2023. Additionally, we incurred significant costs associated with a legal settlement in Fiscal 2023.

Sales increased 5.9% in Fiscal 2023 2024 compared to Fiscal 2022 2023. Price/mix contributed 10.1% 1.8% to the sales growth and the Papa Pita acquisition contributed 1.1%, 0.1% (cycled on February 17, 2024), partially offset by volume declines of 5.3% 1.7%. Branded Retail sales decreased 0.1% and Other sales increased 0.8%. The benefits of inflation-driven pricing actions from optimizing our foodservice business were partially mostly offset by overall softness in the fresh packaged bread and cake categories, volume softness declines from exiting certain lower margin non-retail business, and consumer trade down to store branded products. Our volumes were impacted by targeted sales rationalization, exiting certain lower margin business, and overall softness in the fresh packaged bread category resulting from inflationary inflationary pressure on consumer spending and shifts in consumer behavior and preferences. preferences have negatively impacted the fresh packaged bread and cake categories. Sales of our leading brands, *Nature's Own*, *DKB*, and *Canyon Bakehouse*, continued to increase from positive price/mix but volumes were lower except for *DKB*, year over year.

Income from operations for Fiscal 2023 2024 was \$172.9 million \$348.3 million compared to \$303.2 million \$172.9 million in Fiscal 2022 2023. The decrease improvement resulted primarily from an increase the decrease in legal settlements and related costs of \$130.0 million \$133.7 million, input cost inflation, decreases in production volumes,

28

increased marketing investments, moderating ingredient costs and, higher maintenance costs in the current year. Those to a lesser extent, benefits from our savings initiatives, optimizing our foodservice business and lower distributor distribution fees. These factors were partially offset by price increases, reduced outside purchases the impact of product, decreased production volumes and lower acquisition-related higher workforce-related and consulting costs year over rent expenses in the current year.

Net income was \$123.4 million \$248.1 million for Fiscal 2023 2024 compared to \$228.4 million \$123.4 million in the prior year. The decrease increase year over year resulted primarily from lower significant growth in income from operations, as described above, and higher net interest expense, partially offset by a lower higher effective tax rate.

In Fiscal 2024, we generated net cash flows from operations of \$412.7 million and invested \$132.1 million in capital expenditures (inclusive of \$6.0 million for the ongoing ERP upgrade). Additionally, we made stock repurchases of \$22.7 million and paid \$203.0 million in dividends to our shareholders. Our cash and cash equivalents balance as of December 28, 2024 was \$5.0 million. In Fiscal 2024, we amended the two-year \$200.0 million trade receivable repurchase facility (the "repurchase facility") to extend the scheduled facility expiration date to April 14, 2026.

30

In Fiscal 2023, we generated net cash flows from operations of \$349.4 million, paid \$274.8 million for the Papa Pita acquisition, inclusive of the net working capital purchase price adjustment, and invested \$129.1 million in capital expenditures (inclusive of \$27.8 million for the ongoing ERP upgrade). Additionally, we made \$45.8 million in stock repurchases of \$45.8 million and paid \$195.2 million in dividends to our shareholders. Our cash and cash equivalents balance as of December 30, 2023 was \$22.5 million. In Fiscal 2023, we terminated the accounts receivable securitization facility (the "securitization facility") and entered into a two-year \$200.0 million trade receivable repurchase facility (the "repurchase facility").

In Fiscal 2022, we generated net cash flows from operations of \$360.9 million and invested \$169.1 million in capital expenditures (inclusive of \$61.3 million for the ongoing ERP upgrade) and \$9.0 million in a cost-method investment as further discussed below. Additionally, we made \$34.6 million in stock repurchases and paid \$186.5 million in dividends to our shareholders in Fiscal 2022.

During 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 investment of \$2.0 million in Base Culture 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. As discussed above, in the fourth quarter of Fiscal 2023, the company recognized a \$5.5 million impairment related to this investment.

CRITICAL ACCOUNTING ESTIMATES

The company's discussion and analysis of its results of operations and financial condition are based upon the Consolidated Financial Statements of the company, which have been prepared in accordance with generally accepted accounting principles in the U.S. ("GAAP"). The preparation of these financial statements requires the company to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of the revenues, expenses, and cash flows during the reporting period. On an ongoing basis, the company evaluates its estimates, including those related to customer programs and incentives, bad debts, raw materials, inventories, long-lived assets, leased assets, intangible assets, income taxes, restructuring, pensions and other post-retirement benefits, and contingencies and litigation. The company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The selection and disclosure of the company's critical accounting estimates have been discussed with the company's audit committee. Note 2, *Summary of Significant Accounting Policies*, of Notes to Consolidated Financial Statements of this Form 10-K includes a summary of the significant accounting policies and methods used in the preparation of the Consolidated Financial Statements. The following table lists, in no particular order of importance, areas of critical assumptions and estimates used in the preparation of the Consolidated Financial Statements. Additional detail can be found in the following notes:

Critical Accounting Estimate	Note
Revenue recognition	—
Derivative financial instruments	11 12
Long-lived assets	—
Goodwill and other intangible assets	10 11
Leases	14 15
Self-insurance reserves	23 24
Income tax expense and accruals	22 23
Postretirement plans	21 22
Stock-based compensation	19 20
Commitments and contingencies	23 24

Revenue Recognition. Revenue is recognized when obligations under the terms of a contract with our customers are satisfied. Revenue is measured as the amount of consideration we expect to receive in exchange for transferring goods or providing services. Revenues are recognized net of variable consideration provisions such as for returns, volume discounts and sales promotion expenses that result in uncertainty about the company's ability to collect the amount. The company records both direct estimates the amount of variable consideration to be included in the transaction price at contract inception based on one of two approaches: the expected value approach (the "EV" approach) or the most-likely amount (the "MLA") approach. The EV approach identifies possible outcomes of the

contract and the probabilities of those outcomes. The MLA approach is used in cases when the company expects to be entitled to only one of the two possible outcomes. The company applies the approach consistently for similar types of contracts and updates the estimated reductions to gross revenue for customer programs and incentive offerings transaction price at the time the incentive is offered or at the time of revenue recognition for the underlying transaction that results in progress by the customer towards earning the incentive. These allowances include price promotion discounts, coupons, customer rebates, cooperative advertising, and

29

product returns. each reporting date. Consideration payable to a customer is recognized at the time control transfers and is a reduction to revenue. The recognition of costs for promotion programs involves the use of judgment related to performance and redemption estimates. Estimates are made based on historical experience and other factors. Price promotion discount expense is recorded as a reduction to gross sales when the discounted product is sold to the customer.

Derivative Financial Instruments. The company's cost of certain raw materials is highly correlated to underlying commodities markets. Raw materials, such as our baking ingredients, experience price fluctuations. If actual market conditions become significantly different than those anticipated, raw material prices could increase significantly, adversely affecting our results of operations. We enter into forward purchase agreements and other derivative financial instruments qualifying for hedge accounting to manage the impact of volatility in raw material prices. The company measures the fair value of its derivative portfolio using fair value as 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. When quoted market prices for identical assets or liabilities are not available, the company bases fair value on internally developed models that use current market observable inputs, such as exchange-quoted futures prices and yield curves. Refer to Item 7A., *Quantitative and Qualitative Disclosures About Market Risk*, of this Form 10-K for additional information about our derivative financial instruments, including a sensitivity analysis of the company's potential exposure to commodity price risk and interest rate risk.

31

Valuation of Long-Lived Assets, Goodwill and Other Intangible Assets. The company records an impairment charge to property, plant and equipment, goodwill and intangible assets in accordance with applicable accounting standards when, based on certain indicators of impairment, it believes such assets have experienced a decline in value that is other than temporary. Future adverse changes, including decisions to discontinue or significantly reduce certain brands, in market conditions or poor operating results of these underlying assets could result in losses or an inability to recover the carrying value of the asset that may not be reflected in the asset's current carrying value, thereby possibly requiring impairment charges in the future. Impairment charges recorded in Fiscal 2023 2024 and Fiscal 2022 2023 are discussed above in the "Matters Affecting Comparability" section.

Flowers has concluded it has one operating segment based on the nature of products that Flowers sells, an intertwined production and distribution model, the internal management structure and information that is regularly reviewed by the CEO, who is the chief operating decision maker, for the purpose of assessing performance and allocating resources. The company also determined we have one reporting unit.

The company evaluates the recoverability of the carrying value of its goodwill on an annual basis or at a time when events occur that indicate the carrying value of the goodwill may be impaired. Flowers has concluded it has one operating segment and one reporting unit. We have elected not to perform the qualitative approach, but instead perform a quantitative analysis by comparing the fair value of the reporting unit with which the goodwill is associated to the carrying amount of the reporting unit. If the fair value is less than the carrying value, the goodwill is written down to the extent the carrying amount exceeds the fair value.

Our annual evaluation of goodwill impairment requires management judgment and the use of estimates and assumptions to determine the fair value of our reporting unit. Fair value is estimated using standard valuation methodologies incorporating market participant considerations and management's assumptions on revenue, revenue growth rates, operating margins, discount rates, and EBITDA (defined as earnings before interest, taxes, depreciation and amortization). EBITDA. Our estimates can significantly affect the outcome of the test. We perform the fair value assessment using the income and market approach. Changes in our forecasted operating results and other assumptions could materially affect these estimates. This test is performed in the fourth quarter of each fiscal year unless circumstances require this analysis to be completed sooner. The income approach is tested using a sensitivity analysis to changes in the discount rate and yield a sufficient buffer to significant variances in our estimates. The estimated fair value of our reporting unit exceeded its carrying value in excess of \$3.4 billion \$3.3 billion in Fiscal 2023, 2024.

A 1% decrease in the discount rate would increase the fair value of the reporting unit by **\$0.9 billion** **\$1.1 billion** and a 1% increase in the discount rate would decrease the fair value by **\$0.7 billion** **\$0.8 billion**. Based on management's evaluation, no impairment charges relating to goodwill were recorded for Fiscal **2023** **2024** or Fiscal **2022**, **2023**.

In connection with acquisitions, the company has acquired trademarks, customer lists, **and** non-compete agreements, **and distributor relationships** a portion of which are amortizable. The company evaluates these assets whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. The undiscounted future cash flows of each intangible asset are compared to the carrying amount, and if less than the carrying value, the intangible asset is written down to the extent the carrying amount exceeds the fair value. The fair value is computed using the same approach described above for goodwill and includes the same risks and estimates. The fair value of the trademarks could be less than our carrying value if any of our four material assumptions in our fair value analysis: (a) weighted average cost of capital; (b) long-term sales growth rates; (c) forecasted operating margins; and (d) market multiples do not meet our expectations, thereby requiring us to record an asset impairment. We use the multi-period excess earnings and relief from royalty methods to value these intangibles. The method used for impairment testing purposes is consistent with the valuation method employed at acquisition of the intangible asset. In Fiscal 2023, we recorded a \$2.3 million charge to fully impair held and used distribution rights classified as intangibles assets. This was in conjunction with costs related to a California legal settlement. No impairment charges related to amortizing intangible assets were recorded in Fiscal **2022**, **2024**.

30

As of **December 30, 2023** **December 28, 2024**, the company also owns trademarks acquired through acquisitions with a total carrying value of \$127.1 million that are indefinite-lived intangible assets not subject to amortization. The company evaluates the recoverability of intangible assets not subject to amortization by comparing the fair value to the carrying value on an annual basis or at a time when events occur that indicate the carrying value may be impaired. In addition, the assets are evaluated to determine whether events and circumstances continue to support an indefinite life. The fair value is compared to the carrying value of the intangible asset, and if less than the carrying value, the intangible asset is written down to fair value. There are certain inherent risks included in our expectations about the performance of acquired trademarks and brands. If we are unable to implement our growth strategies for these acquired intangible assets as expected, it could adversely impact the carrying value of the brands. The fair value of the trademarks could be less than our carrying value if any of our four material assumptions in our fair value analysis: (a) weighted average cost of capital; (b) long-term sales growth rates; (c) forecasted operating margins; and (d) market multiples do not meet our expectations, thereby requiring us to record an asset impairment.

Leases. The company's leases consist of the following types of assets: **two** bakeries, corporate office space, warehouses, bakery **equipment**, **office** equipment, transportation, and IT equipment. The company uses the applicable incremental borrowing rate at lease commencement to perform the lease classification tests on lease components and to measure the lease liabilities and right-of-use assets in situations when discount rates implicit in leases cannot be readily determined.

Self-Insurance Reserves. We are self-insured for various levels of general liability, auto liability, workers' compensation, and employee medical and dental coverage. Insurance reserves are calculated on a combination of an undiscounted basis based on actual claims data and estimates of incurred but not reported claims developed utilizing historical claims trends. Projected settlements of incurred but not reported claims are estimated based on pending claims, historical trends, industry trends related to expected losses and actual reported losses, and key assumptions, including loss development factors and expected loss rates. Though the company does not expect them to do so, actual settlements and claims could differ materially from those estimated. Material differences in actual settlements and claims could have an adverse effect on our financial condition and results of operations.

A sensitivity analysis has been prepared to quantify the impact of changes in claim severity and frequency on the estimated unpaid losses on the company's workers' compensation liabilities. We estimate a 1% change in the claim severity and frequency would result in an approximately \$0.6 million change in the workers' compensation liability. **32**

Income Tax Expense and Accruals. The annual tax rate is based on our income, statutory tax rates, and tax planning opportunities available to us in the various jurisdictions in which we operate. Changes in statutory rates and tax laws in jurisdictions in which we operate may have a material effect on the annual tax rate. The

effect of these changes, if any, would be recognized as a discrete item upon enactment.

Deferred income taxes arise from temporary differences between the tax and financial statement recognition of revenues and expenses. Deferred tax assets and liabilities are measured based on the enacted tax rates that will apply in the years in which the temporary differences are expected to be recovered or paid.

Our income tax expense, deferred tax assets and liabilities, and reserve for uncertain tax benefits reflect our best assessment of future taxes to be paid in the jurisdictions in which we operate. The company records a valuation allowance to reduce its deferred tax assets if we believe it is more likely than not that some or all of the deferred assets will not be realized. While the company considers future taxable income and ongoing prudent and feasible tax strategies in assessing the need for a valuation allowance, if these estimates and assumptions change in the future, the company may be required to adjust its valuation allowance, which could result in a charge to, or an increase in, income in the period such determination is made.

Periodically, we face audits from federal and state tax authorities, which can result in challenges regarding the timing and amount of income or deductions. We provide reserves for potential exposures when we consider it more likely than not that a taxing authority may take a sustainable position on a matter contrary to our position. We evaluate these reserves on a quarterly basis to ensure that they have been appropriately adjusted for events, including audit settlements that may impact the ultimate payment of such potential exposures. While the ultimate outcome of audits cannot be predicted with certainty, we do not currently believe that current or future audits will have a material adverse effect on our consolidated financial condition or results of operations. The company is no longer subject to federal examination for years prior to Fiscal 2020, 2021, and with limited exceptions, for years prior to 2019 2020 in state jurisdictions.

Postretirement Plans. The company sponsors a defined benefit pension plan for union employees, the Flowers Foods, Inc. Retirement Plan No. 2 ("Plan No. 2"), and a frozen nonqualified plan covering former Tasty executives. The company records pension costs and benefit obligations related to its defined benefit plans based on actuarial valuations. These valuations reflect key assumptions determined by management, including the discount rate, expected long-term rate of return on plan assets and mortality. Material changes in pension costs and in benefit obligations may occur in the future due to experience that is different than assumed and changes in these assumptions. A sensitivity analysis of pension costs has been prepared to quantify the impact of changes in the discount rate. We estimate a 0.25% change in the discount rate would result in approximately \$0.1 million change in pension costs on a pre-tax basis.

31

The company sponsors a defined benefit pension plan for union employees, the Flowers Foods, Inc. Retirement Plan No. 2 ("Plan No. 2"), and a frozen nonqualified plan covering former Tasty executives.

We use a spot rate approach ("granular method") (granular method) to estimate the service cost and interest cost components of benefit cost by applying the specific spot rates along the yield curve to the relevant projected cash flows, as we believe this provides the best estimate of service and interest costs.

The pension plan's investment committee, which consists of certain members of management, establishes investment guidelines and regularly monitors the performance of the plan's assets. The investment committee is responsible for executing these strategies and investing the pension assets in accordance with ERISA and fiduciary standards. The investment objective of the pension plan is to preserve the plan's capital and maximize investment earnings within acceptable levels of risk and volatility. The investment committee meets on a regular basis with its investment advisors to review the performance of the plan's assets. Based upon performance and other measures and recommendations from its investment advisors, the investment committee rebalances the plan's assets to the targeted allocation when considered appropriate. The asset allocation for Plan No. 2 as of December 31, 2023 is equal to 23% equity securities, 75% fixed-income securities, and 2% short-term investments and cash. For the details of our pension plan assets, see Note 21, 22, Postretirement Plans, of Notes to Consolidated Financial Statements of this Form 10-K.

In developing the expected long-term rate of return on plan assets at each measurement date, the company considers the plan assets' historical actual returns, targeted asset allocations, and the anticipated future economic environment and long-term performance of the individual asset classes, based on the company's investment strategy. While appropriate consideration is given to recent and historical investment performance, the assumption represents management's best estimate of the long-term prospective return. Further, pension costs do not include an explicit expense assumption, and therefore the return on assets rate reflects the long-term expected return, net of expenses. Based on these factors, the long-term rate of return assumption for Plan No. 2 is set at 5.9% (net of investment and administrative fees, assumed to be 0.4% per annum) 5.3% for Fiscal 2024, 2025.

The company utilizes the Society of Actuaries' ("SOA") published mortality tables and improvement scales in developing their best estimates of mortality. In October 2019, the SOA published its final report on their "standard" mortality table ("Pri-2012"). For purposes of measuring pension benefit obligations of Plan No. 2, the company used the Pri-2012 base table with blue collar adjustment, and 117.1% multiplier, and a projection scale of MP-2021. No other collar adjustments are applied for any other plans. In addition, contingent annuitant mortality rates are applied for surviving spouses after the death of the original retiree.

The company determines the fair value of substantially all of its plans' assets utilizing market quotes rather than developing "smoothed" values, "market related" values, or other modeling techniques. Plan asset gains or losses in a given year are included with other actuarial gains and losses due to remeasurement of the plans' projected benefit obligations ("PBO"). If the total unrecognized gain or loss exceeds 10% of the larger of (i) the PBO or (ii) the market value of plan assets, the excess of the total unrecognized gain or loss is amortized over the expected average remaining service period of active covered employees (or average future lifetime of participants if the plan is inactive or frozen). Prior service cost or credit, which represents the effect on plan liabilities due to plan amendments, is amortized over the average remaining service period of active covered employees (or average future lifetime if the plan is inactive or frozen).

In Fiscal 2024, 2025, the company does not expect to make any cash contributions to Plan No. 2 and expects to pay \$0.3 million \$0.2 million in nonqualified pension benefits from corporate assets.

Stock-based compensation. Stock-based compensation expense for all share-based payment awards granted is determined based on the grant date fair value. The company recognizes these compensation costs net of an estimated forfeiture rate, and recognizes compensation cost only for those shares expected to vest on a straight-line basis over the requisite service period of the award, which is generally the vesting term of the share-based payment award.

We grant performance stock awards that separately have a market and performance condition. The expense computed for the total shareholder return shares ("TSR") is fixed and recognized on a straight-line basis over the vesting period. The expense computed for the return on invested capital ("ROIC") shares can change depending on the expected attainment of performance condition goals. The expense for the ROIC shares can be within a range of 0% to 125% of the target. target for awards granted in Fiscal 2023 and earlier and 0% to 150% for awards granted subsequent to Fiscal 2023. There is a possibility that this expense component will change in subsequent quarters depending on how the company performs relative to the ROIC target. Additionally, there are time-based stock awards that vest over a period of three years. See Note 19, 20, *Stock-Based Compensation*, of Notes to Consolidated Financial Statements of this Form 10-K for additional information. In early Fiscal 2024, 2025, the company granted stock awards to certain employees. The company expects stock-based compensation expense for Fiscal 2024 2025 will be approximately \$4.0 million to be relatively consistent with \$6.0 million higher than Fiscal 2023, 2024. This estimate is inclusive of an additional \$2.0 million \$2.4 million of expense anticipated to be recognized in the first quarter of Fiscal 2024 2025 due to the payout for the Fiscal 2022 2023 grant currently trending since the grant date at 125% of target. Additionally, the company anticipates a shortfall of approximately \$2.0 million to \$4.0 million on the vesting of stock-based compensation awards that will vest in Fiscal 2025.

Commitments and contingencies. 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, including lawsuits related to the independent distributors, which are being handled and defended in the ordinary course of business. Loss contingencies are recorded at the time it is probable an asset is impaired or a liability has been incurred and the amount can be reasonably estimated. For litigation claims, the company considers the degree of probability of an unfavorable outcome and the ability to make a reasonable estimate of the loss. Losses are recorded in the selling, distribution, and administrative expenses line item of the Consolidated Statements of Income.

RESULTS OF OPERATIONS

Consolidated Results - Fiscal 2023 2024 compared to Fiscal 2022 2023

The company's results of operations, expressed as a percentage of sales, are set forth below for Fiscal 2023 2024 and Fiscal 2022 2023:

	Percentage of						Percentage of					
			Sales		Increase (Decrease)				Sales		Increase (Decrease)	
	Fiscal 2023	Fiscal 2022	Fiscal 2023	Fiscal 2022	Dollars	%	Fiscal 2024	Fiscal 2023	Fiscal 2024	Fiscal 2023	Dollars	%
	52 weeks	52 weeks	weeks	weeks			52 weeks	52 weeks	weeks	weeks		
(Amounts in thousands, except percentages)												
Sales	\$ 5,090,830	\$ 4,805,822	100.0	100.0	\$ 285,008	5.9						
Net sales	\$ 5,103,487	\$ 5,090,830	100.0	100.0	\$ 12,657	0.2						
Materials, supplies, labor and other production costs (exclusive of depreciation and amortization shown separately below)	2,632,136	2,501,995	51.7	52.1	130,141	5.2	2,577,220	2,632,136	50.5	51.7	(54,916)	(2.1)
Selling, distribution, and administrative expenses	2,119,718	1,850,594	41.6	38.5	269,124	14.5	2,001,052	2,119,718	39.2	41.6	(118,666)	(5.6)
Restructuring charges	7,099	—	0.1	—	7,099	NM	7,403	7,099	0.1	0.1	304	4.3
FASTER Act, net of recovery on inferior ingredients	—	236	—	0.0	(236)	NM						
Plant closure costs and impairment of assets	7,298	7,825	0.1	0.2	(527)	NM	10,310	7,298	0.2	0.1	3,012	41.3
Depreciation and amortization	151,709	141,957	3.0	3.0	9,752	6.9	159,210	151,709	3.1	3.0	7,501	4.9
Income from operations	172,870	303,215	3.4	6.3	(130,345)	(43.0)	348,292	172,870	6.8	3.4	175,422	101.5
Other components of net periodic pension and postretirement benefits credit	(269)	(773)	(0.0)	(0.0)	504	NM						
Other components of net periodic pension and postretirement benefit plans credit	(273)	(269)	(0.0)	(0.0)	(4)	1.5						
Interest expense, net	16,032	5,277	0.3	0.1	10,755	203.8	19,623	16,032	0.4	0.3	3,591	22.4
Income before income taxes	157,107	298,711	3.1	6.2	(141,604)	(47.4)	328,942	157,107	6.4	3.1	171,835	109.4
Income tax expense	33,691	70,317	0.7	1.5	(36,626)	(52.1)	80,826	33,691	1.6	0.7	47,135	139.9
Net income	\$ 123,416	\$ 228,394	2.4	4.8	\$ (104,978)	(46.0)	\$ 248,116	\$ 123,416	4.9	2.4	\$ 124,700	101.0
Comprehensive income	\$ 122,563	\$ 227,281	2.4	4.7	\$ (104,718)	(46.1)	\$ 254,325	\$ 122,563	5.0	2.4	\$ 131,762	107.5

NM – the computation is not meaningful.

Percentages may not add due to rounding.

Sales

	Fiscal 2023		Fiscal 2022		% Change	Fiscal 2024		Fiscal 2023		
	52 weeks		52 weeks			52 weeks		52 weeks		
	\$	%	\$	%		\$	%	\$	%	
	(Amounts in thousands)		(Amounts in thousands)			(Amounts in thousands)		(Amounts in thousands)		
Branded retail	\$ 3,263,277	64.1	\$ 3,139,306	65.3	3.9					
Branded Retail	\$ 3,262,044	63.9	\$ 3,264,742	64.1	(0.1)					
Other	1,827,553	35.9	1,666,516	34.7	9.7	1,841,443	36.1	1,826,088	35.9	
Total	\$ 5,090,830	100.0	\$ 4,805,822	100.0	5.9	\$ 5,103,487	100.0	\$ 5,090,830	100.0	
									0.2	

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

3335

The change in sales was attributable to the following:

Percentage point change in sales attributed to:	Branded Retail		Other	Total
	Favorable (Unfavorable)			
Pricing/Mix*	5.5		16.3	10.1
Volume*	(2.6)		(7.8)	(5.3)
Acquisition	1.0		1.2	1.1
Total percentage point change in sales	3.9		9.7	5.9

* Computations above are calculated as follows:

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

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

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

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

Percentage point change in sales attributed to:	Branded Retail		Other	Total
	Favorable (Unfavorable)			
Pricing/Mix**	0.2		3.8	1.8
Volume*	(0.5)		(3.1)	(1.7)
Acquisition until cycled on February 17, 2024	0.2		0.1	0.1
Total percentage point change in net sales	(0.1)		0.8	0.2

[^] Includes sales reductions from variable consideration and payments to customers.

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

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

Price/Mix % = Price/Mix \$ ÷ Prior fiscal year Net Sales \$

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

Volume % = Volume \$ ÷ Prior fiscal year Net Sales \$

The company disaggregates its sales into two categories, Branded Retail and Other. This aligns 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 year over year mainly due to positive pricing actions implemented improved price/mix for our non-retail business resulting from executing our optimization strategies and to a much lesser extent the Papa Pita acquisition contribution mostly offset by volume declines, most notably in the first quarter Other sales category. Volume decreases in the Other sales category resulted from the company strategically exiting certain foodservice business in the latter half of Fiscal 2023 and midway through the second quarter declines in vending volumes, net of Fiscal 2023 and Fiscal 2022, to mitigate cost inflation, and the Papa Pita acquisition contribution. These increases were increased volume for store branded retail products. The Branded Retail sales category also experienced volume declines from lower branded retail cake volumes, partially offset by volume declines. The price increases implemented growth in the first quarter of Fiscal 2023 were focused on our store branded and non-retail sales, whereas the price increases implemented in the second quarter of Fiscal 2023 predominately targeted branded retail sales. Volume decreases were most significant for non-retail items and, to a lesser extent, branded retail traditional loaf breads and branded retail cake bread products. Our mix of Branded Retail sales to total sales of 64.1% decreased was 63.9% for Fiscal 2024 as compared to 65.3% 64.1% for Fiscal 2022, but continued to exceed pre-pandemic levels (60.1% for Fiscal 2019). 2023. Year over year, the promotional environment remained relatively stable, however, our promotional activity was higher increased in the second half of Fiscal 2023 as compared response to the same period in the prior year, inflationary pressure on consumer spending.

We anticipate our Fiscal 2024 2025 sales will be positively impacted by increase from optimizing our non-retail business, new product innovation, and the benefit of price increases implemented during additional week in Fiscal 2023 however, this benefit could be offset by 2025. However, category headwinds and changes in consumer buying patterns changes in and promotional activity and from cycling certain exits of lower margin business could partially offset that occurred in Fiscal 2023. improvement.

Branded Retail Sales

Branded retail sales increased 3.9% decreased 0.1% year over year due to softer volumes, partially offset by favorable price/mix resulting from inflation-driven pricing actions in the second quarters of both Fiscal 2022 and Fiscal 2023 and the acquisition contribution, contribution. Improved price/mix resulted from greater sales of our more differentiated branded products, such as organic and Keto. Decreases in branded cake volumes were partially offset by volume declines. Branded retail sales in the prior year period benefitted from strong demand at the beginning of the year as a result of increased COVID-19 cases. The largest volume declines occurred growth in branded bread products. Declines in branded cake resulted from overall category softness, market share declines, and targeted sales rationalization. Higher branded bread volumes were due to increases in organic products, traditional buns and rolls, and Keto products, partially offset by softness in traditional loaf breads and branded cake breads. Inflationary pressure on consumer spending contributed to lower volumes. Additionally, declines in branded cake resulted from market share declines and targeted sales rationalization, partially offset by supply chain disruptions and labor shortages in the prior year.

Sales of our leading brands, Nature's Own, DKB, and Canyon Bakehouse, increased year over year from inflation-driven price increases, partially offset by volume declines with the exception year. Sales of DKB which experienced volume growth. We experienced capacity constraints for production of our Canyon Bakehouse products during Fiscal 2023 which contributed to the lower sales volumes. New product introductions, such as Nature's Own benefited from growth in Keto bread (introduced in Fiscal 2023), Keto buns (introduced in Fiscal 2024), and Hawaiian traditional buns and rolls, but experienced volume declines for traditional loaf bread along with breads. DKB organic snack bars benefitted from efficient market execution and Organic Everything Bread, all growth from more recently introduced within the last two years, contributed to the branded retail sales increase. The DKB snack bars, which rolled out nationally in Fiscal 2023, products, such as rolls and snack bites, which were sold in test markets in Fiscal 2023, are part of an initiative bars. Consistent with our strategy to extend grow our presence business beyond the traditional bread category, and into the snacking category, company plans to launch the national rollout of DKB snack bites in Fiscal 2025. Canyon Bakehouse's sales increased on higher volumes as we resolved production capacity constraints that impacted prior year results.

Other Sales

Sales in the Other category increased 9.7% due to significant price increases implemented in the second quarter of Fiscal 2022 and in the first quarter of Fiscal 2023 to mitigate inflationary pressures, 0.8% primarily from optimizing our foodservice business, increased store branded retail sales on higher volume, and the acquisition contribution, partially offset by volume declines. Declines for our non-retail sales. Store branded retail sales increased year over year from inflation-driven price increases, volume growth in store branded traditional loaf breads and gluten-free bread, net of negative price/mix. Store branded retail sales as a percent of our total sales was relatively unchanged from the prior year. Non-retail sales increased year over year due to positive price/mix and to a much lesser extent the acquisition contribution, partially offset by volume declines, with the largest decline in cake items. Store branded retail sales comprised a larger portion of our total sales as compared to the prior year, but remained a smaller portion of our total sales mix relative to pre-pandemic levels. Non-retail sales increased year over year from positive price/mix, mostly due to inflation-driven pricing actions, and the acquisition contribution, partially offset by volume declines. Foodservice and vending drove most of the volume decrease primarily

34

due to exiting as we exited certain lower margin business in the second half of Fiscal 2023. Declines in vending, institutional, and targeted thrift store sales rationalization. Supply chain disruptions experienced in both years negatively impacted sales also contributed to lower volumes. These volume declines were partially offset by increased contract manufacturing volume.

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

Line item component	Fiscal 2023	Fiscal 2022	Change as a	Fiscal 2024	Fiscal 2023	Change as a
	% of sales					
Ingredients and packaging	32.0	31.8	0.2	29.4	32.0	(2.6)
Workforce-related costs	13.8	13.8	—	14.6	13.8	0.8
Other	5.9	6.5	(0.6)	6.5	5.9	0.6
Total	51.7	52.1	(0.4)	50.5	51.7	(1.2)

Materials, supplies, labor and other production costs as a percent of sales decreased year over year due to implementing inflation-driven pricing actions to combat considerable input cost inflation experienced over the past two years. Increased moderating ingredient and packaging costs, improved sales price/mix, and decreased product returns, lower returns. Lower production volumes and increased bakery maintenance higher workforce-related costs partially offset the overall improvement. We experienced supply chain disruptions. The decrease in both periods. Costs ingredient and packaging costs was mostly attributed to lower pricing for certain ingredients moderated commodities such as flour, fats and oils, and eggs, and packaging items including bags and corrugated containers. Higher costs for sweeteners partially offset the lower ingredient costs. Wage inflation, higher employee compensation costs, and lower production volumes drove the increase in Fiscal 2023 relative to the prior year but overall were still higher than the prior year workforce-related costs as a percent of sales. Additionally, certain products purchased from Papa Pita. We expect the impact of lower production volumes and the competitive labor market to continue to negatively impact our operations. The increase in the prior year period and up until Other line item mostly reflects the acquisition date were reflected as impact of lower production volumes, increased outside purchases of product (sales with no associated ingredient costs) in the Other line item. This shift in expense between cost categories impacted comparability year over year. Workforce-related costs were unchanged as a percent of sales. Sales increases outpaced wage inflation however, lower production volumes, and the competitive labor market impacted our operations and we expect this trend to continue. The decrease in the Other line item mostly reflects lower outside purchases of product, mostly due to the Papa Pita acquisition, net of higher bakery maintenance costs.

Prices of ingredient and packaging materials fluctuate due to various factors including, but not limited to, government policy and regulation (including tariffs), weather conditions, domestic and international demand, availability due to supply conditions, including livestock disease, or other unforeseen circumstances, and we

monitor these markets closely. Ingredient and packaging costs ~~were volatile~~ experienced volatility in both Fiscal 2023 2024 and 2022 2023 but are expected anticipated to be ~~more favorable~~ less volatile in Fiscal 2024 2025. We use eggs in several of our products and could be adversely impacted from increased costs and/or reduced availability of supply as a result of the avian influenza that has been detected in egg-laying flocks. 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 price cost of these raw materials and significantly affect our earnings.

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

Line item component	Fiscal 2023	Fiscal 2022	Change as a	Fiscal 2024	Fiscal 2023	Change as a
	% of sales					
Workforce-related costs	11.1	10.8	0.3	12.1	11.1	1.0
Distributor distribution fees	14.1	14.6	(0.5)	13.3	14.1	(0.8)
Other	16.4	13.1	3.3	13.8	16.4	(2.6)
Total	41.6	38.5	3.1	39.2	41.6	(2.4)

Workforce-related costs ~~were higher~~ increased as a percent of sales ~~largely~~ year over year due to a shift from distributor distribution fees, higher employee compensation costs, wage inflation, and a competitive labor market. Benefits from our cost savings initiatives partially offset the overall increase in workforce-related costs. Distributor distribution fees decreased as a ~~result~~ percent of sales primarily due to a smaller portion of our sales being made through ~~IDPs~~. The independent distributor partners ("IDP" or "IDPs"). We anticipate a continued shift from distributor distribution fees to workforce-related costs ~~increase~~ was partially offset by sales ~~increases~~ outpacing wage inflation. We anticipate this shift between ~~these~~ and other ~~cost categories~~, ~~territory-related costs~~, such as transportation, to continue ~~vehicle~~ rent expense, among others, as we convert the company completes a phased repurchase of the California distribution rights and converts to an ~~employment~~ employee-based model in California. ~~that state~~. The ~~increase~~ repurchases began at the end of the first quarter of Fiscal 2024 and are anticipated to be completed early in the second quarter of Fiscal 2025. The ~~decrease~~ in the Other line item mostly reflects the ~~\$130.0 million increase~~ ~~\$133.7 million decrease~~ in legal settlements and related costs ~~(260 basis point impact)~~, greater and, to a much lesser extent, reduced marketing investments and lower transportation and consulting costs. These items were partially offset by higher rent expenses and increased amortization of cloud-based applications, net of the ~~\$8.8 million decrease~~ in acquisition-related costs and reduced consulting costs. Transportation cost increases were mostly offset by sales price increases. ~~applications~~. See the "Matters Affecting Comparability" section

37

above for a discussion of legal settlements and related costs ~~and~~ project-related consulting costs, and acquisition-related costs. Additionally, ~~See~~ ~~see~~ Note 23 24, *Commitments and Contingencies*, of Notes to Consolidated Financial Statements of this Form 10-K for additional information regarding legal settlements.

Restructuring Charges; FASTER Act, net of Recovery on Inferior Ingredients; Charges and Plant Closure Costs and Impairment of Assets

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

35

Depreciation and Amortization Expense

Depreciation and amortization expense increased in dollars and as percent of sales compared to the prior year period primarily due to the ~~ERP~~ assets being placed in service ~~including assets associated with~~ in the ~~ERP upgrade~~, second quarter of Fiscal 2023 and, to a lesser extent, other capital projects being placed in service and the Papa Pita assets acquired midway through the first quarter of Fiscal 2023, net of assets becoming fully depreciated. ~~We anticipate higher depreciation and amortization expense in Fiscal 2024 mostly due to the ERP-related assets being placed in service during the second quarter of Fiscal 2023.~~

Income from Operations

Income from operations decreased year over year increased in dollars and as a percent of sales mostly compared to the prior year primarily due to significant increases in significantly lower selling, distribution, and administrative costs, combined with as described above, moderating input costs, and improved sales price/mix, partially offset by lower production volumes, partially offset by inflation-driven sales price increases, increased bakery workforce-related costs, and greater depreciation expense.

Net Interest Expense

Net interest expense increased in dollars and as a percent of sales as compared to the prior year period due to higher average amounts outstanding under our borrowing arrangements, primarily due to funding the Papa Pita acquisition, and lower interest income year over year. We anticipate higher net interest expense in Fiscal 2024 year due to funding payments associated with the legal settlement and related costs accrued in Fiscal 2023 and lower interest income resulting from decreases in distributor notes receivable outstanding. The company anticipates interest expense will be significantly higher in Fiscal 2025 due to the issuance of the 2035 Notes and 2055 Notes (each as defined below) on February 14, 2025.

Income Tax Expense

The effective tax rate for Fiscal 2023 2024 was 21.4% 24.6% compared to 23.5% 21.4% in the prior year. The decrease increase in the rate year over year was primarily due to tax credits and windfalls a decrease in benefits on stock-based compensation awards that vested coupled with unfavorable discrete items related to state income tax in Fiscal 2023, the current year. For both the periods presented, the primary differences in the effective rate and the statutory rate relate to state income taxes, windfalls on the vesting of stock-based compensation awards, and benefits recognized from tax credits.

The Inflation Reduction Act ("IRA") did not have a material impact on the effective tax rate for Fiscal 2023 2024 or 2022 2023 and there is no anticipated material impact on the effective tax rate in future periods.

Comprehensive Income

The decrease increase in comprehensive income year over year resulted primarily from decreased increased net income.

LIQUIDITY, CAPITAL RESOURCES AND FINANCIAL POSITION

Strategy

We believe 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 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

38

- repurchasing shares of our common stock.

Although there has been no material adverse impact on the company's results of operations, liquidity or cash flows in Fiscal 2023 2024, volatility in global and U.S. economic environments, including as a result of, among other things, the inflationary economic environment, supply chain disruptions, including any impact from the imposition of tariffs, labor shortages, 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. Those potential risks include the possibility of future economic downturns that could result in a significant shift 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, and the workforce available to us, among other risks.

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. If the company were to experience a significant reduction in revenues, the company would have additional alternatives to maintain liquidity, including amounts available on our debt facilities, capital expenditure reductions, adjustments to its 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 2023, we terminated the securitization facility and entered into the repurchase facility, a two-year \$200.0 million trade receivable repurchase facility. The earliest maturity date of our non-revolving debt is 2026. We believe the fundamentals of the company remain strong and that we have sufficient liquidity on hand to continue business operations during the volatile global and U.S. economic environments. The company had total available liquidity of \$559.1 million \$569.4 million as of December 30, 2023 December 28, 2024, consisting of cash on hand and the available balances under the credit facility (as defined below) and the repurchase facility.

We expect the transformation strategy initiatives will require significant capital investment and expense over the next several two years. We currently anticipate the upgrade of our ERP system will cost approximately \$350 million (of which approximately 34% 35% has been or is anticipated to be capitalized) and anticipate the upgrade to be completed in Fiscal 2026. Previously, these costs were estimated to be approximately \$275 million. The increase in estimated costs resulted from expanding the project scope and anticipation of greater reliance on external resources for bakery deployments due to labor constraints. As of December 30, 2023 December 28, 2024, we have incurred costs related to the project of approximately \$214 million \$238 million. In Fiscal 2024, 2025, we expect costs for the upgrade of our ERP system (a portion of which may be expensed as incurred, capitalized, recognized as a cloud computing arrangement, or recognized as a prepaid service contract) to be approximately \$25 million \$30 million to \$35 million. The increase in costs is due to an increase in the number of planned deployments for Fiscal 2025. Costs related to our digital initiatives are more fluid and cannot currently be estimated. See Item 1A., *Risk Factors*, "We may experience difficulties in designing and implementing deploying the upgrade of our ERP system."

The company leases certain property and equipment under various financing and operating lease arrangements. Most of the operating leases provide the company with the option, after the initial lease term, to purchase the property at the then fair value, renew the lease at the then fair value, or return the property. The financing leases provide the company with the option to purchase the property at a fixed price at the end of the lease term. The company believes the use of leases as a financing alternative places the company in a more favorable position to fulfill its long-term strategy for the use of its cash flow. See Note 14, 15, *Leases*, of Notes to Consolidated Financial Statements of this Form 10-K for detailed financial information regarding the company's lease arrangements.

Key items impacting our liquidity, capital resources and financial position in Fiscal 2023 2024 and 2022: Fiscal 2023:

Fiscal 2024:

- Generated \$412.7 million of net cash from operating activities.
- Paid dividends to our shareholders of \$203.0 million.
- Invested in our business through capital expenditures of \$132.1 million (inclusive of \$6.0 million of capital expenditures, including amounts recognized in accounts payable at year end, for the ERP upgrade).
- Repurchased \$22.7 million of our common stock.
- Incurred business process improvement costs of \$4.5 million related to the ongoing transformation strategy initiatives (exclusive of capitalized or depreciable costs).

Fiscal 2023:

- Generated \$349.4 million of net cash from operating activities.
- Completed the Papa Pita acquisition on February 17, 2023 for \$274.8 million in cash (inclusive of a net working capital purchase price adjustment).
- Paid dividends to our shareholders of \$195.2 million.

- Invested in our business through capital expenditures of \$129.1 million (inclusive of \$27.8 million of capital expenditures, including amounts recognized as accounts payable at year end, for the ERP upgrade).
- Repurchased \$45.8 million of our common stock.
- Incurred business process improvement costs of \$21.5 million related to the ongoing transformation strategy initiatives (exclusive of capitalized or depreciable costs).

Fiscal 2022:

- Generated \$360.9 million of net cash from operating activities.
- Paid dividends to our shareholders of \$186.5 million.
- Invested in our business through capital expenditures of \$169.1 million (inclusive of \$61.3 million of capital expenditures, including amounts recognized as accounts payable at year end, for the ERP upgrade).
- Repurchased \$34.6 million of our common stock.
- Incurred business process improvement costs of \$33.2 million related to the ongoing transformation strategy initiatives (exclusive of capitalized or depreciable costs).

Liquidity Discussion

Flowers Foods' cash and cash equivalents were \$5.0 million at December 28, 2024 and \$22.5 million at December 30, 2023 and \$165.1 million at December 31, 2022. The cash and cash equivalents were derived from the activities presented in the table below (amounts in thousands):

Cash flow component	Fiscal 2023	Fiscal 2022	Fiscal 2024	Fiscal 2023
Cash flows provided by operating activities	\$ 349,353	\$ 360,889	\$ 412,664	\$ 349,353
Cash disbursed for investing activities	(403,812)	(151,088)	(172,669)	(403,812)
Cash disbursed for financing activities	(88,148)	(222,167)	(257,517)	(88,148)
Effect of exchange rates on cash	—	(8,371)	—	—
Total change in cash	\$ (142,607)	\$ (20,737)	\$ (17,522)	\$ (142,607)

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

	Fiscal 2023	Fiscal 2022	Fiscal 2024	Fiscal 2023
Depreciation and amortization	\$ 151,709	\$ 141,957	\$ 159,210	\$ 151,709
Loss on foreign currency exchange rates	—	8,371	—	—
Impairment of assets	9,611	3,897	10,310	9,611
Stock-based compensation	26,945	25,822	29,743	26,945
Allowances for accounts receivable	8,412	8,518	8,304	8,412
Deferred income taxes	(43,340)	1,446	30,954	(43,340)
Loss (gain) reclassified from accumulated comprehensive income to net income	2,920	(5,813)	—	—

Loss reclassified from accumulated comprehensive income to net income	1,457	2,920		
Other non-cash items	4,559	(708)	6,014	4,559
Net non-cash adjustment to net income	<u>\$ 160,816</u>	<u>\$ 183,490</u>	<u>\$ 245,992</u>	<u>\$ 160,816</u>

- Refer to the **Acquisition-related costs (loss on foreign currency exchange rates)** and **Plant closure costs and impairment of assets** discussion in the "Matters Affecting Comparability" section above regarding these items. the impairment of assets.
- For Fiscal 2024, deferred income tax activity was composed of temporary differences between book and tax income, including the current year impact payment for a previously accrued legal settlement. Additionally, the current year included the impact of year over year differences in tax depreciation and vesting of stock equity awards, and activity related to the capitalization of research and development expenses as defined under Internal Revenue Code Section 174. For Fiscal 2023, deferred income tax activity was comprised of **changes year over year**, temporary differences, including the impact of the capitalization of research and development and certain information technology costs, and accrued legal settlements and related costs. For Fiscal 2022, deferred income tax activity was primarily composed of **changes in temporary differences year over year**.
- Other non-cash items include non-cash interest expense for the amortization of debt discounts and deferred financing costs (including \$0.3 million related write-off of unamortized costs upon the early extinguishment of the securitization facility in the first quarter of Fiscal 2023), activity in the allowance for inventory obsolescence, and gains or losses on the sale of assets.

Net cash for working capital requirements and pension plan contributions included the following items (amounts in thousands):

	Fiscal 2023	Fiscal 2022	Fiscal 2024	Fiscal 2023
Changes in accounts receivable	\$ 5,008	\$ (55,420)	\$ (4,515)	\$ 5,008
Changes in inventories	(15,163)	(37,396)	8,227	(15,163)
Changes in hedging activities, net	(1,498)	(224)	(639)	(1,498)
Changes in other assets and accrued liabilities, net	104,362	(39,080)		
Changes in other assets and accrued liabilities	(24,873)	104,362		
Changes in accounts payable	(26,588)	82,125	(59,644)	(26,588)
Qualified pension plan contributions	(1,000)	(1,000)	—	(1,000)
Net changes in working capital and pension plan contributions	<u>\$ 65,121</u>	<u>\$ (50,995)</u>	<u>\$ (81,444)</u>	<u>\$ 65,121</u>

40

- Changes in accounts receivable were mainly attributable to **significant price increases** period over period. Changes in inventories resulted from volatility in input costs. Changes in accounts payable were mainly attributable to **higher capital spending in the prior year largely due to the upgrade of the ERP system** and **volatility in input costs**, costs and timing of capital spending period over period.
- Hedging activities change from market movements that affect the fair value and required collateral of positions and the timing and recognition of deferred 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.

38

- The change in other assets primarily resulted from changes in **prepaid assets, service contracts, and income tax receivable** balances in each respective period. Changes in accruals for **legal settlements, employee compensation, insurance, legal settlements, and payroll tax deferrals under the CARES Act** primarily resulted in the change in other accrued liabilities. In Fiscal 2023, we accrued \$137.5 million (\$3.8 million of legal settlements (inclusive of \$57.1 million of legal settlements, of which \$55.0 million had been accrued for in the prior year. In Fiscal 2023, the company recorded a legal settlement related costs of \$137.5 million (of which \$120.3 million was included in other accrued liabilities for distribution rights repurchase obligations) obligations, \$2.3 million as a contra account to other assets, and \$2.3 million was a non-cash impairment charge) and paid \$5.5 million of legal settlements that had accrued for in the prior year. In Fiscal 2022, we accrued \$7.5 million of legal settlements and paid \$18.5 million, of which \$16.5 million had been accrued for in the prior year. Additionally, during Fiscal 2022, we repurchased distribution rights as required by a prior year legal settlement totaling \$4.3 million. We anti-

making payments of approximately **\$31.4 million** **\$53.9 million**, including our share of employment taxes, in performance-based cash awards under our incentive plans in the first quarter of Fiscal **2024**, **2025**. During Fiscal **2023**, **2024** and Fiscal **2022**, **2023**, we paid **\$32.1 million** **\$31.9 million** and **million** **\$32.1 million**, respectively, including our share of employment taxes, in performance-based cash awards under our bonus plans. An additional **million** **\$1.9 million** and **\$1.8 million** **\$2.2 million** were paid in Fiscal **2023**, **2024** and Fiscal **2022**, **2023**, respectively, for our share of employment taxes vesting of performance-contingent employee restricted stock awards in each respective year. Under the CARES Act, the company deferred approximately **million** of the employer share of Social Security tax for the period from the beginning of the second quarter of Fiscal 2020 through December 31, 2020 and approximately **\$15.0 million** in December 2021 and the remainder in December 2022.

- During both **In** Fiscal 2023, and Fiscal 2022, we made **a** voluntary defined benefit pension plan cash **contributions** **contribution** of \$1.0 million to Plan Nc this time, we do not expect to make any voluntary cash contributions to our pension plans in Fiscal **2024**, **2025** and expect to pay **\$0.3 million** **\$0.2 mil** nonqualified pension benefits from corporate assets. The company believes its cash flow and balance sheet will allow it to fund future pension needs without adversely affecting the business strategy of the company.

Cash Flows Disbursed for Investing Activities. The table below presents net cash disbursed for investing activities **for** **Fiscal 2023** **and** **2022** (amounts in thousands):

	Fiscal 2023	Fiscal 2022	Fiscal 2024	Fiscal 2023
Purchase of property, plant, and equipment	\$ (129,078)	\$ (169,071)	\$ (132,088)	\$ (129,078)
Principal payments from notes receivable, net of repurchases of independent distributor territories	(374)	18,829		
Repurchases of independent distributor distribution rights, net of principal payments from notes receivable	(43,466)	(374)		
Acquisition of business	(274,755)	—	—	(274,755)
Investment in unconsolidated affiliate	(1,981)	(9,000)	—	(1,981)
Proceeds from sale of property, plant and equipment	2,312	7,681	2,140	2,312
Other	64	473	745	64
Net cash disbursed for investing activities	\$ (403,812)	\$ (151,088)	\$ (172,669)	\$ (403,812)

- The company currently estimates capital expenditures of approximately **\$120.0 million** **\$140.0 million** to **\$130.0 million** **\$150.0 million** (inclusive of expense for the ERP upgrade of **\$3.0 million** **\$4.0 million** to **\$6.0 million**) in Fiscal **2024**, **2025**.
- Decreases** The repurchases of the California distribution rights contributed to most of the change in the repurchases of distribution rights, net of principal payments received combined with increased from notes receivable. The company expects to complete the California repurchases of independent distributor territories resulted early in the change year over year. We anticipate this trend to continue due to the agreement to settle the California distributor litigation, reached in second quarter of Fiscal **2023**, **2025**.
- As discussed in the Executive Overview section above, on February 17, 2023, we completed the Papa Pita acquisition for \$274.8 million in cash (inclusive net working capital purchase price adjustment). Papa Pita operates one manufacturing facility in West Jordan, Utah.
- As discussed in the Executive Overview section above, we made an initial investment of \$9.0 million in Base Culture, a Clearwater, Florida-based company with one manufacturing facility, in the second quarter of Fiscal 2022. We made an additional investment of \$2.0 million in the second quarter of Fiscal 2023.

3941

Cash Flows Disbursed for Financing Activities. The table below presents net cash disbursed for financing activities **for** **Fiscal 2023** **and** **2022** (amounts in thousands):

	Fiscal 2023	Fiscal 2022	Fiscal 2024	Fiscal 2023
Dividends paid, including dividends on share-based payment awards	\$ (195,215)	\$ (186,501)	\$ (203,033)	\$ (195,215)
Payment of financing fees	(533)	(282)	(190)	(533)
Stock repurchases	(45,801)	(34,586)	(22,703)	(45,801)

Change in bank overdrafts	220	799	(3,721)	220
Net change in debt obligations	155,000	—	(27,800)	155,000
Payments on financing leases	(1,819)	(1,597)	(70)	(1,819)
Net cash disbursed for financing activities	<u>\$ (88,148)</u>	<u>\$ (222,167)</u>	<u>\$ (257,517)</u>	<u>\$ (88,148)</u>

- Our annual dividend rate increased from \$0.88 per share in Fiscal 2022 to \$0.92 per share in Fiscal 2023, 2023 to \$0.96 per share in Fiscal 2024. 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.
- In Fiscal 2024, we paid financing fees associated with amending the repurchase facility. In Fiscal 2023, we paid financing fees associated with executing the repurchase facility and for the amendment to the credit facility. In Fiscal 2022, we paid additional financing costs associated with the Fiscal 2021 amendment to the credit facility and for the amendment of the securitization facility.
- Stock repurchase decisions are made based on our stock price, our belief of relative value, and our cash projections at any given time. See Note 18, 19, Stockholders' Equity, of Notes to Consolidated Financial Statements of this Form 10-K for additional information. A portion of 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 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 as of December 30, 2023 December 28, 2024 and December 31, 2022 December 30, 2023. For a detailed description of our debt and right-of-use lease obligations and information regarding our distributor arrangements, deferred compensation, and guarantees and indemnification obligations, see Note 14, 15, Leases, and Note 15, 16, Debt and Other Commitments, of Notes to Consolidated Financial Statements of this Form 10-K:

	Interest Rate at December 30, 2023	Final Maturity	Balance at		Fixed or Variable	Interest Rate		Fixed or Variable	
			December 30, 2023	December 31, 2022		at December 28, 2024	Final Maturity		
			(Amounts in thousands)				(Amounts in thousands)		
2031 notes	2.40%	2031	\$ 494,723	\$ 493,994	Fixed Rate	2.40%	2031	\$ 495,452	\$ 494,723
2026 notes	3.50%	2026	398,421	397,848	Fixed Rate	3.50%	2026	398,992	398,421
Unsecured credit facility	6.38%	2026	—	—	Variable Rate	7.53%	2026	2,200	—
Accounts receivable securitization facility*			—	—	Variable Rate				
Accounts receivable repurchase facility	6.16%	2025	155,000	—	Variable Rate	5.27%	2026	125,000	155,000
Right-of-use lease obligations		2036	284,501	282,862	Variable Rate	2036		322,989	284,501
			1,332,645	1,174,704				1,344,633	1,332,645
Less: Current maturities of long-term debt and right-of-use lease obligations			(47,606)	(45,769)				(68,524)	(47,606)
Long-term debt and right-of-use lease obligations			\$ 1,285,039	\$ 1,128,935				\$ 1,276,109	\$ 1,285,039

* The securitization facility was terminated on April 14, 2023.

Total stockholders' equity was as follows at December 30, 2023 December 28, 2024 and December 31, 2022 December 30, 2023:

	Balance at	
	December 30, 2023	December 31, 2022
	(Amounts in thousands)	
Total stockholders' equity	\$ 1,351,782	\$ 1,443,290

	Balance at	
	December 28, 2024	December 30, 2023
	(Amounts in thousands)	
Total stockholders' equity	\$ 1,410,114	\$ 1,351,782

4042

The company has historically entered into amendments and extensions approximately one year prior to the maturity of its debt facilities. On February 13, 2023, we amended the securitization facility and then on April 14, 2023, terminated the securitization facility and entered into the repurchase facility, a two-year \$200.0 million accounts receivable repurchase facility. On April 15, 2024, we amended the repurchase facility to extend the scheduled facility expiration date to April 14, 2026. Additionally, on April 12, 2023, we completed the eighth amendment to the senior unsecured revolving credit facility (the "credit facility") to, among other things, replace the benchmark rate at which borrowings bear interest under the credit facility from LIBOR to Term SOFR and to allow for entry into permitted accounts receivable repurchase facilities. The repurchase facility and the credit facility are generally used for short-term liquidity needs.

The interest rate for the credit facility shown in the table above reflects a swingline borrowing. Swingline borrowings are typically repaid or converted to a SOFR loan within five business days. At December 28, 2024, the interest rate on a SOFR loan would have been 5.34%.

The following table details the amounts available under the repurchase facility **securitization facility**, and credit facility as of **December 30, 2023** **December 28, 2024** and the highest and lowest balances outstanding under these arrangements during **Fiscal 2023: 2024**:

Facility	Amount Available		Highest	Lowest	Amount Available		Highest	Lowest
	for Withdrawal at		Balance in	Balance in	for Withdrawal at		Balance in	Balance in
	December 30, 2023	Fiscal 2023	Fiscal 2023	December 28, 2024	Fiscal 2024	Fiscal 2024		
(Amounts in thousands)								
Accounts receivable repurchase facility	\$ 45,000	\$ 180,000	\$ —	\$ 75,000	\$ 195,000	\$ 95,000		
Accounts receivable securitization facility	—	* 28,000	—					
Unsecured credit facility (1)	491,600	174,000	—	489,400	30,000	—		
	<u>\$ 536,600</u>			<u>\$ 564,400</u>				

* The securitization facility was terminated on April 14, 2023.

(1) Amount excludes a provision in the 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 **11, 12, Derivative Financial Instruments**, of Notes to Consolidated Financial Statements of this Form 10-K. During **Fiscal 2023: 2024**, the company borrowed **\$540.0 million** **\$88.7 million** in revolving borrowings under the credit facility and repaid **\$540.0 million** **\$86.5 million** in revolving borrowings. 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. In periods of rising interest rates, the cost of using these facilities will become more expensive and increase our interest expense. Therefore, borrowings under these facilities provide us the greatest direct exposure to rising rates.

Restrictive financial covenants for our borrowings 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 its presently foreseeable financial requirements. As of December 30, 2023 December 28, 2024 and December 31, 2022 December 30, 2023, the company was in compliance with all restrictive covenants under our debt agreements.

In connection with entering into the Merger Agreement, the company entered into a commitment letter, pursuant to which, among other things, Royal Bank of Canada committed to provide debt financing for the consummation of the Simple Mills Acquisition, consisting of a \$795.0 million 364-day Term Loan Facility, on the terms and subject to the conditions set forth in the commitment letter. The company intends to use the net proceeds of the offering of the 2035 Notes (as defined below) and the 2055 Notes (as defined below), together with cash on hand, to fund the cash consideration for the Simple Mills Acquisition and pay related fees and expenses in lieu of borrowing under the Term Loan Facility. In connection with the issuance of the 2035 Notes and the 2055 Notes, on February 14, 2025, the company terminated the outstanding commitments in respect of the Term Loan Facility. The company will recognize costs of approximately \$3.6 million associated with the Term Loan Facility in the first quarter of Fiscal 2025.

On February 5, 2025, we entered into a \$500.0 million senior unsecured revolving credit facility (the "2025 Revolving Credit Facility") pursuant to a Credit Agreement (the "2025 Revolving Credit Agreement"), dated as of February 5, 2025, with certain financial institutions party thereto as lenders and Wells Fargo Bank, National Association, as administrative agent. The 2025 Revolving Credit Facility refines and replaces the company's credit facility entered into pursuant to the 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 maturity date of the amended

43

and restated credit agreement was July 30, 2026. No borrowings were outstanding under the amended and restated credit agreement upon its termination.

The 2025 Revolving Credit Facility has an initial maturity date of February 5, 2030. Under the 2025 Revolving Credit Facility, up to \$50.0 million of availability may be drawn in the form of letters of credit and up to \$50.0 million of availability may be drawn in the form of swingline loans. The 2025 Revolving Credit Facility also includes an incremental facility whereby the Company may increase the commitments to up to \$700.0 million if certain conditions are met.

Borrowings under the 2025 Revolving Credit Facility bear interest, at the option of the company, based on the Secured Overnight Financing Rate ("SOFR") or the "base rate" plus, in each case, an applicable margin. The applicable margin is determined by reference to a pricing grid set forth in the 2025 Revolving Credit Agreement based on the company's leverage and debt rating, ranging from a maximum of 1.525% in the case of SOFR-based loans and 0.525% in the case of base rate loans to a minimum of 0.815% in the case of SOFR-based loans and 0.00% in the case of base rate loans, based upon the company's then applicable leverage ratio and debt rating. In addition, the 2025 Revolving Credit Facility bears an additional facility fee on the full amount of the commitments, also determined by reference to the pricing grid, and ranging from a maximum of 0.225% to a minimum of 0.06%, based upon the company's then applicable leverage ratio and debt rating.

On February 14, 2025, the company issued (i) \$500.0 million aggregate principal amount of 5.750% Senior Notes due 2035 (the "2035 Notes") and (ii) \$300.0 million aggregate principal amount of 6.200% Senior Notes due 2055 (the "2055 Notes", and, together with the 2035 Notes, the "Notes"), pursuant to the Indenture, dated as of April 3, 2012 (the "Base Indenture"), by and between the company, as issuer, and Computershare Trust Company, N.A. (as successor to Wells Fargo Bank, National Association), as trustee, as amended and supplemented from time to time, including without limitation, pursuant to an Officer's Certificate, dated February 14, 2025 (together with the Base Indenture, the "Indenture"), establishing the specific terms and forms of the Notes, each as a new series of securities under the Indenture, and appointing Regions Bank to serve as series trustee with respect to the Notes. The company intends to use the net proceeds of the offering, together with cash on hand, (i) to fund the cash consideration for the Simple Mills Acquisition, (ii) to pay fees and expenses related to the Simple Mills Acquisition and the offering, and (iii) for general corporate purposes.

Flowers intends to maintain its balanced capital deployment model, along with a commitment to its investment grade debt rating.

Special Purpose Entities. At December 30, 2023 December 28, 2024 and December 31, 2022 December 30, 2023, 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.

Guarantees. In the event the company ceases to utilize the independent distribution form of doing business or exits a geographic market, the company is contractually required to purchase the distribution rights from the independent distributors.

Stock Repurchase Plan. Previously, our Board had approved a plan that authorized share repurchases of up to 74.6 million shares of the company's common stock. On May 26, 2022, the company announced that the Board increased the company's share repurchase authorization by 20.0 million shares. At the close of the company's fourth quarter on **December 30, 2023** **December 28, 2024**, **22.5 million** **21.5 million** shares remained under the existing authorization. Under the share repurchase plan, the company may repurchase its common stock in open market or privately negotiated transactions or under an accelerated repurchase program at such times and at such prices as determined to be in the company's best interest. These purchases may be commenced or suspended without prior notice depending on then-existing business or market conditions and other factors.

During Fiscal **2023, 1.9 million** **2024, 1.0 million** shares of the company's common stock were repurchased under the plan at a cost of **\$45.8 million** **\$22.7 million** and during Fiscal **2022, 1.3 million** **2023, 1.9 million** shares were repurchased under the plan at a cost of **\$34.6 million** **\$45.8 million**. From the inception of the plan

41

through **December 30, 2023** **December 28, 2024**, **72.0 million** **73.0 million** shares have been repurchased, at a cost of **\$733.3 million** **\$756.0 million**. See Item 5., **Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**, of this Form 10-K for **No** repurchases of the company's common stock were made during the fourth quarter of Fiscal **2023, 2024**.

New Accounting Pronouncements Not Yet Adopted

See Note 3, *Recent Accounting Pronouncements*, of Notes to Consolidated Financial Statements of this Form 10-K regarding this information.

44

Item 7A. 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 forwards, futures, swaps, 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, interest rates and commodity prices could increase significantly, adversely affecting our interest costs and the margins from the sale of our products.

Interest Rate Risk

The company's objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish these objectives, the company primarily uses interest rate swaps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for the company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. During Fiscal 2024, such derivatives were used to hedge the variable cash flows associated with forecasted issuances of debt. As of December 28, 2024, the company's hedge portfolio contained interest rate derivatives with a fair value of \$7.7 million.

A sensitivity analysis has been prepared to quantify the company's potential exposure to interest rate market risk with respect to our derivative portfolio. Based on the company's derivative portfolio as of December 28, 2024, a hypothetical 100-basis-point increase (decrease) in interest rates would increase (decrease) the fair value of the derivative portfolio by \$10.1 million and \$(11.6) million, respectively.

Commodity Price Risk

The company enters into commodity forward, futures, option, and swap contracts 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 **December 30, 2023** **December 28, 2024**, the company's hedge portfolio contained commodity derivatives with a fair value (liability) of **\$1.9** **\$0.6** million and is based on quoted market prices, all of which 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 its derivative portfolio. Based on the company's derivative portfolio as of **December 30, 2023** **December 28, 2024**, a hypothetical ten percent change in commodity prices would increase or decrease the fair value of the derivative portfolio by \$1.9 million. The analysis disregards changes in the exposures inherent in the underlying hedged items; however, the company expects that any increase or decrease in the fair value of the portfolio would be substantially offset by increases or decreases in raw material and packaging prices.

Item 8. Financial Statements and Supplementary Data

Refer to the Index to Consolidated Financial Statements and the Financial Statement Schedule for the required information.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. 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 ("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. An evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) was performed as of the end of the period covered by this annual report. This evaluation was performed under the supervision and with the participation of management, including both our CEO and our **CFO and CAO**.

Based upon that evaluation, both our CEO and our **CFO and CAO** have concluded that these disclosure controls and procedures were effective as of the end of the period covered by this annual report.

45

Management's Report on Internal Control Over Financial Reporting:

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Exchange Act. Under the supervision and with the participation of our management, including our CEO and our **CFO, and CAO**, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in "Internal Control — Integrated Framework (2013)" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation our management concluded that our internal control over financial reporting was effective as of **December 30, 2023** **December 28, 2024**.

42

Management has excluded Papa Pita from its assessment of internal control over financial reporting as of December 30, 2023 because it was acquired by the company in a purchase business combination during Fiscal 2023. Papa Pita is a wholly-owned subsidiary whose total assets and revenues excluded from management's assessment and our audit of internal control over financial reporting represent 3.3% and 1.1%, respectively, of the related consolidated financial

statement amounts as of and for the year ended December 30, 2023. The effectiveness of our internal control over financial reporting as of December 30, 2023 December 28, 2024 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in its report which is included herein.

Changes in Internal Control Over Financial Reporting:

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

Item 9B. 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 December 30, 2023 December 28, 2024.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

None.

4346

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item with respect to directors of the company set forth under the caption "Proposal I Election of Directors" "Corporate Governance and Board Matters — Director-Nominees" and the information set forth under the captions "Corporate Governance and Board Matters — The Board and Its Committees," "Corporate Governance and Board Matters — Relationships Among Certain Directors," "Audit Committee Matters — Audit Committee Report," and "Share Ownership — Delinquent Section 16(a) Reports" in the company's definitive proxy statement for the 2024 2025 Annual Meeting of Shareholders expected to be filed with the SEC in April 2024 2025 (the "proxy") are incorporated herein by reference. The information required by this item with respect to executive officers of the company is set forth in Part I of this Form 10-K.

We have adopted the Flowers Foods, Inc. Code of Conduct (the "Code of Conduct"), which includes the code previously referred to as the Flowers Foods, Inc. Code of Business Conduct and Ethics for Officers and Members of the Board of Directors (the "Code" collectively, "Code of Business Conduct Conduct"), and Ethics), which applies to all of our employees, directors and executive officers. The Code of Business Conduct and Ethics is publicly available on our website at www.flowersfoods.com in the "CORPORATE GOVERNANCE" section of the "INVESTORS" tab. If we make any substantive amendments to our Code of Business Conduct and Ethics or we grant any waiver, including any implicit waiver, from a provision of the Code of Business Conduct, and Ethics, that applies to any of our directors or executive officers, including our principal executive officer and our principal financial officer and principal accounting officer, we intend to disclose the nature of the amendment or waiver on our website at the same location. Alternatively, we may elect to disclose the amendment or waiver in a current report on Form 8-K filed with the SEC.

We have adopted insider trading policies and procedures governing the purchase, sale, and other dispositions of company securities by directors, officers and employees - and in certain instances, by the company itself - that we believe are reasonably designed to promote compliance with insider trading laws, rules and regulations and applicable listing standards. The foregoing summary of our insider trading policies and procedures is qualified by reference to the Flowers Foods, Inc. Insider Trading Policy filed as Exhibit 19.1 to this Form 10-K.

Our Chairman and CEO certified to the NYSE on June 12, 2023 June 21, 2024 pursuant to Section 303A.12 of the NYSE's listing standards, that he was not aware of any violation by Flowers Foods of the NYSE's corporate governance listing standards as of that date.

Item 11. Executive Compensation

The information required by this item is incorporated herein by reference to the information set forth under the captions "Corporate Governance and Board Matters — Director Compensation" and "Executive Compensation" in the proxy.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following chart sets forth the amounts of securities authorized for issuance under the company's compensation plans as of **December 30, 2023** **December 28, 2024**.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (1)			Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column(a) (3))			Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (1)			Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column(a) (3))		
	(a)	(b)	(c)	(a)	(b)	(c)	(a)	(b)	(c)	(a)	(b)	
Equity compensation plans approved by security holders	3,945,303	\$ —	9,030,128	4,263,011	\$ —	—	4,263,011	\$ —	—	7,558,957	7,558,957	
Equity compensation plans not approved by security holders	—	\$ —	—	—	\$ —	—	—	\$ —	—	—	—	
Total	3,945,303	\$ —	9,030,128	4,263,011	\$ —	—	4,263,011	\$ —	—	7,558,957	7,558,957	

(1) Includes 678,347 1,224,965 outstanding time-based restricted stock units and 3,266,956 3,038,046 outstanding performance-based awards. The performance-based awards assume outstanding awards vest at the maximum potential number of shares issuable and may overstate potential dilution.

(2) Time-based restricted stock units and performance-based awards are not considered in the weighted average exercise price as these awards have no exercise price.

47

(3) Assumes all unvested awards are issuable at the maximum potential number of shares issuable and may overstate potential dilution.

Under the company's 2014 Omnibus Equity and Incentive Compensation Plan (the "Omnibus Plan"), the Board is authorized to grant a variety of stock-based awards, including stock options, restricted stock and deferred stock, to its directors and certain of its

44

employees. The number of securities set forth in column (c) above reflects securities available for issuance as stock options, restricted stock and deferred stock under the company's compensation plans. The number of shares originally available under the Omnibus Plan was 8,000,000 shares. On May 25, 2023, the company amended and restated the Omnibus Plan to register an additional 9,340,000 shares of common stock. The Omnibus Plan replaced the Flowers Foods' 2001 Equity and Performance Incentive Plan, as amended and restated as of April 1, 2009 ("EPIP"), the Stock Appreciation Rights Plan, and the Annual Executive Bonus Plan. As a result, no additional shares will be issued under the EPIP. There are 71,237 58,772 deferred shares outstanding under the EPIP that will be issued at the end of the

deferral period. See Note 19, 20, *Stock-Based Compensation*, of Notes to Consolidated Financial Statements of this Form 10-K for additional information on equity compensation plans.

The remaining information required by this item is incorporated herein by reference to the information set forth under the caption "Share Ownership — Security Ownership of Certain Beneficial Owners and Management" in the proxy.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item is incorporated herein by reference to the information set forth under the captions "Corporate Governance and Board Matters — Transactions with Management and Others" and "Proposal I Election of Directors" "Corporate Governance and Board Matters — Director Independence" in the proxy.

Item 14. Principal Accountant Fees and Services

The information required by this item is incorporated herein by reference to the information set forth under the caption "Proposal III "Audit Committee Matters — Proposal 3 Ratification of Appointment of Independent Registered Public Accounting Firm — Fiscal 2023 2024 and Fiscal 2022 2023 Audit Firm Fee Summary" in the proxy.

45 48

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) *List of documents filed as part of this report.*

1. *Financial Statements of the Registrant*

Report of Independent Registered Public Accounting Firm.

Consolidated Balance Sheets at December 30, 2023 December 28, 2024 and December 31, 2022 December 30, 2023.

Consolidated Statements of Income for Fiscal 2023, 2024, Fiscal 2022, 2023, and Fiscal 2021, 2022.

Consolidated Statements of Comprehensive Income for Fiscal 2023, 2024, Fiscal 2022, 2023, and Fiscal 2021, 2022.

Consolidated Statements of Changes in Stockholders' Equity for Fiscal 2023, 2024, Fiscal 2022, 2023, and Fiscal 2021, 2022.

Consolidated Statements of Cash Flows for Fiscal 2023, 2024, Fiscal 2022, 2023, and Fiscal 2021, 2022.

Notes to Consolidated Financial Statements.

2. *Exhibits.* The following documents are filed as exhibits hereto:

46 49

EXHIBIT INDEX

Exhibit

No

Name of Exhibit

2.1	—	Distribution Agreement, dated as of October 26, 2000, by and between Flowers Industries, Inc. and Flowers Foods, Inc. (Incorporated by reference to Exhibit 2.1 to Flowers Foods' Registration Statement on Form 10, dated December 1, 2000, File No. 1-16247).
2.2	—	Amendment No. 1 to Distribution Agreement, dated as of March 12, 2001, by and between Flowers Industries, Inc. and Flowers Foods, Inc. (Incorporated by reference to Exhibit 2.2 to Flowers Foods' Annual Report on Form 10-K, dated March 30, 2001, File No. 1-16247).
2.3	—	Acquisition Agreement, dated as of May 31, 2012, by and among Flowers Foods, Inc., Lobsterco I, LLC, Lepage Bakeries, Inc., RAL, Inc., Bakeast Company, Bakeast Holdings, Inc., and the equityholders named therein (Incorporated by reference to Exhibit 2.1 to Flowers Foods' Current Report on Form 8-K, dated June 1, 2012, File No. 1-16247).
2.4	—	Agreement and Plan of Merger, dated as of May 31, 2012, by and among Flowers Foods, Inc., Lobsterco II, LLC, Aarow Leasing, Inc., The Everest Company, Incorporated and the shareholders named therein (Incorporated by reference to Exhibit 2.2 to Flowers Foods' Current Report on Form 8-K, dated June 1, 2012, File No. 1-16247).
2.5	—	Asset Purchase Agreement, dated as of January 11, 2013, by and among Hostess Brands, Inc., Interstate Brands Corporation, IBC Sales Corporation, Flowers Foods, Inc. and FBC Georgia, LLC (Incorporated by reference to Exhibit 2.1 to Flowers Foods' Current Report on Form 8-K, dated January 14, 2013, File No. 1-16247).
2.6	—	Stock Purchase Agreement, dated as of August 12, 2015, by and among AVB, Inc., Goode Seed Holdings, LLC, Goode Seed Co-Invest, LLC, Glenn Dahl, trustee of the Glenn Dahl Family Trust, U/A/D November 28, 2012, David J. Dahl, trustee of the David Dahl Family Trust, U/A/D May 1, 2012, Shobi L. Dahl, trustee of the Shobi Dahl Family Trust, U/A/D, December 16, 2011, Flowers Bakeries, LLC, Flowers Foods, Inc., and Goode Seed Holdings, LLC, as shareholders' representative (Incorporated by reference to Exhibit 2.6 to Flowers Foods' Quarterly Report on Form 10-Q, dated August 6, 2020, File No. 1-16247).
2.7	* —	Agreement and Plan of Merger, dated as of January 7, 2025, by and among Flowers Foods, Inc., Daffodil Acquisition Sub, LLC, Daffodil Merger Sub, Inc., Purposeful Foods Holdings, Inc., and the Equityholders' Representative named therein.
3.1	—	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).
3.2	—	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).
4.1	—	Form of Share Certificate of Common Stock of Flowers Foods, Inc. (Incorporated by reference to Exhibit 4.1 to Flowers Foods' Annual Report on Form 10-K, dated February 29, 2012, File No. 1-16247).
4.2	—	Indenture, dated as of April 3, 2012, by and between Flowers Foods, Inc. and Wells Fargo Bank, National Association, as trustee (Incorporated by reference to Exhibit 4.1 to Flowers Foods' Current Report on Form 8-K, dated April 3, 2012, File No. 1-16247).
4.3	—	Officer's Certificate pursuant to Section 2.02 of the Indenture (Incorporated by reference to Exhibit 4.2 to Flowers Foods' Current Report on Form 8-K, dated April 3, 2012, File No. 1-16247).
4.4	—	Form of 4.375% Senior Notes due 2022 (Incorporated by reference to Exhibit 4.3 to Flowers Foods' Current Report on Form 8-K, dated April 3, 2012, File No. 1-16247).
4.5	—	Flowers Foods, Inc. 401(k) Retirement Savings Plan (as amended and restated effective as of January 1, 2010), as further amended through December 17, 2013 (Incorporated by reference to Exhibit 4.1 to Flowers Foods' Registration Statement on Form S-8, dated May 21, 2014, File No. 333-196125).
4.6 4.4	—	Officer's Certificate pursuant to Section 2.02 of the Indenture (Incorporated by reference to Exhibit 4.2 to Flowers Foods' Current Report on Form 8-K, dated September 28, 2016, File No. 1-16247).
4.7 4.5	—	Form of 3.500% Senior Notes due 2026 (Incorporated by reference to Exhibit 4.3 to Flowers Foods' Current Report on Form 8-K, dated September 28, 2016, File No. 1-16247).
4.8 4.6	* —	Description of Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934.
4.9 4.7	—	Officer's Certificate pursuant to Section 2.02 of the Indenture (Incorporated by reference to Exhibit 4.2 to Flowers Foods' Current Report on Form 8-K, dated March 9, 2021, File No. 1-16247).
4.10 4.8	—	Form of 2.400% Senior Notes due 2031 (Incorporated by reference to Exhibit 4.3 to Flowers Foods' Current Report on Form 8-K, dated March 9, 2021, File No. 1-16247).

No	Name of Exhibit
10.01	Amended and Restated Credit Agreement, dated as of May 20, 2011, by and among, Flowers Foods, Inc., the Lenders party thereto from time to time, Cooperative Centrale Raiffeisen-Boerenleenbank B.A., "Rabobank Nederland", New York Branch, 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 (Incorporated by reference to Exhibit 10.1 to Flowers Foods' Current Report on Form 8-K, dated May 26, 2011, File No. 1-16247).

50

Exhibit	No	Name of Exhibit
10.02	—	First Amendment to Amended and Restated Credit Agreement, dated as of November 16, 2012, by and among Flowers Foods, Inc., the Lenders party thereto and Deutsche Bank AG, New York Branch, as administrative agent, swingline lender and issuing lender (Incorporated by reference to Exhibit 10.1 to Flowers Foods' Current Report on Form 8-K, dated November 21, 2012, File No. 1-16247).
10.03	—	Second Amendment to Amended and Restated Credit Agreement, dated as of April 5, 2013, by and among Flowers Foods, Inc., the Lenders party thereto and Deutsche Bank AG New York Branch, as administrative agent, swingline lender and issuing lender (Incorporated by reference to Exhibit 10.3 to Flowers Foods' Current Report on Form 8-K, dated April 10, 2013, File No. 1-16247).
10.04	—	Third Amendment to Amended and Restated Credit Agreement, dated as of February 14, 2014, by and among Flowers Foods, Inc., the Lenders party thereto and Deutsche Bank AG New York Branch, as administrative agent, swingline lender and issuing lender (Incorporated by reference to Exhibit 10.2 to Flowers Foods' Current Report on Form 8-K, dated February 18, 2014, File No. 1-16247).
10.05	—	Fourth Amendment to Amended and Restated Credit Agreement, dated as of April 21, 2015, by and among Flowers Foods, Inc., the Lenders party thereto and Deutsche Bank AG New York Branch, as administrative agent, the swingline lender and issuing lender (Incorporated by reference to Exhibit 10.5 to Flowers Foods' Quarterly Report on Form 10-Q, dated May 28, 2015, File No. 1-16247).
10.06	—	Fifth Amendment to Amended and Restated Credit Agreement, dated as of April 19, 2016, among Flowers Foods, Inc., the Lenders party thereto and Deutsche Bank AG New York Branch, as administrative agent, the swingline lender and issuing lender (Incorporated by reference to Exhibit 10.3 to Flowers Foods' Current Report on Form 8-K, dated April 22, 2016, File No. 1-16247).
10.07	—	Sixth Amendment to Amended and Restated Credit Agreement, dated as of November 29, 2017, among Flowers Foods, Inc., the Lenders party thereto and Deutsche Bank AG New York Branch, as administrative agent, the swingline lender and issuing lender (Incorporated by reference to Exhibit 10.1 to Flowers Foods' Current Report on Form 8-K, dated November 30, 2017, File No. 1-16247).
10.08	—	Seventh Amendment to Amended and Restated Credit Agreement, dated as of July 30, 2021, among Flowers Foods, Inc., the Lenders party thereto and Deutsche Bank AG New York Branch, as existing administrative agent, the swingline lender and issuing lender, and Deutsche Bank Trust Company Americas, as successor administrative agent (Incorporated by reference to Exhibit 10.1 to Flowers Foods' Current Report on Form 8-K, dated August 2, 2021, File No. 1-16247).
10.09	—	Eighth Amendment to Amended and Restated Credit Agreement, dated as of April 12, 2023, among Flowers Foods, Inc., the Lenders party thereto and Deutsche Bank AG New York Branch, as existing administrative agent, the swingline lender and issuing lender, and Deutsche Bank Trust Company Americas, as successor administrative agent (Incorporated by reference to Exhibit 10.1 to Flowers Foods' Quarterly Report on Form 10-Q, dated May 18, 2023, File No. 1-16247).
10.10	—	Credit Agreement, dated as of February 5, 2025, by and among Flowers Foods, Inc., the financial institutions party thereto as lenders, and Wells Fargo Bank, National Association, as administrative agent (Incorporated by reference to Exhibit 10.1 to Flowers Foods' Current Report on Form 8-K, dated February 7, 2025, File No. 1-16247).
10.11	—	Receivables Loan Security and Servicing Security Agreement, dated as of July 17, 2013, by and among Flowers Finance II, LLC, Flowers Foods, Inc., Nieuw Amsterdam Receivables Corporation, Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., "Rabobank Nederland," New York Branch, as facility agent and as a committed lender, certain financial institutions party thereto from time to time, and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., "Rabobank Nederland," New York Branch, as administrative agent and facility agent, and certain financial institutions party thereto (Incorporated by reference to Exhibit 10.1 to Flowers Foods' Current Report on Form 8-K, dated July 22, 2013, File No. 1-16247).

10.11	10.1	2	—	First Amendment to Receivables Loan, Security and Servicing Agreement, dated as of August 7, 2014, by and among Flowers Finance II, LLC, Flowers Foods, Inc., Nieuw Amsterdam Receivables Corporation, Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., "Rabobank Nederland," New York Branch, as administrative agent and facility agent, and as a committed lender, and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., "Rabobank Nederland", New York Branch, as administrative agent certain financial institutions from time to time party thereto (Incorporated by reference to Exhibit 10.1 to Flowers Foods' Current Report on Form 8-K, dated August 12, 2014, File No. 1-16247). Second Amendment to Receivables Loan, Security and Servicing Agreement, dated as of December 17, 2014, by and among Flowers Finance II, LLC, Flowers Foods, Inc., as servicer, Nieuw Amsterdam Receivables Corporation and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., "Rabobank," New York Branch, as facility administrative agent and as a committed lender, and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., "Rabobank", New York Branch, as administrative facility agent (Incorporated by reference to Exhibit 10.9 to Flowers Foods' Annual Report on Form 10-K, dated February 25, 2015, File No. 1-16247).
10.12	10.1	3	—	Third Amendment to Receivables Loan, Security and Servicing Agreement, dated as of August 20, 2015, by and among Flowers Finance II, LLC, Flowers Foods, Inc., as servicer, Nieuw Amsterdam Receivables Corporation and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., "Rabobank," New York Branch, as administrative agent and facility agent (Incorporated by reference to Exhibit 10.11 to Flowers Foods' Quarterly Report on Form 10-Q, dated November 12, 2015, File No. 1-16247). Fourth Amendment to Receivables Loan, Security and Servicing Agreement, dated as of September 30, 2016, among Flowers Finance II, LLC, Flowers Foods, Inc., Nieuw Amsterdam Receivables Corporation B.V., Coöperatieve Rabobank U.A., as facility agent for certain lenders, PNC Bank, National Association, as facility agent for certain lenders, and Coöperatieve Rabobank U.A., New York Branch, as administrative agent, and certain financial institutions from time to time party thereto (Incorporated by reference to Exhibit 10.1 to Flowers Foods' Current Report on Form 8-K, dated October 3, 2016, File No. 1-16247).
10.14	—	—	—	Third Amendment to Receivables Loan, Security and Servicing Agreement, dated as of August 20, 2015, by and among Flowers Finance II, LLC, Flowers Foods, Inc., as servicer, Nieuw Amsterdam Receivables Corporation and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., "Rabobank," New York Branch, as administrative agent and facility agent (Incorporated by reference to Exhibit 10.11 to Flowers Foods' Quarterly Report on Form 10-Q, dated November 12, 2015, File No. 1-16247). Fourth Amendment to Receivables Loan, Security and Servicing Agreement, dated as of September 30, 2016, among Flowers Finance II, LLC, Flowers Foods, Inc., Nieuw Amsterdam Receivables Corporation B.V., Coöperatieve Rabobank U.A., as facility agent and as a committed lender, PNC Bank, National Association, as facility agent and as a committed lender, and Coöperatieve Rabobank U.A., New York Branch, as administrative agent (Incorporated by reference to Exhibit 10.1 to Flowers Foods' Current Report on Form 8-K, dated October 3, 2016, File No. 1-16247).
10.15	—	—	—	Fifth Amendment to Receivables Loan, Security and Servicing Agreement, dated as of September 28, 2017, among Flowers Finance II, LLC, Flowers Foods, Inc., as servicer, Nieuw Amsterdam Receivables Corporation B.V., Coöperatieve Rabobank U.A., as facility agent and as a committed lender, PNC Bank, National Association, as facility agent and as a committed lender, and Coöperatieve Rabobank U.A., New York Branch, as administrative agent (Incorporated by reference to Exhibit 10.1 to Flowers Foods' Quarterly Report on Form 10-Q, dated November 8, 2017, File No. 1-16247). Sixth Amendment to Receivables Loan, Security and Servicing Agreement, dated as of September 27, 2018, among Flowers Finance II, LLC, Flowers Foods, Inc., Nieuw Amsterdam Receivables Corporation B.U., Coöperatieve Rabobank U.A. (f/k/a Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.), as facility agent and committed lender, PNC Bank, National Association, as facility agent and committed lender, and Coöperatieve Rabobank U.A., New York Branch (f/k/a Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., New York Branch), as administrative agent (Incorporated by reference to Exhibit 10.1 to Flowers Foods' Quarterly Report on Form 10-Q, dated November 7, 2018, File No. 1-16247).
10.16	10.1	7	—	

4851

Exhibit

		No		Name of Exhibit
10.13	—	—	—	Third Amendment and Waiver to Receivables Loan, Security and Servicing Agreement, dated as of August 20, 2015, by and among Flowers Finance II, LLC, Flowers Foods, Inc., Nieuw Amsterdam Receivables Corporation B.V., Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., "Rabobank," New York Branch, as facility agent and as a committed lender, PNC Bank, National Association, as facility agent and as a committed lender, and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., "Rabobank," New York Branch, as administrative agent (Incorporated by reference to Exhibit 10.11 to Flowers Foods' Quarterly Report on Form 10-Q, dated November 12, 2015, File No. 1-16247). Fourth Amendment to Receivables Loan, Security and Servicing Agreement, dated as of September 30, 2016, by and among Flowers Finance II, LLC, Flowers Foods, Inc., Nieuw Amsterdam Receivables Corporation B.V., Coöperatieve Rabobank U.A., as facility agent and as a committed lender, PNC Bank, National Association, as facility agent and as a committed lender, and Coöperatieve Rabobank U.A., New York Branch, as administrative agent (Incorporated by reference to Exhibit 10.1 to Flowers Foods' Current Report on Form 8-K, dated October 3, 2016, File No. 1-16247).
10.14	—	—	—	Fourth Amendment to Receivables Loan, Security and Servicing Agreement, dated as of September 30, 2016, by and among Flowers Finance II, LLC, Flowers Foods, Inc., Nieuw Amsterdam Receivables Corporation B.V., Coöperatieve Rabobank U.A., as facility agent and as a committed lender, PNC Bank, National Association, as facility agent and as a committed lender, and Coöperatieve Rabobank U.A., New York Branch, as administrative agent (Incorporated by reference to Exhibit 10.1 to Flowers Foods' Current Report on Form 8-K, dated October 3, 2016, File No. 1-16247).
10.15	10.1	6	—	Fifth Amendment to Receivables Loan, Security and Servicing Agreement, dated as of September 28, 2017, among Flowers Finance II, LLC, Flowers Foods, Inc., as servicer, Nieuw Amsterdam Receivables Corporation B.V., Coöperatieve Rabobank U.A., as facility agent and as a committed lender, PNC Bank, National Association, as facility agent and as a committed lender, and Coöperatieve Rabobank U.A., New York Branch, as administrative agent (Incorporated by reference to Exhibit 10.1 to Flowers Foods' Quarterly Report on Form 10-Q, dated November 8, 2017, File No. 1-16247). Sixth Amendment to Receivables Loan, Security and Servicing Agreement, dated as of September 27, 2018, among Flowers Finance II, LLC, Flowers Foods, Inc., Nieuw Amsterdam Receivables Corporation B.U., Coöperatieve Rabobank U.A. (f/k/a Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.), as facility agent and committed lender, PNC Bank, National Association, as facility agent and committed lender, and Coöperatieve Rabobank U.A., New York Branch (f/k/a Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., New York Branch), as administrative agent (Incorporated by reference to Exhibit 10.1 to Flowers Foods' Quarterly Report on Form 10-Q, dated November 7, 2018, File No. 1-16247).
10.16	10.1	7	—	

10.17	10.1	—	Seventh Amendment to Receivables Loan, Security and Servicing Agreement, dated as of September 27, 2019, among Flowers Finance II, LLC, Flowers Foods, Inc., Nieuw Amsterdam Receivables Corporation B.U., Coöperatieve Rabobank U.A. (f/k/a Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.), as facility agent and committed lender, PNC Bank, National Association, as facility agent and committed lender, and Coöperatieve Rabobank U.A., New York Branch (f/k/a Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., New York Branch), as administrative agent (Incorporated by reference to Exhibit 10.1 to Flowers Foods' Quarterly Report on Form 10-Q, dated November 6, 2019, File No. 1-16247).
	8		Eighth Amendment to Receivables Loan, Security and Servicing Agreement, dated as of September 23, 2020, among Flowers Finance II, LLC, Flowers Foods, Inc., Nieuw Amsterdam Receivables Corporation B.V., Coöperatieve Rabobank U.A. (f/k/a Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.), as facility agent for the Nieuw Amsterdam Lender Group and as a committed lender, Regions Bank, as facility agent for the Regions Bank Lender Group and as a committed lender, and Coöperatieve Rabobank U.A., New York Branch (f/k/a Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., New York Branch), as administrative agent (Incorporated by reference to Exhibit 10.1 to Flowers Foods' Quarterly Report on Form 10-Q, dated November 5, 2020, File No. 1-16247).
10.18	10.1	—	Ninth Amendment to Receivables Loan, Security and Servicing Agreement, dated as of September 23, 2021, among Flowers Finance II, LLC, Flowers Foods, Inc., Nie10.uw Amsterdam Receivables Corporation B.V., Coöperatieve Rabobank U.A. (f/k/a Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.), as facility agent for the Nieuw Amsterdam Lender Group and as a committed lender, Regions Bank, as facility agent for the Regions Bank Lender Group and as a committed lender, and Coöperatieve Rabobank U.A., New York Branch (f/k/a Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., New York Branch), as administrative agent (Incorporated by reference to Exhibit 10.2 to Flowers Foods' Quarterly Report on Form 10-Q, dated November 12, 2021, File No. 1-16247).
10.19	10.2	—	Tenth Amendment to Receivables Loan, Security and Servicing Agreement, dated as of September 27, 2022, among Flowers Finance II, LLC, Flowers Foods, Inc., Nieuw Amsterdam Receivables Corporation B.V., Coöperatieve Rabobank U.A. (f/k/a Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.), as facility agent for the Nieuw Amsterdam Lender Group and as a committed lender, Regions Bank, as facility agent for the Regions Bank Lender Group and as a committed lender, and Coöperatieve Rabobank U.A., New York Branch (f/k/a Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., New York Branch), as administrative agent (Incorporated by reference to Exhibit 10.1 to Flowers Foods' Quarterly Report on Form 10-Q, dated November 10, 2022, File No. 1-16247).
10.20	10.2	—	Eleventh Amendment to Receivables Loan, Security and Servicing Agreement, dated as of February 13, 2023, among Flowers Finance II, LLC, Flowers Foods, Inc., Nieuw Amsterdam Receivables Corporation B.V., Coöperatieve Rabobank U.A. (f/k/a Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.), as facility agent for the Nieuw Amsterdam Lender Group and as a committed lender, Regions Bank, as facility agent for the Regions Bank Lender Group and as a committed lender, and Coöperatieve Rabobank U.A., New York Branch (f/k/a Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., New York Branch), as administrative agent (Incorporated by reference to Exhibit 10.2 to Flowers Foods' Quarterly Report on Form 10-Q, dated May 18, 2023, File No. 1-16247).

49

Exhibit

		No	Name of Exhibit
10.21	10.22	—	Eleventh Amendment to Receivables Loan, Security and Servicing Agreement, dated as of February 13, 2023, among Flowers Finance II, LLC, Flowers Foods, Inc., Nieuw Amsterdam Receivables Corporation B.V., Coöperatieve Rabobank U.A. (f/k/a Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.), as facility agent for the Nieuw Amsterdam Lender Group and as a committed lender, Regions Bank, as facility agent for the Regions Bank Lender Group and as a committed lender, and Coöperatieve Rabobank U.A., New York Branch (f/k/a Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., New York Branch), as administrative agent (Incorporated by reference to Exhibit 10.2 to Flowers Foods' Quarterly Report on Form 10-Q, dated May 18, 2023, File No. 1-16247).
10.22	10.23	—	Master Framework Agreement, dated as of April 14, 2023, 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 Annex I thereto, as Originators, and Flowers Foods, Inc., as repo seller (Incorporated by reference to Exhibit 10.3 to Flowers Foods' Quarterly Report on Form 10-Q, dated May 18, 2023, File No. 1-16247).

52

10.23 Exhibit

		No	Name of Exhibit
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10.24	—	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. (Incorporated by reference to Exhibit 10.1 to Flowers Foods' Quarterly Report on Form 10-Q, dated May 16, 2024, File No. 1-16247).
10.25	—	Receivables Sale and Distribution Agreement, dated as of April 14, 2023, among Flowers Foods, Inc. and each of the Primary Originators, Secondary Originators, Tertiary Originators and Quaternary Originators signatory thereto Incorporated by reference to Exhibit 10.4 to Flowers Foods' Quarterly Report on Form 10-Q, dated May 18, 2023, File No. 1-16247).
10.24	10.2	Master Repurchase Agreement, dated as of April 14, 2023, between Flowers Foods, Inc. and Coöperatieve Rabobank U.A., New York Branch, (Incorporated by reference to Exhibit 10.5 to Flowers Foods' Quarterly Report on Form 10-Q, dated May 18, 2023, File No. 1-16247).
6	—	
10.25	10.2	Flowers Foods, Inc. 2001 Equity and Performance Incentive Plan, as amended and restated effective as of April 1, 2009 (Incorporated by reference to Annex A to Flowers Foods' Proxy Statement on Schedule 14A, dated April 24, 2009, File No. 1-16247).
7	—	
10.26	10.2	Flowers Foods, Inc. Stock Appreciation Rights Plan (Incorporated by reference to Exhibit 10.8 to Flowers Foods' Annual Report on Form 10-K, dated March 29, 2002, File No. 1-16247).
8	—	
10.27	10.2	Flowers Foods, Inc. Annual Executive Bonus Plan (Incorporated by reference to Annex B to Flowers Foods' Proxy Statement on Schedule 14A, dated April 24, 2009, File No. 1-16247).
9	—	
10.28	10.3	Flowers Foods, Inc. 2014 Omnibus Equity and Incentive Compensation Plan (Incorporated by reference to Exhibit 10.1 to Flowers Foods' Current Report on Form 8-K, dated May 27, 2014, File No. 1-16247).
0	—	
10.29	10.3	Flowers Foods, Inc. 2014 Omnibus Equity and Incentive Compensation Plan (Amended and Restated Effective May 25, 2023) (Incorporated by reference to Exhibit 4.3 to Flowers Foods' Registration Statement on Form S-8, dated May 25, 2023, File No. 333-272189).
1	—	
10.30	10.3	Flowers Foods, Inc. Supplemental Executive Retirement Plan (Incorporated by reference to Exhibit 10.10 to Flowers Foods' Annual Report on Form 10-K, dated March 29, 2002, File No. 1-16247).
2	—	
10.31	—	Form of Indemnification Agreement, by and between Flowers Foods, Inc., certain executive officers and the directors of Flowers Foods, Inc. (Incorporated by reference to Exhibit 10.14 to Flowers Foods' Annual Report on Form 10-K, dated March 28, 2003, File No. 1-16247).
—	—	
10.32	10.3	Form of Indemnification Agreement (Incorporated by reference to Exhibit 10.1 to Flowers Foods' Current Report on Form 8-K, dated November 21, 2023, File No. 1-16247).
3	—	
10.33	10.3	Flowers Foods, Inc. 2005 Executive Deferred Compensation Plan, effective as of January 1, 2005 (Incorporated by reference to Exhibit 4.7 of Flowers Foods' Registration Statement on Form S-8, dated December 29, 2008, File No. 333-156471).
4	—	
10.34	10.3	Flowers Foods, Inc. Change of Control Plan, effective as of February 23, 2012 (Incorporated by reference to Exhibit 10.1 to Flowers Foods' Current Report on Form 8-K, dated February 29, 2012, File No. 1-16247).
5	—	
10.35	10.3	Form of 2020 Performance Stock Agreement, by and between Flowers Foods, Inc. and certain executive officers of Flowers Foods, Inc. (Incorporated by reference to Exhibit 10.30 to Flowers Foods' Annual Report on Form 10-K, dated February 19, 2020, File No. 1-16247).
6	—	
10.36	10.3	Form of 2021 Performance Stock Agreement, by and between Flowers Foods, Inc. and certain executive officers of Flowers Foods, Inc. (Incorporated by reference to Exhibit 10.29 to Flowers Foods' Annual Report on Form 10-K, dated February 24, 2021, File No. 1-16247).
7	—	
10.37	10.3	Form of 2021 Time Based Restricted Stock Agreement, by and between Flowers Foods, Inc. and certain executive officers of Flowers Foods, Inc. (Incorporated by reference to Exhibit 10.30 to Flowers Foods' Annual Report on Form 10-K, dated February 24, 2021, File No. 1-16247).
8	—	
10.38	10.3	Form of 2022 Performance Stock Agreement, by and between Flowers Foods, Inc. and certain executive officers of Flowers Foods, Inc. (Incorporated by reference to Exhibit 10.33 to Flowers Foods' Annual Report on Form 10-K, dated February 23, 2022, File No. 1-16247).
9	—	

5053

Exhibit

No	Name of Exhibit
10.39	Form of 2022 Time Based Restricted Stock Agreement, by and between Flowers Foods, Inc. and certain executive officers of Flowers Foods, Inc. (Incorporated by reference to Exhibit 10.34 to Flowers Foods' Annual Report on Form 10-K, dated February 23, 2022, File No. 1-16247).
10.4	
0	

10.40	10.4	+ —	Form of 2023 Performance Stock Agreement, by and between Flowers Foods, Inc. and certain executive officers of Flowers Foods, Inc. (Incorporated by reference to Exhibit 10.33 to Flowers Foods' Annual Report on Form 10-K, dated February 22, 2023, File No. 1-16247).
10.41	10.4	+ —	Form of 2023 Time Based Restricted Stock Agreement, by and between Flowers Foods, Inc. and certain executive officers of Flowers Foods, Inc. (Incorporated by reference to Exhibit 10.34 to Flowers Foods' Annual Report on Form 10-K, dated February 22, 2023, File No. 1-16247).
10.43		+ —	2024 Form of Performance Stock Agreement (Incorporated by reference to Exhibit 10.42 to Flowers Foods' Annual Report on Form 10-K, dated February 21, 2024, File No. 1-16247).
10.44		+ —	2024 Form of Time Based Restricted Stock Agreement Incorporated by reference to Exhibit 10.43 to Flowers Foods' Annual Report on Form 10-K, dated February 21, 2024, File No. 1-16247).
10.45		+ —	Form of Performance Stock Agreement.
10.43	10.4	+ —	Form of Time Based Restricted Stock Agreement.
6		* —	
10.44	10.4	+ —	Transition and Consulting Agreement, dated August 10, 2023, by and between Flowers Bakeries, LLC and D. Keith Wheeler (Incorporated by reference to Exhibit 10.1 to Flowers Foods' Quarterly Report on Form 10-Q, dated November 9, 2023, File No. 1-16247).
7		* —	
10.48		+ —	Form of Deferred Shares Agreement for Directors (Incorporated by reference to Exhibit 10.1 to Flowers Foods' Quarterly Report on Form 10-Q, dated August 16, 2024, File No. 1-16247).
19.1		* —	Flowers Foods, Inc. Insider Trading Policy.
21.1		* —	Subsidiaries of Flowers Foods, Inc.
23		* —	Consent of Independent Registered Public Accounting Firm, PricewaterhouseCoopers LLP
31.1		* —	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2		* —	Certification of Chief Financial Officer and Chief Accounting Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1		* —	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 McMullan, Chairman and Chief Executive Officer, R. Steve Kinsey, Chief Financial Officer and Chief Accounting Officer for the fiscal year ended December 30, 2023 December 28, 2024.
97		* —	Flowers Foods, Inc. Executive Compensation Recoupment Policy Effective November 16, 2023 (Incorporated by reference to Exhibit 97 to Flowers Foods' Annual Report on Form 10-K, dated February 21, 2024, File No. 1-16247).
101.INS		* —	Inline XBRL Instance Document.
101.SCH		* —	Inline XBRL Taxonomy Extension Schema Linkbase.
104		—	The cover page from Flowers Foods' Annual Report on Form 10-K for the fiscal year ended December 30, 2023 December 28, 2024 has been formatted in Inline XBRL.

* Filed herewith

+ Management contract or compensatory plan or arrangement

Item 16. Form 10-K Summary

The company has elected not to provide summary information.

51.54

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, Flowers Foods, Inc. has duly caused this Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized on this 21st 18th day of February, 2024, 2025.

FLOWERS FOODS, INC.

/s/ A. RYALS MCMULLIAN

A. Ryals McMullan
Chairman and
Chief Executive Officer
(Principal Executive Officer)

/s/ R. STEVE KINSEY

R. Steve Kinsey
Chief Financial Officer and
Chief Accounting Officer
(Principal Financial Officer and
Principal Accounting Officer)

5255

Pursuant to the requirements of the Securities Exchange Act of 1934, this Form 10-K has been signed below by the following persons on behalf of Flowers Foods, Inc. and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ A. RYALS MCMULLIAN A. Ryals McMullan	Chairman and Chief Executive Officer (Principal Executive Officer)	February 21, 2024 18, 2025
/s/ R. STEVE KINSEY R. Steve Kinsey	Chief Financial Officer (Principal Financial Officer and Chief Principal Accounting Officer)	February 21, 2024 18, 2025
/s/ EDWARD J. CASEY, JR Edward J. Casey, Jr.	Director	February 21, 2024 18, 2025
/s/ THOMAS C. CHUBB III Thomas C. Chubb III	Director	February 21, 2024 18, 2025
/s/ GEORGE E. DEESE George E. Deese	Director	February 21, 2024 18, 2025
/s/ RHONDA O. GASS Rhonda O. Gass	Director	February 21, 2024 18, 2025
/s/ BRIGITTE H. KING Brigitte H. King	Director	February 21, 2024 18, 2025
/s/ MARGARET G. LEWIS Margaret G. Lewis	Director	February 21, 2024 18, 2025
/s/ W. JAMESON MCFADDEN W. Jameson McFadden	Director	February 21, 2024 18, 2025
/s/ JOANNE D. SMITH Joanne D. Smith	Director	February 21, 2024 18, 2025

<u>/s/ JAMES T. SPEAR</u>	Director	February 21, 2024 18, 2025
James T. Spear		
<u>/s/ MELVIN T. STITH, PH.D.</u>	Director	February 21, 2024 18, 2025
Melvin T. Stith, Ph.D.		
<u>/s/ C. MARTIN WOOD III</u>	Director	February 21, 2024 18, 2025
C. Martin Wood III		

5356

FLOWERS FOODS, INC. AND SUBSIDIARIES

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	Page
Report of Independent Registered Public Accounting Firm	F-2
Consolidated Balance Sheets at December 30, 2023 December 28, 2024 and December 31, 2022 December 30, 2023	F-4
Consolidated Statements of Income for Fiscal 2024, Fiscal 2023, and Fiscal 2022 and Fiscal 2021	F-5
Consolidated Statements of Comprehensive Income for Fiscal 2024, Fiscal 2023, and Fiscal 2022 and Fiscal 2021	F-6
Consolidated Statements of Changes in Stockholders' Equity for Fiscal 2024, Fiscal 2023, and Fiscal 2022 and Fiscal 2021	F-7
Consolidated Statements of Cash Flows for Fiscal 2024, Fiscal 2023, and Fiscal 2022 and Fiscal 2021	F-8
Notes to Consolidated Financial Statements	F-9

F-1

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of Flowers Foods, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Flowers Foods, Inc. and its subsidiaries (the "Company" "Company") as of December 30, 2023 December 28, 2024 and December 31, 2022 December 30, 2023, and the related consolidated statements of income, of comprehensive income, of changes in stockholders' equity and of cash flows for each of the three years in the period ended December 30, 2023 December 28, 2024, including the related notes (collectively referred to as the "consolidated" "consolidated financial statements" "statements"). We also have audited the Company's internal control over financial reporting as of December 30, 2023 December 28, 2024, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 30, 2023 December 28, 2024 and December 31, 2022 December 30, 2023, and the results of its operations and its cash flows for each of the three years in the period ended December 30, 2023 December 28, 2024 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 30, 2023 December 28, 2024, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control ~~Over~~over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As described in Management's Report on Internal Control over Financial Reporting, management has excluded the Papa Pita business, from its assessment of internal control over financial reporting as of December 30, 2023, because the business was acquired by the Company in a purchase business combination during 2023. We have also excluded the Papa Pita business from our audit of internal control over financial reporting. The Papa Pita business is a wholly-owned subsidiary whose total assets and total revenues excluded from management's assessment and our audit of internal control over financial reporting represent 3.3% and 1.1%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 30, 2023.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with

F-2

generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

F-2

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may ~~deteriorate~~deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Workers' Compensation Reserves Revenue Recognition

The Company's consolidated net sales were \$5,103 million for the fiscal year ended December 28, 2024. As described in Note 2 to the consolidated financial statements, revenue is recognized when obligations under the terms of a contract with customers are satisfied. Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring goods. A performance obligation is self-insured a promise in a contract to transfer a distinct product to a customer. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied, which typically occurs when products are delivered. Revenues are recognized net of variable consideration provisions such as for various levels returns, volume discounts and sales promotion expenses that result in uncertainty about the Company's ability to collect the amount. Consideration payable to a customer is recognized at the later of general liability, including workers' compensation. As of December 30, 2023, self- insurance reserves totaled approximately \$38.0 million, of which workers' compensation reserves represent a portion either when the Company recognizes revenue for the transfer of the total balance. Management estimates workers' compensation reserves based on actual claim data related good or when the Company pays or promises to pay the consideration. A reduction to revenue is recognized at the time control transfers to the customer since the payment to the customer is made before the contract is recognized and estimates of incurred but not reported claims developed utilizing historical claim trends, and projected settlements of incurred but not reported claims are estimated based on pending claims, historical trends and industry trends related to expected losses and actual reported losses and key assumptions, including loss development factors and expected loss rates. the performance obligation is satisfied.

The principal considerations consideration for our determination that performing procedures relating to workers' compensation reserves revenue recognition is a critical audit matter are (i) the significant judgment by management when developing the estimated workers' compensation reserves; (ii) a high degree of auditor judgment and subjectivity effort in performing procedures and in evaluating audit evidence relating to the estimated workers' compensation reserves and management's significant assumptions related to loss development factors and expected loss rates; and (iii) substantially all of the audit effort involved the use of professionals with specialized skill and knowledge. Company's revenue recognition.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's estimate of workers' compensation reserves, including controls over the development of significant assumptions related to the determination substantially all of the loss development factors and expected loss rates. Company's revenue recognition process. These procedures also included, among others, (i) testing revenue recognized for a sample of revenue transactions by obtaining and evaluating the Company's workers' compensation plan inspecting source documents, such as purchase orders, invoices, proof of shipment, and testing management's process for estimating the workers' compensation reserves. Testing management's process included (i) evaluating the reasonableness of significant assumptions, including the loss development factors and expected loss rates used by management to estimate workers' compensation reserves, cash receipts; (ii) testing a sample of reductions to revenue, including variable consideration provisions and consideration payable to customers by obtaining and inspecting source documents, which included support for the completeness nature of the consideration, amount, and accuracy of incurred and paid claims data used in management's workers' compensation reserves agreement with the customer; and (iii) using professionals with specialized skill testing a sample of outstanding customer invoice balances as of December 28, 2024 by obtaining and knowledge to assist in evaluating the appropriateness inspecting source documents, such as invoices, proof of the actuarial valuation methods shipment, and the reasonableness of loss development factors and expected loss rates.

/s/ PricewaterhouseCoopers LLP

Atlanta, Georgia

February 21, 2024 18, 2025

We have served as the Company's auditor since at least 1969. We have not been able to determine the specific year we began serving as auditor of the Company.

FLOWERS FOODS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	December 30, 2023	December 31, 2022	December 28, 2024	December 30, 2023
	(Amounts in thousands, except share data)		(Amounts in thousands, except share data)	
	ASSETS			
Current assets:				
Cash and cash equivalents	\$ 22,527	\$ 165,134	\$ 5,005	\$ 22,527
Accounts and notes receivable, net of allowances of \$33,386 and \$18,754, respectively	328,246	349,477		
Accounts and notes receivable, net of allowances of \$17,922 and \$33,386, respectively	334,810	328,246		
Inventories:				
Raw materials	72,941	71,058	67,318	72,941
Packaging materials	28,743	28,202	27,581	28,743
Finished goods	82,813	69,437	77,005	82,813
	184,497	168,697	171,904	184,497
Spare parts and supplies	86,386	73,614	90,787	86,386
Other	66,057	48,018	53,858	66,057
Total current assets	687,713	804,940	656,364	687,713
Property, plant and equipment:				
Land	128,410	111,792	130,225	128,410
Buildings	615,895	553,606	624,337	615,895
Machinery and equipment	1,394,525	1,308,970	1,443,254	1,394,525
Furniture, fixtures and transportation equipment	303,115	184,722	316,989	303,115
Construction in progress	58,586	137,631	60,553	58,586
	2,500,531	2,296,721	2,575,358	2,500,531
Less: accumulated depreciation	(1,537,550)	(1,447,396)	(1,611,038)	(1,537,550)
	962,981	849,325	964,320	962,981
Financing lease right-of-use assets	130	1,778	166	130
Operating lease right-of-use assets	276,734	273,436	318,619	276,734
Notes receivable from independent distributor partners	123,571	136,882	108,082	123,571
Assets held for sale	21,799	12,493	24,524	21,799
Other assets	18,487	24,515	22,107	18,487
Goodwill	677,796	545,244	679,896	677,796
Other intangible assets, net	657,742	664,381	626,369	657,742
Total assets	\$ 3,426,953	\$ 3,312,994	\$ 3,400,447	\$ 3,426,953
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Current maturities of long-term debt	\$ —	\$ —	\$ —	\$ —
Current maturities of financing leases	99	1,779	84	99
Current maturities of operating leases	47,507	43,990	68,440	47,507
Accounts payable	318,600	343,380	260,710	318,600
Other accrued liabilities	292,946	175,276	219,369	292,946
Total current liabilities	659,152	564,425	548,603	659,152
Long-term debt and right-of-use lease liabilities:				

Noncurrent long-term debt	1,048,144	891,842	1,021,644	1,048,144
Noncurrent financing lease obligations	23	116	11	23
Noncurrent operating lease obligations	236,872	236,977	254,454	236,872
Total long-term debt and right-of-use lease liabilities	1,285,039	1,128,935	1,276,109	1,285,039
Other liabilities:				
Post-retirement/post-employment obligations	5,798	5,814	5,511	5,798
Deferred taxes	91,245	134,832	124,233	91,245
Other long-term liabilities	33,937	35,698	35,877	33,937
Total other long-term liabilities	130,980	176,344	165,621	130,980
Commitments and contingencies				
Stockholders' equity:				
Preferred stock — \$100 stated par value, 200,000 authorized and none issued	—	—	—	—
Preferred stock — \$.01 stated par value, 800,000 authorized and none issued	—	—	—	—
Common stock — \$.01 stated par value and \$.001 current par value; 500,000,000 authorized shares; 228,729,585 issued shares	199	199	199	199
Treasury stock — 18,309,359 and 17,595,619 shares, respectively	(281,318)	(252,613)		
Treasury stock — 18,132,027 and 18,309,359 shares, respectively	(286,009)	(281,318)		
Capital in excess of par value	699,808	689,959	711,539	699,808
Retained earnings	932,472	1,004,271	977,555	932,472
Accumulated other comprehensive income	621	1,474	6,830	621
Total stockholders' equity	1,351,782	1,443,290	1,410,114	1,351,782
Total liabilities and stockholders' equity	\$ 3,426,953	\$ 3,312,994	\$ 3,400,447	\$ 3,426,953

See Accompanying Notes to Consolidated Financial Statements

F-4

FLOWERS FOODS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Fiscal 2023	Fiscal 2022	Fiscal 2021	Fiscal 2024	Fiscal 2023	Fiscal 2022
	52 weeks	52 weeks	52 weeks	52 weeks	52 weeks	52 weeks
	(Amounts in thousands, except per share data)					
Sales	\$ 5,090,830	\$ 4,805,822	\$ 4,330,767			
Net sales	\$ 5,103,487	\$ 5,090,830	\$ 4,805,822			
Materials, supplies, labor and other production costs (exclusive of depreciation and amortization shown separately below)	2,632,136	2,501,995	2,175,247	2,577,220	2,632,136	2,501,995
Selling, distribution, and administrative expenses	2,119,718	1,850,594	1,719,797	2,001,052	2,119,718	1,850,594
Depreciation and amortization	151,709	141,957	136,559	159,210	151,709	141,957
Restructuring charges	7,099	—	—	7,403	7,099	—
FASTER Act and loss on inferior ingredients	—	236	944			
FASTER Act, net of recovery on inferior ingredients	—	—	236			

Plant closure costs and impairment of assets	7,298	7,825	—	10,310	7,298	7,825
Multi-employer pension plan withdrawal costs	—	—	3,300			
Income from operations	172,870	303,215	294,920	348,292	172,870	303,215
Interest expense	36,609	28,921	31,534	37,129	36,609	28,921
Interest income	(20,577)	(23,644)	(23,533)	(17,506)	(20,577)	(23,644)
Loss on extinguishment of debt	—	—	16,149			
Pension plan settlement and curtailment loss	—	—	403			
Other components of net periodic pension and postretirement benefits						
credit	(269)	(773)	(405)	(273)	(269)	(773)
Income before income taxes	157,107	298,711	270,772	328,942	157,107	298,711
Income tax expense	33,691	70,317	64,585	80,826	33,691	70,317
Net income	<u>\$ 123,416</u>	<u>\$ 228,394</u>	<u>\$ 206,187</u>	<u>\$ 248,116</u>	<u>\$ 123,416</u>	<u>\$ 228,394</u>
Net income per common share:						
Basic:						
Net income per common share	\$ 0.58	\$ 1.08	\$ 0.97	\$ 1.18	\$ 0.58	\$ 1.08
Weighted average shares outstanding	<u>211,630</u>	<u>211,895</u>	<u>211,840</u>	<u>211,023</u>	<u>211,630</u>	<u>211,895</u>
Diluted:						
Net income per common share	\$ 0.58	\$ 1.07	\$ 0.97	\$ 1.17	\$ 0.58	\$ 1.07
Weighted average shares outstanding	<u>213,356</u>	<u>213,227</u>	<u>213,033</u>	<u>212,137</u>	<u>213,356</u>	<u>213,227</u>
Cash dividends paid per common share	<u>\$ 0.9100</u>	<u>\$ 0.8700</u>	<u>\$ 0.8300</u>	<u>\$ 0.9500</u>	<u>\$ 0.9100</u>	<u>\$ 0.8700</u>

See Accompanying Notes to Consolidated Financial Statements

F-5

FLOWERS FOODS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Fiscal 2023	Fiscal 2022	Fiscal 2021	Fiscal 2024	Fiscal 2023	Fiscal 2022
	52 weeks	52 weeks	52 weeks	52 weeks	52 weeks	52 weeks
	(Amounts in thousands)			(Amounts in thousands)		
Net income	\$ 123,416	\$ 228,394	\$ 206,187	\$ 248,116	\$ 123,416	\$ 228,394
Other comprehensive income, net of tax:						
Pension and postretirement plans:						
Settlement and curtailment loss	—	—	302	180	—	—
Net actuarial gain for the period	471	2,752	788	141	471	2,752
Current year prior service credit	—	—	1,661			
Amortization of prior service (credit) cost included in net income	(133)	(135)	41			
Amortization of prior service credit included in net income	(133)	(133)	(135)			
Amortization of actuarial (gain) loss included in net income	(55)	214	400	(103)	(55)	214
Pension and postretirement plans, net of tax	283	2,831	3,192	85	283	2,831
Derivative instruments:						
(Loss) gain on effective portion of derivatives	(2,951)	790	(5,348)			

Gain (loss) on effective portion of derivatives	5,404	(2,951)	790			
Loss (gain) reclassified to net income	1,815	(4,734)	(1,681)	720	1,815	(4,734)
Derivative instruments, net of tax	(1,136)	(3,944)	(7,029)	6,124	(1,136)	(3,944)
Other comprehensive loss, net of tax	(853)	(1,113)	(3,837)			
Other comprehensive income (loss), net of tax	6,209	(853)	(1,113)			
Comprehensive income	\$ 122,563	\$ 227,281	\$ 202,350	\$ 254,325	\$ 122,563	\$ 227,281

See Accompanying Notes to Consolidated Financial Statements

F-6

FLOWERS FOODS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

Issuance of deferred stock awards	(636)	48,231	636	—	(902)	65,687	902	—
Amortization of stock-based compensation awards	21,343		21,343		25,822			25,822
Time-based restricted stock awards issued								
(Note 19)	(1,798)	136,652	1,798	—				
Issuance of deferred compensation	(177)	13,414	177	—				
Dividends paid on vested stock-based payments								
awards	(234)			(234)				
Dividends paid								
— \$0.8300 per common share		(175,669)			(175,669)			
Balances at January 1, 2022	228,729,585	\$ 199	\$ 678,414	\$ 962,378	\$ 2,587	(17,334,804)	\$ (232,304)	\$ 1,411,274
Net income		228,394			228,394			
Derivative instruments, net of tax								
(Note 11)		(3,944)			(3,944)			
Pension and postretirement plans, net of tax								
tax (Note 21)		2,831		2,831				
Stock repurchases								
Issuance of deferred stock awards	(902)		65,687	902	—			
Amortization of stock-based compensation awards								
Time-based restricted stock awards issued								
(Note 19))	213,436	2,860	—				
	(2,860)							

Performance-contingent restricted stock awards issued	(Note 19)	(10,469)	777,773	10,469	—			
Time-based restricted stock awards issued	(Note 20)	(2,860)	213,436	2,860	—			
Performance-contingent restricted stock awards issued	(Note 20)	(10,469)	777,773	10,469	—			
Issuance of deferred compensation		(46)	3,406	46	—	(46)	3,406	46
Dividends paid on vested stock-based payments awards		(2,260)		(2,260)		(2,260)		(2,260)
Dividends paid — \$0.8700 per common share		(184,241)		(184,241)		(184,241)		(184,241)
Balances at December 31, 2022		228,729,585 \$ 199 \$ 689,959 \$ 1,004,271 \$ 1,474 (17,595,619) \$ (252,613) \$ 1,443,290		228,729,585 \$ 199 \$ 689,959 \$ 1,004,271 \$ 1,474 (17,595,619) \$ (252,613) \$ 1,443,290				
Net income		123,416		123,416		123,416		123,416
Derivative instruments, net of tax	(Note 11)		(1,136)		(1,136)			
Pension and postretirement plans, net of tax (Note 21)		283		283				
Derivative instruments, net of tax	(Note 12)		(1,136)		(1,136)			
Pension and postretirement plans, net of tax (Note 22)		283		283				
Stock repurchases			(1,898,729)	(45,801)	(45,801)		(1,898,729)	(45,801)
Issuance of deferred stock awards		(927)	63,266	927	—	(927)	63,266	927

Amortization of stock-based compensation awards	26,945	26,945	26,945	26,945
Time-based restricted stock awards issued				
(Note 19)	(3,623)	251,222	3,623	—
Performance-contingent restricted stock awards issued				
(Note 19)	(12,508)	867,944	12,508	—
Time-based restricted stock awards issued				
(Note 20)	(3,623)	251,222	3,623	—
Performance-contingent restricted stock awards issued				
(Note 20)	(12,508)	867,944	12,508	—
Issuance of deferred compensation	(38)	2,557	38	—
Dividends paid on vested stock-based payments awards				
(2,780)		(2,780)		(2,780)
Dividends paid — \$0.9100 per common share				
	(192,435)		(192,435)	
Balances at December 30, 2023	228,729,585	\$ 199	\$ 699,808	\$ 932,472
				\$ 621
				(18,309,359)
				\$ (281,318)
				\$ 1,351,782
Net income		248,116		248,116
Derivative instruments, net of tax				
(Note 12)		6,124		6,124
Pension and postretirement plans, net of tax (Note 22)		85		85
Stock repurchases		(992,233)	(22,703)	(22,703)

awards	(1,028)	66,243	1,028	—				
Amortization of								
stock-based								
compensation								
awards	29,743			29,743				
Time-based								
restricted stock								
awards issued								
(Note 20)	(3,922)	255,161	3,922	—				
Performance- contingent								
restricted stock								
awards issued								
(Note 20)	(13,030)	846,062	13,030	—				
Issuance of								
deferred								
compensation	(32)	2,099	32	—				
Dividends paid								
on vested stock- based								
payments								
awards	(2,699)			(2,699)				
Dividends paid								
— \$0.9500 per								
common								
share	(200,334)			(200,334)				
Balances at								
December 28,								
2024	228,729,585	\$ 199	\$ 711,539	\$ 977,555	\$ 6,830	(18,132,027)	\$ (286,009)	\$ 1,410,114

See Accompanying Notes to Consolidated Financial Statements

F-7

FLOWERS FOODS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

Fiscal 2023	Fiscal 2022	Fiscal 2021	Fiscal 2024	Fiscal 2023	Fiscal 2022
52 weeks	52 weeks	52 weeks	52 weeks	52 weeks	52 weeks
(Amounts in thousands)			(Amounts in thousands)		
\$ 123,416	\$ 228,394	\$ 206,187	\$ 248,116	\$ 123,416	\$ 228,394

Cash flows provided by (disbursed for) operating activities:

Net income

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Adjustments to reconcile net income to net cash provided by operating activities:

Loss on foreign currency exchange rates	—	8,371	—	—	—	8,371
Depreciation and amortization	151,709	141,957	136,559	159,210	151,709	141,957
Stock-based compensation	26,945	25,822	21,343	29,743	26,945	25,822
Impairment of assets	9,611	3,897	—	10,310	9,611	3,897
Loss (gain) reclassified from accumulated other comprehensive income to net income	2,920	(5,813)	(2,115)	1,457	2,920	(5,813)
Deferred income taxes	(43,340)	1,446	6,777	30,954	(43,340)	1,446
Provision for inventory obsolescence	2,376	3,679	16	4,367	2,376	3,679
Allowances for accounts receivable	8,412	8,518	6,071	8,304	8,412	8,518
Pension and postretirement plans expense	592	629	1,306	638	592	629
Other	1,591	(5,016)	2,473	1,009	1,591	(5,016)
Qualified pension plan contributions	(1,000)	(1,000)	—	—	(1,000)	(1,000)
Changes in operating assets and liabilities:						
Accounts receivable	5,008	(55,420)	(10,600)	(4,515)	5,008	(55,420)
Inventories	(15,163)	(37,396)	(9,767)	8,227	(15,163)	(37,396)
Hedging activities, net	(1,498)	(224)	(4,967)	(639)	(1,498)	(224)
Accounts payable	(26,588)	82,125	38,076	(59,644)	(26,588)	82,125
Other assets and accrued liabilities	104,362	(39,080)	(46,749)	(24,873)	104,362	(39,080)
Net cash provided by operating activities	<u>349,353</u>	<u>360,889</u>	<u>344,610</u>	<u>412,664</u>	<u>349,353</u>	<u>360,889</u>
Cash flows provided by (disbursed for) investing activities:						
Purchases of property, plant and equipment	(129,078)	(169,071)	(135,964)	(132,088)	(129,078)	(169,071)
Repurchase of independent distributor territories	(10,007)	(8,163)	(4,585)	(49,126)	(10,007)	(8,163)
Cash paid at issuance of notes receivable	(18,433)	(11,860)	(12,135)	(19,849)	(18,433)	(11,860)
Principal payments from notes receivable	28,066	38,852	31,996	25,509	28,066	38,852
Acquisition of trademark	—	—	(10,200)			
Proceeds from sales of property, plant and equipment	2,312	7,681	2,995	2,140	2,312	7,681
Purchase of leased warehouses	—	—	(64,689)			
Acquisition of business	(274,755)	—	—	—	(274,755)	—
Investment in unconsolidated affiliate	(1,981)	(9,000)	—	—	(1,981)	(9,000)
Other investing activities	64	473	1,144	745	64	473
Net cash disbursed for investing activities	<u>(403,812)</u>	<u>(151,088)</u>	<u>(191,438)</u>	<u>(172,669)</u>	<u>(403,812)</u>	<u>(151,088)</u>
Cash flows provided by (disbursed for) financing activities:						
Dividends paid, including dividends on share-based payment awards	(195,215)	(186,501)	(175,903)	(203,033)	(195,215)	(186,501)
Payments for debt issuance costs	(533)	(282)	(6,022)	(190)	(533)	(282)
Stock repurchases	(45,801)	(34,586)	(9,510)	(22,703)	(45,801)	(34,586)
Change in bank overdrafts	220	799	261	(3,721)	220	799
Proceeds from debt borrowings	898,000	330,000	497,570	323,700	898,000	330,000
Debt obligation payments	(743,000)	(330,000)	(579,428)	(351,500)	(743,000)	(330,000)
Payments on financing leases	(1,819)	(1,597)	(1,745)	(70)	(1,819)	(1,597)
Net cash disbursed for financing activities	<u>(88,148)</u>	<u>(222,167)</u>	<u>(274,777)</u>	<u>(257,517)</u>	<u>(88,148)</u>	<u>(222,167)</u>
Effect of exchange rates on cash	—	(8,371)	—	—	—	(8,371)
Net decrease in cash and cash equivalents	(142,607)	(12,366)	(121,605)	(17,522)	(142,607)	(12,366)
Cash and cash equivalents at beginning of period	165,134	185,871	307,476	22,527	165,134	185,871
Cash and cash equivalents at end of period	<u>\$ 22,527</u>	<u>\$ 165,134</u>	<u>\$ 185,871</u>	<u>\$ 5,005</u>	<u>\$ 22,527</u>	<u>\$ 165,134</u>
Schedule of non-cash investing and financing activities:						
Issuance of executive deferred compensation plan common stock	\$ 38	\$ 46	\$ 177	\$ 32	\$ 38	\$ 46

Right-of-use assets obtained in exchange for new financing lease liabilities	\$ 34	\$ —	\$ 37	\$ 106	\$ 34	\$ —
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 54,997	\$ 33,559	\$ 55,869	\$ 93,775	\$ 54,997	\$ 33,559
Issuance of notes receivable on new distribution territories, net	\$ 29,076	\$ 22,446	\$ 21,008	\$ 32,656	\$ 29,076	\$ 22,446
Distributor routes sold with deferred gains, net	\$ 132	\$ 280	\$ 241	\$ 1,171	\$ 132	\$ 280
Purchase of property, plant and equipment included in accounts payable	\$ 5,449	\$ 6,716	\$ 9,124	\$ 7,203	\$ 5,449	\$ 6,716
Supplemental disclosures of cash flow information:						
Cash paid during the period for:						
Interest	\$ 34,595	\$ 27,590	\$ 52,620	\$ 35,950	\$ 34,595	\$ 27,590
Income taxes paid, net of refunds of \$120, \$9,797 and \$305, respectively	\$ 99,118	\$ 53,044	\$ 69,401			
Income taxes paid, net of refunds of \$337, \$120 and \$9,797, respectively	\$ 46,379	\$ 99,118	\$ 53,044			

See Accompanying Notes to Consolidated Financial Statements

F-8

FLOWERS FOODS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Basis of Presentation

General. The accompanying 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”).

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”) (“CEO”), who is the chief operating decision maker (“CODM”), for the purpose of assessing performance and allocating resources.

Note 2. Summary of Significant Accounting Policies

Basis of Consolidation. The Consolidated Financial Statements include the accounts of the company and its wholly-owned subsidiaries. Intercompany transactions and balances are eliminated in consolidation.

Use of 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.

Fiscal Year End. Our fiscal year ends on the Saturday nearest December 31, resulting in a 53rd 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.

Revenue Recognition. Revenue is recognized when obligations under the terms of a contract with our customers are satisfied. Revenue is measured as the amount of consideration we expect to receive in exchange for transferring goods. A performance obligation is a promise in a contract to transfer a distinct product to a customer. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or providing services as, the performance obligation is satisfied, which typically occurs when products are delivered. Amounts billed and due from our customers are recognized as accounts receivable in the Consolidated Balance Sheets and require payment on a short-term basis.

Variable Consideration

Revenues are recognized net of variable consideration provisions such as for returns, volume discounts and sales promotion expenses that result in uncertainty about the company's ability to collect the amount. The company records estimates the amount of variable consideration to be included in the transaction price at contract inception based on one of two approaches: the expected value (the "EV") approach or the most-likely amount (the "MLA") approach. The EV approach identifies possible outcomes of the contract and the probabilities of those outcomes. The MLA approach is used in cases when the company expects to be entitled to only one of the two possible outcomes. The company applies the approach consistently for similar types of contracts and updates the estimated transaction price at each reporting date. Contracts that contain different types of variable consideration may require the use of one, or both, direct and of the approaches to estimate the variable consideration for a single contract. After estimating the variable consideration, the company includes the estimated reductions variable consideration in the transaction price to gross the extent that it is probable that a significant reversal

F-9

in the amount of cumulative revenue for customer programs and incentive offerings at recognized will not occur. The company assesses the time the incentive is offered or at the time likelihood of a future reversal of revenue recognition for and how significant the underlying transaction that results in progress by the customer towards earning the incentive. These allowances include price promotion discounts, coupons, customer rebates, cooperative advertising, and product returns. reversal is to total consideration.

Consideration Payable to Customers

Consideration payable to a customer is recognized at the later of either when the company recognizes revenue for the transfer of the related good or when the company pays or promises to pay the consideration. A reduction to revenue is recognized at the time control transfers to the customer since the payment to the customer is made before the contract is recognized and the performance obligation is satisfied. The company accounts for consideration payable to a customer as a reduction of the transaction price. Payments when the company does receive a distinct good is allocated to revenue. the fair value of the good or service. The recognition of costs for promotion programs involves amount not allocated to the use of judgment related to performance and redemption estimates. Estimates are made based on historical experience and other factors. Price promotion discount expense fair value is recorded as a reduction to gross sales when revenue. The fair value of a good or service is recorded the discounted product is sold to the customer. same as any other purchases from suppliers.

Shipping and handling costs associated with outbound freight after control over a product has transferred to a customer are accounted for as a fulfillment cost and are included in our selling, distribution, and administrative expenses line item on the Consolidated Statements of Income.

F-9 Revenue Streams

The company's production facilities deliver products to independent distributor partners ("IDP" or "IDPs"), IDPs, who sell and deliver those products to outlets of retail accounts that are within the IDPs' defined geographic territory. The IDPs sell products using either scan-based trading ("SBT" ("SBT") technology, authorized charge tickets, or cash sales.

SBT technology allows the retailer to take ownership of our products when the consumer purchases the products rather than at the time they are delivered to the retailer. Control of the inventory does not transfer upon delivery to the retailer because the company controls the risks and rights until the product is scanned at the

reseller's register. Each of the company's products is considered distinct because the resellers expect each item to be a performance obligation. The company's performance obligations are satisfied at the point in time when the end consumer purchases the product because each product is considered a separate performance obligation. Consequently, revenue is recognized at a point in time for each scanned item. The company has concluded that we are the principal for SBT sales.

In Fiscal 2024, 2023, 2022, and 2021, the company recorded \$2.5 billion, \$2.4 billion, and \$2.2 billion, respectively, in sales through SBT.

SBT is utilized primarily in certain national and regional retail accounts ("SBT Outlet"). Generally, revenue is not recognized by the company upon delivery of our products by the company to the IDP or upon delivery of our products by the IDP to an SBT Outlet, but when our products are purchased by the end consumer. Product inventory in the SBT Outlet is reflected as inventory on the Consolidated Balance Sheets.

The IDP performs a physical inventory of products at each SBT Outlet weekly and reports the results to the company. The inventory data submitted by the IDP for each SBT Outlet is compared with the product delivery data. Product delivered to a SBT Outlet that is not recorded as inventory in the product delivery data has been purchased by the consumer/customer of the SBT Outlet and is recorded as sales revenue by the company.

Non-SBT sales are classified as either authorized charge sales or cash sales. The company provides marketing support to the IDP for authorized charge sales but does not provide marketing support to the IDP for cash sales. Marketing support includes providing a dedicated account representative, resolving complaints, and accepting responsibility for product quality which collectively define how to manage the relationship. Revenue is recognized at a point in time for non-SBT sales.

The company retains inventory risk, establishes negotiated special pricing, and fulfills the contractual obligations for authorized charge sales. The company is the principal, the IDP is the agent, and the reseller is the customer. Revenue is recognized for authorized charge sales when the product is delivered to the customer because the company has satisfied its performance obligations.

Cash sales occur when the IDP is the end customer. The IDP maintains accounts receivable, inventory and fulfillment risk for cash sales. The IDP also controls pricing for the resale of cash sale products. The company is the principal and the IDP is the customer, and an agent relationship does not exist. The discount paid to the IDP for cash sales is recorded as a reduction to revenue. Revenue is recognized for cash sales when the company's products are delivered to the IDP because the company has satisfied its performance obligations.

Certain sales are under contracts and include a formal ordering system. Orders are placed primarily using purchase orders ("PO") or electronic data interchange information. Each PO, together with the applicable master supply agreement, is determined to be a separate contract. Product is delivered via contract carriers engaged by either the company or the customer with shipping terms provided in the PO.

F-10

Each unit sold, for all product categories, is a separate performance obligation. Each unit is considered distinct because the customer can benefit from each unit by selling each one separately to the end consumer. Additionally, each unit is separately identifiable in the PO. Products are delivered either freight-on-board ("FOB") shipping or destination. The company's right to payment is at the time our products are obtained from our warehouse for FOB shipping deliveries. The right to payment for FOB destination deliveries occurs after the products are delivered to the customer. Revenue is recognized at a point in time when control transfers. The company pays commissions to brokers who obtain contracts with customers. Commissions are paid on the total value of the contract, which is determined at contract inception and is based on expected future activity. Broker commissions will not extend beyond a one-year term because each product is considered a separate order in the PO.

Other Revenue Components

Shipping and handling costs associated with outbound freight after control over a product has transferred to a customer are accounted for as a fulfillment cost and are included in our selling, distribution, and administrative expenses line item on the Consolidated Statements of Income.

The company recognizes the incremental costs of obtaining contracts as an expense when incurred if the amortization period of the assets that the company otherwise would have recognized is one year or less. These costs are included in our selling, distribution, and administrative expenses line item on the Consolidated Statements of Income.

F-10

The company disaggregates revenue by sales channel. Our sales channels are **branded retail**, **Branded Retail** and **other**, **Other**. The **other**, **Other** channel includes store branded retail, foodservice, restaurants, institutional, vending, thrift stores, and contract manufacturing. The company does not disaggregate revenue by geographic region, customer type, or contract type. All revenues are recognized at a point in time. **Sales**, **Net sales** by sales channel category are as follows for Fiscal 2024, 2023, 2022, and 2021 (amounts in thousands):

	Fiscal 2023	Fiscal 2022	Fiscal 2021	Fiscal 2024	Fiscal 2023	Fiscal 2022
Branded retail	\$ 3,263,277	\$ 3,139,306	\$ 2,874,714			
Branded Retail	\$ 3,262,044	\$ 3,264,742	\$ 3,139,306			
Other	1,827,553	1,666,516	1,456,053	1,841,443	1,826,088	1,666,516
Total	\$ 5,090,830	\$ 4,805,822	\$ 4,330,767	\$ 5,103,487	\$ 5,090,830	\$ 4,805,822

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

Cash and Cash Equivalents. The company considers deposits in banks, certificates of deposits, and short-term investments with original maturities of three months or less, and highly liquid investments that are readily convertible to known amounts of cash to be cash and cash equivalents.

Accounts and Notes Receivable. Accounts and notes receivable consist of trade receivables, current portions of distributor notes receivable, and miscellaneous receivables. The company recognizes an allowance for credit losses related to its accounts and notes receivable to present the net amount expected to be collected as of the balance sheet date. The company estimates this allowance based on historical data such as days sales outstanding trends, previous write-offs of balances, and weekly reviews of aged trial balances, among others. Accounts and notes receivable balances are written off when deemed uncollectible and are recognized as a deduction from the allowance for credit losses. Expected recoveries, not to exceed the amount previously written off, are considered in determining the reserve balance at the balance sheet date. Activity in the allowance for doubtful accounts is as follows (amounts in thousands):

	Beginning Balance	Charged to Expense	Write-Offs and Other	Ending Balance	Beginning Balance	Charged to Expense	Write-Offs and Other	Ending Balance
Fiscal 2024	\$ 33,386	\$ 8,304	\$ (23,768)	\$ 17,922				
Fiscal 2023	\$ 18,764	\$ 8,412	\$ 6,210	\$ 33,386	\$ 18,764	\$ 8,412	\$ 6,210	\$ 33,386
Fiscal 2022	\$ 15,398	\$ 8,518	\$ (5,152)	\$ 18,764	\$ 15,398	\$ 8,518	\$ (5,152)	\$ 18,764
Fiscal 2021	\$ 15,162	\$ 6,071	\$ (5,835)	\$ 15,398				

The company recorded a reserve of \$14.9 million during the third quarter of Fiscal 2023 for the distributor notes receivable as part of a legal settlement. Changes in the write-offs and other column reflect the company's application of the reserve during Fiscal 2024. The charge for this allowance was recorded as a legal expense and is recognized as 'Other' in the column of the table above. The expense column is specific to bad debt expense. The amount of reserve for the distributor notes receivable as of December 28, 2024 and December 30, 2023 was \$2.4 million and \$14.8 million, respectively. See Note 23, **Commitments and Contingencies**, for additional information.

F-11

Activity in the allowance for trade accounts receivable credit losses for Fiscal 2024, 2023, 2022 and 2021 was as follows (amounts in thousands):

	Beginning Balance	Charged to Expense	Write-Offs and Other	Recoveries and other	Ending Balance	Beginning Balance	Charged to Expense	Write-Offs and Other	Recoveries and other	Ending Balance
Fiscal 2024	\$ 2,070	\$ 2,095	\$ (1,035)	\$ (667)	\$ 2,463					

Fiscal 2023	\$ 2,188	\$ 3,089	\$ (2,635)	\$ (572)	\$ 2,070	\$ 2,188	\$ 3,089	\$ (2,635)	\$ (572)	\$ 2,070
Fiscal 2022	\$ 2,552	\$ 2,270	\$ (2,721)	\$ 87	\$ 2,188	\$ 2,552	\$ 2,270	\$ (2,721)	\$ 87	\$ 2,188
Fiscal 2021	\$ 4,901	\$ 596	\$ (1,018)	\$ (1,927)	\$ 2,552					

The amounts charged to expense for bad debts in the table above, inclusive of other non-trade accounts receivable amounts, are reported as adjustments to reconcile net income to net cash provided by operating activities in the Consolidated Statements of Cash Flows. The write-offs represent the amounts that are used to reduce the gross accounts and notes receivable at the time the balance due from the customer is written-off. Walmart/Sam's Club is our only customer with a balance greater than 10% of outstanding trade receivables. Their percentage of trade receivables was 20.3 18.4% and 24.3 20.3%, on a consolidated basis, as of December 30, 2023 December 28, 2024, and December 31, 2022 December 30, 2023, respectively. No other customer accounted for greater than 10% of the company's outstanding receivables.

Concentration of Credit Risk. The company performs periodic credit evaluations and grants credit to customers, who are primarily in the grocery and foodservice markets, and generally does not require collateral. Our top 10 customers in Fiscal 2024, 2023, 2022, and 2021 2022 accounted for 55.5 56.7%, 54.5 55.5% and 53.7 54.5% of net sales, respectively. Our largest customer's, Walmart/Sam's Club, weighted percent of net sales for Fiscal 2024, 2023, 2022, and 2021 2022 was as follows:

	Percent of Net Sales
Fiscal 2024	22.4 %
Fiscal 2023	22.3 %
Fiscal 2022	21.7 %
Fiscal 2021	21.2%

Walmart/Sam's Club is the only customer to account for greater than 10% of the company's net sales.

F-11

Inventories. Inventories at December 30, 2023 December 28, 2024 and December 31, 2022 December 30, 2023 are valued at net realizable value. Costs for raw materials and packaging are recorded at moving average cost. Finished goods inventories are valued at average costs, cost is determined using standard cost, which approximates the first-in, first-out method.

The company will write down inventory to net realizable value for estimated unmarketable inventory equal to the difference between the cost of the inventory and the estimated net realizable value for situations when the inventory is impaired by damage, deterioration, or obsolescence.

Activity in the inventory reserve allowance is as follows (amounts in thousands):

	Beginning Balance		Charged to Expense		Write-Offs and Other		Ending Balance		Beginning Balance		Charged to Expense		Write-Offs and Other		Ending Balance	
Fiscal 2024	\$ 696	\$ 4,367	\$ (5,005)	\$ 58												
Fiscal 2023	\$ 1,036	\$ 2,376	\$ (2,716)	\$ 696	\$ 1,036	\$ 2,376	\$ (2,716)	\$ 696								
Fiscal 2022	\$ 284	\$ 3,679	\$ (2,927)	\$ 1,036	\$ 284	\$ 3,679	\$ (2,927)	\$ 1,036								
Fiscal 2021	\$ 1,920	\$ 16	\$ (1,652)	\$ 284												

The amounts charged to expense for inventory loss in the table above are reported as adjustments to reconcile net income to net cash provided by operating activities in the Consolidated Statements of Cash Flows. The write-offs and other column represents the amounts that are used to reduce gross inventories.

Shipping Costs. Shipping costs are included in the selling, distribution, and administrative expenses line item of the Consolidated Statements of Income. For Fiscal 2024, 2023, 2022, and 2021 2022, shipping costs were \$1,215.4 1,181.0 million, \$1,169.0 1,215.4 million, and \$1,063.6 1,169.0 million, respectively, including the costs paid to IDPs.

Spare Parts and Supplies. The company maintains inventories of spare parts and supplies, which are used for repairs and maintenance of its machinery and equipment. These spare parts and supplies allow the company to react quickly in the event of a mechanical breakdown. These parts are valued using the moving

average method and are expensed as the part is used. Periodic physical inventories of the parts are performed, and the value of the parts is adjusted for any obsolescence or difference from the physical inventory count.

F-12

Assets Held for Sale. Assets to be sold are classified as held for sale in the period all the required criteria are met. The company generally has three types of assets classified as held for sale. These include distribution rights, plants and depots/warehouses, and other equipment. See Note 9, **Assets Held for Sale**, for these amounts by classification.

The company voluntarily repurchases distribution rights from and sells distribution rights to IDPs from time to time. At the time the company purchases distribution rights from an IDP, the fair value purchase price of the distribution right is recorded as "Assets Held for Sale". Upon the sale of the distribution rights to a new IDP, the new distributor franchisee/owner may choose how he/she desires to finance the purchase of the business. If the new distributor chooses to use optional financing via a company-related entity, a note receivable of up to ten years is recorded for the financed amount with a corresponding credit to assets held for sale to relieve the carrying amount of the territory. Any difference between the selling price of the business and the distribution rights' carrying value, if any, is recorded as a gain or a loss in selling, distribution, and administrative expenses because the company considers the IDP activity a cost of distribution. This gain is recognized over the term of the outstanding notes receivable as payments are received from the IDP. In instances where a distribution right is sold for less than its carrying value, a loss is recorded at the date of sale and any impairment of a distribution right held for sale is recorded at such time when the impairment occurs. The deferred gains were \$10.4 **7.8** million and \$15.1 **10.4** million at December 30, 2023 December 28, 2024 and December 31, 2022 December 30, 2023, respectively, and are recorded in other short and long-term liabilities on the Consolidated Balance Sheets. The company recorded net (losses) gains of \$(0.6) million during Fiscal 2024, \$2.5 million (exclusive of \$65.5 **65.3** million of repurchase obligations of distribution rights related to a legal settlement) during Fiscal 2023 and \$3.8 million during Fiscal 2022 and \$1.6 million during Fiscal 2021 related to the sale of distribution rights as a component of selling, distribution, and administrative expenses. The gains recorded during Fiscal 2021 included a loss of \$4.7 million of repurchase obligations of distribution rights related to a legal settlement. See Note 23, **Commitments and Contingencies**, for details on these settlements. **the settlement.**

Property, Plant and Equipment and Depreciation. Property, plant and equipment is recognized at cost. Depreciation expense is computed using the straight-line method over the estimated useful lives of the depreciable assets.

F-12

The table below presents the range of estimated useful lives by property, plant and equipment class.

Asset Class	Useful life term (years)	
	Low	High
Buildings	10	40
Machinery and equipment	3	15
Furniture, fixtures and transportation equipment	3	12

Property recorded as leasehold improvements is amortized over the shorter of the lease term or the estimated useful life of the leased property.

Depreciation expense, excluding amortization of right-of-use financing leases, for Fiscal 2024, 2023, 2022, and 2021 2022 was as follows (amounts in thousands):

	Depreciation expense		Depreciation expense	
	\$		\$	
Fiscal 2024	\$	127,577		
Fiscal 2023	\$	117,788	\$	117,788
Fiscal 2022	\$	108,500	\$	108,500
Fiscal 2021	\$	103,949		

The company had no capitalized interest during Fiscal 2024, 2023, 2022, and 2021. The cost of maintenance and repairs is charged to expense as incurred. Upon disposal or retirement, the cost and accumulated depreciation of assets are eliminated from the respective accounts. Any gain or loss is reflected in the company's Consolidated Statements of Income and is included in adjustments to reconcile net income to net cash provided by operating activities on the other line item in the Consolidated Statements of Cash Flows.

Leases. The company's leases consist of the following types of assets: bakeries, corporate office space, warehouses, bakery equipment, transportation equipment, and IT equipment (debt is discussed separately in Note 15, 16, *Debt and Other Commitments*).

Real estate and equipment contracts occasionally contain multiple lease and non-lease components. Generally, non-lease components represent maintenance and utility related charges, and are primarily minor to the overall value of applicable contracts. These contracts also contain fixed payments with stated rent escalation clauses or fixed payments based on an index such as CPI, consumer price index ("CPI"). Additionally, some contracts contain tenant improvement allowances, rent holidays, lease premiums, and contingent rent provisions (which are treated as variable lease payments). Building and/or office space leases generally require the company to pay for common area maintenance (CAM), insurance, and taxes that are not included in the base rental payments, with the majority of these leases treated as net leases, and the remainder treated as gross or modified gross leases.

F-13

The lease term for real estate leases primarily ranges from one to 22 years, with a few leases that are month to month, and accounted for as short-term leases. See discussion on short-term leases below. The term of bakery equipment leases primarily ranges from less than a year up to three years. Transportation equipment generally has terms of less than one year up to seven years. IT equipment is typically leased from less than a year up to five years. Certain equipment (i.e., equipment subject to management contracts) and IT equipment leases have terms shorter than a year and are accounted for as short-term leases. See discussion on short-term leases below.

These contracts may contain renewal options for periods of one month up to 10 years at fixed percentages of market pricing, with some that are reasonably certain of exercise. For those contracts that contain leases, the company recognizes renewal options as part of right-of-use assets and lease liabilities. All other renewal and termination options are not reasonably certain of exercise or occurrence as of December 30, 2023 December 28, 2024.

These contracts may also contain right of first offer purchase options, along with expansion options that are not reasonably certain of exercise. Additionally, these contracts do not contain residual value guarantees, and there are no other restrictions or covenants in the contracts.

For these real estate contracts, the company's exclusive use of specified real estate for a specific term and for consideration resulted in the company treating these contracts as leases.

For those contracts that contain leases of buildings and land, the company has elected to not separate land components from leases of specified property, plant, and equipment, as it was determined to have no effect on lease classification for any lease component, and the amounts recognized for the land lease components would have been immaterial.

F-13

These contracts may also contain end-term purchase options, whereby the company may purchase the assets for stated pricing at the lesser of fair market value or a percentage of original asset cost. Yet, these purchase options were determined to not be reasonably certain of exercise or occurrence as of December 30, 2023 December 28, 2024. Additionally, these contracts do not contain residual value guarantees, and there are no other restrictions or covenants in the contracts.

The company's ability to make those decisions that most effect the economic benefits derived from the use of the equipment, accompanied by receiving substantially all outputs and utility from the use of the equipment resulted in the company accounting for these contracts as leases.

These leases are classified as operating leases because real estate leases do not transfer ownership at the end of the lease term, assets are not of such a specialized nature that real estate would not have alternative uses to lessors at the end of the lease term, lease terms do not represent a major part of the total useful life of real estate, and the present value of lease payments do not represent substantially all the fair value of leased assets at commencement.

Short-term leases

The company has also entered into short-term leases of certain real estate assets, along with IT equipment, and various equipment used for short-term bakery needs through equipment placement or service contracts that require purchase of consumables. These leases extend for periods of one to 12 months. Lease term and amounts of payments are generally fixed. There are no purchase options present, however, there generally are renewals that could extend lease terms for additional periods. Generally, renewal options, as they cannot be unilaterally exercised, are not reasonably certain of exercise, do not contain residual value guarantees, and there are no other restrictions or covenants in the leases.

Therefore, the company recognizes lease payments from these short-term leases and variable payments on the Consolidated Statements of Income in the period in which obligation for those payments have been incurred.

Modifications and reassessments

During Fiscal 2023/2024 and 2022/2023, the company elected certain renewal options that were not previously certain of exercise. Election of these renewal options resulted in reassessment of lease terms for the applicable leases.

The company included the renewal periods in measurement of lease terms for the applicable leases. Given that rental payments in the renewal periods were fixed, the company also remeasured the lease payments, and reallocated remaining contract consideration to the lease components within the applicable real estate leases. Although the triggering events did not result in changes to lease classification (i.e., all remained operating leases), they did affect the measurement of lease liabilities, right-of-use assets ("ROU assets"), and amounts recognized as lease expense for the applicable real estate leases.

F-14

Other significant judgments and assumptions

For all classes of assets, the company primarily used our incremental borrowing rates ("IBR") to perform lease classification tests and measure lease liabilities because discount rates implicit in the company's leases were not readily determinable.

Embedded leases

During Fiscal 2020 and Fiscal 2019, the company entered into embedded leases for IT equipment which matured and were not renewed during Fiscal 2023. As of December 31, 2022, the embedded leases were \$1.4 million of financing ROU assets and \$1.5 million of financing ROU liabilities. The company did not enter into any embedded leases during Fiscal 2023 or Fiscal 2022.

See Note 14, 15, Leases, for our lease quantitative disclosures.

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 CEO, who is the chief operating decision maker ("CODM"), for the purpose of assessing performance and allocating resources.

Impairment of Long-Lived Held and Used Assets. The company determines whether there has been an impairment of long-lived held and used assets when indicators of potential impairment are present. We consider historical performance and future estimated results in our evaluation of impairment. If facts and circumstances indicate that the cost of any long-lived held and used assets may be impaired, an evaluation of recoverability would be performed. If an estimate of the asset's fair value is required in order to determine if an impairment should be recorded, the estimated future gross, undiscounted cash flows associated with the asset would be compared to the asset's carrying amount and if lower than the carrying value, a write-down to market value is required.

F-14 On July 18, 2024, the company announced the closure of its Baton Rouge, Louisiana bakery. The bakery produced bun products and ceased production on September 19, 2024. This bakery closure was part of our strategy to optimize capacity within our supply chain. The facility continues to be used as a distribution

center. Additionally, in Fiscal 2024, the company recorded charges to fully impair certain ERP-related software and other equipment. These costs are reported in the Plant closure costs and impairment of assets line item of the Consolidated Statements of Income and are discussed below. There were no impairment charges related to long-lived held and used assets recorded during Fiscal 2023.

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. This closure ~~is was~~ part of our strategy to optimize our sales portfolio and improve supply chain and manufacturing efficiency. The company recognized asset impairment charges for bakery equipment as ~~discussed below~~.

Plant Closure Costs and Impairment of Assets. The closure costs for the Baton Rouge, Louisiana bakery included severance costs of ~~\$2.9~~ ~~1.1~~ million and asset impairment and equipment relocation charges of \$2.4 million in Fiscal 2024. In Fiscal 2024, the company also recorded charges of \$2.7 million to fully impair certain ERP-related software and other equipment and recognized a recovery of \$1.3 million related to the sale of equipment that had been previously written off in Fiscal 2022 as part of the Phoenix, Arizona bakery closure. In Fiscal 2024, the company also recorded an asset impairment charge of \$1.4 million to write-off certain cake distribution territories classified as held for sale that the company no longer intends to sell. During the third and fourth quarters of Fiscal 2023, the company entered into agreements to sell a warehouse and a closed bakery, respectively, both of which were classified as held for sale and recorded impairment charges of \$1.8 million. The company completed the sale of the impaired warehouse for proceeds of \$1.3 million at the end of the third quarter of Fiscal 2023 and completed the sale of the bakery in Fiscal 2024.

The Holsum Bakery closure costs included severance costs of \$1.7 million, multi-employer pension plan withdrawal costs of \$1.3 million, and asset impairment and equipment relocation charges for bakery equipment of \$3.8 million and were recognized in the third quarter of Fiscal 2022. ~~There were~~ See Note 22, ~~no~~ Postretirement Plans, for details on the multi-employer pension plan withdrawal costs. During the first quarter of Fiscal 2022, the company decided to sell two warehouses acquired at the end of Fiscal 2021 and recorded an impairment charge of ~~\$1.0~~ ~~impairment charges recorded during~~ million. The company completed the sale of the impaired warehouse at the end of the first quarter of Fiscal 2023 or Fiscal 2021. ~~2022~~.

Impairment of Other Intangible Assets. The company accounts for other intangible assets at fair value. These intangible assets can be either finite or indefinite-lived depending on the facts and circumstances at acquisition.

Finite-lived intangible assets are reviewed for impairment when facts and circumstances indicate that the cost of any finite-lived intangible asset may be impaired. This recoverability test is based on an undiscounted cash flows expected to result from the company's use and eventual disposition of the asset. If these cash flows are sufficient to recover the carrying value over the useful life there is no impairment. Amortization of finite-lived intangible assets occurs over their estimated useful lives. The amortization periods, at origination, range from two years to forty years for these assets. The attribution methods we primarily use are the sum-of-the-year digits for customer relationships and straight-line for other intangible assets. These finite-lived intangible assets generally include trademarks, customer relationships, non-compete agreements, distributor relationships (for instances when not held for sale), and supply agreements.

F-15

The company fully impaired the California held and used distribution rights classified as intangible assets and recorded a charge of \$2.3 million in the selling, distribution, and administrative expenses line item of the Consolidated Statements of Income during Fiscal 2023.

Identifiable intangible assets that are determined to have an indefinite useful economic life are not amortized. Indefinite-lived intangible assets are tested for impairment, at least annually, using a one-step fair value-based approach or when certain indicators of potential impairment are present. We have elected not to perform the qualitative approach. We also reassess the indefinite-lived classification to determine if it is appropriate to reclassify these assets as finite-lived assets that will require amortization. We consider historical performance and future estimated results in our evaluation of impairment. If facts and circumstances indicate that the cost of any indefinite-lived intangible assets may be impaired, an evaluation of the fair value of the asset is compared to its carrying amount. If the carrying amount exceeds the fair value, an impairment charge is recorded for the difference.

We use the multi-period excess earnings and relief from royalty methods to value these indefinite-lived intangible assets. Fair value is estimated using the future gross, discounted cash flows associated with the asset using the following five material assumptions: (a) discount rate; (b) long-term sales growth rates; (c) forecasted operating margins (not applicable to the relief from royalty method), (d) assumed royalty rate; and (e) market multiples. The method used for impairment testing purposes is consistent with the valuation method employed at acquisition of the intangible asset. These indefinite-lived intangible assets are trademarks acquired in a purchase business combination.

The company evaluates useful lives for finite-lived intangible assets to determine if facts or circumstances arise that may impact the estimates of useful lives assigned and the remaining amortization duration. Indefinite-lived intangible assets that are determined to have a finite useful life are tested for impairment as an indefinite-lived intangible asset prior to commencing amortization. These intangible assets were assigned a useful life ranging from 5 years to 40 years.

Future adverse changes in market conditions or poor operating results of underlying intangible assets could result in losses or an inability to recover the carrying value of the intangible assets that may not be reflected in the assets' current carrying values, thereby possibly requiring an impairment charge in the future. See Note 10, 11, Goodwill and Other Intangible Assets, for additional disclosure.

Goodwill. The company accounts for goodwill in a purchase business combination as the excess of the cost over the fair value of net assets acquired. The company tests goodwill for impairment on an annual basis (or an interim basis if a triggering event occurs that indicates the fair value of our single reporting unit may be below its carrying value) using a one-step method. We have elected not to perform the qualitative approach. The company conducts this review during the fourth quarter of each fiscal year absent any triggering events. We use the following four material assumptions in our fair value analysis: (a) weighted average cost of capital; (b) long-term sales growth rates; (c) forecasted operating margins; and (d) market multiples. No impairment resulted from the annual review performed in Fiscal 2024, 2023, 2022, or 2021, 2022. See Note 10, 11, Goodwill and Other Intangible Assets, for additional disclosure.

Derivative Financial Instruments. The disclosure requirements for derivatives and hedging provide investors with an enhanced understanding of: (a) how and why an entity uses derivative instruments and related hedged items, (b) how the entity accounts for derivative instruments and related hedged items, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. Further, qualitative disclosures are required that explain the company's objectives and strategies for using derivative instruments and related hedged items, as well as quantitative disclosures about the fair value of and gains and losses on derivative instruments and related hedged items, and disclosures about credit-risk-related contingent features in derivative instruments and related hedged items.

F-15

The company's objectives in using commodity derivatives are to add stability to materials, supplies, labor, and other production costs and to manage its exposure to certain commodity price movements. To accomplish this objective, the company uses commodity futures as part of its commodity risk management strategy. The company's commodity risk management programs include hedging price risk for wheat, soybean oil, corn, and natural gas primarily using futures contracts, contracts, and to a lesser extent, options. Commodity futures designated as cash flow hedges involve fixing the price on a fixed volume of a commodity on a specified date. The commodity futures are given up to third parties near maturity to price the physical goods (e.g. flour, sweetener, corn, etc.) required as part of the company's production.

The company enters into interest rate derivatives designated as cash-flow hedges of existing or future exposure to changes in interest rates. The company's risk management objective and strategy with respect to interest rate derivatives is to protect the company against adverse fluctuations in interest rates by reducing its exposure to variability in cash flows relating to interest payments on a forecasted issuance of long-term debt.

F-16

As required, the company records all derivatives on the Consolidated Balance Sheets at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether the company has elected to designate a derivative in a hedging relationship and apply hedge accounting and

whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. Derivatives designated and qualifying as a hedge of the exposure to variability in expected future cash flows, or other types of forecasted transactions, are considered cash flow hedges. Hedge accounting generally provides for the matching of the timing of gain or loss recognition on the hedged item with the earnings effect of the hedged forecasted transactions in a cash flow hedge. The company may enter into derivative contracts that are intended to economically hedge certain of its risks, even though hedge accounting does not apply, or the company elects not to apply hedge accounting.

For derivatives designated and that qualify as cash flow hedges of commodity price risk, the gain or loss on the derivative is recorded in accumulated other comprehensive income (loss) ("AOCL") and subsequently reclassified in the period during which the hedged transaction affects earnings within the same income statement line item as the earnings effect of the hedged transaction. All our commodity derivatives at December 28, 2024 and December 30, 2023 qualified for hedge accounting. See Note 11, 12, *Derivative Financial Instruments*, for additional disclosure.

The company routinely transfers amounts from AOCI to earnings as transactions for which cash flow hedges were held occur and impact earnings. 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 Consolidated Statements of Cash Flows. Significant situations which do not routinely occur that could cause transfers from AOCI to earnings are the cancellation of a forecasted transaction for which a derivative was held as a hedge or a significant and material reduction in volume used of a hedged ingredient such that the company is over hedged and must discontinue hedge accounting. During Fiscal 2024, 2023, 2022, and 2021, 2022 there were no discontinued hedge positions.

The impact to earnings is included in our materials, supplies, labor and other production costs (exclusive of depreciation and amortization shown separately) line item. Changes in the fair value of the asset or liability are recorded as either a current or long-term asset or liability depending on the underlying fair value. Amounts reclassified to earnings for the commodity cash flow hedges are presented as an adjustment to reconcile net income to net cash provided by operating activities on the Consolidated Statements of Cash Flows. See Note 11, 12, *Derivative Financial Instruments*, for additional disclosure.

Treasury Stock. The company records acquisitions of its common stock for treasury at cost. Differences between the proceeds for reissuances of treasury stock and average cost are credited or charged to capital in excess of par value to the extent of prior credits and thereafter to retained earnings. See Note 18, 19, *Stockholders' Equity*, for additional disclosure.

During Fiscal 2022, the Inflation Reduction Act of 2022 ("IRA of 2022") was signed into law. Among other things, it imposes a 1% excise tax on net share repurchases in a tax year that are made by certain publicly traded corporations. Under the requirements of the IRA of 2022, the company accounts for the excise tax as a direct cost of the share repurchase transaction.

Advertising and Marketing Costs. Advertising and marketing costs are expensed the first time the advertising takes place. Advertising and marketing costs were \$89.1 million, \$99.3 million, and \$74.6 million and \$77.7 million for Fiscal years 2024, 2023, 2022, and 2021, 2022, respectively. Advertising and marketing costs are recorded in the selling, distribution, and administrative expense line item in our Consolidated Statements of Income.

Stock-Based Compensation. Stock-based compensation expense for all share-based payment awards granted is determined based on the grant date fair value. The company recognizes compensation costs only for those shares expected to vest on a straight-line basis over the requisite service period of the award, which is generally the vesting term of the share-based payment award. The shares issued for exercises and at vesting of the awards are issued from treasury stock. Forfeitures are recognized as they occur. Shares issued at vesting are recorded as reissuances of treasury stock. See Note 19, 20, *Stock-Based Compensation*, for additional disclosure. Stock-based compensation expense is primarily included in selling, distribution, and administrative expense in the Consolidated Statements of Income.

Cloud computing arrangements ("CCA"). If a CCA includes a software license, the arrangement is within the scope of the internal-use software guidance. If the CCA does not include a software license (i.e. is hosted), the arrangement is a service contract and the fees for the CCA are recorded as an operating expense. Capitalized implementation costs are amortized over the term of the associated hosted CCA service on a straight-line basis. Amortization over the contract term begins at the time any component of the hosted CCA service is ready for use. Capitalized implementation costs are presented on the Consolidated Balance Sheets as an other

Software Development Costs. The company expenses internal and external software development costs incurred in the preliminary project stage, and, thereafter, capitalizes costs incurred in developing or obtaining internally used software. Certain costs, such as maintenance and training, are expensed as incurred. Capitalized costs are amortized over a period of three to eight years and are subject to impairment evaluation. An impairment could be triggered if the company determines that the underlying software under

F-17

review will no longer be used. The net balance of capitalized software development costs included in plant, property and equipment was **\$106.5** **99.1** million and **\$14.5** **106.5** million at **December 30, 2023** **December 28, 2024** and **December 31, 2022** **December 30, 2023**, respectively. Amortization expense of capitalized software development costs, which is included in depreciation and amortization expense in the Consolidated Statements of Income, was **\$18.1** million, **\$14.2** million, and **\$10.2** million and **\$9.9** million in Fiscal 2024, 2023, 2022, and 2021, respectively.

Income Taxes. The company accounts for income taxes using the asset and liability method and recognizes deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined based on the temporary differences between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income as a discrete item in the period that includes the enactment date.

The company records a valuation allowance to reduce its deferred tax assets to the amount that is more likely than not to be realized. The company has considered carryback, future taxable income, and prudent and feasible tax planning strategies in assessing the need for the valuation allowance. In the event the company was to determine that it would be more likely than not able to realize its deferred tax assets in the future in excess of its net recorded amount, an adjustment to the valuation allowance would increase income in the period such a determination was made. Likewise, should the company determine that it would not more likely than not be able to realize all or part of its net deferred tax assets in the future, an adjustment to the valuation allowance would decrease income in the period such determination was made.

The company recognizes a tax benefit from an uncertain tax position when it is more likely than not that the position will be sustained upon examination, including resolution of any related appeals or litigation process. Interest related to unrecognized tax benefits is recorded within the interest expense line in the accompanying Consolidated Statements of Income. See Note 22, **Income Taxes**, for additional disclosure.

The deductions column in the table below presents the amounts reduced in the deferred tax asset valuation allowance that were recorded to, and included as part of, deferred tax expense. The additions column represents amounts that increased the allowance.

Activity in the deferred tax asset valuation allowance is as follows (amounts in thousands):

	Beginning			Ending		Beginning			Ending	
	Balance	Deductions	Additions	Balance	Balance	Deductions	Additions	Balance	Balance	Balance
Fiscal 2024	\$ 1,586	\$ —	\$ 1,801	\$ 3,387						
Fiscal 2023	\$ 1,030	\$ —	\$ 556	\$ 1,586	\$ 1,030	\$ —	\$ 556	\$ 1,586		
Fiscal 2022	\$ 1,030	\$ —	\$ —	\$ 1,030	\$ 1,030	\$ —	\$ —	\$ 1,030		
Fiscal 2021	\$ 1,030	\$ —	\$ —	\$ 1,030						

Self-Insurance Reserves. The company is self-insured for various levels of general liability, auto liability, workers' compensation, and employee medical and dental coverage. Insurance reserves are calculated based on a combination of an undiscounted basis based on actual claim data and estimates of incurred but not reported claims developed utilizing historical claim trends. Projected settlements of incurred but not reported claims are estimated based on pending claims, historical trends and industry trends related to expected losses and actual reported losses, and key assumptions, including loss development factors and expected loss rates.

Loss Contingencies. Loss contingencies are recorded at the time it is probable an asset is impaired, or a liability has been incurred and the amount can be reasonably estimated. For litigation claims the company considers the degree of probability of an unfavorable outcome and the ability to make a reasonable estimate of the loss. Losses are recorded in selling, distribution, and administrative expense in our Consolidated Statements of Income.

Net Income Per Common Share. Basic net income per share is computed by dividing net income by the weighted average common shares outstanding for the period. Diluted net income per share is computed by dividing net income by the weighted average common and common equivalent shares outstanding for the period. Common stock equivalents consist of the incremental shares associated with the company's stock compensation plans, as determined under the treasury stock method. The performance contingent restricted stock awards do not contain a non-forfeitable right to dividend equivalents and are included in the computation for diluted net

F-17

income per share. Fully vested shares which have a deferral period extending beyond the vesting date are included in the computation for basic net income per share. See Note 20, 21, *Earnings Per Share*, for additional disclosure.

Variable Interest Entities. The incorporated IDPs are not voting interest entities since the company has no direct interest in each entity; however, they qualify as variable interest entities ("VIEs"). The IDPs who are formed as sole proprietorships are excluded from the VIE accounting analysis because sole proprietorships are not within scope for determination of VIE status. The company typically finances the incorporated IDP and enters into a contract with the incorporated IDP to supply product at a discount for distribution in the IDP's territory. The combination of the company's loans to the incorporated IDP and the ongoing supply arrangements with the

F-18

incorporated IDP provides a level of protection to the equity owners of the various distributorships that would not otherwise be available. However, the company is not considered to be the primary beneficiary of the VIEs. See Note 16, 17, *Variable Interest Entities*, for additional disclosure of these VIEs.

Postretirement Plans. The company records pension costs and benefit obligations related to its defined benefit plans based on actuarial valuations. These valuations reflect key assumptions determined by management, including the discount rate, expected long-term rate of return on plan assets and mortality. Material changes in pension costs and in benefit obligations may occur in the future due to experience that is different than assumed and changes in these assumptions. See Note 21, 22, *Postretirement Plans*, for additional disclosure.

Pension Plan Assets. The finance committee of the Board of Directors delegated its fiduciary and other responsibilities with respect to the Company's retirement plans' investment strategies to the investment committee. The employee benefits investment committee ("EBIC"). The EBIC, which consists of certain members of management, establishes investment guidelines and strategies and regularly monitors the performance of the plans' assets. The investment committee EBIC is responsible for executing these strategies and investing the pension assets in accordance with ERISA and fiduciary standards. The investment objective of the pension plans is to preserve the plans' capital and maximize investment earnings within acceptable levels of risk and volatility. The investment committee EBIC meets on a regular basis with its investment advisors to review the performance of the plans' assets. Based upon performance and other measures and recommendations from its investment advisors, the investment committee EBIC rebalances the plans' assets to the targeted allocation when considered appropriate.

Fair Value of Financial Instruments. On March 9, 2021 and September 28, 2016, the company issued \$500.0 million of senior notes (the "2031 notes") and \$400.0 million of senior notes (the "2026 notes"), respectively. These notes are recorded in our financial statements at carrying value, net of debt discount and issuance costs. The debt discount and issuance costs are being amortized over the ten-year term of the note to interest expense. In addition, and for disclosure purposes, the fair value of the notes is estimated using yields obtained from independent pricing sources for similar types of borrowing arrangements and is considered a Level 2 valuation. Additional details are included in Note 17, 18, *Fair Value of Financial Instruments*.

Research and Development Costs. The company recorded research and development costs of \$5.1 million, \$5.9 million, and \$6.1 million and \$5.6 million for Fiscal 2024, 2023, 2022, and 2021, 2022, respectively. These costs are recorded as selling, distribution, and administrative expenses in our Consolidated Statements of Income.

Other Comprehensive Income (Loss) ("OCI"). The company reports comprehensive income in two separate but consecutive financial statements. See Note 7,8, Accumulated Other Comprehensive Income (Loss), for additional required disclosures.

Business Process Improvement Costs Related to the Transformation Strategy Initiatives. In the second half of Fiscal 2020, we launched initiatives to transform how we operate our business including upgrading operations, which include an upgrade of our information system, to a more robust platform, as well as investments in e-commerce, autonomous planning, and our "bakery of the future" initiatives. In the first quarter of Fiscal 2022, we launched the digital logistics and digital sales initiatives. These costs may be expensed as incurred, capitalized, recognized as a CCA, or recognized as a prepaid service contract. The expensed portion of costs incurred related to these initiatives which was primarily consulting costs, in Fiscal 2023 and Fiscal 2022 was \$4.5 million, \$21.5 million and \$33.2 million in Fiscal 2024, 2023, and 2022, respectively, and is reflected in the selling, distribution, and administrative expenses line item of the Consolidated Statements of Income.

Plant Closure Costs and Impairment of Assets. **Acquisition-related Costs.** During the third and fourth quarters of In Fiscal 2023, the company entered into agreements to sell a warehouse and a closed bakery, respectively, both of which were classified as held for sale and recorded impairment charges of \$1.8 million. The company completed the sale of the impaired warehouse for proceeds of \$1.3 million at the end of the third quarter of Fiscal 2023 and anticipates completing the sale of the bakery in the first quarter of Fiscal 2024.

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. This closure is part of our strategy to optimize our sales portfolio and improve supply chain and manufacturing efficiency. The company recognized severance 2024, we incurred acquisition-related costs of \$1.7 2.0 million, multi-employer pension plan withdrawal million. These costs of \$1.3 million, and asset impairment and equipment relocation charges for bakery equipment of \$3.8 million the acquisition costs discussed below are recorded in the third quarter of Fiscal 2022. See Note 21, Postretirement Plans, for details on the multi-employer pension plan withdrawal costs. During the first quarter of Fiscal 2022, the company decided to sell two warehouses acquired at the end of Fiscal 2021 selling, distribution, and recorded an

F-18

impairment charge of \$1.0 million. The company completed the sale administrative expenses line item of the impaired warehouse at the end Consolidated Statements of the first quarter of Fiscal 2022. Income.

Acquisition-related Costs. On December 13, 2022, the company announced it had entered into a definitive agreement to acquire the Papa Pita bakery business ("Papa Pita") and, on February 17, 2023, completed the acquisition for total consideration of approximately \$274.8 million, inclusive of a net working capital purchase price adjustment. The property and equipment, certain financial assets and taxes are still under review. 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 acquisition-related costs of \$3.7 million and \$0.9 million in Fiscal 2023 and 2022, respectively.

F-19

In the third quarter of Fiscal 2022, we incurred \$11.6 million in costs from the pursuit of an acquisition that failed to materialize. In addition to customary acquisition costs, we incurred \$8.4 million related to realized foreign currency exchange losses. Although the majority of the target company's sales were made in the U.S., the target company's foreign domicile required us to convert funds from U.S. dollars to complete the transaction. Following that conversion, a significant strengthening of the U.S. dollar relative to the target company's currency resulted in the foreign currency exchange loss upon conversion back into U.S. dollars following the failure of the deal.

The acquisition-related costs for these transactions are reflected in the selling, distribution and administrative expenses line item of the Consolidated Statements of Income.

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 that** 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 **fourth** **first** quarter of Fiscal **2023**, management identified a triggering event indicating that our investment in 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 **\$5.5** **1.5** million of the company's interest. The company recognized an impairment loss of **\$5.5** **4.0** million during the first quarter of Fiscal 2024 which is reported in the **Plant** plant closure costs and impairment of assets line item of the Consolidated Statements of Income. The company previously recognized an impairment loss of **\$5.5** million during the fourth quarter of Fiscal 2023. The losses recognized represents represent the difference between the estimated fair value and the company's original carrying value. The remaining current carrying value is approximately **\$5.5** **1.5** million.

Gain on sale, severance costs, and lease termination (gain) loss. In the second quarter of Fiscal 2022, the company committed to a plan to outsource its aviation services and recorded severance and lease termination charges totaling \$1.7 million. In the fourth quarter of Fiscal 2022, the company completed the lease buyouts and subsequent sale of two aircraft and recorded gains on these sales totaling \$6.1 million. These amounts are reflected in the selling, distribution, and administrative expenses line item of the Consolidated Statements of Income. Lease termination costs were paid in the second quarter of Fiscal 2022 and the severance payments were completed in January 2023.

Note 3. Recent Accounting Pronouncements

Recently Pronouncements adopted accounting pronouncements during Fiscal 2024

On November 27, 2023, the Financial Accounting Standards Board ("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 CODM and included within each reported measure of segment profit or loss. All public entities are required to report segment information in accordance with the new guidance starting in annual periods beginning after December 15, 2023. The company did not adopt any accounting pronouncements during adopted the new standard for our Fiscal **2023** **2024**. The additional disclosures are included in Note 4, Segments.

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.

F-19

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. 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.

F-20

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 FASB's concepts statements from the *FASB Accounting Standards Codification*. This ASU is part of the FASB's standing project to make codification updates 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.

On November 4, 2024, the FASB issued ASU 2024-03, "Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures" which improves the disclosures about a public business entity's expenses and addresses requests from investors for more detailed information about the types of expenses in commonly presented expense captions. The amendments in this update are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. 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.

Note 4. Segments

The company has one operating segment, which represents the company's consolidated financial statements, 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 CODM, for the purpose of assessing performance and allocating resources.

Our CODM evaluates operating performance based on net income adjusted for items impacting comparability as detailed below. The CODM uses adjusted net income for the annual budgeting and monthly forecasting process. The CODM considers budget-to-current forecast and prior forecast-to-current forecast variances for adjusted net income on a period basis for evaluating performance and making decisions about allocating capital and other resources.

Detailed below are expense (recovery) items impacting comparability for Fiscal 2024, 2023, and 2022 (amounts in thousands):

	Fiscal 2024		Fiscal 2023		Fiscal 2022		Footnote Disclosure
	52 weeks		52 weeks		52 weeks		
(Amounts in thousands)							
Business process improvement costs	\$ 4,529		\$ 21,521		\$ 33,169		Note 2
Restructuring charges	7,403		7,099		—		Note 6
Restructuring-related implementation costs	2,979		—		—		Note 6
Plant closure costs and impairment of assets	10,310		7,298		7,825		Note 2
Acquisition-related costs	2,008		3,712		12,518		Note 2, 7, 25
Legal settlements and related costs	3,800		137,529		7,500		Note 24
Pension plan settlement loss	241		—		—		Note 22
Gain on sale, severance costs, and lease termination gain	—		—		(4,390)		Note 2
FASTER Act, net of recovery on inferior ingredients	—		—		236		Note 5
	<u>\$ 31,270</u>		<u>\$ 177,159</u>		<u>\$ 56,858</u>		

F-21

Our single segment net sales, net income, and significant expenses are as follows for Fiscal 2024, 2023, and 2022 (amounts in thousands):

	Fiscal 2024			Fiscal 2023			Fiscal 2022		
	52 weeks		52 weeks		52 weeks		52 weeks		
	(Amounts in thousands, except per share data)								
Net sales	\$	5,103,487	\$	5,090,830	\$	4,805,822			
Materials, supplies, labor and other production costs (exclusive of depreciation and amortization)									
Ingredients		1,313,585		1,430,136		1,327,192			
Workforce-related costs		747,612		702,036		661,651			
Packaging		188,481		197,748		201,878			
Other(1)		327,542		302,216		311,274			
Total materials, supplies, labor and other production costs (exclusive of depreciation and amortization)		2,577,220		2,632,136		2,501,995			
Selling, distribution, and administrative expenses									
Workforce-related costs		616,013		562,982		520,821			
Distributor distribution fees		678,385		715,561		700,702			
Other(2)		706,654		841,175		629,071			
Total selling, distribution, and administrative expenses		2,001,052		2,119,718		1,850,594			
Depreciation		127,577		117,788		108,500			
Amortization		31,373		32,218		31,752			
Right-of-use financing lease amortization		260		1,703		1,705			
Plant closure costs and impairment of assets		10,310		7,298		7,825			
Restructuring charges		7,403		7,099		—			
FASTER Act, net of recovery on inferior ingredients		—		—		236			
Interest expense		37,129		36,609		28,921			
Interest income		(17,506)		(20,577)		(23,644)			
Other components of net periodic pension and postretirement benefits									
credit		(273)		(269)		(773)			
Income before income taxes		328,942		157,107		298,711			
Income tax expense		80,826		33,691		70,317			
Net income	\$	248,116	\$	123,416	\$	228,394			

(1) The Other line item includes utilities, repairs and maintenance, rent, and other production costs.

(2) The Other line item includes transportation, marketing, legal, consulting, rent, computer maintenance, and other overhead expenses.

Note 4.5. Food Allergen Compliance Costs and (Recovery) Loss Recovery on Inferior Ingredients

Food Allergen Compliance Costs

In the fourth quarter of Fiscal 2022, the company recognized \$2.0 million of compliance costs associated with the Food, Allergy Safety, Treatment, Education, and Research Act (the FASTER Act) signed into law on April 23, 2021 and effective on January 1, 2023. The FASTER Act declared sesame as the ninth major food allergen recognized by the U.S. and requires, among other things, all food products containing sesame (or products produced on the same equipment as products containing sesame) to list it in the ingredients statement or in a separate allergen statement on the packaging. The costs were mostly attributable to write-offs of obsolete packaging not in compliance with the new requirements and are recorded in our Consolidated Statements of Income.

(Recovery) Loss Recovery on Inferior Ingredients

During Fiscal 2021, the company issued a voluntary recall on certain Tastykake multi-pack cupcakes sold in eight states and certain Tastykake Krimpets distributed to retail customers throughout the U.S. due to the potential presence of tiny fragments of metal mesh wire. The recall was initiated following notification by a vendor of the possible contamination in a supplied ingredient. We incurred costs of \$1.8 million related to the recall in Fiscal 2021 and received a full reimbursement for the loss in the fourth quarter of Fiscal 2022.

During Fiscal 2020, the company received ingredient shipments containing gluten which were used to produce our gluten-free products. The company issued a voluntary product recall due to the potential presence of gluten in certain products. The products recalled were distributed to retail customers in F-2214

states. The recall was initiated after finished product testing revealed the possible presence of gluten. The cause was gluten present in ingredients from a supplier that should not have contained gluten. We incurred costs of \$1.3 million related to the recall of gluten-free products and an adjustment to previously recorded inferior yeast costs. During Fiscal 2021, the company incurred costs of \$0.1 million and received reimbursements of approximately \$1.0 million for these previously incurred costs.

Unless otherwise noted, the costs and reimbursements related to these inferior ingredients are included in the 'FASTER Act, and loss net of recovery' on inferior ingredients' line item in our Consolidated Statements of Income.

There were no costs or reimbursements related to food allergen compliance or inferior ingredients during Fiscal 2024 or Fiscal 2023.

The table below presents the total costs associated with the FASTER Act and cost and recoveries on inferior ingredients during Fiscal 2022 and 2021 (amounts in thousands):

	Fiscal 2022	Fiscal 2021	Fiscal 2022
FASTER Act expense recognized	\$ 2,008	\$ —	\$ 2,008
Expense recognized on inferior ingredients	—	1,894	—
Recoveries recognized on inferior ingredients	(1,772)	(950)	(1,772)
FASTER Act and loss on inferior ingredients	\$ 236	\$ 944	
FASTER Act and recovery on inferior ingredients	\$ 236		

Note 5.6. 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 expense optimization initiatives which were substantially complete by the end of Fiscal 2024. 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. Employee

F-20

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" "2023 VSIP"), reduction-in-force ("the "2023 RIF"), and employee relocation costs. There were no additional costs incurred during Fiscal 2024 for the 2023 VSIP, 2023 RIF, and employee relocation costs. These costs are recorded in the restructuring charges line item of the Consolidated Statements of Income.

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

	Fiscal 2023
Restructuring charges:	
VSIP	\$ 5,229
RIF	899
Relocation costs	971
Total restructuring	\$ 7,099

	Fiscal 2024
Restructuring charges:	

2024 RIF (1)	\$	7,403
Restructuring-related implementation costs (2)		2,979
Total restructuring charges	\$	10,382
		Fiscal 2023
Restructuring charges:		
2023 VSIP	\$	5,229
2023 RIF		899
Relocation costs		971
Total restructuring charges (1)	\$	7,099

(1) Presented on our Consolidated Statements of Income.

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

F-23

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

	VSIP	Relocation Costs	RIF	Total
Liability balance at December 31, 2022	\$ —	\$ —	\$ —	\$ —
Charges	5,229	971	899	7,099
Cash payments	(3,800)	(971)	(899)	(5,670)
Liability balance (1) at December 30, 2023	\$ 1,429	\$ —	\$ —	\$ 1,429
			2023	2024
			VSIP	RIF
Liability balance (1) at December 30, 2023	\$ 1,429	\$ —	\$ —	\$ 1,429
Charges	—		7,403	\$ 7,403
Cash payments	(1,429)		(7,317)	\$ (8,746)
Liability balance (1) at December 28, 2024	\$ —	\$ 86	\$ 86	\$ 86

(1) Recorded in the other accrued current liabilities line item of our Consolidated Balance Sheets.

Note 6.7. Acquisition

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 adjustment. 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 acquisition costs of \$3.7 million and \$0.9 million during Fiscal 2023 and 2022, respectively. These costs are reflected in the selling, distribution, and administrative expenses line item of the Consolidated Statements of Income. The company also recognized an immaterial a \$1.5 million goodwill measurement period adjustment related to the final net working capital amount an environmental and emissions liability during the second first quarter of Fiscal 2023. Papa Pita's operating income since the acquisition was immaterial to our Fiscal 2023 results of operations.

The following table summarizes the consideration paid for Papa Pita based on the fair value at the acquisition date. This table is based on preliminary the valuations for the assets acquired (the company did not acquire any cash), liabilities assumed, and liabilities assumed. The property and equipment, certain financial the allocated intangible assets and taxes are still under review. We will continue reviewing the final recognized amounts of identifiable assets acquired and liabilities assumed until the first quarter of Fiscal 2024 when the allocation will be final 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		
Identifiable intangible assets	\$	104,118
Financial assets		27,100
Liabilities assumed		14,250
Net recognized amounts of identifiable assets acquired		(3,265)
Goodwill		142,203
	\$	132,552

F-21

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	\$ 27,100	23.9	

F-24

Note 7.8. Accumulated Other Comprehensive Income (Loss)

The company's total comprehensive income (loss) 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 Fiscal 2024, 2023, 2022, and 2021, reclassifications out of AOCI were as follows (amounts in thousands):

Details about AOCI Components (Note 2)	Affected Line Item in the Statement						Affected Line Item in the Statement					
	Amount Reclassified from AOCI			Where Net Income is Presented			Amount Reclassified from AOCI			Where Net Income is Presented		
	Fiscal 2023	Fiscal 2022	Fiscal 2021				Fiscal 2024	Fiscal 2023	Fiscal 2022			
	2023	2022	2021				2024	2023	2022			
Derivative instruments:												
Interest rate contracts	\$ 499	\$ 499	\$ 126	Interest expense			\$ 498	\$ 499	\$ 499	Interest expense		
Commodity contracts	(2,920)	5,813	2,115	Cost of sales, Note 3, below			(1,457)	(2,920)	5,813	Cost of sales, Note 3, below		
Total before tax	\$ (2,421)	\$ 6,312	\$ 2,241	Total before tax			\$ (959)	\$ (2,421)	\$ 6,312	Total before tax		
Tax benefit (expense)	606	(1,578)	(560)	Tax expense			239	606	(1,578)	Tax expense		
Total net of tax	\$ (1,815)	\$ 4,734	\$ 1,681	Net of tax			\$ (720)	\$ (1,815)	\$ 4,734	Net of tax		
Pension and postretirement plans:												
Prior-service credits (cost)	\$ 177	\$ 180	\$ (55)	Note 1, below								
Prior-service credits	\$ 177	\$ 177	\$ 180	Note 1, below								
Settlement loss	—	—	(403)	Note 1, below			(241)	—	—	Note 1, below		
Actuarial gains (losses)	74	(285)	(532)	Note 1, below			138	74	(285)	Note 1, below		
Total before tax	\$ 251	\$ (105)	\$ (990)	Total before tax			\$ 74	\$ 251	\$ (105)	Total before tax		
Tax (expense) benefit	(63)	26	247	Tax benefit			(18)	(63)	26	Tax benefit		
Total net of tax	\$ 188	\$ (79)	\$ (743)	Net of tax benefit			\$ 56	\$ 188	\$ (79)	Net of tax benefit		
Total reclassifications from AOCI	\$ (1,627)	\$ 4,655	\$ 938	Net of tax benefit			\$ (664)	\$ (1,627)	\$ 4,655	Net of tax benefit		

Note 1: These items are included in the computation of net periodic pension cost. See Note 21, 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 Consolidated Statements of Cash Flows.

F-22

During Fiscal 2024, 2023, 2022, and 2021, amounts recognized in AOCI, exclusive of reclassifications, were as follows (amounts in thousands):

AOCI component	Amount of Gain (Loss) Recognized in AOCI			Amount of Gain (Loss) Recognized in AOCI		
	Fiscal 2023	Fiscal 2022	Fiscal 2021	Fiscal 2024	Fiscal 2023	Fiscal 2022
Derivative instruments:						
Interest rate contracts	\$ —	\$ —	\$ 3,902	\$ 7,679	\$ —	\$ —
Commodity contracts	(3,934)	1,053	(11,030)	(473)	(3,934)	1,053
Total before tax	\$ (3,934)	\$ 1,053	\$ (7,128)	\$ 7,206	\$ (3,934)	\$ 1,053
Tax benefit (expense)	983	(263)	1,780	(1,802)	983	(263)
Total net of tax	\$ (2,951)	\$ 790	\$ (5,348)	\$ 5,404	\$ (2,951)	\$ 790
Pension and postretirement plans:						
Current year actuarial loss	\$ 628	\$ 3,669	\$ 1,050			
Current year prior service credit	—	—	2,214			
Total before tax	\$ 628	\$ 3,669	\$ 3,264			
Current year actuarial loss before tax	\$ 188	\$ 628	\$ 3,669			

Tax expense	(157)	(917)	(815)	47	(157)	(917)
Total net of tax	\$ 471	\$ 2,752	\$ 2,449	\$ 141	\$ 471	\$ 2,752
Total recognized in AOCI	<u>\$ (2,480)</u>	<u>\$ 3,542</u>	<u>\$ (2,899)</u>	<u>\$ 5,545</u>	<u>\$ (2,480)</u>	<u>\$ 3,542</u>

F-25

During Fiscal 2024, changes to AOCI, net of income tax, by component were as follows (amounts in thousands):

	Defined Benefit		
	Cash Flow Hedge		Pension Plan
	Items	Items	Total
AOCI at December 30, 2023	\$ 963	\$ (342)	\$ 621
Other comprehensive loss before reclassifications	5,404	141	5,545
Reclassified to earnings from AOCI	720	(56)	664
AOCI at December 28, 2024	<u>\$ 7,087</u>	<u>\$ (257)</u>	<u>\$ 6,830</u>

During Fiscal 2023, changes to AOCI, net of income tax, by component were as follows (amounts in thousands):

	Defined Benefit		
	Cash Flow Hedge		Pension Plan
	Items	Items	Total
AOCI at December 31, 2022	\$ 2,099	\$ (625)	\$ 1,474
Other comprehensive (gain) loss before reclassifications	(2,951)	471	(2,480)
Reclassified to earnings from AOCI	1,815	(188)	1,627
AOCI at December 30, 2023	<u>\$ 963</u>	<u>\$ (342)</u>	<u>\$ 621</u>

During Fiscal 2022, changes to AOCI, net of income tax, by component were as follows (amounts in thousands):

	Defined Benefit		
	Cash Flow Hedge		Pension Plan
	Items	Items	Total
AOCI at January 1, 2022	\$ 6,043	\$ (3,456)	\$ 2,587
Other comprehensive loss before reclassifications	790	2,752	3,542
Reclassified to earnings from AOCI	(4,734)	79	(4,655)
AOCI at December 31, 2022	<u>\$ 2,099</u>	<u>\$ (625)</u>	<u>\$ 1,474</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 Consolidated Statements of Cash Flows. The following table presents the net of tax amount of the loss reclassified from AOCI for our commodity contracts (amounts in thousands):

	Fiscal 2023	Fiscal 2022	Fiscal 2021	Fiscal 2024	Fiscal 2023	Fiscal 2022
Gross (loss) gain reclassified from AOCI into income	\$ (2,920)	\$ 5,813	\$ 2,115	\$ (1,457)	\$ (2,920)	\$ 5,813
Tax benefit (expense)	732	(1,452)	(529)	363	732	(1,452)
Net of tax	<u>\$ (2,188)</u>	<u>\$ 4,361</u>	<u>\$ 1,586</u>	<u>\$ (1,094)</u>	<u>\$ (2,188)</u>	<u>\$ 4,361</u>

Note 8.9. Notes Receivable from IDPs

The company provides direct financing to certain IDPs for the purchase of the IDPs' distribution rights and records the notes receivable on the Consolidated Balance Sheets. The distribution rights are financed for up to ten years. During Fiscal 2024, 2023, 2022, and 2021 2022 the following amounts were recorded as interest income, the majority of which relates to these notes receivable (amounts in thousands):

Interest income	Interest income
-----------------	-----------------

Fiscal 2024	\$ 17,506
Fiscal 2023	\$ 20,577
Fiscal 2022	\$ 23,644
Fiscal 2021	\$ 23,533

F-23

The notes receivable are collateralized by the IDPs' distribution rights. Additional details are included in Note [17, 18, Fair Value of Financial Instruments](#).

Note 9, 10. Assets Held for Sale

The table below presents the assets held for sale as of [December 30, 2023](#) [December 28, 2024](#) and [December 31, 2022](#) [December 30, 2023](#), respectively (amounts in thousands):

	December 30, 2023	December 31, 2022	December 28, 2024	December 30, 2023
Distribution rights	\$ 20,587	\$ 7,608	\$ 23,734	\$ 20,587
Property, plant and equipment	1,212	4,885	790	1,212
Total assets held for sale	<u>\$ 21,799</u>	<u>\$ 12,493</u>	<u>\$ 24,524</u>	<u>\$ 21,799</u>

F-26

The company repurchases distribution rights from IDPs in circumstances 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 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 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.

[During the second quarter of Fiscal 2024, the company recorded an asset impairment charge of \\$1.4 million to write-off certain cake distribution territories classified as held for sale that the company no longer intends to sell.](#)

During the third and fourth quarters of Fiscal 2023, the company entered into agreements to sell a warehouse and a closed bakery, respectively, both of which were classified as held for sale and recorded [an impairment charges of \\$1.8 million](#). The company completed the sale of the impaired warehouse for proceeds of \$1.3 million at the end of the third quarter of Fiscal 2023 and [anticipates completing completed the sale of the bakery in the first quarter](#) [Fiscal 2024 for proceeds of Fiscal 2024. \\$0.7 million.](#)

During the first quarter of Fiscal 2022, the company reclassified two warehouses acquired at the end of Fiscal 2021 as held for sale and recorded an impairment charge of \$1.0 million. The company completed the sale of the impaired warehouse at the end of the first quarter of Fiscal 2022. The company received net proceeds of \$1.2 million. During Fiscal 2022, the company completed the sale of equipment and property previously included as held for sale and received net proceeds of \$3.7 million.

Note 10, 11. Goodwill and Other Intangible Assets

The table below summarizes our goodwill and other intangible assets as of December 30, 2023 December 28, 2024 and December 31, 2022 December 30, 2023, respectively, each of which is explained in additional detail below (amounts in thousands):

	December 30, 2023	December 31, 2022	December 28, 2024	December 30, 2023
Goodwill	\$ 677,796	\$ 545,244	\$ 679,896	\$ 677,796
Amortizable intangible assets, net of amortization	530,642	537,281	499,269	530,642
Indefinite-lived intangible assets	127,100	127,100	127,100	127,100
Total goodwill and other intangible assets	\$ 1,335,538	\$ 1,209,625	\$ 1,306,265	\$ 1,335,538

The changes in the carrying amount of goodwill during Fiscal 2023, 2024, during which time we completed finalized the purchase accounting for the acquisition of Papa Pita, are as follows (amounts in thousands):

	Total
Balance as of December 31, 2022	\$ 545,244
Acquisition	132,552
Balance as of December 30, 2023	\$ 677,796

	Total
Balance as of December 30, 2023	\$ 677,796
Measurement period adjustment (see Note 7, Acquisition)	2,100
Balance as of December 28, 2024	\$ 679,896

On February 17, 2023, the company completed the acquisition of Papa Pita for total consideration of approximately \$274.8 million, inclusive of a net working capital adjustment payment. The acquisition included several amortizable intangible assets which total \$27.1

F-24

million and are included in the table below. See Note 6, 7, Acquisition, for details of the assets and the respective amortization period by category.

Goodwill was not impaired in Fiscal 2024, 2023, 2022, or 2021, 2022.

F-27

As of December 30, 2023 December 28, 2024 and December 31, 2022 December 30, 2023, the company had the following amounts related to amortizable intangible assets (amounts in thousands):

Asset	December 30, 2023			December 31, 2022			December 28, 2024			December 30, 2023		
	Accumulated			Accumulated			Accumulated			Accumulated		
	Cost	Amortization	Net Value									
Trademarks	\$ 481,715	\$ 107,562	\$ 374,153	\$ 477,115	\$ 92,763	\$ 384,352	\$ 481,715	\$ 122,432	\$ 359,283	\$ 481,715	\$ 107,562	\$ 374,153

Customer relationships	340,221	184,222	155,999	318,021	167,688	150,333	340,221	200,549	139,672	340,221	184,222	155,999
Non-compete agreements	5,454	5,206	248	5,154	5,114	40	5,454	5,281	173	5,454	5,206	248
Distributor relationships	4,123	3,881	242	4,123	3,673	450	4,123	3,982	141	4,123	3,881	242
Distributor routes held and used	—	—	—	3,249	1,143	2,106						
Total	<u>\$ 831,513</u>	<u>\$ 300,871</u>	<u>\$ 530,642</u>	<u>\$ 807,662</u>	<u>\$ 270,381</u>	<u>\$ 537,281</u>	<u>\$ 831,513</u>	<u>\$ 332,244</u>	<u>\$ 499,269</u>	<u>\$ 831,513</u>	<u>\$ 300,871</u>	<u>\$ 530,642</u>

In Fiscal 2020, the company reclassified certain California distribution rights from held for sale to held and used. In conjunction with the agreement to settle the California distributor-related litigation, reached in Fiscal 2023, the company fully impaired these distribution rights and recorded a charge of \$2.3 million in the selling, distribution, and administrative expenses line item of the Consolidated Statements of Income during Fiscal 2023. See Note 23, *Commitments and Contingencies*, for details of this settlement.

As of December 30, 2023 December 28, 2024 and December 31, 2022 December 30, 2023, there was \$127.1 million of indefinite-lived intangible trademark assets separately identified from goodwill. These trademarks are classified as indefinite-lived because there is no foreseeable limit to the period over which the asset is expected to contribute to our cash flows. They are well established brands with a long history and well-defined markets. In addition, we are continuing to use these brands both in their original markets and throughout our expansion territories. We believe these factors support an indefinite-life assignment with an annual impairment analysis to determine if the trademarks are realizing their expected economic benefits.

Amortization expense

Amortization expense for Fiscal 2024, 2023, 2022, and 2021 2022 was as follows (amounts in thousands):

	Amortization expense	Amortization expense
Fiscal 2024	\$ 31,371	
Fiscal 2023	\$ 32,218	\$ 32,218
Fiscal 2022	\$ 31,752	\$ 31,752
Fiscal 2021	\$ 30,857	

Estimated amortization of intangibles for Fiscal 2024 2025 and the next four years thereafter is as follows (amounts in thousands):

Fiscal year	Amortization of Intangibles	
2024		\$ 31,409
2025		\$ 30,746
2026		\$ 28,891
2027		\$ 27,242
2028		\$ 25,611
Fiscal year	Amortization of Intangibles	
2025		\$ 30,747
2026		\$ 28,891
2027		\$ 27,241
2028		\$ 25,611
2029		\$ 23,411

Note 11.12. 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 Price 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, yeast, and shortening, along with pulp, paper, and petroleum-based packaging products. Natural gas, which is used as oven fuel, is also an important commodity used for production.

As of December 28, 2024, the company's commodity hedge portfolio contained derivatives which are recorded in the following accounts with fair values measured as indicated (amounts in thousands):

	Level 1	Level 2	Level 3	Total
Assets:				
Other current assets	\$ 723	\$ —	\$ —	\$ 723
Other long-term assets	—	—	—	—
Total	\$ 723	\$ —	\$ —	\$ 723
Liabilities:				
Other current liabilities	\$ (1,290)	\$ —	\$ —	\$ (1,290)
Other long-term liabilities	—	—	—	—
Total	\$ (1,290)	\$ —	\$ —	\$ (1,290)
Net Fair Value	\$ (567)	\$ —	\$ —	\$ (567)

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

	Level 1	Level 2	Level 3	Total
Assets:				
Other current assets	\$ 55	\$ —	\$ —	\$ 55
Other long-term assets	—	—	—	—
Total	\$ 55	\$ —	\$ —	\$ 55
Liabilities:				
Other current liabilities	\$ (1,918)	\$ —	\$ —	\$ (1,918)
Other long-term liabilities	(2)	—	—	(2)
Total	\$ (1,920)	\$ —	\$ —	\$ (1,920)
Net Fair Value	\$ (1,865)	\$ —	\$ —	\$ (1,865)

As of December 31, 2022, the company's commodity hedge portfolio contained derivatives which are recorded in the following accounts with fair values measured as indicated (amounts in thousands):

	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Other current assets	\$ 782	\$ —	\$ —	\$ 782	\$ 55	\$ —	\$ —	\$ 55
Other long-term assets	2	—	—	2	—	—	—	—
Total	\$ 784	\$ —	\$ —	\$ 784	\$ 55	\$ —	\$ —	\$ 55
Liabilities:								
Other current liabilities	\$ (1,149)	\$ —	\$ —	\$ (1,149)	\$ (1,918)	\$ —	\$ —	\$ (1,918)
Other long-term liabilities	(86)	—	—	(86)	(2)	—	—	(2)
Total	(1,235)	—	—	(1,235)	(1,920)	—	—	(1,920)
Net Fair Value	\$ (451)	\$ —	\$ —	\$ (451)	\$ (1,865)	\$ —	\$ —	\$ (1,865)

The positions held in the portfolio are used to hedge economic exposure to changes in various raw materials and production input prices and effectively fixes the price, or limits increases in prices, for a period of time extending into Fiscal 2025. These instruments are designated as cash-flow hedges. See Note 2, *Summary of Significant Accounting Policies*, for the accounting treatment of these hedged transactions.

Interest Rate Risk

During the first quarter The company enters into interest derivatives designated as cash-flow hedges of Fiscal 2021, existing or future exposure to changes in interest rates. The company's risk management objective and strategy with respect to interest rate swaps is to protect the company entered into treasury locks against adverse fluctuations in interest rates by reducing its exposure to fix the variability in cash flows relating to interest payments on a forecasted issuance of long-term debt. These swaps are designated as cash flow hedges.

For derivatives designated and that qualify as cash flow hedges of interest rate risk, the 2031 notes issued gain or loss on March 9, 2021. The 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 is recorded in AOCI and subsequently reclassified into interest expense in the benchmark treasury rate between execution of same period during which the treasury rate locks and the debt pricing date. These rate locks were designated as a cash flow hedge and the deferred amount hedged transaction affects earnings. Amounts reported in AOCI is being related to derivatives will be reclassified to interest expense as interest payments are made on the notes through the maturity date. company's long-term debt.

F-26 F-29

As of December 28, 2024, the company's hedge portfolio contained interest derivatives, which are recorded in the following accounts with fair values measured as indicated (amounts in thousands):

	Level 1	Level 2	Level 3	Total
Assets:				
Other current assets	\$ —	\$ —	\$ —	\$ —
Other long-term assets	7,686	—	—	7,686
Total	\$ 7,686	\$ —	\$ —	\$ 7,686
Liabilities:				
Other current liabilities	\$ —	\$ —	\$ —	\$ —
Other long-term liabilities	—	—	—	—
Total	—	—	—	—
Net Fair Value	\$ 7,686	\$ —	\$ —	\$ 7,686

The company's hedge portfolio did not contain any interest derivatives as of December 30, 2023.

The company previously entered into treasury rate locks at the time we executed the 2026 notes and 2031 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 had the following derivative instruments recorded on the Consolidated Balance Sheets, all of which are utilized for the risk management purposes detailed above (amounts in thousands):

Derivatives Designated as Hedging Instruments	Derivative Assets				Derivative Assets			
	December 30, 2023		December 31, 2022		December 28, 2024		December 30, 2023	
	Balance Sheet Location	Fair Value						
Commodity contracts	Other current assets	\$ 55	Other current assets	\$ 782	Other current assets	\$ 723	Other current assets	\$ 55
Commodity contracts	Other long-term assets	—	Other long-term assets	2				
Interest rate contracts	Other long-term assets	7,686	Other long-term assets	—				
Total		\$ 55		\$ 784		\$ 8,409		\$ 55
Derivative Liabilities								
Derivatives Designated as Hedging Instruments	December 30, 2023		December 31, 2022		December 28, 2024		December 30, 2023	
	Balance Sheet Location	Fair Value						
	Commodity contracts	Other current liabilities	\$ 1,918	Other current liabilities	\$ 1,149	Other current liabilities	\$ 1,290	Other current liabilities
Commodity contracts	Other long-term liabilities	2	Other long-term liabilities	86	Other long-term liabilities	—	Other long-term liabilities	2
Total		\$ 1,920		\$ 1,235		\$ 1,290		\$ 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 Hedging Relationships	Amount of Gain or (Loss) Recognized in OCI on Derivatives (Effective Portion) (Net of tax)			Amount of Gain or (Loss) Recognized in OCI on Derivatives (Effective Portion) (Net of tax)		
	Fiscal 2023		Fiscal 2022	Fiscal 2024		Fiscal 2023
	Interest rate contracts	Commodity contracts		Interest rate contracts	Commodity contracts	
Interest rate contracts	\$ —	(2,951)	\$ 2,926	\$ 5,758	(354)	\$ —
Commodity contracts			790		(2,951)	790
Total	\$ (2,951)	\$ 790	\$ (5,348)	\$ 5,404	\$ (2,951)	\$ 790

Derivatives in Cash Flow Hedging Relationships	Amount of Gain or (Loss) Reclassified from AOCI into Income (Effective Portion)(Net of tax)			Location of Gain or (Loss)	
				Reclassified from AOCI into Income (Effective Portion)	
	Fiscal 2023	Fiscal 2022	Fiscal 2021		
Interest rate contracts	\$ 373	\$ 373	\$ 95	Interest income (expense)	
Commodity contracts	(2,188)	4,361	1,586	Production costs (1)	
Total	\$ (1,815)	\$ 4,734	\$ 1,681		

Derivatives in Cash Flow Hedging Relationships	Amount of Gain or (Loss) Reclassified			Location of Gain or (Loss) Reclassified from AOCI into Income (Effective Portion)	
	from AOCI into Income (Effective Portion)(Net of tax)				
	Fiscal 2024	Fiscal 2023	Fiscal 2022		
Interest rate contracts	\$ 374	\$ 373	\$ 373	Interest income (expense)	
Commodity contracts	(1,094)	(2,188)	4,361	Production costs (1)	
Total	\$ (720)	\$ (1,815)	\$ 4,734		

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

The balance (credit or (debit) balance) in AOCI related to commodity price risk and interest rate risk derivative transactions that are closed or will expire over the next two years are as follows (amounts in thousands and net of tax) at December 30, 2023 December 28, 2024:

	Commodity Price			Interest Rate Risk			Commodity Price			Interest Rate Risk		
	Risk Derivatives		Derivatives	Totals	Risk Derivatives		Derivatives	Totals	Risk Derivatives		Derivatives	Totals
Closed contracts	\$ (48)	\$ (2,316)	\$ (2,364)	\$ 189	\$ (1,943)	\$ (1,754)						
Expiring in 2024	1,397	—	1,397									
Expiring in 2025	2	—	2	425	—	425						
Expiring in 2026	—	(5,758)	(5,758)									
Total	\$ 1,351	\$ (2,316)	\$ (965)	\$ 614	\$ (7,701)	\$ (7,087)						

See Note 2, *Summary of Significant Accounting Policies*, for the accounting treatment of OCI for these hedged transactions.

F-27

Derivative transactions notional amounts

As of December 30, 2023 December 28, 2024, the company had entered into the following financial contracts to hedge commodity risks (amounts in thousands):

Derivatives in Cash Flow Hedging Relationships	Notional amount		Notional amount	
Wheat contracts	\$ 1,183		\$ 6,301	
Soybean oil contracts	16,387		9,922	
Natural gas contracts	2,940		1,846	
Corn contracts	1,416			
Interest rate contracts	150,000			
Total	\$ 20,510		\$ 169,485	

The company's derivative instruments contained no credit-risk-related contingent features at December 30, 2023 December 28, 2024. As of December 30, 2023 December 28, 2024 and December 31, 2022 December 30, 2023, the company had \$6.34.0 million and \$7.26.3 million, respectively, recorded in other current assets representing collateral to counterparties for hedged positions. As of December 30, 2023 December 28, 2024 and December 31, 2022 December 30, 2023, the company had \$3.22.1 million and \$3.13.2 million, respectively, recorded in other accrued liabilities representing collateral from counterparties for hedged positions.

Note 12.13. Other Current and Non-Current Assets

Other current assets consist of (amounts in thousands):

	December 30, 2023	December 31, 2022	December 28, 2024	December 30, 2023
Prepaid assets	\$ 4,042	\$ 4,589	\$ 3,433	\$ 4,042
Prepaid insurance	6,546	5,709	6,911	6,546
Prepaid marketing	4,458	3,917	3,995	4,458
Service contracts	27,102	25,595	21,748	27,102
Fair value of derivative instruments	55	782	723	55
Collateral to counterparties for derivative positions	6,333	7,210	4,046	6,333
Income taxes receivable	17,362	—	12,712	17,362
Other	159	216	290	159
Total	\$ 66,057	\$ 48,018	\$ 53,858	\$ 66,057

F-31

Other non-current assets consist of (amounts in thousands):

	December 30, 2023	December 31, 2022	December 28, 2024	December 30, 2023
Unamortized financing fees	\$ 1,125	\$ 1,356	\$ 783	\$ 1,125
Investments	2,443	2,506	2,318	2,443
Investment in unconsolidated affiliate	5,481	9,000	1,481	5,481
Fair value of derivative instruments	7,686	—		
Deposits	2,789	2,444	2,874	2,789
Unamortized cloud computing arrangement costs	81	258		
Unamortized CCA costs	37	81		
Noncurrent postretirement benefit plan asset	6,494	4,902	6,869	6,494
Noncurrent service contracts	—	3,957		
Other	74	92	59	74
Total	\$ 18,487	\$ 24,515	\$ 22,107	\$ 18,487

F-28

Note 13.14. Other Accrued Liabilities and Other Long-Term Liabilities

Other accrued liabilities consist of (amounts in thousands):

	December 30, 2023	December 31, 2022	December 28, 2024	December 30, 2023
Employee compensation	\$ 28,000	\$ 26,762	\$ 35,521	\$ 28,000
VSIP	1,429	—		
Employee vacation	17,699	16,058	19,595	17,699
Employee bonus	28,004	29,526	50,422	28,004
Restructuring-related accruals	86	1,429		
Fair value of derivative instruments	1,918	1,149	1,290	1,918
Self-insurance reserves	38,003	30,599	34,392	38,003

Bank overdraft	18,180	17,960	14,459	18,180
Accrued interest	7,516	7,127	7,340	7,516
Accrued taxes	7,984	11,970	7,655	7,984
Accrued legal costs	3,798	3,021	4,032	3,798
Accrued advertising	2,333	4,813	2,978	2,333
Accrued legal settlements	55,000	5,500	1,697	55,000
Accrued short term deferred income	3,217	3,893	2,380	3,217
Accrued utilities	6,121	6,861	6,141	6,121
Acquisition consideration adjustment	—	753		
Collateral from counterparties for derivative positions	3,230	3,085	2,076	3,230
Multi-employer pension plan withdrawal liability	1,297	1,297	—	1,297
Repurchase obligations of distribution rights	64,583	432	18,965	64,583
Other	4,634	4,470	10,340	4,634
Total	\$ 292,946	\$ 175,276	\$ 219,369	\$ 292,946

In the third quarter The repurchase obligations of Fiscal 2023, we reached an agreement to settle certain distributor-related litigation for distribution rights is part of a legal settlement payment, inclusive of plaintiffs' attorney fees, of \$55.0 million. The settlement also which requires a phased repurchase of approximately 350 distribution territories. The company estimated the cost of these repurchases, and an additional 50 other California distribution territories 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 early in the second quarter of Fiscal 2025. See Note 23, 24, Commitments and Contingencies, for details on this settlement.

The acquisition consideration adjustment is in connection with an acquisition completed in Fiscal 2012, the company agreed to make the sellers whole for certain taxes incurred by the sellers on the sale. In Fiscal 2021, there was a tax determination that the sellers owed additional taxes of \$3.4 million, and the company recorded this cost in the selling, distribution and administrative expenses line item of the Condensed Consolidated Statements of Income during the second quarter of Fiscal 2021. During Fiscal 2022, the company reached an agreement to settle this issue and made a partial payment in Fiscal 2022 and made the final payment in Fiscal 2023.

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

	December 30, 2023	December 31, 2022	December 28, 2024	December 30, 2023
Deferred income	\$ 7,222	\$ 11,235	\$ 5,445	\$ 7,222
Deferred compensation	26,207	23,675	28,306	26,207
Other deferred credits	185	382	57	185
Other	323	406	2,069	323
Total	\$ 33,937	\$ 35,698	\$ 35,877	\$ 33,937

F-29 F-32

Note 14, 15. Leases

Qualitative disclosures about our leases, including the significant policy elections, can be found in Note 2, Summary of Significant Accounting Policies. The quantitative disclosures are presented below.

Lease costs incurred by lease type, and/or type of payment for Fiscal 2024, 2023 2022 and 2021 2022 were as follows (in thousands):

	Fiscal 2023	Fiscal 2022	Fiscal 2021	Fiscal 2024	Fiscal 2023	Fiscal 2022
Lease cost:						
Amortization of right-of-use assets	\$ 1,703	\$ 1,705	\$ 1,751	\$ 260	\$ 1,703	\$ 1,705
Interest on lease liabilities	32	93	154	4	32	93
Operating lease cost	62,685	62,115	68,927	74,183	62,685	62,115
Short-term lease cost	3,121	2,897	3,075	10,910	3,121	2,897
Variable lease cost	37,588	33,223	27,120	40,564	37,588	33,223
Total lease cost	<u>\$ 105,129</u>	<u>\$ 100,033</u>	<u>\$ 101,027</u>	<u>\$ 125,921</u>	<u>\$ 105,129</u>	<u>\$ 100,033</u>

Other supplemental quantitative disclosures as of, and for, Fiscal 2023 2024 and Fiscal 2022 2023 were as follows (in thousands):

	Fiscal 2023	Fiscal 2022	Fiscal 2024	Fiscal 2023
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash flows from financing leases	\$ 32	\$ 93	\$ 4	\$ 32
Operating cash flows from operating leases	\$ 62,989	\$ 57,166	\$ 75,610	\$ 62,989
Financing cash flows from financing leases	\$ 1,819	\$ 1,597	\$ 70	\$ 1,819
Right-of-use assets obtained in exchange for new financing lease liabilities	\$ 34	\$ —	\$ 106	\$ 34
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 54,997	\$ 33,559	\$ 93,775	\$ 54,997
Weighted-average remaining lease term (years):				
Financing leases	1.4	1.1	3.0	1.4
Operating leases	7.3	7.8	6.2	7.3
Weighted-average IBR (percentage):				
Financing leases	3.0	3.5	4.2	3.0
Operating leases	4.2	3.8	5.0	4.2

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 December 30, 2023 December 28, 2024 (in thousands) were as follows:

	Operating lease liabilities	Financing lease liabilities	Operating lease liabilities	Financing lease liabilities
2024	\$ 64,060	\$ 205		
2025	62,089	18	\$ 90,116	\$ 31
2026	44,564	7	70,839	40
2027	37,218	3	62,437	19
2028	28,237	—	44,294	11
2029	31,025	3		
Thereafter	103,373	—	83,277	—
Total minimum lease payments	339,541	233	381,988	104
Less: amount of lease payments representing interest	(55,162)	(111)	(59,094)	(9)
Present value of future minimum lease payments	284,379	122	322,894	95
Less: current obligations under leases	(47,507)	(99)	(68,440)	(84)
Long-term lease obligations	<u>\$ 236,872</u>	<u>\$ 23</u>	<u>\$ 254,454</u>	<u>\$ 11</u>

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

	Fiscal 2023	Fiscal 2022	Fiscal 2024	Fiscal 2023
Lease modifications and renewals	\$ 33,041	\$ 28,278	\$ 33,221	\$ 33,041
Lease terminations	\$ 361	\$ 6,035	\$ 1,963	\$ 361

F-30 F-33

The lease modifications and renewals for Fiscal 2024 include renewals of multiple warehouse leases. For Fiscal 2023, the lease modifications and renewals include \$10.6 million related to a 10 year extension for a freezer storage lease. For Fiscal 2022, the lease modifications and renewals include \$11.2 million related to a 10 year extension for a warehouse lease.

Note 15, 16. Debt and Other Commitments

Long-term debt, including capital lease obligations, consisted of the following at December 30, 2023 December 28, 2024 and December 31, 2022 December 30, 2023:

	Interest Rate at December	Final	December 30,	December 31,	Interest Rate at December	Final	December 28,	December 30,
	30, 2023	Maturity	2023	2022	28, 2024	Maturity	2024	2023
	(Amounts in thousands)				(Amounts in thousands)			
Unsecured credit facility	6.38%	2026	\$ —	\$ —	7.53%	2026	\$ 2,200	\$ —
2031 notes	2.40%	2031	494,723	493,994	2.40%	2031	495,452	494,723
2026 notes	3.50%	2026	398,421	397,848	3.50%	2026	398,992	398,421
Accounts receivable repurchase facility	6.16%	2025	155,000	—	5.27%	2026	125,000	155,000
Accounts receivable securitization facility (1)	—	—	—	—	—	—	1,021,644	1,048,144
Current maturities of long-term debt	—	—	1,048,144	891,842	—	—	—	—
Long-term debt	\$ 1,048,144	\$ 891,842	\$ 1,021,644	\$ 1,048,144	\$ 1,021,644	\$ 1,048,144	\$ 1,021,644	\$ 1,048,144

(1) The securitization facility (as defined below) was terminated in Fiscal 2023.

Bank overdrafts occur when checks have been issued but have not been presented to the bank for payment. Certain of our 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 Consolidated Statements of Cash Flows. Bank overdrafts are included in other current liabilities on our Consolidated Balance Sheets. As of December 30, 2023 December 28, 2024 and December 31, 2022 December 30, 2023, the bank overdraft balance was \$18.2 14.5 million and \$18.0 18.2 million, respectively.

The company also had standby letters of credit ("LOCs") outstanding of \$8.4 million at December 30, 2023 December 28, 2024 and December 31, 2022 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 LOCs are recorded as a liability on the Consolidated Balance Sheets.

2031 Notes, 2026 Notes, Accounts Receivable Repurchase Facility, Accounts Receivable Securitization Facility, 2022 Notes, 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.

F-31

The face value of the 2031 notes is \$500.0 million. There was a debt discount 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 (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 **December 30, 2023** **December 28, 2024**, the company was in compliance with all restrictive covenants under the indenture governing the 2031 notes. The table below presents the debt discount, underwriting fees and other fees for issuing the 2031 notes (amounts in thousands):

Total fees for 2031 notes	Amount at Issuance
Debt discount	\$ 2,430
Underwriting, legal, and other fees	4,829
Total fees	\$ 7,259

F-34

2026 Notes. On September 28, 2016, the company issued \$400.0 million of senior notes (the "2026 notes"). The company will pay semiannual interest on the 2026 notes on each April 1 and October 1, beginning on April 1, 2017, 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 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, 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 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 (including underwriting fees and legal 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 **December 30, 2023** **December 28, 2024**, the company was in compliance with all restrictive covenants under the indenture governing the 2026 notes. The table below presents the debt discount, underwriting fees and the legal and other fees for issuing the 2026 notes (amounts in thousands):

Total fees for 2026 notes	Amount at Issuance
---------------------------	--------------------

Debt discount	\$	2,108
Underwriting, legal, and other fees		3,634
Total fees	\$	5,742

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. Financing costs paid at inception of the repurchase facility 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 \$0.3 million on December 28, 2024 and December 30, 2023, and is recorded in other assets on the Consolidated Balance Sheets. As of December 30, 2023 December 28, 2024, the company was in compliance with all restrictive covenants under the repurchase facility.

F-32

The table below presents the borrowings and repayments under the repurchase facility during Fiscal 2023:2024:

	Amount (thousands)	Amount (thousands)
Balance as of December 31, 2022	\$ —	
Balance as of December 30, 2023	\$ 155,000	
Borrowings	330,000	235,000
Payments	(175,000)	(265,000)
Balance as of December 30, 2023	\$ 155,000	
Balance as of December 28, 2024	<u>\$ 125,000</u>	

F-35

The table below presents the net amount available for working capital and general corporate purposes under the repurchase facility as of December 30, 2023 December 28, 2024:

	Amount (thousands)	Amount (thousands)
Gross amount available	\$ 200,000	\$ 200,000
Outstanding	(155,000)	(125,000)
Available for withdrawal	<u>\$ 45,000</u>	<u>\$ 75,000</u>

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 Fiscal 2023:2024:

	Amount (thousands)		Amount (thousands)
High balance	\$ 180,000		\$ 195,000
Low balance	\$ —		\$ 95,000

Accounts Receivable Securitization Facility. On July 17, 2013, the company entered into the accounts receivable securitization facility (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. Under the securitization facility, a wholly-owned, bankruptcy-remote subsidiary purchased, on an ongoing basis, substantially all trade receivables of the company's subsidiaries. The subsidiary pledged the receivables as collateral for the obligations under the securitization facility. In the event of liquidation of the subsidiary, its creditors were entitled to satisfy their claims from the subsidiary's pledged receivables prior to distributions of collections to the company. We included the subsidiary in our Consolidated Financial Statements. The securitization facility contained certain customary representations and warranties, affirmative and negative covenants, and events of default.

Optional principal repayments could be made at any time without premium or penalty. Interest was due 18 days after our reporting periods end in arrears on the outstanding borrowings and was computed as SOFR plus an applicable margin recognized a charge of 95 basis points. An unused fee of 40 basis points was applicable on the unused commitment at each reporting period. Financing costs paid at inception of the securitization facility and at the time amendments were executed were being amortized over the life of the securitization facility. The company incurred \$0.2 million in financing costs during the third quarter of Fiscal 2022 for the tenth amendment. The balance of unamortized financing costs was \$0.3 million on December 31, 2022, and was recorded in other assets on to write-off the Condensed Consolidated Balance Sheets. During the first quarter of Fiscal 2023, the company recognized \$0.3 million in unamortized loan costs as a loss on extinguishment of debt upon the early termination extinguishment of the securitization facility. These costs are recorded in interest expense on the Consolidated Statements of Income.

The table below presents the borrowings and repayments under the securitization facility during Fiscal 2023:

	Amount (thousands)
Balance as of December 31, 2022	\$ —
Borrowings	28,000
Payments	(28,000)
Balance as of December 30, 2023	\$ —

F-33

Amounts available for withdrawal under the securitization facility were determined as the lesser of the total commitments and a formula derived amount based on qualifying trade receivables. The table below presents the highest and lowest outstanding balance under the securitization facility during Fiscal 2023:

	Amount (thousands)
High balance	\$ 28,000
Low balance	\$ —

2022 Notes. On April 3, 2012, the company issued \$400.0 million of senior notes (the "2022 notes"). Prior to the early redemption discussed below, the company paid semiannual interest on the notes on each April 1 and October 1, beginning on October 1, 2012, and the notes would have matured on April 1, 2022. The notes bore interest at 4.375% per annum.

On April 8, 2021, the company completed the early redemption of the 2022 notes with proceeds received from the issuance of the 2031 notes on March 9, 2021. We recognized a loss on extinguishment of debt of \$16.1 million comprised of a make-whole cash payment of \$15.4 million and the write-off of unamortized debt discount and debt issuance costs of \$0.7 million.

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 December 30, 2023 December 28, 2024 and December 31, 2022 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. There was an additional financing cost paid in the first quarter of Fiscal 2022 that was less than \$0.1 million. The balance of unamortized financing costs was \$0.90.5 million and \$1.10.9 million on December 30, 2023 December 28, 2024 and December 31, 2022 December 30, 2023, respectively and is recorded in other assets on the Consolidated Balance Sheets.

F-34 F-36

Amounts outstanding under the credit facility 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 11, 12, *Derivative Financial Instruments*. The table below presents the borrowings and repayments under the credit facility during Fiscal 2023: 2024:

	Amount (thousands)
Balance as of December 31, 2022	\$ —
Borrowings	540,000
Payments	(540,000)
Balance as of December 30, 2023	\$ —
<hr/>	
Balance as of December 30, 2023	\$ —
Borrowings	88,700
Payments	(86,500)
Balance as of December 28, 2024	\$ 2,200

The table below presents the net amount available under the credit facility as of December 30, 2023 December 28, 2024:

Amount (thousands)	Amount (thousands)
--------------------	--------------------

Gross amount available	\$ 500,000	\$ 500,000
Outstanding	—	(2,200)
Letters of credit	(8,400)	(8,400)
Available for withdrawal	\$ 491,600	\$ 489,400

The table below presents the highest and lowest outstanding balance under the credit facility during Fiscal 2023: 2024:

	Amount (thousands)	Amount (thousands)
High balance	\$ 174,000	\$ 30,000
Low balance	—	—

Aggregate debt maturities. Aggregate maturities of debt outstanding as of December 30, 2023 December 28, 2024, are as follows (excluding unamortized debt discount and issuance costs) (amounts in thousands):

2024	\$ —	
2025	155,000	\$ —
2026	400,000	527,200
2027	—	—
2028	—	—
2029	—	
Thereafter	500,000	500,000
Total	\$ 1,055,000	\$ 1,027,200

Debt issuance costs and debt discount. 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 December 28, 2024 (amounts in thousands):

	Debt issuance costs			Debt issuance costs		
	Face Value	and debt discount	Net carrying value	Face Value	and debt discount	Net carrying value
2031 notes	\$ 500,000	\$ 5,277	\$ 494,723	\$ 500,000	\$ 4,548	\$ 495,452
2026 notes	400,000	1,579	398,421	400,000	1,008	398,992
Total	\$ 900,000	\$ 6,856	\$ 893,144	\$ 900,000	\$ 5,556	\$ 894,444

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 31, 2022 December 30, 2023 (amounts in thousands):

	Debt issuance costs			Debt issuance costs		
	Face Value	and debt discount	Net carrying value	Face Value	and debt discount	Net carrying value
2031 notes	\$ 500,000	\$ 6,006	\$ 493,994	\$ 500,000	\$ 5,277	\$ 494,723
2026 notes	400,000	2,152	397,848	400,000	1,579	398,421
Total	\$ 900,000	\$ 8,158	\$ 891,842	\$ 900,000	\$ 6,856	\$ 893,144

Deferred Compensation

The Executive Deferred Compensation Plan ("EDCP") consists of unsecured general obligations of the company to pay the deferred compensation of, and our contributions to, participants in the EDCP. The obligations will rank equally with our other unsecured and unsubordinated indebtedness payable from the company's general assets.

The company's directors and certain key members of management are eligible to participate in the EDCP. Directors may elect to defer all or any portion of their annual retainer fee and meeting fees. Deferral elections by directors must be made prior to the beginning of each year and are thereafter irrevocable. Eligible employees could elect to defer up to 75% of their base salaries, and up to 100% of any cash bonuses and other compensation through December 31, 2015. Effective January 1, 2016, employees may elect to defer up to 75% of their base salaries, any cash bonuses, and other compensation. Deferral elections by eligible executives must be made prior to the beginning of each year and are thereafter irrevocable during that year. The portion of the participant's compensation that is deferred depends on the participant's election in effect with respect to his or her elective contributions under the EDCP.

The amounts outstanding at December 30, 2023 December 28, 2024 and December 31, 2022 December 30, 2023 were as follows (amounts in thousands):

	December 30, 2023	December 31, 2022	December 28, 2024	December 30, 2023
Deferral elections outstanding	\$ 27,578	\$ 25,449	\$ 29,996	\$ 27,578
Current portion of deferral elections	(1,371)	(1,774)	(1,690)	(1,371)
Long-term portion of deferral elections	\$ 26,207	\$ 23,675	\$ 28,306	\$ 26,207

The current portion of deferral elections is included in the other accrued liabilities on the Consolidated Balance Sheets. The long-term portion of deferral elections is included in the other long-term liabilities on the Consolidated Balance Sheets.

Guarantees and Indemnification Obligations

The company has provided various representations, warranties, and other standard indemnifications in various agreements with customers, suppliers, and other parties as well as in agreements to sell business assets or lease facilities. In general, these provisions indemnify the counterparty for matters such as breaches of representations and warranties, certain environmental conditions and tax matters, and, in the context of sales of business assets, any liabilities arising prior to the closing of the transactions. Non-performance under a contract could trigger an obligation of the company. The ultimate effect on future financial results is not subject to reasonable estimation because considerable uncertainty exists as to the final outcome of any potential claims.

No material guarantees or indemnifications have been entered into by the company through December 30, 2023 December 28, 2024.

Note 16.17. Variable Interest Entities

Distribution rights agreement VIE analysis

The incorporated IDPs qualify as 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 December 30, 2023 December 28, 2024 and December 31, 2022 December 30, 2023, there was \$134.4 120.6 million and \$144.6 134.4 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

F-36

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.

Note 17.18. Fair Value of Financial Instruments

The carrying value of cash and cash equivalents and 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 distribution rights by IDPs. These notes receivable are recorded in the 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. As a result, the appropriate interest rate that should be used to estimate the fair value of the distribution rights notes is the prevailing market rate at which similar loans would be made to IDPs with similar credit ratings and for the same maturities. However, the company financed approximately 3,000 2,600 and 3,400 3,000 IDPs' distribution rights as of December 30, 2023 December 28, 2024 and December 31, 2022 December 30, 2023, respectively, all with varied financial histories and credit risks. Considering the diversity of credit risks among the IDPs, the company has no method to accurately determine a market interest rate to apply to the notes. The distribution rights are generally financed for up to ten years and the distribution rights notes 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.

At December 30, 2023 December 28, 2024 and December 31, 2022 December 30, 2023, respectively, the carrying value of the distribution rights notes receivable was as follows (amounts in thousands):

	December 30, 2023	December 31, 2022	December 28, 2024	December 30, 2023
Distribution rights notes receivable	\$ 133,335	\$ 163,354	\$ 128,199	\$ 133,335
Current portion recorded in accounts and notes receivable, net	(9,764)	(26,472)	(20,117)	(9,764)
Long-term portion of distribution rights notes receivable	\$ 123,571	\$ 136,882	\$ 108,082	\$ 123,571

During the third quarter of Fiscal 2023, the company recorded a reserve of \$14.9 million for the distributor notes receivable related to a legal settlement. The amount of reserve for the distributor notes receivable as of December 28, 2024 and December 30, 2023 was \$2.4 million and \$14.8 million, respectively. See Note 23, 24, Commitments and contingencies, for additional information.

During Fiscal 2021, the company recorded a reserve of \$1.9 million for the distributor notes receivable related to a legal settlement. The company commenced repurchasing the distribution rights during the second quarter of Fiscal 2022 and the reserve balance was \$0.1 million at December 31, 2022. See Note 23, Commitments and contingencies, for additional information. Payments on these notes are collected by the company weekly in conjunction with the IDP settlement process.

The fair value of the company's variable rate debt at December 30, 2023 December 28, 2024 approximates the recorded value. The fair value of the company's notes, as discussed in Note 15, 16, Debt and Other Commitments, 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 notes are presented in the table below (amounts in thousands, except level classification):

Carrying Value	Fair Value	Level	Carrying Value	Fair Value	Level
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2031 notes	\$ 494,723	\$ 418,399	2	\$ 495,452	\$ 422,541	2
2026 notes	\$ 398,421	\$ 384,469	2	\$ 398,992	\$ 389,559	2

For fair value disclosure information about our derivative assets and liabilities see Note [11, 12, Derivative Financial Instruments](#). For fair value disclosure information about our pension plan net assets see Note [21, 22, Postretirement Plans](#).

Note [18, 19. Stockholders' Equity](#)

Flowers Foods' articles of incorporation provide that its authorized capital consist of 500,000,000 shares of common stock having a par value of \$0.01 per share and 1,000,000 shares of preferred stock. The preferred stock of which (a) 200,000 shares have been designated by the Board of Directors as Series A Junior Participating Preferred Stock, having a par value per share of \$100 and (b) 800,000 shares of preferred stock, having a par value per share of \$0.01, have not been designated by the Board of Directors. No shares of preferred stock have been issued by Flowers Foods.

[F-37](#) [F-39](#)

Common Stock

The holders of Flowers Foods common stock are entitled to one vote for each share held of record on all matters submitted to a vote of shareholders. Subject to preferential rights of any issued and outstanding preferred stock, including the Series A Preferred Stock, holders of common stock are entitled to receive ratably such dividends, if any, as may be declared by the Board of Directors of the company out of funds legally available. In the event of a liquidation, dissolution, or winding-up of the company, holders of common stock are entitled to share ratably in all assets of the company, if any, remaining after payment of liabilities and the liquidation preferences of any issued and outstanding preferred stock, including the Series A Preferred Stock. Holders of common stock have no preemptive rights, no cumulative voting rights, and no rights to convert their shares of common stock into any other securities of the company or any other person.

Preferred Stock

The Board of Directors has the authority to issue up to 1,000,000 shares of preferred stock in one or more series and to fix the designations, relative powers, preferences, rights, qualifications, limitations, and restrictions of all shares of each such series, including without limitation, dividend rates, conversion rights, voting rights, redemption and sinking fund provisions, liquidation preferences, and the number of shares constituting each such series, without any further vote or action by the holders of our common stock. Although the Board of Directors does not presently intend to do so, it could issue shares of preferred stock, with rights that could adversely affect the voting power and other rights of holders of our common stock without obtaining the approval of our shareholders. In addition, the issuance of preferred shares could delay or prevent a change in control of the company without further action by our shareholders.

Stock Repurchase Plan

Previously, our Board of Directors had approved a Stock Repurchase Plan ("SRP") (on December 19, 2002) that authorized share repurchases of up to 74.6 million shares of the company's common stock. On May 26, 2022, the company announced that the Board of Directors increased the company's share repurchase authorization by 20.0 million shares. As of [December 30, 2023](#) [December 28, 2024](#), [22.5](#) [21.5](#) million shares remained available for repurchase under the existing authorization. Under the plan, the company may repurchase its common stock in open market or privately negotiated transactions or under an accelerated repurchase program at such times and at such prices as determined to be in the company's best interest.

The table below presents the shares repurchased under the SRP during our Fiscal [2023](#) [2024](#) (amounts in thousands except shares purchased):

Fiscal 2023 Quarter	Total Number		Total Cost of Shares	
	of Shares Purchased	Purchased		
For the quarter ended April 22, 2023	385,882	\$		10,981
For the quarter ended July 15, 2023	612,847	\$		15,263
For the quarter ended October 7, 2023	200,000	\$		4,647
For the quarter ended December 30, 2023	700,000	\$		14,910

Total	1,898,729	\$ 45,801
Fiscal 2024 Quarter	Total Number of Shares Purchased	Total Cost of Shares Purchased
For the quarter ended April 20, 2024	388,291	\$ 8,879
For the quarter ended July 13, 2024	603,942	\$ 13,824
For the quarter ended October 5, 2024	—	\$ —
For the quarter ended December 28, 2024	—	\$ —
Total	992,233	\$ 22,703

As of December 30, 2023 December 28, 2024, 72.0 73.0 million shares at a cost of \$733.3 756.0 million have been purchased since the inception of the SRP.

Dividends

During Fiscal 2024, 2023, 2022, and 2021, 2022, the company paid the following dividends, excluding dividends on vested stock-based compensation awards discussed in Note 19, 20, Stock-Based Compensation, below (amounts in thousands except per share data):

	Dividends paid		Dividends paid	Dividends paid	
	Dividends paid	per share		Dividends paid	per share
Fiscal 2024	\$ 200,334	\$ 0.9500			
Fiscal 2023	\$ 192,435	\$ 0.9100	\$ 192,435	\$ 0.9100	
Fiscal 2022	\$ 184,241	\$ 0.8700	\$ 184,241	\$ 0.8700	
Fiscal 2021	\$ 175,669	\$ 0.8300			

F-40

Note 19, 20. 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

F-38

shares, performance units, dividend equivalents and other awards to provide our officers, key employees, and non-employee directors' incentives and rewards for performance. The Omnibus Plan replaced the Flowers Foods' 2001 Equity and Performance Incentive Plan, as amended and restated as of April 1, 2009 ("EPIP"), the Stock Appreciation Rights Plan, and the Annual Executive Bonus Plan. All outstanding equity awards that were made under the EPIP will continue to be governed by the EPIP; however, all equity awards granted after May 21, 2014 are governed by the Omnibus Plan. No additional awards will be issued under the EPIP. 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 plans 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.

Performance-Contingent Restricted Stock Awards

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

Since 2012, certain key employees have been granted performance-contingent restricted stock under the EPIP and the Omnibus Plan in the form of TSR Shares. Awards granted prior to since the beginning of Fiscal 2019 vested approximately two years from the date of grant (after the filing of the company's Annual Report on Form 10-K) while the awards granted since the beginning of Fiscal 2019 vest approximately three years from the date of grant. These 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 (the "TSR Modifier"):

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

For performance between the levels described above, the degree of vesting is interpolated on a linear basis. The table below presents the payout percentage for vested TSR awards:

Award	Fiscal year vested	Payout (%)
2021 award	Fiscal 2024	128%
2020 award	Fiscal 2023	148%
2019 award	Fiscal 2022	137%

The TSR shares Shares vest immediately if the grantee dies or becomes disabled. However, for awards granted subsequent to Fiscal 2023, 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 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 shares 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

F-41

interest rates; and (iv) the correlation of the comparator companies' TSR. The inputs are based on historical capital market data. The 2021 2022 TSR award is expected to payout at approximately 127 13%.

F-39

The following performance-contingent TSR Shares have been granted under the Omnibus Plan and have service period remaining (amounts in thousands, except price data):

Grant Date	Shares		Fair Value		Shares		Fair Value	
	Granted	Vesting Date	per Share		Granted	Vesting Date	per Share	
1/3/2021	365	3/1/2024	\$ 26.75					
10/10/2021	18	3/1/2024	\$ 24.47					
1/2/2022	331	3/1/2025	\$ 31.97		331	3/1/2025	\$ 31.97	
4/24/2022	16	3/1/2025	\$ 27.38		16	3/1/2025	\$ 27.38	
7/17/2022	3	3/1/2025	\$ 27.06		3	3/1/2025	\$ 27.06	
10/9/2022	3	3/1/2025	\$ 24.55		3	3/1/2025	\$ 24.55	
1/1/2023	338	3/1/2026	\$ 33.52		338	3/1/2026	\$ 33.52	
4/23/2023	9	3/1/2026	\$ 26.11		9	3/1/2026	\$ 26.11	
9/1/2023	25	3/1/2026	\$ 23.04		25	3/1/2026	\$ 23.04	
10/8/2023	40	3/1/2026	\$ 21.43		40	3/1/2026	\$ 21.43	
12/31/2023	272	2/28/2027	\$ 26.07					

As of December 30, 2023 December 28, 2024, there was \$11.6 9.4 million of total unrecognized compensation cost related to nonvested TSR Shares granted under the Omnibus Plan. That cost is expected to be recognized over a weighted-average period of 1.85 1.63 years.

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

Since 2012, certain key employees have been granted performance-contingent restricted stock under the EPIP and the Omnibus Plan in the form of ROIC Shares. Awards granted prior to Fiscal 2019 vested. The awards generally vest approximately two three years from the date of grant (after the filing of the company's Annual Report on Form 10-K) while, and the awards granted since the beginning of Fiscal 2019 vest approximately three years from the date of grant. These 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 ("ROIC") 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 award 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 range from 0% to 125% the ranges of target as defined below (the "ROIC Modifier") below:

- 0% payout if ROIC exceeds WACC by less than 1.75 percentage points;
- ROIC above WACC by 1.75 percentage points pays 50% of ROI Target; or
- ROIC above WACC by 3.75 percentage points pays 100% of ROI Target; or
- ROIC above WACC by 4.75 percentage points pays 125% of ROI Target.

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 table below presents the payout percentage for vested ROIC awards:

Award	Fiscal year vested	Payout (%)
2021 award	Fiscal 2024	125%

2020 award	Fiscal 2023	125%
2019 award	Fiscal 2022	125%

F-42

The ROIC Shares vest immediately if the grantee dies or becomes disabled. However, For awards granted subsequent to Fiscal 2023, 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 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 shares 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 2021 2022 award is being expensed at our current estimated payout percentage of 125% of the ROI target. Target, and the 2022 2023 and 2023 2024 awards are being expensed at 100% of the ROI target.

F-40

The following performance-contingent ROIC Shares have been granted under the Omnibus Plan and have service period remaining (amounts in thousands, except price data):

Grant Date	Shares		Fair Value		Shares		Fair Value	
	Granted	Vesting Date	per Share	per Share	Granted	Vesting Date	per Share	per Share
1/03/2021	365	3/1/2024	\$ 22.63					
10/10/2021	18	3/1/2024	\$ 24.47					
1/2/2022	331	3/1/2025	\$ 27.47		331	3/1/2025	\$ 27.47	
4/24/2022	16	3/1/2025	\$ 27.38		16	3/1/2025	\$ 27.38	
7/17/2022	3	3/1/2025	\$ 27.06		3	3/1/2025	\$ 27.06	
10/9/2022	3	3/1/2025	\$ 24.55		3	3/1/2025	\$ 24.55	
1/1/2023	338	3/1/2026	\$ 28.74		338	3/1/2026	\$ 28.74	
4/23/2023	9	3/1/2026	\$ 26.11		9	3/1/2026	\$ 26.11	
9/1/2023	25	3/1/2026	\$ 23.04		25	3/1/2026	\$ 23.04	
10/8/2023	40	3/1/2026	\$ 21.43		40	3/1/2026	\$ 21.43	
12/31/2023	272	2/28/2027	\$ 22.51					

As of December 30, 2023 December 28, 2024, there was \$10.3 8.3 million of total unrecognized compensation cost related to nonvested ROIC Shares granted under the Omnibus Plan. This cost is expected to be recognized over a weighted-average period of 1.85 1.63 years.

Performance-Contingent Restricted Stock Summary

The table below presents the TSR Modifier share adjustment, ROIC Modifier share adjustment, accumulated dividends on vested shares, and the tax windfall/shortfall at vesting of the performance-contingent restricted stock awards (amounts in thousands except for share data):

Award granted	TSR Modifier		ROIC Modifier		Dividends at vesting				TSR Modifier		ROIC Modifier		Dividends at vesting			
	Fiscal year vested	increase shares	increase shares	vesting (thousands)	Tax benefit	Fair value at vesting	Fiscal year vested	increase shares	increase shares	vesting (thousands)	Tax benefit	Fair value at vesting				
2021	2024	92,775	83,835	\$ 2,173	\$ 286	\$ 19,419										
2020	2023	151,513	78,893	\$ 2,154	\$ 1,424	\$ 24,652	2023	151,513	78,893	\$ 2,154	\$ 1,424	\$ 24,652				
2019	2022	109,729	74,154	\$ 1,843	\$ 2,196	\$ 22,143	2022	109,729	74,154	\$ 1,843	\$ 2,196	\$ 22,143				

A summary of the status of all of the company's nonvested shares for performance-contingent restricted stock (including the TSR Shares and the ROIC Shares) for Fiscal 2024, 2023, 2022, and 2021 2022 is set forth below (amounts in thousands, except price data):

	Fiscal 2023			Fiscal 2022			Fiscal 2021			Fiscal 2024			Fiscal 2023			Fiscal 2022		
	Weighted		Weighted		Weighted		Weighted		Weighted		Weighted		Weighted		Weighted			
	Number of Shares	Average Fair Value																
	Shares	Value																
Balance at beginning of year	2,009	\$ 25.83	1,972	\$ 22.89	1,264	\$ 21.85	2,017	\$ 27.70	2,009	\$ 25.83	1,972	\$ 22.89						
Initial grant	824	\$ 29.37	706	\$ 29.41	766	\$ 24.66	544	\$ 24.29	824	\$ 29.37	706	\$ 29.41						
Vested	(868)	\$ 23.51	(778)	\$ 20.25	—	\$ —	(846)	\$ 24.40	(868)	\$ 23.51	(778)	\$ 20.25						
Grant increase for achieving the ROIC modifier	79	\$ 29.37	74	\$ 29.41	—	\$ —	84	\$ 22.51	79	\$ 29.37	74	\$ 29.41						
Grant increase for achieving the TSR modifier	152	\$ 29.37	110	\$ 29.41	—	\$ —	93	\$ 26.07	152	\$ 29.37	110	\$ 29.41						
Forfeitures	(179)	\$ 27.80	(75)	\$ 25.48	(58)	\$ 23.27	(57)	\$ 27.94	(179)	\$ 27.80	(75)	\$ 25.48						
Balance at end of year	<u>2,017</u>	<u>\$ 27.70</u>	<u>2,009</u>	<u>\$ 25.83</u>	<u>1,972</u>	<u>\$ 22.89</u>	<u>1,835</u>	<u>\$ 27.85</u>	<u>2,017</u>	<u>\$ 27.70</u>	<u>2,009</u>	<u>\$ 25.83</u>						

F-43

As of December 30, 2023 December 28, 2024, there was \$22.017.7 million of total unrecognized compensation cost related to nonvested restricted stock granted under the Omnibus Plan. This cost is expected to be recognized over a weighted-average period of 1.85 1.63 years.

Time-Based Restricted Stock Units

Certain key employees have been granted time-based restricted stock units ("TBRSSU Shares"). These awards vest on the fifth of January each year in equal installments over a three-year period beginning in Fiscal 2020. Dividends earned on shares are held by the company during the vesting period and paid in cash when the awards vest and shares are distributed.

F-41

On May 23, 2019, the company's CEO was granted TBRSSU Shares of approximately \$1.0 million pursuant to the Omnibus Plan. This award vested 100% during the second quarter of Fiscal 2023. Dividends accrued on the award and were paid to the CEO on the vesting date. There were 43,330 shares issued for this award at a fair value of \$23.08 per share.

The following TBRSSU Shares have been granted under the Omnibus Plan and have service periods remaining (amounts in thousands, except price data):

Grant Date	Shares Granted	Vesting Date	Fair Value per Share	Shares Granted	Vesting Date	Fair Value per Share
1/3/2021	256	Equally over 3 years	\$ 22.63			
10/10/2021	6	Equally over 3 years	\$ 24.79			
1/2/2022	205	Equally over 3 years	\$ 27.47	205	Equally over 3 years	\$ 27.47
1/1/2023	220	Equally over 3 years	\$ 28.74	220	Equally over 3 years	\$ 28.74
2/27/2023	11	1/5/2024	\$ 28.33	11	1/5/2024	\$ 28.33
9/1/2023	54	Equally over 3 years	\$ 23.04	54	Equally over 3 years	\$ 23.04
9/17/2023	10	Equally over 3 years	\$ 22.90	10	Equally over 3 years	\$ 22.90
12/31/2023	818	Equally over 3 years	\$ 22.51			
2/16/2024	7	Equally over 3 years	\$ 22.42			
7/14/2024	23	Equally over 3 years	\$ 21.92			

The TBRSS Shares activity for Fiscal 2024, 2023 2022 and Fiscal 2021 2022 is set forth below (amounts in thousands, except price data):

	Fiscal 2023		Fiscal 2022		Fiscal 2021		Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Weighted		Weighted		Weighted		Weighted		Weighted		Weighted	
	Number	Average										
	of	Fair										
	Shares	Value										
Nonvested shares at beginning of year	462	\$ 24.62	492	\$ 21.87	387	\$ 20.64	473	\$ 26.67	462	\$ 24.62	492	\$ 21.87
Granted	295	\$ 27.47	205	\$ 27.47	262	\$ 22.68	848	\$ 22.51	295	\$ 27.47	205	\$ 27.47
Vested	(251)	\$ 23.78	(215)	\$ 21.03	(137)	\$ 19.98	(255)	\$ 25.75	(251)	\$ 23.78	(215)	\$ 21.03
Forfeitures	(33)	\$ 26.87	(20)	\$ 24.39	(20)	\$ 21.56	(79)	\$ 24.07	(33)	\$ 26.87	(20)	\$ 24.39
Nonvested shares at end of year	<u>473</u>	<u>\$ 26.67</u>	<u>462</u>	<u>\$ 24.62</u>	<u>492</u>	<u>\$ 21.87</u>	<u>987</u>	<u>\$ 23.56</u>	<u>473</u>	<u>\$ 26.67</u>	<u>462</u>	<u>\$ 24.62</u>

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 of time that cash would have been received if no conversion existed. Accumulated dividends are paid upon delivery of the shares. During Fiscal 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 which common shares will vest during the first quarter of Fiscal 2025. During the first quarter of Fiscal 2023, non-employee directors elected to receive, and were granted, an aggregate grant of 3,479 common shares for board retainer deferrals pursuant to the Omnibus Plan which vested during the fourth quarter of Fiscal 2023. During the first quarter of Fiscal 2022, non-employee directors elected to receive, and were granted, an aggregate grant of 3,640 common shares for board retainer deferrals pursuant to the Omnibus Plan which vested during the first quarter of Fiscal 2023, 2024. Non-employee directors received 14,249 14,764 shares of previously deferred board retainer deferrals during Fiscal 2023, 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, 2024, non-employee directors were granted 59,400 72,270 shares for their annual grant pursuant to the Omnibus Plan. During the second quarter of Fiscal 2023, non-employee directors were granted 59,400 shares, of which 17,820 were deferred, for their annual grant pursuant to the Omnibus Plan that vested during the second quarter of Fiscal 2024. 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. During the second quarter of Fiscal 2022, non-employee directors were granted 58,300 shares, of which 15,900 were deferred, for their annual grant pursuant to the Omnibus Plan that vested during the second quarter of Fiscal 2023, 2024. Non-employee directors received 5,780 5,700 shares of previously deferred annual grant awards during Fiscal 2023. A prorated amount of 2024.

1,980 F-44

shares vested on August 31, 2023 at the time a non-employee director resigned from the Board of Directors.

Compensation expense is recorded on deferred stock over the vesting period.

F-42

The deferred and restricted stock activity for Fiscal 2024, 2023, 2022, and 2021 2022 is set forth below (amounts in thousands, except price data):

	Fiscal 2023			Fiscal 2022			Fiscal 2021			Fiscal 2024			Fiscal 2023			Fiscal 2022		
	Weighted		Weighted		Weighted		Weighted		Weighted		Weighted		Weighted		Weighted			
	Number of Shares	Average Fair Value																
Nonvested shares at beginning of year	62	\$ 27.37	67	\$ 24.00	52	\$ 23.21	68	\$ 26.26	62	\$ 27.37	67	\$ 24.00						
Granted	68	\$ 26.26	62	\$ 27.37	69	\$ 23.96	77	\$ 23.38	68	\$ 26.26	62	\$ 27.37						
Vested	(62)	\$ 27.37	(67)	\$ 24.00	(54)	\$ 23.19	(66)	\$ 25.70	(62)	\$ 27.37	(67)	\$ 24.00						
Nonvested shares at end of year	<u>68</u>	<u>\$ 26.26</u>	<u>62</u>	<u>\$ 27.37</u>	<u>67</u>	<u>\$ 24.00</u>	<u>79</u>	<u>\$ 23.52</u>	<u>68</u>	<u>\$ 26.26</u>	<u>62</u>	<u>\$ 27.37</u>						
Vested and deferred shares at end of year (1)	<u>214</u>		<u>212</u>		<u>208</u>		<u>218</u>		<u>214</u>		<u>212</u>							

(1) The vested and deferred shares at the end of the year include 71,237 58,772 shares, 82,779 71,237 shares, and 89,949 82,779 shares granted and deferred under the EPIP for Fiscal 2024, Fiscal 2023, and Fiscal 2022, and Fiscal 2021, respectively.

The vested and deferred shares at the end of the year include 142,582 159,335 shares, 128,978 142,582 shares, and 118,360 128,978 shares granted and deferred under the Omnibus Plan for Fiscal 2024, Fiscal 2023, and Fiscal 2022, and Fiscal 2021, respectively.

As of December 30, 2023 December 28, 2024, there was \$0.6 0.7 million of total unrecognized compensation cost related to deferred and restricted stock awards. This cost is expected to be recognized over a weighted-average period of 0.40 years. The intrinsic value of deferred stock awards that vested during Fiscal 2023 2024 was \$1.6 1.9 million. There was an immaterial tax windfall on the exercise of deferred share awards during fiscal 2023, Fiscal 2024.

Share-Based Payments Compensation Expense Summary

The following table summarizes the company's stock-based compensation expense, all of which was primarily recognized in selling, distribution, and administrative expense, for Fiscal 2024, 2023, 2022, and 2021 2022 (amounts in thousands):

	Fiscal 2023			Fiscal 2022			Fiscal 2021			Fiscal 2024			Fiscal 2023			Fiscal 2022		
	\$	19,654	\$	18,943	\$	15,061	\$	18,076	\$	19,654	\$	18,943	\$	19,654	\$	18,943		
Performance-contingent restricted stock awards																		
TBRSU shares		6,381		5,184		4,747		9,871		6,381		5,184						
Deferred stock awards		910		1,695		1,535		1,796		910		1,695						
Total stock-based compensation expense	\$	<u>26,945</u>	\$	<u>25,822</u>	\$	<u>21,343</u>	\$	<u>29,743</u>	\$	<u>26,945</u>	\$	<u>25,822</u>						

Note 20, 21. 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 Fiscal 2024, 2023, 2022, and 2021 2022 (amounts in thousands, except per share data):

Fiscal 2023	Fiscal 2022	Fiscal 2021	Fiscal 2024	Fiscal 2023	Fiscal 2022
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Net income	\$ 123,416	\$ 228,394	\$ 206,187	\$ 248,116	\$ 123,416	\$ 228,394
Basic Earnings Per Common Share:						
Basic weighted average shares outstanding per common share	211,630	211,895	211,840	211,023	211,630	211,895
Basic earnings per common share	\$ 0.58	\$ 1.08	\$ 0.97	\$ 1.18	\$ 0.58	\$ 1.08
Diluted Earnings Per Common Share:						
Basic weighted average shares outstanding per common share	211,630	211,895	211,840	211,023	211,630	211,895
Add: Shares of common stock assumed issued upon exercise of stock options, vesting of performance-contingent restricted stock and deferred stock	1,726	1,332	1,193	1,114	1,726	1,332
Diluted weighted average shares outstanding per common share	213,356	213,227	213,033	212,137	213,356	213,227
Diluted earnings per common share	\$ 0.58	\$ 1.07	\$ 0.97	\$ 1.17	\$ 0.58	\$ 1.07

There was an immaterial amount of anti-dilutive shares for Fiscal 2024. There were 287,510 anti-dilutive shares for Fiscal 2023 and no anti-dilutive shares for Fiscal 2022 or Fiscal 2021.

F-43 F-45

Note 21.22. Postretirement Plans

The following summarizes the company's balance sheet related pension and other postretirement benefit plan accounts at December 30, 2023 December 28, 2024 and December 31, 2022 December 30, 2023 (amounts in thousands):

	December 30, 2023	December 31, 2022	December 28, 2024	December 30, 2023
Noncurrent benefit asset	\$ 6,494	\$ 4,902	\$ 6,869	\$ 6,494
Current benefit liability	\$ 699	\$ 710	\$ 703	\$ 699
Noncurrent benefit liability	\$ 5,798	\$ 5,814	\$ 5,511	\$ 5,798
AOCL, net of tax	\$ (342)	\$ (625)	\$ (257)	\$ (342)

No contributions were made by the company to any plan during Fiscal 2024. The company made contributions of \$1.0 million to the Flowers Foods, Inc. Retirement Plan No. 2 ("Plan No. 2") during Fiscal 2023 and Fiscal 2022. There were no contributions made by the company to any plan during Fiscal 2021.

Pension Plans

The company maintains a trustee, noncontributory defined benefit pension plan that covers a small number of certain union employees. The benefits in this plan are based on years of service and the employee's career earnings. This qualified plan is funded at amounts deductible for income tax purposes but not less than the minimum funding required by the Employee Retirement Income Security Act of 1974 ("ERISA") and the Pension Protection Act of 2006 ("PPA").

The company recognizes settlement accounting charges, which accelerates recognition of a plan's unrecognized net gain or loss, when the ongoing lump sum payments from the plan exceed the sum of the plan's service cost and interest cost. During the fourth quarter of Fiscal 2021, 2024, the company determined it was probable a settlement would occur and paid lump sums that exceeded that threshold and, as a result, the company recorded a settlement charge of \$0.4 0.2 million in the fourth quarter of Fiscal 2021, 2024.

The company uses a calendar year end for the measurement date since the plans are based on a calendar year and because it approximates the company's fiscal year end. As of December 31, 2023 December 31, 2024 and December 31, 2022 December 31, 2023, the assets of the qualified plans included certificates of deposit, marketable equity securities, mutual funds, corporate and government debt securities, other diversifying strategies and annuity contracts. The company expects pension cost of approximately \$0.4 million for Fiscal 2024, 2025.

The net periodic pension cost (income) for the company's pension plans includes the following components for Fiscal 2024, 2023, 2022, and 2021 (amounts in thousands):

	Fiscal 2023	Fiscal 2022	Fiscal 2021	Fiscal 2024	Fiscal 2023	Fiscal 2022
Service cost	\$ 682	\$ 1,188	\$ 971	\$ 728	\$ 682	\$ 1,188
Interest cost	1,304	884	758	1,178	1,304	884
Expected return on plan assets	(1,561)	(1,874)	(1,867)	(1,604)	(1,561)	(1,874)
Settlement loss	—	—	403	241	—	—
Amortization:						
Prior service cost	57	57	57	57	57	57
Actuarial loss	173	461	742	42	173	461
Net periodic pension cost	655	716	1,064	642	655	716
Other changes in plan assets and benefit obligations recognized in OCI:						
Current year actuarial gain	(815)	(3,049)	(1,288)	(720)	(815)	(3,049)
Settlement loss	—	—	(403)	(241)	—	—
Amortization of prior service cost	(57)	(57)	(57)	(57)	(57)	(57)
Amortization of actuarial loss	(173)	(461)	(742)	(42)	(173)	(461)
Total recognized in OCI	(1,045)	(3,567)	(2,490)	(1,060)	(1,045)	(3,567)
Total recognized in net periodic benefit and OCI	\$ (390)	\$ (2,851)	\$ (1,426)	\$ (418)	\$ (390)	\$ (2,851)

Actual return on plan assets for Fiscal 2024, 2023, and 2022 and 2021 was \$1.8 million, \$3.3 million, and \$(4.3) million, and \$1.9 million, respectively.

F-44 F-46

The funded status and the amounts recognized in the Consolidated Balance Sheets for the company's pension plans are as follows (amounts in thousands):

	December 30, 2023	December 31, 2022	December 28, 2024	December 30, 2023
Change in benefit obligation:				
Benefit obligation at beginning of year	\$ 25,169	\$ 34,790	\$ 24,826	\$ 25,169
Service cost	682	1,188	728	682
Interest cost	1,304	884	1,178	1,304
Actuarial loss (gain)	953	(9,253)		
Actuarial (gain) loss	(562)	953		
Benefits paid	(3,282)	(2,440)	(1,514)	(3,282)
Settlements	(2,046)	—		
Benefit obligation at end of year	\$ 24,826	\$ 25,169	\$ 22,610	\$ 24,826
Change in plan assets:				
Fair value of plan assets at beginning of year	\$ 28,090	\$ 33,589	\$ 29,404	\$ 28,090
Actual return (loss) on plan assets	3,328	(4,330)		
Actual return on plan assets	1,763	3,328		
Employer contribution	1,268	1,271	249	1,268
Benefits paid	(3,282)	(2,440)	(1,514)	(3,282)
Settlements	(2,046)	—		
Fair value of plan assets at end of year	\$ 29,404	\$ 28,090	\$ 27,856	\$ 29,404

Funded status, end of year:

Fair value of plan assets	\$ 29,404	\$ 28,090	\$ 27,856	\$ 29,404
Benefit obligations	(24,826)	(25,169)	(22,610)	(24,826)
Funded status and amount recognized at end of year	<u>\$ 4,578</u>	<u>\$ 2,921</u>	<u>\$ 5,246</u>	<u>\$ 4,578</u>
Amounts recognized in the balance sheet:				
Noncurrent asset	\$ 6,494	\$ 4,902	\$ 6,869	\$ 6,494
Current liability	(248)	(250)	(224)	(248)
Noncurrent liability	(1,668)	(1,731)	(1,399)	(1,668)
Amount recognized at end of year	<u>\$ 4,578</u>	<u>\$ 2,921</u>	<u>\$ 5,246</u>	<u>\$ 4,578</u>
Amounts recognized in AOCI:				
Net actuarial loss before taxes	\$ 3,415	\$ 4,403	\$ 2,412	\$ 3,415
Prior service cost before taxes	84	141	27	84
Amount recognized at end of year	<u>\$ 3,499</u>	<u>\$ 4,544</u>	<u>\$ 2,439</u>	<u>\$ 3,499</u>
Accumulated benefit obligation at end of year	\$ 23,764	\$ 24,192	\$ 21,682	\$ 23,764

The actuarial gain/(loss) on defined benefit obligations of the employer due to experience, including any assumption changes, different from assumed, and the reasons for such (gain)/loss, can be found in the table below for Fiscal 2024, 2023 2022 and 2021 2022 (amounts in thousands).

	Amount of (Gain)/Loss on Defined Benefit Obligation	Reasons for (Gain)/Loss	Amount of (Gain)/Loss on Defined Benefit Obligation	Reasons for (Gain)/Loss
Fiscal 2024	\$ (562)	Gain from increase in general level of interest rates used to measure defined benefit plan obligations (approximately 50 basis points).		
Fiscal 2023	\$ 953	Loss from decrease in general level of interest rates used to measure defined benefit plan obligations (approximately 33 basis points).	\$ 953	Loss from decrease in general level of interest rates used to measure defined benefit plan obligations (approximately 33 basis points).
Fiscal 2022	\$ (9,253)	Gain from increase in general level of interest rates used to measure defined benefit plan obligations (approximately 260 basis points).	\$ (9,253)	Gain from increase in general level of interest rates used to measure defined benefit plan obligations (approximately 260 basis points).
Fiscal 2021	\$ (1,228)	Gain from increase in general level of interest rates used to measure defined benefit plan obligations (approximately 30 basis points); Loss from change in mortality assumption scale from MP-2020 to MP-2021.		

F-45 F-47

Assumptions used in accounting for the company's pension plans at each of the respective fiscal years ending are as follows:

	Fiscal 2023	Fiscal 2022	Fiscal 2021	Fiscal 2024	Fiscal 2023	Fiscal 2022
Weighted average assumptions used to determine benefit obligations:						
Measurement date	12/31/2023	12/31/2022	12/31/2021	12/31/2024	12/31/2023	12/31/2022

Discount rate	5.32 %	5.65 %	3.06 %	5.81 %	5.32 %	5.65 %
Rate of compensation increase	3.00 %	3.00 %	3.00 %	3.00 %	3.00 %	3.00 %
Weighted average assumptions used to determine net periodic benefit cost/(income):						
Measurement date	1/1/2023	1/1/2022	1/1/2021	1/1/2024	1/1/2023	1/1/2022
Discount rate	5.65 %	3.06 %	2.78 %	5.32 %	5.65 %	3.06 %
Expected return on plan assets	5.90 %	5.90 %	5.70 %	5.90 %	5.90 %	5.90 %
Rate of compensation increase	3.00 %	3.00 %	3.00 %	3.00 %	3.00 %	3.00 %

In developing the expected long-term rate of return on plan assets at each measurement date, the company considers the plan assets' historical actual returns, targeted asset allocations, and the anticipated future economic environment and long-term performance of individual asset classes, based on the company's investment strategy. While appropriate consideration is given to recent and historical investment performance, the assumption represents management's best estimate of the long-term prospective return. Further, pension costs do not include an explicit expense assumption, and therefore the return on assets rate reflects the long-term expected return, net of expenses.

Based on these factors the expected long-term rate of return assumption for Plan No. 2 was set at 5.95.3% for Fiscal 2024, 2025. This rate is net of administrative expenses paid from the trust, assumed to be 10.4.2% per annum. The average annual return on the plan assets over the last 15 years (while the assets were collectively managed) was approximately 7.6.9% (net of expenses).

Plan Assets

The investment committee, which consists of certain members of management, establishes investment guidelines and strategies and regularly monitors the performance of the plans' assets. The investment committee is responsible for executing these strategies and investing the pension assets in accordance with ERISA and fiduciary standards. The investment objective of the pension plans is to preserve the plans' capital and maximize investment earnings within acceptable levels of risk and volatility. The investment committee meets on a regular basis with its investment advisors to review the performance of the plans' assets. Based upon performance and other measures and recommendations from its investment advisors, the investment committee rebalances the plans' assets to the targeted allocation when considered appropriate. The fair values of all of the company pension plan assets at December 31, 2023 December 31, 2024 and December 31, 2022 December 31, 2023, by asset class are as follows (amounts in thousands):

Asset Class	Fair value of Pension Plan Assets as of December 31, 2023						Fair value of Pension Plan Assets as of December 31, 2024									
	Quoted prices in			Quoted prices in												
	active markets	Significant	Significant	active markets	Significant	Significant	for identical	Observable Inputs	Unobservable	for identical	Observable Inputs	Unobservable				
	assets (Level 1)	(Level 2)	Inputs (Level 3)	assets (Level 1)	(Level 2)	Inputs (Level 3)	assets (Level 1)	(Level 2)	Inputs (Level 3)	assets (Level 1)	(Level 2)	Inputs (Level 3)				
	\$	501	\$	—	\$	—	\$	501	\$	214	\$	—	\$	—	\$	214
Short term investments and cash	\$	501	\$	—	\$	—	\$	501	\$	214	\$	—	\$	—	\$	214
Common stocks:																
International common stocks		2,401		—		—		2,401		2,022		—		—		2,022
U.S. common stocks		4,425		—		—		4,425		4,190		—		—		4,190
Fixed income securities:																
U.S. government bonds		—		—		—		—		—		—		—		—
U.S. government agency bonds		—		—		—		—		—		—		—		—
U.S. corporate bonds		22,077		—		—		22,077		—		21,430		—		21,430
Pending transactions(*)		—		—		—		—		—		—		—		—
Accrued (expenses) income(*)		—		—		—		—		—		—		—		—
Total	\$	29,404	\$	—	\$	—	\$	29,404	\$	6,426	\$	21,430	\$	—	\$	27,856

Asset Class	Fair value of Pension Plan Assets as of December 31, 2022						Fair value of Pension Plan Assets as of December 31, 2023					
	Quoted prices in active markets			Significant Observable Inputs			Significant Unobservable Inputs			Quoted prices in active markets		
	for identical assets (Level 1)	(Level 2)	Total	for identical assets (Level 1)	(Level 2)	Total	for identical assets (Level 1)	(Level 2)	Total	for identical assets (Level 1)	(Level 2)	Total
	\$ 622	\$ —	\$ 622	\$ 501	\$ —	\$ 501	\$ 2,401	\$ —	\$ 2,401	\$ 4,425	\$ —	\$ 4,425
Short term investments and cash	\$ 622	\$ —	\$ 622	\$ 501	\$ —	\$ 501	\$ 2,401	\$ —	\$ 2,401	\$ 4,425	\$ —	\$ 4,425
Common stocks:												
International common stocks	2,788	—	2,788	2,401	—	2,401	—	—	—	—	—	2,401
U.S. common stocks	4,956	—	4,956	4,425	—	4,425	—	—	—	—	—	4,425
Fixed income securities:												
U.S. government bonds	14,975	—	14,975	—	—	—	—	—	—	—	—	—
U.S. government agency bonds	—	—	—	—	—	—	—	—	—	—	—	—
U.S. corporate bonds	4,749	—	4,749	22,077	—	22,077	—	—	—	—	—	22,077
International corporate bonds	—	—	—	—	—	—	—	—	—	—	—	—
Pending transactions(*)	—	—	—	—	—	—	—	—	—	—	—	—
Other assets and (liabilities)(*)	—	—	—	—	—	—	—	—	—	—	—	—
Accrued (expenses) income(*)	—	—	—	—	—	—	—	—	—	—	—	—
Total	\$ 28,090	\$ —	\$ 28,090	\$ 29,404	\$ —	\$ 29,404	—	—	—	—	—	\$ 29,404

(*) This class includes accrued interest, dividends, and amounts receivable from asset sales and amounts payable for asset purchases.

The company's investment policy includes various guidelines and procedures designed to ensure the plan's assets are invested in a manner necessary to meet expected future benefits earned by participants. The investment guidelines consider a broad range of economic conditions.

The plan asset allocation as of the measurement dates December 31, 2023 December 31, 2024 and December 31, 2022 December 31, 2023, and target asset allocations for Fiscal 2024 2025 are as follows for Plan No. 2:

Asset Category	Target Allocation	Percentage of Plan Assets at the Measurement Date (As percent)			Target Allocation	Percentage of Plan Assets at the Measurement Date (As percent)		
		2024		2023		2025		2023
		2024	2023	2022		2025	2024	2023
Equity securities	23%		23	28	23%		22	23
Fixed income securities	75%		75	70	75%		77	75
Short term investments and cash	2%		2	2	2%		1	2
Total			100.0	100.0			100.0	100.0

The objectives of the target allocations are to maintain investment portfolios that diversify risk through prudent asset allocation parameters, achieve asset returns that meet or exceed the plans' actuarial assumptions, and achieve asset returns that are competitive with like institutions employing similar investment strategies.

Cash Flows

Company contributions to qualified and nonqualified plans are as follows (amounts in thousands):

Year	Required		Discretionary		Total	Required	Discretionary		Total		
	\$	249	\$	—	\$	249	\$	268	\$	1,000	\$
2024	\$ 249	\$ —	\$ 249	\$ —	\$ 249	\$ 249	\$ 268	\$ —	\$ 268	\$ 1,000	\$ 1,268
2023	\$ 268	\$ —	\$ 1,000	\$ 1,268	\$ 1,268	\$ 268	\$ —	\$ 268	\$ 1,000	\$ 1,000	\$ 1,268
2022	\$ 271	\$ —	\$ 1,000	\$ 1,271	\$ 1,271	\$ 271	\$ —	\$ 271	\$ 1,000	\$ 1,000	\$ 1,271

2021	\$	271	\$	—	\$	271
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All contributions are made in cash. The required contributions made during Fiscal 2023 2024 include \$0.3 million in nonqualified pension benefits paid from corporate assets. The discretionary contribution of \$1.0 million made to the qualified plan during Fiscal 2023 was not required to be made by the minimum funding requirements of ERISA, but the company believed, due to its strong cash flow and financial position, this was an appropriate time to make the contribution to reduce the impact of future contributions. During Fiscal 2024 2025, the company expects to pay \$0.302 million in nonqualified pension benefits from corporate assets. There are During Fiscal 2025, the company does not expect to make any cash contributions to Plan No. 2 that are required under ERISA and the PPA during Fiscal 2024; 2; however, the company may make a discretionary contribution if appropriate based on cash, tax or other considerations. These amounts represent estimates that are based on assumptions that are subject to change.

F-47 F-49

Benefit Payments

The following are benefits paid under the plans (including settlements) during Fiscal 2024, 2023, 2022, and 2021 2022 and expected to be paid from Fiscal 2024 2025 through Fiscal 2033, 2034. Estimated future payments include qualified pension benefits that will be paid from the plans' assets and nonqualified pension benefits that will be paid from corporate assets (amounts in thousands):

Year	Pension Benefits		Pension Benefits	
2021	\$	3,361	*	
2022	\$	2,440	^	\$ 2,440 *
2023	\$	3,282	+	\$ 3,282 ^
2024	\$	3,560	+	
Estimated Future Payments:				
2024	\$	4,744		
2025	\$	2,233		\$ 3,911
2026	\$	1,963		\$ 1,985
2027	\$	1,971		\$ 1,986
2028	\$	1,746		\$ 1,792
2029 – 2033	\$	7,674		
2029	\$	1,718		
2030-2034	\$	7,586		

* Includes \$0.9 million from Plan No. 2 paid as lump sums.

^ Includes \$1.7 million from Plan No. 2 paid as lump sums.

^ Includes \$0.9 million from Plan No. 2 paid as lump sums.

+ Includes \$1.7 2.0 million from Plan No. 2 paid as lump sums.

Postretirement Benefit Plans

The company sponsors postretirement benefit plans that provide health care and life insurance benefits to retirees who meet certain eligibility requirements. Generally, this includes employees with at least 10 years of service who have reached age 60 and participate in a Flowers retirement plan. Retiree medical coverage is provided for a period of three to five years, depending on the participant's age and service at retirement. Participant premiums are determined using COBRA premium

levels. Retiree life insurance benefits are offered to a closed group of retirees. The company also sponsors a medical, dental, and life insurance benefits plan to a limited and closed group of participants.

The company delivers retiree medical and dental benefits for Medicare eligible retirees through a health-care reimbursement account. The company no longer sponsors a medical plan for Medicare eligible retirees and does not file for a Medicare Part D subsidy.

The net periodic benefit (income) cost for the company's postretirement benefit plans includes the following components for Fiscal 2023, 2022, and 2021 (amounts in thousands):

	Fiscal 2023	Fiscal 2022	Fiscal 2021
Service cost	\$ 177	\$ 214	\$ 337
Interest cost	239	112	119
Amortization:			
Prior service credit	(234)	(237)	(3)
Actuarial gain	(247)	(176)	(211)
Total net periodic benefit (income) cost	<u>(65)</u>	<u>(87)</u>	<u>242</u>
Other changes in plan assets and benefit obligations recognized in OCI:			
Current year actuarial loss (gain)	187	(620)	238
Current year prior service credit	—	—	(2,214)
Amortization of actuarial gain	247	176	211
Amortization of prior service credit	234	237	3
Total recognized in OCI	<u>668</u>	<u>(207)</u>	<u>(1,762)</u>
Total recognized in net periodic cost (benefit) and OCI	<u><u>\$ 603</u></u>	<u><u>\$ (294)</u></u>	<u><u>\$ (1,520)</u></u>

F-48

The unfunded status and the amounts recognized in the Consolidated Balance Sheets for the company's postretirement benefit plans are as follows (amounts in thousands):

	December 30, 2023	December 31, 2022
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 4,542	\$ 5,572
Service cost	177	214
Interest cost	239	112
Participant contributions	282	392
Actuarial loss (gain)	187	(620)
Benefits paid	(847)	(1,128)
Benefit obligation at end of year	<u>\$ 4,580</u>	<u>\$ 4,542</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ —	\$ —
Employer contributions	565	736
Participant contributions	282	392
Benefits paid	(847)	(1,128)
Fair value of plan assets at end of year	<u>\$ —</u>	<u>\$ —</u>
Funded status, end of year:		
Fair value of plan assets	\$ —	\$ —
Benefit obligations	(4,580)	(4,542)

Unfunded status and amount recognized at end of year	\$ <u><u>(4,580)</u></u>	\$ <u><u>(4,542)</u></u>
Amounts recognized in the balance sheet:		
Current liability	\$ (451)	\$ (459)
Noncurrent liability	(4,130)	(4,083)
Amount recognized at end of year	\$ <u><u>(4,581)</u></u>	\$ <u><u>(4,542)</u></u>
Amounts recognized in AOCI:		
Net actuarial gain before taxes	\$ (1,297)	\$ (1,730)
Prior service credit before taxes	(1,745)	(1,979)
Amounts recognized in AOCI	\$ <u><u>(3,042)</u></u>	\$ <u><u>(3,709)</u></u>

Assumptions used in accounting for the company's postretirement benefit plans at each of the respective fiscal years ending are as follows:

	Fiscal 2023	Fiscal 2022	Fiscal 2021
Weighted average assumptions used to determine benefit obligations:			
Measurement date	12/31/2023	12/31/2022	12/31/2021
Discount rate	5.09 %	5.43 %	2.60 %
Health care cost trend rate used to determine benefit obligations:			
Initial rate	7.00 %	7.00 %	6.25 %
Ultimate rate	5.00 %	5.00 %	5.00 %
Year trend reaches the ultimate rate	2032	2031	2027
Weighted average assumptions used to determine net periodic cost:			
Measurement date	1/1/2023	1/1/2022	1/1/2021
Discount rate	5.43 %	2.60 %	2.11 %
Health care cost trend rate used to determine net periodic cost:			
Initial rate	7.00 %	6.25 %	6.50 %
Ultimate rate	5.00 %	5.00 %	5.00 %
Year trend reaches the ultimate rate	2031	2027	2027

F-49

Cash Flows

Company contributions to postretirement plans are as follows (amounts in thousands):

Year	Employer Net Contribution
2021	\$ 931
2022	\$ 736
2023	\$ 565
2024 (Expected)	\$ 463

The table above reflects only the company's share of the benefit cost. Since the company no longer receives reimbursement for Medicare Part D subsidies, the entire was \$0.54.6 million expected funding for postretirement benefit plans during 2024 will be required to pay for benefits. Contributions by participants to postretirement benefits were \$0.3 million, \$0.4 million, at December 28, 2024 and \$0.5 million for Fiscal 2023, 2022, and 2021, respectively.

Benefit Payments

The following are benefits paid by the company during Fiscal 2023, 2022, and 2021 and expected to be paid from Fiscal 2024 through Fiscal 2033. All benefits are expected to be paid from the company's assets (amounts in thousands):

Postretirement benefits

Year	Benefits	
	Employer gross contribution	
2021	\$	931
2022	\$	736
2023	\$	565
Estimated Future Payments:		
2024	\$	463
2025	\$	483
2026	\$	511
2027	\$	504
2028	\$	513
2029 – 2033	\$	2,326

December 30, 2023.

Multiemployer Plans

The company contributes to various multiemployer pension plans. Benefits provided under the multiemployer pension plans are generally based on years of service and employee age. Expense under these plans was \$0.3 million for Fiscal 2023, \$0.7 million for Fiscal 2022, and \$1.0 million for Fiscal 2021.

The company contributes to several multiemployer defined benefit pension plans a MEPP under the terms of a collective-bargaining agreements agreement that cover various union-represented employees. The risks of participating in these multiemployer plans this MEPP are different from single-employer plans. Assets contributed to the multiemployer plan MEPP by one employer may be used to provide benefits to employees of other participating employers. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers. If we choose to stop participating in some of these multiemployer plans, the MEPP, we may be required to pay those plans the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability. None of the contributions to the pension funds fund was in excess of 5% or more of the total contributions for plan years 2024, 2023, 2022, and 2021. There are no contractually required minimum contributions to the plans as of December 30, 2023 December 28, 2024.

Subsequent to Fiscal 2022, the Western Conference of Teamsters (EIN: 91-6145047) is the company's only remaining MEPP. This is a level green zone status plan. The current collective bargaining agreement expires on February 7, 2027. The company's contributions to the MEPPs were \$0.3 million for Fiscal 2024 and 2023, and \$0.7 million for Fiscal 2022.

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 Consolidated Statements of Income. While this is our best estimate of the ultimate cost of the

F-50

withdrawal from this plan, additional withdrawal liability may be incurred based on the final IAM Fund assessment or in the event of a mass withdrawal, as defined by statute, occurring anytime up to July 19, 2025.

On September 22, 2021, the union participants of the Retail, Wholesale and Department Store Union Fund (the "Fund") at our Birmingham, Alabama plant voted to withdraw from the Fund in the most recent collective bargaining agreement. The withdrawal was

F-50

effective, and the union participants were eligible to participate in the 401(k) plan, on December 1, 2021. During the third quarter of Fiscal 2021, the company recorded a liability of \$2.1 million related to the withdrawal from the Fund. The withdrawal liability was computed as the net present value of 20 years of monthly payments derived from the company's share of unfunded vested benefits. While this is our best estimate of the ultimate cost of the withdrawal from this Fund, additional withdrawal liability may be incurred based on the final Fund assessment or in the event of a mass withdrawal, as defined by statute, occurring anytime within the next three years following our complete withdrawal. Additionally, the company recorded a liability of \$1.2 million related to transition payments, including related tax payments, for the benefit of union participants as part of the collective bargaining agreement. The withdrawal liability charge and the transition payments are recorded in the multi-employer pension plan withdrawal costs line item on our Consolidated Statements of Income. The transition payments were paid during the fourth quarter of Fiscal 2021 and the withdrawal liability payment was paid during the first quarter of Fiscal 2022.

The company's participation in these multiemployer plans for Fiscal 2023 is outlined in the table below. The EIN/Pension Plan Number column provides the Employer Identification Number ("EIN") and the three-digit plan number, if applicable. Unless otherwise noted, the most recent PPA zone status available in 2023 and 2022 is for the plan's year-end at December 31, 2023 and December 31, 2022, respectively. The zone status is based on information that the company received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65 percent funded, plans in the yellow zone are less than 80 percent funded, and plans in the green zone are at least 80 percent funded. The FIP/RP Status Pending/Implemented column indicates plans for which a financial improvement plan ("FIP") or a rehabilitation plan ("RP") is either pending or has been implemented. The last column lists the expiration date(s) of the collective-bargaining agreements to which the plans are subject. Finally, there have been no significant changes that affect the comparability of contributions.

In December 2014, the Consolidated and Further Continuing Appropriations Act of 2015 (the "2015 Appropriations Act") was signed into law and materially amended the PPA funding rules. In general, the PPA funding rules were made more flexible in order to make more manageable the steps necessary for multi-employer plans to become or remain economically viable in the future. While in previous years we have been informed that several of the multi-employer pension plans to which our subsidiaries contribute have been labeled with a "critical" or "endangered" status as defined by the PPA, the changes made by the 2015 Appropriations Act will materially impact, on a going forward basis, these prior funding status assessments. In any event, it is unclear at this time what impact, if any, the 2015 Appropriations Act will have on our future obligations to the multi-employer pension plans in which we participate.

Pension Fund	EIN	Plan No.	Pension			FIP/RP Status	Contributions			Expiration Date of Collective Bargaining Agreement		
			Protection Act				(Amounts in thousands)					
			Zone Status									
Pension Fund	EIN	Plan No.	Pension	2023	2022	FIP/RP Status	2023	2022	2021	Expiration Date of Collective Bargaining Agreement		
						Pending/Implemented	(\$)	(\$)	(\$)	Surcharge Imposed		
IAM National Pension Fund	51-6031295	002	—	—	Red	Yes	—	125	136	No		
Retail, Wholesale and Department Store										^		
International Union and Industry Pension Fund	63-0708442	001	—	—	—	Yes	—	—	211	No		
Western Conference of Teamsters Pension Trust	91-6145047	001	Green	Green	—	No	288	258	266	No		
* The union employees withdrew from the fund effective November 1, 2022.												
* The union employees withdrew from the fund effective December 1, 2021.												

401(k) Retirement Savings Plans

The Flowers Foods 401(k) Retirement Savings Plan covers substantially all of the company's employees who have completed certain service requirements. During Fiscal 2024, 2023, 2022, and 2021, the total cost and employer contributions were as follows (amounts in thousands):

Contributions by fiscal year	Defined contribution plans expense		Defined contribution plans expense
		plans expense	
Fiscal 2024	\$	33,312	

Fiscal 2023	\$ 31,378	\$ 31,378
Fiscal 2022	\$ 29,425	\$ 29,425
Fiscal 2021	\$ 28,081	

F-51

Note 22, 23. Income Taxes

The company's provision for income tax expense (benefit) consists of the following for Fiscal 2024, 2023, 2022, and 2021 (amounts in thousands):

	Fiscal 2023	Fiscal 2022	Fiscal 2021	Fiscal 2024	Fiscal 2023	Fiscal 2022
Current Taxes:						
Federal	\$ 63,351	\$ 54,462	\$ 46,018	\$ 41,406	\$ 63,351	\$ 54,462
State	13,680	14,409	11,790	8,466	13,680	14,409
	<u>77,031</u>	<u>68,871</u>	<u>57,808</u>	<u>49,872</u>	<u>77,031</u>	<u>68,871</u>
Deferred Taxes:						
Federal	(36,474)	3,508	6,946	24,029	(36,474)	3,508
State	(6,866)	(2,062)	(169)	6,925	(6,866)	(2,062)
	<u>(43,340)</u>	<u>1,446</u>	<u>6,777</u>	<u>30,954</u>	<u>(43,340)</u>	<u>1,446</u>
Income tax expense	<u>\$ 33,691</u>	<u>\$ 70,317</u>	<u>\$ 64,585</u>	<u>\$ 80,826</u>	<u>\$ 33,691</u>	<u>\$ 70,317</u>

Income tax expense differs from the amount computed by applying the applicable U.S. federal income tax rate of 21% because of the effect of the following items for Fiscal 2024, 2023 2022, and 2021 2022 (amounts in thousands):

	Fiscal 2023	Fiscal 2022	Fiscal 2021	Fiscal 2024	Fiscal 2023	Fiscal 2022
Tax at U.S. federal income tax rate	\$ 32,992	\$ 62,729	\$ 56,862	\$ 69,078	\$ 32,992	\$ 62,729
State income taxes, net of federal income tax benefit	5,383	9,754	9,181	12,158	5,383	9,754
Net share-based windfalls	(1,960)	(2,219)	(104)	97	(1,960)	(2,219)
Excess executive compensation	1,950	2,218	1,480	3,175	1,950	2,218
Tax credits	(2,655)	(2,263)	(2,506)	(2,692)	(2,655)	(2,263)
Other	(2,019)	98	(328)	(990)	(2,019)	98
Income tax expense	<u>\$ 33,691</u>	<u>\$ 70,317</u>	<u>\$ 64,585</u>	<u>\$ 80,826</u>	<u>\$ 33,691</u>	<u>\$ 70,317</u>

In Fiscal 2024, 2023 2022 and 2021 2022, the most significant difference in the effective rate and the statutory rate was state income taxes.

F-51

Deferred tax assets (liabilities) are comprised of the following (amounts in thousands):

	December 30, 2023	December 31, 2022	December 28, 2024	December 30, 2023
Self-insurance	\$ 8,478	\$ 6,507	\$ 7,593	\$ 8,478
Compensation and employee benefits	10,292	9,991	10,844	10,292
Deferred income	2,643	3,834	1,976	2,643
Loss and credit carryforwards	13,111	13,138	13,065	13,111

Equity-based compensation	8,636	7,692	7,554	8,636
Legal accrual	33,407	1,369	5,855	33,407
Pension and postretirement benefits	—	384		
Financing and operating lease right-of-use liabilities	72,011	72,470	79,868	72,011
Capitalized software and research and development costs	32,519	14,898	32,484	32,519
Other	9,975	7,101	12,579	9,975
Valuation allowance	(1,586)	(1,030)	(3,387)	(1,586)
Deferred tax assets	189,486	136,354	168,431	189,486
Depreciation	(77,931)	(74,402)	(72,503)	(77,931)
Intangibles	(125,555)	(119,380)	(132,506)	(125,555)
Financing and operating lease right-of-use assets	(69,987)	(70,385)	(78,723)	(69,987)
Hedging	(322)	(700)	(2,371)	(322)
Pension and postretirement benefits	(143)	—	(137)	(143)
Other	(6,793)	(6,319)	(6,424)	(6,793)
Deferred tax liabilities	(280,731)	(271,186)	(292,664)	(280,731)
Net deferred tax liability	\$ (91,245)	\$ (134,832)	\$ (124,233)	\$ (91,245)

F-52

During Fiscal 2022, the company recorded a \$14.9 million deferred tax asset for the then newly effective legislation requiring capitalization of certain expenses. This enactment required expenses related to research and development activities and certain information technology costs, which were previously deductible, to be capitalized and amortized for tax purposes. The resulting cumulative deferred tax asset of \$32.5 million is reflected in the 2023 balances.

In Fiscal 2023, the company recorded a deferred tax asset, in the amount of \$33.4 million, related to an accrued legal settlement accrued during the year for related to the repurchase of distribution rights. During Fiscal 2024, a significant portion of this deferred tax asset has been reversed, and the remaining balance is expected to reverse during Fiscal 2025. See Note 23, 24, Commitments and Contingencies, for details of this settlement.

The company has a deferred tax asset of \$2.21.9 million related to a federal net operating loss carryforward which we expect to fully utilize before expiration. Additionally, the company and various subsidiaries have a net deferred tax asset of \$3.33.8 million related to state net operating loss carryforwards with expiration dates from Fiscal 2024 2025 through Fiscal 2040 2044, and \$7.67.4 million for credit carryforwards with expiration dates from Fiscal 2027 2028 through Fiscal 2034. The utilization of a portion of these state carryforwards could be limited in the future; therefore, a valuation allowance of \$1.63.4 million has been recorded. Should the company determine at a later date that certain of these losses which have been reserved for may be utilized, a benefit may be recognized in the Consolidated Statements of Income. Likewise, should the company determine at a later date that certain of these net operating losses for which a deferred tax asset has been recorded may not be utilized, a charge to the Consolidated Statements of Income may be necessary. See Note 2, Summary of Significant Accounting Policies, for the deferred tax asset valuation allowance analysis.

The company did not have any unrecognized tax benefits for fiscal years 2024, 2023 2022 and 2021 2022. At this time, we do not anticipate significant changes to the amount of gross unrecognized tax benefits over the next twelve months.

The company accrues interest expense and penalties related to income tax liabilities as a component of income before taxes. No accrual of penalties is reflected on the company's balance sheet as the company believes the accrual of penalties is not necessary based upon the merits of its income tax positions. The company had no accrued interest balance at December 30, 2023 December 28, 2024 and December 31, 2022 December 30, 2023.

The company defines the federal jurisdiction as well as various state jurisdictions as "major" jurisdictions. The company is no longer subject to federal examinations for years prior to 2020, 2021, and with limited exceptions, for years prior to 2019 2020 in state jurisdictions.

Note 23.24. Commitments and Contingencies

Self-insurance reserves and other commitments and contingencies

The company has recorded current liabilities of \$38.0 34.4 million and \$30.6 38.0 million related to self-insurance reserves at December 30, 2023 December 28, 2024 and December 31, 2022 December 30, 2023, respectively. 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.

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 that the possibility of a loss is remote.

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 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 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. While the company is unable to predict the outcome of these matters, it believes, based upon currently available facts, that it is remote that the ultimate resolution of any such pending matters will have a material adverse effect on its overall financial condition, results of operations or cash flows in the future. However, adverse developments could negatively impact earnings in a particular future fiscal period.

At this time, the company is defending 24 11 complaints filed by IDPs alleging that they were misclassified as independent contractors. Eight Six of these lawsuits seek class and/or collective action treatment. The remaining sixteen five 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 three one of the pending cases, each of which is discussed below. Unless otherwise noted, a class was conditionally certified under the 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.	6:15-cv-02557	U.S. District Court Western District of Louisiana	10/21/2015	
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				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	
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 August 29, 2023 November 25, 2024, the company reached an agreement court denied defendants' motion to settle this 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 are recorded in the selling, distribution, and administrative expenses line item of the Consolidated Statements of Income during Fiscal 2023. The terms of the settlement require court approval. FLSA collective action.

F-54

The company and/or its respective subsidiaries contests 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.

F-53

The company has settled, and the appropriate court has approved, the following collective and/or class action lawsuits filed by distributors alleging that such distributors were misclassified as independent contractors. In each of these settlements, in addition to the monetary terms noted below, the settlements also included

certain non-economic terms intended to strengthen and enhance the independent contractor model. The list below details settled **collective and/or class action lawsuits** that impacted the company's presented financial statements since Fiscal **2021: 2022**:

Case Name	Case No.	Venue	Date Filed	Comments
Noll v. Flowers Foods, Inc., Lepage	1:15-cv-00493	U.S. District Court District of Maine	12/3/2015	On April 26, 2022, the Court approved an agreement to settle this and two companion cases pending in the U.S. District Court for the District of Maine – <i>Bowen et al. v. Flowers Foods, Inc. et al.</i> (No. 1:20-cv-00411); and <i>Aucoin et al. v. Flowers Foods, Inc. et al.</i> (No. 1:20-cv-00410) – for a payment of \$16.5 million, comprised of \$9.0 million in settlement funds and \$7.5 million in attorneys' fees. The settlement was paid during the second quarter of Fiscal 2022. The settlement also required a phased repurchase of approximately 75 distribution rights in Maine which the company began servicing using company sales employees. The company estimated this cost to be \$6.6 million (of which \$4.7 million was originally included in other accrued liabilities and the remainder as 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 the third quarter of Fiscal 2021.
Bakeries Park Street, LLC, and CK Sales Co., LLC				
Coronado v. Flowers Foods, Inc. and Flowers Baking Co. of El Paso, LLC	1:16-cv-00350	U.S. District Court District of New Mexico	4/27/2016	On June 7, 2022, the Court approved an agreement to settle this matter for \$137,500, inclusive of attorneys' fees, costs, damages and incentives for class members who are active distributors to enter into an amendment to their distributor agreements. The settlement was paid and the expense was recorded in the selling, distribution, and administrative expenses line item of the Consolidated Statements of Income during the second quarter of Fiscal 2022.

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, which was paid during the second quarter of Fiscal 2024, 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 early in the second 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 15, 16, *Debt and Other Commitments*, for additional information on the company's commitments.

Note 24, 25. Subsequent Events

The company has evaluated subsequent events since December 30, 2023 December 28, 2024, the date of these financial statements. We believe there were no material events or transactions discovered during this evaluation that requires recognition or disclosure in the financial statements other than the items discussed below.

Dividend. On February 16, 2024 14, 2025, the Board of Directors declared a dividend of \$0.23 0.24 per share on the company's common stock to be paid on March 15, 2024 14, 2025 to shareholders of record on March 1, 2024 February 28, 2025.

Simple Mills Acquisition. On January 7, 2025, the company entered into an Agreement and Plan of Merger to acquire Simple Mills, "), maker of a premium brand of better-for-you crackers, cookies, snack bars, and baking mixes. The total cash purchase price is approximately \$795 million. The acquisition is expected to expand the company's exposure to the better-for-you snacking segment and diversify its category exposure, and enhances the company's growth and margin prospects. The transaction is subject to customary regulatory and other approvals and closing conditions and is anticipated to close in the first quarter of Fiscal 2025. The company incurred \$2.0 million of acquisition-related costs during Fiscal 2024.

In connection with entering into the Merger Agreement, the company entered into a commitment letter, pursuant to which, among other things, Royal Bank of Canada committed to provide debt financing for the consummation of the Simple Mills acquisition, consisting of a \$795.0 million 364-day Term Loan Facility, on the terms and subject to the conditions set forth in the commitment letter. The company intends to use the net proceeds of the offering of the 2035 Notes (as defined below) and the 2055 Notes (as defined below), together with cash on hand, to fund the cash consideration for the Simple Mills acquisition and pay related fees and expenses in lieu of borrowing under the Term Loan Facility. In connection with the issuance of the 2035 Notes and the 2055 Notes, on February 14, 2025, the company terminated the outstanding commitments in respect of the Term Loan Facility. The company will recognize costs of approximately \$3.6 million associated with the Term Loan Facility in the first quarter of Fiscal 2025.

2025 Revolving Credit Facility. On February 5, 2025, we entered into a \$500.0 million senior unsecured revolving credit facility (the "2025 Revolving Credit Facility") pursuant to a Credit Agreement (the "2025 Revolving Credit Agreement"), dated as of February 5, 2025, with certain financial institutions party thereto as lenders and Wells Fargo Bank, National Association, as administrative agent. The 2025 Revolving Credit Facility refines and replaces the company's credit facility entered into pursuant to the amended and restated credit agreement. The maturity date of the amended and restated credit agreement was July 30, 2026. No borrowings were outstanding under the amended and restated credit agreement upon its termination.

The 2025 Revolving Credit Facility has an initial maturity date of February 5, 2030. Under the 2025 Revolving Credit Facility, up to \$50.0 million of availability may be drawn in the form of letters of credit and up to \$50.0 million of availability may be drawn in the form of swingline loans. The 2025 Revolving Credit Facility also includes an incremental facility whereby the company may increase the commitments to up to \$700.0 million if certain conditions are met.

Borrowings under the 2025 Revolving Credit Facility bear interest, at the option of the company, based on the Secured Overnight Financing Rate ("SOFR") or the "base rate" plus, in each case, an applicable margin. The applicable margin is determined by reference to a pricing grid set forth in the 2025 Revolving Credit Agreement based on the company's leverage and debt rating, ranging from a maximum of 1.525% in the case of SOFR-based loans and 0.525% in the case of base rate loans to a minimum of 0.815% in the case of SOFR-based loans and 0.00% in the case of base rate loans, based upon the company's then applicable leverage ratio and debt rating. In addition, the 2025 Revolving Credit Facility bears an additional facility fee on the full amount of the commitments, also determined by reference to the pricing grid, and ranging from a maximum of 0.225% to a minimum of 0.06%, based upon the company's then applicable leverage ratio and debt rating.

Senior Notes Offering. On February 14, 2025, the company issued (i) \$500.0 million aggregate principal amount of 5.750% Senior Notes due 2035 (the "2035 Notes") and (ii) \$300.0 million aggregate principal amount of 6.200% Senior Notes due 2055 (the "2055 Notes", and, together with the 2035 Notes, the "Notes"), pursuant to the Indenture, dated as of April 3, 2012 (the "Base Indenture"), by and between the company, as issuer, and Computershare Trust Company, N.A. (as successor to Wells Fargo Bank, National Association), as trustee, as amended and supplemented from time to time, including without limitation, pursuant to an Officer's Certificate, dated February 14, 2025 (together with the Base Indenture, the "Indenture"), establishing the specific terms and forms of the Notes, each as a new series of securities under the Indenture, and appointing Regions Bank to serve as series trustee with respect to the Notes. The company intends to use the net proceeds of the offering, together with cash on hand, (i) to fund the cash consideration

F-55

for the Simple Mills acquisition, (ii) to pay fees and expenses related to the Simple Mills acquisition and the offering, and (iii) for general corporate purposes.

Plant Closure. On February 12, 2025, the company announced that it will close its Bailey Street Bakery located in Atlanta, Georgia. The bakery produces bread and bun products and will cease production in April 2025. This bakery closure is part of our strategy to optimize capacity within our supply chain. The anticipated closure costs include asset impairment charges and severance costs and are estimated to be approximately \$6.0 million to \$8.0 million. We anticipate recording these closure costs during the first quarter of Fiscal 2025.

AGREEMENT AND PLAN OF MERGER

BY AND AMONG

DAFFODIL ACQUISITION SUB, LLC,

DAFFODIL MERGER SUB, INC.,

PURPOSEFUL FOODS HOLDINGS, INC.,

THE EQUITYHOLDERS' REPRESENTATIVE NAMED HEREIN,

and

FLOWERS FOODS, INC.

Dated as of January 7, 2025

TABLE OF CONTENTS

	Page
Article I DEFINITIONS, TERMS AND INTERPRETIVE MATTERS	1
SECTION 1.01. <u>Certain Definitions</u>	1
SECTION 1.02. <u>Other Terms</u>	20
SECTION 1.03. <u>Other Definitional Provisions</u>	20
SECTION 1.04. <u>Interpretive Matters</u>	21
Article II THE MERGER	22
SECTION 2.01. <u>Merger</u>	22
SECTION 2.02. <u>Conversion of Shares</u>	22
SECTION 2.03. <u>Payment of Merger Consideration</u>	24
SECTION 2.04. <u>Treatment of Stock Options</u>	25
SECTION 2.05. <u>Certain Actions in Connection with the Merger</u>	26
Article III CLOSING	27
SECTION 3.01. <u>Closing</u>	27
SECTION 3.02. <u>Effective Time</u>	27
SECTION 3.03. <u>Payments to be Made at the Closing</u>	28
SECTION 3.04. <u>Purchase Price Adjustment</u>	28
SECTION 3.05. <u>Administrative Expense Account</u>	32
SECTION 3.06. <u>Closing Deliverables</u>	33

Article IV REPRESENTATIONS AND WARRANTIES OF THE COMPANY		33
SECTION 4.01.	<u>Organization and Qualification</u>	34
SECTION 4.02.	<u>Authority/Binding Effect</u>	34
SECTION 4.03.	<u>Financial Statements</u>	35
SECTION 4.04.	<u>Absence of Certain Changes or Events</u>	35
SECTION 4.05.	<u>Ownership of Stock/Capitalization</u>	36
SECTION 4.06.	<u>Consents and Approvals/No Violation</u>	37
SECTION 4.07.	<u>Absence of Litigation</u>	38
SECTION 4.08.	<u>Related Party Matters</u>	38
SECTION 4.09.	<u>Permits/Compliance with Laws</u>	38
SECTION 4.10.	<u>No Undisclosed Liabilities</u>	38
SECTION 4.11.	<u>Employee Benefit Plans</u>	39
SECTION 4.12.	<u>Material Contracts</u>	41
SECTION 4.13.	<u>Personal Property</u>	43
SECTION 4.14.	<u>Environmental Matters</u>	44
SECTION 4.15.	<u>Real Property</u>	44
SECTION 4.16.	<u>Labor and Employment Matters</u>	45
SECTION 4.17.	<u>Insurance</u>	46
SECTION 4.18.	<u>Intellectual Property</u>	47
SECTION 4.19.	<u>Taxes</u>	48
SECTION 4.20.	<u>Brokers</u>	50
SECTION 4.21.	<u>Anti-Corruption and Trade Compliance</u>	50

TABLE OF CONTENTS

(continued)

		Page
SECTION 4.22.	<u>Customers, Suppliers and Distributors</u>	50
SECTION 4.23.	<u>Food Regulatory</u>	51
SECTION 4.24.	<u>Recalls</u>	51
SECTION 4.25.	<u>Bank Accounts</u>	51
SECTION 4.26.	<u>EXCLUSIVITY OF REPRESENTATIONS AND WARRANTIES</u>	52
Article V REPRESENTATIONS AND WARRANTIES OF PARENT, PURCHASER AND MERGER SUB		53
SECTION 5.01.	<u>Organization</u>	53
SECTION 5.02.	<u>Authority/Binding Effect</u>	53
SECTION 5.03.	<u>Consents and Approvals/No Violation</u>	53
SECTION 5.04.	<u>Absence of Litigation</u>	54
SECTION 5.05.	<u>Financing</u>	54
SECTION 5.06.	<u>Solvency</u>	55
SECTION 5.07.	<u>Acquisition of Interests for Investment</u>	56
SECTION 5.08.	<u>Brokers</u>	56
Article VI COVENANTS		56
SECTION 6.01.	<u>Conduct of Business</u>	56
SECTION 6.02.	<u>Reasonable Best Efforts/Cooperation</u>	59

SECTION 6.03.	<u>Consents</u>	60
SECTION 6.04.	<u>Antitrust Notifications and Other Regulatory Approvals; Purchaser Covenants</u>	60
SECTION 6.05.	<u>Access to Information</u>	63
SECTION 6.06.	<u>Public Statements</u>	64
SECTION 6.07.	<u>Indemnification of Directors and Officers</u>	65
SECTION 6.08.	<u>Employee Benefits</u>	67
SECTION 6.09.	<u>Termination of Related Party Agreements</u>	69
SECTION 6.10.	<u>Financing</u>	69
SECTION 6.11.	<u>Financing Cooperation</u>	72
SECTION 6.12.	<u>Assumption of Regulatory Obligations</u>	74
SECTION 6.13.	<u>Non-Solicit</u>	74
SECTION 6.14.	<u>Company Marks</u>	75
SECTION 6.15.	<u>Inventory Count</u>	75
SECTION 6.16.	<u>Stockholder Expense Invoices</u>	75
SECTION 6.17.	<u>RWI Policy</u>	75
Article VII CONDITIONS TO CLOSING		76
SECTION 7.01.	<u>Mutual Conditions to the Obligations of the Parties</u>	76
SECTION 7.02.	<u>Conditions to the Obligations of Purchaser</u>	76
SECTION 7.03.	<u>Conditions to the Obligations of the Company</u>	77
SECTION 7.04.	<u>Waiver of Conditions</u>	78
SECTION 7.05.	<u>Frustration of Closing Conditions</u>	78

TABLE OF CONTENTS
(continued)

		Page
Article VIII TAX MATTERS		78
SECTION 8.01.	<u>Transfer Taxes</u>	78
SECTION 8.02.	<u>Tax Elections</u>	78
SECTION 8.03.	<u>Tax Refunds</u>	78
SECTION 8.04.	<u>Cooperation</u>	79
SECTION 8.05.	<u>Tax Returns</u>	79
SECTION 8.06.	<u>Certain Tax Actions</u>	80
SECTION 8.07.	<u>Tax Savings</u>	81
SECTION 8.08.	<u>Purchase Price Adjustments</u>	82
Article IX SURVIVAL; TERMINATION		82
SECTION 9.01.	<u>Survival</u>	82
SECTION 9.02.	<u>Termination</u>	83
SECTION 9.03.	<u>Effect of Termination; Etc</u>	84
Article X MISCELLANEOUS		85
SECTION 10.01.	<u>Notices</u>	85
SECTION 10.02.	<u>Amendment/Waiver, etc</u>	86

SECTION 10.03.	<u>Assignment</u>	86
SECTION 10.04.	<u>Entire Agreement</u>	86
SECTION 10.05.	<u>Fulfillment of Obligations</u>	87
SECTION 10.06.	<u>Parties in Interest</u>	87
SECTION 10.07.	<u>Expenses</u>	87
SECTION 10.08.	<u>Governing Law/Jurisdiction/Waiver of Jury Trial</u>	87
SECTION 10.09.	<u>Counterparts, Severability, etc</u>	88
SECTION 10.10.	<u>Headings, etc</u>	89
SECTION 10.11.	<u>Further Assurances</u>	89
SECTION 10.12.	<u>Remedies</u>	89
SECTION 10.13.	<u>Knowledge</u>	90
SECTION 10.14.	<u>Non-Recourse</u>	90
SECTION 10.15.	<u>Certain Damages and Remedies</u>	90
SECTION 10.16.	<u>Equityholders' Representative</u>	91
SECTION 10.17.	<u>Waiver of Conflicts</u>	94
SECTION 10.18.	<u>DISCLAIMER</u>	95
SECTION 10.19.	<u>Due Diligence Review</u>	96
SECTION 10.20.	<u>Joint and Several Liability</u>	96
SECTION 10.21.	<u>Guaranty</u>	97
SECTION 10.22.	<u>No Recourse to Debt Financing Parties</u>	97

iii

Exhibits

EXHIBIT A	Accounting Policies & Sample Working Capital Calculation
EXHIBIT B	Escrow Agreement
EXHIBIT C	Letter of Transmittal

iv

AGREEMENT AND PLAN OF MERGER

AGREEMENT AND PLAN OF MERGER, dated as of January 7, 2025, by and among Flowers Foods, Inc., a Georgia corporation ("Parent"), Daffodil Acquisition Sub, LLC, a Delaware limited liability company and a wholly-owned subsidiary of Parent ("Purchaser"), Daffodil Merger Sub, Inc., a Delaware corporation and a wholly-owned subsidiary of Purchaser ("Merger Sub"), Purposeful Foods Holdings, Inc., a Delaware corporation (the "Company"), and, solely for purposes of Section 3.04 and Section 10.16 hereof, Shareholder Representative Services LLC, a Colorado limited liability company, solely in its capacity as the Equityholders' Representative (the "Equityholders' Representative").

WITNESS ETH:

WHEREAS, at the Effective Time (as hereinafter defined), the parties hereto intend to effect a merger of Merger Sub with and into the Company, with the Company being the Surviving Corporation (as hereinafter defined) of such merger, and as a result of which Purchaser shall be the sole stockholder of the Surviving Corporation and the Company shall be an indirect wholly-owned subsidiary of Parent;

WHEREAS, the respective boards of directors of each of the Company, Parent and Merger Sub have approved and declared advisable, and the board of managers of Purchaser has approved, this Agreement and the transactions contemplated hereby, including the Merger (as hereinafter defined), in accordance with the DGCL and DLLCA;

WHEREAS, stockholders of the Company holding sufficient voting power to approve the Merger have entered into a voting agreement (the "Voting Agreement") on the date hereof, pursuant to which they have agreed to vote in favor of the Merger and to approve the terms and conditions of this Agreement and the transactions contemplated hereby, and the Company has delivered to Purchaser a duly executed copy of the Voting Agreement; and

WHEREAS, each of Katlin Smith (the "Founder"), Amy Hass, Nicole Eltzroth, and Michelle Lorge have entered into a certain Noncompetition and Nonsolicitation Agreement with the Company and Purchaser, dated as of the date of this Agreement and effective as of the Closing, whereby each such individual has agreed to certain noncompetition and nonsolicitation restrictions in connection with the transactions contemplated hereby.

NOW, THEREFORE, in consideration of the mutual representations, warranties, covenants and undertakings contained herein, and subject to and on the terms and conditions herein set forth, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS, TERMS AND INTERPRETIVE MATTERS

SECTION 1.01. Certain Definitions. As used in this Agreement, the following terms shall have the meanings set forth or as referenced below:

"Accounting Firm" shall have the meaning set forth in Section 3.04(d) hereof.

A. "Accounting Policies" shall mean the accounting policies, principles, practices and methodologies as set forth on Exhibit A.

"Accrued Value" shall mean the Series C Original Issue Price, plus all accrued but unpaid dividends on such share of Series C Preferred Stock (whether or not declared), which accrue daily from the date of issuance of the Series C Preferred Stock and compound on a quarterly basis.

"Actual Tax Savings" shall have the meaning set forth in Section 8.07(c).

"Additional Agreements" shall have the meaning set forth in Section 10.16(a)(i) hereof.

"Additional Merger Consideration" shall mean, as of any date of determination, without duplication, the sum of (a) the portion of the Escrow Amount and Administrative Expense Amount paid or payable to the Equityholders pursuant to this Agreement, plus (b) any adjustments arising pursuant to Section 3.04(e), payable to the Equityholders.

"Administrative Expense Account" shall mean the account maintained by the Equityholders' Representative into which the payment required by Section 3.05 shall be made.

"Administrative Expense Amount" shall mean \$500,000.

"Advisory Committee" shall have the meaning set forth in Section 10.16(a)(i).

"Affiliate" shall mean, as to any Person, any other Person which, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. The term "control" (including, with correlative meanings, the terms "controlled by" and "under common control with"), as applied to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or other ownership interest, by contract or otherwise; provided, that the "Affiliates" of the Company or Purposeful Foods Investor shall not include the portfolio companies of Affiliates of Purposeful Foods Investor.

"Aggregate Liquidation Preference" shall mean, collectively, the Series A-1 Aggregate Liquidation Preference, the Series A-2 Aggregate Liquidation Preference, the Series B Aggregate Liquidation Preference, and the Series C Aggregate Liquidation Preference.

"Aggregate Option Exercise Price" shall mean an amount equal to the aggregate exercise price of all Vested Stock Options that are outstanding as of immediately prior to the Effective Time.

"Aggregate Purchase Price" shall mean the Total Enterprise Value, plus the Closing Cash Balance, minus the Closing Indebtedness, minus the Stockholders' Expenses, plus the Working Capital Adjustment (if the Working Capital Adjustment is a positive adjustment under the definition of such term), or minus the Working Capital Adjustment (if the Working Capital Adjustment is a negative adjustment under the definition of such term), minus the Escrow Amount, minus the Administrative Expense Amount, minus the Aggregate Liquidation Preference (provided, that if the holders of Series C Preferred Stock are entitled to receive the As-Converted

Amount, then the Aggregate Liquidation Preference that is subtracted from the Total Enterprise Value shall not include the Series C Aggregate Liquidation Preference).

"Agreement" shall mean this Agreement, as the same may be amended or supplemented from time to time in accordance with the terms hereof.

"Allocation Schedule" shall have the meaning set forth in Section 3.04(a) hereof.

"Annual Financials" shall have the meaning set forth in Section 4.03(a) hereof.

"Anti-Corruption Laws" shall mean applicable anti-bribery and anti-corruption Laws, including the U.S. Foreign Corrupt Practices Act (as amended).

"Appraisal Shares" shall have the meaning set forth in Section 2.03(f) hereof.

"Assets" shall have the meaning set forth in Section 4.13 hereof.

"Audited Balance Sheet" shall have the meaning set forth in Section 4.03(a) hereof.

"Business Day" shall mean any day other than a Saturday, a Sunday or a day on which banks in the City of New York are authorized or obligated by Law or executive order to close.

"Cash" shall mean cash and cash equivalents of the Company or any of its Subsidiaries, including (a) demand deposits, amounts held in money market funds or similar accounts, (b) any highly liquid investments with original maturities of ninety (90) days or less, and (c) any amounts paid in respect of the "tail" policy if purchased by the Company prior to the closing pursuant to Section 6.07(c); provided, that, as of any time of determination, Cash shall be (i) increased by the aggregate amount of checks, wire transfers and drafts deposited, available for deposit or received that have not yet cleared as of such time and (ii) be reduced by the aggregate amount of

checks, drafts and other similar instruments issued and outstanding but uncleared as of such time (in each case, without duplication). Notwithstanding the foregoing, "Cash" shall not include any amounts generated in respect of the exercise of the Stock Options in connection with the Closing, to the extent such amounts are included in the Aggregate Option Exercise Price.

"Certificate of Merger" shall have the meaning set forth in Section 3.02 hereof.

"Click-Through Agreement" shall mean any Contract entered into between the Company or a Subsidiary and a customer of the Company or a Subsidiary, which Contract was the Company's or such Subsidiary's, as applicable, standard terms and was not formally executed and signed by the parties thereto.

"Closing" shall have the meaning set forth in Section 3.01 hereof.

"Closing Cash Balance" shall mean the amount of all Cash as of 11:59 pm EST on the Business Day immediately preceding the Closing Date.

"Closing Date" shall have the meaning set forth in Section 3.01 hereof.

"Closing Indebtedness" shall mean the Indebtedness of the Company and its Subsidiaries as of immediately prior to the Closing (other than any Indebtedness owed by the Company or any Subsidiary to the Company or any other Subsidiary).

"Closing Option Merger Consideration" shall mean, for each Vested Stock Option, an amount equal to the product obtained by multiplying (a) the difference of (i) the Closing Per Share Merger Consideration minus (ii) the exercise price per share of such Vested Stock Option, by (b) the aggregate number of shares of Common Stock underlying such Vested Stock Option.

"Closing Per Share Merger Consideration" shall mean an amount equal to the quotient obtained by dividing (a) the sum of (i) the Estimated Aggregate Purchase Price plus (ii) the Aggregate Option Exercise Price, by (b) the total number of outstanding shares of Common Stock immediately prior to the Effective Time, as determined on a Fully-Diluted Basis.

"Closing Working Capital" shall mean an amount equal to (a) the current assets of the Company and the Subsidiaries reflected in the line items included in the sample calculation of Closing Working Capital attached hereto as Exhibit Aminus (b) the current liabilities of the Company and the Subsidiaries reflected in the line items included in the sample calculation of Closing Working Capital attached hereto as Exhibit A, in each case, calculated as of 11:59 pm EST on the Business Day immediately preceding the Closing Date in accordance with the Accounting Policies.

"Code" shall mean the U.S. Internal Revenue Code of 1986, as amended.

"Common Stock" shall mean the common stock, par value \$0.0001 per share, of the Company.

"Company" shall have the meaning set forth in the preamble hereto.

"Company Equity Plans" shall mean the (i) Purposeful Foods Holdings, Inc. 2019 Management Equity Plan and (ii) Simple Mills, Inc. 2014 Stock Incentive Ownership Plan, as from time to time amended and in effect.

"Company Information Systems" shall have the meaning set forth in Section 4.18(g) hereof.

"Company Parties" shall have the meaning set forth in Section 10.22.

"Company Shares" shall mean, collectively, the shares of Common Stock and Preferred Stock.

"Confidentiality Agreement" shall mean the Confidentiality Agreement, dated September 23, 2024, between Parent and Purposeful Foods Holdings, Inc.

"Consents" shall have the meaning set forth in Section 4.06(a) hereof.

"Continuing Employee" shall have the meaning set forth in Section 6.08(a) hereof.

"Contract" shall mean any legally binding contract, agreement, license, indenture, note, bond, loan, instrument, lease, conditional sales contract, mortgage or other arrangement, understanding or commitment, whether written or oral, to the extent that such Contract is not a Plan.

"Copyrights" shall mean copyrights (whether in published or unpublished works) and other proprietary rights in works of authorship, designs and design rights, rights in data and databases, compilations and collections including all moral rights and all registrations, applications, renewals and extensions of any of the foregoing.

"COVID-19" shall mean the novel coronavirus, SARS-CoV-2 or COVID-19 (and all related strains and sequences), including any intensification, resurgence or any variants (including the so-called "Delta" and "Omicron" variants), evolutions or mutations thereof, and/or related or associated epidemics, pandemics, disease outbreaks or public health emergencies.

"COVID-19 Actions" shall mean any commercially reasonable actions taken (or not taken) by the Company or the Subsidiaries in good faith and its reasonable business discretion (a) in response to COVID-19 (i) to protect the health and safety of the Company's or the Subsidiaries' employees or (ii) in response to business disruptions caused by COVID-19 or (b) pursuant to any Law, directive, pronouncement or guidelines issued by an applicable Governmental Authority or the World Health Organization providing for restrictions that relate to, or arise out of, COVID-19 (including any shelter in place, stay at home or similar orders or guidelines).

"Credit Facility" shall mean that certain Credit Agreement, dated as of April 1, 2022, as amended, restated, supplemented or otherwise modified prior to the date hereof, among Purposeful Foods Intermediate Holdings, Inc., a Delaware corporation, Simple Mills, Inc., a Delaware corporation, the Other Borrowers (as defined therein), the Other Loan Parties (as defined therein), and JPMorgan Chase Bank, N.A.

"D&O Expenses" shall have the meaning set forth in Section 6.07(b) hereof.

"D&O Indemnifiable Claim" shall have the meaning set forth in Section 6.07(b) hereof.

"D&O Indemnified Person" shall have the meaning set forth in Section 6.07(a) hereof.

"D&O Indemnifying Party" shall have the meaning set forth in Section 6.07(b) hereof.

"D&O Insurance" shall have the meaning set forth in Section 6.07(c) hereof.

"D&O Losses" shall have the meaning set forth in Section 6.07(b) hereof.

"Debt Commitment Letter" shall have the meaning set forth in Section 5.05(a).

"Debt Documents" shall have the meaning set forth in Section 6.10(b).

"Debt Financing" shall have the meaning set forth in Section 5.05(a).

“Debt Financing Parties” means (a) the Debt Financing Sources and their respective Affiliates and (b) Related Parties of the Persons identified in clause (a), in each case, in their respective capacities as such; provided, that, in no event shall Parent or any of its Related Parties constitute Debt Financing Parties.

“Debt Financing Sources” means the Persons, including the lenders, financial institutions, institutional investors and other financing sources that have committed to provide or arrange any Debt Financing or alternative debt financing in connection with the transactions contemplated hereby, including the parties named in the Debt Commitment Letter and any joinder agreements, note purchase agreements, indentures or credit agreements entered into pursuant thereto or relating thereto.

“Debt Payoff Amount” shall have the meaning set forth in Section 3.03(b) hereof.

“Debt Payoff Letter” shall have the meaning set forth in Section 6.11(a) hereof.

“DGCL” shall mean the General Corporation Law of the State of Delaware.

“Dispute Notice” shall have the meaning set forth in Section 3.04(c) hereof.

“Dispute Submission Notice” shall have the meaning set forth in Section 3.04(d) hereof.

“Disputed Item” shall have the meaning set forth in Section 3.04(c) hereof.

“DOJ” shall mean the U.S. Department of Justice.

“Domain Names” shall mean internet domain names and associated uniform resource locators, web addresses, web pages, websites and related content.

“Effective Time” shall have the meaning set forth in Section 3.02 hereof.

“Eligible Holder” shall have the meaning set forth in Section 2.02(b).

“Employee” shall mean any current employee, officer or director of the Company or any Subsidiary.

“Engagement Letter” shall have the meaning set forth in Section 10.16(a)(i).

“Environmental Claim” shall mean any demand, Litigation, request for information or written notice by any Person alleging potential liability (including potential liability for investigatory costs, cleanup costs, governmental response costs, natural resources damages, property damages, personal injuries or penalties) arising out of, based on or resulting from (a) the

presence, or Release into the environment, of, or exposure to, any Hazardous Material or (b) circumstances forming the basis of any violation, or alleged violation, of any Environmental Law.

“Environmental Law” shall mean any Law or policy or guideline having the force of Law relating to pollution or protection of the environment or human health (in relation to exposure to Hazardous Materials) or natural resources, including those relating to the presence, Release, storage, use, treatment, transportation, management, handling, generation, production, manufacture, importation, exportation, sale, distribution, labeling, recycling, processing, testing, control or cleanup of or exposure to Hazardous Materials (or products containing Hazardous Materials).

“Equityholders” shall mean, collectively, the Eligible Holders and the Optionholders.

“Equityholders’ Representative” shall have the meaning set forth in the preamble hereto.

"ERISA" shall mean the U.S. Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" shall mean any Person that, together with the Company or its Subsidiaries, is or has been at any relevant time, (i) under common control within the meaning of Section 4001(b)(1) of ERISA, or (ii) treated as a single employer within the meaning of Sections 414(b), (c), (m) or (o) of the Code.

"Escrow Account" shall mean the escrow account established pursuant to the Escrow Agreement.

"Escrow Agent" shall mean Acquiom Clearinghouse LLC.

"Escrow Agreement" shall mean the escrow agreement, in the form of Exhibit B, to be entered into at the Closing by and among Purchaser, the Equityholders' Representative and the Escrow Agent.

"Escrow Amount" shall mean an amount equal to \$7,950,000.

"Estimated Aggregate Purchase Price" shall mean the Total Enterprise Value, plus the Estimated Closing Cash Balance, minus the Estimated Closing Indebtedness, minus the Estimated Stockholders' Expenses, plus the Estimated Working Capital Adjustment (if the Estimated Working Capital Adjustment is a positive adjustment under the definition of such term), or minus the Estimated Working Capital Adjustment (if the Estimated Working Capital Adjustment is a negative adjustment under the definition of such term), minus the Escrow Amount, minus the Administrative Expense Amount, minus the Aggregate Liquidation Preference (provided, that if the holders of Series C Preferred Stock are entitled to receive the As-Converted Amount, then for the purposes of this definition the Series C Aggregate Liquidation Preference shall be excluded from the calculation of Aggregate Liquidation Preference).

"Estimated Closing Cash Balance" shall have the meaning set forth in Section 3.04(a) hereof.

"Estimated Closing Indebtedness" shall have the meaning set forth in Section 3.04(a) hereof.

"Estimated Closing Statement" shall have the meaning set forth in Section 3.04(a) hereof.

"Estimated Closing Working Capital" shall have the meaning set forth in Section 3.04(a) hereof.

"Estimated Stockholders' Expenses" shall have the meaning set forth in Section 3.04(a) hereof.

"Estimated Working Capital Adjustment" shall mean an amount equal to (a) the amount, if any, by which the Estimated Closing Working Capital is less than the Working Capital Floor (a negative adjustment), or (b) the amount, if any, by which the Estimated Closing Working Capital exceeds the Working Capital Ceiling (a positive adjustment).

"FDA" shall have the meaning set forth in Section 4.23(a) hereof.

"FDA Laws" shall have the meaning set forth in Section 4.23(a) hereof.

"Fee Letter" shall have the meaning set forth in Section 5.05(a).

"Final Aggregate Purchase Price" means the Aggregate Purchase Price as finally determined pursuant to Section 3.04 hereof.

"Final Closing Statement" shall have the meaning set forth in Section 3.04(d) hereof.

"Financial Statements" shall have the meaning set forth in Section 4.03(a) hereof.

"Financing Conditions" means the conditions precedent set forth in or referenced in Section 5 the Debt Commitment Letter.

"Fraud" shall mean common law fraud under the laws of the State of Delaware with respect to a party's making of any representations and warranties contained in this Agreement or any certificate delivered pursuant hereto, except that Fraud shall not include equitable fraud, constructive fraud, promissory fraud, unfair dealings fraud, unjust enrichment, or any torts (including fraud) or other claim, doctrine, or theory based on negligence or recklessness (including based on constructive knowledge or negligent misrepresentation) or any other equitable claim.

"FTC" shall mean the U.S. Federal Trade Commission.

"Fully-Diluted Basis" shall mean all outstanding shares of Common Stock excluding any Company Shares owned by Merger Sub, the Company or any of the Subsidiaries, assuming (i) the exercise in full of all Vested Stock Options and (ii) if the holders of Series C Preferred Stock are entitled to receive the As-Converted Amount, then the conversion in full of all shares of the Series C Preferred Stock, in each case, outstanding as of immediately prior to the Effective Time.

"GAAP" shall mean U.S. generally accepted accounting principles.

"Global Trade Laws" shall mean applicable economic sanctions and export control Laws, including the U.S. Export Administration Regulations and the economic sanctions rules and regulations administered by the U.S. Treasury Department's Office of Foreign Assets Control.

"Governmental Authority" shall have the meaning set forth in Section 4.06(a) hereof.

"Hazardous Materials" shall mean any substance, material or waste that is defined, listed or regulated as toxic, hazardous, a contaminant, a pollutant, or words of similar meaning under or is otherwise regulated by any Environmental Law, including asbestos or asbestos-containing materials, harmful biological agents, petroleum or petroleum-containing or petroleum-derived materials, radiation or radioactive materials, pesticides, herbicides, polychlorinated biphenyls, and per- and polyfluoroalkyl substances.

"HSR Act" shall mean the U.S. Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"Incidental IP Contract" means any (a) non-material Contract, (b) Incidental Out License, (c) Incidental In License, or (d) Contract that contains a non-material restriction on using, registering, or enforcing Owned IP.

"Income Tax" shall mean any Tax imposed on, or measured by, net income.

"Income Tax Return" shall mean any Tax Return with respect to Income Taxes.

"Indebtedness" of any Person at any date shall mean, without duplication, (a) all Obligations of such Person with respect to principal, accrued and unpaid interest, fees and prepayment premiums or penalties, unpaid fees or expenses and other monetary Obligations in respect of indebtedness of such Person for borrowed money, (b) all Obligations of such Person as of such date for the deferred purchase price of property or services (other than current trade liabilities incurred in the ordinary course of business and payable in accordance with customary practices, liabilities in respect of leasehold improvements), (c) any other Obligations of such Person as of such date that are evidenced by a note, bond, debenture or other similar instrument, (d) all outstanding reimbursement obligations in respect of drawn letters of credit issued for the account of such Person (but for the avoidance of doubt excluding any obligations in respect of undrawn letters of credit), (e) any severance or termination payments or benefits payable to any employee or independent contractor of the Company and the Subsidiaries whose employment or

engagement terminated prior to the Closing (including the employer portion of any employment, payroll, social security or unemployment Taxes payable in connection with the foregoing), (f) any bonus or other incentive compensation relating to 2024 performance that has not been paid as of the Closing, (g) all Obligations of such Person as of such date as lessee under any lease treated as a finance lease under Accounting Standards Codification 842 (and similar accounting principles), (h) the Tax Liability Amount, (i) all Obligations owed (or deemed owed) by such Person under any swap, forward, hedging, derivative or similar transactions, in each case, calculated at the fair market value as of such date (which may be a positive or negative number), (j) all customer deposits held in cash or money market accounts of the Company or any Subsidiary, (k) all overdue but unpaid obligations to "Co-Man H"; and (l) all guarantees of such Person as of such date of the Obligations described in clauses (a) through (k) above of any other Person; *provided*, that, except as set forth in subsection (k), any co-investment obligations with co-manufacturers shall not be included in this definition of "Indebtedness".

Information Systems shall mean: all computer and computer-related hardware, including routers, desktops, laptops, peripherals and mobile computing devices, firmware, networks, platforms, servers, and interfaces; data storage systems; communications networks (other than the Internet) and architecture interfaces; firewalls; and all related systems.

Intellectual Property Rights shall mean all intellectual property rights recognized under any Laws, including rights in Patents, Trademarks, Copyrights, rights of publicity and other rights to use the names and likeness of individuals, Trade Secrets, Domain Names, and Social Media Accounts, and all rights to (i) obtain renewals, continuations, or divisions pertaining thereto and (ii) sue for past, present and future infringement, misappropriation or other violation thereof.

IRS shall mean the Internal Revenue Service.

Laws shall mean any federal, state, local or foreign law, common law, statute, ordinance, rule, regulation, order, judgment or decree, administrative order or decree or administrative or judicial decision.

Leased Real Property shall have the meaning set forth in Section 4.15(a) hereof.

Liens shall mean any lien, security interest, mortgage, pledge, charge or similar encumbrance.

Litigation shall have the meaning set forth in Section 4.07 hereof.

Material Adverse Effect shall mean any change, fact, event, occurrence or effect that, individually or in the aggregate, has, or would reasonably be expected to have, a material adverse effect on the assets, business, results of operations or condition (financial or otherwise) of the Company and the Subsidiaries, taken as a whole, excluding any such change or effect resulting from (a) the execution of this Agreement, the pendency or consummation of the transactions contemplated by this Agreement or the announcement thereof, the identity of Purchaser and its Affiliates or the taking, or the failure to take, any action by the Company and the Subsidiaries that is required or prohibited, respectively, by the terms of this Agreement, (b) Purchaser's announcement or other disclosure of its plans or intentions with respect to the conduct of the business (or any portion thereof) of the Company or any of the Subsidiaries, (c) changes in global

or United States or foreign national or regional economic, financial, regulatory or geopolitical conditions, (d) changes in the credit, debt, financial or capital markets (including any bank failures) or changes in interest or exchange rates, in each case, in the United States or elsewhere in the world, (e) changes in Laws, regulations or standards affecting the Company or GAAP or any underlying accounting principles or the interpretation of any of the foregoing, (f) force majeure events, (g) changes in the Company's and the Subsidiaries' industries in general or the markets they operate in, or changes in the general business or economic conditions affecting such industries or markets, (h) any military conflict, outbreak or escalation of hostilities or war or act of foreign or domestic terrorism, (i) any matter disclosed

in the Schedules, (j) any action taken or omitted to be taken by, or with the consent of, Purchaser, Merger Sub or any of their respective Affiliates prior to the Closing Date, (k) any event, occurrence or circumstance of which Purchaser or Merger Sub or any of their respective Affiliates or representatives has actual knowledge as of the date of this Agreement, (l) any failure by the Company or any Subsidiary to meet internal or published projections, forecasts or estimates of the Company or any Subsidiary (provided, however, that any effect that caused or contributed to such failure to meet projections, forecasts or estimates shall not be excluded under this clause (l)) or (m) epidemics, pandemics, other outbreaks of infectious disease (including in each of the foregoing, COVID-19), including in each case any quarantine restrictions (including any shelter in place, stay at home or similar orders or guidelines), or any escalation or worsening of any of the foregoing, or any action, applicable Law, pronouncement or guideline taken or promulgated by any Governmental Authority, the World Health Organization or industry group in response to any of the foregoing; except, in the cases of clauses (c), (d), (e), (f), (h) and (m) to the extent such changes or conditions disproportionately affect the Company or the Subsidiaries as compared to other Persons engaged in the same industry.

“Material Contracts” shall have the meaning set forth in Section 4.12 hereof.

“Material Customer” shall have the meaning set forth in Section 4.22 hereof.

“Material Supplier” shall have the meaning set forth in Section 4.22 hereof.

“Merger” shall have the meaning set forth in Section 2.01 hereof.

“Merger Sub” shall have the meaning set forth in the preamble hereto.

“Merger Sub Common Stock” shall mean the common stock, \$0.0001 par value per share, of Merger Sub.

“Most Recent Balance Sheet” shall have the meaning set forth in Section 4.03(a) hereof.

“Most Recent Balance Sheet Date” shall have the meaning set forth in Section 4.03(a) hereof.

“Non-Recourse Party” shall have the meaning set forth in Section 10.14 hereof.

“Obligations” shall mean, with respect to any Indebtedness, any principal, accrued but unpaid interest, penalties, fees, guarantees, reimbursements, damages, costs of unwinding and other liabilities payable under the documentation governing such Indebtedness.

“Off-the-Shelf Software” shall mean an item of off-the-shelf software or other commercially available software provided as a service for which the annual fees or other aggregate consideration paid or payable by the Company or any of the Subsidiaries for such item with respect to the business of the Company is less than \$100,000.

“Optionholder” shall mean a Person holding an outstanding Vested Stock Option immediately prior to the Effective Time.

“Orders” shall have the meaning set forth in Section 4.07 hereof.

“Owned IP” shall mean the Intellectual Property Rights owned or purported to be owned by the Company or the Subsidiaries.

“Parent” shall have the meaning set forth in the preamble hereto.

“Patents” shall mean patents, patent applications and any other patent rights and any other Governmental Authority-issued indicia of invention ownership, including all continuations, divisionals, provisionals, continuations-in-part, reexaminations, reissues, renewals, extensions, and all pre-grant and post-grant forms of any of the foregoing.

"Paying Agent" shall have the meaning set forth in Section 2.03(a) hereof.

"Paying Agent Agreement" shall have the meaning set forth in Section 2.03(a) hereof.

"Per Share Portion" shall mean, as of the time of determination, a fraction (a) the numerator of which is one (1), and (b) the denominator of which is equal to the total number of shares of Common Stock held by the Equityholders immediately prior to the Effective Time as determined on a Fully-Diluted Basis.

"Percentage Share" means, for each Equityholder, the percentage set forth across from such Equityholder's name under the heading "Percentage Share" on the Allocation Schedule.

"Permanent Financing" shall have the meaning set forth in Section 6.10(e) hereof.

"Permits" shall have the meaning set forth in Section 4.09 hereof.

"Permitted Liens" shall mean the following Liens: (a) Liens for Taxes, assessments or other governmental charges or levies that are not yet due or payable or that are being contested by appropriate proceedings and for which adequate reserves have been established; (b) statutory Liens of landlords, lessors or renters for amounts not yet due or payable or that are being contested in good faith; (c) Liens of carriers, warehousemen, mechanics, materialmen, laborers, suppliers, workmen, repairmen, and other similar Liens imposed by applicable Law (i) for amounts not yet due or payable or (ii) for amounts that are being contested in good faith by appropriate proceedings;

(d) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance or other types of social security; (e) including with respect to the Leased Real Property, defects or imperfections of title, overlaps, encroachments, easements, zoning ordinances, declarations, covenants, rights-of-way, restrictions and other charges, instruments or other similar encumbrances that do not and would not reasonably be expected to have a material adverse effect on the use of the relevant property (real or personal) of the Company or its Subsidiaries; (f) all applicable zoning, entitlement, conservation restrictions, land use restrictions and other governmental rules and regulations; (g) the terms and conditions of the Real Property Leases; (h) matters that would be disclosed by a current survey or physical inspection of any real property; (i) non-exclusive licenses of Intellectual Property Rights entered into in the ordinary course of business; (j) Liens that will be released at Closing pursuant to the terms of the Debt Payoff Letter; and (k) Liens approved in writing by Purchaser or incurred as a result of any action of Purchaser or its Affiliates, which shall include any Liens granted pursuant to this Agreement or any ancillary agreement contemplated hereby.

"Person" shall mean an individual, a corporation, a limited liability company, a partnership, an association, a trust or other entity or organization.

"Personal Data" shall mean information that, in connection with other information, can be used to identify, contact, or authenticate an individual natural person or information that constitutes "personal information," "personal data," "personally identifiable information," "individually identifiable health information," "protected health information" or any analogous term under any applicable Law.

"Plan" shall mean each "employee benefit plan" (as defined in Section 3(3) of ERISA) and each other bonus, equity or other equity-based, incentive, retention, deferred compensation, disability, medical, post-termination or retiree medical, dental, life insurance or other welfare benefit, retirement, pension, profit sharing, employment, termination, severance, salary continuation, change in control, or other benefit or compensation plan, program, policy, contract, agreement, or arrangement (whether written or oral), whether or not funded, in each such case (a) which is maintained, contributed to or is required to be contributed to, or is sponsored by, the Company or any of the Subsidiaries for the benefit of any current or former employees, directors, officers, consultants or independent contractors who are natural Persons (or any dependents of such Persons) of the Company or any of the Subsidiaries, or (b) with respect to which the Company or any of the Subsidiaries has any current or contingent liability, in each case, other than a plan, program, policy, contract, agreement or arrangement maintained or required to be maintained by a Governmental Authority.

"Post-Closing Tax Period" means any taxable period (or portion thereof) beginning after the Closing Date.

"Preferred Stock" shall mean the preferred stock, par value \$0.0001 per share, of the Company designated as "Series A-1 Preferred Stock", "Series A-2 Preferred Stock", "Series B Preferred Stock" or "Series C Preferred Stock".

"Present Fair Salable Value" shall have the meaning set forth in Section 5.06 hereof.

"Pre-Closing Equityholder" means any Person holding Company Shares or a Vested Stock Option prior to the Closing; provided, that none of the Company or any of the Subsidiaries shall constitute Pre-Closing Equityholders.

"Pre-Closing Tax Period" means any taxable period (or portion thereof) ending on or prior to the Closing Date.

"Pre-Termination Material Breach" shall have the meaning set forth in Section 9.03(a) hereof.

"Privacy Obligations" shall mean the following to the extent applicable to the Company and the Subsidiaries: (a) all applicable Laws relating to the protection or processing of Personal Data, data privacy, cybersecurity, or the privacy of electronic communications; (b) any obligations made under any public-facing policies of the Company or its Subsidiaries relating to the processing of Personal Data; (c) all obligations relating to the processing of Personal Data pursuant to Contracts to which the Company and the Subsidiaries are a party; (d) any requirements of industry standards by which the Company and the Subsidiaries are bound; and (e) the Payment Card Industry Data Security Standard.

"Product" means food products produced, distributed, or sold by the Company and each of the Subsidiaries.

"Proposed Final Closing Statement" shall have the meaning set forth in Section 3.04(b) hereof.

"Purchaser" shall have the meaning set forth in the preamble hereto.

"Purchaser 280G Arrangements" shall have the meaning set forth in Section 6.08(a) hereof.

"Purchaser Plans" shall have the meaning set forth in Section 6.08(b) hereof.

"Purchaser Material Adverse Effect" shall have the meaning set forth in Section 5.01 hereof.

"Purposeful Foods Investor" shall mean Purposeful Foods Investor, LP, a Delaware limited partnership.

"Real Property Leases" shall have the meaning set forth in Section 4.15(a)(i).

"Registered IP" shall have the meaning set forth in Section 4.18(a) hereof.

"Related Party" shall mean, with respect to any Person: (a) any Affiliate of such Person; (b) any Person that serves as a director, officer, partner, executor or trustee (or in similar capacity), or owns beneficially or of record five percent (5%) or more of the equity, of such Person;

(c) any Person with respect to which such Person serves as a general partner or trustee (or in a similar capacity); or (d) each member of the immediate family of each of the individuals referenced in (b) above; provided, that the "Related Parties" of the Company or Purposeful Foods Investor shall not include the portfolio companies of Affiliates of Purposeful Foods Investor.

"Release" shall mean, with respect to Hazardous Materials, any release, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposal into the environment.

"Required Purchaser Consents" shall have the meaning set forth in Section 6.03(a) hereof.

"RWI Policy" shall mean any buyer-side representations and warranties insurance policy (collectively, with the binder agreement associated therewith and any excess insurance policies thereto) obtained by Purchaser or its Affiliates in connection with the transactions contemplated by this Agreement, conditionally bound as of the date hereof, and in substantially the form delivered to Equityholders' Representative on or before the date hereof.

"RWI Costs" means the total costs and expenses relating to the issuance of the RWI Policy, including any premium, Taxes, underwriting fees, due diligence fees, brokerage commissions and any other costs and expenses due and payable pursuant to the issuance of such RWI Policy.

"Second Request" shall have the meaning set forth in Section 6.04(c).

"Section 262" shall have the meaning set forth in Section 2.03(f) hereof.

"Section 280G" shall have the meaning set forth in Section 6.08(d) hereof.

"Section 280G Payments" shall have the meaning set forth in Section 6.08(d) hereof.

"Securities Act" shall mean the U.S. Securities Act of 1933, as amended, and the applicable rules and regulations thereunder.

"Security Incident" shall mean any theft or loss of, or unauthorized or unlawful disclosure, acquisition, use, alteration or destruction of, or unauthorized or unlawful access to Personal Data.

"Series A-1 Aggregate Liquidation Preference" shall mean the amount equal to the product of (i) the total number of shares of Series A-1 Preferred Stock issued and outstanding immediately prior to the Effective Time (other than any shares of Series A-1 Preferred Stock held by the Company or the Subsidiaries) after giving effect to all requests for conversion, if any, multiplied by (ii) the Series A-1 Liquidation Preference.

"Series A-1 Liquidation Preference" shall mean an amount per share of Series A-1 Preferred Stock equal to the Series A-1 Original Issue Price, plus declared but unpaid dividends on such share.

"Series A-1 Original Issue Price" shall mean \$2.1700 per share of Series A-1 Preferred Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series A-1 Preferred Stock, if applicable).

"Series A-2 Aggregate Liquidation Preference" shall mean the amount equal to the product of (i) the total number of shares of Series A-2 Preferred Stock issued and outstanding immediately prior to the Effective Time (other than any shares of Series A-2 Preferred Stock held by the Company or the Subsidiaries) after giving effect to all requests for conversion, if any, multiplied by (ii) the Series A-2 Liquidation Preference.

"Series A-2 Liquidation Preference" shall mean an amount per share of Series A-2 Preferred Stock equal to the Series A-2 Original Issue Price, plus declared but unpaid dividends on such share.

"Series A-2 Original Issue Price" means \$4.16583 per share of Series A-2 Preferred Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series A-2 Preferred Stock, if applicable).

Preferred Stock, if applicable).

“Series B Aggregate Liquidation Preference” shall mean the amount equal to the product of (i) the total number of shares of Series B Preferred Stock issued and outstanding immediately prior to the Effective Time (other than any shares of Series B Preferred Stock held by the Company or the Subsidiaries) after giving effect to all requests for conversion, if any, multiplied by (ii) the Series B Liquidation Preference.

“Series B Liquidation Preference” shall mean an amount per share of Series B Preferred Stock equal to 1.15 times the Series B Original Issue Price, plus declared but unpaid dividends on such share.

“Series B Original Issue Price” means \$49.18579 per share of Series B Preferred Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series B Preferred Stock, if applicable).

“Series C Aggregate Liquidation Preference” shall mean the amount equal to the product of (i) the total number of shares of Series C Preferred Stock issued and outstanding immediately prior to the Effective Time (other than any shares of Series C Preferred Stock held by the Company or the Subsidiaries) after giving effect to all requests for conversion, multiplied by (ii) the Series C Liquidation Preference.

“Series C Liquidation Preference” shall mean an amount per share of Series C Preferred Stock equal to the greatest of (x) the Accrued Value, subject to adjustment for any combinations, consolidations, stock splits or distributions with respect to the shares of Series C

Preferred Stock, (y) the amount that a holder of such share of Series C Preferred Stock would be entitled to receive if such share of Series C Preferred Stock were converted into a share of Common Stock immediately prior to the Effective Time (the amount described in this clause (y), the “As-Converted Amount”) and (z) 1.55 times the Series C Original Issue Price.

“Series C Original Issue Price” means \$78.74136 per share of Series C Preferred Stock (subject to appropriate adjustment in the event of any stock dividend, stock split, combination or other similar recapitalization with respect to the Series C Preferred Stock, if applicable).

“Social Media Accounts” shall mean social media accounts and handles.

“Straddle Period” shall mean any taxable period that includes (but does not end on) the Closing Date.

“Stock Option” shall mean an option (or a portion thereof) to acquire shares of Common Stock granted under a Company Equity Plan that is outstanding as of immediately prior to the Effective Time.

“Stockholder Consent” shall have the meaning set forth in Section 4.02 hereof.

“Stockholders’ Agreement” shall mean that certain Stockholders’ Agreement, dated as of October 22, 2019, by and among the Company and certain holders of the Company’s outstanding securities.

“Stockholders’ Expenses” shall mean, to the extent unpaid as of immediately prior to the Effective Time (a) all brokerage fees, commissions, finders’ fees or financial advisory fees and other third party advisory, professional or consulting fees incurred by the Company or any of its Subsidiaries, or for which the Company or any of its Subsidiaries is otherwise obligated to reimburse, at or prior to the Closing in connection with the transactions contemplated hereby; (b) any amounts payable by the Company or the Subsidiaries as a result of the consummation of the transactions contemplated by this Agreement (excluding any amounts triggered by actions taken by the Company or its Subsidiaries post-Closing or at the direction of Purchaser pre-Closing) pursuant to any severance obligations or any change

in control, retention, "stay," sale or transaction bonus to any employee, director, officer, agent or independent contractor of the Company and the Subsidiaries (including the employer portion of any employment, payroll, social security or unemployment Taxes payable in connection with the foregoing, but only to the extent that such Taxes would not otherwise be paid in the ordinary course of business in connection with the payment of a person's compensation throughout the year of the Closing and for this purpose, not considering payment of 2024 annual bonuses as payments made in the ordinary course if such bonuses are paid after the Closing Date; provided, that any such Taxes excluded as Stockholders' Expenses do not exceed \$322,000 in the aggregate); and (c) the employer portion of any employment, payroll, social security or unemployment Taxes payable in connection with the payments to the Optionholders as contemplated by this Agreement, but only to the extent that such Taxes would not otherwise be paid in the ordinary course of business in connection with the payment of a person's compensation throughout the year of the Closing and for this purpose, not considering payment of 2024 annual bonuses as payments made in the ordinary course if such

bonuses are paid after the Closing Date; provided, that any such Taxes excluded as Stockholders' Expenses do not exceed \$322,000 in the aggregate; provided, that, notwithstanding anything to the contrary herein, in no event shall Stockholders' Expenses include (i) any costs, fees or expenses incurred by Purchaser, Merger Sub or any of their respective Affiliates, including any such costs, fees or expenses that become payable by the Surviving Corporation as a result of the Merger or (ii) any costs, fees or expenses incurred by the Surviving Corporation or any of its Subsidiaries either at the direction of Purchaser or at or after the Closing.

"Subsidiary" shall mean any entity in which a majority of the outstanding capital stock, voting power or other equity interests is owned by the Company or another Subsidiary of the Company.

"Subsidiary Shares" shall mean the shares of capital stock, limited liability company interests or partnership interests of the Company's Subsidiaries that are owned, directly or indirectly, by the Company.

"Surviving Corporation" shall have the meaning set forth in Section 2.01 hereof.

"Surviving Corporation Common Shares" shall mean the shares of common stock, \$0.0001 par value per share, of the Surviving Corporation.

"Taxes" shall mean all income, gross receipts, excise, property, sales, gain, use, license, capital stock, transfer, franchise, payroll, withholding, social security, value added or other taxes, assessments, duties or charges of any kind whatsoever imposed by a Governmental Authority, including any interest, penalties or additions thereto.

"Tax Benefit Party" shall have the meaning set forth in Section 8.07(a) hereof.

"Tax Contest" shall have the meaning set forth in Section 8.06(b) hereof.

"Tax Law" shall mean any Law relating to Taxes.

"Tax Liability Amount" means, without duplication, determined as of the end of the day on the Closing Date, the aggregate amount of accrued but unpaid Income Taxes of the Company and each of its Subsidiaries (whether or not then due), calculated separately for each jurisdiction (and which may not be below zero in any jurisdiction or with respect to any standalone taxpaying entity) for (x) any Pre-Closing Tax Period beginning on or after January 1, 2024 and (y) any other Pre-Closing Tax Period to the extent that a Tax Return with respect to such income Taxes has not yet come due and been filed as of the Closing Date, in each case, in respect of solely those jurisdictions in which the Company or any of its Subsidiaries is currently filing Income Tax Returns (and in any jurisdictions where the Company or any of its Subsidiaries has become subject to Tax due to new operations or activities occurring on or after January 1, 2024 and prior to the Closing), which amount shall be calculated: (a) by calculating any Taxes for Straddle Periods based on an interim closing of the books (provided, that exemptions, allowances or deductions calculated on an annual basis shall be allocated between the period ending on the Closing Date and the period beginning after the Closing Date in proportion to the number of days in each period) and by assuming the

tax year of the Company and every Subsidiary of the Company ends as of the close of the Closing Date; (b) by taking into account any overpayment or prepayment of Taxes to

the extent such payments have the effect of reducing (but not below zero) the Tax Liability Amount regardless of the jurisdiction with respect to such overpayment or prepayment of Taxes applies; (c) by taking into account any available tax attributes (including any net operating losses) of the Company and its Subsidiaries to the extent such tax attributes are available under applicable Law to reduce the Tax liability of the Company or one of its Subsidiaries in an applicable jurisdiction for the relevant Pre-Closing Tax Period; (d) by taking into account all Transaction Tax Deductions to the extent "more likely than not" allocable to the Pre-Closing Tax Period; (d) by excluding any liabilities for accruals or reserves established or required to be established under GAAP methodologies for contingent Income Taxes or with respect to uncertain Tax positions; (e) by excluding any Taxes attributable to any action taken by the Purchaser, Merger Sub, or its Affiliates on the Closing Date after the Closing outside the ordinary course of business and not expressly contemplated by this Agreement; (f) by excluding any Taxes attributable to actions taken related to the Debt Financing or other debt financing incurred in connection with the Merger (including as such actions any assumption of such debt, any distribution or deemed distribution of proceeds of such debt, and any credit support in respect of such debt); (g) by excluding any Taxes attributable to actions taken by Purchaser or any of its Affiliates (including, after the Closing, the Surviving Corporation or a Subsidiary) described in Section 8.06 without the prior written consent of the Equityholders' Representative; (h) by excluding any deferred Income Tax assets and liabilities; and (i) in accordance with the past practices of the Company and each of its Subsidiaries in preparing their Income Tax Returns (to the extent such practices are consistent with applicable Law).

"Tax Return" means any return, report, claim for refund, estimate, information return or statement or other similar document filed or required to be filed with any Governmental Authority with respect to Taxes, including any schedule or attachment thereto, and including any amendment.

"Termination Date" shall have the meaning set forth in Section 9.02(b) hereof.

"Total Enterprise Value" shall mean \$795,000,000.

"Trademarks" shall mean all trademarks, service marks, logos, brand names, trade dress, trade names, other indications of origin and the goodwill associated with the foregoing, and all registrations, applications, renewals and all other pre-grant and post-grant forms for any of the foregoing.

"Trade Secrets" shall mean confidential and proprietary information and proprietary know-how, including confidential and proprietary inventions (whether or not patentable), discoveries, trade secrets, business and marketing information, technical information, and data collections.

"Transaction Tax Deductions" shall mean the sum of all Tax deductions relating to or arising from (a) the payment or accrual of Stockholders' Expenses, (b) payments or accruals in respect of Stock Options or any other compensation payable or accrued as a result of the transactions contemplated by this Agreement, (c) any payroll costs (including Taxes) associated with the payments or accruals described in clause (a) or clause (b), (d) the pay-down or satisfaction of the amounts payable or accrued under the Debt Payoff Amount (including any deferred

financing costs), (e) any other payments or accruals attributable to the transactions contemplated by this Agreement that are economically borne by Equityholders, and (f) any other payments made by the Company or any of the Subsidiaries prior to the Closing that, if unpaid as

of the Closing, would have increased the calculation of the Debt Payoff Amount or Stockholders' Expenses. For this purpose, any success-based fees shall be treated as deductible in accordance with Rev. Proc. 2011-29 (and analogous state or local Tax procedure).

"Transfer Taxes" shall have the meaning set forth in Section 8.01 hereof.

"Union" shall mean any labor union, works council, trade union or other employee representative body.

"Vested Stock Option" shall mean a Stock Option (or portion thereof) that is vested and exercisable as of immediately prior to the Effective Time (after giving effect to any accelerated vesting or performance targets achieved in connection with the transactions contemplated by this Agreement), whether pursuant to the terms and conditions of the applicable Company Equity Plan or applicable agreements governing such Stock Option or the discretion of the Company's board of directors.

"Voting Agreement" shall have the meaning set forth in the preamble hereto.

"Working Capital Adjustment" shall mean an amount equal to (a) the amount, if any, by which the Closing Working Capital is less than the Working Capital Floor (a negative adjustment), or (b) the amount, if any, by which the Closing Working Capital exceeds the Working Capital Ceiling (a positive adjustment).

"Working Capital Ceiling" shall mean \$22,600,000.

"Working Capital Floor" shall mean \$20,600,000.

SECTION 1.02. Other Terms. Other terms may be defined elsewhere in the text of this Agreement and, unless otherwise indicated, shall have such meaning throughout this Agreement.

SECTION 1.03. Other Definitional Provisions.

(a) The words "hereof", "herein", "hereto", "hereunder" and "hereinafter" and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement, unless the context otherwise requires.

(b) The terms defined in the singular shall have a comparable meaning when used in the plural, and vice versa.

(c) The term "dollars" and character "\$" shall mean United States dollars.

(d) The term "including" shall mean "including, without limitation", and the words "include" and "includes" shall have corresponding meanings and such words shall not be construed to limit any general statement that they follow to the specific or similar items or matters immediately following them.

(e) The term "or" is not exclusive, unless the context otherwise requires.

(f) The terms "party", "parties", "parties hereto", "parties to this Agreement" and similar terms, when used in this Agreement, shall refer to Parent, Purchaser, Merger Sub, the Company and/or the Equityholders' Representative, as applicable, unless the context expressly otherwise requires.

(g) The word "will" shall be construed to have the same meaning as the word "shall".

(h) The word "extent" in the phrase "to the extent" shall mean the degree to which a subject or thing extends, and such shall not mean simply "if".

(i) "Writing", "written" and comparable terms refer to printing, typing and other means of reproducing words (including electronic media) in a visible form.

(j) References to "ordinary course" or "ordinary course of business" refers to the ordinary course of business of the Company and the Subsidiaries, taken as a whole, as well as actions or omissions taken or to be taken by the Company or any of the Subsidiaries that are consistent with the past practices of the Person from time to time subject to such deviations therefrom as are, or have been (i) reasonably necessary to comply with applicable Law or (ii) COVID-19 Actions.

(k) The words "made available" when used with respect to Purchaser as recipient shall mean that the relevant material or document has been posted to the Project Daffodil virtual data room hosted by DataSite no later than 9:00pm ET on the day prior to the date hereof.

SECTION 1.04. Interpretive Matters.

(a) The Exhibits and Schedules to this Agreement are hereby incorporated and made a part hereof and are an integral part of this Agreement. The Company may, at its option, include in the Schedules items that are not material in order to avoid any misunderstanding, and such inclusion, or any reference to dollar amounts, shall not be deemed to be an acknowledgement or representation that such items are material, to establish any standard of materiality or to define further the meaning of such terms for purposes of this Agreement or otherwise. Any matter set forth in any section of any Schedule shall be deemed to be referred to and incorporated in any section to which it is specifically referenced or cross-referenced, and also in all other sections of the Schedules to which such matter's application or relevance is reasonably apparent from the face of the applicable disclosure. Any capitalized terms used in any Schedule or Exhibit but not otherwise defined therein shall be defined as set forth in this Agreement.

(b) Any reference in this Agreement to gender shall include all genders and the neuter.

(c) The parties hereto have participated jointly in the negotiation and drafting of this Agreement and, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as jointly drafted by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement.

(d) For all actions or measurements contemplated by this Agreement to take place or be measured as of "immediately prior to the Effective Time" or "immediately prior to the Closing", (i) any Options that vest immediately prior to the consummation of the transactions contemplated by this Agreement (after giving effect to any accelerated vesting or performance targets achieved in connection with such transactions) shall be deemed vested as of such time and (ii) any shares of Preferred Stock that have been submitted to the Company for conversion to Common Stock pursuant to the certificate of incorporation of the Company to be effective immediately prior to the consummation of the transactions contemplated by this Agreement shall be deemed converted as of such time.

ARTICLE II

THE MERGER

SECTION 2.01. Merger. At the Effective Time, in accordance with this Agreement and the DGCL, Merger Sub shall be merged with and into the Company (the "Merger"), the separate existence of Merger Sub shall cease and the Company shall continue as the surviving corporation (the "Surviving Corporation"). The Merger shall have the effects set forth in Section 259 of the DGCL and, without limiting the foregoing, from and after the Effective Time, the Surviving Corporation shall possess all the rights, privileges, immunities and franchises, of a public as well as a private nature, and shall be subject to all liabilities, obligations and penalties of the Company and Merger Sub, all with the effect set forth in the DGCL. By virtue of the Merger and without any action on the part of Purchaser or the Company, the certificate of incorporation and the by-laws of Merger Sub as in effect immediately prior to the Effective Time shall be the certificate of incorporation and the by-laws of the Surviving Corporation, until amended in accordance with applicable Law (subject to Section 6.07(a)). By virtue of the Merger and without any action on the part of Purchaser or the Company, each of the directors of Merger Sub immediately

prior to the Effective Time shall be a director of the Surviving Corporation and each of the officers of the Company immediately prior to the Effective Time shall be an officer of the Surviving Corporation, in each case until his or her successor is duly elected and qualified, or until his or her earlier death, resignation or removal in accordance with the Surviving Corporation's certificate of incorporation and by-laws.

SECTION 2.02. Conversion of Shares.

(a) At the Effective Time, all shares of Merger Sub Common Stock issued and outstanding immediately prior to the Effective Time shall, by virtue of the Merger and without any action on the part of Purchaser, be converted into and thereafter evidence in the aggregate one

hundred (100) Surviving Corporation Common Shares. Each share of Merger Sub Common Stock issued and outstanding immediately prior to the Effective Time, when converted in accordance with this Section 2.02(a), shall no longer be outstanding, shall automatically be cancelled and shall cease to exist.

(b) At the Effective Time, by virtue of the Merger and without any action on the part of the holder thereof (each such holder, an "Eligible Holder"):

(i) each share of Common Stock issued and outstanding immediately prior to the Effective Time (other than Appraisal Shares and shares of Common Stock held by the Company, any of the Subsidiaries or Merger Sub, if any, which in each case shall automatically be cancelled) shall be converted into and thereafter evidence the right to receive, without interest, an amount in cash equal to the sum of (i) the Closing Per Share Merger Consideration, and (ii) the Per Share Portion of the Additional Merger Consideration, if any;

(ii) each share of Series A-1 Preferred Stock issued and outstanding immediately prior to the Effective Time (other than Appraisal Shares) shall be converted into and thereafter evidence the right to receive in cash the Series A-1 Liquidation Preference;

(iii) each share of Series A-2 Preferred Stock issued and outstanding immediately prior to the Effective Time (other than Appraisal Shares) shall be converted into and thereafter evidence the right to receive in cash the Series A-2 Liquidation Preference;

(iv) each share of Series B Preferred Stock issued and outstanding immediately prior to the Effective Time (other than Appraisal Shares) shall be converted into and thereafter evidence the right to receive in cash the Series B Liquidation Preference; and

(v) each share of Series C Preferred Stock issued and outstanding immediately prior to the Effective Time (other than Appraisal Shares) shall be converted into and thereafter evidence the right to receive in cash the Series C Liquidation Preference; provided, that if the holders of Series C Preferred Stock are entitled to receive the As-Converted Amount, then the Series C Liquidation Preference shall be equal to the sum of (i) the Closing Per Share Merger Consideration, and (ii) the Per Share Portion of the Additional Merger Consideration, if any.

(c) Each Company Share issued and outstanding immediately prior to the Effective Time, when converted or cancelled in accordance with Section 2.02(b), shall no longer be outstanding, shall automatically be cancelled and shall cease to exist.

(d) At the Effective Time, each Company Share that is owned by the Company or any of the Subsidiaries shall automatically be cancelled and retired and shall cease to exist, and no consideration shall be delivered in exchange therefor.

SECTION 2.03. Payment of Merger Consideration.

(a) As promptly as practicable after the date hereof (but in no event later than ten (10) Business Days after the date hereof), Purchaser shall appoint Acquiom Financial LLC, in its capacity as payments administrator, (or its applicable Affiliate) as paying agent, or if Acquiom Financial LLC (or its applicable Affiliate) is unwilling or unable to accept such appointment (including because it is unable to make payments within the timing called for in this Agreement), such paying agent that is mutually acceptable to the Company and Purchaser, acting reasonably (the “Paying Agent”) and enter into a paying agent agreement (the “Paying Agent Agreement”), for the purpose of making payments to the Eligible Holders pursuant to this Article II. Purchaser shall cause the Paying Agent to cooperate with the Company with respect to the distribution by the Company, to each holder of Company Shares on the date of this Agreement and from time to time hereafter, of (i) the letter of transmittal in the form attached hereto as Exhibit C (the “Letter of Transmittal”) and (ii) instructions for effecting the surrender of the Company Shares for payment. The Paying Agent Agreement may only be amended with the prior written consent of the Company.

(b) At or prior to the Closing, Purchaser shall deposit with the Paying Agent the Estimated Aggregate Purchase Price and the Aggregate Liquidation Preference (provided, that, if the holders of Series C Preferred Stock are entitled to receive the As-Converted Amount, then for the purposes of this provision, the Series C Aggregate Liquidation Preference shall be excluded from the calculation of Aggregate Liquidation Preference), and subject to the terms of this Agreement, pay, or cause the Paying Agent to pay, to each Eligible Holder the portion of the Estimated Aggregate Purchase Price and the Aggregate Liquidation Preference, as applicable, that such Eligible Holder is entitled to receive under this Agreement as set forth on the Allocation Schedule.

(c) Each Eligible Holder shall deliver to the Paying Agent a duly executed and completed Letter of Transmittal, and, subject to Section 2.05(e), surrender the Company Shares in accordance with the directions for doing so contained in the Letter of Transmittal in exchange for the right to receive such Eligible Holder’s portion of the Closing Per Share Merger Consideration and the Aggregate Liquidation Preference, as applicable, as provided in Section 2.02(b) and Section 2.03(b).

(d) With respect to each Eligible Holder that has delivered to the Paying Agent at least two (2) Business Days prior to the Closing Date a Letter of Transmittal, completed and signed by such Eligible Holder, Purchaser will cause the Paying Agent to pay, to such Eligible Holder, in immediately available funds, the portion of the Estimated Aggregate Purchase Price and the Aggregate Liquidation Preference, as applicable, that such Eligible Holder is entitled to receive under this Agreement as set forth on the Allocation Schedule, pursuant to the payment instructions provided by such Eligible Holder in such Eligible Holder’s Letter of Transmittal, which payment will be made immediately following the Closing.

(e) With respect to each Eligible Holder that has delivered to the Paying Agent after the second Business Day prior to the Closing a Letter of Transmittal, completed and signed by such Eligible Holder, Purchaser will cause the Paying Agent to pay, to such Eligible Holder, in immediately available funds, the portion of the Estimated Aggregate Purchase Price and the

Aggregate Liquidation Preference, as applicable, that such Eligible Holder is entitled to receive under this Agreement as set forth on the Allocation Schedule, pursuant to the payment instructions provided by such Eligible Holder in such Eligible Holder’s Letter of Transmittal, which payment will be made by no later than two (2) Business Days after the Paying Agent’s receipt of the Letter of Transmittal.

(f) Notwithstanding anything to the contrary contained herein or otherwise, Company Shares issued and outstanding immediately prior to the Effective Time that are held by any holder who is entitled to demand and properly demands appraisal of such shares (the “Appraisal Shares”) pursuant to, and who complies in all respects with, the provisions of Section 262 of the DGCL (“Section 262”), shall not be converted into the right to receive the Closing Per Share Merger Consideration as provided in Section 2.02(b) and Section 2.03(b), but instead such holder shall be entitled to payment of the fair value of such shares in accordance with the provisions of Section 262. At the Effective Time, all Appraisal Shares shall no longer be outstanding and shall automatically be cancelled and shall cease

to exist, and each holder of Appraisal Shares shall cease to have any rights with respect thereto, except the right to receive the fair value of such Appraisal Shares in accordance with the provisions of Section 262. Notwithstanding the foregoing, if any such holder shall fail to perfect or otherwise shall waive, withdraw or lose the right to appraisal under Section 262 or a court of competent jurisdiction shall determine that such holder is not entitled to the relief provided by Section 262, then the right of such holder to be paid the fair value of such holder's Appraisal Shares under Section 262 shall cease and each such Appraisal Share shall be deemed to have been converted at the Effective Time into, and shall have become, the right to receive the Closing Per Share Merger Consideration as provided in Section 2.02(b) and Section 2.03(b) (and the Per Share Portion of the Additional Merger Consideration, if any), without interest. The Company shall serve prompt notice to Purchaser of any demands for appraisal of any shares of Common Stock, and Purchaser shall have the right to participate in all negotiations and proceedings with respect to such demands. Prior to the Effective Time, without the prior written consent of Purchaser (which shall not be unreasonably withheld, conditioned or delayed), the Company shall not make any payment with respect to, or settle or offer to settle, any such demands, or agree to do any of the foregoing.

SECTION 2.04. Treatment of Stock Options. At the Effective Time, each Vested Stock Option shall, by virtue of the Merger and without any action on the part of the holder thereof, be cancelled and in full consideration of such cancellation, shall be converted into and thereafter evidence the right to receive, without interest, (a) the Closing Option Merger Consideration, and (b) the product of (i) the Per Share Portion of the Additional Merger Consideration, if any, and (ii) the number of shares of Common Stock underlying such Stock Option. Any Stock Option that is not a Vested Stock Option that is outstanding as of immediately prior to the Effective Time shall automatically be forfeited and cancelled without consideration, effective as of the Effective Time. Each Stock Option, when converted or forfeited in accordance with this Section 2.04, shall no longer be outstanding, shall automatically be cancelled and shall cease to exist. As promptly as reasonably practicable following the Effective Time, Purchaser shall pay or cause the Surviving Corporation or its applicable Subsidiary to pay, to each applicable Optionholder through the payroll system of the Surviving Corporation or applicable Subsidiary thereof (other than with respect to Vested Stock Options granted in respect of non-employee services, which need not be paid through such payroll system) an aggregate amount in cash equal

to the Closing Option Merger Consideration that such Optionholder is entitled to receive under this Agreement as set forth on the Allocation Schedule.

SECTION 2.05. Certain Actions in Connection with the Merger.

(a) **Mailing to Stockholders.** As promptly as practicable after the date of this Agreement, the Company shall mail or email to each holder of Company Shares on the date of this Agreement and from time to time hereafter (i) a Letter of Transmittal and (ii) instructions for effecting the surrender of the Company Shares for payment.

(b) **Share Transfer Books.** At and after the Effective Time, there shall be no transfers on the share transfer books of the Company of any shares of capital stock that were outstanding immediately prior to the Effective Time. If, after the Effective Time, the Company Shares are presented to the Surviving Corporation, they shall be cancelled and exchanged as provided in Section 2.02(b) and Section 2.03(b).

(c) **Unclaimed Merger Consideration.** At any time following the one year anniversary of the Closing, the Surviving Corporation will be entitled to require the Paying Agent to deliver to it any portion of the Estimated Aggregate Purchase Price and the Aggregate Liquidation Preference which has not been disbursed to holders of Company Shares and thereafter any holder of Company Shares entitled to receive its portion of the Closing Per Share Merger Consideration and the Aggregate Liquidation Preference, as applicable, who has not theretofore received payment of such consideration in accordance with Section 2.02(b) and Section 2.03(b) shall thereafter look only to the Surviving Corporation for any such payment that may be payable upon surrender of any Company Shares held by such holder, as determined pursuant to this Agreement, as a general creditor and without any interest thereon.

(d) **No Liability.** On the date that is the three years following the Closing, any amounts remaining unclaimed by any holder of Company Shares shall become, to the extent permitted by applicable abandoned property, escheat or similar Laws, the property of the Surviving Corporation free and clear of any claims or interest of any Person previously entitled thereto. The parties agree that the Paying Agent, Purchaser and the Surviving Corporation shall be entitled to rely on information set forth on the Allocation Schedule in making or causing to be made payments under this Article II and none of the Paying Agent, Purchaser nor the Surviving Corporation shall be responsible or liable for the calculations or the determinations regarding such calculations set forth therein.

(e) **Lost Certificates.** Notwithstanding anything in this Agreement to the contrary, if any certificate representing Company Shares shall have been lost, stolen or destroyed, upon compliance with the terms of (and subject to any applicable limitations in) the Letter of Transmittal in respect of lost, stolen or destroyed certificates and, if required by the Company or the Surviving Corporation, the posting by such Person of a bond in such reasonable amount as the Company or the Surviving Corporation may direct as indemnity against any claim that may be made against it with respect to such certificate, the Surviving Corporation shall cause the Paying Agent to issue in exchange for such lost, stolen or destroyed certificate the Closing Per Share Merger Consideration and the Aggregate Liquidation Preference, as applicable, payable in respect

of each Company Share represented by such lost, stolen or destroyed certificate pursuant to this Agreement.

(f) **FIRPTA Certificate.** Prior to Closing the Company shall deliver a certification stating that the Company is not and has not within the applicable period been a "United States real property holding corporation", and corresponding notice to the Internal Revenue Service, each in form and substance required under Treasury Regulation Section 1.897-2(h) and Treasury Regulation Section 1.1445-2(c)(3). Notwithstanding anything to the contrary in this Agreement, if such certification and notice are not delivered prior to Closing, Purchaser's sole recourse shall be to make the appropriate withholding under Section 1445 of the Code.

(g) **Withholding.** Notwithstanding anything in this Agreement to the contrary, Purchaser, Merger Sub, the Surviving Corporation and any other applicable withholding agent shall be entitled to deduct and withhold, or cause the Escrow Agent to deduct and withhold, from any amount otherwise payable to or for the benefit of any Person pursuant to this Agreement or the Escrow Agreement such amounts as it is required to deduct and withhold with respect to the making of such payment under any provision of federal, state, local or foreign Tax Law; provided, however, that the Person intending to withhold will use commercially reasonable efforts to notify such Persons of any amounts otherwise payable to such Persons that it intends to deduct and withhold at least five (5) Business Days prior to the due date for any relevant payment, other than required compensatory withholdings in respect of Stock Options and other payments in the nature of compensation for Tax purposes or withholding resulting from a failure to deliver the certification described in Section 2.05(f), and the Person intending to withhold with respect to such payments will provide reasonable details regarding the provisions of Law that requires such withholding. Any amounts withheld in accordance with this Section 2.05(g), that are timely paid to the appropriate Governmental Authority will be treated for all purposes of this Agreement and the Escrow Agreement as having been paid to the Equityholder in respect of which such deduction and withholding was made.

ARTICLE III

CLOSING

SECTION 3.01. **Closing.** The closing of the transactions contemplated hereby (the "Closing") shall take place electronically through the execution and exchange, via .pdf copies of originally signed documents at 9:00 a.m. (EST) on a date to be specified by the parties hereto, which shall be not later than the third (3rd) Business Day following the satisfaction or waiver of the conditions precedent set forth in Article VII (other than those conditions that by their terms are to be satisfied at the Closing, but subject to the satisfaction or waiver of those conditions at the Closing), or on such other date or at such other time or place as the parties hereto may mutually agree; provided, that notwithstanding the foregoing, the Closing shall not occur earlier than forty-five (45) days after the date

hereof unless Purchaser consents thereto (in Purchaser's sole discretion). The date on which the Closing occurs is called the "Closing Date".

SECTION 3.02. Effective Time. Upon the terms and subject to the conditions of this Agreement, as soon as practicable at or after the Closing, the parties hereto shall deliver to the Secretary of State of the State of Delaware a certificate of merger that effectuates the

transactions contemplated hereby (the "Certificate of Merger") and shall make all other filings or recordings as may be required under the DGCL and any other applicable Law in order to effect the Merger. The Merger shall become effective at the time set forth in the Certificate of Merger to be filed with the Secretary of State of the State of Delaware in accordance with the DGCL. The date and time at which the Merger shall so become effective is herein referred to as the "Effective Time".

SECTION 3.03. Payments to be Made at the Closing.

(a) Merger Consideration. At the Closing, Purchaser shall cause the Paying Agent to pay or cause to be paid to each Eligible Holder any amounts due to such Eligible Holder pursuant to Section 2.02(b) and Section 2.03(a) and in accordance with the Allocation Schedule, by wire transfer of immediately available funds to an account designated in such Eligible Holder's Letter of Transmittal (or, at the request of an Eligible Holder, by check).

(b) Debt Payoff. At the Closing, Purchaser shall (on behalf of the Surviving Corporation) pay or cause to be paid, or, to the extent the Surviving Corporation has sufficient immediately available funds at such time, instruct the Surviving Corporation to pay or cause to be paid, the amounts payable under the Debt Payoff Letter (such amounts, in the aggregate, the "Debt Payoff Amount"), by wire transfer of immediately available funds to the account or accounts designated in the Debt Payoff Letter.

(c) Payment of Stockholders' Expenses. At the Closing, Purchaser shall (on behalf of the Surviving Corporation) pay or cause to be paid, or, to the extent the Surviving Corporation has sufficient immediately available funds at such time, cause the Surviving Corporation to pay or cause to be paid, the Stockholders' Expenses set forth on the Estimated Closing Statement, by wire transfer of immediately available funds to the accounts set forth on the Estimated Closing Statement with respect to each payee of the Stockholders' Expenses.

(d) Administrative Expense Amount. At the Closing, Purchaser shall pay to an account specified by the Company (on behalf of the Equityholders' Representative) at least two (2) Business Days prior to the Closing Date for the Administrative Expense Account, by wire transfer of immediately available funds, an amount in cash equal to the Administrative Expense Amount.

(e) Escrow Amount. At the Closing, Purchaser shall pay to the Escrow Agent, by wire transfer of immediately available funds, the Escrow Amount to be deposited into the Escrow Account.

SECTION 3.04. Purchase Price Adjustment.

(a) Estimated Closing Statement. The Company shall prepare in good faith and provide to Purchaser no later than three (3) Business Days prior to the anticipated Closing Date (i) a written statement (the "Estimated Closing Statement") setting forth in reasonable detail its good faith estimates of the Closing Working Capital (the "Estimated Closing Working Capital") and the resulting Estimated Working Capital Adjustment, the Closing Cash Balance (the "Estimated Closing Cash Balance"), the Closing Indebtedness (the "Estimated Closing Indebtedness"), and the Stockholders' Expenses (the "Estimated Stockholders' Expenses"), including payment

instructions for each payee of the Estimated Stockholders' Expenses, (ii) the Company's calculation of the Estimated Aggregate Purchase Price (calculated in accordance with the definitions thereof and the Accounting Policies) and (iii) a schedule setting forth (A) each Eligible Holder and each Optionholder, (B) the Closing Per Share Merger Consideration, Series A-1 Liquidation Preference, Series A-2 Liquidation Preference, Series B Liquidation Preference, Series C Liquidation Preference, and Closing Option Merger Consideration, as applicable, to which to such Persons are entitled to under this Agreement, and (C) each Eligible Holder's and each Optionholder's Percentage Share (the "Allocation Schedule"). The Company shall consider in good faith any objection that Purchaser may have with regards to the Estimated Closing Statement, it being understood that in no event shall the acceptance of Purchaser's comments be considered a condition to Closing or otherwise delay the Closing. Other than as set forth in Section 3.04(e) and except in the case of Fraud, the Company and its officers, directors, employees or Affiliates shall not have any liability with respect to any discrepancy between the figures set forth in the Estimated Closing Statement and the Final Closing Statement (as finally determined pursuant to Section 3.04(d) below).

(b) Proposed Final Closing Statement. As promptly as possible and in any event within sixty (60) calendar days after the Closing Date, Purchaser shall prepare or cause to be prepared in good faith, and shall provide to the Equityholders' Representative, a written statement (the "Proposed Final Closing Statement") setting forth in reasonable detail its proposed final determination of the Closing Working Capital and Working Capital Adjustment, the Closing Cash Balance, the Closing Indebtedness, the Stockholders' Expenses, and the Aggregate Purchase Price. The determination of the Closing Working Capital and Working Capital Adjustment, the Closing Cash Balance, the Closing Indebtedness, the Stockholders' Expenses, and the Aggregate Purchase Price reflected on the Proposed Final Closing Statement shall be prepared in accordance with the definitions thereof and the Accounting Policies; provided, however, that the Tax Liability Amount shall be calculated in accordance with the definition thereof and applicable Tax Law. For purposes of assisting the Equityholders' Representative and its representatives in their review of the Proposed Final Closing Statement, Purchaser shall provide, and cause the Surviving Corporation and its Subsidiaries to provide, the Equityholders' Representative and its representatives (A) upon prior written notice and during normal business hours, reasonable access to the work papers and other books and records (including Tax records), and employees and representatives of Purchaser, the Surviving Corporation and the Surviving Corporation's Subsidiaries and (B) upon request, a reasonably detailed explanation of the basis for any difference in any elements of the Proposed Final Closing Statement and the Estimated Closing Statement. If Purchaser fails to timely deliver the Proposed Final Closing Statement in accordance with the foregoing, then, at the election of the Equityholders' Representative in its sole discretion, either (i) the Estimated Closing Statement shall be deemed for all purposes of this Section 3.04 to be the Final Closing Statement or (ii) the Equityholders' Representative shall retain (at the expense of the Surviving Corporation) the Accounting Firm to provide an audit or other review of the books of the Surviving Corporation, review the calculation of the Closing Working Capital and Working Capital Adjustment, Closing Cash Balance, the Closing Indebtedness, the Stockholders' Expenses, and the Aggregate Purchase Price and make any adjustments necessary thereto consistent with the provisions of this Section 3.04, the determination of such Accounting Firm being conclusive and binding on the parties hereto; provided, however, that the Equityholders' Representative reserves any and all other rights granted to it in this Agreement.

(c) Dispute Notice. The Proposed Final Closing Statement (and the proposed final determinations of the Closing Working Capital and Working Capital Adjustment, the Closing Cash Balance, the Closing Indebtedness, the Stockholders' Expenses, and the Aggregate Purchase Price contained therein) shall be final, conclusive and binding on the parties hereto for purposes of this Section 3.04 unless the Equityholders' Representative provides a written notice (a "Dispute Notice") to Purchaser no later than the thirtieth (30th) Business Day after the delivery to the Equityholders' Representative of the Proposed Final Closing Statement. Any Dispute Notice must set forth in reasonable detail (i) any item on the Proposed Final Closing Statement that the Equityholders' Representative believes has not been prepared in accordance with this Agreement and the correct amount of such item (each, a "Disputed Item") and (ii) the Equityholders' Representative's alternative calculation of the Closing Working Capital and Working Capital Adjustment, the Closing Cash Balance, the Closing Indebtedness, the Stockholders' Expenses, and the Aggregate Purchase Price, as applicable, calculated in accordance with the principles set forth in Section 3.04(b) above.

(d) **Resolution of Disputes.** Purchaser and the Equityholders' Representative shall attempt to promptly resolve the matters raised in any Dispute Notice in good faith and all such discussions will (unless otherwise agreed by Purchaser and the Equityholders' Representative) be governed by Rule 408 of the Federal Rules of Evidence and any applicable equivalent state rule. Beginning ten (10) Business Days after delivery of any Dispute Notice pursuant to Section 3.04(c), or any mutually-agreed extension thereof, either Purchaser or the Equityholders' Representative may provide written notice to the other (the "Dispute Submission Notice") that it elects to submit the then-Disputed Items to a nationally recognized independent accounting firm chosen jointly by Purchaser and the Equityholders' Representative (the "Accounting Firm"). The Accounting Firm shall act as an expert, and not an arbitrator, in reviewing the Disputed Items. The parties shall instruct the Accounting Firm to promptly (and in any event within 30 calendar days), in accordance with such procedures as it deems fair and equitable, review only those Disputed Items specifically set forth and objected to in the Dispute Notice; provided that each party shall be afforded an opportunity to submit a written statement in favor of its position and to advocate for its position orally before the Accounting Firm. In making its determination, the Accounting Firm shall (i) be bound by the terms and conditions of this Agreement, including, the Accounting Policies, the definitions of the Closing Working Capital, the Closing Cash Balance, the Closing Indebtedness, the Stockholders' Expenses, and the Aggregate Purchase Price and the terms of this Section 3.04, and (ii) not assign any value with respect to a Disputed Item that is greater than the highest value for such amount claimed by either the Equityholders' Representative or Purchaser or that is less than the lowest value for such amount claimed by either the Equityholders' Representative or Purchaser, in each case as modified following discussions with the applicable party and as submitted to the Accounting Firm at the outset of the dispute resolution process with a copy to the other party. A single partner of the Accounting Firm selected by such Accounting Firm in accordance with its normal procedures and having expertise with respect to such disputes and the industry in which the Company operates shall act for the Accounting Firm in the determination proceeding, and the Accounting Firm shall render a written decision with respect to such Disputed Items, including a statement in reasonable detail of the basis for its decision. The fees and expenses of the Accounting Firm shall be borne by the Equityholders, on the one hand, and Purchaser on the other hand, based on the percentage that the portion of the contested amount not awarded to each party bears to the amount actually contested by such party and such allocation of fees and expenses shall be calculated by the

Accounting Firm and shall be final and binding on the parties. By way of illustration, (x) if Purchaser's calculations would have resulted in a \$1,000,000 net payment to Purchaser, and the Equityholders' Representative's calculations would have resulted in a \$1,000,000 net payment to the Equityholders and the Accounting Firm's final determination results in an aggregate net payment of \$500,000 to the Equityholders, then Purchaser and the Equityholders shall pay 75% and 25%, respectively, of such fees and expenses and (y) if each of such parties' calculations differs from the Accounting Firm's calculation by \$1,000,000, Purchaser and the Equityholders shall split such fees and expenses evenly. Any fees and expenses of the Accounting Firm payable by the Equityholders pursuant to this Section 3.04(d), shall be paid from the Administrative Expense Account. The decision of the Accounting Firm with respect to the Disputed Items of the Proposed Final Closing Statement submitted to it shall be final, conclusive and binding on the parties absent manifest error or Fraud. As used herein, the Proposed Final Closing Statement, as adjusted to reflect any changes agreed to by the parties and/or the decision of the Accounting Firm pursuant to this Section 3.04, is referred to herein as the "Final Closing Statement." Each of the parties to this Agreement agrees to cooperate with any reasonable requests of the Accounting Firm (including by executing a customary engagement letter reasonably acceptable to it) and to cause the Accounting Firm to resolve any such dispute as soon as practicable after the commencement of the Accounting Firm's engagement. The Equityholders' Representative and Purchaser shall not, and shall cause each of their respective Affiliates and direct each of their respective representatives (including with respect to the Equityholders' Representative, the Equityholders) not to, have any ex parte conversations or meetings with the Accounting Firm in connection with the Disputed Items without the prior written consent of the other party. At any time, Purchaser and the Equityholders' Representative may agree to settle any objections raised in the Dispute Notice, which agreement shall be in writing and binding upon each of Purchaser and the Equityholders' Representative with respect to the subject matter of any such objection so resolved.

(e) **Purchase Price Adjustment.** If the Final Aggregate Purchase Price differs from the Estimated Aggregate Purchase Price, then within five (5) Business Days of the final determination of the Final Aggregate Purchase Price:

(i) Subject to Section 3.04(e)(iii), if the Final Aggregate Purchase Price is equal to or in excess of the Estimated Aggregate Purchase Price, (A) Purchaser shall remit or cause to be remitted through the Paying Agent an aggregate amount equal to the excess of the Final Aggregate Purchase Price over the Estimated Aggregate Purchase Price, if any, to (x) in the case of payments that are not subject to compensatory withholding, each applicable Equityholder in accordance with such Equityholder's Percentage Share and (y) in the case of payments that involve compensatory withholding, the Surviving Corporation for further distribution to the applicable Equityholders in accordance with their respective Percentage Shares and (B) Purchaser and the Equityholders' Representative shall jointly direct the Escrow Agent to transfer the full amount of funds in the Escrow Account the Paying Agent for further payment to (x) in the case of payments that are not subject to compensatory withholding, each applicable Equityholder in accordance with such Equityholder's Percentage Share and (y) in the case of payments that involve compensatory withholding, the Surviving Corporation for further distribution to the applicable Equityholders in accordance with their respective Percentage Shares, in each case by wire transfer of immediately available funds; or

(ii) If the Final Aggregate Purchase Price is less than the Estimated Aggregate Purchase Price, Purchaser and the Equityholders' Representative shall jointly direct the Escrow Agent to (A) transfer to Purchaser, or at Purchaser's discretion, to the Surviving Corporation, out of the Escrow Account an aggregate amount equal to the excess of the Estimated Aggregate Purchase Price over the Final Aggregate Purchase Price, if any (solely to the extent of the funds available in the Escrow Account) and (B) transfer the amount of funds remaining in the Escrow Account, if any, after the distribution contemplated in subsection (ii)(A) above to (x) in the case of payments that are not subject to compensatory withholding, to each applicable Equityholder in accordance with such Equityholder's Percentage Share and (y) in the case of payments that involve compensatory withholding, the Surviving Corporation for further distribution to the applicable Equityholders in accordance with their respective Percentage Shares, in each case by wire transfer of immediately available funds.

(iii) The parties shall, to the extent permitted by Law, treat for Tax purposes any additional payments to the Equityholders as an adjustment to the purchase price of the equity interests of the Company. The Escrow Amount shall serve as the sole and exclusive source of recovery for any amounts owed to the Surviving Corporation or Purchaser or any of their respective Affiliates in connection with the final determination of the Final Aggregate Purchase Price pursuant to this Agreement (including this Section 3.04).

(iv) The parties agree that the provisions of this Section 3.04 and the dispute resolution provisions contemplated hereby shall be the sole and exclusive remedy and exclusive forum of the parties with respect to the matters contemplated by this Section 3.04 except in the case of Fraud.

(f) Cash, Indebtedness, and Closing Working Capital. The parties hereto acknowledge that the sole purpose of the adjustment contemplated by this Section 3.04 is to adjust for actual changes in the relative levels of items that are captured in the definitions of Cash, Indebtedness, and Closing Working Capital from the estimated amounts specified in this Agreement, as applicable. Accordingly, the Closing Working Capital shall be calculated using the Accounting Policies applied in a manner consistent with the application of such policies in the calculation of the Working Capital Target (as described in Exhibit A) and the calculations of Cash, Indebtedness, and Closing Working Capital shall not take into account any changes in accounting treatment, whether or not that would be required under GAAP, as a result of any change in plans, basis of estimation, intent or strategy of the Company from or after the Closing Date.

SECTION 3.05. Administrative Expense Account. On the Closing Date, Purchaser shall deliver the Administrative Expense Amount to the Equityholders' Representative by wire transfer of immediately available funds in accordance with Section 3.03(d). The Equityholders' Representative shall hold the Administrative Expense Amount in the Administrative Expense Account as a fund from which the Equityholders' Representative shall pay any fees, expenses or costs it incurs in performing its duties and obligations under this Agreement and the Escrow Agreement by or on behalf of the Equityholders, including fees and expenses incurred pursuant to the

procedures and provisions set forth in Section 3.04 and legal and consultant fees, expenses and costs for reviewing, analyzing, prosecuting and defending any claim

or process arising under or relating to this Agreement or the Escrow Agreement or the transactions contemplated by this Agreement. The Equityholders will not receive any interest or earnings on the Administrative Expense Amount and irrevocably transfer and assign to the Equityholders' Representative any ownership right that they may otherwise have had in any such interest or earnings. The Equityholders' Representative will hold these funds separate from its corporate funds and will not voluntarily make these funds available to its creditors in the event of bankruptcy. At such time and from time to time that the Equityholders' Representative determines in its good faith discretion that a portion of the Administrative Expense Amount will not be required for the payment of such fees, expenses or costs, the Equityholders' Representative shall distribute to the Paying Agent for further distribution to the Equityholders, in accordance with each such Equityholder's Percentage Share, such applicable amounts from the Administrative Expense Account. For U.S. federal income tax purposes, the Administrative Expense Amount shall be treated as having been received and voluntarily set aside by the Equityholders at Closing and any amounts required to be withheld in respect of the portion of the Administrative Expense Amount attributable to Optionholders shall be withheld from amounts payable to Optionholders in connection with Closing.

SECTION 3.06. Closing Deliverables. Prior to or at the Closing:

(a) The Company shall deliver the following to Purchaser:

- (i) the Debt Payoff Letter;
- (ii) the Escrow Agreement, duly executed by the Equityholders' Representative; and
- (iii) a good standing certificate for the Company and each of its Subsidiaries from its jurisdiction of formation, in each case dated within 30 calendar days of the Closing Date.

(b) Purchaser shall have delivered the following to the Company:

- (i) evidence of issuance of the D&O Insurance;
- (ii) the Paying Agent Agreement, duly executed by Purchaser and the Paying Agent; and
- (iii) the Escrow Agreement, duly executed by Purchaser and the Escrow Agent.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as set forth in the disclosure schedules prepared by the Company in connection herewith (the "Schedules"), the Company hereby represents and warrants to Purchaser and Merger Sub as follows:

SECTION 4.01. Organization and Qualification.

(a) The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite corporate power and authority to own, lease and operate all of its properties and assets and to conduct its business as it is now being conducted. The Company is duly qualified or licensed and in good standing to do business as a foreign

corporation in each jurisdiction in which the nature of its business, or the ownership, leasing or operation of its properties or assets, makes such qualification necessary, except where the failure to be so qualified, licensed or in good standing would not reasonably be expected to be material to the Company. True and complete copies of the organizational documents of the Company and each Subsidiary, as currently in effect, have been made available to Purchaser. Other than the Stockholders' Agreement, the Company is not a party to and there are no voting trusts, proxies or other Contracts with respect to the voting or transfer of any equity securities of the Company.

(b) Schedule 4.01(b) sets forth the name, jurisdiction of organization and authorized capitalization of each Subsidiary, and the ownership of all outstanding capital stock, partnership interests and other ownership or equity interests of each such Subsidiary, and each Subsidiary is a duly organized and validly existing corporation, partnership or limited liability company in good standing under the laws of the jurisdiction of its organization and has all requisite corporate, partnership or limited liability company power and authority to own, lease and operate all of its properties and assets and to conduct its business as it is now being conducted. Each Subsidiary is duly qualified and in good standing to do business as a foreign corporation, partnership or limited liability company in each jurisdiction in which the nature of its business, or the ownership, leasing or operation of its properties or assets, makes such qualification necessary, except where the failure to be so organized, validly existing, in good standing, qualified or licensed would not reasonably be expected to be material to the applicable Subsidiary.

SECTION 4.02. Authority/Binding Effect. The Company has all requisite corporate power and corporate authority to execute and deliver this Agreement and each Additional Agreement to which it is a party, to perform its obligations hereunder and thereunder and to consummate the transactions expressly contemplated hereby and thereby. The execution, delivery and performance of this Agreement and each Additional Agreement to which it is a party by the Company, and the consummation of the transactions contemplated hereby and thereby, have been duly authorized by all necessary corporate action on the part of the Company, and no other corporate action on the part of the Company or any of the Subsidiaries is required to authorize the execution, delivery and performance hereof or thereof by the Company, and the consummation of the transactions contemplated hereby and thereby, except for (a) obtaining the affirmative vote of (i) (A) the holders of a majority of the issued and outstanding shares of Common Stock (with the holders of Preferred Stock voting as a single class with the holders of Common Stock on an as-converted basis) and (B) the holders of a majority of the issued and outstanding shares of Series C Preferred Stock voting as a separate class, in each case, in favor of approving the Merger and adopting this Agreement (the "Stockholder Consent") and (b) filing the Certificate of Merger pursuant to the DGCL. This Agreement and each Additional Agreement to which the Company is a party has been duly executed and delivered by the Company and, assuming that this Agreement and each applicable Additional Agreement has been duly authorized, executed and delivered by the other parties hereto, constitutes the valid and binding obligation of the Company, enforceable

against the Company in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other Laws of general application affecting enforcement of creditors' rights or by principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity).

SECTION 4.03. Financial Statements.

(a) Schedule 4.03(a) sets forth (i) the audited consolidated balance sheets of the Company and its Subsidiaries as of December 31, 2023, December 31, 2022 and December 31, 2021 (the "Audited Balance Sheets") and the related audited consolidated statements of operations, cash flow and changes in stockholder's equity of the Company and its Subsidiaries for each fiscal year then ended (the "Annual Financials") and (ii) the unaudited consolidated balance sheet (the "Most Recent Balance Sheet") and the related unaudited consolidated statement of operations, cash flow and changes in stockholder's equity of the Company and its Subsidiaries as of October 31, 2024 (the "Interim Financials," and the date thereof, the "Most Recent Balance Sheet Date," and the Interim Financials, together with the Annual Financials, the "Financial Statements").

(b) The Financial Statements (including all related notes) fairly present, in all material respects, the consolidated financial position of the Company and the Subsidiaries, as of the respective dates thereof, and the consolidated results of operations and

changes in cash flows of the Company and the Subsidiaries, for the respective periods set forth therein. Each of the Financial Statements (including all related notes) has been prepared, in all material respects, in accordance with GAAP, except as otherwise noted therein, and subject, in the case of the Interim Financials, to year-end adjustments and the absence of footnote disclosures.

(c) There are no significant deficiencies or material weaknesses in the design or operation of the Company's and the Subsidiaries' internal controls that adversely affect the ability of the Company and the Subsidiaries to record, process, summarize and report financial information. The Company and the Subsidiaries maintain accurate books and records reflecting its assets and liabilities and maintains proper and adequate internal accounting controls. To the knowledge of the Company, there has been no, and there does not currently exist any, instances of Fraud or intentional misconduct or allegations of financial improprieties relating to the Financial Statements or involving the Company's or the Subsidiaries' management.

(d) Since January 1, 2022, all accounts and notes receivable of the Company and the Subsidiaries have arisen from bona fide transactions in the ordinary course of business consistent with past practice. The Company has good and marketable title to its accounts receivable, free and clear of all Liens except for Permitted Liens.

SECTION 4.04. Absence of Certain Changes or Events. Except for the transactions contemplated hereby, from the Most Recent Balance Sheet Date through the date of this Agreement, (a) the Company and the Subsidiaries have conducted their businesses in the ordinary course of business consistent with past practice, (b) there has been no Material Adverse Effect, and (c) none of the Company or any of the Subsidiaries has taken any action which, if taken

after the execution and delivery of this Agreement, would have required the prior consent of Purchaser pursuant to Section 6.01.

SECTION 4.05. Ownership of Stock/Capitalization.

(a) As of the date of this Agreement, the total number of shares of capital stock of all classes that the Company has the authority to issue is (i) 10,000,000 shares of Common Stock and (ii) 2,680,149 shares of Preferred Stock, of which (A) 734,022 shares of Preferred Stock have been designated Series A-1 Preferred Stock, (B) 267,560 shares of Preferred Stock have been designated Series A-2 Preferred Stock, (C) 12,829 shares of Preferred Stock have been designated Series B Preferred Stock, and (D) 1,665,738 shares of Preferred Stock have been designated Series C Preferred Stock. Of such authorized shares, as of the date of this Agreement, a total of (1) 926,521.982 shares of Common Stock are issued and outstanding, (2) 734,021.87 shares of Series A-1 Preferred Stock are issued and outstanding, (3) 267,559.31 shares of Series A-2 Preferred Stock are issued and outstanding, (4) 12,828.63 shares of Series B Preferred Stock are issued and outstanding, and (5) 1,662,535.58 shares of Series C Preferred Stock are issued and outstanding. All of the Company Shares have been duly authorized and validly issued in compliance with all applicable Laws, are fully paid and nonassessable and have not been issued in violation of, and are not subject to, any preemptive or subscription rights or rights of first refusal. Schedule 4.05(a) includes a true and correct list of Stock Options outstanding as of the date of this Agreement and the Company Equity Plan under which each such Stock Option was granted. The Company has made available to Purchaser a true and complete list of each Optionholder who, as of the date of this Agreement, holds any Stock Option, together with the number of shares of Common Stock subject to each such Stock Option, and the exercise price per share. No Stock Option has been granted with an exercise price less than the fair market value of a share of Common Stock on the date on which the Stock Option was granted.

(b) Each issued and outstanding share of capital stock of each Subsidiary has been duly authorized and validly issued in compliance with all applicable Laws, is fully paid and nonassessable, and has not been issued in violation of, and is not subject to, any preemptive or subscription rights or rights of first refusal.

(c) The Company or one of the Subsidiaries has good and valid title to all of the Subsidiary Shares, free and clear of all Liens other than Liens arising under applicable securities Laws and any restrictions on the transfer of such securities arising under the organizational documents of the applicable Subsidiary.

(d) (i) Except for the Stock Options described in subsection (a) above, and any award issued in compliance with Section 6.01, there are no outstanding options, warrants or other rights, agreements, arrangements, or commitments to which the Company or any Subsidiary is a party relating to the issued or unissued capital stock or other equity interests of the Company or any Subsidiary or obligating the Company or any Subsidiary to grant, issue or sell any share of the capital stock or other equity interests of the Company or such Subsidiary by sale, lease, license or otherwise; (ii) there is no obligation, contingent or otherwise, of the Company or any Subsidiary to (A) repurchase, redeem or otherwise acquire any share of the capital stock or other equity interests of the Company or any Subsidiary, or (B) other than in connection with the Credit Facility or pursuant to inter-company arrangements among or between the Company and one or more of

the Subsidiaries or among or between one or more Subsidiaries of the Company, provide funds to, or make any investment in (in the form of a loan, capital contribution or otherwise), or provide any guarantee with respect to the obligations of, the Company or any Subsidiary or any other Person; and (iii) other than in connection with any of the Plans, neither the Company nor any Subsidiary, directly or indirectly, owns, or has agreed to purchase or otherwise acquire, the capital stock or other equity interests of, or any interest convertible into or exchangeable or exercisable for such capital stock or such equity interests of, any corporation, partnership, joint venture or other entity.

(e) Schedule 4.05(e) sets forth, as of the date of this Agreement, the name of each holder of record of Company Shares and the number of Company Shares held of record thereby.

(f) The information set forth in the Allocation Schedule will be true and accurate in all respects as of the date provided to Purchaser.

SECTION 4.06. Consents and Approvals/No Violation.

(a) Assuming the truth and accuracy of the representations and warranties set forth in Section 5.03(a), the execution and delivery of this Agreement by the Company does not, and the performance by the Company of this Agreement and the consummation of the transactions contemplated hereby will not, require the Company or any Subsidiary to obtain any material consent, approval, waiver, authorization or permit of, or to make any material filing or registration with or notification to ("Consents"), any federal or state court, legislature, executive or regulatory authority, agency or commission, or other governmental entity, authority or instrumentality, whether domestic or foreign ("Governmental Authority"), except (i) for compliance with the applicable requirements, if any, of the HSR Act (and any similar Law enforced by any Governmental Authority regarding acquisition notifications for the purpose of competition reviews) and (ii) for the filing of the Certificate of Merger with the Secretary of State of the State of Delaware and appropriate documents with the relevant authorities of other states in which the Company is qualified to do business.

(b) Assuming receipt of all approvals, authorizations, consents or waiting period expirations or terminations related to the required Consents described in Section 4.06(a), the execution and delivery of this Agreement by the Company does not, and the performance of this Agreement by the Company and the consummation of the transactions contemplated hereby will not, (i) conflict with or violate the certificate of incorporation or by-laws or other comparable organizational documents, in each case as currently in effect, of the Company or any Subsidiary, (ii) conflict with, violate or result in a loss of rights or trigger new obligations under any Orders applicable to the Company or any Subsidiary or by or to which any of their respective properties or assets is bound or subject, or (iii) result in any breach of, or constitute a default (or an event that with notice or lapse of time or both would constitute a default) under, or give to others any right of termination, amendment, acceleration or cancellation of, any Material Contract, Real Property Leases or Permit to which the Company or any Subsidiary is a party or by or to which the Company or any Subsidiary or any of their respective properties or assets is bound or subject, except as set forth on Schedule 4.06(b).

SECTION 4.07. Absence of Litigation. (a) There is no claim, action, arbitration, suit, or proceeding, at law (including actions or proceedings seeking injunctive relief), by or before any Governmental Authority ("Litigation") pending or, to the knowledge of the Company, threatened against the Company or any Subsidiary or affecting any of their respective properties or assets, or related to any of their directors or officers in regards to their actions as such since January 1, 2022, which, if adversely determined, would reasonably be expected to be material to the Company and its Subsidiaries, taken as a whole, and (b) neither the Company nor any Subsidiary is a party to or subject to, or in default under, any material judgment, order or decree of any Governmental Authority to which the Company or any Subsidiary is a party or to which it is subject ("Orders"). There is no material Litigation by the Company or any of the Subsidiaries, or which the Company or any of the Subsidiaries has commenced preparations to initiate, against any other Person.

SECTION 4.08. Related Party Matters. To the knowledge of the Company, as of the date of this Agreement, no Related Party (a) has any direct or indirect interest in any material asset used in or otherwise relating to the Company's or the Subsidiaries' business (other than through an ownership interest in the Company), (b) is a party to any material Contract, transaction or business dealing involving the Company or any Subsidiaries, other than a Plan, (c) is competing with the Company or the Subsidiaries or (d) has any claim or right against the Company or the Subsidiaries (other than rights to receive compensation for services performed, or indemnification, as a member, board member, officer or employee of the Company or a Subsidiary or through ownership of equity in the Company).

SECTION 4.09. Permits/Compliance with Laws. The Company and each Subsidiary possess all material licenses and permits of Governmental Authorities required under applicable Laws to own, lease and operate its properties and assets and to carry on its business as it is now being conducted (collectively, the "Permits") and there is no proceeding by or before any Governmental Authority pending or, to the knowledge of the Company, threatened regarding the revocation of any such Permit or a declaration of any such Permit as invalid. The Company and each Subsidiary is in compliance in all material respects with such Permits and with all Laws and Orders applicable to it or by or to which any of its properties or assets is bound or subject and, since January 1, 2022, neither the Company nor any Subsidiary has received any written notice alleging non-compliance. Since January 1, 2022, neither the Company nor any Subsidiary has received and, to the knowledge of the Company, no third party that manufactures or processes the products for the Company or any Subsidiary received notice that the products sold by the Company or the Subsidiaries are or have been the subject of any material investigation, warning letter, notice of violation, seizure, injunction, regulatory enforcement action, or criminal action issued, initiated or, to the knowledge of the Company, threatened by any Governmental Authority.

SECTION 4.10. No Undisclosed Liabilities. Except (a) as set forth in the Financial Statements, (b) for liabilities incurred in the ordinary course of business since the Most Recent Balance Sheet Date, none of which constitutes a breach of a Material Contract or a violation of applicable Law, (c) for liabilities under this Agreement or liabilities incurred in connection with the transactions contemplated hereby, (d) as would not reasonably be expected to be material to the Company or any of its Subsidiaries or (e) neither the Company nor any of the Subsidiaries has any material liabilities or obligations of any nature (whether accrued, absolute, contingent or

otherwise) required by GAAP to be set forth on a consolidated balance sheet of the Company or in the related financial statement footnotes.

SECTION 4.11. Employee Benefit Plans.

(a) Schedule 4.11(a) sets forth, as of the date of this Agreement, a complete and correct list of all material Plans; provided, however, that in each case, to the extent there exist form of agreements or arrangements that would constitute material Plans, the Company shall be required to list only the forms of such agreement or arrangements (except that to the extent there are ongoing obligations or liabilities under any agreements or arrangements that will exist following the Closing, other than base salary or wages, annual incentives or commissions and other ordinary course compensation and benefits that are generally available to employees, such agreements or arrangements must be specifically scheduled even if they are on the same form). No Plan is sponsored or maintained outside of the United States.

(b) The Company has made available to Purchaser, with respect to each material Plan, as applicable: (i) the plan document and any amendments thereto or, in the case of an unwritten Plan, a written description of the terms thereof, (ii) the most recent determination, advisory or opinion letter from the IRS, (iii) the most recently filed Form 5500 with all schedules attached, (iv) all non-routine correspondence with all Governmental Authorities within three (3) years prior to the date hereof, (v) each summary plan description, summary of material modifications, and summary annual report, and (vi) each trust agreement, insurance contract and other document relating to the funding or payment of benefits under such Plan.

(c) Neither the Company, the Subsidiaries, nor any of their ERISA Affiliates sponsors, maintains or contributes to (or at any time in the past six (6) years has had an obligation to contribute to), or otherwise has any liability with respect to, (i) a "multiemployer plan" within the meaning of Section 3(37) of ERISA or Section 414(f) of the Code, (ii) a "defined benefit plan" (within the meaning of Section 3(35) of ERISA) or any plan that is subject to Section 302 of ERISA or Section 412 of the Code, (iii) a multiple employer welfare arrangement (within the meaning of Section 3(40) of ERISA), or (iv) a multiple employer plan (within the meaning of Section 413(c) of the Code or Section 210 of ERISA).

(d) Each Plan has been maintained, operated and administered in all material respects in accordance with its terms and the requirements of all applicable Laws. There is no pending or, to the knowledge of the Company, threatened material assessment, complaint, investigation, legal proceeding or claim (other than any routine claim for benefits in the ordinary course of business) with respect to any Plan and, to the knowledge of the Company, there exist no facts or circumstances that would reasonably be expected to result in one. There have been no prohibited transactions or, to the knowledge of the Company, breaches of the duties imposed on "fiduciaries" within the meaning of Section 3(21) or 406 of ERISA or Section 4975 of the Code with respect to any of the Plans that would reasonably be expected to result in any material liability or excise Tax under ERISA or the Code being imposed on the Company or any Subsidiary.

(e) Each Plan that is intended to be qualified under Section 401(a) of the Code is so qualified and is subject to a favorable determination, advisory or opinion letter from the United States Internal Revenue Service upon which it can rely (or has timely filed for such letter,

or is an approved prototype or volume submitted plan), each trust created thereunder has been determined by the IRS to be exempt from Tax under the provisions of Section 501(a) of the Code, and nothing has occurred since the date of such determination that would reasonably be expected to adversely affect the qualification of such Plan.

(f) No Plan provides any retiree or post-employment health or welfare benefits (other than health continuation coverage required by Section 4980B of the Code or similar state Law).

(g) Neither the execution or delivery of this Agreement nor the consummation of the transactions contemplated by this Agreement would reasonably be expected to, either alone or in conjunction with any other event (whether contingent or otherwise) (i) result in any payment (whether of severance pay or otherwise) becoming due to any current or former officer, employee, director, manager, consultant or independent contractor who is a natural Person (or dependents of such Persons) of the Company or any Subsidiary, (ii) accelerate the time of payment or vesting or increase the amount of compensation due to any current or former officer, employee, director, manager, consultant or independent contractor who is a natural Person (or dependents of such Persons) of the Company or any Subsidiary, or (iii) result in any forgiveness of indebtedness with respect to any current or former officer, employee, director, manager, consultant or independent contractor who is a natural Person (or dependents of such Persons) of the Company or any Subsidiary or trigger any funding obligation under any Plan or impose any restrictions or limitations on the rights of the Company or any Subsidiary to administer, amend or terminate any Plan, other than as imposed by Law.

(h) No amount, economic benefit or other entitlement that could reasonably be expected to be received (whether in cash or property or the vesting of property) as a result of any of the transactions contemplated by this Agreement (alone or in combination with any other event) by any "disqualified individual" (as such term is defined in Treasury Regulation Section 1.280G-1) with respect to the Company or any Subsidiary under any Plan or other compensatory arrangement would be characterized as an "excess parachute payment"

(as such term is defined in Section 280G(b)(1) of the Code). No Plan provides for any indemnification or any "gross-up" or similar payment to any Person on account of any Tax under Sections 4999 or 409A of the Code.

(i) With respect to each group health plan maintained by the Company or any Subsidiary benefiting any current or former employee of the Company or any Subsidiary that is subject to Section 4980B of the Code, the Company and each Subsidiary have complied in all material respects with the continuation coverage requirements of Section 4980B of the Code and Part 6 of Subtitle B of Title I of ERISA.

(j) All material (i) insurance premiums required to be paid with respect to, (ii) benefits, expenses and other amounts due and payable under, and (iii) contributions, transfers or payments required to be made to, any Plan on or prior to the Closing Date will have been paid, made or accrued (to the extent required to be accrued under GAAP) on or prior to the Closing Date.

(k) Neither the Company nor any of the Subsidiaries has a legally binding obligation to institute any plan, program, arrangement or agreement for the benefit of any current or former employees, officers, directors, managers or consultants or independent contractors (who are natural Persons) of the Company or any of the Subsidiaries other than the Plans, or to make any amendments to any of the Plans (other than renewals of broad-based health and welfare and retirement Plans in the ordinary course of business).

(l) No Plan provides health, welfare or retirement benefits to any individual who is not a current or former employee of the Company or any of the Subsidiaries, or the dependents or other beneficiaries of any such current or former employee.

SECTION 4.12. Material Contracts. Schedule 4.12 includes, as of the date of this Agreement, a true, complete and correct list of all of the following Contracts to which the Company or any Subsidiary is a party or to which its assets, property or business is bound or subject, excluding any Real Property Leases, Plans or purchase orders in the ordinary course of business on forms made available to Purchaser (the Contracts listed on Schedule 4.12, and the Contracts required to be so listed, the "Material Contracts"):

(a) any Contract concerning the operation or establishment of a partnership, joint venture, revenue sharing, strategic alliance, joint development or similar arrangement with a third party;

(b) any Contract involving the acquisition of any business enterprise whether via stock or asset purchase or otherwise;

(c) any Contract with a Material Customer or Material Supplier, in each case other than (i) Click-Through Agreements, (ii) Contracts for Off-the-Shelf Software, or (iii) Contracts for open source or free software granted to the Company or a Subsidiary and having an annual or one-time fee of no more than \$50,000;

(d) any Contract involving any distributor, sales representative, broker or advertising agency which are not terminable by the Company or the applicable Subsidiary upon sixty (60) days' notice without payment of a fee or other penalty;

(e) any Contract providing for the purchase, maintenance or acquisition, or the sale or furnishing, of tangible materials, supplies, merchandise or equipment in excess of \$100,000 (other than any Contracts with co-manufacturers that are otherwise disclosed on Schedule 4.12);

(f) any Related Party Agreements;

(g) any Contract pertaining to the lease of equipment or other personal property in excess of \$100,000;

(h) any Contract whose term exceeds one (1) year and (i) is not cancelable by the Company or a Subsidiary on notice of sixty (60) or fewer days without payment by the Company or any Subsidiary and (ii) involves aggregate annual payments by the Company or any Subsidiary in excess of \$250,000;

(i) any Contract in respect of Indebtedness of the Company or any Subsidiary in an amount in excess of \$500,000, other than any Indebtedness owed by the Company or any Subsidiary to the Company or any other Subsidiary;

(j) any Contract with respect to any future disposition or granting of a right of first refusal or first negotiation with respect to the sale of any of the equity interests of the Company or any Subsidiary (or rights thereto);

(k) any Contract for the sale of any material assets (whether by merger, sale of stock, sale of assets or otherwise) or for the grant to any Person of any preferential rights to purchase any of its assets (whether by merger, sale of stock, sale of assets or otherwise) other than in the ordinary course of business;

(l) any material Contract (i) pursuant to which the Company or any Subsidiary grants to a third party a license, covenant not to assert or grant of immunity from suit, to any Owned IP, in each case other than (x) limited-term co-branding agreements or (y) non-exclusive licenses that are (A) granted in the ordinary course of business to customers, suppliers, distributors, vendors, influencers, or service providers, and (B) incidental to the purpose of the Contract taken as a whole ((x) and (y), collectively, the "Incidental Out Licenses"); (ii) pursuant to which a third party licenses, sublicenses, grants a covenant not to sue or assert any Intellectual Property Rights to the Company or any Subsidiary, in each case other than (A) Click-Through Agreements, (B) Contracts for Off-the-Shelf Software, (C) Contracts for open source or free software having an annual or one-time fee of no more than \$50,000, (D) Contracts for limited-term co-branding arrangements, (E) non-exclusive talent releases, photography and content licenses, and non-exclusive music licenses entered into in the ordinary course of business that are not materially negotiated, (F) Contracts with influencers or otherwise relating to customer testimonials or user-generated content entered into in the ordinary course of business that do not materially differ from the Company's customary terms in such agreements, or (G) non-disclosure agreements in which the license, sublicense or covenant not to sue or assert to or under Intellectual Property Rights is incidental to the purpose of the Contract taken as a whole ((A)-(G), collectively, the "Incidental In Licenses") or (iii) pursuant to which the Company or any Subsidiary is materially restricted from using, registering, or enforcing any Owned IP (including pursuant to settlement agreements, coexistence agreements and covenants not to sue);

(m) any Contract that creates a Lien (other than a Permitted Lien with respect to clause (ii)) over (i) any of the Company Shares or (ii) any other assets or properties of the Company or any Subsidiary;

(n) any Contract containing a provision that restricts the Company or any Subsidiary from competing in any line of business with any Person or in any geographical area or offering or selling any Product or service to any Person or class of Persons that would apply immediately after the Closing to the Company or any Subsidiary;

(o) any Contract granting exclusive rights (other than with respect to Intellectual Property Rights, which are covered by subsection (l) above) or "most favored nation" rights;

(p) any Contract requiring the purchase of all or substantially all of a particular product from a particular supplier during the current or a subsequent fiscal year;

(q) any Contract entered into by the Company or any Subsidiary since January 1, 2022 for the settlement of any Litigation that has not been satisfied or discharged in full (other than a release of claims); and

(r) any Contract with any Governmental Authority.

Copies of each Material Contract (in each case including all amendments and supplements thereto) that are true, correct and complete subject to any redaction deemed reasonably necessary by the Company have been made available by or on behalf of the Company to Purchaser. Each Material Contract is a legal, valid and binding obligation of the Company or a Subsidiary and, to the knowledge of the

Company, of each counterparty thereto, and is in full force and effect. Neither the Company nor any Subsidiary, on the one hand nor, to the knowledge of the Company, any other party to a Material Contract, on the other hand, is in default under any Material Contract to which it is a party, except, in each case, for such breaches and defaults as would not reasonably be expected to be, individually or in the aggregate, material to the business of the Company and the Subsidiaries. Neither the Company nor any Subsidiary has received any written claim from any other party to a Material Contract that the Company or the applicable Subsidiary has breached any obligations to be performed by it thereunder and no counterparty to a Material Contract has exercised any termination right with respect thereto.

SECTION 4.13. Personal Property.

(a) Schedule 4.13(a) sets forth a list of all of the material tangible assets and properties reflected in the Financial Statements. The Company or one of its Subsidiaries has good and marketable title to, or a valid and enforceable leasehold interest in or license or right to use, all of assets and properties set forth on Schedule 4.13(a) or thereafter acquired by the Company or its Subsidiaries, except for assets disposed of in the ordinary course of business or as otherwise permitted by Section 6.1.

(b) None of the properties or assets used by the Company or the Subsidiaries is held under any conditional sale or other title retention agreement. None of the assets or properties leased by the Company or any Subsidiary are subleased to any Person. To the knowledge of the Company, all tangible personal assets and properties used or leased for use by the Company or the Subsidiaries in connection with the conduct of its business are in good operating condition and repair, subject only to ordinary wear and tear.

(c) All inventories owned by the Company and the Subsidiaries consist only of items of a quality and quantity readily usable or readily salable, and are valued so as to reflect the normal valuation policy of the Company, all in accordance with GAAP, applied on a basis consistent with prior years, but not in excess of the lower of cost or net realizable market value. Since the Most Recent Balance Sheet Date, there have not been any write-downs of the value of, or establishment of any reserves against, any inventory, except for write-downs and reserves that were made in the ordinary course of business.

SECTION 4.14. Environmental Matters.

(a) The Company and the Subsidiaries operate and since January 1, 2021 have operated in material compliance with all applicable Environmental Laws.

(b) The Company and the Subsidiaries hold and since January 1, 2021 have been in material compliance with, all of the material Permits required for their operations pursuant to Environmental Law.

(c) There has been no Release of Hazardous Materials at (i) the Leased Real Property; or (ii) any property previously owned, leased, used or operated by the Company or any Subsidiary; or (iii) to the knowledge of the Company, any other real property at which any Hazardous Material is generated or handled by or on behalf of the Company or any Subsidiary, in each case of (i), (ii) or (iii) in a manner that has violated any Environmental Law or could reasonably be expected to result in a material liability for the Company or any Subsidiary under Environmental Law.

(d) There is no pending or, to the knowledge of the Company, threatened Environmental Claim against the Company or any Subsidiary.

(e) Neither the Company nor any Subsidiaries has expressly assumed, undertaken, or agreed to provide indemnification for any material liability of any other Person relating to or arising from any Environmental Law, which such liability would not be a liability of the Company or such Subsidiary in the absence of such agreement.

(f) Each Product sold or intended for sale in the state of California complies in all material respects with California's Safe Drinking Water and Toxic Enforcement Act ("Proposition 65") and neither the Company nor its Subsidiaries are subject to any pending or, to knowledge of the Company, threatened Litigation arising under Proposition 65.

SECTION 4.15. Real Property.

(a) (i) Schedule Section 4.15(a)(i) sets forth the address of each parcel of Leased Real Property and a complete list of all leases, subleases and other agreements pursuant to which the Company or any Subsidiary occupies or uses the Leased Real Property (collectively, the "Real Property Leases"). Each Real Property Lease is in full force and effect and the Company or the applicable Subsidiary has valid, binding and enforceable leasehold title in the real property to which each Real Property Lease relates (the "Leased Real Property") pursuant to such Real Property Lease, free and clear of all Liens, other than Permitted Liens, except in each case where such failure would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect; (ii) there are no defaults by the Company or the applicable Subsidiary (or any conditions or events that, after notice or the lapse of time or both, would constitute a default by the Company or a Subsidiary) and, to the knowledge of the Company, there are no defaults by any other party to such Real Property Lease (or any conditions or events that, after notice or the lapse of time or both, would constitute a default by such other party) under such Real Property Lease, except where such defaults would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect; (iii) to the knowledge of the Company, no event has occurred which (with notice or lapse of time, or both) could reasonably be expected to give any Person the

right to terminate, accelerate or modify any Real Property Lease and no party to any Real Property Lease has exercised any termination rights with respect thereto; (iv) there are no subleases, licenses or occupancy agreements pursuant to which the Company or the applicable Subsidiary has granted to any third party the right to use the Leased Real Property other than as set forth on Schedule 4.15(a)(iv) and no Person (other than the Company or the applicable Subsidiary) is in possession of, any of the Leased Real Property; and (v) no Affiliate of the Company is the owner or lessor of any Leased Real Property.

(b) None of the Company or any of its Subsidiaries owns any real property.

(c) The Leased Real Property constitutes all interests in real property currently used, occupied or currently held for use in connection with the business of the Company and its Subsidiaries and which is, in the reasonable judgment of the Company, necessary for the continued operation of the business of the Company and its Subsidiaries as the business is currently conducted.

(d) All of the Leased Real Property and buildings, fixtures and improvements thereon (i) have been properly and appropriately maintained in accordance with the terms of the applicable Real Property Lease, and (ii) are suitable, sufficient and appropriate in all material respects for their current and contemplated uses.

(e) The Company has made available to Purchaser true, correct and complete copies of all of the Real Property Leases, together with all written amendments, modifications or supplements, if any, thereto and there have been no oral amendments, modifications or supplements to any Real Property Lease.

(f) Neither the Company nor any Subsidiary owns, holds, is obligated under or is a party to, any option, right of first refusal or other contractual right to purchase, acquire, sell, assign or dispose of any real estate or any portion thereof or interest therein.

SECTION 4.16. Labor and Employment Matters.

(a) An accurate and complete list setting forth (i) the name or employee identification number, date of hire, current job title, work location, remote/in-office/hybrid status, department, exempt/non-exempt status, full-time/part-time status, current rate of pay (salary or hourly wage), bonus or other incentive compensation eligibility, and leave of absence status (with anticipated return date if known) for each Employee; and (ii) the service date, compensation rate and a brief description of services for each individual who performs services for the Company or any Subsidiary as an independent contractor, has been provided to Purchaser.

(b) The Company and each Subsidiary is, and since January 1, 2022 has been, in material compliance with applicable Laws regarding labor and employment in all material respects, including but not limited to Laws relating to: termination of employment; employment practices; terms and conditions of employment; discrimination; harassment; retaliation; collective bargaining and labor law

rights; wages and salaries and payment thereof; unemployment insurance; joint employment (including but not limited to the lack of any joint employment relationships with any Material Supplier); hours and overtime and payment thereof; affirmative action; pay equity; worker classification (including but not limited to properly classifying its

workers as (i) independent contractors and consultants, and (ii) exempt and non-exempt); occupational health and safety; workers compensation; leaves of absence; immigration (including complying with all Form I-9 requirements and verification of authorization to work in the United States); and employee layoff and plant closing notification.

(c) With respect to any current or former employee of the Company or any Subsidiary, (i) the Company and each Subsidiary is not party to any collective bargaining agreement or similar agreement with any Union, and (ii) there are no material labor issues (including any labor strike, work slowdown or work stoppage), or any other material disputes with any Union pending or, to the knowledge of the Company, threatened against the Company or any Subsidiary. No employee is, or has been since January 1, 2022, represented by a Union with respect to his or her employment with the Company or any Subsidiary. To the knowledge of the Company, there is no effort currently pending or threatened by or on behalf of any Union to organize any employee, and there has been no such effort for the past three (3) years.

(d) There are no, and since January 1, 2022 have not been any material administrative charges, demands, internal complaints, court complaints, audits, investigations, or, to the knowledge of the Company, other litigation against the Company or any Subsidiary threatened or asserted by, on behalf of or with respect to, any current or former employee, director, consultant, or individual independent contractor concerning alleged employment discrimination, immigration, collective bargaining, wage and hour issues, worker classification or workplace safety, workers compensation, or any other employment related matters.

(e) In each case, in the past three (3) years, (i) no allegations of sexual harassment or sexual misconduct have been made against any current or former executive, director, officer, or manager of the Company or any Subsidiaries, and (ii) neither the Company nor any Subsidiaries have entered into any settlement agreement related to allegations of sexual harassment or sexual misconduct against any current or former executive, officer, director, or manager of the Company or the Subsidiaries.

SECTION 4.17. Insurance. Schedule 4.17 contains a complete and correct list of all material insurance policies maintained as of the date of this Agreement by or on behalf of the Company and each of the Subsidiaries, other than any insurance policies relating to Plans. Except as would not reasonably be expected to have, individually or in the aggregate, a material impact on the Company and the Subsidiaries, taken as a whole, (a) all such policies are in full force and effect, (b) no notice of default or termination has been received in respect thereof and (c) all premiums due thereon have been paid. There are no claims related to the business of the Company and the Subsidiaries pending under any such insurance policies as to which coverage has been questioned, denied or disputed or in respect of which there is an outstanding reservation of rights. To the knowledge of the Company, none of the Company or the Subsidiaries are in default under, and has not otherwise failed to comply with, in any material respect, any provision contained in any such insurance policy.

SECTION 4.18. Intellectual Property.

(a) Schedule 4.18(a) sets forth a true, complete and accurate list of all registrations and pending applications (for clarity, excluding any expired, lapsed or abandoned assets), as of the date of this Agreement, of Patents, Trademarks, Copyrights, and Domain Names, in each case, included in the Owned IP (collectively, the "Registered IP"). (i) The Registered IP is valid, subsisting and enforceable and (ii) the Company or one of the Subsidiaries is the sole owner of the Registered IP, free and clear of all Liens other than

Permitted Liens and free from any requirement of any past, present or future royalty payments, license fees, charges or other payments or conditions or restrictions whatsoever. Except pursuant to a Material Contract or an Incidental IP Contract, neither the Company nor any of its Subsidiaries has licensed or otherwise granted any right to any Person under any Owned IP or otherwise agreed not to assert any such Owned IP against any Person. Immediately after Closing, the Surviving Corporation will own or have the right to use all Intellectual Property Rights necessary to operate the business of the Company and each Subsidiary in the same manner as such business was operated in the 12-month period immediately prior to Closing.

(b) The conduct of the business of the Company as currently conducted does not infringe, misappropriate or otherwise violate the Intellectual Property Rights of any Person and since January 1, 2022 has not infringed, misappropriated or otherwise violated the Intellectual Property Rights of any other Person. To the knowledge of the Company, no Person is infringing, misappropriating or otherwise violating any Owned IP or any Intellectual Property exclusively licensed to the Company.

(c) Excluding office actions and other ex parte actions and communications from Governmental Authorities in the ordinary course of prosecution and maintenance of applications and registrations for Intellectual Property Rights, there is no pending litigation, litigation threatened in writing, or to the knowledge of the Company, litigation orally threatened, against the Company or the Subsidiaries alleging that the conduct of the business of the Company infringes, misappropriates or otherwise violates the Intellectual Property Rights of any Person or challenging the title, validity, enforceability or scope of any Owned IP.

(d) All current and former directors, officers, employees, contractors, consultants and other agents of the Company and each Subsidiary who participated in the creation, conception or development of material Owned IP have validly assigned such Intellectual Property Rights to the Company or such Subsidiary in writing or, with respect to Trade Secrets, such material Owned IP is protected via a written confidentiality or non-disclosure agreement in favor of the Company or one of its Subsidiaries. No current or former director, officer, employee, consultant, contractor, or other agent of the Company or any Subsidiary has made any written claim and, to the knowledge of the Company, any other claim relating to any ownership rights in any Owned IP.

(e) The Company and the Subsidiaries have taken and currently take commercially reasonable measures to protect the confidentiality, integrity, and security of the Trade Secrets included in the Owned IP. To the knowledge of the Company, there has not been any breach of any confidentiality or non-disclosure agreements with the Company's or the Subsidiaries' respective managers, officers, employees, consultants, contractors and agents. The

Company and the Subsidiaries have not disclosed to any Person, including to any employees or contractors of the Company or the Subsidiaries, any material Trade Secrets, except pursuant to a written agreement binding such Person to reasonable obligations of confidentiality with respect to the Company's or its Subsidiaries' Trade Secrets.

(f) The Company and each of the Subsidiaries is in material compliance and since January 1, 2022 has materially complied with all Privacy Obligations. Since January 1, 2022, the Company and each of the Subsidiaries have not experienced any Security Incident. The Company and its Subsidiaries maintain, and since January 1, 2022, have maintained commercially reasonable controls, technologies, processes, and practices to detect, identify and remediate Security Incidents.

(g) The Information Systems used by the Company or the Subsidiaries in the operation of the business of the Company (the "Company Information Systems") are owned, controlled and operated, or licensed or used pursuant to a valid license or other Contract, by the Company or the applicable Subsidiary. The Company Information Systems are sufficient in all material respects for the conduct of the Company's business as currently conducted. Since January 1, 2022, there have been no failures, breakdowns, disruptions, breaches, outages or unavailability of the Company Information Systems that materially impacted the business of the Company. The Company and the Subsidiaries take commercially reasonable steps, consistent with current industry standards, to safeguard the Company Information Systems from unauthorized access by any person.

(h) The Company and its Subsidiaries maintain and have, since January 1, 2022, maintained commercially reasonable security measures, contractual protections, controls, technologies, polices and safeguards to protect the confidentiality, privacy and security of Personal Data they process in the conduct of business of the Company. Without limiting the foregoing, the Company and its Subsidiaries maintain and, since January 1, 2022, have maintained contracting policies (including standard terms in applicable template agreements) in compliance with Privacy Obligations in all material respects. The Company and each of the Subsidiaries maintains and, since January 1, 2022, have maintained disaster recovery and business continuity plans and procedures that are commercially reasonable and that satisfy the Company's and each of the Subsidiaries' contractual and legal obligations. Neither the execution, delivery, or performance of this Agreement, nor the consummation of any of the transactions contemplated by this Agreement will result in any material violation of any Privacy Obligations.

(i) Neither the Company nor the Subsidiaries own any proprietary software that constitutes material Owned IP.

SECTION 4.19. Taxes.

(a) Each of the Company and the Subsidiaries has (i) filed or caused to be filed with the appropriate Governmental Authorities all income and other material Tax Returns required to be filed by it and (ii) paid all income and other material Taxes owed by it to the appropriate Governmental Authority whether or not shown as due and payable on such Tax Returns.

(b) There are no outstanding waivers or agreements regarding the application of the statute of limitations with respect to any income and other material Taxes or any income or other material Tax Returns of the Company or any of the Subsidiaries (other than automatic waivers obtained in connection with extensions of time in which to file Tax Returns).

(c) No unresolved federal, state, local or foreign audits or other administrative proceedings have been formally commenced or are pending with regard to any Taxes or Tax Returns of the Company and no written notification has been received by the Company or any of the Subsidiaries that such an audit or other proceeding has been proposed or threatened.

(d) The Company has not been a United States real property holding corporation within the meaning of Section 897(c) (2) of the Code during the applicable period specified in Section 897(c)(1)(A)(ii) of the Code.

(e) Neither the Company nor any of the Subsidiaries is a party to, is bound by, or has any obligation under, any Tax sharing, allocation or indemnity agreement or similar contract or arrangement with respect to any Taxes other than any customary commercial contracts not primarily related to Taxes.

(f) Neither the Company nor any of its Subsidiaries has been a member of an affiliated group filing a consolidated federal Income Tax Return other than a group the common parent of which is the Company, and neither the Company nor any of the Subsidiaries is liable for any Taxes of any other Person (other than the Company or any Subsidiary) pursuant to Treasury Regulation 1.1502-6 (or any similar provision of applicable Law).

(g) Neither the Company nor any Subsidiary has distributed stock of another corporation nor has had its stock distributed by another corporation in a transaction that was governed, or purported or intended to be governed, in whole or in part, by Sections 355 or 361 of the Code or any similar provision of state, local or foreign Tax Laws.

(h) The Company and each Subsidiary has withheld and timely remitted to the appropriate Governmental Authority all Taxes required to have been withheld and remitted in connection with amounts paid or owing to any employee, independent contractor, creditor, stockholder or other Person.

(i) Except for Permitted Liens, there are no Liens for Taxes on any of the assets of the Company or any Subsidiary.

(j) No claim has been made in writing by a Governmental Authority of a jurisdiction where the Company or a Subsidiary has not filed Tax Returns claiming that the Company or a Subsidiary is subject to taxation by that jurisdiction.

(k) Neither the Company nor any Subsidiary has been party to any "listed transaction" within the meaning of Treasury Regulations Section 1.6011-4(b).

(l) Neither the Company nor any Subsidiary will be required to include any item of income in, or exclude any item of deduction from, taxable income for any period or portion thereof beginning after the Closing Date (i) as a result of a change in method of accounting for a

Pre-Closing Tax Period or use of an improper method of accounting prior to the Closing, (ii) pursuant to a "closing agreement" as defined in Section 7121 of the Code (or any similar provision of state, local or foreign Law) executed on or prior to the Closing, (iii) as a result of any prepaid amount or deferred revenue received, in each case, outside the ordinary course of business on or prior to the Closing, or (iv) as a result of any intercompany transaction or excess loss account described in Treasury Regulations under Section 1502 of the Code (or any similar provision of state, local or foreign Law) entered into or created on or prior to the Closing.

(m) Neither the Company nor any Subsidiary is the beneficiary of any Tax incentive, Tax rebate, Tax holiday or similar arrangement or agreement with any Governmental Authority.

(n) Neither the Company nor any Subsidiary has a permanent establishment or otherwise engages in any trade or business in any jurisdiction outside of the United States or has ever owned equity for Tax purposes in any other Person organized outside of the United States.

(o) Neither the Company nor any Subsidiary has elected, through action or inaction, to benefit from any Tax deferral regime.

(p) The U.S. federal Income Tax classifications of the Company and each of its Subsidiaries are set forth on Schedule 4.19(p).

(q) There is no unclaimed property or escheat obligation with respect to property or other assets held or owned by the Company or its Subsidiaries, and the Company and its Subsidiaries are in compliance in all material respects with applicable Law relating to unclaimed property or escheat obligations.

SECTION 4.20. Brokers. No Person is or will become entitled, by reason of any agreement or arrangement entered into or made by or on behalf of the Company, to receive any commission, brokerage, finder's fee or other similar compensation in connection with the consummation of the transactions contemplated by this Agreement, except for Piper Sandler & Co. and Centerview Partners LLC.

SECTION 4.21. Anti-Corruption and Trade Compliance. To the knowledge of the Company, each of the Company and the Subsidiaries is, and has been since January 1, 2022, in compliance in all material respects with all applicable Anti-Corruption Laws and Global Trade Laws. To the knowledge of the Company, there are no pending or threatened claims against the Company or any of the Subsidiaries with respect to violations of any applicable Anti-Corruption Laws or Global Trade Laws.

SECTION 4.22. Customers, Suppliers and Distributors.

(a) Schedule 4.22(a) sets forth a true and correct list of the top ten (10) customers or distributors of the Company and the Subsidiaries based on revenue generated in accordance with GAAP during (i) the fiscal year ending December 31, 2023 and (ii) the eleven month period ending November 30, 2024 (the "Material Customers").

(b) Schedule 4.22(b) sets forth a true and correct list of (i) the top fifteen (15) suppliers of the Company and the Subsidiaries based on expenses incurred during (A) the fiscal year ending December 31, 2023 and (B) the eleven month period ending November 30, 2024 and (ii) all manufacturers engaged by the Company and the Subsidiaries between January 1, 2023 and the date hereof (together, the “Material Suppliers”).

(c) No Material Customer or Material Supplier has: (i) canceled, terminated or otherwise materially altered its relationship with the Company or any Subsidiary under any Contract between such supplier, customer or distributor and the Company or a Subsidiary, (ii) notified the Company or any Subsidiary of any intention to materially alter its relationship with the Company or a Subsidiary, or (iii) sought to materially change the prices or materially modify the pricing policies for goods or services provided under any Contract between such supplier, customer or distributor and the Company or a Subsidiary, effective prior to, as of or within one year after the Closing Date except in the ordinary course of business consistent with past practice.

SECTION 4.23. Food Regulatory.

(a) Except as would not reasonably be expected to have a Material Adverse Effect, the Company and each of the Subsidiaries has been since January 1, 2022 and is in compliance with applicable Laws relating to the production, manufacture, safety, packaging, transportation, distribution, storage, labeling, advertising, promotion, and sale of food products, including the Federal Food, Drug and Cosmetic Act, 21 U.S.C. §301 et seq., as amended and the rules and regulations of the U.S. Food and Drug Administration (“FDA”) promulgated thereunder, the Organic Foods Product Act, the National Bioengineered Food Disclosure Law, the Federal Trade Commission Act, and comparable Laws and regulations of applicable U.S. states and non-U.S. jurisdictions (collectively, the “FDA Laws”).

(b) Except as would not reasonably be expected to have a Material Adverse Effect, to the knowledge of the Company, all manufacturing operations of Products by or on behalf of the Company and the Subsidiaries have been since January 1, 2022 and are being, to the extent required by applicable Law, conducted in compliance with good manufacturing practices (GMPs) regulations as defined in 21 CFR Part 117 and all other applicable FDA Laws.

SECTION 4.24. Recalls. As of the date of this Agreement, no product manufactured, sold, distributed, or otherwise delivered by the Company or any Subsidiary into the market is subject to any recall. Since January 1, 2022 there have been no recalls of any of the products sold, manufactured, distributed, or otherwise delivered by the Company or any Subsidiaries into the market and, to the knowledge of the Company, there exist no facts or circumstances that would reasonably be expected to result in any such recalls.

SECTION 4.25. Bank Accounts. Schedule 4.25 sets forth a true, complete and correct list of the account numbers, names and addresses of each bank, broker or other depository institution at which the Company or a Subsidiary maintains a depository account and the name of each Person authorized to draw thereon or have access thereto.

SECTION 4.26. EXCLUSIVITY OF REPRESENTATIONS AND WARRANTIES. NOTWITHSTANDING THE DELIVERY OR DISCLOSURE TO PARENT, PURCHASER, MERGER SUB, ANY OF THEIR RESPECTIVE AFFILIATES OR ANY REPRESENTATIVES OF ANY OF THE FOREGOING OF ANY DOCUMENTATION OR OTHER INFORMATION (INCLUDING ANY FINANCIAL PROJECTIONS OR OTHER SUPPLEMENTAL DATA), (I) THE REPRESENTATIONS AND WARRANTIES OF THE COMPANY EXPRESSLY SET FORTH IN THIS ARTICLE IV AND IN THE CERTIFICATE DELIVERED PURSUANT TO SECTION 7.02(D) ARE AND SHALL CONSTITUTE THE SOLE AND EXCLUSIVE REPRESENTATIONS AND WARRANTIES TO PURCHASER AND MERGER SUB IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY, AND (II) EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES REFERRED TO IN CLAUSE (I) ABOVE (WHICH ARE BEING MADE ONLY BY THE COMPANY), NEITHER THE COMPANY, THE SUBSIDIARIES NOR ANY NON-RECOURSE PARTY NOR ANY OTHER PERSON HAS MADE OR IS MAKING ANY EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY, STATUTORY OR OTHERWISE, OF ANY NATURE, INCLUDING WITH RESPECT TO ANY EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY AS TO THE MERCHANTABILITY, QUALITY, QUANTITY, SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF THE BUSINESS OR

THE ASSETS OF THE COMPANY AND THE SUBSIDIARIES. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN OR OTHERWISE, EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN THIS ARTICLE IV OR IN THE CERTIFICATE DELIVERED PURSUANT TO SECTION 7.02(D), ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, STATUTORY OR OTHERWISE, OF ANY NATURE, INCLUDING WITH RESPECT TO ANY EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY AS TO THE MERCHANTABILITY, QUALITY, QUANTITY, SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF THE BUSINESS OR THE ASSETS OF THE COMPANY AND THE SUBSIDIARIES, ARE HEREBY EXPRESSLY DISCLAIMED, IT BEING UNDERSTOOD THAT PURCHASER AND MERGER SUB, IN DETERMINING TO ENTER INTO AND CONSUMMATE THIS AGREEMENT, THE ANCILLARY AGREEMENTS CONTEMPLATED HEREBY AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY, ARE NOT RELYING UPON ANY REPRESENTATION OR WARRANTY MADE OR PURPORTEDLY MADE BY OR ON BEHALF OF ANY PERSON, OTHER THAN THOSE EXPRESSLY MADE BY THE COMPANY AS SET FORTH IN THIS ARTICLE IV OR IN THE CERTIFICATE DELIVERED PURSUANT TO SECTION 7.02(D), AND THAT PURCHASER AND MERGER SUB SHALL ACQUIRE THE COMPANY AND THE SUBSIDIARIES AND THEIR RESPECTIVE ASSETS WITHOUT ANY REPRESENTATION OR WARRANTY AS TO MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, IN AN "AS IS" CONDITION AND ON A "WHERE IS" BASIS AND "WITH ALL FAULTS".

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF PARENT, PURCHASER AND MERGER SUB

Each of Parent (as applicable), Purchaser and Merger Sub hereby represents and warrants to the Company as follows:

SECTION 5.01. Organization. Each of Parent, Purchaser and Merger Sub is duly organized, validly existing and in good standing under the Laws of its state of organization and has all requisite power and authority to own, lease and operate all of its properties and assets and to conduct its business as it is now being conducted. Each of Parent, Purchaser and Merger Sub is duly qualified or licensed and in good standing to do business as a foreign entity in each jurisdiction in which the nature of its business, or the ownership, leasing or operation of its properties or assets, makes such qualification necessary, except where the failure to be so qualified, licensed or in good standing would not reasonably be expected to (a) have a material adverse effect on the ability of Parent, Purchaser or Merger Sub to consummate the transactions contemplated hereby or (b) cause a material delay in the ability of Parent, Purchaser or Merger Sub to consummate the transactions contemplated hereby (each of clauses (a) and (b), a "Purchaser Material Adverse Effect").

SECTION 5.02. Authority/Binding Effect. Each of Parent, Purchaser and Merger Sub has all requisite corporate or limited liability company power and authority, as applicable, to execute and deliver this Agreement, to perform its respective obligations hereunder and to consummate the transactions contemplated hereby. The execution, delivery and performance of this Agreement by each of Parent, Purchaser and Merger Sub, and the consummation of the transactions contemplated hereby, have been duly authorized by all necessary corporate or limited liability company action, as applicable, on the part of Parent, Purchaser or Merger Sub, as the case may be, and no other action, corporate, limited liability company or otherwise, on the part of Parent, Purchaser or Merger Sub or their respective members is required to authorize the execution, delivery and performance hereof by Parent, Purchaser or Merger Sub, and the consummation of the transactions contemplated hereby, except for filing the Certificate of Merger pursuant to the DGCL. This Agreement has been duly executed and delivered by each of Parent, Purchaser and Merger Sub and, assuming that this Agreement has been duly authorized, executed and delivered by the Company, constitutes the valid and binding obligation of each of Parent, Purchaser and Merger Sub, enforceable against each of Parent, Purchaser and Merger Sub in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other Laws of general application affecting enforcement of creditors' rights or by principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity).

SECTION 5.03. Consents and Approvals/No Violation.

(a) Assuming the truth and accuracy of the representations and warranties set forth in Section 4.06(a), the execution and delivery of this Agreement by each of Parent, Purchaser and Merger Sub do not, and the performance by each of Parent, Purchaser and Merger Sub of this Agreement and the consummation of the transactions contemplated hereby will not, require Parent,

Purchaser, Merger Sub or any of their respective Affiliates to obtain any Consent from any Governmental Authority except (i) for compliance with the applicable requirements, if any, of the HSR Act, and (ii) for the filing of the Certificate of Merger with the Secretary of State of the State of Delaware and appropriate documents with the relevant authorities of other states in which Parent, Purchaser or Merger Sub is qualified to do business.

(b) Assuming receipt of all approvals, authorizations, consents or waiting period expirations or terminations related to the required Consents described in Section 5.03(a), the execution and delivery of this Agreement by each of Parent, Purchaser and Merger Sub do not, and the performance of this Agreement by each of Parent, Purchaser and Merger Sub and the consummation of the transactions contemplated hereby will not, (i) conflict with or violate, in any material respect, the limited liability company agreement, certificate of incorporation or by-laws or other comparable organizational documents, in each case as currently in effect, of Parent, Purchaser or Merger Sub, (ii) conflict with, violate or result in a loss of rights or trigger new obligations under any Orders applicable to Parent, Purchaser or Merger Sub or by or to which any of their respective properties or assets is bound or subject, or (iii) result in any breach of, or constitute a default (or an event that with notice or lapse of time or both would constitute a default) under, or give to others any right of termination, amendment, acceleration or cancellation of, any material contract or permit to which Parent, Purchaser or Merger Sub is a party or by or to which Parent, Purchaser or Merger Sub or any of their respective properties or assets is bound or subject, except in the case of clauses (ii) and (iii) above, for such conflicts, violations, breaches, defaults or rights that would not reasonably be expected to have a Purchaser Material Adverse Effect.

SECTION 5.04. Absence of Litigation. There is no Litigation pending or threatened against Parent, Purchaser or Merger Sub or affecting any of their respective properties or assets that, if adversely determined, would reasonably be expected to have a Purchaser Material Adverse Effect, and none of Parent, Purchaser or Merger Sub is a party to, subject to, or in default under, any Order that would reasonably be expected to have a Purchaser Material Adverse Effect.

SECTION 5.05. Financing.

(a) Concurrently with execution of this Agreement, Parent has delivered to the Company: (i) a true, accurate and complete copy of an executed commitment letter, including all exhibits, schedules and annexes thereto, dated as of the date hereof, from the Debt Financing Sources parties thereto (the "Debt Commitment Letter"), under which such Debt Financing Sources have committed to provide debt financing to Parent in the aggregate amount set forth therein (the "Debt Financing"), subject solely to the Financing Conditions; and (ii) a true, accurate and complete copy of each fee letter related to the Debt Financing as in effect on the date hereof (the "Fee Letter"); provided that the fee amounts, pricing caps and other economic terms, and the "market flex" provisions therein (if any) may be customarily redacted, none of which redacted provisions could adversely affect the conditionality, availability, enforceability or aggregate principal amount of the Debt Financing or could reasonably be expected to delay the Closing. The only conditions precedent to the obligations of the Debt Financing Sources party to the Debt Commitment Letter thereunder are the Financing Conditions.

(b) As of the date hereof, (i) the Debt Commitment Letter and each Fee Letter is in full force and effect and (ii) the Debt Commitment Letter is a legal, valid and binding obligation of Parent and, to the knowledge of Purchaser, the other parties thereto, enforceable against such Persons in accordance with its terms, in each case, except as such enforceability may be limited by applicable

bankruptcy, insolvency, reorganization, moratorium or other Laws of general application affecting enforcement of creditors' rights or by principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity).

(c) As of the date hereof, there are no other agreements, side letters or arrangements (written or unwritten) relating to the Debt Commitment Letter or Debt Financing to which Parent or any of its subsidiaries is party or has knowledge of that could reasonably be expected to adversely affect the availability, enforceability, amount of or conditionality of the Debt Financing or delay the Closing.

(d) As of the date hereof, (i) no event has occurred that, with or without notice, lapse of time or both, could reasonably be expected to constitute a default or breach on the part of Purchaser or Parent or, to Purchaser's knowledge, any other parties thereto under any term or condition of the Debt Commitment Letter that could reasonably be expected to result in any portion of the Debt Financing being unavailable at the Closing, and (ii) neither Parent nor Purchaser has any reason to believe that, to the extent (if any) the Debt Financing is necessary to consummate the transactions contemplated by this Agreement as of the date on which the Closing should occur pursuant to Section 3.01, the conditions to the Debt Financing shall not be satisfied or that the full amount of the Debt Financing contemplated by the Debt Commitment Letter shall not be available and funded as of such date. As of the date hereof, the Debt Commitment Letter has not been amended or otherwise modified and no such amendment or modification is contemplated that would violate Section 6.10(b).

(e) The proceeds from the Debt Financing, together with available cash of Parent and its Subsidiaries and other amounts available to Purchaser, are sufficient for Purchaser to consummate the transactions contemplated by this Agreement on the Closing Date on the terms and subject to the conditions set forth herein, including to pay its fees and expenses in connection with the transactions contemplated hereby (including the Debt Financing and payment of the Debt Payoff Amount). Parent or Purchaser has fully paid (or has caused to be paid) all commitment fees or other fees in connection with the Debt Commitment Letter that are payable on or prior to the date hereof. In no event shall the receipt by, or the availability of any funds or financing to, Purchaser or any of its Affiliates or any other financing be a condition to Purchaser's obligation to consummate the transactions contemplated hereunder.

(f) Notwithstanding anything to the contrary contained herein, the Company agrees that a breach of any representation and warranty in this Section 5.05 shall not result in the failure of a condition precedent to the Company's obligations under this Agreement, if, notwithstanding such breach, Parent, Purchaser and Merger Sub are willing and able to consummate the Merger on the Closing Date.

SECTION 5.06. Solvency. Immediately after giving effect to the transactions contemplated by this Agreement, the Surviving Corporation and each of the Subsidiaries (a) will be able to pay their respective debts, including contingent and other liabilities as they become due,

(b) will own property that has a fair saleable value (on a going concern basis) greater than the amounts required to pay their contingent and other liabilities as they mature, and (c) will not have unreasonably small capital to carry on their respective business in which they are engaged or proposed to be engaged. No transfer of property is being made and no obligation is being incurred in connection with the transactions contemplated by this Agreement with the intent to hinder, delay or defraud either present or future creditors of the Company or the Subsidiaries.

SECTION 5.07. Acquisition of Interests for Investment. Purchaser has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its participation in the transactions contemplated hereby. Purchaser confirms that the Company has made available to Purchaser and Purchaser's agents and representatives the opportunity to ask questions of the officers and management employees of the Company and the Subsidiaries as well as access to the documents, information and records of the Company and the Subsidiaries that Purchaser has requested and to acquire additional information about the business and financial condition of the Company and the Subsidiaries, and Purchaser confirms that it has made an independent investigation, analysis and evaluation of the Company and the Subsidiaries and their respective properties, assets, businesses, financial conditions, documents, information and records. Purchaser is acquiring the stock of the Surviving Corporation for investment and not with a

view toward or for sale or in connection with any distribution thereof, or with any present intention of distributing or selling common stock of the Surviving Corporation. Purchaser understands and agrees that the Surviving Corporation Common Shares may not be sold, transferred, offered for sale, pledged, hypothecated or otherwise disposed of without registration under the Securities Act, except pursuant to an exemption from such registration available under the Securities Act, and without compliance with state, local and foreign securities Laws, in each case, to the extent applicable.

SECTION 5.08. Brokers. Except RBC Capital Markets, LLC, no Person is or will become entitled, by reason of any agreement or arrangement entered into or made by or on behalf of Parent, Purchaser or Merger Sub, to receive any commission, brokerage, finder's fee or other similar compensation from the Company or any of its Affiliates in connection with the consummation of the transactions contemplated by this Agreement. Parent is solely responsible for the fees and expenses of RBC Capital Markets, LLC.

ARTICLE VI

COVENANTS

SECTION 6.01. Conduct of Business. Except as otherwise set forth in Schedule 6.01, as required by Law, as expressly permitted or required by this Agreement or with the prior written consent of Purchaser, which consent shall not be unreasonably withheld, delayed or conditioned, during the period from the date of this Agreement to the earlier of the Closing Date and the date on which this Agreement is terminated in accordance with Article IX, the Company shall, and the Company shall cause each Subsidiary to, (i) conduct its business in the ordinary course consistent with past practice and (ii) use its reasonable best efforts to preserve substantially intact its present business organization and business relationships in all material respects; provided, that with respect to the matters specifically addressed by any provision of clauses (a) through (s) of this Section 6.01 such specific provisions shall govern over the more general provisions of this

sentence. Except as otherwise set forth in Schedule 6.01, as required by Law or as expressly permitted or required by this Agreement, during the period from the date of this Agreement through the earlier of the Closing Date and the date on which this Agreement is terminated in accordance with Article IX, the Company shall not, and the Company shall cause each Subsidiary not to, without the prior written consent of Purchaser, which consent shall not be unreasonably withheld, delayed or conditioned:

(a) amend the certificate of incorporation or by-laws or comparable organizational documents of the Company or any Subsidiary;

(b) issue, reissue, create, encumber, sell or pledge, or authorize or propose the issuance, reissuance, creation, encumbrance, sale or pledge of, shares of capital stock of any class or series, or any securities convertible into capital stock of any class or series (other than upon exercise of Stock Options outstanding on the date of this Agreement) of the Company or any Subsidiary, or grant or enter into any rights, warrants, options, agreements or commitments with respect to the issuance of such capital stock or convertible securities or amend any terms of any such right, warrant, option, agreement or commitment;

(c) declare, set aside or pay any dividend or other distribution of assets in respect of any class or series of its capital stock, in each case, other than dividends and distributions of cash and cash equivalents made prior to the Closing Date and dividends and distributions by a Subsidiary to the Company or another Subsidiary;

(d) adjust, split, combine or reclassify any shares of its capital stock, as the case may be, or any option, warrant or right relating thereto;

(e) (i) sell, lease, transfer or otherwise dispose of any of its material tangible properties or assets, other than (A) sales in the ordinary course of business consistent with past practice, (B) dispositions of obsolete or unsalable inventory or equipment or (C) transfers of other material tangible properties or assets in an amount not to exceed \$50,000 individually or \$150,000 in the aggregate, (ii)

permit, allow or suffer any of its material tangible properties or assets to be subjected to any Lien, restriction or charge other than Permitted Liens; (iii) acquire any tangible properties or assets in an amount in excess of \$50,000 individually or \$150,000 in the aggregate; or (iv) lease any real or tangible personal property with annual base rent in excess of \$50,000, other than renewals of existing leases in the ordinary course of business;

(f) assign, sell, license, covenant not to sue under, abandon, dedicate to the public or allow to lapse any Owned IP, except for the (i) grant of Incidental Out Licenses, (ii) grant of non-material non-exclusive licenses in the ordinary course of business, (iii) grant of non-material covenants not to sue, (iv) abandonment of applications or registrations for which a final refusal from a Governmental Authority has been received (or which cannot be maintained or renewed due to use requirements), or (v) abandonment of the applications and registrations set forth on Schedule 6.01(f);

(g) create, incur, assume or guarantee any Indebtedness, other than (i) pursuant to inter-company arrangements among or between the Company and one or more of the Subsidiaries or among or between one or more Subsidiaries of the Company, (ii) revolving borrowings drawn pursuant to the Credit Facility in an amount not to exceed \$500,000 in the aggregate, or (iii) other Indebtedness in an amount not to exceed \$200,000 in the aggregate;

(h) (i) provide any loan or advance to any Person, other than immaterial advances to Employees for business and travel expenses in the ordinary course of business, or (ii) forgive or discharge in whole or in part any outstanding loans or advances to any Person;

(i) enter into any Contract between the Company or any of its Subsidiaries, on the one hand, and any Related Party of the Company or any of its Subsidiaries, on the other hand (other than any Plans) (each, a "Related Party Agreement");

(j) change any of the material accounting, financial reporting or tax principles, practices or methods used by the Company or any Subsidiary, except as may be required in order to comply with changes in GAAP or applicable Law, including Tax Laws;

(k) acquire by merging or consolidating with, or by purchasing a substantial portion of the assets or equity securities of, or by any other manner, any corporation, partnership, joint venture or other entity;

(l) settle any Litigation or other proceedings or claims made in contemplation of any potential future litigation or other proceedings;

(m) materially change any insurance coverage;

(n) make or commit to any capital expenditures except (i) as contemplated by the Company's then-current budget which has been made available to Purchaser or (ii) in an amount not to exceed \$100,000;

(o) make or change any material Tax election (other than in the ordinary course of business), file any amended Tax Return, settle or compromise any Tax liability, consent to any extension or waiver of the limitation period applicable to any Tax claim or assessment, or surrender any right to any Tax refund;

(p) (i) enter into a Contract that would constitute a Material Contract if it had been entered into prior to the date hereof, (ii) terminate any Material Contract (excluding any expiration in accordance with its terms) or (iii) materially amend or otherwise modify in any material respect or waive any of the material terms of any Material Contract in a manner adverse to the Company or its applicable Subsidiary; provided that leases of any real or tangible personal property shall be governed by subsection (e) above;

(q) permit the Company or any Subsidiary to dissolve, wind-up or liquidate;

(r) (i) grant to any employee of the Company or a Subsidiary any increase in compensation or benefits, except (a) as may be required by applicable Law, or (b) any increase in annual base salaries or base wages and target annual incentive compensation

opportunities as part

of the annual compensation review process in the ordinary course of business consistent with past practice and consistent with the G&A expense amount provided to Purchaser in the 2025 forecast, provided that such increases shall not exceed 4.5% in the aggregate, (ii) establish, modify or amend any Plan (or any arrangement that would constitute a Plan, if adopted), except to the extent required by Law, other than Plans providing for de minimis benefits, (iii) terminate the employment of any employee in the position of vice president or above, other than for cause, or (iv) hire or engage any employee, director or individual independent contractor with total annualized base salary, base wages, or base compensation, as applicable, greater than \$125,000; or

(s) enter into any Contract to do any action otherwise prohibited by this Section 6.01.

Notwithstanding the foregoing, (i) nothing contained in this Agreement is intended to give Purchaser or Merger Sub, directly or indirectly, the right to control the Company's or the Subsidiaries' operations prior to the Effective Time, (ii) the failure of the Company to take or cause to be taken an action prohibited by this Section 6.01 as a result of the failure of Purchaser to consent to such action shall in no event be deemed to constitute a breach of the first sentence of Section 6.01, and (iii) during the period from the date of this Agreement until the Effective Time, the Company shall be permitted to utilize any and all available Cash to (A) pay any expenses or bonuses that would otherwise constitute Stockholders' Expenses, (B) repay outstanding Indebtedness or (C) make cash distributions or dividends (including cash distributions in redemption of any equity interest of the Company or any of the Subsidiaries), in each case, at such times and in such amounts as the Company deems necessary, proper or desirable and only upon prior written notice to Purchaser.

SECTION 6.02. Reasonable Best Efforts/Cooperation.

(a) From and after the date of this Agreement, and through the earlier of the Closing Date and the date on which this Agreement is terminated in accordance with Article IX, each of the parties hereto shall, and the Company shall cause each of the Subsidiaries to, use its respective reasonable best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable Laws to consummate and make effective the transactions contemplated by this Agreement as promptly as practicable, including satisfaction, but not waiver, of the conditions to Closing set forth in Article VII.

(b) Without limiting the generality of the foregoing, and subject to Sections 6.03, 6.04 and 6.05(c), the Company, on the one hand, and Parent, Purchaser and Merger Sub, on the other hand, shall each (i) furnish to the other such necessary information and reasonable assistance as the other party may reasonably request in connection with the foregoing, (ii) cooperate in all reasonable respects with each other in connection with any filing or submission and in connection with any investigation or other inquiry, including any proceeding initiated by a Governmental Authority or a private party, (iii) keep the other party reasonably informed of any communication received or given in connection with any proceeding by a Governmental Authority or a private party, in each case, regarding the transactions contemplated hereby and (iv) permit the other party to review any communication given by it, and consult with each other a reasonable amount of time in advance of any meeting, in connection with any proceeding by a Governmental

Authority or a private party, with any other Person and, to the extent permitted by such other Person, give the other party the opportunity to attend and participate in such meetings and conferences.

SECTION 6.03. Consents.

(a) Without limiting the generality of Section 6.02 hereof, each of the parties hereto shall use reasonable best efforts to obtain all material Consents of all Governmental Authorities (the "Required Purchaser Consents"), including clearance (or the termination or expiration of the required waiting periods) under the HSR Act, and all material Consents of all other Persons, in each case necessary in connection with the consummation of the transactions contemplated by this Agreement as soon as reasonably possible and in any event prior to the Closing. Notwithstanding the foregoing, no holder of Company Shares and neither the Company nor any Subsidiary shall have any obligation to pay any filing or other fee, cost or expense to any third party for the purpose of obtaining any Consent (other than the Company's or its Subsidiaries' attorney's or other advisors' fees incurred in connection with Section 6.04(a)), and all such fees, costs and expenses if any, shall be borne by Purchaser. Each of the parties shall otherwise bear its own expenses incurred in the process of obtaining such Consents, including those incurred in preparing regulatory notifications or responding to any requests for information or documentary materials made by any Governmental Authority. Each of the parties shall, as soon as reasonably possible, make or cause to be made all filings and submissions under Laws and regulations applicable to it as may be required for the consummation of the transactions contemplated by this Agreement. Purchaser acknowledges that certain Consents and waivers with respect to the transactions contemplated by this Agreement may be required from parties to the Material Contracts and other Contracts to which the Company or a Subsidiary is party and that such Consents and waivers have not been obtained. Except with respect to any breach of a covenant set forth in this Article VI, the Company shall not have any liability whatsoever to Parent, Purchaser or Merger Sub arising out of or relating to the failure to obtain any Consents or waivers that may be required in connection with the transactions contemplated by this Agreement or because of the termination of any Contract as a result thereof.

(b) The Company shall, within one (1) Business Day following the execution and delivery hereof by all parties hereto, take all actions necessary in accordance with the DGCL to obtain the Stockholder Consent from its stockholders irrevocably approving and adopting this Agreement and the transactions contemplated hereby and to deliver the Stockholder Consent to Purchaser. Within seven (7) Business Days following the effective date of the Stockholder Consent, the Company shall deliver, by any manner permitted by applicable Law, the notice required pursuant to Sections 228 and 262 of the DGCL to each holder of record of capital stock of the Company that has not theretofore executed and delivered the Stockholder Consent and is entitled to such notice under the DGCL.

SECTION 6.04. Antitrust Notifications and Other Regulatory Approvals; Purchaser Covenants.

(a) In furtherance and not in limitation of the requirements of Section 6.02 and Section 6.03(a), the parties hereto shall cooperate with each other and, as necessary, shall prepare and file, or cause to be prepared and filed, (i) required Notification and Report Forms under the

HSR Act and the rules and regulations promulgated thereunder with the FTC and the DOJ, and (ii) notifications, filings, registrations or other materials required or necessary to obtain the other Required Purchaser Consents listed on Schedule 6.04(a) in each case, as soon as practicable following the date of this Agreement, and, in the case of filings required under the HSR Act, in no event later than five (5) Business Days from and after the date of this Agreement, and shall respond as promptly as practicable to all requests or inquiries received from any Governmental Authority for additional documentation or information related to any of the foregoing or any other Required Purchaser Consent. The parties hereto shall also cooperate with each other and shall make, or cause to be made, such other filings as are necessary, if any, in other jurisdictions in order to comply with all applicable Laws relating to competition and shall promptly provide any supplemental information or documentation requested by any Governmental Authority relating thereto or to any other Required Purchaser Consent. All filing fees (which, for the avoidance of doubt, shall not include any attorney's or other advisors' fees) payable in connection with the notifications, filings, registrations or other materials contemplated by this Section 6.04 shall be paid entirely by Purchaser.

(b) Each party to this Agreement shall promptly notify the other parties of any communication it or any of its Affiliates receives from any Governmental Authority relating to the matters that are the subject of this Agreement and permit the other parties to review a reasonable amount of time in advance, to the extent permitted by Law, any proposed communication by such party to any Governmental Authority. No party to this Agreement shall agree to participate in any meeting with any Governmental Authority in respect of any filings, investigation or other inquiry unless it consults with the other parties a reasonable amount of time in advance and, to the extent

permitted by such Governmental Authority, gives the other parties the opportunity to attend and participate at such meeting. Subject to the Confidentiality Agreement and applicable Laws, the parties shall coordinate and cooperate promptly with each other in exchanging such information and providing such assistance as the other parties may reasonably request in connection with the foregoing and in seeking early termination of any applicable waiting periods, including those under the HSR Act. Subject to the Confidentiality Agreement and applicable Laws, the parties shall provide each other with copies of all correspondence, filings or communications between them or any of their representatives, on the one hand, and any Governmental Authority or members of its staff, on the other hand, with respect to this Agreement and the transactions contemplated by this Agreement.

(c) In the event Purchaser and/or the Company receives a Request for Additional Information and Documentary materials ("Second Request") under the HSR Act or any similar inquiry in connection with the transactions contemplated by this Agreement, such party shall comply as promptly as practicable with such request as provided by Section 7A(e) of the HSR Act. For purposes of this provision, a party shall be deemed to have complied with any such request by providing a response that the party in good faith believes to be in substantial compliance. In the event that a party receives a subpoena or civil investigative demand requesting materials and information similar to that usually demanded in a Second Request under the HSR Act, such party shall comply as promptly as practicable with such subpoena or civil investigative demand. In the event the Governmental Authority disputes the adequacy of compliance by a party with respect to a Second Request under the HSR Act, subpoena or civil investigative demand, such party shall endeavor to satisfy the Governmental Authority so as to minimize any delay in the conduct or resolution of the investigation.

(d) In furtherance and not in limitation of Section 6.02, Section 6.03 and Section 6.04(a) through (c), Purchaser agrees to, and to cause its Affiliates and representatives to use reasonable best efforts to take promptly any and all steps and actions necessary to avoid or eliminate each and every impediment that may be asserted by any Governmental Authority or any other Person with respect to the transactions contemplated by this Agreement so as to enable the Closing to occur expeditiously, but in no case later than the Termination Date, including, as applicable, (i) providing information to such Persons and (ii) proposing, negotiating, committing to or effecting, by consent decree, hold separate order or otherwise, (A) the sale, divesture or disposition of, or holding separate (through the establishment of a trust or otherwise), such of its and its Affiliates' assets, properties and businesses and of the assets, properties and businesses of the Surviving Corporation and the Subsidiaries, (B) the termination, modification or extension of existing relationships and contractual rights and obligations of it, its Affiliates, the Surviving Corporation and the Subsidiaries, (C) the establishment or creation of relationships and contractual rights and obligations of it, its Affiliates, the Surviving Corporation and the Subsidiaries, (D) the termination of any relevant venture or other arrangement and (E) any other change or restructuring of Purchaser, its Affiliates, the Surviving Corporation and the Subsidiaries, in each case, as may be required to be taken in order to avoid the entry of, or to effect the dissolution of, any decree, order, judgment, injunction, temporary restraining order or other Order in any Litigation, which would otherwise have the effect of materially delaying or preventing the consummation of the transactions contemplated hereby or that would make the consummation of the Merger in accordance with the terms of this Agreement unlawful; provided, however, that in no event shall anything in this Agreement require, or be construed to require, Purchaser or its Affiliates to take, or agree to take, any such actions unless all actions collectively are not reasonably likely to be material to the business, operations, condition (financial or otherwise) or results of operations of Purchaser, taken as a whole. In addition, Purchaser shall use reasonable best efforts to oppose, through and including Litigation on the merits (and all appeals with respect thereto), any claim asserted in court or other forum by any Governmental Authority or other Person in order to avoid entry of, or to have vacated or terminated, any decree, Order or judgment (whether temporary, preliminary or permanent) that would restrain or prevent the Closing by the Termination Date. Purchaser shall determine the strategy to be pursued for obtaining and lead the effort to obtain all necessary actions or nonactions and Required Purchaser Consents from any Governmental Authority in connection with the transactions contemplated by this Agreement and the Company shall use, and shall cause the Subsidiaries to use, reasonable best efforts to take all reasonable actions to support Purchaser in connection therewith. Notwithstanding anything to the contrary, for the avoidance of doubt, the Company shall not, and no Subsidiary shall, be required to take any action set forth in this Section 6.04(d) to satisfy the efforts standard set forth in this Section 6.04 (or in Section 6.02, Section 6.03, Section 8.02 or elsewhere in this Agreement).

(e) Parent and Purchaser shall not, and shall cause their respective Affiliates not to, take any action that could reasonably be expected to hinder or delay, as applicable, the obtaining of clearance or the expiration of the required waiting periods under the HSR Act or the obtaining of any Required Purchaser Consent or the effect of which would be to delay or impede the ability of the parties hereto to consummate the transactions contemplated hereby. Without limiting the generality of the foregoing, each of Parent and Purchaser will not (and will cause their respective Affiliates not to) (i) acquire or agree to acquire (by merging or consolidating with, or by purchasing a substantial portion of the assets of or equity in, or by any other manner), any Person or portion thereof, or otherwise acquire or agree to acquire any assets, or (ii) assign any of

its rights hereunder to any co-investor, in each case, if the entering into a definitive agreement relating to, or the consummation of, such acquisition, merger or consolidation or co-investor relationship could reasonably be expected to (A) impose any material delay in the obtaining of, or materially increase the risk of not obtaining, any permits, orders or other approvals of any Governmental Authority necessary to consummate the transactions contemplated hereby or the expiration or termination of any applicable waiting period, (B) materially increase the risk of any Governmental Authority entering an order prohibiting the consummation of the transactions contemplated hereby, (C) materially increase the risk of not being able to remove any such order on appeal or otherwise, or (D) materially delay or prevent the consummation of the transactions contemplated hereby.

SECTION 6.05. Access to Information.

(a) Subject to the terms of the Confidentiality Agreement and applicable Laws, during the period from the date of this Agreement through the earlier of the Closing Date and the date on which this Agreement is terminated in accordance with Article IX, the Company shall permit, and shall cause the Subsidiaries to permit, Parent, Purchaser and their respective advisors, accountants, attorneys and authorized representatives to have reasonable access, during regular business hours and upon reasonable notice, to the offices, facilities, assets, properties, management level employees, books and records of the Company and the Subsidiaries, and shall furnish, or cause to be furnished, to Parent and Purchaser, such financial, tax and operating data and other information with respect to such entities and their respective offices, facilities, assets, properties, employees, businesses and operations as Parent or Purchaser shall from time to time reasonably request. All access and investigation pursuant to this Section 6.05 shall be coordinated through the Company's Head of Strategy and Corporate Development and shall be conducted at Purchaser's expense and in such a manner as not to interfere with the normal operations of the businesses of the Company and the Subsidiaries. Notwithstanding anything to the contrary contained herein or otherwise, prior to the Closing, (i) all such access, and information relating thereto, shall constitute "Evaluation Material" under, and be governed by, the terms and conditions of the Confidentiality Agreement, (ii) without the prior written consent of the Company, Purchaser shall not contact any customer, supplier or distributor of the Company or any Subsidiary about the Company, any Subsidiary or the transactions contemplated hereby, and provided that the Company shall have the right to have a representative present during any such contact in the event that it consents to such contact, and (iii) Purchaser shall have no right to perform invasive or subsurface investigations of the properties or facilities of the Company or any of the Subsidiaries without the prior written consent of the Company (which consent may be withheld for any reason). In addition, and notwithstanding anything contained in this Agreement to the contrary, the Company shall not have any obligation to provide Parent or Purchaser with any such access or information that, after being advised as such by legal counsel, the Company concludes in good faith cannot be provided without (A) violating applicable Law or other obligation of confidentiality, (B) contravening any Contract entered into by the Company or the Subsidiaries prior to the date of this Agreement and made available to Purchaser to the extent legally permitted, or (C) violating the attorney-client privilege or attorney work-product privilege from disclosure of the Company or the Subsidiaries; provided, however, that the Company shall (I) notify Purchaser, as applicable, that such information cannot be disclosed without (x) violating applicable Law or the Company's or any of the Subsidiaries' obligations of confidentiality, (y) contravening any Contract entered into by the Company or the Subsidiaries prior to the date of this Agreement and made available to Purchaser to the extent

legally permitted, or (z) violating the attorney-client privilege or attorney work-product privilege from disclosure of the Company or the Subsidiaries, (II) communicate to Purchaser in reasonable detail (x) the facts giving rise to such notification and (y) the subject matter of such information (to the extent it is able to do so in accordance with the foregoing proviso) and (III) use reasonable best efforts to identify and pursue a legally permissible method of providing such disclosure, including in the case where such disclosures are reasonably likely to violate the Company's or any of the Subsidiaries' obligations of confidentiality, using reasonable best efforts to seek a waiver of any such obligations of confidentiality.

(b) Parent and Purchaser shall, and shall cause the Surviving Corporation to, preserve and keep the records held by them relating to the respective businesses of the Company and the Subsidiaries prior to the Effective Time for a period of seven (7) years from the Closing Date (or longer if required by applicable Law) and shall make such records (or copies) and reasonably appropriate personnel available, at reasonable times and upon reasonable advance notice, as may be reasonably required by any Eligible Holder in connection with any insurance claims by, Litigation or Tax audits against, governmental investigations of, or compliance with legal requirements by, any Eligible Holder or any of their respective Affiliates.

(c) The parties (other than the Equityholders' Representative) shall hold, and shall cause their respective Affiliates, advisors, accountants, attorneys and representatives to hold, any non-public information so provided to one another in connection with the transactions contemplated by this Agreement in confidence in accordance with the provisions of the Confidentiality Agreement, which the parties acknowledge will continue in full force and effect in accordance with the terms and conditions thereof. In addition, Purchaser and Merger Sub each agree to be bound by the terms and conditions of the Confidentiality Agreement applicable to Parent, to the same extent as though originally party thereto. The Equityholders' Representative will keep the information related to the transactions contemplated by this Agreement, both before and following the Closing, confidential, except that following the Closing, the Equityholders' Representative shall be permitted to disclose information as required by Law or to advisors and representatives of the Equityholders' Representative and to the Equityholders, in each case who have a need to know such information, provided that such Persons are subject to confidentiality obligations with respect thereto that are at least as protective as those set forth in the Confidentiality Agreement.

SECTION 6.06. Public Statements. Except (a) for any press release issued collectively by the parties (other than the Equityholders' Representative) on the date of this Agreement or (b) as required by applicable Law or the rules and regulations of any stock exchange upon which Parent's, Purchaser's, the Company's, the Surviving Corporation's, any Eligible Holder's or any of their respective Affiliates' securities are traded, in which event the parties (in the case of the Company (prior to or at the Closing) and in the case of the Equityholders' Representative (after the Closing)) shall consult with each other in advance and provide the non-disclosing party (in the case of the Company (prior to or at the Closing) and in the case of the Equityholders' Representative (after the Closing)) a reasonable opportunity to review and comment on any such disclosure, no press release or other public announcement, statement or comment in response to any inquiry relating to the transactions contemplated by this Agreement shall be issued, made or permitted to be issued or made by any party to this Agreement or any of its Affiliates or representatives without the prior written consent of the other parties (in the case of

the Company (prior to or at the Closing) and in the case of the Equityholders' Representative (after the Closing)); provided, however, that any Affiliate of an Eligible Holder may provide its respective prospective and current limited partners (or their equivalent) general information regarding the subject matter of this Agreement and the transactions contemplated hereby, including, in respect of the Company's Affiliates, the performance of such Affiliate's investment in the Company on a confidential basis, in connection with its or its affiliated fund's normal fund raising, marketing or reporting activities; and provided, further, that any party may make a press release or other public announcement, statement or comment concerning this Agreement or the transactions contemplated by this Agreement without the prior written consent of the other parties to the extent that the information therein relating to this Agreement or such transactions consists solely of information previously disclosed in a press release or other public announcement, statement or comment made by any of the parties in compliance with this Section 6.06. Parent and Purchaser each agrees that the Founder may make public statements on LinkedIn relating to the transactions

contemplated by this Agreement (the content of which shall be subject to Purchaser's prior written approval, not to be unreasonably withheld or delayed).

SECTION 6.07. Indemnification of Directors and Officers.

(a) For a period of six (6) years after the Closing, Purchaser shall not, and shall not permit the Surviving Corporation or any of the Subsidiaries to, amend in a manner adverse to any D&O Indemnified Person, repeal or modify any provision in the indemnification agreements with D&O Indemnified Persons as listed on Schedule 6.07(a) or any provision in the Surviving Corporation's or any of the Subsidiaries' certificate or articles of incorporation, by-laws or other equivalent governing documents relating to the exculpation, indemnification or advancement of expenses of any Persons who at any time prior to or at the Effective Time are or were officers or directors of the Company or any Subsidiary (each, a "D&O Indemnified Person") with respect to matters existing or occurring at or prior to the Effective Time (unless and to the extent required by Law), it being the intent of the parties that all such D&O Indemnified Persons shall continue to be entitled to such exculpation, indemnification and advancement of expenses to the full extent of the Law.

(b) In addition to the other rights provided for in this Section 6.07 and not in limitation thereof, from and after the Closing, Purchaser shall, and shall cause the Surviving Corporation and the Subsidiaries (each, a "D&O Indemnifying Party") to, to the fullest extent permitted by applicable Law, (i) indemnify and hold harmless (and exculpate and release from any liability to Purchaser or the Surviving Corporation or any of the Subsidiaries) the D&O Indemnified Persons against all D&O Expenses and all losses, claims, damages, judgments, fines, penalties and amounts paid in settlement ("D&O Losses") in respect of any threatened, pending or completed claim, action, inquiry, suit or proceeding, whether criminal, civil, administrative or investigative, based on or arising out of or relating to the fact that such Person is or was a director or officer of the Company or any of the Subsidiaries and arising out of or relating to acts or omissions occurring or existing at or prior to the Closing (including in respect of acts or omissions in connection with this Agreement and the transactions contemplated hereby) (a "D&O Indemnifiable Claim") and (ii) advance, unconditionally and interest-free, to such D&O Indemnified Persons all D&O Expenses incurred in connection with any D&O Indemnifiable Claim (including in circumstances where the D&O Indemnifying Party is otherwise entitled to assume the defense of such claim and has assumed such defense) promptly after receipt of

statements therefor; provided, however, that the Person to whom D&O Expenses are to be advanced provides an unsecured undertaking to repay such advances to the extent it is ultimately and finally determined by a court of competent jurisdiction that such Person is not entitled to indemnification. Advance payment of D&O Expenses in connection with any D&O Indemnifiable Claims shall continue until such D&O Indemnifiable Claim is fully and finally disposed of and all judgments, orders, decrees or other rulings in connection with such D&O Indemnifiable Claim are fully and finally satisfied. For the purposes of this Section 6.07(b), "D&O Expenses" shall include all reasonably documented attorneys' fees, expert fees, arbitrator and mediator fees, and all other costs, charges and expenses paid or incurred in connection with investigating, defending, being a witness in or otherwise participating in (including on appeal), or preparing to defend to be a witness in or participate in, any D&O Indemnifiable Claim, but shall exclude losses, claims, damages, judgments, fines, penalties and amounts paid in settlement (which items are included in the definition of D&O Losses and not included here to avoid duplication).

(c) Purchaser shall cause the Surviving Corporation as of the Effective Time to obtain and fully pay for, at Purchaser's expense, "tail" insurance policies with a claims period of at least six years from and after the Effective Time, from an insurance carrier with the same or better credit ratings as the Company's current insurance carrier with respect to officers' and directors' liability insurance and fiduciary liability insurance (collectively, "D&O Insurance"), for the persons who are covered by the Company's existing D&O Insurance, with terms, conditions, retentions and levels of coverage at least as favorable as the Company's existing D&O Insurance with respect to matters arising out of or relating to acts or omissions occurring or existing at or prior to the Effective Time (including in connection with this Agreement and the transactions contemplated hereby), and Purchaser shall cause the Surviving Corporation to maintain such D&O Insurance in full force and effect for its full term. Notwithstanding the foregoing, in no event shall the Company, Purchaser or the Surviving Corporation be required to expend for such policies an annual premium amount in excess of 300% of the annual premiums currently paid by the Company for such insurance; provided that if the annual premiums of such coverage exceed such amount, the Company, Purchaser or the Surviving Corporation, as the case may be, shall obtain a policy with the greatest coverage available for a cost not exceeding such

amount for such six (6)-year period from an insurance carrier with the same or better credit rating as the Company's current insurance carrier with respect to the Company's existing D&O Insurance with terms, conditions, retentions and levels of coverage at least as favorable as provided in the Company's existing policies as of the date of this Agreement.

(d) In the event that Purchaser or the Surviving Corporation or any of their respective successors or assigns (i) consolidates with or merges into any other Person and is not the continuing or surviving corporation or entity of such consolidation or merger or (ii) transfers or conveys all or substantially all of its properties and other assets to any Person (including by liquidation, dissolution, assignment for the benefit of creditors or similar action), then, and in each such case, Purchaser or the Surviving Corporation, as the case may be, shall cause proper provision to be made so that the applicable successors and assigns or transferees expressly assume the obligations set forth in this Section 6.07.

(e) Subject to the terms of this Section 6.07 and the applicable governing documents, each of Purchaser and the Surviving Corporation shall be a full indemnitor of first resort, shall be required to advance the full amount of all D&O Expenses incurred by a D&O Indemnified Person and shall be liable for the full amount of all D&O Losses to the extent legally permitted and as required, without regard to any rights a D&O Indemnified Person may have against an Eligible Holder or otherwise or any insurer providing insurance coverage under an insurance policy issued to an Eligible Holder. The foregoing provision shall not limit the rights of Purchaser or the Surviving Corporation, as applicable, to make claims with respect to and collect on D&O Losses under insurance held by the Surviving Corporation, as applicable (but, for clarity, none of Purchaser, the Surviving Corporation or any of their Affiliates shall make claims or attempt to collect on D&O Losses under insurance policies held by Purposeful Foods Investor), and such insurers shall not be entitled to enforce this provision to avoid obligations under such policies.

(f) Notwithstanding anything to the contrary contained herein or otherwise, the rights and benefits of the D&O Indemnified Persons under this Section 6.07 shall not be terminated or modified in any manner as to adversely affect any D&O Indemnified Person without the prior written consent of such D&O Indemnified Person. The provisions of this Section 6.07 are intended to be for the benefit of, and shall be enforceable by, each D&O Indemnified Person referred to in Section 6.07(a), his or her heirs and his or her executors, administrators and personal representatives, each of whom is an intended third-party beneficiary of this Section 6.07, and are in addition to, and not in substitution for, any other rights, including rights to indemnification or contribution that any such Person may have by Contract or otherwise.

SECTION 6.08. Employee Benefits.

(a) Purchaser shall, or shall cause the Surviving Corporation to, provide each employee and officer of the Company or the Subsidiaries who is employed immediately prior to the Effective Time and who continues such employment following the Closing (each, a "Continuing Employee") with (i) during the period commencing at the Closing and ending on January 3, 2026 (or if shorter, the applicable period of employment), at least the same base salary or wage level and target bonus, commission and other cash incentive opportunity (but excluding equity-based compensation) as provided to such Continuing Employee immediately prior to the Effective Time and (ii) during the period commencing at the Closing and ending on December 31, 2025 (or if shorter, the applicable period of employment), employee benefits and perquisites (but excluding any defined benefit pension plans, retiree medical plans and equity-based compensation) that are substantially comparable, in the aggregate, to the employee benefits and perquisites (but excluding any defined benefit pension plans, retiree medical plans and equity-based compensation) that each such Continuing Employee was entitled to receive immediately prior to the Effective Time; provided, however, that nothing in this Section 6.08(a) will obligate Purchaser, the Surviving Corporation or any of the Subsidiaries to continue the employment of any such Continuing Employee for any specific period.

(b) For purposes of eligibility and, except with respect to any equity compensation plan or program, vesting (but not for benefit accrual purposes) and entitlement to benefits under the benefit and compensation plans, programs, agreements and arrangements of Purchaser, the Surviving Corporation or any of their respective subsidiaries in which Continuing Employees are eligible to participate following the Closing (the "Purchaser Plans"), Purchaser and

the Surviving Corporation shall credit each Continuing Employee with his or her years of service with the Company, the Subsidiaries and any predecessor entities, to the same extent as such employee was entitled immediately prior to the Closing to credit for such service under any similar Plan, except where such crediting would result in duplication of benefits. In addition, Purchaser shall use its reasonable best efforts to cause the Purchaser Plans providing health benefits to (i) not deny Continuing Employees (or a covered dependent thereof) coverage on the basis of pre-existing condition exclusions and actively-at-work requirements and similar limitations, eligibility waiting periods, and evidence of insurability requirements to the extent such conditions were waived or satisfied under the similar Plan in effect immediately prior to the Closing and (ii) credit such Continuing Employees (or a covered dependent thereof) for any deductibles, co-insurance, and out-of-pocket expenses paid on or prior to the Closing Date in satisfying any deductibles, co-insurance, and maximum out-of-pocket expenses in the applicable plan year in which the Closing Date occurs to which such deductibles and out-of-pocket expenses relate as if such amounts had been paid in accordance with the applicable Purchaser Plan.

(c) The parties hereto acknowledge and agree that all provisions contained in this Section 6.08 with respect to employees of the Company and the Subsidiaries are included for the sole benefit of the respective parties hereto and shall not (i) create any third-party beneficiary or other rights in any current or former employee, manager, officer, director or independent contractor of the Company or any Subsidiary (or any beneficiary or dependent thereof) to enforce the provisions of this Section 6.08, (ii) be construed as an amendment, waiver or creation of any Plan or other employee benefit plan of the Company, any Subsidiary, Purchaser, or any of their respective Affiliates, (iii) alter or limit in any way the right of the Company, any Subsidiary, Purchaser, or any of their respective Affiliates to amend or terminate any Plan or any other benefit, compensation, or employment plan, program, agreement or arrangement at any time, or (iv) create any right to employment or service, continued employment or service, or any term or condition of employment or service with any of the Company, any Subsidiary, Purchaser, or any of their respective Affiliates.

(d) If the Company determines that the consummation of the transactions contemplated hereby would reasonably be expected to entitle any "disqualified individual" to a "parachute payment" (as each such term is defined in Section 280G of the Code and the regulations thereunder ("Section 280G")), then, prior to the Closing, the Company will, or will cause the applicable Subsidiary to use commercially reasonable efforts to solicit stockholder approval (in accordance with the requirements of Section 280G) of any payments or benefits paid or payable to any such disqualified individual that would, absent stockholder approval, reasonably be expected to be excess parachute payments ("Section 280G Payments"). Prior to soliciting such stockholder approval, the Company (or the applicable Subsidiary) will use commercially reasonable efforts to obtain waivers from any disqualified individuals (within the meaning of Section 280G) providing that unless such payments and benefits to such individuals are approved by the stockholders in the manner required under Section 280G, no such payments and benefits will be paid or provided. This Section 6.08(d) shall not apply to, and the Company's compliance with this Section 6.08(d) shall be determined without taking into account, any arrangements between Purchaser and any "disqualified individual" providing for any payment or benefit that could reasonably be expected to constitute a "parachute payment" (collectively, the "Purchaser 280G Arrangements") unless Purchaser provides the Purchaser 280G Arrangements to the Company no later than ten (10) calendar days prior to the Closing Date. No later than seven (7)

calendar days prior to the Closing Date, the Company will provide to Purchaser the parachute payment calculations prepared by the Company (or the applicable Subsidiaries) and their advisors. Additionally, at least three (3) Business Days prior to obtaining the Section 280G waivers described in this Section 6.08(d), and prior to seeking stockholder approval pursuant to this Section 6.08(d), the Company will provide drafts of such waivers and such equityholder approval materials to Purchaser for its review, and the Company (or the applicable Subsidiaries) shall consider in good faith any reasonable comments to such documents that are timely provided by Purchaser. Prior to the Closing Date, the Company will notify Purchaser that either the requisite stockholder approval was obtained with respect to any Section

280G Payments that were subject to such stockholder vote or that the stockholder approval of Section 280G Payments was not obtained and, as a consequence, such payments and benefits will not be paid or provided to any affected individual who had duly executed a waiver of those payments and benefits to the extent that such payments and benefits would cause any amounts to constitute Section 280G Payments.

SECTION 6.09. Termination of Related Party Agreements. All Related Party Agreements, other than (a) the agreements listed on Schedule 6.09, (b) Plans and agreements with Employees, and (c) agreements and transactions solely between the Company and one or more of its Subsidiaries or between or among any Subsidiary, shall be terminated as of the Closing Date, and all obligations and liabilities thereunder shall have been satisfied.

SECTION 6.10. Financing.

(a) Subject to the terms and conditions of this Agreement (including for the avoidance of doubt the other clauses of this Section 6.10), Parent shall, and shall cause its applicable Affiliates to, use reasonable best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable to arrange, obtain and consummate the Debt Financing on the terms and conditions described in the Debt Commitment Letter, including the "market flex" provisions (if any) set forth in the Fee Letter, including using its reasonable best efforts to: (i) maintain in effect the Debt Commitment Letter on the terms and conditions contained therein, including, to the extent the same are exercised, the "market flex" provisions (if any) set forth in the Fee Letter, until the earlier of consummation of the Merger and termination of this Agreement in accordance with Section 9.02; (ii) negotiate, finalize and enter into definitive agreements with respect to the Debt Financing on terms and conditions contemplated by the Debt Commitment Letter, including, to the extent the same are exercised, the "market flex" provisions (if any) set forth in the Fee Letter, or on other terms in the aggregate not materially less favorable, taken as a whole, provided that such other terms could not reasonably be expected to adversely impact or delay the ability of Parent, Purchaser or Merger Sub to consummate the Merger or the Debt Financing at Closing; (iii) comply with their respective obligations under the Debt Commitment Letter and satisfy on a timely basis (or obtain a waiver of) all conditions precedent in the Debt Commitment Letter; and (iv) consummate the Debt Financing at or prior to the Closing.

(b) Parent shall not, and shall cause its applicable Affiliates not to, permit any amendment or modification to be made to, or any termination, rescission or withdrawal of, or any waiver of any provision or remedy under, or assignment of, the Debt Commitment Letter, the definitive agreements with respect thereto (such definitive agreements related to the Debt Financing, collectively with the Debt Commitment Letter, the "Debt Documents") or the Fee Letter prior to the Merger, including any such amendment, modification or waiver that, individually or in the aggregate with any other amendments, modifications or waivers, could reasonably be expected to (i) reduce the aggregate amount of the Debt Financing under any Debt Document, including by changing the amount of fees to be paid or original issue discount thereof, below the amount necessary to consummate the transactions contemplated hereunder to occur at Closing (including payment of the Debt Payoff Amount) or (ii) impose any new or additional conditions or contingencies, or otherwise amend, modify or expand any condition, to the receipt of any portion of the Debt Financing in a manner that could reasonably be expected to (A) delay or prevent the Closing, (B) make the funding of any portion of the Debt Financing necessary to consummate the transactions contemplated hereunder to occur at Closing (including payment of the Debt Payoff Amount) (or satisfaction of any condition to obtaining any portion of the Debt Financing necessary to consummate the Merger) less likely to occur or (C) adversely impact the ability of Parent to enforce its rights against any other party to any Debt Document, the ability of Parent, Purchaser or Merger Sub to consummate the transactions contemplated hereby to occur at Closing or the likelihood of the consummation of the transactions contemplated hereby to occur at Closing. In addition to the foregoing, Parent shall not release or consent to the termination of the Debt Commitment Letter; provided, that, notwithstanding the foregoing, Parent may modify, supplement or amend the Debt Commitment Letter to add lenders, lead arrangers, bookrunners, syndication agents, other agents or similar entities that have not executed the Debt Commitment Letter as of the date hereof or to increase the amount of funds available thereunder and, in connection therewith, amend the economic and other arrangements with respect to the appointment of such existing and additional lenders, lead arrangers, bookrunners, syndication agents, other agents or similar entities, or to reallocate the commitments provided thereunder.

(c) If (x) the commitments with respect to all or any portion of the Debt Financing expire or terminate or (y) any portion of the Debt Financing becomes unavailable on the terms and conditions contemplated in the Debt Commitment Letter, including the "market flex" provisions (if any) set forth in the Fee Letter, and in either such case such portion is required to consummate the transactions contemplated by this Agreement to occur at Closing (including payment of the Debt Payoff Amount), on or prior to the Closing Date, (i) Parent or Purchaser shall promptly following the occurrence of such event: notify the Company in writing thereof; and (ii) Parent shall use reasonable best efforts to (A) obtain alternative financing from alternative debt financing sources on terms and conditions (including structure, covenants and pricing) not materially less favorable to Parent or its Affiliates, taken as a whole, than as contemplated by the Debt Commitment Letter (taking into account the "market flex" provisions (if any) set forth in the Fee Letter) in an amount at least equal to the Debt Financing or such unavailable portion thereof, as the case may be; and (B) obtain a new financing commitment letter that provides for such alternative financing and, promptly after execution thereof, deliver to the Company true, accurate and complete copies of the new commitment letter and the related fee letters (provided that the fee amounts, pricing caps and other economic terms, and the rates and amounts included in the "market flex" provisions (if any) (but not covenants), may be redacted, none of which redacted provisions

could adversely affect the conditionality, availability, enforceability or aggregate principal amount of the Debt Financing or could reasonably be expected to delay the Closing).

(d) Parent or Purchaser shall, promptly after obtaining knowledge thereof, give the Company written notice of any of the following occurring prior to consummation of the Merger: (i) the breach or default (or any event or circumstance that, with or without notice, lapse of time or both, could reasonably be expected to result in a breach or default) related to the Debt Financing by any party to the Debt Commitment Letter of which Parent or Purchaser becomes aware; (ii) if and when Parent or Purchaser becomes aware that any portion of the Debt Financing contemplated by the Debt Commitment Letter necessary to consummate the transactions contemplated hereunder to occur at Closing (including payment of the Debt Payoff Amount) may not be available at the Closing; (iii) receipt of any written notice or other written communication from any Person with respect to any actual breach or default by any party to the Debt Commitment Letter or other Debt Document; (iv) of any expiration or termination of the Debt Commitment Letter (other than under the circumstances contemplated in clause (e) below); or (v) any change, circumstance or event which causes Parent or Purchaser to believe in good faith that it shall not be able to timely obtain all or any portion of the Debt Financing in the amounts or from the sources contemplated by the Debt Commitment Letter necessary to consummate the transactions contemplated hereunder to occur at Closing (including payment of the Debt Payoff Amount). Parent and Purchaser shall keep the Company informed on a reasonably current basis upon request by the Company of the status of its efforts to arrange the Debt Financing contemplated by the Debt Commitment Letter.

(e) Notwithstanding anything to the contrary in this Section 6.10, Purchaser or Parent may, without notice to or consent of the Company, reduce the amount of the Debt Financing under the Debt Commitment Letter, or terminate the Debt Commitment Letter, to the extent that the remaining amount of the Debt Financing under the Debt Commitment Letter (if any) after such reduction or termination, taken together with the net cash proceeds of one or more offerings, placements, sales and/or other issuances of debt and/or equity securities or term loans to Purchaser or Parent subsequent to the date hereof (collectively, "Permanent Financing"), together with cash on hand of Parent and its Subsidiaries, is sufficient to consummate the transactions contemplated hereunder to occur at Closing (including payment of the Debt Payoff Amount).

(f) For the purposes of this Agreement, the definitions of "Debt Commitment Letter" and "Debt Financing" include the Debt Commitment Letter and any document related thereto as the same may be amended, waived, modified or replaced pursuant to this Section 6.10.

(g) Each of Parent, Purchaser and Merger Sub acknowledges and agrees that the obtaining of the Debt Financing, or any alternative financing, is not a condition to Closing and reaffirms its obligation to consummate the transactions contemplated by this Agreement irrespective and independently of the availability of the Debt Financing or any alternative financing, subject to fulfillment or waiver of the conditions set forth in Article VII.

SECTION 6.11. Financing Cooperation.

(a) Prior to the Closing or the earlier termination of this Agreement in accordance with Section 9.02, the Company agrees to use its reasonable best efforts to provide, and the Company shall cause each of its Subsidiaries to use its reasonable best efforts to provide, Purchaser such assistance as is reasonably requested by Purchaser or the Debt Financing Sources in connection with the Debt Financing or any Permanent Financing, including but not limited to: (i) promptly furnishing to Purchaser (A) all financial information set forth in section (ii)(b) of Exhibit B to the Debt Commitment Letter, and (B) such other customary financial information as reasonably requested by Purchaser to enable Parent to prepare pro forma financial statements, in each case, giving effect to the Merger including the Debt Financing or any replacement Permanent Financing (it being agreed that the preparation of any pro forma financial statements will not be the responsibility of the Company); (ii) causing the Company's and its Subsidiaries' management teams, with appropriate seniority and expertise, at reasonable times to be mutually agreed between the Company and Purchaser and upon reasonable prior notice, to participate in a reasonable number of meetings, conference calls, due diligence sessions and similar presentations (in each case, which may be virtual) with or requested by the Debt Financing Sources and rating agencies; (iii) (A) assisting with the preparation of, and providing customary information necessary for the preparation of, customary rating agency presentations, bank information memoranda, lender presentations, bank books, a "road show" presentation, a preliminary and final offering memorandum customarily used for a private placement of debt securities or equity securities pursuant to Rule 144A, a registration statement, prospectus and prospectus supplement customarily used for a registered sale of debt securities or equity securities, and other customary marketing and syndication materials required or reasonably requested by the Debt Financing Sources in connection with the Debt Financing or in connection with any Permanent Financing; provided that any such customary marketing and syndication materials shall contain disclosure reflecting Purchaser or Parent as the obligor; (B) reasonably promptly furnishing due diligence information of the Company and its Subsidiaries, as applicable, that is readily available, within the control of the Company and its Subsidiaries and reasonably requested in connection with the Debt Financing or in connection with any Permanent Financing; and (C) executing and delivering customary authorization and representation letters relating to the Debt Financing or Permanent Financing (including with respect to the absence of material non-public information in the public side version of documents distributed to prospective financing sources); (iv) providing to Purchaser a fully executed payoff letter reasonably satisfactory to Purchaser providing for the repayment in full of all Indebtedness of the Company and its Subsidiaries under the Credit Facility (the "Debt Payoff Letter"), the termination of any applicable debt commitments and all guarantees thereof and the release of all Liens in respect thereof; and (v) furnishing Purchaser promptly, and in any event no later than four Business Days prior to the Closing Date, with all documentation and other information required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, as amended, that has been reasonably requested by Purchaser in writing, at least nine Business Days prior to the Closing Date. Subject to Purchaser's indemnification obligations under this Section 6.11, the Company hereby consents to the use of the Company's and its Subsidiaries' logos in connection with the Debt Financing or any Permanent Financing; provided, that, Purchaser shall ensure that such logos are not used in a manner that is intended to or reasonably likely to harm or

disparage the Company and its Subsidiaries or the reputation or goodwill of the Company and its Subsidiaries and their respective marks.

(b) Purchaser shall: (i) on the Closing Date, or upon the earlier termination of this Agreement in accordance with Section 9.02, reimburse the Company and any of its Related Parties for all reasonable documented out-of-pocket costs and expenses, including attorneys' fees, incurred by the Company and any of its Related Parties in complying with this Section 6.11; and (ii) indemnify and hold harmless the Company and its Related Parties from and against all claims, losses, damages, injuries, liabilities, judgments, awards, penalties, fines, Taxes, costs, expenses, including documented out-of-pocket attorneys' fees, or settlement payments suffered or incurred

by any of them to the extent resulting from (A) the Company providing the cooperation contemplated by this Section 6.11, and (B) any misuse of the logos or marks of the Company or its Subsidiaries.

(c) Notwithstanding anything in this Agreement to the contrary, including this Section 6.11, none of the Company or any of its Subsidiaries or Related Parties shall: be required to: (i) obtain or deliver any legal opinions of internal or external legal counsel; (ii) pay any commitment or other fee or reimburse any expenses in connection with the Debt Financing prior to the Closing; (iii) incur any liability or give any indemnity in connection with the Debt Financing prior to the Closing; (iv) take any action that would require any director, officer or employee of the Company or its Subsidiaries to execute, or be required to enter into, any document, agreement, certificate or instrument (other than with respect to any authorization and representation letter described in Section 6.11(a), as may be requested by the Company's independent auditor or the Debt Payoff Letter) in connection with the Debt Financing except as may be effective at or after, or conditioned upon, the Closing or that would not terminate without liability to the Company or any of its Affiliates; (v) take any action in connection with the Debt Financing that (A) would unreasonably interfere with the ongoing business or operation of the Company or any of its Related Parties or (B) cause significant competitive harm to the Company or its Subsidiaries if the Merger is not consummated; (vi) cause any director, officer or employee of the Company or any of its Subsidiaries to incur any personal liability in connection with the Debt Financing; (vii) provide in connection with the Debt Financing any information the disclosure of which is prohibited or restricted under Law or is legally privileged; or (viii) be required to obtain any consents or resolutions from the pre-Closing board of directors of the Company and, prior to the Closing, the directors, managers and general partners of the Company's Subsidiaries shall not be required to take any corporate action approving agreements, documents and instruments pursuant to which the Debt Financing is obtained. Nothing in this Section 6.11 shall require any action that would (A) conflict with or violate the Company's or any of its Subsidiaries' organizational documents or any Laws or result in the contravention of, or that would reasonably be expected to result in a material violation or breach of, or a material default under, any Material Contract to which the Company or any Company Subsidiary is a party or (B) provide access to or disclose information where the Company determines that such access or disclosure could reasonably be expected to jeopardize the attorney-client privilege or contravene in any material respect any Law or Material Contract.

(d) Without affecting any liability for any breach of the representations and warranties set forth in Article IV, the Company and its Subsidiaries shall have no liability whatsoever to Parent or Purchaser in respect of any financial information or data or other information provided in good faith pursuant to this Section 6.11, in each case, except to the extent

arising or resulting from the willful misconduct, gross negligence or Fraud of the Company or its Subsidiaries or their respective officers, directors, employees or agents.

(e) For the avoidance of doubt, the parties hereto acknowledge and agree that the provisions contained in this Section 6.11 represent the sole obligation of the Company, its Subsidiaries and their Affiliates and their respective directors, officers, employees, agents and other Representatives with respect to cooperation in connection with the arrangement of the Debt Financing and no other provision of this Agreement (including the exhibits and schedules hereto) shall be deemed to expand or modify such obligations.

(f) Prior to the Closing, all non-public or otherwise confidential information regarding the Company or its Subsidiaries obtained by Purchaser or its respective directors, officers, employees, agents or other Representatives pursuant to this Section 6.11 shall be kept confidential and otherwise treated in accordance with the Confidentiality Agreement or other confidentiality obligations that are substantially similar to those contained in the Confidentiality Agreement (which, with respect to the Debt Financing Sources, shall be satisfied by the confidentiality provisions applicable thereto under the Debt Commitment Letter).

SECTION 6.12. Assumption of Regulatory Obligations. From and after the Closing Date, Purchaser shall be solely responsible for obtaining and maintaining all Permits, waivers and approvals regarding the business of the Surviving Corporation and the Subsidiaries, as well as all ongoing regulatory compliance relating thereto.

SECTION 6.13. Non-Solicit. From and after the date of this Agreement, and through the earlier of the Closing Date and the date on which this Agreement is terminated in accordance with Article IX, the Company shall not, and shall cause its Subsidiaries and direct its and their representatives, equityholders, and Affiliates not to, solicit, initiate, or knowingly encourage, or initiate or engage in any discussions or negotiations or enter into any agreement regarding the terms of or that would be reasonably expected to result in, any Acquisition Proposal. Immediately following the execution and delivery of this Agreement, the Company shall, and shall direct its representatives to, immediately cease any and all existing discussions, negotiations or other activities with any Person (other than Purchaser, its Affiliates and its and their respective representatives) conducted heretofore with respect to any Acquisition Proposal and immediately terminate any such other Person's access to any platform for providing information concerning the Company or its Subsidiaries. The Company will inform Purchaser promptly (and in any event within two (2) Business Days of receipt thereof) of any Acquisition Proposal received, to the Company's knowledge, indicating the material terms of any such Acquisition Proposal. Purchaser agrees that nothing in this Section 6.13 shall prohibit any Equityholder from effecting transfers to any of its Affiliates as permitted by the Company's organizational documents. For purposes hereof, "Acquisition Proposal" shall mean any proposal, offer or inquiry from any Person (other than Parent, Purchaser or any of their respective Affiliates) concerning (x) a merger, consolidation, liquidation, recapitalization, share exchange, or other business combination transaction involving the Company or any of its Subsidiaries, (y) the issuance or acquisition of shares of capital stock or other equity securities of the Company or any of its Subsidiaries, or (z) sale, lease, exclusive license or disposition of any material assets of the Company or any of its Subsidiaries (other than the sale, lease, license or disposal of immaterial assets of the Company or any of its Subsidiaries in the ordinary course of business)

SECTION 6.14. Company Marks. The Equityholders' Representative, on behalf of itself and each Equityholder, acknowledges that from and after the Closing Date, no Equityholder has any rights, and will not acquire or retain any rights, in or to (including any right to use) any Trademark that is Owned IP, including trademarks, service marks or logos containing or incorporating "Simple Mills" or "Purposeful Foods" (collectively, the "Company Marks"). Without limiting the foregoing, the Equityholders' Representative shall not, and shall direct the Equityholders not to: (i) use any Company Marks in any manner that would constitute infringement of the Company Marks under applicable Law (ii) register or file applications to register in any jurisdiction any Company Mark or (iii) contest the ownership or validity of any of the Company Marks, including in any litigation or administrative proceeding. To the extent that any of the Equityholders have the phrase "Simple Mills" or "Purposeful Foods" in their corporate names, within twelve (12) months after the Closing, each applicable Equityholder will file with each applicable Governmental Authority all paperwork necessary remove the phrase "Simple Mills" or "Purposeful Foods" from their corporate name and thereafter diligently seek such name change, or otherwise to dissolve the applicable corporate entity that includes the name "Simple Mills" or "Purposeful Foods."

SECTION 6.15. Inventory Count. The Company shall, and shall cause the Subsidiaries to, conduct a physical count of the inventory of the Company, the Subsidiaries, and their co-manufacturers and third party logistics suppliers (to the extent related to the Company or the Subsidiaries) (collectively, the "Inventory") at the locations set forth on Schedule 6.15 as soon as possible after the Closing (the "Inventory Count"). The Company shall, and shall cause its Subsidiaries to, reasonably cooperate with Purchaser in connection with the Inventory Count, including allowing representatives of Purchaser to observe the Inventory Count. In addition, the Company shall provide confirmations of the Inventory at each other location as of immediately prior to the Effective Time (the "Inventory Confirmations"). The Company agrees that the result of the Inventory Count, as reconciled for ordinary course shipments, and the Inventory Confirmations shall be used for purposes of preparing the inventory amount included in the Proposed Final Closing Statement.

SECTION 6.16. Stockholder Expense Invoices. The Company will use its commercially reasonable efforts to deliver to Purchaser invoices with respect to each of the Stockholders' Expenses at least three days prior to Closing.

SECTION 6.17. RWI Policy. On the date hereof, Purchaser shall obtain and cause to be bound, the RWI Policy. Notwithstanding the foregoing, Purchaser acknowledges and agrees that (i) binding any such RWI Policy is not a condition to Closing and (ii) Purchaser shall solely bear any RWI Costs. The RWI Policy shall at all times expressly provide that: (i) the insurer(s) thereunder (and any managing general agent or underwriter thereof) shall not have, and to the fullest extent waives, any and all subrogation rights, rights of

contribution, rights of assignment or otherwise that it might have against the Company, the Equityholders, the Equityholders' Representative or any Non-Recourse Party (the "Seller Related Parties") arising out of, as a result of, or related to this Agreement, or the negotiation, execution or performance of this Agreement, except in the case of losses proximately caused by Fraud, (ii) the Seller Related Parties are each express third party beneficiaries of such waiver; and (iii) neither Purchaser nor any of its Affiliates or Representatives shall have any obligation to pursue any claim against any Seller Related Party in connection with any loss under the RWI Policy. From and after the binding

of the RWI Policy, Purchaser shall not, and shall cause its Affiliates and Representatives not to, amend or modify such RWI Policy in any manner adverse to the Seller Related Parties in connection with the foregoing waiver without the written consent of the Equityholders' Representative. Additionally, and without limiting the generality of the foregoing, any rights of any insurer under the RWI Policy, including any rights of subrogation, do not affect, expand or increase any liability or obligation of any of the Seller Related Parties in connection with this Agreement.

ARTICLE VII

CONDITIONS TO CLOSING

SECTION 7.01. Mutual Conditions to the Obligations of the Parties. The respective obligations of each party hereto to consummate the transactions contemplated by this Agreement are subject to the satisfaction or waiver at or prior to the Closing of each of the following conditions:

(a) **Stockholder Consent.** The Stockholder Consent shall have been obtained and delivered, and not rescinded, terminated or amended.

(b) **No Injunctions or Legal Prohibitions.** No temporary restraining order, preliminary or permanent injunction or other judgment, order or decree issued by a court of competent jurisdiction that prevents the consummation of the transactions contemplated hereby shall have been issued and remain in effect, and no statute, rule or regulation shall have been enacted by any Governmental Authority after the date hereof which makes the consummation of the Merger illegal; provided, however, that the parties shall use their respective reasonable best efforts (including by way of appeal) to have any order, injunction or judgment vacated, reversed, lifted or otherwise rendered ineffective.

(c) **HSR Act.** The applicable waiting period under the HSR Act shall have expired or been terminated and any required approvals thereunder shall have been obtained.

SECTION 7.02. Conditions to the Obligations of Purchaser. The obligations of Purchaser and Merger Sub to consummate the transactions contemplated by this Agreement are subject to the satisfaction, at or prior to the Closing, of the following conditions (unless waived, to the extent permitted by applicable Law, by Purchaser):

(a) **Representations and Warranties of the Company.** The representations and warranties of the Company (i) set forth in Section 4.05 shall be true and correct in all respects (other than *de minimis* inaccuracies) at and as of the Effective Time with the same effect as though made as of the Effective Time (except to the extent expressly made as of an earlier date, in which case as of such date), (ii) set forth in (A) the first and third sentences of Section 4.01(a), (B) the first sentence of Section 4.01(b), (C) Section 4.02, and (D) Section 4.20, without giving effect to any materiality or "Material Adverse Effect" qualifications therein (except that the word "material" in the defined term "Material Contract" and "material" before other words such as "assets" shall not be disregarded for any of such purposes), shall be true and correct in all material respects at and as of the Effective Time with the same effect as though made as of the Effective Time (except to the extent expressly made as of an earlier date, in which case as of such date), and

(iii) set forth in Article IV other than those Sections specifically identified in clause (i) or (ii) of this Section 7.02(a), without giving effect to any materiality or "Material Adverse Effect" qualifications therein (except that the word "material" in the defined term "Material Contract" and "material" before other words such as "assets", and the qualification as to Material Adverse Effect contained in Section 4.04 shall not be disregarded for any of such purposes), shall be true and correct as of the Effective Time as if made on and as of the Effective Time (except to the extent expressly made as of an earlier date, in which case as of such date), except, in the case of this clause (iii), where the failure to be true and correct would not reasonably be expected to have a Material Adverse Effect.

(b) Performance. The Company shall have performed and complied, in all material respects, with all agreements, conditions, covenants and obligations required by this Agreement to be performed or complied with by the Company on or prior to the Closing Date.

(c) No Material Adverse Effect. Since the date of this Agreement, there shall not have occurred any facts, events, changes, developments or effects which, individually or in the aggregate, constitute a Material Adverse Effect.

(d) Deliverables. The Company shall have delivered to Purchaser (i) the deliverable required by Section 3.06(a)(i) and (ii) a certificate (the "Company Certificate"), dated as of the Closing Date, executed by a duly authorized officer of the Company, certifying the satisfaction of the conditions set forth in Sections 7.02(a) and (b).

SECTION 7.03. Conditions to the Obligations of the Company. The obligation of the Company to consummate the transactions contemplated by this Agreement is subject to the satisfaction at or prior to the Closing of the following conditions (unless waived, to the extent permitted by applicable Law, by the Company):

(a) Representations and Warranties. Subject to Section 5.05(f), The representations and warranties of Parent, Purchaser and Merger Sub (i) set forth in Sections 5.01, 5.02, and 5.08, without giving effect to any materiality or "Purchaser Material Adverse Effect" qualifications therein (except that the word "material" in the defined term "Material Contract" and "material" before other words such as "assets" shall not be disregarded for any of such purposes), shall be true and correct in all material respects at and as of the Effective Time with the same effect as though made as of the Effective Time (except to the extent expressly made as of an earlier date, in which case as of such date), and (ii) set forth in Article V other than those Sections specifically identified in clause (i) of this Section 7.03(a), without giving effect to any materiality or "Purchaser Material Adverse Effect" qualifications therein, shall be true and correct as of the Effective Time as if made on and as of the Effective Time (except to the extent expressly made as of an earlier date, in which case as of such date), except, where the failure to be so true and correct would not reasonably be expected to have a Purchaser Material Adverse Effect.

(b) Performance. Purchaser and Merger Sub shall have performed and complied, in all material respects, with all agreements, conditions, covenants and obligations required by this Agreement to be performed or complied with by Purchaser or Merger Sub, as the case may be, on or prior to the Closing Date.

(c) Officer's Certificate. Purchaser and Merger Sub shall have delivered to the Company a certificate (the "Purchaser Certificate"), dated as of the Closing Date, executed by a duly authorized officer of each of Purchaser and Merger Sub, certifying to the satisfaction of the conditions set forth in Sections 7.03(a) and (b) hereof.

(d) Payments. Purchaser or Merger Sub shall have made the payments set forth in Section 3.03.

SECTION 7.04. Waiver of Conditions. All conditions to the Closing shall be deemed to have been satisfied or waived from and after the Closing.

SECTION 7.05. Frustration of Closing Conditions. No party may rely on the failure of any condition set forth in this Article VII to be satisfied if such failure resulted from such party's failure to use its reasonable best efforts to cause the Closing to occur, as required by Section 6.02(a), or to satisfy its obligations under Section 6.03 or Section 6.04.

ARTICLE VIII

TAX MATTERS

SECTION 8.01. Transfer Taxes. All transfer, documentary, sales, use, stamp, registration and other similar Taxes and fees (including any associated penalties and interest) ("Transfer Taxes") incurred in connection with the Merger, if any, shall be paid by Purchaser when due, whether levied on Purchaser, the Company, the Surviving Corporation, any Subsidiary or any Eligible Holder, and Purchaser shall file all necessary Tax Returns and other documentation with respect to any such Transfer Taxes. Purchaser shall indemnify the Eligible Holders, their respective Affiliates and the officers, directors, employees and agents of any of the foregoing against any liability for any such Transfer Taxes.

SECTION 8.02. Tax Elections. The parties agree that no election pursuant to Section 338 or Section 336 of the Code shall be made by Parent, Purchaser, the Company or the Surviving Corporation with respect to the transactions contemplated under this Agreement.

SECTION 8.03. Tax Refunds. All refunds of Taxes of the Company and the Subsidiaries (or Tax credits received in lieu thereof as offsets to cash Taxes otherwise due and payable) that are attributable to any Pre-Closing Tax Period and that are described in Schedule 8.03 that are actually received by Purchaser, the Company or a Subsidiary or any of their Affiliates following the Closing, and that were not taken into account in the Aggregate Purchase Price, as finally determined, shall be for the account of the Equityholders, and the full amount of such refunds shall be paid to the Paying Agent for further distribution to the Equityholders in accordance with their respective Percentage Shares within fifteen (15) Business Days after receipt thereof (or in the case of such Tax credits, the filing of a Tax Return electing to receive such Tax credit) by wire transfer of immediately available funds. Purchaser and the Company shall, and shall cause

the Company's Subsidiaries to apply promptly for all Tax refunds to which Equityholders may be entitled pursuant to this Section 8.03, including by timely filing or causing to be timely filed all Income Tax Returns of the Company and the Subsidiaries for the taxable period ending on the Closing Date (including, as applicable, IRS Forms 4466 and 1139). Notwithstanding the foregoing, any payment to be made to an Optionholder under this Section 8.03 shall be made through the payroll system of the Surviving Corporation or applicable Subsidiary thereof (other than with respect to interests granted in respect of non-employee services, which need not be paid through such payroll system).

SECTION 8.04. Cooperation. Following the Closing, Parent, Purchaser, the Equityholders' Representative, the Company and the Company's Subsidiaries shall cooperate with and make available to the other parties, during normal business hours, all books and records, information and employees (without substantial disruption of employment) retained and remaining in existence after the Closing that are necessary or useful in connection with any Tax matters (including the preparation of any Tax Returns and any Tax Contest or any other matter requiring any such books and records, information or employees for any reasonable business purpose). Following the Closing, Parent and Purchaser shall cause the Company and its Subsidiaries to retain all applicable Tax Returns, books and records, and workpapers for Pre-Closing Tax Periods for a period of at least seven (7) years following the Closing Date. The parties (other than the Equityholders' Representative) further agree to use their reasonable good faith efforts to obtain any certificate or other document from any Governmental Authority or any other Person as may be necessary to mitigate, reduce or eliminate any Taxes that could be imposed on the Equityholders, the Company or the Company's Subsidiaries or otherwise related to the transactions contemplated herein.

SECTION 8.05. Tax Returns.

(a) The Company shall prepare or cause to be prepared all Tax Returns for Income Taxes of the Company and its Subsidiaries for any Pre-Closing Tax Period that are due after the Closing, which Tax Returns shall be prepared in a manner consistent with the past practices of the Company and its Subsidiaries.

(b) A draft of each Tax Return prepared pursuant to Section 8.05(a) shall be provided by the Company to the Equityholders' Representative no later than the date thirty (30) days prior to the due date for such Tax Return. Any reasonable comments submitted by the Equityholders' Representative no later than ten (10) days prior to the due date for such Tax Return, and that could reasonably be expected to affect the Tax liabilities of the Equityholders or their direct or indirect owners or the amounts payable to the Equityholders under this Agreement (including under this Article VIII) shall be implemented, and the Company and its Subsidiaries shall timely file or cause to be filed such Tax Return with the applicable Governmental Authority as modified to reflect any such comments.

(c) Parent and Purchaser shall, to the maximum extent permitted under applicable Law, treat the Closing Date as the last day of the taxable period of the Company and its Subsidiaries for all Income Tax purposes, and Parent shall cause the Company to join Parent's "consolidated group" (as defined in Treasury Regulations Section 1.1502-76(h)) (and analogous state and local Income Tax Law) effective on the day after the Closing Date. Parent and Purchaser

agree that (i) the U.S. federal Income Tax Return of the Company and its Subsidiaries for such taxable period ending on the Closing Date will be prepared in accordance with Treasury Regulations Section 1.1502-76(b)(1)(ii) and none of Parent, Purchaser, the Company, its Subsidiaries, or any of their respective Affiliates will make a ratable allocation election under Treasury Regulations Section 1.1502-76(b)(2) or any analogous provision of state or local Law, and (ii) for all other Income Tax purposes, the income of the Company and its Subsidiaries for taxable periods ending on and including the Closing Date will be allocated based on an interim closing of the books at the end of the day on the Closing Date to the extent permitted by Law.

(d) Notwithstanding anything to the contrary in this Agreement, no provision of this Agreement shall be construed to require Parent or Purchaser to provide to any other Person, before, at, or after the Closing, any right to access or review any Tax Return (or Tax work papers related thereto) that is required to be filed on an affiliated, consolidated, combined or unitary basis with Parent or Purchaser or an Affiliate of Parent or Purchaser (other than the Company or any of its Subsidiaries).

SECTION 8.06. Certain Tax Actions.

(a) Notwithstanding anything in this Agreement to the contrary, neither Parent nor Purchaser shall, and shall cause their respective Affiliates (including, after the Closing, the Surviving Corporation and its Subsidiaries) not to, (i) amend or file any Tax Return, (ii) make or change any Tax election (including any election or other action that changes the entity tax classification of the Company or any of its Subsidiaries), (iii) enter into or pursue any voluntary disclosure agreement or voluntary disclosure program or similar program with a Governmental Authority, (iv) file any ruling or request with a Governmental Authority, or (v) extend or waive any statute of limitations, in each case, to the extent any such action relates to a Pre-Closing Tax Period and could affect the amount of any payment to be made to the Equityholders under this Agreement or could result in a Tax liability of the Equityholders or their direct or indirect owners, without the prior written consent of the Equityholders' Representative (not to be unreasonably withheld, conditioned or delayed).

(b) If, after the Closing, Parent, Purchaser or any of its Affiliates (including, after the Closing, the Surviving Corporation or a Subsidiary) receives notice of any audit, other administrative proceeding or inquiry or judicial proceeding involving Taxes of the Company or any of its Subsidiaries (a "Tax Contest") that relates in whole or in part to a Pre-Closing Tax Period and that could affect the amount of any payment to be made to the Equityholders under this Agreement or in a Tax liability of the Equityholders or their direct or indirect owners, then within ten (10) days after receipt of such notice, Parent and Purchaser (i) shall notify the Equityholders' Representative of such Tax Contest, (ii) shall keep the Equityholders' Representative reasonably informed of all material developments with respect to such Tax Contest, (iii) shall not settle such Tax Contest without the prior written consent of the Equityholders' Representative (which consent shall not be unreasonably withheld, conditioned or delayed), and (iv) shall permit the Equityholders' Representative to elect to participate in the defense of such Tax Contest (at the expense of the Equityholders).

SECTION 8.07. Tax Savings.

(a) To the extent actually realized by Parent, Purchaser, Company, any of their Subsidiaries, any of their Affiliates, or a consolidated, combined, unitary, or similar group of which Parent, Purchaser, the Company or any of their Subsidiaries is a member (each of the foregoing, a "Tax Benefit Party"), with respect to any Covered Taxable Period (defined below), Purchaser shall pay to the Paying Agent (for distribution to the Equityholders in accordance with their respective Percentage Shares), by wire transfer of immediately available funds, an amount in cash equal to the Actual Tax Savings (defined below) with respect to each such taxable period within fifteen (15) Business Days of receiving or realizing such amount with respect to such Post-Closing Tax Period. Notwithstanding the foregoing, any payment to be made to an Optionholder under this Section 8.07(a) shall be made through the payroll system of the Surviving Corporation or applicable Subsidiary thereof (other than with respect to interests granted in respect of non-employee services, which need not be paid through such payroll system). For purposes of this Section 8.07(a), "Covered Taxable Period" shall mean any taxable period of the Company or any of its Subsidiaries that ends prior to or includes the day that is the five (5) year anniversary of the Closing Date.

(b) For purposes of Section 8.07(a), Actual Tax Savings with respect to a Post-Closing Tax Period shall be deemed realized at the time the Income Taxes payable by a Tax Benefit Party are reduced (or a refund is actually received in cash, or a Tax Return electing a credit in lieu of a refund is filed) as a result of such Actual Tax Savings.

(c) For purposes of this Agreement, "Actual Tax Savings" with respect to a Post-Closing Tax Period shall mean all of the excess, if any, of (i) the Income Taxes that would have been incurred by the Tax Benefit Parties, with respect to such Post-Closing Tax Period without taking into account the Transaction Tax Deductions (and carryforwards of net operating losses, capital loss carryforwards, tax credit carryforwards, Code Section 163(j) carryforwards, or any other Tax attributes attributable thereto), over (ii) the actual Income Taxes incurred by the Tax Benefits Parties for such Post-Closing Tax Period (and the Transaction Tax Deductions (and carryforwards of net operating losses, capital loss carryforwards, tax credit carryforwards, Code Section 163(j) carryforwards, or any other Tax attributes attributable thereto) shall be the first applied deductions taken into account as a "with or without" calculation); provided, that any carryforwards of net operating losses, capital loss carryforwards, tax credit carryforwards, or Code Section 163(j) carryforwards of Parent, Purchaser and their respective Affiliates (excluding the Company and its Subsidiaries) existing as of the Closing Date, based on an interim closing of the books (the "Purchaser Tax Attributes"), shall be applied prior to the Transaction Tax Deductions (and carryforwards of net operating losses, capital loss carryforwards, tax credit carryforwards, Code Section 163(j) carryforwards, or any other Tax attributes attributable thereto) to the extent such Purchaser Tax Attributes are available under applicable Law to reduce the Income Taxes of the Tax Benefit Parties for such Post-Closing Tax Period); provided, further, if (A) Parent, Purchaser, the Company, its Subsidiaries, or any of their respective Affiliates enter into an acquisition agreement after the Closing Date that includes an obligation to pay for any Income Tax assets or attributes directly or indirectly acquired pursuant to such acquisition agreement and (B) such acquisition agreement includes a "with or without" calculation similar or analogous to this Section 8.07, then such other Income Tax assets or attributes shall be disregarded for purposes of calculating the amount described in the foregoing clause (ii), and such amount shall be calculated

as the hypothetical Income Tax liability of the Tax Benefit Parties for such Post-Closing Tax Period if such other Income Tax assets or attributes had not existed. For the purposes of Section 8.07, Transaction Tax Deductions are not taken into account to the extent they were already taken into account as a reduction to the Tax Liability Amount.

(d) Purchaser shall, promptly after filing the relevant Tax Returns of Income Taxes with respect to a Post-Closing Tax Period or upon the reasonable request of the Equityholders' Representative, provide the Equityholders' Representative with a written

explanation in reasonable detail of the calculation of the Actual Tax Savings, if any, with respect to such Post-Closing Tax Period or any other Post-Closing Tax Period with respect to which Actual Tax Savings are realized.

SECTION 8.08. Purchase Price Adjustments. The parties agree that all payments made pursuant to Section 8.03 and Section 8.07 hereof shall to the extent permitted by applicable Law be treated as adjustments to the purchase price for U.S. federal and applicable state and local income tax purposes.

ARTICLE IX

SURVIVAL; TERMINATION

SECTION 9.01. Survival. The parties, intending to modify any applicable statute of limitations, agree that (a) the representations and warranties in this Agreement and in any certificate delivered pursuant hereto shall terminate effective as of the Closing and shall not survive the Closing for any purpose, and thereafter there shall be no liability on the part of, nor shall any claim be made by, any party or any of their respective Affiliates in respect thereof (including with respect to any breach, misrepresentation or inaccuracy or alleged breach, misrepresentation or inaccuracy thereof or with respect thereto), (b) the covenants in this Agreement to be performed prior to the Closing shall terminate effective as of the Closing and shall not survive the Closing for any purpose, and thereafter there shall be no liability on the part of, nor shall any claim be made by, any party or any of their respective Affiliates in respect thereof (including with respect to any breach or alleged breach thereof), and (c) the covenants in this Agreement to be performed at or after the Closing shall survive the Closing in accordance with their respective terms only for such period as shall be required for the party required to perform under such covenant to complete the performance required thereby. Nothing in this Section 9.01 shall limit any claim for Fraud brought against any party based on such party's Fraud. Nothing in this Agreement limits any claims, rights or recoveries available to Purchaser (or any of its Affiliates) or any other Person under the RWI Policy. This Article IX will apply even if (a) the RWI Policy is never issued by an insurer, (b) the RWI Policy is revoked, cancelled, or modified after issuance, or (c) Purchaser (or any of its Affiliates) makes a claim under the RWI Policy that is denied by the insurer(s) (or any managing general agent or underwriter thereunder).

SECTION 9.02. Termination. This Agreement may be terminated and the transactions contemplated hereby may be abandoned at any time prior to the Closing:

(a) by mutual written agreement of Purchaser and the Company;

(b) at any time after the day that is ninety (90) days from the date hereof (the "Termination Date") by either Purchaser or the Company, by giving written notice of such termination to the other parties, if the Closing shall not have occurred on or prior to such date (unless the failure to consummate the Closing by such date shall be due to or have resulted from any breach of the representations or warranties made by, or the failure to perform or comply with any of the agreements or covenants hereof to be performed or complied with prior to the Closing by, the party seeking to terminate this Agreement); provided, however, that if as of such date, the conditions set forth in Section 7.01(b) or Section 7.01(c) are not satisfied, then the Termination Date may be extended by either Purchaser or the Company by an additional six (6) months (and such date will then be the Termination Date);

(c) by either Purchaser or the Company, if any restraint of the type set forth in Section 7.01(b) permanently prohibiting the consummation of the transactions contemplated by this Agreement shall have become final and non-appealable; provided that the right to terminate this Agreement pursuant to this Section 9.02(c) shall not be available to any party whose failure to fulfill any obligation under this Agreement shall have been a material cause of, or resulted in, the occurrence of such restraint;

(d) by Purchaser, by written notice to the Company, if the Company breached or failed to perform any of its covenants or other agreements set forth in this Agreement or if any representation of the Company contained in this Agreement shall be or shall have become inaccurate, in either case such that both (i) the conditions set forth in Section 7.01 or Section 7.02 would not be satisfied as of the time of such breach or failure or as of the time such representation was or shall have become inaccurate, and (ii) such breach or failure to

perform or inaccuracy cannot be cured by the Company or, if capable of being cured, shall not have been cured within thirty (30) calendar days after receipt by the Company of notice in writing from Purchaser specifying the nature of such breach and requesting that it be cured, or Purchaser shall not have received adequate assurance of a cure of such breach within such thirty (30) calendar day period; provided that Purchaser shall not have the right to terminate this Agreement pursuant to this Section 9.02(d) if it or Merger Sub is then in breach of any of their respective covenants or other agreements set forth in this Agreement that would result in the closing conditions set forth in Section 7.01 or Section 7.03 (other than those conditions which by their terms are to be satisfied at the Closing, but subject to such conditions being capable of being satisfied at the Closing) not being satisfied;

(e) by the Company, by written notice to Purchaser, if Purchaser or Merger Sub has breached or failed to perform any of their respective covenants or other agreements set forth in this Agreement or if any representation or warranty of Purchaser or Merger Sub contained in this Agreement shall be or shall have become inaccurate, in either case such that both (i) the conditions set forth in Section 7.01 or Section 7.03 cannot be satisfied and (ii) such breach or failure to perform or inaccuracy cannot be cured by Purchaser or Merger Sub, as the case may be, or if capable of being cured, shall not have been cured within thirty (30) calendar days after receipt

by Purchaser of notice in writing from the Company, specifying the nature of such breach and requesting that it be cured, or the Company shall not have received adequate assurance of a cure of such breach within such thirty (30) calendar day period; provided that the Company shall not have the right to terminate this Agreement pursuant to this Section 9.02(e) if it is then in breach of any of its covenants or other agreements set forth in this Agreement that would result in the closing conditions set forth in Section 7.01 or Section 7.02 (other than those conditions which by their terms are to be satisfied at the Closing, but subject to such conditions being capable of being satisfied at the Closing) not being satisfied;

(f) by the Company, if all of the conditions set forth in Section 7.01 and Section 7.02 have been satisfied (other than those conditions which by their terms are to be satisfied at the Closing) and Purchaser or Merger Sub fails to consummate the transactions contemplated by this Agreement on the date the Closing should have occurred pursuant to Section 3.01 and the Company stood ready and willing to consummate such transactions on that date; or

(g) by Purchaser, if a valid and effective consent of the holders of the Company Shares evidencing the Stockholder Consent is not executed and delivered to Purchaser within one (1) Business Day following the execution and delivery of this Agreement; provided, however, that the right to terminate the Agreement under this Section 9.02(g) must be exercised, if exercisable, by the end of the second (2nd) Business Day following the execution and delivery of this Agreement.

SECTION 9.03. Effect of Termination; Etc.

(a) In the event of the termination of this Agreement in accordance with Section 9.02 hereof, (i) this Agreement shall thereafter become void and have no effect and the transactions contemplated hereby shall be abandoned, except that this Section 9.03, Section 6.06, Article X, and the Confidentiality Agreement shall survive termination of this Agreement and remain valid and binding obligations of each of the parties, and (ii) subject to the terms and conditions of the surviving provisions of this Agreement and except in the case of Fraud, there shall be no liability or obligation on the part of Parent, Purchaser, Merger Sub or the Company. Notwithstanding the immediately preceding sentence of this Section 9.03(a), termination of this Agreement pursuant to Section 9.02 shall not release any party hereto from any liability (A) pursuant to the sections specified in this Section 9.03(a) that survive such termination or (B) for any intentional and material breach by a party of this Agreement that occurred prior to such termination (any such breach described in this clause (B), a "Pre-Termination Material Breach"). Notwithstanding anything to the contrary contained herein or otherwise, each party may pursue and accept damages for any Pre-Termination Material Breach by the other party and enforce any award for such damages, and the parties agree that such damages shall not be limited to reimbursement of expenses or out-of-pocket costs or otherwise be subject to the limitations set forth in Section 10.15 and shall include, to the extent permitted by applicable Law, damages payable based on the benefit of the bargain lost by such party (including any lost premium) and any decrease in share value, diminution in value, lost profits or lost premium or consequential damages.

(b) If this Agreement is terminated pursuant to Section 9.02 hereof:

(i) all confidential information received by the parties shall be treated in accordance with Section 6.05(c) hereof and the Confidentiality Agreement referred to in such Section; and

(ii) all filings, applications and other submissions made pursuant to Sections 6.02, 6.03 and 6.04 hereof shall, to the extent practicable, be withdrawn from the Governmental Authority, agency or other Person to which made.

ARTICLE X

MISCELLANEOUS

SECTION 10.01. Notices. All notices or other communications hereunder shall be deemed to have been duly given and made if in writing and if served by personal delivery upon the Person for whom it is intended, if delivered by registered or certified mail, return receipt requested, or by a national courier service (with signed confirmation of receipt), or if sent by electronic mail (provided that no "error" message or other notification of non-delivery is generated), to the Person at the address set forth below, or such other address as may be designated in writing hereafter, in the same manner, by such Person:

To the Company:

Purposeful Foods Holdings, Inc.
c/o Legal Department
435 N. LaSalle Dr., 2nd Fl.
Chicago, IL 60654
Attention: Legal Department
Email: legal@simplemills.com

with a copy to:

Ropes & Gray LLP
1211 Avenue of the Americas
New York, NY 10036
Attention: Jackie Cohen; Stephanie Lapidus
Email: jackie.cohen@ropesgray.com; stephanie.lapidus@ropesgray.com

To Parent, Purchaser, Merger Sub or the Surviving Corporation:

Flowers Foods, Inc.
1919 Flowers Circle
Thomasville, GA 31757
Attention: Joanna Sutton
Email: Joanna.sutton@flocorp.com
CC: legal@flocorp.com

with a copy to:

Jones Day
1221 Peachtree Street N.E.
Suite 400
Atlanta, GA 30361
Attention: William J. Zawrotny
Email: wjzawrotny@jonesday.com

To the Equityholders' Representative:

Shareholder Representative Services LLC
950 17th Street, Suite 1400
Denver, CO 80202
Attention: Managing Director
Email: Deals@srsacquiom.com

Any such notification shall be deemed delivered (a) upon receipt, if delivered personally, (b) on the next Business Day, if sent by national courier service for next business day delivery, or (c) the Business Day received (or the immediately following Business Day, if not received on a Business Day), if sent by electronic mail (provided that no "error" message or other notification of non-delivery is generated) or any other permitted method.

SECTION 10.02. Amendment/Waiver, etc. Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by Purchaser, the Company and the Equityholders' Representative, or in the case of a waiver, by the party against whom the waiver is to be effective. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. Except as specifically provided otherwise herein, the rights and remedies herein provided are cumulative and none is exclusive of any other, or of any rights or remedies that any party may otherwise have at law or in equity. Notwithstanding anything to the contrary contained herein, Section 10.06, Section 10.08, Section 10.12(d), Section 10.22 and this Section 10.02 (and any provision of this Agreement to the extent a modification, waiver or termination of such provision would modify the substance of the aforementioned Sections) may not be modified, waived or terminated in a manner that is adverse to the Debt Financing Sources without the prior written consent of the Debt Financing Sources.

SECTION 10.03. Assignment. No party to this Agreement may assign any of its rights or obligations under this Agreement without the prior written consent of the other parties hereto; provided, that the prior written consent of the Equityholders' Representative shall only be required after the Closing. Any purported assignment not permitted under this Section 10.03 shall be null and void *ab initio*.

SECTION 10.04. Entire Agreement. This Agreement (including all Schedules and Exhibits hereto and the other agreements referred to herein) contains the entire agreement among the parties hereto with respect to the subject matter hereof and supersedes all prior

agreements and understandings, oral or written, with respect to such matters, except for the Confidentiality Agreement which shall remain in full force and effect for the term provided for therein.

SECTION 10.05. Fulfillment of Obligations. Any obligation of any party under this Agreement, which obligation is performed, satisfied or fulfilled by an Affiliate of such party, shall be deemed to have been performed, satisfied or fulfilled by such party.

SECTION 10.06. Parties in Interest. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns. Notwithstanding anything in this Agreement to the contrary, other than the provisions of (i) Section 2.02, Section 2.03, Section 2.04, Section 2.05, Section 3.04 and Section 3.05, with respect to the Equityholders

(but only to the extent such Equityholder is entitled to receive payments thereunder), (ii) Sections 6.05(b) and 8.01, with respect to Eligible Holders and their Affiliates, (iii) Section 6.07, with respect to D&O Indemnified Persons, (iv) Section 10.14 and Section 10.18, with respect to the Non-Recourse Parties, (v) Section 10.17, with respect to Ropes & Gray, LLP, and (vi) Section 10.02, Section 10.08, Section 10.12(d) and Section 10.22, which the Debt Financing Sources shall be express third party beneficiaries of, may rely upon and have the right to enforce, nothing contained herein, express or implied, is intended to confer upon any Person other than Purchaser, Merger Sub, the Company, the Subsidiaries or their successors or permitted assigns, any rights or remedies under or by reason of this Agreement.

SECTION 10.07. Expenses. Except as otherwise expressly provided in this Agreement, whether or not the transactions contemplated by this Agreement are consummated, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be borne by the party incurring such expenses.

SECTION 10.08. Governing Law/Jurisdiction/Waiver of Jury Trial.

(a) This Agreement, and any claim, suit, action or proceeding in any way arising out of or relating to this Agreement, the negotiation, execution or performance of this Agreement, or the transactions contemplated hereby (whether in law or in equity, and whether in contract or in tort or otherwise), shall be governed by and enforced pursuant to the laws of the State of Delaware, its rules of conflict of laws notwithstanding, and so far as applicable, the merger provisions of the DGCL; provided that except as specifically set forth in the Debt Commitment Letter, all claims or causes of action (whether at law, in equity, in contract, in tort or otherwise) against any of the Debt Financing Parties in any way relating to this Agreement, the Debt Financing or the performance thereof or the financings contemplated thereby, shall be exclusively governed by, and construed in accordance with, the internal Laws of the State of New York, without giving effect to principles or rules of conflict of Laws to the extent such principles or rules would require or permit the application of Laws of another jurisdiction. Each party hereby irrevocably agrees and consents to be subject to the exclusive jurisdiction of the Court of Chancery of the State of Delaware, or, if the Court of Chancery lacks jurisdiction, the United States District Court for the District of Delaware, in any suit, action or proceeding described in the immediately preceding sentence of this Section 10.08(a); provided that no party hereto, nor any of its Affiliates, shall bring, or support, any such suit, action or proceeding against any Debt Financing Party in any way relating to this Agreement or any of the transactions contemplated hereby, including any

dispute arising out of or relating in any way to the Debt Commitment Letter, the Debt Financing or the definitive agreements executed in connection therewith or the transactions contemplated thereby, anywhere other than in any New York State court sitting in the Borough of Manhattan or, if under applicable Law exclusive jurisdiction is vested in the federal courts, the United States District Court for the Southern District of New York. Each party hereby irrevocably consents to the service of any and all process in any such suit, action or proceeding by the delivery of such process to such party at the address and in the manner provided in Section 10.01. Each of the parties hereto irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the transactions contemplated hereby in such courts, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

(b) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY THAT MAY ARISE UNDER OR RELATE TO THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR THE BREACH, TERMINATION OR VALIDITY OF THIS AGREEMENT, OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, INCLUDING IN ANY ACTION OR DISPUTE ARISING OUT OF OR RELATING IN ANY WAY TO THE DEBT COMMITMENT LETTER, THE DEBT FINANCING OR THE DEFINITIVE AGREEMENTS EXECUTED IN CONNECTION THEREWITH OR TRANSACTIONS CONTEMPLATED THEREBY. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (I) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (II) EACH SUCH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (III) EACH SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND

(IV) EACH SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 10.08(B).

SECTION 10.09. Counterparts, Severability, etc. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by facsimile, scanned pages or other electronic transmission shall be effective as delivery of a manually executed counterpart to this Agreement. In the event that any provision of this Agreement, or the application thereof, becomes or is declared by a court of competent jurisdiction to be illegal, void or unenforceable, the remainder of this Agreement will continue in full force and effect and the application of such provision to other persons or circumstances will be interpreted so as reasonably to effect the intent of the parties hereto. The parties further agree to replace such void or unenforceable provision of this Agreement with a valid and enforceable provision that will achieve, to the extent possible, the economic, business and other purposes of such void or unenforceable provision.

SECTION 10.10. Headings, etc. The provision of the Table of Contents, the division of this Agreement into Articles, Sections and other subdivisions and the insertion of headings are for convenience of reading only and shall not affect or be utilized in construing or interpreting this Agreement. All references in this Agreement to any Article, Section, subsection or clause are to the corresponding Article, Section, subsection or clause of this Agreement, unless otherwise specified.

SECTION 10.11. Further Assurances. Subject to the terms and conditions of this Agreement, from time to time, at the request of any party hereto and at the expense of the party so requesting, each other party shall execute and deliver to such requesting party such documents and take such other action as such requesting party may reasonably request in order to consummate the transactions contemplated hereby.

SECTION 10.12. Remedies.

(a) Any and all remedies herein conferred upon a party will be deemed cumulative with and not exclusive of any other remedy conferred hereby, and the exercise by a party of any one such remedy will not preclude the exercise of any other such remedy.

(b) The parties understand and agree that the covenants and undertakings on each of their parts herein contained are uniquely related to the desire of the parties and their respective Affiliates to consummate the transactions contemplated hereby, that the transactions contemplated hereby represent a unique business opportunity at a unique time for each of the parties hereto and their respective Affiliates and further agree that irreparable damage would occur in the event that any provision of this Agreement were not performed in accordance with its terms and further agree that, although monetary damages may be available for the breach of such covenants and undertakings, monetary damages would be an inadequate remedy therefor. Accordingly, each party hereto agrees, on behalf of itself and its Affiliates, that, in the event of any breach or threatened breach by the Company, on the one hand, or Purchaser or Merger Sub, on the other hand, of any of their respective covenants or obligations set forth in this Agreement, the Company, on the one hand, or Purchaser or Merger Sub, on the other hand, as applicable, shall be entitled to seek an injunction or injunctions, specific performance and other equitable relief to prevent or restrain breaches or threatened breaches of this Agreement, and to specifically enforce the terms and provisions of this Agreement to prevent breaches or threatened breaches of, or to enforce compliance with, the covenants and obligations of the other under this Agreement. Any party seeking an injunction or injunctions to prevent breaches of this Agreement or to enforce specifically the terms and provisions of this Agreement shall not be required to provide any bond or other security in connection with any such order or injunction. In the event that any Litigation should be brought in equity to enforce the provisions of this Agreement, no party shall allege, and each party hereto hereby waives the defense, that there is an adequate remedy at law.

(c) The remedies available to each party pursuant to this Section 10.12 shall be in addition to any other remedy to which it is entitled at law or in equity, and the election to seek an injunction or specific performance shall not restrict, impair or otherwise limit such party from, in the alternative, seeking to terminate this Agreement in accordance with Section 9.02.

(d) The parties hereto acknowledge and agree that in no event shall the Company or the Subsidiaries, Equityholders or controlled Affiliates be entitled to directly or indirectly seek against any Debt Financing Source the remedy of specific performance of this Agreement or any of the agreements (including the Debt Commitment Letter) entered into in connection with the Debt Financing.

SECTION 10.13. Knowledge. For purposes of this Agreement, (i) "knowledge" of the Company means the actual knowledge of Katlin Smith, Amy Hass, Nicole Eltzroth, and Michelle Lorge, in each case after due inquiry, and (ii) "knowledge" of Purchaser means the actual knowledge of Steve Kinsey, after due inquiry.

SECTION 10.14. Non-Recourse. Notwithstanding anything to the contrary contained herein or otherwise, this Agreement may only be enforced against, and any claims or causes of action (whether in tort or contract, or whether at law or in equity, or otherwise) that may be based upon, arise out of or relate to this Agreement, the negotiation, execution or performance of this Agreement or the transactions contemplated hereby, may only be made against the entities and Persons that are expressly identified as parties to this Agreement in their capacities as such and then only with respect to the specific obligations set forth herein with respect to the named parties to this Agreement, and no former, current or future stockholders, equityholders (including the Equityholders and the Pre-Closing Equityholders), controlling persons, directors, officers, employees, incorporators, general or limited partners, members, managers, agents, attorneys, representatives or Affiliates of any party hereto, or any former, current or future direct or indirect stockholder, equityholder, controlling person, director, officer, employee, incorporator, general or limited partner, member, manager, agent, attorney, representative or Affiliate of any of the foregoing (each, a "Non-Recourse Party") shall have any liability for any obligations or liabilities of the parties to this Agreement or for any claim (whether in tort, contract or otherwise) based on, in respect of, or by reason of, the transactions contemplated hereby or in respect of any representations made or alleged to be made in connection herewith, including any alleged non-disclosure made by any such Persons, and each party waives and releases all such liabilities and obligations against such Persons. Without limiting the rights of any party against the other parties hereto, in no event shall any party or any of its Affiliates seek to enforce this Agreement against, make any claims for breach of this Agreement against, or seek to recover monetary damages from, any Non-Recourse Party (including any of the Eligible Holders), in each case, whether in tort, contract or otherwise. Nothing in this Section 10.14 shall limit any claim related to a Non-Recourse Party's obligations under any Additional Agreement to which such Non-Recourse Party is party. This Section 10.14 shall not apply to Section 10.16, which shall be enforceable by the Equityholders' Representative in its entirety against the Equityholders.

SECTION 10.15. Certain Damages and Remedies. Except (a) in the case of any Pre-Termination Material Breach, (b) as set forth in Section 9.03(a) and (c) as otherwise expressly provided in this Agreement, no party shall be liable for any punitive or exemplary damages, in each case in any way arising out of or relating to this Agreement, the negotiation, execution or performance of this Agreement, or the transactions contemplated hereby (whether in law or in equity, and whether in contract or in tort or otherwise) or otherwise. Notwithstanding anything to the contrary contained herein or otherwise, after the Closing, no party may seek to rescind this Agreement or any of the transactions contemplated hereby.

SECTION 10.16. Equityholders' Representative.

(a) Appointment.

(i) By virtue of achieving the requisite stockholder vote to adopt this Agreement, and receiving the benefits thereof, including any consideration payable hereunder, and without any further act of any of the Equityholders, each Equityholder shall be deemed to have approved the designation of, and hereby designates, Shareholder Representative Services, LLC, as of the Closing, (and by execution of this Agreement it hereby accepts such appointment) as representative, agent and attorney-in-fact for and on behalf of the Equityholders (in their capacity as such), for all purposes in connection with this Agreement, and any related agreements, with full power of substitution, to act in the name, place and stead of each Equityholder with respect to any

provision in this Agreement and the Escrow Agreement to take any action in accordance with and pursuant to the terms of this Agreement and the Escrow Agreement and such other actions on behalf of the Equityholders as it may deem necessary or appropriate in connection with or to consummate the transactions contemplated hereby or thereby, including to (A) execute and deliver all documents necessary or desirable to carry out the intent of this Agreement, the Escrow Agreement and any other documents, instruments and/or agreements contemplated hereby or thereby (the "Additional Agreements," and each, an "Additional Agreement"), (B) serve as the named party with respect to any claims on behalf of each of the Equityholders under this Agreement, the Escrow Agreement or any Additional Agreement, (C) give and receive on behalf of the Equityholders any and all notices from or to any Equityholders hereunder or under this Agreement, the Escrow Agreement or any Additional Agreement, (D) grant any consent or approval on behalf of the Equityholders under this Agreement, the Escrow Agreement or any Additional Agreement, (E) take all actions and make all filings on behalf of such Equityholders with any Governmental Authority or other Person necessary to effect the consummation of the transactions contemplated by this Agreement, the Escrow Agreement or any Additional Agreement, (F) agree to, negotiate, enter into settlements and compromises of, comply with orders of courts with respect to, and otherwise administer and handle any claims under this Agreement, the Escrow Agreement or any Additional Agreement on behalf of such Equityholders, including indemnification claims, (G) pay or cause to be paid all expenses incurred or to be incurred by or on behalf of the Equityholders in connection with this Agreement, the Escrow Agreement or any Additional Agreement, or establish such reserves as the Equityholders' Representative may from time to time determine, in its sole discretion, to be necessary or desirable in connection with the expenses and other costs to be borne by the Equityholders hereunder, and direct Purchaser, or the Escrow Agent, as the case may be, to make payment of such amounts to be applied to such reserves in lieu of the payment to the Equityholders hereunder, administer the Administrative Expense Account in accordance with Section 3.05 and (H) make all other elections or decisions and take all other actions that are either necessary or appropriate in its judgment for the accomplishment of the foregoing or contemplated by this Agreement, the Escrow Agreement or any Additional Agreement; provided, that certain Equityholders (collectively with their designated representatives, the "Advisory Committee") have entered into an engagement letter with the Equityholders' Representative (the "Engagement Letter"), providing, among other things, that the Equityholders'

Representative shall not take certain actions without the express prior written approval of the Advisory Committee and that the Advisory Committee shall have sole authority to direct the Equityholders' Representative with respect to all matters material to the Equityholders. Without limiting the generality of the foregoing, but subject to the approval rights of the Advisory Committee pursuant to the Engagement Letter, the Equityholders' Representative shall have full power and authority to (x) interpret all the terms and provisions of this Agreement, the Escrow Agreement and each Additional Agreement and to consent to any amendment hereof or thereof on behalf of all of the Equityholders; (y) do or refrain from doing all such further acts and things, and to execute all such documents, on behalf of all of the Equityholders as the Equityholders' Representative shall deem necessary or appropriate in conjunction with the transactions contemplated by this Agreement, the Escrow Agreement or any Additional Agreements; and (z) negotiate, execute and deliver on behalf of all of the Equityholders all ancillary agreements, statements, certificates, notices, approvals, extensions, waivers, undertakings, amendments and other documents required or permitted to be given in connection with the transactions under this Agreement, the Escrow Agreement and the Additional Agreements, other than the Merger (it being understood that each Equityholder shall be deemed to have executed and delivered any such documents which the Equityholders' Representative agrees to execute and deliver). Each Equityholder hereby agrees to receive correspondence from the Equityholders' Representative, including in electronic form, and notices or communications to or from the Equityholders' Representative shall constitute notices or communications to or from each of the Equityholders.

(ii) The power of attorney granted in this Section 10.16 is coupled with an interest and is irrevocable, may be delegated by the Equityholders' Representative and shall survive the death, incapacity, dissolution, liquidation, insolvency or bankruptcy of each Equityholder. Such agency may be changed by the holders of a majority in interest of the shares of Common Stock prior to the Closing, determined on a Fully-Diluted Basis, from time to time (including in the event of the death, disability or other incapacity of an Equityholders' Representative that is an individual and including, with respect to any Equityholders'

Representative, in the event of the resignation of the Equityholders' Representative), and any such successor shall succeed the Equityholders' Representative as "Equityholders' Representative" hereunder for all purposes and all references herein to the Equityholders' Representative shall be deemed to refer to such successor. Purchaser shall be given prompt written notice of any such change and such successor shall have the same power and authority to act for and on behalf of the Equityholders as provided herein. If no such successor is designated by the Equityholders within ten (10) Business Days after any resignation of the Equityholders' Representative, the Advisory Committee shall serve as such successor. No bond shall be required of the Equityholders' Representative.

(b) Limitation on Liability.

(i) Neither the Equityholders' Representative nor any of its representatives will be liable relating to the performance of the Equityholders' Representative's duties and obligations under this Agreement, the Escrow Agreement or any Additional Agreements for any errors in judgment or other acts or omissions performed or omitted hereunder or in connection with this Agreement or any such other related

agreement, instrument or document, except to the extent any act or failure to act constitutes fraud, gross negligence or willful misconduct. The Equityholders' Representative shall not be liable for any action or omission pursuant to the advice of counsel, public accountants or other independent experts experienced in the matter at issue. The preceding two sentences shall not prejudice the Equityholders' Representative right to indemnification from the members of the Advisory Committee (in their capacity as Equityholders) pursuant to the following sentence. The Equityholders' Representative and its representatives will be indemnified and held harmless by the Equityholders, severally in accordance with their respective Percentage Share (which shall at all times sum to 100% coverage), from and against any and all losses, liabilities, and expenses ("Representative Losses") and all other damages paid or otherwise incurred in any action, suit, proceeding or claim to which the Equityholders' Representative is made a party by reason of the fact that the Equityholders' Representative was acting as such pursuant to this Agreement the Escrow Agreement or any Additional Agreements; provided, however, that the Equityholders' Representative will not be entitled to indemnification hereunder to the extent it is finally determined by a court of competent jurisdiction by clear and convincing evidence that the actions taken or not taken by the Equityholders' Representative constituted willful misconduct (it being understood that any act done or omitted pursuant to the advice of legal counsel shall be conclusive evidence of the Equityholders' Representative's good faith and reasonable judgment). Representative Losses may be recovered by the Equityholders' Representative from (i) the funds in the Administrative Expense Amount and (ii) any other funds that become payable to the Equityholders under this Agreement at such time as such amounts would otherwise be distributable to the Equityholders; provided, that while the Equityholders' Representative may be paid from the aforementioned sources of funds, this does not relieve the Equityholders from their obligation to promptly pay such Representative Losses as they are suffered or incurred. In no event will the Equityholders' Representative be required to advance its own funds on behalf of the Equityholders or otherwise. Notwithstanding anything in this Agreement to the contrary, any restrictions or limitations on liability or indemnification obligations of, or provisions limiting the recourse against non-parties otherwise applicable to, the Equityholders set forth elsewhere in this Agreement are not intended to be applicable to the indemnities provided to the Equityholders' Representative hereunder. The foregoing indemnities will survive the Closing, the resignation or removal of the Equityholders' Representative or the termination of this Agreement. The Equityholders' Representative will be fully protected in acting upon any notice, statement or certificate believed by the Equityholders' Representative to be genuine and to have been furnished by the appropriate Person and in acting or refusing to act on any matter unless such belief constitutes willful misconduct.

(ii) The Advisory Committee shall (A) have no fiduciary or other duties to the Equityholders and each member of the Advisory Committee may act in its own interest and (B) incur no liability to the Equityholders for serving as members of the Advisory Committee. The Advisory Committee will be indemnified and held harmless by the Equityholders, severally in accordance with their respective Percentage Share, to the same extent as the Equityholders' Representative for all actions taken or omitted in

good faith arising out of or in connection with the Advisory Committee members' exercise of their rights and authority under the Engagement Letter.

(iii) The Equityholders' Representative is serving in that capacity solely for purposes of administrative convenience and is not liable in such capacity or any other capacity for any of the obligations of the Company or its Subsidiaries or the Equityholders hereunder.

(c) Actions of the Equityholders' Representative. Each party hereto (i) shall be entitled to rely exclusively upon any communication given or other action taken by the Equityholders' Representative on behalf of the Equityholders and pursuant to this Agreement and (ii) shall not be liable for any action taken or not taken in good faith reliance on a communication or other instruction from the Equityholders' Representative on behalf of the Equityholders.

SECTION 10.17. Waiver of Conflicts. Recognizing that Ropes & Gray, LLP has acted as legal counsel to the Company, the Subsidiaries, certain of the direct and indirect holders of Company Shares and certain of their respective Affiliates prior to the date of this Agreement and that Ropes & Gray, LLP intends to act as legal counsel to certain of the direct and indirect holders of Company Shares and their respective Affiliates (which will no longer include the Company and the Subsidiaries) after the Closing, each of Purchaser, Merger Sub and the Company hereby waives, on its own behalf and agrees to cause its Affiliates, the Surviving Corporation and the Subsidiaries to waive, any conflicts that may arise in connection with Ropes & Gray, LLP representing any direct or indirect holders of the Company Shares or their Affiliates after the Closing as such representation may relate to Purchaser, Merger Sub, the Company, the Surviving Corporation and the Subsidiaries or the transactions contemplated hereby, including in connection with any negotiation, arbitration, mediation, litigation or other proceeding in any way related to a dispute with Purchaser, the Surviving Corporation, any of its Subsidiaries or any of their respective Affiliates following the Closing arising out of or relating to this Agreement, the ancillary agreements contemplated hereby, the transactions contemplated hereby or the negotiation, execution, performance or consummation of any of the foregoing. In addition, all communications involving attorney-client confidences between direct and indirect holders of Company Shares, the Company and the Subsidiaries and their respective Affiliates, on the one hand, and Ropes & Gray, LLP, on the other hand, in the course of the negotiation, documentation and consummation of the transactions contemplated hereby shall be deemed to be attorney-client confidences that belong solely to the direct and indirect holders of Company Shares and their respective Affiliates (and not the Company, the Surviving Corporation or the Subsidiaries). Accordingly, the Surviving Corporation and the Subsidiaries shall not have access to any such communications or to the files of Ropes & Gray, LLP relating to such engagement from and after the Effective Time. Without limiting the generality of the foregoing, from and after the Effective Time, (a) the direct and indirect holders of Company Shares and their respective Affiliates (and not the Surviving Corporation and the Subsidiaries) shall be the sole holders of the attorney-client privilege with respect to such engagement, and none of the Surviving Corporation or the Subsidiaries shall be a holder thereof, (b) to the extent that files of Ropes & Gray, LLP in respect of such engagement constitute property of the client, only the direct and indirect holders of Company Shares and their respective Affiliates (and not the Surviving Corporation and the Subsidiaries) shall hold such property rights and (c) Ropes & Gray, LLP shall have no duty whatsoever to reveal or disclose any such attorney-client communications or files to the Surviving Corporation or any of the Subsidiaries by reason of any attorney-client relationship between Ropes & Gray, LLP and the Company or any of the Subsidiaries or otherwise.

SECTION 10.18. DISCLAIMER. NOTWITHSTANDING THE DELIVERY OR DISCLOSURE TO PURCHASER, MERGER SUB, ANY OF THEIR RESPECTIVE AFFILIATES OR ANY REPRESENTATIVES OF ANY OF THE FOREGOING OF ANY DOCUMENTATION OR OTHER INFORMATION (INCLUDING ANY FINANCIAL PROJECTIONS OR OTHER SUPPLEMENTAL DATA), (I)

THE REPRESENTATIONS AND WARRANTIES OF THE COMPANY EXPRESSLY SET FORTH IN ARTICLE IV, IN THE CERTIFICATE DELIVERED PURSUANT TO SECTION 7.02(D) AND IN ANY ADDITIONAL AGREEMENT, ARE AND SHALL CONSTITUTE THE SOLE AND EXCLUSIVE REPRESENTATIONS AND WARRANTIES TO PURCHASER AND MERGER SUB IN CONNECTION WITH THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY, AND (II) EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES REFERRED TO IN CLAUSE (I) ABOVE (WHICH ARE BEING MADE ONLY BY THE COMPANY), NEITHER THE COMPANY, THE SUBSIDIARIES NOR ANY NON-REOURSE PARTY NOR ANY OTHER PERSON HAS MADE OR IS MAKING ANY EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY, STATUTORY OR OTHERWISE, OF ANY NATURE, INCLUDING WITH RESPECT TO ANY EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY AS TO THE MERCHANTABILITY, QUALITY, QUANTITY, SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF THE BUSINESS OR THE ASSETS OF THE COMPANY AND THE SUBSIDIARIES. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN OR OTHERWISE, EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES EXPRESSLY SET FORTH IN ARTICLE IV, IN THE CERTIFICATE DELIVERED PURSUANT TO SECTION 7.02(D) OR IN ANY ADDITIONAL AGREEMENT, ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, STATUTORY OR OTHERWISE, OF ANY NATURE, INCLUDING WITH RESPECT TO ANY EXPRESS OR IMPLIED REPRESENTATION OR WARRANTY AS TO THE MERCHANTABILITY, QUALITY, QUANTITY, SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF THE BUSINESS OR THE ASSETS OF THE COMPANY AND THE SUBSIDIARIES, ARE HEREBY EXPRESSLY DISCLAIMED, IT BEING UNDERSTOOD THAT PURCHASER AND MERGER SUB, IN DETERMINING TO ENTER INTO AND CONSUMMATE THIS AGREEMENT, THE ANCILLARY AGREEMENTS CONTEMPLATED HEREBY AND THE TRANSACTIONS CONTEMPLATED HEREBY AND THEREBY, ARE NOT RELYING UPON ANY REPRESENTATION OR WARRANTY MADE OR PURPORTEDLY MADE BY OR ON BEHALF OF ANY PERSON, OTHER THAN THOSE EXPRESSLY MADE BY THE COMPANY AS SET FORTH IN ARTICLE IV, IN THE CERTIFICATE DELIVERED PURSUANT TO SECTION 7.02(D) OR IN ANY ADDITIONAL AGREEMENT, AND THAT PURCHASER AND MERGER SUB SHALL ACQUIRE THE COMPANY AND THE SUBSIDIARIES AND THEIR RESPECTIVE ASSETS WITHOUT ANY REPRESENTATION OR WARRANTY AS TO MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, IN AN "AS IS" CONDITION AND ON A "WHERE IS" BASIS AND "WITH ALL FAULTS".

Without limiting the generality of the immediately preceding paragraph, it is understood and agreed by Purchaser and Merger Sub, on behalf of themselves, their respective Affiliates, (a) that any cost estimate, projection or other prediction, any data, any financial information or any memoranda or offering materials or presentations, including any memoranda and materials provided by the Company, any direct or indirect holder of Company Shares or any of their respective representatives, are not and shall not be deemed to be or to include representations or warranties, except to the extent explicitly set forth in Article IV hereof and in the certificate delivered pursuant to Section 7.02(d) as a representation and warranty by (and only by) the Company and (b) that no such Person has relied on any such cost estimate, projections or other prediction, such data, any financial information or any such memoranda or materials.

SECTION 10.19. Due Diligence Review. Each of Purchaser and Merger Sub acknowledges, covenants and agrees, on behalf of itself and its Affiliates: (a) that it has completed to its satisfaction its own due diligence investigation, and based thereon, formed its own independent judgment with respect to the Company and the Subsidiaries; (b) that it has been furnished with or given full access to such documents and information about the Company and the Subsidiaries and their respective businesses and operations as it and its representatives and advisors have deemed necessary to enable it to make an informed decision with respect to the execution, delivery and performance of this Agreement and the transactions contemplated hereby; (c) that in entering into this Agreement, it has relied solely upon its own investigation and analysis and the representations and warranties of the Company expressly contained in Article IV hereof and in the certificate delivered pursuant to Section 7.02(d); and (d) that (x) except for the representations and warranties of the Company expressly contained in Article IV hereof and in the certificate delivered pursuant to Section 7.02(d) no representation or warranty has been or is being made by the Company or any other Person as to the accuracy or completeness of any of the information provided or made available to Purchaser, Merger Sub or any of their respective representatives and advisors (y) there are uncertainties inherent in attempting to make estimates, projections, forecasts, plans, budgets and similar materials and information, each of Purchaser and Merger Sub is familiar with such uncertainties, each of Purchaser and Merger Sub is taking full responsibility for making its own evaluations of the adequacy and accuracy of any and all estimates, projections, forecasts, plans, budgets and other materials or information that may have

been delivered or made available to it or any of its respective agents or representatives, neither Purchaser nor Merger Sub has relied or will rely on such information, and neither Purchaser nor Merger Sub will assert, and each will cause their respective Affiliates not to assert, any claims against the Company (or against the Subsidiaries or the Non-Recourse Parties or any other Person) with respect thereto except to the extent covered by a representation and warranties of the Company expressly contained in Article IV hereof, in the certificate delivered pursuant to Section 7.02(d) or in any Additional Agreement.

SECTION 10.20. Joint and Several Liability. Purchaser agrees to cause Merger Sub to perform its obligations under this Agreement and Purchaser and Merger Sub shall be jointly and severally liable for all liabilities and obligations of Merger Sub under this Agreement.

SECTION 10.21. Guaranty. In consideration of, and as an inducement to the Company entering into this Agreement, Parent hereby absolutely, unconditionally and irrevocably guarantees to the Company the due and punctual payment and the full and complete performance and observance of all obligations of Purchaser and Merger Sub pursuant to this Agreement (the "Guaranteed Obligations"). Any breach of, or other failure to perform, any representation, warranty, covenant, obligation, agreement or undertaking of Purchaser or Merger Sub shall also be deemed to be a breach or failure to perform by Parent, and the Company and the Equityholders' Representative shall have the right, exercisable in their sole discretion, to pursue any and all available remedies they may have arising out of any such breach or nonperformance directly against any of Purchaser, Merger Sub and Parent in the first instance. This guarantee is a guarantee of performance and not exclusively of collection. Parent acknowledges that it will receive substantial direct and indirect benefits from the transactions contemplated by this Agreement. This Section 10.21 shall be of no further force and effect immediately following satisfaction of all Guaranteed Obligations or upon any termination pursuant to Article IX.

SECTION 10.22. No Recourse to Debt Financing Parties. The Company agrees, on behalf of itself and its Affiliates and each of its and its Affiliates' respective former, current or future members, stockholders, controlling Persons, agents and representatives (collectively, the "Company Parties") that the Debt Financing Parties shall not be subject to any liability or claims to the Company Parties in connection with the Debt Financing or in any way relating to this Agreement or any of the transactions contemplated hereby or thereby, or in respect of any oral representations made or alleged to have been made in connection herewith or therewith, including any dispute arising out of or relating in any way to the Debt Commitment Letter or the performance thereof or the financings contemplated thereby, whether at law, in equity, in contract, in tort or otherwise. Notwithstanding the foregoing, nothing in this Section 10.22 shall in any way limit or modify the rights and obligations of Purchaser under this Agreement or any Debt Financing Source's obligations to Purchaser under the Debt Commitment Letter.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Company, Purchaser, Merger Sub, Parent and the Equityholders' Representative have executed and delivered this Agreement, or caused this Agreement to be executed and delivered by their duly authorized representatives, as of the date first written above.

THE COMPANY:

PURPOSEFUL FOODS HOLDINGS, INC.

By: /s/ Katlin Smith

Name: Katlin Smith

Title: President and CEO

PURCHASER:

DAFFODIL ACQUISITION SUB, LLC

By: /s/ Stephanie Tillman
Name: Stephanie Tillman
Title: Assistant Secretary
MERGER SUB:
DAFFODIL MERGER SUB, INC.
By: /s/ Stephanie Tillman
Name: Stephanie Tillman
Title: Assistant Secretary
PARENT:
FLOWERS FOODS, INC.
By: /s/ Stephanie Tillman
Name: Stephanie Tillman
Title: Chief Legal Counsel

[Signature Page to Merger Agreement]

EQUITYHOLDERS' REPRESENTATIVE:
Shareholder Representative Services LLC, solely in its capacity
as the Equityholders' Representative
By: /s/ Corey Quinlan
Name: Corey Quinlan
Title: Director, Deal Intake

[Signature Page to Merger Agreement]

Exhibit 4.8.4.6

**DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED
PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934**

As of **February 21, 2024** **February 18, 2025**, Flowers Foods, Inc. (the "company," "Flowers Foods," "us," "we," or "our") has one class of securities, our common stock, registered under Section 12 of the Securities Exchange Act of 1934, as amended.

DESCRIPTION OF COMMON STOCK

The following description of our common stock is a summary and does not purport to be complete. It is subject to and qualified in its entirety by reference to our Amended and Restated Articles of Incorporation (the "Articles of Incorporation") and our Amended and Restated Bylaws (the "Bylaws"), each of which are incorporated by reference as an exhibit to the Annual Report on Form 10-K of which this Exhibit **4.8.4.6** is a part. We encourage you to read our Articles of Incorporation, our Bylaws and the applicable provisions of the Georgia Business Corporation Code ("GBCC") for additional information.

Authorized Shares of Capital Stock

Flowers Foods' authorized capital stock consists of 500,000,000 shares of common stock having a par value of \$0.01 per share and 1,000,000 shares of preferred stock. The preferred stock of which (a) 200,000 shares have been designated by the Board of Directors as Series A Junior Participating Preferred Stock, having a par value per share of \$100 and (b) 800,000 shares of preferred stock, having a par value per share of \$0.01, have not been designated by the Board of Directors. No shares of preferred stock have been issued by Flowers Foods.

Voting Rights

Holders of common stock are entitled to one vote for each share held of record on all matters submitted to a vote of shareholders and do not have preemptive rights or cumulative voting rights.

Dividends

Subject to preferential rights of any issued and outstanding preferred stock, including the Series A Junior Participating Preferred Stock, holders of common stock are entitled to receive ratably such dividends, if any, as may be declared by the Board of Directors of the company out of funds legally available.

Liquidation Rights

In the event of a liquidation, dissolution, or winding-up of the company, holders of common stock are entitled to share ratably in all assets of the company, if any, remaining after payment of liabilities and the liquidation preferences of any issued and outstanding preferred stock, including the Series A Junior Participating Preferred Stock.

Listing

Our common stock is listed on the New York Stock Exchange (NYSE) under the trading symbol "FLO."

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Computershare Trust Company.

Certain Provisions of the Articles of Incorporation, the Bylaws and Georgia Law

Advance Notice of Proposals and Nominations

The Bylaws establish an advance notice procedure for shareholder proposals to be brought before a meeting of shareholders and for nominations by shareholders of candidates for election as directors at a meeting of shareholders at which directors are to be elected. As described more fully in the Bylaws, only such business may be conducted at a meeting of shareholders as has been brought before the meeting by, or at the direction of, our Board of Directors, or by a shareholder who has given to the Secretary timely written notice, in proper form, of the shareholder's intention to bring that business before the meeting. Furthermore, only persons who are nominated by, or at the direction of, our Board of Directors, or who are nominated by a shareholder who has given timely written notice, in proper form, to the Secretary prior to a meeting at which directors are to be elected will be eligible for election as our directors. The presiding officer at a shareholders meeting has the authority to make these determinations.

Shareholder Action by Written Consent

Our Articles of Incorporation provide that any shareholder action by written consent must be effected by holders of at least 75% of the voting power of our then outstanding common stock.

Special Meetings of Shareholders

Our Bylaws provide that special meetings of shareholders may be called only by the Chair of our Board of Directors or by the Chair of our Board of Directors or Secretary when requested in writing by a majority of the total number of Directors or by the holders of at least 25% of the voting power of the then outstanding shares of our common stock. This provision could have the effect of inhibiting shareholder actions that require a special meeting of shareholders, unless our Board of Directors requests or the Chair of our Board of Directors calls such a special meeting.

Preferred Stock

As discussed above, our Articles of Incorporation authorize the issuance of preferred stock in one or more series. Undesignated preferred stock may enable our Board of Directors to render more difficult or to discourage an attempt to obtain control of us by means of a tender offer, proxy contest, merger or otherwise, and to thereby protect the continuity of our management. The issuance of shares of preferred stock may adversely affect the rights of the holders of our common stock. For example, any preferred stock issued may rank prior to our common stock as to dividend rights, liquidation preference or both, may have full or limited voting rights and may be convertible into shares of common stock. As a result, the issuance of shares of preferred stock may discourage bids for our common stock or may otherwise adversely affect the market price of our common stock or any existing preferred stock. In some instances, the preferred stock could be issued and have the effect of preventing a merger, tender offer or other takeover attempt that the Board of Directors opposes.

Certain Anti-Takeover Effects of Georgia Law

We have elected in our Bylaws to be subject to the Fair Price and Business Combination provisions of the GBCC.

Under the Fair Price provision, in addition to any vote required by law or by our Articles of Incorporation, "business combinations" with an "interested shareholder" must be:

- unanimously approved by "continuing directors," if such continuing directors constitute at least three members of the Board of Directors at the time of approval, or
- recommended by at least two-thirds of the continuing directors and approved by a majority of the votes entitled to be cast by holders of voting shares, other voting shares beneficially owned by the "interested shareholder," who is, or whose affiliate is, a party to the business combination.

Under the Business Combinations provision, we are generally prohibited from entering into business combination transactions with any "interested shareholder" for a five-year period following the time that such shareholder became an interested shareholder unless:

- prior to such time, the Board of Directors approved either the business combination or the transaction in which the shareholder became an interested shareholder;
- in the transaction that resulted in the shareholder becoming an interested shareholder, the interested shareholder became the beneficial owner of at least 5% of the outstanding voting stock of the corporation which was not held by directors, officers, their affiliates or associates, subsidiaries or specified employee stock plans of the corporation; or
- after becoming an interested shareholder, that shareholder acquired additional shares resulting in that shareholder owning at least 90% of the outstanding voting stock of the corporation, excluding shares held by directors, officers, their affiliates or associates, subsidiaries or specified employee stock plans of the corporation, and the business combination was approved by a majority of voting stock not held by the interested shareholder, directors, officers, their affiliates or associates, subsidiaries or specified employee stock plans of the corporation.

Under the GBCC, repeal of the bylaws subjecting us to these provisions requires the affirmative vote of (i) at least 2/3 of the continuing directors, (ii) a majority of the shares of Flowers Foods other than shares beneficially owned by any interested shareholder and affiliates and associates of any interested shareholder, and (iii) 66 2/3% of the voting power of the then outstanding shares of Flowers Foods common stock and preferred stock voting together, to the extent shares of preferred stock have been afforded voting rights. A "continuing director" means (i) any director who is not an affiliate or associate of an interested shareholder or its affiliates other than Flowers Foods or our subsidiaries and who was a director prior to the date the shareholder became an interested shareholder, and (ii) any successor to that director who is not an affiliate or associate of an interested shareholder or its affiliates other than Flowers Foods or our subsidiaries and who is recommended or elected by a majority of all the continuing directors. An "interested shareholder" includes any person other than Flowers Foods or our subsidiaries that (i) with its affiliates, beneficially owns or has the right to own 10% or more of the outstanding

voting power of Flowers Foods, or (ii) is an affiliate of Flowers Foods and has, at any time within the preceding two-year period, been the beneficial owner of 10% or more of the voting power of Flowers Foods.

Exhibit 10.42

FLOWERS FOODS, INC.
2014 OMNIBUS EQUITY AND INCENTIVE COMPENSATION PLAN

Performance Share Agreement

WHEREAS, [[FIRSTNAME]] [[LASTNAME]] (the “**Grantee**”) is a Participant in the Flowers Foods, Inc. 2014 Omnibus Equity and Incentive Compensation Plan (amended and restated effective May 25, 2023) (the “**Plan**”) and is an employee of Flowers Foods, Inc. (the “**Company**”) or a Subsidiary; and

WHEREAS, a grant of Performance Shares to the Grantee has been duly authorized by a resolution of the Committee as effective on **December 31, 2023** **December 29, 2024** (the “**Date of Grant**”).

1.

NOW, THEREFORE, pursuant to the Plan, the Company hereby memorializes a grant to the Grantee, as of the Date of Grant, pursuant to this Performance Share Agreement (this “**Agreement**”) of a target of [[SHARESGRANTED]] Performance Shares **shall be designated as “ROIC Shares” and a Target of [[SHARESGRANTED]] Performance Shares shall be designated as “TSR Shares”.**

[[SHARESGRANTED]] Performance Shares (the “**Stock Award**”), which Stock Award will consist of “ROIC Shares” and “TSR Shares” as set forth in the Statement of Performance Goals. **Of the total Stock Award, a Target of [[ROICSHARESGRANTED]] Performance Shares shall be designated as “ROIC Shares” (as described in Section 1(a) of the Statement of Performance Goals) and a Target of [[TSRSHARESGRANTED]] Performance Shares shall be designated as “TSR Shares” (as described in Section 1(b) of the Statement of Performance Goals).**

2.1. Vesting of Performance Shares. On the Vesting Date, the Performance Shares shall become non-forfeitable to the extent that the Performance Criteria set forth in the Statement of Performance Goals have been met as of the Vesting Date, subject to the Grantee having remained in the continuous employ of the Company and/or Subsidiary until (i) the Vesting Date or (ii) the last day of the TSR Performance Period, if during the period beginning on the last day of the TSR Performance Period and ending on the Vesting Date, one of the following occurs: (A) the Grantee’s continuous employment with the Company and its Subsidiaries terminates because of Retirement, (B) any of the occurrences specified in Section 3(d)(i), or (C) the Grantee dies or incurs a Disability.

3.2. Distribution. Performance Shares that become earned and non-forfeitable as provided in Section 1 shall be settled in shares of Common Stock as soon as practicable after the Vesting Date, but notwithstanding anything to the contrary, in all events within the “short-term deferral” period determined under Treasury Regulation Section 1.409A-1(b)(4). The Company may deliver the Common Stock by delivery of physical certificates or by certificate-less book-entry issuance.

4.3. Continuous Employment; Early Termination of Employment.

(a) **Continuous Employment.** For purposes of this Agreement, the Grantee’s employment with the Company or Subsidiary will be deemed to have ceased as of the last day worked. In the case of a Grantee having received short term disability benefits, employment will be deemed to have ceased on the last day for which such short term

1

benefits are paid, unless the Grantee immediately returns to active employment. For the

purposes of this Agreement, the continuous employment of the Grantee with the Company or a Subsidiary will not be deemed to have been interrupted, and the Grantee will not be deemed to have ceased to be an employee of the Company or a Subsidiary, by reason of (i) the termination of his employment by the Company or a Subsidiary and immediate rehire by the Company (if the Company was not the original employer) or by another Subsidiary or (ii) an approved leave of absence.

(b) Vesting Upon Retirement. In the event that the Grantee's continuous employment with the Company and its Subsidiaries terminates prior to the last day of the TSR Performance Period because of Retirement in the absence of Cause, the ROIC Shares and the TSR Shares shall become non-forfeitable to the same extent that they would have become non-forfeitable had the Grantee remained in continuous employment, except that such non-forfeitable amounts shall be pro-rated, whereby the pro rata portion shall be determined by dividing the number of complete calendar quarters in the applicable performance period until the date of such Retirement by twelve (12). The distribution of the non-forfeitable ROIC Shares and TSR Shares under this Section 3(b) shall be made at the same time as the distribution of the Performance Shares that would have been made under Section 2, but notwithstanding anything to the contrary, in all events within the "short-term deferral" period determined under Treasury Regulation Section 1.409A-1(b)(4).

(c) Vesting Upon Death or Disability. Notwithstanding the provisions of Sections 1, 2 and 3(b), in the event the Grantee's continuous employment with the Company and its Subsidiaries terminates as a result of death or Disability prior the last day of the TSR Performance Period, the ROIC Shares and TSR Shares shall become non-forfeitable at Target and such vested Stock Award shall be distributed within ten (10) business days after such termination, but notwithstanding anything to the contrary, in all events within the "short-term deferral" period determined under Treasury Regulation Section 1.409A-1(b)(4).

(d) Vesting Upon Change in Control. Notwithstanding the provisions of Sections 1, 2 and 3(b), in the event of either:

(i) a termination of continuous employment prior to the last day of the TSR Performance Period, either within two (2) years after a Change in Control (in which case the occurrence shall be the termination of employment) or during the six (6) month period prior to a Change in Control (in which case vesting is contingent on the occurrence of the Change in Control and the occurrence shall be the Change in Control), where either the Grantee is involuntarily terminated from employment for reasons other than for Cause, or the Grantee terminates his or her employment for Good Reason, or

(ii) a Change in Control prior to the last day of the TSR Performance Period where the Stock Award (the "Replaced Award" "Replaced Award") is not continued, replaced or assumed in the form of a Replacement Award,

then (1) ROIC Shares shall become non-forfeitable at Target, and (2) TSR Shares shall become non-forfeitable as follows: (x) if at least twelve (12) months of the TSR Performance Period have

been completed as of the date of the occurrence, non-forfeitability is based on TSR as of the date of occurrence without application of 4-quarter averaging, or (y) if at least twelve (12) months of the TSR Performance Period have not been completed, non-forfeitability is at Target. Such vested Stock Award shall be distributed within ten (10) business days of the applicable occurrence, but notwithstanding anything to the contrary, in all events within the "short-term deferral" period determined under Treasury Regulation Section 1.409A-1(b)(4).

5.4. Definitions. Capitalized terms used but not defined herein shall have the meanings given to such terms in the Plan or in the Statement of Performance Goals. As used herein:

(a) **"Cause"** means:

- (i) any willful or negligent material violation of any applicable securities laws (including the Sarbanes-Oxley Act of 2002);
- (ii) any act of fraud, intentional misrepresentation, embezzlement, dishonesty, misappropriation or conversion of any asset or business opportunity of the Company;
- (iii) conviction of, or entering into a plea of nolo contendere to, a felony;
- (iv) an intentional, repeated or continuing violation of any of the Company's policies or procedures that occurs or continues after the Company has given notice to the Grantee that he or she has materially violated a Company policy or procedure;
- (v) any breach of a written covenant or agreement with the Company, including the terms of this Plan (other than a failure to perform Grantee's duties with the Company resulting from the Grantee's incapacity due to physical or mental illness or from the assignment to the Grantee of duties that would constitute Good Reason), which is material and which is not cured within thirty (30) days after written notice thereof from the Company to the Grantee;
- (vi) abuse of alcohol or drugs; or
- (vii) failure to reasonably cooperate in a governmental or Board investigation.

(b) **"Good Reason"** means the occurrence of any of the following without the Grantee's consent:

- (i) a material diminution in the Grantee's duties, responsibilities or authority (for the avoidance of doubt, a change in title or reporting alone does not constitute "Good Reason" under this subsection (i));

- (ii) a material reduction by the Company of the Grantee's base salary;

- (iii) a material reduction by the Company of the Grantee's target bonus opportunity;
- (iv) a material reduction in long-term incentives from the year prior to the Change in Control, as measured by grant date economic values determined by a third-party compensation firm chosen by the Company and using generally accepted methodologies, which may include annualizing prior year long-term incentive grants over more than one year and ignoring prior special retention or sign-on grants;
- (v) a material failure of the successor entity to cover the Grantee under the savings and retirement plans provided to similarly situated executives;
- (vi) the relocation of the Company's principal executive offices more than fifty (50) miles from their current location, if at the time of a Change in Control the Grantee is based at the Company's principal executive offices, or the requirement of the Grantee to be based at a location more than fifty (50) miles from the Grantee's location as of the Change in Control;
- (vii) any purported termination by the Company of the Grantee's employment upon the occurrence of a Change in Control except for Cause; or
- (viii) any failure by a successor company to assume on behalf of its participants the Flowers Foods, Inc. Change of Control Plan (the "**COC Severance Plan**"), or any action by the successor company to amend such COC Severance Plan in violation of its terms.

Notwithstanding the foregoing, no termination of employment by the Grantee shall constitute a termination for "Good Reason" unless (A) the Grantee gives the Company notice of the existence of an event described in any of clauses (i) through (viii) above, within ninety (90) calendar days following the occurrence of such event, (B) the Company does not remedy such event within thirty (30) calendar days after receiving the notice described in the preceding clause (A), and (C) the Grantee terminates employment within one hundred eighty (180) days after the occurrence of the event that constitutes Good Reason.

- (c) "**Performance Criteria**" means the Management Objectives approved by the Committee which set forth the performance standards applicable to each of the ROIC Shares and the TSR Shares.
- (d) "**Replacement Award**" means an award: (A) of the same or a substantially similar type as the Replaced Award; (B) that has a value at least equal to the value of the Replaced Award; (C) that either is denominated in cash or relates to publicly traded equity securities of the Company or its successor in the Change in Control or another entity that is affiliated with the Company or its successor following the Change in Control; (D) if the Grantee holding the Replaced Award is subject to U.S. federal income tax under the Code, the tax consequences of which to such Grantee under the Code are generally no less

- 45 -

favorable to such Grantee than the tax consequences of the Replaced Award (provided that the Company does not guarantee any particular tax treatment with respect to any Replacement Award); and (E) the other terms and conditions of which are generally no less favorable to the Grantee holding the Replaced Award than the terms and conditions of the Replaced Award (including the provisions that would apply in the event of a subsequent termination of employment or change in control). A Replacement Award may be granted only to the extent it does not result in the Replaced Award or Replacement Award failing to comply with or be exempt from Section 409A of the Code. Without limiting the generality of the foregoing, the Replacement Award may take the form of a continuation of the Replaced Award if the requirements of the two preceding sentences are satisfied. The determination of whether the conditions of this definition are satisfied will be made by the Committee, as constituted immediately before the Change in Control, in its sole discretion.

(e) **“Retirement”** means termination of employment, other than due to death or Disability, after the Grantee attains at least age fifty-five (55), provided that the sum of the Grantee’s age plus years of service is an amount equal to or greater than sixty-five (65). **[Notwithstanding the foregoing, a termination of employment that otherwise meets the definition of a Retirement shall not qualify as a Retirement unless either (i) the Grantee’s employment is involuntarily terminated by the Company or (ii) the Grantee provides the Company with at least six (6) months’ prior written notice of such Retirement in accordance with Section 1819 (or the Committee waives such notice requirement either because the Company initiated such Retirement or due to extenuating circumstances that render it impractical for the Grantee to provide such notice).]**

(f) **“ROIC Performance Period”** means the three fiscal year period set forth on the Statement of Performance Goals.

(g) **“Target”** means the payment percentage equaling 100% relative to a designated level of achievement of the applicable Performance Criteria set forth in the table providing the range of potential payment opportunities for each of the ROIC Shares and the TSR Shares in the Statement of Performance Goals.

(h) **“TSR Performance Period”** means the three calendar year period set forth on the Statement of Performance Goals.

(i) **“Vesting Date”** means the date that the Company files its Annual Report on Form 10-K with the Securities and Exchange Commission reflecting the certification of the Performance Criteria set forth in the Statement of Performance Goals, or if earlier March 14 of the third year following the Date of Grant.

6.5. Forfeiture of Stock Award.

If the Grantee ceases to be continuously employed by the Company and/or Subsidiary at any time prior to the Vesting Date, any portion of the Stock Award that has not theretofore become non-forfeitable in accordance with the terms of Sections 1 and 2 shall be forfeited, except as provided in Section 3.

- 56 -

7.6. Dividend, Voting and Other Rights. Except as otherwise provided in this Section 6, the Grantee shall have none of the rights of a stockholder with respect to the Stock Award. A notional cash account for the Grantee shall be credited with an amount equal to any cash dividends paid by the Company on its Common Stock during the full or partial performance period as determined under Sections 1 through 5. Such notional cash dividends shall become non-forfeitable only with respect to the corresponding portion of the Stock Award that ultimately becomes non-forfeitable in accordance with Sections 1 through 5. Non-forfeitable notional cash dividends will be distributed in cash, without interest, when the corresponding vested portion of the Stock Award is paid out as set forth in Sections 2 and 3.

8.7. Restrictions on Transfer of Stock Award. The Stock Award and the shares underlying it may not be transferred, sold, pledged, exchanged, assigned or otherwise encumbered or disposed of by the Grantee, except to the Company, until such shares underlying the Stock Award have been paid out. Any purported transfer, encumbrance or other disposition of the Stock Award or the shares underlying it that is in violation of this Section 7 shall be null and void, and the other party to any such purported transaction shall not obtain any rights to or interest in the Stock Award or such shares.

9.8. Compliance with Law. The Company will make reasonable efforts to comply with all applicable federal and state securities laws; provided, however, notwithstanding any other provision of this Agreement, the Company will not be obligated to issue any restricted or non-restricted shares of Common Stock or other securities pursuant to this Agreement if the issuance thereof would result in a violation of any such law. Notwithstanding anything in this Agreement to the contrary, nothing in this Agreement prevents the Grantee from providing, without prior notice to the Company, information to governmental authorities regarding possible legal violations or otherwise testifying or

participating in any investigation or proceeding by any governmental authorities regarding possible legal violations, and for purpose of clarity the Grantee is not prohibited from providing information voluntarily to the Securities and Exchange Commission pursuant to Section 21F of the Exchange Act.

10.9. Adjustments. The Committee will make such adjustments in the number and kind of shares of stock or other securities covered by this Agreement as provided for in Section 11 of the Plan.

11.10. Taxes and Withholding. To the extent that the Company or Subsidiary is required to withhold any federal, state, local or foreign tax in connection with the issuance or vesting of any portion of the Stock Award or other amounts pursuant to this Agreement, and the amounts available to the Company for such withholding are insufficient, it shall be a condition to the delivery of the shares to the Grantee that the Grantee shall pay the tax in cash or make provisions that are satisfactory to the Company for the payment thereof.

12.11. No Right to Future Awards or Employment. The grant of the Stock Award under this Agreement to the Grantee is a voluntary, discretionary award being made on a one-time basis and it does not constitute a commitment to make any future awards. The grant of the Stock Award and any payments made hereunder will not be considered salary or other compensation for purposes of any severance pay or similar allowance, except as otherwise required by law. The Plan and this Agreement will not confer upon the Grantee any right with respect to the continuance

- 67 -

of employment or other service with the Company or any Subsidiary and will not interfere in any way with any right that the Company or any Subsidiary would otherwise have to terminate any employment or other service of the Grantee at any time.

13.12. Relation to Other Benefits. Any economic or other benefit to the Grantee under this Agreement will not be taken into account in determining any benefits to which the Grantee may be entitled under any profit-sharing, retirement, or other benefit or compensation plan maintained by the Company or a Subsidiary and will not affect the amount of any life insurance coverage available to any beneficiary under any life insurance plan covering employees of the Company or any Subsidiary, unless provided otherwise in any such plan.

14.13. Agreement Subject to the Plan. The Stock Award granted under this Agreement and all of the terms and conditions hereof are subject to all of the terms and conditions of the Plan. Capitalized terms in this Agreement may be defined herein, defined in the Plan, or defined in both places. In the event of any inconsistency between this Agreement and the Plan, the terms of the Plan will govern. The Committee acting pursuant to the Plan, as constituted from time to time, shall, except as expressly provided otherwise herein, have the right to determine any questions which arise in connection with the Stock Award or its vesting.

15.14. Clawback/Recoupment Rights and Policies. The Grantee acknowledges and agrees that the terms and conditions set forth in the Flowers Foods, Inc. Amended and Restated Clawback Policy (as may be amended and restated from time to time, the "Clawback Policy") and the Flowers Foods, Inc. Executive Compensation Recoupment Policy (as may be amended and restated from time to time, the "Dodd-Frank Policy") are incorporated in this Agreement by reference. To the extent the Clawback Policy or the Dodd-Frank Policy is applicable to the Grantee, it creates additional rights for the Company with respect to the Grantee's Stock Award and other applicable compensation, including, without limitation, annual cash incentive compensation awards granted to the Grantee by the Company. Notwithstanding any provisions in this Agreement to the contrary, any Stock Awards granted under the Plan and such other applicable compensation, including, without limitation, annual cash incentive compensation, will be subject to potential mandatory cancellation, forfeiture and/or repayment by the Grantee to the Company to the extent the Grantee is, or in the future becomes, subject to (a) any Company clawback or recoupment policy, including the Clawback Policy, the Dodd-Frank Policy, and any other policies that are adopted by the Company, whether to comply with the requirements of any applicable laws, rules, regulations, stock exchange listing standards or otherwise, or (b) any applicable laws that impose mandatory clawback or recoupment requirements under the circumstances

set forth in such laws, including as required by the Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act, or other applicable laws, rules, regulations or stock exchange listing standards, as may be in effect from time to time, and which may operate to create additional rights for the Company with respect to awards and the recovery of amounts relating thereto. By accepting the Stock Award under the Plan and pursuant to this Agreement, the Grantee consents to be bound by the terms of the Clawback Policy or the Dodd-Frank Policy, if applicable, and agrees and acknowledges that the Grantee is obligated to cooperate with, and provide any and all assistance necessary to, the Company in its efforts to recover or recoup the Stock Award, any gains or earnings related to the Stock Award, or any other applicable compensation, including, without limitation, annual cash incentive compensation, that is subject to clawback or recoupment pursuant to such laws, rules, regulations, stock exchange listing standards or Company policy.

- 78 -

Such cooperation and assistance shall include, but is not limited to, executing, completing and submitting any documentation necessary to facilitate the recovery or recoupment by the Company from the Grantee of any such amounts, including from the Grantee's accounts or from any other compensation, to the extent permissible under Section 409A of the Code.

16.15. Amendments. Subject to the terms of Section 17 of the Plan, any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto; *provided, however*, that no amendment will materially and adversely affect the rights of the Grantee under this Agreement without the Grantee's consent, except that the Grantee's consent shall not be required to an amendment that is deemed necessary by the Company to ensure compliance with Section 409A of the Code or Section 10D of the Exchange Act.

17.16. Severability. In the event that one or more of the provisions of this Agreement is invalidated for any reason by a court of competent jurisdiction, any provision so invalidated will be deemed to be separable from the other provisions hereof, and the remaining provisions hereof will continue to be valid and fully enforceable.

18.17. Successors and Assigns. Without limiting Section 7 hereof, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the successors, administrators, heirs, legal representatives and assigns of the Grantee, and the successors and assigns of the Company.

19.18. Governing Law. This Agreement will be governed by and construed in accordance with the internal substantive laws of the State of Georgia.

20.19. Notices. Any notice to the Company provided for herein shall be in writing to the Company at the principal executive office of the Company, marked Attention: Chief Human Resources Officer, and any notice to the Grantee shall be addressed to said Grantee at his or her address then currently on file with the Company. Except as otherwise provided herein, any written notice shall be deemed to be duly given if and when delivered personally or deposited in the United States mail, first class registered mail, postage and fees prepaid, and addressed as aforesaid. Any party may change the address to which notices are to be given hereunder by written notice to the other party as herein specified (provided that for this purpose, any mailed notice shall be deemed given on the third business day following deposit of the same in the United States mail).

21.20. Compliance with Section 409A of the Code. To the extent applicable, it is intended that this Agreement and the Plan comply with, or be exempt from, the provisions of Section 409A of the Code, so that the income inclusion provisions of Section 409A(a)(1) do not apply to the Grantee. This Agreement in conjunction with the terms of the Plan shall be administered in a manner consistent with this intent. Any amendments made to comply with Section 409A of the Code may be retroactive to the extent permitted by Section 409A of the Code and may be made by the Company without the consent of the Grantee. In any case, the Grantee shall be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed in connection with this Agreement (including any taxes and

penalties under Section 409A of the Code), and the Company shall not have any obligation to indemnify or otherwise hold the Grantee harmless from any or all of such taxes or penalties.

- 89 -

22.21. Electronic Delivery. The Company may, in its sole discretion, deliver any documents related to the Stock Award and the Grantee's participation in the Plan, or future awards that may be granted under the Plan, by electronic means or request the Grantee's consent to participate in the Plan by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and, if requested, agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

23.22. Acknowledgement. The Grantee acknowledges that the Grantee (a) has received a copy of the Plan, (b) has had an opportunity to review the terms of this Agreement and the Plan, (c) understands the terms and conditions of this Agreement and the Plan and (d) agrees to such terms and conditions.

24.23. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same agreement.

25.24. Data Protection. By signing below, the Grantee consents that the Company may process the Grantee's personal data, including name, Social Security number, address and number of shares of the Stock Award ("Data"), exclusively for the purpose of performing this Agreement, in particular in connection with the Stock Award awarded to the Grantee. For this purpose, the Data may also be disclosed to and processed by companies outside the Company, e.g., banks involved.

(Signature follows on the next page)

- 910 -

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed on its behalf by its duly authorized officer as of the day and year first above written.

FLOWERS FOODS, INC.

By: /s/ R. Steve Kinsey
R. Steve Kinsey
Chief Financial Officer

- 1011 -

Statement of Performance Goals

This Statement of Performance Goals applies to the Stock Award granted to the Grantee on the Date of Grant and applies with respect to the Performance Share Agreement between the Company and the Grantee (the "Agreement").

1. Performance Criteria for Vesting of Performance Shares. Of the total Stock Award, a Target of [[SHARESGRANTED]] ROICSHARESGRANTED]] Performance Shares shall be designated as "ROIC Shares" described in Section 1(a) below and a Target of [[SHARESGRANTED]] TSRSHARESGRANTED]] Performance Shares shall be designated as "TSR Shares" described in Section 1(b) below.

(a) ROIC Shares.

(i) In order for any portion of the ROIC Shares to become non-forfeitable as of the Vesting Date, the following Performance Criteria must be achieved during the ROIC Performance Period: the Company's ROIC must exceed its WACC by 175150 basis points for such period.

(ii) In the event that the requirement of subparagraph (a)(i) above is satisfied, the ROIC Shares shall become non-forfeitable as indicated below. For this purpose, the ROIC Performance Period is the twelve fiscal quarters occurring in the Company's fiscal years 2024, 2025, 2026, and 2026, 2027.

[Difference (or "Spread") ROIC minus WACC]	Non-Forfeitable Percentage (% of Target)
Less than 150 basis points	0%
150 basis points	50%
300 basis points	100%
450 basis points or above	150%
Straight-line interpolation between points	

(b) TSR Shares. In order for any portion of the TSR Shares to become non-forfeitable as of the Vesting Date, the following Performance Criteria must be achieved: the relative performance of the Flowers TSR determined for the TSR Performance Period compared to the Peer Group TSRs for the same period equals or exceeds the thirtieth Percentile percentile (30%), calculated as follows:

- 1112 -

The final four hypothetical payouts relating to Flowers TSR, based on the table below, for the TSR Measurement Periods will be averaged to determine the final percent of TSR Shares that become non-forfeitable.

Percentile Flowers TSR vs. Peer Group TSRs	Non-Forfeitable Percentage (% of Target)
Less than 30th	0%
30th30th	50%

50 th	100%
70 th	150%
90th or above	200%
Straight-line interpolation between points	

2. Determination of Earned Award. No later than 74 days after the end of the TSR Performance Period, the Committee shall review the financial results and certify to what extent the Performance Criteria for Performance Shares is satisfied and will determine the total number of Performance Shares earned by the Grantee.

3. Settlement. The Performance Shares shall be settled in accordance with the terms of the Agreement. In all events, settlement of the Performance Shares shall occur within the "short-term deferral" period determined under Treasury Regulation Section 1.409A-1(b)(4).

4. Definitions. Capitalized terms in this Statement of Performance Goals that are not specifically defined herein have the meanings given to them in the Plan or in the Agreement. As used herein:

(a) **"Flowers TSR"** means (i) the Company's Common Stock price change plus dividends (which are assumed to be reinvested as paid out to shareholders) compared to (ii) the price of a share of Common Stock determined on the trading day immediately preceding the commencement of the TSR Performance Period.

(b) **"Peer Group TSRs"** mean the total shareholder returns ("TSR") calculated as described in the definition of Flowers TSR but determined for each of the following **sixteen (16)** **fifteen (15)** peer group companies: B&G Foods, Inc., Campbell Soup Company, ConAgra Brands, Inc., General Mills, Inc., The Hain Celestial Group, Inc., The Hershey Company, Hormel Foods Corp., J & J Snack Foods Corp., **Kellanova**, The Kraft Heinz Company, Lancaster Colony Corp., McCormick & Company, Inc., Mondelez International, Inc., Post Holdings, Inc., The J.M. Smucker Company, and TreeHouse Foods, **Inc.** **Inc.** The Peer Group TSRs shall be adjusted as follows for the following events: (x) peer group companies filing for bankruptcy during the TSR Measurement Period will be considered to have negative one hundred percent (-100%) TSR and (y) peer group companies that are acquired during the TSR Measurement Period shall (1) be excluded if they enter into a definitive agreement to be acquired during the first year of the TSR Performance Period and (2) be positioned relative to the Flowers TSR based on both companies' TSRs through the trading day which is twenty (20) trading days before the acquired company announces the transaction if they

- 1213 -

enter into a definitive agreement to be acquired after the first year of the TSR Performance Period. If a peer group company is subsumed by merger (i.e., no longer exists after the merger is consummated), it will be eliminated for that TSR Measurement Period and any subsequent TSR Measurement Periods.

(c) **"Percentile"** means the rank order from the bottom of the Flowers TSR vs. the Peer Group TSRs on a scale of 100, as calculated by Microsoft Excel®, with the Company included in the group for this purpose.

(d) **"ROIC"** means the time-weighted quarterly average during the ROIC Performance Period of the sum of net income and after-tax interest expense divided by the sum of the time-weighted two-point average quarterly book value of the Company's debt and the time-weighted two-point average quarterly book value of the Company's equity capital. GAAP amounts used in the calculation of ROIC shall be adjusted for items that in the Committee's judgment affect comparability during the ROIC Performance Period and/or between the numerator and denominator.

(e) "ROIC Performance Period" means December 31, 2023 December 29, 2024 through January 2, 2027 January 1, 2028.

(f) "TSR Performance Period" means January 1, 2024 January 1, 2025 through December 31, 2026 December 31, 2027.

(g) "TSR Measurement Periods" means the four periods commencing on January 1, 2024 and ending on March 31, 2026 March 31, 2027, June 30, 2026 June 30, 2027, September 30, 2026 September 30, 2027, and December 31, 2026 December 31, 2027, respectively.

(h) "WACC" means the time-weighted quarterly average during the ROIC Performance Period of D times R_d multiplied by D/V, and E times R_e multiplied by E/V, where:

(i) "D" equals the time-weighted average quarterly book value of the Company's interest-bearing debt obligations;

(ii) " R_d " equals the time-weighted average quarterly value of the Company's after-tax cost of debt, as determined by the Committee's business judgment and considering market conditions;

(iii) "E" equals the time-weighted average quarterly market value of the Company's equity capital;

(iv) " R_e " equals the time-weighted average quarterly value of the Company's cost of equity, as determined by the Committee's business judgment and considering market conditions, with the value for the measure of the stock's volatility (beta) fixed at the beginning of the ROIC Performance Period;

- 13 14 -

(v) "V" equals the sum of the time-weighted average quarterly book value of the Company's interest-bearing obligations and the time-weighted average quarterly market value of the Company's equity capital.

GAAP and other amounts used in the calculation of WACC shall be adjusted for items that in the Committee's judgement, and as agreed to by the Company's external auditors, affect comparability during the measurement period.

- 14 15 -

Exhibit 10.43 10.46
FINAL FORM

**FLOWERS FOODS, INC.
2014 OMNIBUS EQUITY AND INCENTIVE COMPENSATION PLAN**

Time Based Restricted Stock Unit Agreement

WHEREAS, [[FIRSTNAME]] [[LASTNAME]] (the "Grantee") is a Participant in the Flowers Foods, Inc. 2014 Omnibus Equity and Incentive Compensation Plan (amended and restated effective May 25, 2023) (the "Plan") and is an employee of Flowers Foods, Inc. (the "Company") or a Subsidiary; and

WHEREAS, a grant of Restricted Stock Units to the Grantee has been duly authorized by a resolution of the Committee as effective on **December 31, 2023** **December 29, 2024** (the "Date of Grant").

NOW, THEREFORE, pursuant to the Plan, the Company hereby memorializes a grant to the Grantee, as of the Date of Grant, pursuant to this Time Based Restricted Stock Unit Agreement (this "Agreement") of [[SHARESGRANTED]] time based Restricted Stock Units (the "TBRUS").

1. Vesting of Restricted Stock Units. Except as otherwise provided in Section 2, the TBRUS will become non-forfeitable over the period running through **January 5, 2027** **January 5, 2028** (the "Final Vesting Date"), with approximately one-third (1/3) of the TBRUS becoming non-forfeitable on each of (a) **January 5, 2025**, **January 5, 2026** (b) **January 5, 2026** **January 5, 2027**, and (c) **January 5, 2027**, **January 5, 2028** subject to the Grantee having remained in the continuous employ of the Company and/or Subsidiary until such date.

2. Continuous Employment; Early Termination of Employment.

(a) **Continuous Employment.** For purposes of this Agreement, the Grantee's employment with the Company or Subsidiary will be deemed to have ceased as of the last day worked. In the case of a Grantee having received short term disability benefits, employment will be deemed to have ceased on the last day for which such short term benefits are paid, unless the Grantee immediately returns to active employment. For the purposes of this Agreement, the continuous employment of the Grantee with the Company or a Subsidiary will not be deemed to have been interrupted, and the Grantee will not be deemed to have ceased to be an employee of the Company or a Subsidiary, by reason of (i) the termination of his employment by the Company or a Subsidiary and immediate rehire by the Company (if the Company was not the original employer) or by another Subsidiary or (ii) an approved leave of absence.

(b) **Vesting Upon Retirement.** In the event that the Grantee's continuous employment with the Company and its Subsidiaries terminates before the Final Vesting Date but at least one year following the Date of Grant because of Retirement in the absence of Cause, then all of the Grantee's forfeitable TBRUS shall immediately become non-forfeitable.

- 1 -

(c) **Vesting Upon Death or Disability.** In the event the Grantee dies or becomes Disabled before the Final Vesting Date, all of Grantee's forfeitable TBRUS shall immediately become non-forfeitable.

(d) **Vesting Upon Change in Control.** In the event of either:

(i) a termination of continuous employment prior to the Final Vesting Date, either within two (2) years after a Change in Control (in which case the occurrence shall be the termination of employment) or during the six (6) month period prior to a Change in Control (in which case vesting is contingent on the occurrence of the Change in Control and the occurrence shall be the Change in Control), where either the Grantee is involuntarily terminated from employment for reasons other than for Cause, or the Grantee terminates his or her employment for Good Reason, or

(ii) a Change in Control prior to the Final Vesting Date where the TBRUS (the "Replaced Award" "Replaced Award") are not continued, replaced or assumed in the form of a Replacement Award,

then all of Grantee's forfeitable TBRUS shall immediately become non-forfeitable.

3. Settlement. To the extent then non-forfeitable, the TBRSSUs shall be settled in shares of Common Stock (which may be delivered by the Company in the form of physical certificates or by certificate-less book-entry issuance) within 30 days following the earliest to occur of the following dates:

- (a) The applicable vesting date with respect to such TBRSSUs as set forth in Section 1;
- (b) the date of the Grantee's death;
- (c) the date of the Grantee's Disability (provided that such Disability qualifies as a permissible date of distribution under Section 409A(a)(2)(A)(ii));
- (d) the date of the Grantee's "separation from service" for purposes of Section 409A(a)(2)(A)(i) of the Code; and
- (e) the date of a Change in Control (provided that such Change in Control qualifies as a permissible date of distribution under Section 409A(a)(2)(A)(v) of the Code).

4. Definitions. Capitalized terms used but not defined herein shall have the meanings given to such terms in the Plan. As used herein:

(a) **"Cause"** means:

(i) any willful or negligent material violation of any applicable securities laws (including the Sarbanes-Oxley Act of 2002);

- 2 -

(ii) any act of fraud, intentional misrepresentation, embezzlement, dishonesty, misappropriation or conversion of any asset or business opportunity of the Company;

(iii) conviction of, or entering into a plea of nolo contendere to, a felony;

(iv) an intentional, repeated or continuing violation of any of the Company's policies or procedures that occurs or continues after the Company has given notice to the Grantee that he or she has materially violated a Company policy or procedure;

(v) any breach of a written covenant or agreement with the Company, including the terms of this Plan (other than a failure to perform Grantee's duties with the Company resulting from the Grantee's incapacity due to physical or mental illness or from the assignment to the Grantee of duties that would constitute Good Reason), which is material and which is not cured within thirty (30) days after written notice thereof from the Company to the Grantee;

(vi) abuse of alcohol or drugs; or

(vii) failure to reasonably cooperate in a governmental or Board investigation.

(b) **"Good Reason"** means the occurrence of any of the following without the Grantee's consent:

(i) a material diminution in the Grantee's duties, responsibilities or authority (for the avoidance of doubt, a change in title or reporting alone does not constitute "Good Reason" under this subsection (i));

(ii) a material reduction by the Company of the Grantee's base salary;

(iii) a material reduction by the Company of the Grantee's target bonus opportunity;

(iv) a material reduction in long-term incentives from the year prior to the Change in Control, as measured by grant date economic values determined by a third-party compensation firm chosen by the Company and using generally accepted methodologies, which may include annualizing prior year long-term incentive grants over more than one year and ignoring prior special retention or sign-on grants;

(v) a material failure of the successor entity to cover the Grantee under the savings and retirement plans provided to similarly situated executives;

- 3 -

(vi) the relocation of the Company's principal executive offices more than fifty (50) miles from their current location, if at the time of a Change in Control the Grantee is based at the Company's principal executive offices, or the requirement of the Grantee to be based at a location more than fifty (50) miles from the Grantee's location as of the Change in Control;

(vii) any purported termination by the Company of the Grantee's employment upon the occurrence of a Change in Control except for Cause; or

(viii) any failure by a successor company to assume on behalf of its participants the Flowers Foods, Inc. Change of Control Plan (the "**COC Severance Plan**"), or any action by such successor company to amend the COC Severance Plan in violation of its terms.

Notwithstanding the foregoing, no termination of employment by the Grantee shall constitute a termination for "Good Reason" unless (A) the Grantee gives the Company notice of the existence of an event described in any of clauses (i) through (viii) above, within ninety (90) calendar days following the occurrence of such event, (B) the Company does not remedy such event within thirty (30) calendar days after receiving the notice described in the preceding clause (A), and (C) the Grantee terminates employment within one hundred eighty (180) days after the occurrence of the event that constitutes Good Reason.

(c) "**Replacement Award**" means an award: (A) of the same or a substantially similar type as the Replaced Award; (B) that has a value at least equal to the value of the Replaced Award; (C) that either is denominated in cash or relates to publicly traded equity securities of the Company or its successor in the Change in Control or another entity that is affiliated with the Company or its successor following the Change in Control; (D) if the Grantee holding the Replaced Award is subject to U.S. federal income tax under the Code, the tax consequences of which to such Grantee under the Code are generally no less favorable to such Grantee than the tax consequences of the Replaced Award (provided that the Company does not guarantee any particular tax treatment with respect to any Replacement Award); and (E) the other terms and conditions of which are generally no less favorable to the Grantee holding the Replaced Award than the terms and conditions of the Replaced Award (including the provisions that would apply in the event of a subsequent termination of employment or change in control). A Replacement Award may be granted only to the extent it does not result in the Replaced Award or Replacement Award failing to comply with or be exempt from Section 409A of the Code. Without limiting the generality of the foregoing, the Replacement Award may take the form of a continuation of the Replaced Award if the requirements of the two preceding sentences are satisfied. The determination of whether the conditions of this definition are satisfied will be made by the Committee, as constituted immediately before the Change in Control, in its sole discretion.

(d) "**Retirement**" means termination of employment, other than due to death or Disability, after the Grantee attains at least age fifty-five (55), provided that the sum of the Grantee's age plus years of service is an amount equal to or greater than sixty-five (65). **[Notwithstanding]** **[Notwithstanding the foregoing, a termination of employment that otherwise meets the]**

- 4 -

the definition of a Retirement shall not qualify as a Retirement unless either (i) the Grantee's employment is involuntarily terminated by the Company or (ii) the Grantee provides the Company with at least six (6) months' prior written notice of such Retirement in accordance with Section 18 (or the Committee waives such notice requirement either because the Company initiated such Retirement or due to extenuating circumstances that render it impractical for the Grantee to provide such notice).]

5. Forfeiture of TBRSSUs. If the Grantee ceases to be continuously employed by the Company and/or Subsidiary at any time prior to all of the TBRSSUs becoming non-forfeitable, any portion of the TBRSSUs that has not theretofore become non-forfeitable in accordance with the terms of Section 1 and shall be forfeited, except as provided in Section 2.

6. Dividend, Voting and Other Rights. Except as otherwise provided in this Section 6, the Grantee shall have none of the rights of a stockholder with respect to the TBRSSUs. A notional cash account for the Grantee shall be credited with an amount equal to any cash dividends paid by the Company on its Common Stock during the full or partial vesting period as determined under Sections 1 through 5. Such notional cash dividends shall become non-forfeitable only with respect to the corresponding portion of the TBRSSUs that ultimately becomes non-forfeitable in accordance with Sections 1 through 5. Non-forfeitable notional cash dividends will be distributed in cash, without interest, when the corresponding shares underlying the nonforfeitable TBRSSUs are paid out as set forth in Section 3.

7. Restrictions on Transfer of TBRSSUs. The TBRSSUs and the shares underlying them may not be transferred, sold, pledged, exchanged, assigned or otherwise encumbered or disposed of by the Grantee, except to the Company, until shares underlying the TBRSSUs have been paid out. Any purported transfer, encumbrance or other disposition of the TBRSSUs or the shares underlying them that is in violation of this Section 7 shall be null and void, and the other party to any such purported transaction shall not obtain any rights to or interest in the TBRSSUs or such shares.

8. Compliance with Law. The Company will make reasonable efforts to comply with all applicable federal and state securities laws; provided, however, notwithstanding any other provision of this Agreement, the Company will not be obligated to issue any restricted or non-restricted shares of Common Stock or other securities pursuant to this Agreement if the issuance thereof would result in a violation of any such law. Notwithstanding anything in this Agreement to the contrary, nothing in this Agreement prevents the Grantee from providing, without prior notice to the Company, information to governmental authorities regarding possible legal violations or otherwise testifying or participating in any investigation or proceeding by any governmental authorities regarding possible legal violations, and for purpose of clarity the Grantee is not prohibited from providing information voluntarily to the Securities and Exchange Commission pursuant to Section 21F of the Exchange Act.

9. Adjustments. The Committee will make such adjustments in the number and kind of shares of stock or other securities covered by this Agreement as provided for in Section 11 of the Plan.

- 5 -

10. Taxes and Withholding. To the extent that the Company or Subsidiary is required to withhold any federal, state, local or foreign tax in connection with the issuance or vesting of any portion of the TBRSSUs or other amounts pursuant to this Agreement, and the amounts available to the Company for such withholding are insufficient, it shall be a condition to the delivery of the shares to the Grantee that the Grantee shall pay the tax in cash or make provisions that are satisfactory to the Company for the payment thereof.

11. No Right to Future Awards or Employment. The grant of the TBRSSUs under this Agreement to the Grantee is a voluntary, discretionary award being made on a one-time basis and it does not constitute a commitment to make any future awards. The grant of the

TBRSUs and any payments made hereunder will not be considered salary or other compensation for purposes of any severance pay or similar allowance, except as otherwise required by law. The Plan and this Agreement will not confer upon the Grantee any right with respect to the continuance of employment or other service with the Company or any Subsidiary and will not interfere in any way with any right that the Company or any Subsidiary would otherwise have to terminate any employment or other service of the Grantee at any time.

12. Relation to Other Benefits. Any economic or other benefit to the Grantee under this Agreement will not be taken into account in determining any benefits to which the Grantee may be entitled under any profit-sharing, retirement, or other benefit or compensation plan maintained by the Company or a Subsidiary and will not affect the amount of any life insurance coverage available to any beneficiary under any life insurance plan covering employees of the Company or any Subsidiary, unless provided otherwise in any such plan.

13. Agreement Subject to the Plan. The TBRSUs granted under this Agreement and all of the terms and conditions hereof are subject to all of the terms and conditions of the Plan. Capitalized terms in this Agreement may be defined herein, defined in the Plan, or defined in both places. In the event of any inconsistency between this Agreement and the Plan, the terms of the Plan will govern. The Committee acting pursuant to the Plan, as constituted from time to time, shall, except as expressly provided otherwise herein, have the right to determine any questions which arise in connection with the TBRSUs or its vesting.

14. Amendments. Subject to the terms of Section 17 of the Plan, any amendment to the Plan shall be deemed to be an amendment to this Agreement to the extent that the amendment is applicable hereto; *provided, however,* that no amendment will materially and adversely affect the rights of the Grantee under this Agreement without the Grantee's consent, except that the Grantee's consent shall not be required to an amendment that is deemed necessary by the Company to ensure compliance with Section 409A of the Code or Section 10D of the Exchange Act.

15. Severability. In the event that one or more of the provisions of this Agreement is invalidated for any reason by a court of competent jurisdiction, any provision so invalidated will be deemed to be separable from the other provisions hereof, and the remaining provisions hereof will continue to be valid and fully enforceable.

16. Successors and Assigns. Without limiting Section 7 hereof, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the successors, administrators, heirs, legal representatives and assigns of the Grantee, and the successors and assigns of the Company.

- 6 -

17. Governing Law. This Agreement will be governed by and construed in accordance with the internal substantive laws of the State of Georgia.

18. Notices. Any notice to the Company provided for herein shall be in writing to the Company at the principal executive office of the Company, marked Attention: Chief Human Resources Officer, and any notice to the Grantee shall be addressed to said Grantee at his or her address then currently on file with the Company. Except as otherwise provided herein, any written notice shall be deemed to be duly given if and when delivered personally or deposited in the United States mail, first class registered mail, postage and fees prepaid, and addressed as aforesaid. Any party may change the address to which notices are to be given hereunder by written notice to the other party as herein specified (provided that for this purpose, any mailed notice shall be deemed given on the third business day following deposit of the same in the United States mail).

19. Compliance with Section 409A of the Code. To the extent applicable, it is intended that this Agreement and the Plan comply with, or be exempt from, the provisions of Section 409A of the Code, so that the income inclusion provisions of Section 409A(a)(1) do not apply to the Grantee. This Agreement in conjunction with the terms of the Plan shall be administered in a manner consistent with this intent. Any amendments made to comply with Section 409A of the Code may be retroactive to the extent permitted by Section 409A of the Code and may be made by the Company without the consent of the Grantee. In any case, the Grantee shall be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed in connection with this Agreement (including any taxes and penalties under Section 409A of the Code), and the Company shall not have any obligation to indemnify or otherwise hold the Grantee harmless from any or all of such taxes or penalties. If, at the time of the Grantee's separation from service (within the meaning of Section 409A of the Code), (i) the Grantee will be a specified employee (within the meaning of Section 409A of the Code and using the identification methodology selected by the Company from time to time) and (ii) the Company makes a good faith determination that an amount payable hereunder constitutes deferred compensation (within the meaning of Section 409A of the Code) the payment of which is required to be delayed pursuant to the six-month delay rule set forth in Section 409A of the Code in order to avoid taxes or penalties under Section 409A of the Code, then the Company will not pay such amount on the otherwise scheduled payment date but will instead pay it, without interest, on the tenth business day of the seventh month after such separation from service.

20. Clawback/Recoupment Rights and Policies. The Grantee acknowledges and agrees that the terms and conditions set forth in the Flowers Foods, Inc. Amended and Restated Clawback Policy (as may be amended and restated from time to time, the "Clawback Policy") and the Flowers Foods, Inc. Executive Compensation Recoupment Policy (as may be amended and restated from time to time, the "Dodd-Frank Policy") are incorporated in this Agreement by reference. To the extent the Clawback Policy or the Dodd-Frank Policy is applicable to the Grantee, it creates additional rights for the Company with respect to the Grantee's TBRSSUs and other applicable compensation, including, without limitation, annual cash incentive compensation awards granted to the Grantee by the Company. Notwithstanding any provisions in this Agreement

to the contrary, any TBRSSUs granted under the Plan and such other applicable compensation, including, without limitation, annual cash incentive compensation, will be subject to potential mandatory cancellation, forfeiture and/or repayment by the Grantee to the Company to the extent the Grantee is, or in the future becomes, subject to (a) any Company clawback or recoupment

- 7 -

policy, including the Clawback Policy, the Dodd-Frank Policy, and any other policies that are adopted by the Company, whether to comply with the requirements of any applicable laws, rules, regulations, stock exchange listing standards or otherwise, or (b) any applicable laws that impose mandatory clawback or recoupment requirements under the circumstances set forth in such laws, including as required by the Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act, or other applicable laws, rules, regulations or stock exchange listing standards, as may be in effect from time to time, and which may operate to create additional rights for the Company with respect to awards and the recovery of amounts relating thereto. By accepting TBRSSUs under the Plan and pursuant to this Agreement, the Grantee consents to be bound by the terms of the Clawback Policy or the Dodd-Frank Policy, if applicable, and agrees and acknowledges that the Grantee is obligated to cooperate with, and provide any and all assistance necessary to, the Company in its efforts to recover or recoup TBRSSUs, any gains or earnings related to TBRSSUs, or any other applicable compensation, including, without limitation, annual cash incentive compensation, that is subject to clawback or recoupment pursuant to such laws, rules, regulations, stock exchange listing standards or Company policy. Such cooperation and assistance shall include, but is not limited to, executing, completing and

submitting any documentation necessary to facilitate the recovery or recoupment by the Company from the Grantee of any such amounts, including from the Grantee's accounts or from any other compensation, to the extent permissible under Section 409A of the Code.

21. Electronic Delivery. The Company may, in its sole discretion, deliver any documents related to the TBRSSUs and the Grantee's participation in the Plan, or future awards that may be granted under the Plan, by electronic means or request the Grantee's consent to participate in the Plan by electronic means. The Grantee hereby consents to receive such documents by electronic delivery and, if requested, agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or another third party designated by the Company.

22. Acknowledgement. The Grantee acknowledges that the Grantee (a) has received a copy of the Plan, (b) has had an opportunity to review the terms of this Agreement and the Plan, (c) understands the terms and conditions of this Agreement and the Plan and (d) agrees to such terms and conditions.

23. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same agreement.

24. Data Protection. By signing below, the Grantee consents that the Company may process the Grantee's personal data, including name, Social Security number, address and number of TBRSSUs ("Data"), exclusively for the purpose of performing this Agreement, in particular in connection with the TBRSSUs awarded to the Grantee. For this purpose, the Data may also be disclosed to and processed by companies outside the Company, e.g., banks involved.

(Signature follows on the next page)

- 8 -

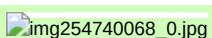
IN WITNESS WHEREOF, the Company has caused this Agreement to be executed on its behalf by its duly authorized officer as of the day and year first above written.

FLOWERS FOODS, INC INC.

By: /s/ R. Steve Kinsey
R. Steve Kinsey
Chief Financial Officer

- 9 -

Exhibit 19.1



Flowers Foods, Inc.

Insider Trading Policy

In order to take an active role in the prevention of insider trading violations by its directors, officers and employees, Flowers Foods, Inc. and its subsidiaries (collectively, the "Company") have adopted this Insider Trading Policy (this "Policy") and the procedures described herein.

1. Statement of Policy

Prohibition Against Insider Trading. The Company encourages its employees to be long term investors in the Company's securities. Employees are further encouraged to trade in the Company's securities on an occasional basis consistent with an investment strategy such as not to appear to be speculating in the Company's securities or engaging in day trading.

On occasion, certain employees will possess information that is not readily available to the public. Such information may constitute material nonpublic information. In general, material nonpublic information is information about the Company that has not been publicly announced and that a reasonable person would likely consider important in deciding whether to buy or sell the Company's securities. The following are some examples of information which may be considered material in nature and hence would preclude trading or gifting of the Company's securities by insiders until full public disclosure of the information is made by the issuance of a press release or other public statement from the Company's Communications Department or in a filing with the Securities and Exchange Commission (the "SEC"):

- (a) annual or quarterly financial results;
- (b) unusual gains or losses in major operations;
- (c) projections of future earnings or losses, or other earnings guidance;
- (d) a change to previously announced earnings guidance, or the decision to suspend earnings guidance;
- (e) a change in share ownership that may affect the control of the Company;
- (f) a change in the corporate structure such as a merger, amalgamation, or reorganization;
- (g) a take-over bid, issuer bid or insider bid;
- (h) a major corporate acquisition, disposition or joint venture;
- (i) a stock split, consolidation, stock dividend or other change in capital structure;

- (j) the borrowing of a significant amount of funds or other financing transactions out of the ordinary course;
- (k) the development of a new product or a development affecting the Company's resources, technology, products or markets;
- (l) the entering into, termination of or any material change in a significant contract;
- (m) firm evidence of a significant increase or decrease in near-term earnings prospects;
- (n) an important change in capital investment plans or corporate objectives;
- (o) a significant change in management;
- (p) changes in compensation policy;
- (q) significant litigation or governmental investigations, or the resolution of such;
- (r) a significant cybersecurity incident, such as a data breach, or any other significant disruption in the Company's operations, potential loss, breach or unauthorized access of its property or assets, whether at its facilities or through its information systems.

technology infrastructure;

- (s) a major labor dispute, a dispute with a major contractor or supplier, or the gain or loss of a substantial customer or supplier;
- (t) an event of default under a financing or other agreement;
- (u) a declaration of or a failure to declare dividends;
- (v) a call of securities for redemption;
- (w) any acquisition or disposition of property or assets that has not been negotiated at arm's length or other significant related transactions;
- (x) a change in auditors or auditor notification that the Company may no longer rely on an audit report;
- (y) impending bankruptcy, corporate restructuring or receivership, or the existence of severe liquidity problems; and
- (z) any other development relating to the business and affairs of the Company that would reasonably be expected to significantly affect the market price or value of Company securities or that would reasonably be expected to have a significant influence on a reasonable investor's investment decisions.

Twenty-Twenty Hindsight. Remember, if your securities transactions become the subject of scrutiny, they will be viewed after-the-fact with the benefit of hindsight. As a result, before engaging in any transaction, you should carefully consider how regulators and others might view your transaction in hindsight.

Transactions by Family Members. The very same restrictions apply to your family members and others living in your household. You are responsible for the compliance of your family members and others living in your household.

Tipping Information to Others. Whether the information is proprietary information about the Company or information that could have an impact on the Company's stock price, you must not pass the information on to others or recommend the purchase or sale of securities about which you have material nonpublic information or otherwise assist anyone in such activities.

Policy Applies to all Employees. Remember, insider trading restrictions are not limited to directors and officers; they apply to anyone who comes into possession of material nonpublic information about the Company, our subsidiaries, or **other companies, such as our customers, suppliers, current and potential business partners and prospective acquisition candidates.** Whenever, during the course of your service to or employment by the Company, you become aware of material nonpublic information about another company, including any confidential information that is reasonably likely to affect the market price of that company's securities, neither you nor your family members and others living in your household may trade in any securities of that company, give trading advice about that company, tip or disclose that information, pass it on to others, or engage in any other action to take advantage of that information. As we pursue new business opportunities through acquisitions and divestitures, joint ventures, internal restructuring and new contracts, the people involved in the planning process must be aware of their obligations under the federal securities laws, as well as under any confidentiality agreements that are in place with other parties to the transactions.

Policy Applies to the Company. In certain instances, this Policy applies to the Company.

2. Preclearance Group

For certain individuals within the Company, additional restrictions on trading will apply.

These individuals, collectively the "Preclearance Group," consist of:

- (a) Board of Directors of the Company;
- (b) Flowers Foods, Inc. and Flowers Bakeries, LLC employees;

- (c) Designated employees of Flowers Foods, Inc. subsidiaries as identified from time to time by the Company's Chief Legal Counsel and
- (d) All family members of the Preclearance Group. The general definition of family members includes a child, step-child, grandparent, step-parent, grandparent, spouse, sibling, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, and any adoptive relationships and the family member is living in the same household with a member of the Preclearance Group or a member of the Preclearance Group has voting power or dispositive power over company stock held in the name for the benefit of the family member.

3. Trading Rules/Blackout Periods for Preclearance Group

- (a) The Preclearance Group may not trade in Company stock (i) during the period beginning on the last day of each fiscal quarter and ending 48 hours after the public announcement of the Company's earnings by the Company's Communications Department or (ii) any other "blackout period" as designated by the Company's Chief Legal Counsel.
- (b) The blackout period trading prohibition applies to all transactions involving Company securities, including transaction in a Preclearance Group member's 401(k) account that involve shares of Company stock.
- (c) Note that at all times, the Preclearance Group is still subject to the prohibition against trading on the basis of material non-public information during periods outside of the blackout periods.
- (d) The Preclearance Group may only trade in Company securities on an occasional basis consistent with an investment strategy such as not to appear to be speculating in the Company's securities or engaging in day trading.
- (e) The Preclearance Group must not engage in short selling of or trading in puts, calls or other derivative securities in relation to Company securities or any other hedging strategies.
- (f) The Preclearance Group is prohibited from pledging, hypothecating or otherwise using Company securities as collateral for a loan or other form of indebtedness, including, without limitation, holding Company securities in a margin account as collateral for a margin loan.
- (g) The Company discourages placing standing or limit orders on Company securities. If a member of the Preclearance Group determines that they must use a standing order or limit order, the order should be limited to short duration and should otherwise comply with the guidelines outlined below.

4. Pre-Clearance Procedure

The Preclearance Group must pre-clear all securities transactions involving Company stock pursuant to the Company's pre-clearance process. This process requires the following:

- (a) Prior to commencing any transaction in the Company's securities, each member of the Preclearance Group must contact the Corporate Legal Manager in the Company's Legal Department (the "Agent") to seek authorization to proceed. Such authorization request to the Agent must be in writing (via email to preclearance@flocorp.com) and must include the date of the proposed transaction, the nature of the transaction (purchase, sale, gift or other stock related transaction), and the number of shares of the Company's securities to be involved or the approximate value of the transaction.
- (b) The Agent will consider the request and respond in writing to the requesting party within 48 hours of receiving the request. The response shall be a written authorization or denial of the requesting party's proposed transaction.

Additionally, any Rule 10b5-1 Plan (as defined below) that is intended to be entered into for the purpose of executing a securities transaction must be submitted to the Agent for approval five days prior to the entry into such Rule 10b5-1 plan. The requirements for pre-clearance set forth above and blackout periods do not apply to

transactions conducted pursuant to previously approved Rule 10b5-1 plans. However, subsequent modifications to any Rule 10b5-1 Plan must be pre-cleared by the Agent.

5. Rule 10b5-1 Plans

Rule 10b5-1 promulgated under the Securities Exchange Act of 1934 (the "Exchange Act") provides a defense from insider trading liability. In order to be eligible to rely on this defense, a person subject to this Policy must enter into a Rule 10b5-1 Plan for transactions in the Company's securities that meets the requirements of Rule 10b5-1 (a "Rule 10b5-1 Plan"). If the Rule 10b5-1 Plan meets such requirements, the Company's securities may be purchased or sold without regard to certain insider trading restrictions. Once a Rule 10b5-1 Plan is approved by the Agent pursuant to the procedures noted above, no further pre-approval of transactions conducted pursuant to the Rule 10b5-1 Plan is required unless the Rule 10b5-1 Plan is subsequently modified.

No Knowledge of Material Nonpublic Information. A Rule 10b5-1 Plan must be entered into at a time when (i) the person entering into the plan is not aware of material nonpublic information and (ii) a blackout period is not in effect. Once a Rule 10b5-1 Plan is adopted, the person must not exercise any influence over the amount of securities to be traded, the price at which they are to be traded or the date of the trade. A Rule 10b5-1 Plan cannot be modified when the person is aware of material nonpublic information. The Rule 10b5-1 Plan must either specify the amount, pricing and timing of transactions in advance or delegate discretion on these matters to an independent third party.

Cooling Off. All Rule 10b5-1 Plans for directors and officers must contain a mandatory cooling off period following adoption or modification of a plan that begins on the date of plan adoption or modification and ends the later of (i) 90 days following plan adoption or modification and (ii) two business days following the filing of a Form 10-Q or 10-K by the Company covering the financial reporting period in which the plan was adopted or modified (but not to exceed 120 days following plan adoption or modification) before any trading can commence. A cooling off period of 30 days after adoption or modification of the Rule 10b5-1 Plan is required for persons other than the Company as the issuer, directors and officers before any trading can commence. No cooling off period is required for the Company.

Certification. All Rule 10b5-1 Plans for directors and officers must contain a representation certifying that at the time of the adoption of a new or modified plan the individual is (i) not aware of material nonpublic information and (ii) adopting the plan in good faith and not as part of a plan to evade the prohibition against illegal insider trading and prohibitions of Rule 10b5-1.

SEC Disclosure. The Company is required to disclose in its periodic reports to the SEC (i) any Rule 10b5-1 Plans which are adopted, modified or terminated and (ii) a description of certain material terms of such plans entered into by the Company directors and officers.

No Overlapping Plans. The use of multiple overlapping Rule 10b5-1 Plans by anyone other than the Company is prohibited. There are limited exceptions, including in connection with satisfying tax obligations relating to certain equity compensation such as "sell-to-cover" tax withholding Rule 10b5-1 Plans that are permitted in connection with the vesting of incentive compensation with the exception of stock option exercises. As for the Company, this restriction does not apply.

Single-Trade Plan Limit. The use of the affirmative defense for a single-trade plan during any rolling 12-month period by anyone other than the Company is prohibited, though there are limited exceptions. This restriction does not apply to the Company.

Good Faith. All persons entering into a Rule 10b5-1 Plan must act in good faith with respect to that plan throughout the duration of the plan.

6. Exceptions to the Prohibitions on Trading

The only exceptions to this Policy's prohibitions on trading in the Company's securities as outlined above are the following:

- (a) *Stock Option Exercises.* This Policy does not apply to the exercise of employee stock options (where no shares of stock are sold to fund the exercise), or when shares are withheld by the Company for the Preclearance Group member's payment of withholding taxes or the applicable exercise price upon exercise (if authorized by the Company). This Policy does apply, however, to any sale of stock as part of a broker-assisted cashless exercise of an option, any other market sale of stock for the purpose of generating the cash needed to pay the exercise price of an option or related withholding taxes, or any market sale of stock following exercise.
- (b) *Restricted Stock, Restricted Stock Units and Stock Appreciation Rights.* This Policy does not apply to the vesting of restricted stock, restricted stock units or stock appreciation rights under the Company's equity plans, or when related shares or units are withheld by the Company for the Preclearance Group member to pay withholding taxes upon vesting (if authorized by the Company). This Policy does apply, however, to any market sale of stock acquired upon vesting or exercise.
- (c) *Employee Stock Purchase and Savings Plan and Deferred Compensation Plans, if adopted.* This Policy will not apply to purchases of the Company's securities in, if adopted, a Company employee stock purchase plan, 401(k) plan, or deferred compensation plan or other similar employee benefit plans resulting from a Preclearance Group member's periodic contribution of money to the plan pursuant to his or her payroll deduction election. This Policy will apply, if adopted, however, to certain elections a Preclearance Group member may make under these plans, including: (a) an election to increase or decrease the percentage of his or her periodic contributions that will be allocated to his or her Company stock fund; (b) an election to switch an existing account balance into or out of a Preclearance Group member's Company stock fund; (c) an election to borrow money against a Preclearance Group member's plan account if the loan will result in a liquidation of some or all of his or her Company stock fund; (d) an election to withdraw money from a Preclearance Group member's plan account if the withdrawal will result in a liquidation of some or all of his or her Company stock fund; and (e) an election to pre-pay a plan loan if the pre-payment will result in allocation of loan proceeds to a Preclearance Group member's Company stock fund.
- (d) *Dividend Reinvestment Plan, if adopted.* This Policy will not apply to purchases of the Company's securities, if adopted, under the Company's (or a broker-sponsored) dividend reinvestment plan resulting from a Preclearance Group member's reinvestment of dividends paid on the Company's securities. This Policy will apply, if adopted, however, to voluntary purchases of the Company's securities resulting from additional contributions a Preclearance Group member chooses to make to the dividend reinvestment plan, and to a Preclearance Group member's election to participate in the plan or increase his or her level of participation in the plan. This Policy will also apply, if adopted, to a Preclearance Group member's sale of any the Company's securities pursuant to the plan.
- (e) *Mutual Funds.* Transactions in a mutual fund or other collective investment vehicle (e.g., hedge fund or exchange traded fund) that is invested in the Company's securities and (1) is publicly traded and widely held, (2) is broad based and diversified, and (3) has investment discretion for fund investments exercised by an independent third party are not transactions subject to this Policy. Insiders should consult with the Agent if they have questions regarding whether a specific fund is considered "broad based and diversified."

7. Certification of Policy by Preclearance Group and Plan Participants

After reading this Policy, all members of the Preclearance Group and participants in any Company equity-based compensation program (collectively, the "Plan Participants") must sign the certification on the next page to indicate you have read this Policy and agree to comply with the rules set forth herein.

8. Policy Violations

The failure of any employee, Preclearance Group member or Plan Participant to comply with this Insider Trading Policy may result in disciplinary action up to and including termination of employment with the Company. Such failures may also subject the individual to

significant civil or criminal penalties assessed by governmental agencies or courts of law for violations of federal, state or local law. Any questions regarding this Policy should be directed to the Chief Legal Counsel.

Effective August 21, 2024

Flowers Foods, Inc.
Certification of Insider Trading Policy

I, ,have read and understood the Flowers Foods, Inc. Insider Trading Policy. I agree to limit my securities trading activities to comply with the rules outlined in this policy. I further understand that violations of this policy may result in civil or criminal liability and/or disciplinary action up to and including the termination of employment, as applicable.

Signature

Print Name

Title

Date

Exhibit 21.1

SUBSIDIARIES OF FLOWERS FOODS, INC.

Name of Subsidiary	Jurisdiction of Incorporation or Organization
Bailey Street Bakery, LLC	Alabama
Flowers Bakeries Sales of Alabama, LLC	Alabama
Flowers Bakery of Montgomery, LLC	Alabama
Flowers Baking Co. of Birmingham, LLC	Alabama
Flowers Baking Co. of Opelika, LLC	Alabama
Tuscaloosa Organic Baking Co., LLC	Alabama
Flowers Bakeries Sales of Desert Southwest, LLC	Arizona
Holsum Bakery of Tolleson, LLC	Arizona
Holsum Bakery, Inc.	Arizona
Holsum Holdings, LLC	Arizona
Mesa Organic Baking Co., Inc.	Arizona
Flowers Bakery of Texarkana, LLC	Arkansas
Flowers Baking Co. of Batesville, LLC	Arkansas
Fort Smith Baking Co., LLC	Arkansas
Flowers Bakeries Sales of NorCal, LLC	California
Flowers Bakeries Sales of SoCal, LLC	California
Flowers Baking Co. of California, LLC	California
Flowers Baking Co. of Modesto, LLC	California
Canyon Bakehouse, LLC	Colorado
Flowers Baking Co. of Denver, LLC	Colorado
C&G Holdings, Inc.	Delaware
CK Sales Co., LLC	Delaware

Flowers Bakeries Brands, LLC	Delaware
Daffodil Acquisition Sub, LLC	Delaware
Daffodil Merger Sub, Inc.	Delaware
Flowers Baking Co. of Lakeland, Inc.	Delaware
Flowers Finance II, LLC	Delaware
Flowers Finance, LLC	Delaware
KKB Acquisition, LLC	Delaware
Flowers Bakeries Sales of Florida, LLC	Florida
Flowers Baking Co. of Bradenton, LLC	Florida
Flowers Baking Co. of Florida, LLC	Florida
Flowers Baking Co. of Jacksonville, LLC	Florida
Flowers Baking Co. of Miami, LLC	Florida
Derst Baking Company, LLC	Georgia
Flowers Bakeries, LLC	Georgia
Flowers Bakeries Sales, LLC	Georgia
Flowers Bakeries Sales of Georgia, LLC	Georgia
Flowers Bakery of Suwanee, LLC	Georgia
Flowers Baking Co. of Thomasville, LLC	Georgia
Flowers Baking Co. of Tucker, LLC	Georgia
Flowers Baking Co. of Tyler, LLC	Georgia
Flowers Baking Co. of Villa Rica, LLC	Georgia
Flowers Foods Specialty Group, LLC	Georgia
Flowers Ventures, LLC	Georgia
Flowers Baking Co. of Peoria, Stevens Street Properties, LLC	Illinois
Flowers Baking Co. of Waterloo, LLC	Iowa Georgia
Flowers Baking Co. of Lenexa, LLC	Kansas
Flowers Bakery of London, LLC	Kentucky
Flowers Baking Co. of Bardstown, LLC	Kentucky
Flowers Bakeries Sales of Louisiana, LLC	Louisiana

Name of Subsidiary	Jurisdiction of Incorporation or Organization
Flowers Baking Co. of Baton Rouge, LLC	Louisiana
Flowers Baking Co. of Lafayette, LLC	Louisiana
Flowers Baking Co. of New Orleans, LLC	Louisiana
Flowers Bakeries Sales of New England, LLC	Maine
Flowers Baking Co. of Biddeford, LLC	Maine
Lepage Bakeries Cedar Street, LLC	Maine
Lepage Bakeries Park Street, LLC	Maine
Lepage Leasing, Flowers Bakeries Sales of Desert Mountain, LLC	Maine
El Paso Baking Co. de Mexico, S.A.de C.V.	Mexico Nevada
Flowers Baking Co. of Henderson, LLC	Nevada
Flowers Bakeries Sales of NE Metro North, LLC	New Jersey

Flowers Bakeries Sales of Mid Atlantic, LLC	North Carolina
Flowers Baking Co. of Jamestown, LLC	North Carolina
Flowers Baking Co. of Newton, LLC	North Carolina
Franklin Baking Company, LLC	North Carolina
Flowers Bakeries Sales of Midwest, LLC	Ohio
Flowers Baking Co. of Ohio, LLC	Ohio
Dave's Killer Bread, Inc.	Oregon
DKB Organic Bakeries, LLC	Oregon
Flowers Baking Co. of Portland, LLC	Oregon
Flowers Bakeries Sales of NE Metro South, LLC	Pennsylvania
Flowers Baking Co. of Oxford, Inc.	Pennsylvania
Tasty Baking Company	Pennsylvania
Tasty Baking Sales, LLC	Pennsylvania
Flowers Specialty Brands, LLC	South Carolina
Flowers Bakeries Sales of Tennessee, LLC	Tennessee
Flowers Bakery of Cleveland, LLC	Tennessee
Flowers Bakery of Crossville, LLC	Tennessee
Flowers Baking Co. of Knoxville, LLC	Tennessee
Flowers Baking Co. of Morristown, LLC	Tennessee
Flowers Baking Co. of Nashville, LLC	Tennessee
Flowers Warehouse Sales, Inc.	Tennessee
Monroe Avenue Baking Co. of Memphis, LLC	Tennessee
Flowers Bakeries Sales of North Texas, LLC	Texas
Flowers Bakeries Sales of South Texas, LLC	Texas
Flowers Baking Co. of Denton, LLC	Texas
Flowers Baking Co. of El Paso, LLC	Texas
Flowers Baking Co. of Houston, LLC	Texas
Flowers Baking Co. of San Antonio, LLC	Texas
Flowers Baking Co. of Texas, LLC	Texas
Leeland Baking Co., LLC	Texas
Flowers Bakeries Sales of Utah, LLC	Utah
Flowers Baking Co. of Utah, LLC	Utah
Lepage Bakeries Brattleboro, LLC	Vermont
Flowers Baking Co. of Norfolk, LLC	Virginia
Lynchburg Organic Baking Co., LLC	Virginia
Flowers Baking Co. of West Virginia, LLC	West Virginia

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-274116) and Form S-8 (Nos. 333-132293, 333-58320, 333-59354, 333-156471, 333-151746, 333-159814, 333-196124, 333-196125 and 333-272189) of Flowers Foods, Inc. of our report dated **February 21, 2024** **February 18, 2025** relating to the financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Atlanta, Georgia

Exhibit 31.1

I, A. Ryals McMullan, certify that:

1. I have reviewed this Annual Report on Form 10-K 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 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.

/s/ A. RYALS MCMULLIAN

A. Ryals McMullan

Chairman and Chief Executive Officer

(Principal Executive Officer)

Date: February 21, 2024 February 18, 2025

Exhibit 31.2

I, R. Steve Kinsey, certify that:

1. I have reviewed this Annual Report on Form 10-K 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 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.

/s/ R. STEVE KINSEY

R. Steve Kinsey

Chief Financial Officer

*(Principal Financial Officer and
Chief Principal Accounting Officer Officer)*

Date: February 21, 2024 February 18, 2025

Exhibit 32.1

**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 Annual Report of Flowers Foods, Inc. (the "company") on Form 10-K for the period ended December 30, 2023 December 28, 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 McMullan
Chairman and
Chief Executive Officer
(Principal Executive Officer)

/s/ R. STEVE KINSEY

R. Steve Kinsey
Chief Financial Officer and
Chief Accounting Officer
(Principal Financial Officer and
Principal Accounting Officer)

Date: February 21, 2024 February 18, 2025

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.

Exhibit 97

FLOWERS FOODS, INC.

Executive Compensation Recoupment Policy Effective November 16, 2023

Purpose

As required pursuant to the listing standards of the New York Stock Exchange (the "Stock Exchange"), Section 10D of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and Rule 10D-1 under the Exchange Act, the Board of Directors (the "Board") of Flowers Foods, Inc. (the "Company") has adopted this Executive Compensation Recoupment Policy (the "Policy") to empower the Company to recover Covered Compensation (as defined below) erroneously awarded to a Covered Officer (as defined below) in the event of an Accounting Restatement (as defined below).

Notwithstanding anything in this Policy to the contrary, at all times, this Policy remains subject to interpretation and operation in accordance with the final rules and regulations promulgated by the U.S. Securities and Exchange Commission (the "SEC"), the final listing standards adopted by the Stock Exchange, and any applicable SEC or Stock Exchange guidance or interpretations issued from time to time regarding such Covered Compensation recovery requirements (collectively, the "Final Guidance"). Questions regarding this Policy should be directed to the Company's Chief Legal Counsel.

Policy Statement

Unless a Clawback Exception (as defined below) applies, the Company will recover reasonably promptly from each Covered Officer the Covered Compensation Received (as defined below) by such Covered Officer in the event that the Company is required to prepare an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or

left uncorrected in the current period (each, an “**Accounting Restatement**”). If a Clawback Exception applies with respect to a Covered Officer, the Company may forgo such recovery under this Policy from such Covered Officer.

Covered Officers

For purposes of this Policy, “**Covered Officer**” is defined as any current or former “Section 16 officer” of the Company within the meaning of Rule 16a-1(f) under the Exchange Act, as determined by the Board or the Compensation and Human Capital Committee of the Board (the “**Committee**”). Covered Officers include, at a minimum, “executive officers” as defined in Rule 3b-7 under the Exchange Act and identified under Item 401(b) of Regulation S-K.

Covered Compensation

For purposes of this Policy:

- “**Covered Compensation**” is defined as the amount of Incentive-Based Compensation (as defined below) Received during the applicable Recovery Period (as defined below) that exceeds the amount of Incentive-Based Compensation that otherwise would have been Received during such Recovery Period had it been determined based on the relevant restated amounts, and computed without regard to any taxes paid.

Incentive-Based Compensation Received by a Covered Officer will only qualify as Covered Compensation if: (i) it is Received on or after October 2, 2023; (ii) it is Received after such Covered Officer begins service as a Covered Officer; (iii) such Covered Officer served as a Covered Officer at any time during the performance period for such Incentive-Based Compensation; and (iv) it is Received while the Company has a class of securities listed on a national securities exchange or a national securities association.

For Incentive-Based Compensation based on stock price or total shareholder return, where the amount of erroneously awarded Covered Compensation is not subject to mathematical recalculation directly from the information in an Accounting Restatement, the amount of such Incentive-Based Compensation that is deemed to be Covered Compensation will be based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was Received, and the Company will maintain and provide to the Stock Exchange documentation of the determination of such reasonable estimate.

- “**Incentive-Based Compensation**” is defined as any compensation that is granted, earned, or vested based wholly or in part upon the attainment of a Financial Reporting Measure (as defined below). For purposes of clarity, Incentive-Based Compensation includes compensation that is in any plan, other than tax-qualified retirement plans, including long term disability, life insurance, and supplemental executive retirement plans, and any other compensation that is based on such Incentive-Based Compensation, such as earnings accrued on notional amounts of Incentive-Based Compensation contributed to such plans.
- “**Financial Reporting Measure**” is defined as a measure that is determined and presented in accordance with the accounting principles used in preparing the Company’s financial statements, and any measures that are derived wholly or in part from such measures. Stock price and total shareholder return are also Financial Reporting Measures.
- Incentive-Based Compensation is deemed “**Received**” in the Company’s fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, even if the payment or grant of the Incentive-Based Compensation occurs after the end of that period.

Recovery Period

For purposes of this Policy, the applicable “**Recovery Period**” is defined as the three completed fiscal years immediately preceding the Trigger Date (as defined below) and, if applicable, any transition period resulting from a change in the Company’s fiscal year within or immediately following those three completed fiscal years (provided, however, that if a transition period between the last day of the Company’s previous fiscal year end and the first day of its new fiscal year comprises a period of nine to 12 months, such period would be deemed to be a completed fiscal year).

For purposes of this Policy, the “**Trigger Date**” as of which the Company is required to prepare an Accounting Restatement is the earlier to occur of: (i) the date that the Board, applicable Board committee, or officers authorized to take action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare the Accounting Restatement or (ii) the date a court, regulator, or other legally authorized body directs the Company to prepare the Accounting Restatement.

Clawback Exceptions

The Company is required to recover all Covered Compensation Received by a Covered Officer in the event of an Accounting Restatement unless (i) one of the following conditions are met and (ii) the Committee has made a determination that recovery would be impracticable in accordance with Rule 10D-1 under the Exchange Act (under such circumstances, a “**Clawback Exception**” applies):

- the direct expense paid to a third party to assist in enforcing this Policy would exceed the amount to be recovered (and the Company has already made a reasonable attempt to recover such erroneously awarded Covered Compensation from such Covered Officer, has documented such reasonable attempt(s) to recover, and has provided such documentation to the Stock Exchange);
- recovery would violate home country law that was adopted prior to November 28, 2022 (and the Company has already obtained an opinion of home country counsel, acceptable to the Stock Exchange, that recovery would result in such a violation, and provided such opinion to the Stock Exchange); or
- recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees the Company, to fail to meet the requirements of Section 401(a)(13) or Section 411(a) of the Internal Revenue Code and regulations thereunder. For purposes of clarity, this Clawback Exception only applies to tax-qualified retirement plans and does not apply to other plans, including long term disability, life insurance, and supplemental executive retirement plans, or any other compensation that is based on Incentive-Based Compensation in such plans, such as earnings accrued on notional amounts of Incentive-Based Compensation contributed to such plans.

Prohibitions

The Company is prohibited from paying or reimbursing the cost of insurance for, or indemnifying, any Covered Officer against the loss of erroneously awarded Covered Compensation.

Administration and Interpretation

The Committee will administer this Policy in accordance with the Final Guidance, and will have full and exclusive authority and discretion to supplement, amend, repeal, interpret, terminate, construe, modify, replace and/or enforce (in whole or in part) this Policy, including the authority to correct any defect, supply any omission or reconcile any ambiguity, inconsistency or conflict in the Policy, subject to the Final Guidance. The Committee will review the Policy from time to time and will have full and exclusive authority to take any action it deems appropriate.

The Committee will have the authority to offset any compensation or benefit amounts that become due to the applicable Covered Officers to the extent permissible under Section 409A of the Internal Revenue Code of 1986, as amended, and as it deems necessary or desirable to recover any Covered Compensation.

This Policy shall not preclude any other compensation recoupment or clawback policies, arrangements or provisions of the Company ("Other Recovery Provisions"); to the extent recovery of compensation is achieved by the Company under this Policy, there shall be no duplication of recovery under Other Recovery Provisions, except as may be required by law.

Each Covered Officer, upon being so designated or assuming such position, is required to execute and deliver to the Company's Chief Legal Counsel an acknowledgment of and consent to this Policy, in a form reasonably acceptable to and provided by the Company from time to time, (i) acknowledging and consenting to be bound by the terms of this Policy, (ii) agreeing to fully cooperate with the Company in connection with any of such Covered Officer's obligations to the Company pursuant to this Policy, and (iii) agreeing that the Company may enforce its rights under this Policy through any and all reasonable means permitted under applicable law as it deems necessary or desirable under this Policy. For the avoidance of doubt, each Covered Officer will be fully bound by, and must comply with, this Policy, whether or not such Covered Officer has executed and returned such acknowledgement and consent form to the Company.

Disclosure

This Policy, and any recovery of Covered Compensation by the Company pursuant to this Policy that is required to be disclosed in the Company's filings with the SEC, will be disclosed as required by the Securities Act of 1933, as amended, the Exchange Act, and related rules and regulations, including the Final Guidance.

4

FLOWERS FOODS, INC.

Executive Compensation Recoupment Policy Acknowledgment and Consent

The undersigned hereby acknowledges that he or she has received and reviewed a copy of the Executive Compensation Recoupment Policy (the "Policy") of Flowers Foods, Inc. (the "Company"), effective as of November 16, 2023, as adopted by the Company's Board of Directors.

Pursuant to such Policy, the undersigned hereby:

- acknowledges that he or she has been designated as (or assumed the position of) a Covered Officer (as defined in the Policy);
- acknowledges and consents to the Policy;
- acknowledges and consents to be bound by the terms of the Policy;
- agrees to fully cooperate with the Company in connection with any of the undersigned's obligations to the Company pursuant to the Policy, including, without limitation, the repayment by or recovery from the undersigned of Covered Compensation (as defined in the Policy); and

- agrees that the Company may enforce its rights under the Policy through any and all reasonable means permitted under applicable law as the Company deems necessary or desirable under the Policy.

ACKNOWLEDGED AND AGREED:

Name:

Date:

[Executive Compensation Recoupment Policy Acknowledgement and Consent]

DISCLAIMER

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