

REFINITIV

DELTA REPORT

10-Q

FARM - FARMER BROTHERS CO

10-Q - DECEMBER 31, 2023 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 1126

■ CHANGES	225
■ DELETIONS	720
■ ADDITIONS	181

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

(Mark One)

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

For the quarterly period ended **September 30, 2023** **December 31, 2023**

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: 001-34249

FARMER BROS. CO.

(Exact Name of Registrant as Specified in Its Charter)

Delaware

95-0725980

(State or Other Jurisdiction of Incorporation of
Organization)

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

1912 Farmer Brothers Drive, Northlake, Texas 76262

(Address of Principal Executive Offices; Zip Code)

682-549-6600

(Registrant's Telephone Number, Including Area Code)

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

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, par value \$1.00 per share	FARM	Nasdaq Global Select Market
None		

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes NO

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

<input type="checkbox"/>	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

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

Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

YES NO

As of **November 1, 2023** **February 5, 2024**, the registrant had **20,748,269** **21,074,434** shares outstanding of its common stock, par value \$1.00 per share, which is the registrant's only class of common stock.

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PART I - FINANCIAL INFORMATION (UNAUDITED)

Item 1. Financial Statements

FARMER BROS. CO.
CONSOLIDATED BALANCE SHEETS (UNAUDITED)
 (In thousands, except share and per share data)

	September 30, 2023	June 30, 2023		
	December 31, 2023		December 31, 2023	June 30, 2023
ASSETS	ASSETS			

ASSETS					
ASSETS					
Current assets:					
Current assets:					
Current assets:	Current assets:				
Cash and cash equivalents	Cash and cash equivalents	\$ 4,038	\$ 5,244		
Cash and cash equivalents					
Cash and cash equivalents					
Restricted cash	Restricted cash	175	175		
Accounts receivable, net of allowance for credit losses of \$418 and \$416, respectively		35,009	45,129		
Accounts receivable, net of allowance for credit losses of \$710 and \$416, respectively					
Inventories	Inventories	54,291	49,276		
Short-term derivative assets					
Short-term derivative assets					
Short-term derivative assets	Short-term derivative assets	5	68		
Prepaid expenses	Prepaid expenses	5,119	5,334		
Assets held for sale	Assets held for sale	6,362	7,770		
Total current assets	Total current assets	104,999	112,996		
Property, plant and equipment, net	Property, plant and equipment, net	33,778	33,782		
Intangible assets, net	Intangible assets, net	12,900	13,493		
Right-of-use operating lease assets	Right-of-use operating lease assets	23,758	24,593		
Other assets	Other assets	2,675	2,917		
Total assets	Total assets	\$ 178,110	\$ 187,781		
LIABILITIES AND STOCKHOLDERS' EQUITY					
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities: Current liabilities:					
Current liabilities:					
Current liabilities:					
Accounts payable	Accounts payable				
Accounts payable	Accounts payable				
Accounts payable	Accounts payable				
Accounts payable	Accounts payable	52,608	60,088		
Accrued payroll expenses	Accrued payroll expenses	11,276	10,082		
Right-of-use operating lease liabilities - current	Right-of-use operating lease liabilities - current	8,040	8,040		
Short-term derivative liability	Short-term derivative liability	890	2,636		

Short-term derivative liability			
Short-term derivative liability			
Other current liabilities	Other current liabilities	3,846	4,519
Total current liabilities	Total current liabilities	76,660	85,365
Long-term borrowings under revolving credit facility	Long-term borrowings under revolving credit facility	23,300	23,021
Accrued pension liabilities			
Accrued pension liabilities			
Accrued pension liabilities	Accrued pension liabilities	19,585	19,761
Accrued postretirement benefits	Accrued postretirement benefits	774	763
Accrued workers' compensation liabilities	Accrued workers' compensation liabilities	3,155	3,065
Right-of-use operating lease liabilities - noncurrent	Right-of-use operating lease liabilities - noncurrent	16,332	17,157
Other long-term liabilities	Other long-term liabilities	506	537
Total liabilities	Total liabilities	\$ 140,312	\$149,669
Commitments and contingencies	Commitments and contingencies	Commitments and contingencies	
Stockholders' equity:	Stockholders' equity:		
Preferred stock, \$1.00 par value, 500,000 shares authorized; Series A Convertible Participating Cumulative Perpetual Preferred Stock, 21,000 shares authorized; no shares outstanding as of September 30, 2023 and June 30, 2023	—		
Common stock, \$1.00 par value, 50,000,000 shares authorized; 20,576,483 and 20,142,973 shares issued and outstanding as of September 30, 2023 and June 30, 2023, respectively	20,578		
Common stock, \$1.00 par value, 50,000,000 shares authorized; 20,793,956 and 20,142,973 shares issued and outstanding as of December 31, 2023 and June 30, 2023, respectively	—		
Common stock, \$1.00 par value, 50,000,000 shares authorized; 20,793,956 and 20,142,973 shares issued and outstanding as of December 31, 2023 and June 30, 2023, respectively	—		
Common stock, \$1.00 par value, 50,000,000 shares authorized; 20,793,956 and 20,142,973 shares issued and outstanding as of December 31, 2023 and June 30, 2023, respectively	—		

Additional paid-in capital	Additional paid-in capital	78,465	77,278
Accumulated deficit	Accumulated deficit	(27,786)	(26,479)
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(33,459)	(32,831)

Accumulated other comprehensive loss

Accumulated other comprehensive loss

Total stockholders' equity	Total stockholders' equity	\$ 37,798	\$ 38,112
Total liabilities and stockholders' equity	Total liabilities and stockholders' equity	\$ 178,110	\$ 187,781

The accompanying notes are an integral part of these unaudited consolidated financial statements.

FARMER BROS. CO.
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(In thousands, except share and per share data)

				Three Months Ended December 31,		Six Months Ended December 31,	2023	2022			
				September 30,							
		2023	2022	2023	2022						
Net sales	Net sales	\$ 81,888	\$ 79,826								
Cost of goods sold	Cost of goods sold	51,100	52,808								
Gross profit	Gross profit	30,788	27,018								
Selling expenses	Selling expenses	26,829	25,755								
General and administrative expenses	General and administrative expenses	12,832	9,228								
Net gains from sale of assets		(6,785)	(7,182)								
Net (gains) losses from sale of assets											
Operating expenses	Operating expenses	32,876	27,801								
Loss from operations		(2,088)	(783)								
Operating expenses											
Operating expenses											
Income (loss) from operations											
Other (expense) income:	Other (expense) income:										
Interest expense	Interest expense	(2,222)	(2,070)								
Interest expense											

Interest expense			
Other, net	Other, net	2,871	1,316
Total other income (expense)		649	(754)
Loss from continuing operations before taxes		(1,439)	(1,537)
Income tax (benefit) expense		(132)	43
Loss from continuing operations		\$ (1,307)	\$ (1,580)
Total other expense			
Income (loss) from continuing operations before taxes			
Income tax expense			
Income (loss) from continuing operations			
Loss from discontinued operations, net of income taxes	Loss from discontinued operations, net of income taxes	\$ —	\$ (5,794)
Net loss		\$ (1,307)	\$ (7,374)
Loss from continuing operations available to common stockholders per common share, basic and diluted		\$ (0.06)	\$ (0.08)
Net income (loss)			
Income (loss) from continuing operations available to common stockholders per common share, basic and diluted			
Loss from discontinued operations available to common stockholders per common share, basic and diluted	Loss from discontinued operations available to common stockholders per common share, basic and diluted	\$ —	\$ (0.31)
Net loss available to common stockholders per common share, basic and diluted		\$ (0.06)	\$ (0.39)

Weighted average common shares outstanding—basic and diluted	20,366,017	18,948,453
Net income (loss) available to common stockholders per common share, basic and diluted		
Weighted average common shares outstanding—basic		
Weighted average common shares outstanding—diluted		

The accompanying notes are an integral part of these unaudited consolidated financial statements.

FARMER BROS. CO.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS INCOME (LOSS) (UNAUDITED)
(In thousands)

	Three Months Ended September 30,	
	2023	2022
Net loss	\$ (1,307)	\$ (7,374)
Other comprehensive loss, net of taxes:		
Unrealized losses on derivatives designated as cash flow hedges	(456)	(527)
Gains on derivatives designated as cash flow hedges reclassified to cost of goods sold	(172)	(1,281)
Losses on derivative instruments undesignated as cash flow hedges reclassified to interest expense	—	287
Total comprehensive loss	\$ (1,935)	\$ (8,895)

	Three Months Ended December 31,		Six Months Ended December 31,	
	2023	2022	2023	2022
Net income (loss)	\$ 2,704	\$ (13,608)	\$ 1,397	\$ (20,982)
Other comprehensive loss, net of taxes:				
Unrealized gains (losses) on derivatives designated as cash flow hedges	606	(2,284)	151	(2,812)
Losses (gains) on derivatives designated as cash flow hedges reclassified to cost of goods sold	802	(600)	630	(1,881)
Losses on derivative instruments undesignated as cash flow hedges reclassified to interest expense	—	279	—	566
Total comprehensive income (loss)	<u>\$ 4,112</u>	<u>\$ (16,213)</u>	<u>\$ 2,178</u>	<u>\$ (25,109)</u>

The accompanying notes are an integral part of these unaudited consolidated financial statements.

FARMER BROS. CO.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)
(In thousands, except share and per share data)

FARMER BROS. CO. CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED) (In thousands, except share and per share data)

FARMER BROS. CO.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)
(In thousands, except share and per share data)

		Accumulated										
		Common	Additional	Other								
		Common	Stock	Paid-in	Accumulated	Comprehensive						
		Shares	Amount	Capital	Deficit	Loss	Total					
		Common										
		Shares										
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Issuance of common stock and stock option exercises	
Balance at December 31, 2023	
Balance at December 31, 2023	
Balance at December 31, 2023	

FARMER BROS. CO.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(UNAUDITED)
(In thousands, except share and per share data)

		FARMER BROS. CO.																			
		CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)																			
		(In thousands, except share and per share data)																			
Accumulated																					
Preferred Common Additional Other																					
Preferred		Stock	Common	Stock	Paid-in	Retained	Comprehensive														
Shares		Amount	Shares	Amount	Capital	Earnings	Loss	Total													
Preferred																					
Shares																					
Preferred																					
Shares																					
Accumulated																					
Additional Common Common Stock Paid-in Retained Comprehensive																					
Common Stock Amount Shares Amount Capital Earnings Loss Total																					
Preferred Stock Amount																					
Shares																					
Balance at	Balance at																				
June 30, 2022	June 30, 2022	14,700	\$ 15	18,464,966	\$ 18,466	\$ 71,997	\$ 52,701	\$ (38,431)	\$ 104,748												
Net loss	Net loss	—	—	—	—	—	(7,374)	—	(7,374)												
Cash flow	Cash flow																				
hedges, net of	hedges, net of																				
taxes	taxes	—	—	—	—	—	(1,521)	(1,521)													
401(k)	401(k)																				
compensation	compensation																				
expense,	expense,																				
including	including																				
reclassifications	reclassifications	—	—	257,052	257	940	—	—	1,197												
401(k) compensation expense,																					
including reclassifications																					
401(k) compensation expense,																					
including reclassifications																					
Share-based	Share-based																				
compensation	compensation	—	—	—	—	1,165	—	—	1,165												
Issuance of	Issuance of																				
common stock	common stock																				
and stock	and stock																				
option	option																				
exercises	exercises	—	—	158,744	159	(159)	—	—	—												
Conversion and	Conversion and																				
cancellation of	cancellation of																				
preferred	preferred																				
shares	shares	(14,700)	(15)	399,208	399	(1,750)	—	—	(1,366)												

Balance at	Balance at	—	—	19,279,970	\$ 19,281	\$ 72,193	\$ 45,327	\$ (39,952)	\$ 96,849
September 30,	September 30,								
2022	2022	—	—	19,279,970	\$ 19,281	\$ 72,193	\$ 45,327	\$ (39,952)	\$ 96,849
Net loss									
Cash flow									
hedges, net of									
taxes									
401(k) compensation expense,									
including reclassifications									
401(k) compensation expense,									
including reclassifications									
401(k) compensation expense,									
including reclassifications									
Share-based									
compensation									
Issuance of									
common stock									
and stock									
option									
exercises									
Balance at December 31, 2022									
Balance at December 31, 2022									
Balance at December 31, 2022									

The accompanying notes are an integral part of these unaudited consolidated financial statements.

FARMER BROS. CO.			CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)			(in thousands)
	Three Months Ended September 30, 2023	Six Months Ended December 31, 2023	2023	2023	2022	
Cash flows from	Cash flows from					
operating	operating					
activities:	activities:					
Net loss	\$(1,307)	\$(7,374)				
Net income (loss)						
Net income (loss)						
Net income (loss)						
Adjustments to	Adjustments to					
reconcile net loss	reconcile net loss					
to net cash (used	to net cash (used					
in) provided by	in) provided by					
operating	operating					
activities	activities					
Depreciation and amortization						
Depreciation and amortization						
Depreciation and amortization	2,948	5,652				
Gain on	Gain on					
settlement	settlement					
related to	related to					
Boyd's	Boyd's					
acquisition	acquisition	—	(1,917)			

Gain on settlement related to Boyd's acquisition			
Gain on settlement related to Boyd's acquisition			
Net gains from sale of assets			
Net gains from sale of assets			
Net gains from sale of assets	Net gains from sale of assets	(6,785)	(7,182)
Net gains on derivative instruments			
Net gains on derivative instruments			
Net gains from sale of assets			
Net gains from sale of assets			
Net losses (gains) on derivative instruments			
401(k) and share-based compensation expense	401(k) and share-based compensation expense	1,621	2,362
Provision for (recovery of) credit losses			
Provision for credit losses			
Change in operating assets and liabilities:	Change in operating assets and liabilities:		
Accounts receivable, net			
Accounts receivable, net			
Accounts receivable, net	Accounts receivable, net	10,067	(339)
Inventories			
Inventories			
Derivative (liabilities) assets, net	Derivative (liabilities) assets, net	(5,015)	3,859
Other assets			
Other assets			
Accounts payable	Accounts payable	(7,470)	(7,243)
Accrued expenses			
Accrued expenses			
and other	and other	558	(185)
Net cash used in operating activities			
(7,137)			
Net cash (used in) provided by operating activities			
Cash flows from investing activities:			
Cash flows from investing activities:			
Sale of business			
Sale of business			
Sale of business			
Purchases of property, plant and equipment	Purchases of property, plant and equipment	(3,511)	(2,988)

Proceeds from sales of property, plant and equipment	Proceeds from sales of property, plant and equipment	9,258	9,061
Net cash provided by investing activities	Net cash provided by investing activities	5,747	6,073
Cash flows from financing activities:	Cash flows from financing activities:		
Proceeds from Credit Facilities	Proceeds from Credit Facilities	2,279	54,000
Proceeds from Credit Facilities	Proceeds from Credit Facilities		
Proceeds from Credit Facilities	Proceeds from Credit Facilities		
Repayments on Credit Facilities	Repayments on Credit Facilities	(2,000)	(48,600)
Payments of finance lease obligations	Payments of finance lease obligations	(48)	(48)
Payment of financing costs	Payment of financing costs	(47)	(262)
Net cash provided by financing activities	Net cash provided by financing activities	184	5,090
Net decrease in cash and cash equivalents and restricted cash	Net decrease in cash and cash equivalents and restricted cash	(1,206)	(2,256)
Net increase in cash and cash equivalents and restricted cash	Net increase in cash and cash equivalents and restricted cash		
Cash and cash equivalents and restricted cash at beginning of period	Cash and cash equivalents and restricted cash at beginning of period	5,419	9,994
Cash and cash equivalents and restricted cash at end of period	Cash and cash equivalents and restricted cash at end of period	\$ 4,213	\$ 7,738
Supplemental disclosure of non-cash investing and financing activities:	Supplemental disclosure of non-cash investing and financing activities:		
Right-of-use assets obtained in exchange for new operating lease liabilities	Right-of-use assets obtained in exchange for new operating lease liabilities		
Right-of-use assets obtained in exchange for new operating lease liabilities	Right-of-use assets obtained in exchange for new operating lease liabilities		
Right-of-use assets obtained in exchange for new operating lease liabilities	Right-of-use assets obtained in exchange for new operating lease liabilities		
Non-cash issuance of ESOP and 401(K) common stock	Non-cash issuance of ESOP and 401(K) common stock		
Non cash additions to property, plant and equipment	Non cash additions to property, plant and equipment		

The accompanying notes are an integral part of these unaudited consolidated financial statements.

FARMER BROS. CO.

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Introduction and Basis of Presentation

Farmer Bros. Co., a Delaware corporation (including its consolidated subsidiaries unless the context otherwise requires, the "Company," or "Farmer Bros."), is a leading coffee roaster, wholesaler, equipment servicer and distributor of coffee, tea and other allied products. The Company serves a wide variety of customers, from small independent restaurants and foodservice operators to large institutional buyers like restaurant, department and convenience store retailers, hotels, casinos, healthcare facilities, and gourmet coffee houses, as well as grocery chains with private brand and consumer-branded coffee and tea products, and foodservice distributors.

On June 30, 2023, the Company completed its sale of certain assets of the Company related to its direct ship and private label business, including the Company's production facility and corporate office building in Northlake, Texas (the "Sale"). The Sale and the related direct ship and private label operations are reported in loss from discontinued operations, net of income taxes on the consolidated statements of operations. See [Note 3, Discontinued Operations](#) for more information related to the Sale and the discontinued operations. All other footnotes present results of the continuing operations.

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States ("GAAP") for complete consolidated financial statements. In the opinion of management, all adjustments considered necessary for a fair presentation of the interim financial data have been included. Operating results for the three and six months ended **September 30, 2023** December 31, 2023 are not necessarily indicative of the results that may be expected for the fiscal year ending June 30, 2024.

The accompanying unaudited consolidated financial statements should be read in conjunction with the consolidated financial statements and related notes included in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2023, filed with the Securities and Exchange Commission (the "SEC") on September 12, 2023 (the "2023 Form 10-K") and, as amended by the Form 10-K/A filed on October 27, 2023 (the (as amended, the "2023 Form 10-K").

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its direct and indirect wholly owned subsidiaries. All intercompany balances and transactions have been eliminated. Certain amounts disclosed in **2022** fiscal 2023 have been reclassified to conform with the discontinued operations.

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The Company reviews its estimates on an ongoing basis using currently available information. Changes in facts and circumstances may result in revised estimates and actual results may differ from those estimates.

Correction of an Immaterial Error

In conjunction with our close process for the second quarter of fiscal year 2024, the Company identified an error related to certain vehicle operating leases which were not properly recorded as a right of use asset and right of use liability in accordance with ASC Topic 842 and were corrected as of December 31, 2023. The correction of this error had no impact on the statements of operations, statements of comprehensive income (loss), or the statement of cash flows. No adjustments were necessary for prior periods as the effects were immaterial.

Note 2. Summary of Significant Accounting Policies

For a detailed discussion about the Company's significant accounting policies, see Note 2, "Summary of Significant Accounting Policies," in the Notes to Consolidated Financial Statements in the 2023 Form 10-K.

During the three and six months ended **September 30, 2023** December 31, 2023, there were no significant updates made to the Company's significant accounting policies.

Farmer Bros. Co.

Notes to Unaudited Consolidated Financial Statements (continued)

Concentration of Credit Risk

At **September 30, 2023** December 31, 2023 and June 30, 2023, the financial instruments which potentially expose the Company to concentration of credit risk consist of cash in financial institutions (in excess of federally insured limits), derivative instruments and trade receivables.

The Company does not have any credit-risk related contingent features that would require it to post additional collateral in support of its net derivative **asset** **liability** positions.

Farmer Bros. Co.

Notes to Unaudited Consolidated Financial Statements (continued)

The Company estimates its credit risk for accounts receivable at the amount recorded on the balance sheet. The accounts receivable are generally short-term and all estimated credit losses have been appropriately considered in establishing the allowance for credit losses. There were no individual customers with balances over 10% of the Company's accounts receivable balance.

Recent Accounting Pronouncements

The Company considers the applicability and impact of all Accounting Standards Updates ("ASUs") issued by the Financial Accounting Standards Board (the "FASB"). ASUs not listed below were assessed and either determined to be not applicable or expected to have minimal impact on its consolidated financial statements.

The following table provides a brief description of the recent ASUs applicable to the Company:

Standard	Description	Effective Date	Effect on the Financial Statements or Other Significant Matters
In March 2020, the FASB issued ASU No. 2020-04, "Facilitation of the Effect of Reference Rate Reform on Financial Reporting" ("ASU 2020-04")	The London Interbank Offered Rate (LIBOR) is being discontinued between December 2021 and June 2023. The Company has not entered into any new contracts after December 31, 2021 subject to LIBOR. With the overnight, 1-month, 3-month, 6-month and 12-month USD LIBOR rates being published through June 30, 2023, we will continue to leverage these for the existing contracts. ASU 2020-04 provides temporary optional expedients and exceptions for applying U.S. GAAP to contracts, hedging relationships, and other transactions affected by the transition from LIBOR to alternative reference rate.	Issuance date of March 12, 2020 through December 31, 2024.	The Company does not anticipate any material impacts on its consolidated financial statements.
In December 2023, the FASB issued ASU No. 2023-09, "Income Taxes (Topic 740)", Improvements to Income Tax Disclosures	The amendments in this Update address investor requests for more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information.	Effective for annual periods beginning after December 15, 2024.	The Company is still evaluating the impact of this standard.
In November 2023, the FASB issued ASU No. 2023-07, "Segment Reporting (Topic 280)", Improvements to Reportable Segment Disclosures.	The amendments in this Update are to improve the disclosures about a public entity's reportable segments and address requests from investors for additional, more detailed information about a reportable segment's expenses.	Effective for annual periods beginning after December 15, 2024.	The Company is still evaluating the impact of this standard.

Note 3. Discontinued Operations

On June 30, 2023, the Company completed the sale of certain assets of the Company related to its direct ship and private label business, including the Company's production facility and corporate office building in Northlake, Texas, pursuant to that certain Asset Purchase Agreement dated as of June 6, 2023, by and between the Company and TreeHouse Foods, Inc. (the "Buyer"), as amended by that certain Amendment to the Asset Purchase Agreement, dated June 30, 2023.

The accounting requirements for reporting the Sale as a discontinued operation were met when the Sale was completed as of June 30, 2023. Accordingly, the consolidated financial statements reflect the results of the Sale as a discontinued operation. As of December 31, 2023, the Company recorded a net loss of \$1.2 million related to a working capital adjustment.

The Company also entered into (i) a Transition Services Agreement with the Buyer pursuant to which the Company will provide the Buyer certain specified services on a temporary basis, (ii) a Co-Manufacturing Agreement with the Buyer pursuant to which the Company and Buyer will manufacture certain products for each other on a temporary basis and (iii) a Lease Agreement with the Buyer pursuant to which the Company will lease office and warehouse space from the Buyer on a temporary basis.

Farmer Bros. Co.

Notes to Unaudited Consolidated Financial Statements (continued)

There was no activity related to the discontinued operations for the quarter three and six months ended September 30, 2023 December 31, 2023. The operating results of the divested operations have been reclassified as discontinued operations in the Consolidated Statements of Operations for the quarter three and six months ended September 30, 2022 December 31, 2022, as detailed in the table below:

(In thousands)	Three Months Ended September 30, 2022
Net sales	\$ 41,554
Cost of goods sold	41,975
Gross (loss) profit	(421)
Selling expenses	1,835
General and administrative expenses	1,259
Operating expense	3,094
Loss from discontinued operations	(3,515)
Other (expense) income:	
Interest expense	(2,571)
Other, net	292
Total other (expense)	(2,279)
Loss from discontinued operations before taxes	(5,794)
Income tax benefit	
Loss from discontinued operations, net of income taxes	\$ (5,794)

Farmer Bros. Co.

Notes to Unaudited Consolidated Financial Statements (continued)

(In thousands)	Three Months Ended December 31, 2022	Six Months Ended December 31, 2022
Net sales	\$ 43,773	\$ 85,327
Cost of goods sold	44,407	86,382
Gross (loss) profit	(634)	(1,055)
Selling expenses	1,588	3,423
General and administrative expenses	1,245	2,504
Operating expense	2,833	5,927
Loss from discontinued operations	(3,467)	(6,982)
Other (expense) income:		
Interest expense	(1,722)	(4,293)
Other, net	263	555
Total other (expense)	(1,459)	(3,738)
Loss from discontinued operations before taxes	(4,926)	(10,720)
Income tax benefit	—	—
Loss from discontinued operations, net of income taxes	\$ (4,926)	\$ (10,720)

Interest expense for the Revolver (as defined below) was allocated on a ratio of net assets discontinued to the sum of consolidated net assets plus consolidated debt and the Term Loan (as defined below) was fully allocated to discontinued operations as it was required to be repaid in full.

Applicable Consolidated Statements of Cash Flow information related to the divested operations for the quarter six month period ended September 30, 2022 December 31, 2022 is detailed in the table below:

(In thousands)	September 30, December 31, 2022			
Cash Flows from Discontinued Operations				
Net cash used in operating activities				
	\$ (7,165)	(13,518)		
Net cash used in investing activities	(165)	(1,782)		

Note 4. Leases

The Company has entered into leases for building facilities, vehicles and other equipment. The Company's leases have remaining contractual terms through April 30, 2030, some of which have options to extend the lease for up to 10 years. For purposes of calculating operating lease liabilities, lease terms are deemed not to include options to extend the lease renewal until it is reasonably certain that the Company will exercise that option. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The components of lease expense are as follows:

(In thousands)	Three Months Ended September 30,	
	2023	2022
Operating lease expense	\$ 2,073	\$ 1,960
Finance lease expense:		
Amortization of finance lease assets	41	41
Interest on finance lease liabilities	7	10
Total lease expense	\$ 2,121	\$ 2,011

Maturities of lease liabilities are as follows:

(In thousands)	September 30, 2023	
	Operating Leases	Finance Leases
2024	\$ 6,187	\$ 144
2025	7,125	193
2026	6,006	96
2027	4,292	—
2028	3,259	—
Thereafter	927	—

Total lease payments	27,796	433
Less: interest	(3,424)	(31)
Total lease obligations	\$ 24,372	\$ 402

Lease term and discount rate:

	September 30, 2023	June 30, 2023
Weighted-average remaining lease terms (in years):		
Operating lease	5.7	5.9
Finance lease	2.3	2.5
Weighted-average discount rate:		
Operating lease	6.26 %	6.20 %
Finance lease	6.50 %	6.50 %

(In thousands)	Three Months Ended December 31,		Six Months Ended December 31,	
	2023	2022	2023	2022
Operating lease expense	\$ 3,445	\$ 1,986	\$ 6,322	\$ 3,946
Finance lease expense:				
Amortization of finance lease assets	41	41	82	82
Interest on finance lease liabilities	7	9	13	18
Total lease expense	\$ 3,493	\$ 2,036	\$ 6,417	\$ 4,046

Farmer Bros. Co.

Notes to Unaudited Consolidated Financial Statements (continued)

Maturities of lease liabilities are as follows:

(In thousands)	December 31, 2023	
	Operating Leases	Finance Leases
2024	\$ 6,371	\$ 96
2025	11,168	193
2026	6,749	96
2027	4,541	—
2028	3,521	—
Thereafter	887	—
Total lease payments	33,237	385
Less: interest	(3,487)	(25)
Total lease obligations	\$ 29,750	\$ 360

Lease term and discount rate:

	December 31, 2023	June 30, 2023
Weighted-average remaining lease terms (in years):		
Operating lease	4.7	5.9
Finance lease	2.0	2.5
Weighted-average discount rate:		
Operating lease	6.56 %	6.20 %
Finance lease	6.50 %	6.50 %

Other Information:

**Three Months
Ended
September 30,**

Six Months Ended December 31,				Six Months Ended December 31,		
(In thousands)	(In thousands)	2023	2022	(In thousands)	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:	Cash paid for amounts included in the measurement of lease liabilities:					
Operating cash flows from operating leases	Operating cash flows from operating leases	\$2,063	\$1,920			
Operating cash flows from operating leases	Operating cash flows from operating leases					
Operating cash flows from finance leases	Operating cash flows from finance leases	7	10			
Financing cash flows from finance leases	Financing cash flows from finance leases	48	48			

Note 5. Derivative Instruments

Derivative Instruments Held

Coffee-Related Derivative Instruments

The Company is exposed to commodity price risk associated with its price to be fixed green coffee purchase contracts, which are described further in Note 2, "Summary of Significant Accounting Policies," in the Notes to the Consolidated Financial Statements in the 2023 Form 10-K. The Company utilizes forward and option contracts to manage exposure to the variability in expected future cash flows from forecasted purchases of green coffee attributable to commodity price risk. Certain of these coffee-related derivative instruments utilized for risk management purposes have been designated as cash flow hedges, while other coffee-related derivative instruments have not been designated as cash flow hedges or do not qualify for hedge accounting despite hedging the Company's future cash flows on an economic basis.

The following table summarizes the notional volumes for the coffee-related derivative instruments held by the Company at September 30, 2023 December 31, 2023 and June 30, 2023:

June				December 31, 2023		June 30, 2023
(In thousands)	(In thousands)	September 30, 2023	2023	(In thousands)		
Derivative instruments designated as cash flow hedges:	Derivative instruments designated as cash flow hedges:					
Long coffee pounds	Long coffee pounds	413	1,538			
Long coffee pounds	Long coffee pounds					
Long coffee pounds	Long coffee pounds					

Derivative instruments not designated as cash flow hedges:	Derivative instruments not designated as cash flow hedges:
Long coffee pounds	Long coffee pounds
Long coffee pounds	Long coffee pounds
Long coffee pounds	Long coffee pounds
Short coffee pounds	Short coffee pounds
Total	Total

Coffee-related derivative instruments designated as cash flow hedges outstanding as of September 30, 2023 December 31, 2023 will expire within 1.25 years.1 year. At September 30, 2023 December 31, 2023 and June 30, 2023 approximately 48% 93% and 40%, respectively, of the Company's outstanding coffee-related derivative instruments were designated as cash flow hedges.

Farmer Bros. Co.
Notes to Unaudited Consolidated Financial Statements (continued)

Interest Rate Swap Derivative Instruments

Pursuant to an International Swap Dealers Association, Inc. ("ISDA") Master Agreement, which was effective March 20, 2019, the Company on March 27, 2019, entered into an interest rate swap transaction utilizing a notional amount of \$80.0 million, with an effective date of April 11, 2019 and a maturity date of October 11, 2023 (the "Original Rate Swap"). In December 2019, the Company amended the notional amount to \$65.0 million. The Original Rate Swap was intended to manage the Company's interest rate risk on its floating-rate indebtedness under the Company's revolving credit facility.

The Company had designated the Original Rate Swap derivative instrument as a cash flow hedge; however, during the quarter ended September 30, 2020, the Company de-designated the Original Rate Swap derivative instruments. On May 16, 2023, the Company settled the Original Rate Swap. The net settlement of the Original Rate Swap was a \$13 thousand loss.

Farmer Bros. Co.
Notes to Unaudited Consolidated Financial Statements (continued)

Effect of Derivative Instruments on the Financial Statements

Balance Sheets

Fair values of derivative instruments on the Company's consolidated balance sheets:

		Derivative Instruments		Derivative Instruments Not Designated as Cash Flow Hedges		Derivative Instruments Designated as Cash Flow Hedges		Derivative Instruments Not Designated as Accounting Hedges	
		Designated as Cash Flow Hedges	Designated as Accounting Hedges	Derivative Instruments	Designated as Cash Flow Hedges	Derivative Instruments Not Designated as Accounting Hedges		June 30, 2023	
		June 30, 2023	June 30, 2023	December 31, 2023	June 30, 2023	December 31, 2023		June 30, 2023	
(In thousands)	(In thousands)	September 30, 2023	September 30, 2023	(In thousands)	2023	2023		June 30, 2023	
<u>Financial Statement Location:</u>	<u>Financial Statement Location:</u>								
Short-term derivative assets:	Short-term derivative assets:								

Short-term derivative assets:					
Short-term derivative assets:					
Coffee-related derivative instruments (1)					
Coffee-related derivative instruments (1)					
Coffee-related derivative instruments (1)	Coffee-related derivative instruments (1)	\$ —	\$ 4	\$ 5	\$ 64
Long-term derivative assets:					
Long-term derivative assets:					
Long-term derivative assets:					
Coffee-related derivative instruments (2)					
Coffee-related derivative instruments (2)					
Coffee-related derivative instruments (2)					
Short-term derivative liabilities:	Short-term derivative liabilities:				
Coffee-related derivative instruments (2)	Coffee-related derivative instruments (2)	20	158	870	2,478
Short-term derivative liabilities:					
Short-term derivative liabilities:					
Coffee-related derivative instruments (3)					
Coffee-related derivative instruments (3)					
Coffee-related derivative instruments (3)					
Long-term derivative liabilities:					
Long-term derivative liabilities:					
Long-term derivative liabilities:					
Coffee-related derivative instruments (4)					
Coffee-related derivative instruments (4)					
Coffee-related derivative instruments (4)					

(1) Included in "Short-term derivative assets" on the Company's consolidated balance sheets.

(2) Included in "Other Assets" on the Company's consolidated balance sheets.

(3) Included in "Short-term derivative liabilities" on the Company's consolidated balance sheets.

(4) Included in "Other long-term liabilities" on the Company's consolidated balance sheets.

Statements of Operations

The following table presents pretax net gains and losses for the Company's derivative instruments designated as cash flow hedges, as recognized in "AOCL," "Cost of goods sold" and "Interest expense".

Three Months Ended	Financial Statement	Classification
September 30,		

		Three Months Ended December 31, 2023		Financial Statement Classification 2023		Three Months Ended December 31, 2022		Six Months Ended December 31, 2022		Financial Statement Classification	
(In thousands)	(In thousands)										
Net (losses) gains recognized from AOCI to earnings - Interest rate swap											
Net (losses) gains recognized from AOCI to earnings - Interest rate swap											
Net (losses) gains recognized from AOCI to earnings - Interest rate swap											
Net losses reclassified from AOCI to earnings for de-designated interest rate swap	\$ —	\$ (287)	Interest Expense	Net losses reclassified from AOCI to earnings for de-designated interest rate swap	—	(273)	—	(6)	—	386	Interest Expense
Net losses recognized in AOCI - Coffee-related	(456)	(527)	AOCI	Net gain (losses) recognized in AOCI - Coffee-related	606	(2,284)	151	(2,812)	AOCI		
Net gains recognized in earnings - Coffee-related	172	1,281	Cost of goods sold	Net (losses) gains recognized in earnings - Coffee - related	(802)	600	(630)	1,881	Cost of goods sold		
Net gain (losses) recognized in AOCI - Coffee-related				Net gain (losses) recognized in AOCI - Coffee-related	606	(2,284)	151	(2,812)	AOCI		
Net gains recognized in earnings - Coffee - related				Net (losses) gains recognized in earnings - Coffee - related	(802)	600	(630)	1,881	Cost of goods sold		

For the three and six months ended September 30, 2023 December 31, 2023 and 2022, there were no gains or losses recognized in earnings as a result of excluding amounts from the assessment of hedge effectiveness.

Net losses (gains) on derivative instruments in the Company's consolidated statements of cash flows also include net (gains) losses on coffee-related derivative instruments designated as cash flow hedges reclassified to cost of goods sold from AOCI in the three and six months ended September 30, 2023 December 31, 2023 and 2022. Gains and losses on coffee-related derivative instruments not designated as accounting hedges are included in "Other, net" in the Company's consolidated statements of operations and in Net losses (gains) on derivative instruments in the Company's consolidated statements of cash flows.

Farmer Bros. Co.
Notes to Unaudited Consolidated Financial Statements (continued)

Net gains and losses recorded in "Other, net" are as follows:

	Three Months Ended September 30,		Three Months Ended December 31,	Six Months Ended December 31,	
	(In thousands)	2023	2022	(In thousands)	2023
Net gains on coffee-related derivative instruments (1)	\$1,379	\$ 562			
Net (gains) losses on coffee-related derivative instruments (1)					
Non-operating pension and other postretirement benefits					
Non-operating pension and other postretirement benefits					
Non-operating pension and other postretirement benefits	915	728			
Other gains, net	577	26			
Other, net	<u>\$2,871</u>	<u>\$1,316</u>			

(1) Excludes net gains and losses on coffee-related derivative instruments designated as cash flow hedges recorded in cost of goods sold in the three and six months ended **September 30, 2023** December 31, 2023 and 2022.

Statement of Comprehensive Income (Loss)

The following table provides the balances and changes in accumulated other comprehensive income (loss) related to derivative instruments for the indicated periods:

(In thousands)	Three Months Ended September 30,	
	2023	2022
Accumulated other comprehensive loss (income) beginning balance	\$ 1,175	\$ (1,692)
Net losses reclassified from AOCI to earnings for partial unwind of interest swap - Interest rate swap	—	(287)
Net losses recognized in AOCI - Coffee-related	456	527
Net gains recognized in earnings - Coffee - related	172	1,281
Accumulated other comprehensive loss (income) ending balance	<u>\$ 1,803</u>	<u>\$ (171)</u>

Farmer Bros. Co.

Notes to Unaudited Consolidated Financial Statements (continued)

(In thousands)	Three Months Ended December 31,		Six Months Ended December 31,	
	2023	2022	2023	2022
Accumulated other comprehensive loss (income) beginning balance	\$ 1,803	\$ (170)	\$ 1,176	\$ (1,692)
Net (losses) gains recognized from AOCI to earnings - Interest rate swap	—	(6)	—	386
Net losses reclassified from AOCI to earnings for partial unwind of interest swap - Interest rate swap	—	(273)	—	(952)
Net (gains) losses recognized in AOCI - Coffee-related	(606)	2,284	(151)	2,812
Net (losses) gains recognized in earnings - Coffee - related	(802)	600	(630)	1,881
Accumulated other comprehensive loss ending balance	<u>\$ 395</u>	<u>\$ 2,435</u>	<u>\$ 395</u>	<u>\$ 2,435</u>

Offsetting of Derivative Assets and Liabilities

The Company has agreements in place that allow for the financial right of offset for derivative assets and liabilities at settlement or in the event of default under the agreements. Additionally, under certain coffee derivative agreements, the Company maintains accounts with its counterparties to facilitate financial derivative transactions in support of its risk management activities.

The following table presents the Company's net exposure from its offsetting derivative asset and liability positions, as well as cash collateral on deposit with its counterparties as of the reporting dates indicated:

(In thousands)	(In thousands)	Gross Amount Reported				Gross Amount Reported on Balance Sheet (In thousands)	Netting Adjustments	Cash Collateral Posted	Net Exposure			
		on Balance Sheet		Cash								
		Derivative Assets	Derivative Liabilities	Netting Adjustments	Collateral Posted	Net Exposure (In thousands)						
September 30, 2023	Assets	\$ 5	\$ (5)	—	\$ —	—						
	Derivative Liabilities	890	(5)	—		885						
December 31, 2023	Derivative Liabilities											
June 30, 2023	Assets	68	(68)	—		—						
	Derivative Liabilities	2,636	(68)	—		2,568						
	Derivative Liabilities											

Cash Flow Hedges

Changes in the fair value of the Company's coffee-related derivative instruments designated as cash flow hedges are deferred in AOCI and subsequently reclassified into cost of goods sold in the same period or periods in which the hedged forecasted purchases affect earnings, or when it is probable that the hedged forecasted transaction will not occur by the end of the originally specified time period. Based on recorded values at **September 30, 2023** **December 31, 2023**, **\$1.3 million** **\$0.1 million** of net **losses** **gains** on coffee-related derivative instruments designated as a cash flow hedge are expected to be reclassified into cost of goods sold within the next 12 months. These recorded values are based on market prices of the commodities as of **September 30, 2023** **December 31, 2023**.

Farmer Bros. Co.

Notes to Unaudited Consolidated Financial Statements (continued)

Note 6. Fair Value Measurements

Assets and liabilities measured and recorded at fair value on a recurring basis were as follows:

(In thousands)	(In thousands)	Total	Level 1	Level 2	Level 3
September 30, 2023					
Derivative instruments designated as cash flow hedges:					
Coffee-related derivative liabilities (1)	\$ 20	\$ —	\$ 20	\$ —	
Derivative instruments designated as cash flow hedges:					

Derivative instruments designated as cash flow hedges: Coffee-related derivative assets (1) Coffee-related derivative assets (1) Coffee-related derivative assets (1)	Derivative instruments not designated as accounting hedges: Derivative instruments not designated as accounting hedges: Coffee-related derivative assets (1) Coffee-related derivative assets (1)	Coffee-related related derivative assets (1) 5 — 5 — Coffee-related related derivative liabilities (1) 870 — 870 —	Total	Level 1	Level 2	Level 3
<u>June 30, 2023</u>	<u>June 30, 2023</u>					
Derivative instruments designated as cash flow hedges: Derivative instruments designated as cash flow hedges: Derivative instruments designated as cash flow hedges: Coffee-related derivative assets (1)						

Coffee-related derivative assets (1)	
Coffee-related derivative assets (1)	Coffee-related derivative assets (1) \$ 4 \$ — \$ 4 \$ —
Coffee-related derivative liabilities (1)	Coffee-related derivative liabilities (1) 158 — 158 —
Derivative instruments not designated as accounting hedges:	Derivative instruments not designated as accounting hedges:
Coffee-related derivative assets (1)	Coffee-related derivative assets (1) 64 — 64 —
Coffee-related derivative assets (1)	
Coffee-related derivative liabilities (1)	Coffee-related derivative liabilities (1) 2,478 — 2,478 —

(1) The Company's coffee-related derivative instruments are traded over-the-counter and, therefore, classified as Level 2.

Note 7. Accounts Receivable, Net

(In thousands)	(In thousands)	September 30, 2023	June 30, 2023	(In thousands)	December 31, 2023		June 30, 2023
Trade receivables	Trade receivables	\$28,911	\$42,914				
Other receivables	Other receivables	6,516	2,631				
(1)	(1)						
Allowance for credit losses	Allowance for credit losses	(418)	(416)				
Accounts receivable, net	Accounts receivable, net	\$35,009	\$45,129				

(1) Includes vendor rebates, transition services receivables and other non-trade receivables.

There was no material change in the allowance for credit losses during the ~~three~~ six months ended ~~September 30, 2023~~ December 31, 2023.

Farmer Bros. Co.

Notes to Unaudited Consolidated Financial Statements (continued)

Note 8. Inventories

		September (in thousands) 30, 2023	June 30, (in thousands) 2023	(in thousands)
Coffee	Coffee			
Processed	Processed			
Processed	Processed	\$19,473	\$15,860	
Unprocessed	Unprocessed	8,665	7,409	
Total	Total	\$28,138	\$23,269	
Tea and culinary products	Tea and culinary products			
Processed	Processed	22,096	21,418	
Processed	Processed			
Unprocessed	Unprocessed	84	63	
Total	Total	\$22,180	\$21,481	
Coffee brewing equipment parts	Coffee brewing equipment parts			
		3,973	4,526	
Total inventories	Total inventories	\$54,291	\$49,276	

December 31, 2023

June 30, 2023

In addition to product cost, inventory costs include expenditures such as direct labor and certain supply, freight, warehousing, overhead variances, purchase price variance and other expenses incurred in bringing the inventory to its existing condition and location. The "Unprocessed" inventory values as stated in the above table represent the value of raw materials and the "Processed" inventory values represent all other products consisting primarily of finished goods.

Farmer Bros. Co.

Notes to Unaudited Consolidated Financial Statements (continued)

Note 9. Property, Plant and Equipment

		September (in thousands) 30, 2023	June 30, (in thousands) 2023	(in thousands)
Buildings and facilities	Buildings and facilities	\$ 20,255	\$ 20,146	
Machinery, vehicles and equipment	Machinery, vehicles and equipment	140,543	144,473	
Capitalized software	Capitalized software	8,510	7,934	
Capitalized software	Capitalized software			
Office furniture and equipment	Office furniture and equipment	8,274	8,231	
		\$177,582	\$180,784	
	\$			
Accumulated depreciation	Accumulated depreciation	(144,722)	(147,920)	
Land	Land	918	918	
Property, plant and equipment, net	Property, plant and equipment, net	\$ 33,778	\$ 33,782	

December 31, 2023

June 30, 2023

Coffee Brewing Equipment ("CBE") and Service

Capitalized CBE included in machinery and equipment above are:

	September (In thousands)	June 30, (In thousands)	December 31, 2023	June 30, 2023
	30, 2023	2023		
Coffee	Coffee			
Brewing	Brewing			
Equipment	Equipment	\$92,504	\$93,159	
Accumulated depreciation	Accumulated depreciation	(66,514)	(66,953)	
Coffee	Coffee			
Brewing	Brewing			
Equipment, net	Equipment, net	\$25,990	\$26,206	

Depreciation expense related to capitalized CBE and other CBE related expenses provided to customers and reported in cost of goods sold were as follows:

	Three Months Ended September 30,			Three Months Ended December 31,	Six Months Ended December 31,
	Three Months Ended December 31,				
		(In thousands)	2023	2023	2022
Depreciation expense in COGS	Depreciation expense in COGS	\$1,794	\$1,808		
CBE Costs excl. depreciation exp	CBE Costs excl. depreciation exp	9,885	7,204		

Other expenses related to CBE provided to customers, such as the cost of servicing that equipment (including service employees' salaries, cost of transportation and the cost of supplies and parts), are considered directly attributable to the generation of revenues from the customers. Therefore, these costs are included in cost of goods sold.

Farmer Bros. Co.

Notes to Unaudited Consolidated Financial Statements (continued)

Note 10. Intangible Assets

The following is a summary of the Company's amortized and unamortized intangible assets:

		September 30, 2023	June 30, 2023								
		December 31, 2023	December 31, 2023	December 31, 2023							
		Weighted Average Amortization Period as of September 30, 2023	Gross Carrying Amount	Gross Accumulated Amortization							
(In thousands)	(In thousands)				(In thousands)						
Amortized intangible assets: intangible assets:											
Customer relationships	Customer relationships	3.5	\$33,003	\$ (24,642)	\$ 8,361	\$33,003	\$ (24,092)	\$ 8,911			
Customer relationships											
Customer relationships											
Recipes											

Recipes									
Recipes	Recipes	0.1	930	(919)	11	930	(885)	45	
Trade name/brand name	Trade name/brand name	0.2	510	(504)	6	510	(495)	15	
Total amortized intangible assets	Total amortized intangible assets		\$34,443	\$ (26,065)	\$ 8,378	\$34,443	\$ (25,472)	\$ 8,971	
Unamortized intangible assets: intangible assets:	Unamortized intangible assets: intangible assets:								
Trademarks, trade names and brand name with indefinite lives	Trademarks, trade names and brand name with indefinite lives		\$ 4,522	\$ —	\$ 4,522	\$ 4,522	\$ —	\$ 4,522	
Trademarks, trade names and brand name with indefinite lives	Trademarks, trade names and brand name with indefinite lives								
Total unamortized intangible assets	Total unamortized intangible assets		\$ 4,522	\$ —	\$ 4,522	\$ 4,522	\$ —	\$ 4,522	
Total intangible assets	Total intangible assets		\$38,965	\$ (26,065)	\$12,900	\$38,965	\$ (25,472)	\$13,493	

Aggregate amortization expense for the three months ended **September 30, 2023** **December 31, 2023** and 2022 was \$0.6 million in each period. Aggregate amortization expense for the six months ended **December 31, 2023** and 2022 was \$1.2 million in each period.

Farmer Bros. Co.

Notes to Unaudited Consolidated Financial Statements (continued)

Note 11. Employee Benefit Plans

Single Employer Pension Plans

As of **September 30, 2023** **December 31, 2023**, the Company has two defined benefit pension plans for certain employees, the "Farmer Bros. Plan" and the "Hourly Employees' Plan". Plan." The Company froze benefit accruals and participation in these plans effective June 30, 2011 and October 1, 2016, respectively. After the plan freezes, participants do not accrue any benefits under the plan, and new hires are not eligible to participate in the plan.

The net periodic benefit cost for the defined benefit pension plans is as follows:

	Three Months Ended September 30,		Three Months Ended December 31,	Six Months Ended December 31,		
	(In thousands)	(In thousands)	(In thousands)	2023	2022	2023
Interest cost						
Interest cost						
Interest cost	Interest cost	\$1,204	\$1,156			
Expected return on plan assets	Expected return on plan assets	(1,122)	(1,009)			
Amortization of net loss	Amortization of net loss	(1)	207	281		

Net periodic benefit cost	\$ 289	\$ 428
Net periodic benefit cost		
Net periodic benefit cost		

(1) These amounts represent the estimated portion of the net loss in AOCI that is expected to be recognized as a component of net periodic benefit cost over the current fiscal year.

Weighted-Average Assumptions Used to Determine Net Periodic Benefit Cost

	June			
	September	30,	December 31, 2023	June 30, 2023
Discount rate	Discount rate	5.05% 4.50%	Discount rate	
Expected long-term return on plan assets	Expected long-term return on plan assets			
Expected long-term return on plan assets	Expected long-term return on plan assets	7.00% 6.50%	7.00%	6.50%

Multiemployer Pension Plans

The Company participates in one multiemployer defined benefit pension plan that is union sponsored and collectively bargained for the benefit of certain employees subject to collective bargaining agreements, called the Western Conference of Teamsters Pension Plan ("WCTPP"). The Company makes contributions to this plan generally based on the number of hours worked by the participants in accordance with the provisions of negotiated labor contracts. The company also contributes to two defined contribution pension plans (All Other Plans) that are union sponsored and collectively bargained for the benefit of certain employees subject to collective bargaining agreements.

Farmer Bros. Co.

Notes to Unaudited Consolidated Financial Statements (continued)

Contributions made by the Company to the multiemployer pension plans were as follows:

	Three Months Ended September 30,		Three Months Ended December 31,	Six Months Ended December 31,	
(In thousands)	2023	2022	(In thousands)	2023	2022
Contributions to WCTPP	\$316	\$287			
Contributions to All Other Plans	8	8			

Multiemployer Plans Other Than Pension Plans

The Company participates in nine multiemployer defined contribution plans other than pension plans that provide medical, vision, dental and disability benefits for active, union-represented employees subject to collective bargaining agreements. The plans are subject to the provisions of the Employee Retirement Income Security Act of 1974, and provide that participating employers make monthly contributions to the plans in an amount as specified in the collective bargaining agreements. Also, the plans provide that participants make self-payments to the plans, the amounts of which are negotiated through the collective bargaining process. The Company's participation in these plans is governed by collective bargaining agreements which expire on or before March 31, 2027.

401(k) Plan

Farmer Bros. Co. 401(k) Plan (the "401(k) Plan") is available to all eligible employees. The Company has a matching program that is available to all eligible employees who have worked more than 1,000 hours during a calendar year and were employed at the end of the calendar year. Participants in the 401(k) Plan may choose to contribute a percentage of their annual pay subject to the maximum contribution allowed by the Internal Revenue Service. The Company's matching contribution is discretionary, based on approval by the Company's Board of Directors.

Beginning in January 2022, the Company amended the 401(k) matching program, whereby the Company on a quarterly basis, will contribute, instead of cash, shares of the Company's common stock, par value \$1.00 per share (the "Common Stock") with a value equal to 50% of any non-union employee's annual contribution to the 401(k) Plan, up to 6% of such employee's eligible income. The terms of the match are substantially the same as the safe-harbor non-elective contribution. Effective On January 1, 2023, the Company changed its match to 100% of the first 3% each eligible employee contributes plus 50% on the next 2% they contribute. The Company recorded matching contributions of \$0.2 million and \$0.5 million in operating expenses in the three months ended September 30, 2023 and 2022, respectively.

During the three months ended September 30, 2023 and 2022, the Company contributed a total of 154,046 and 257,052 of shares Common Stock with a value of \$0.2 million and \$0.6 million, respectively, to eligible participants' annual plan compensation.

Postretirement Benefits

Death Benefit

The Company provides a postretirement death benefit (the "Death Benefit" Plan) to certain employees and retirees, subject, in the case of current employees, to continued employment with the Company until retirement and certain other conditions related to the manner of employment termination and manner of death. In June 2021, the Company amended the Death Benefit Plan effective immediately, which triggered re-measurement of the plan. In conjunction with the amendment, the Company created a new Executive Death Benefit Plan (the "Executive Death Benefit Plan") for a small group of participants in the Death Benefit Plan. Under the Executive Death Benefit Plan, the participants receive the same benefits they would have received under the Death Benefit Plan.

Farmer Bros. Co.

Notes to Unaudited Consolidated Financial Statements (continued)

on the next 2% they contribute. Effective January 1, 2024, the Company amended the 401(k) matching program, whereby the Company on an annual basis will contribute cash for 100% of the first 3% each eligible employee contributes plus 50% on the next 2% they contribute.

The following table shows the components Company recorded matching contributions of net periodic postretirement benefit cost for the Death Benefit Plan for \$0.4 million and \$0.6 million in operating expenses in the three months ended September 30, 2023 December 31, 2023 and 2022, 2022, respectively. The Company recorded matching contributions of \$0.5 million and \$1.1 million in operating expenses in the six months ended December 31, 2023 and 2022, respectively.

(In thousands)	Three Months Ended September 30,	
	2023	2022
Components of Net Periodic Postretirement Benefit Cost:		
Service cost	\$ —	\$ —
Interest cost	11	10
Amortization of net gain	—	—
Net periodic postretirement benefit cost	\$ 11	\$ 10

Weighted-Average Assumptions Used During the three months ended December 31, 2023 and 2022, the Company contributed a total of 171,786 and 264,712 of shares Common Stock with a value of \$0.6 million and \$0.6 million, respectively, to Determine Net Periodic Postretirement Benefit Cost

	Fiscal year	
	2024	2023
Death Benefit Plan discount rate	5.33%	4.77%

eligible participants' annual plan compensation. During the six months ended December 31, 2023 and 2022, the Company contributed a total of 325,832 and 521,764 of shares Common Stock with a value of \$0.8 million and \$1.2 million, respectively, to eligible participants' annual plan compensation.

Note 12. Debt Obligations

The following table summarizes the Company's debt obligations:

(In thousands)	September 30, 2023				June 30, 2023				December 31, 2023									
	Debt		Principal		Weighted Average Interest Rate	Weighted Average Interest Rate	(In thousands)	Debt		Principal		Weighted Average Interest Rate	Weighted Average Interest Rate					
	(In thousands)	Origination Date	Maturity	Borrowing Amount	Carrying Value	Carrying Value	Interest Rate	Origination Date	Maturity	Borrowing Amount	Carrying Value	Interest Rate	Interest Rate					
Revolver	Revolver	Various	4/26/2027	N/A	\$23,300	6.99 %	\$23,021	6.66 %	Revolver	Various	4/26/2027	N/A	\$23,300	7.06	7.06 %	\$23,021	6.66	6.66 %

Revolver Facility

On April 26, 2021, the Company entered into a senior secured facility which included a Revolver Credit Facility Agreement (the "Revolver Credit Facility"). The Revolver Credit Facility had a commitment of up to \$80.0 million and a maturity date of April 25, 2025. On August 8, 2022, the Company and certain of its subsidiaries entered into the Increase Joinder and Amendment No. 2 to Credit Agreement (the "2nd Amendment"), with Wells Fargo, as administrative agent for each member of the lender group and as a lender. On August 31, 2022, the Company entered into Amendment No. 3 to Credit Agreement (the "3rd Amendment"), with the lenders party thereto, and Wells Fargo Bank, N.A., as administrative agent for each member of the lender group and as a lender.

On June 30, 2023, the Company and certain of its subsidiaries entered into that certain Consent and Amendment No. 4 to Credit Agreement (the "Fourth Amendment"), with the lenders party thereto, and Wells Fargo Bank, National Association, as administrative agent for each member of the lender group. The Fourth Amendment amends that certain Revolver Credit Facility Agreement, originally entered into by and among the parties on April 26, 2021. The Fourth Amendment includes a consent to the Sale by the administrative agent and the lenders and amends certain terms and conditions of the Credit Agreement by, among other things: (i) reflecting the payoff in full, with proceeds from the Sale, of the \$47.0 million outstanding amount of the Term Loan, (ii) reflecting the payoff, with proceeds from the Sale, of the Revolver Credit Facility (and a reduction of the maximum commitment of the lenders under the Revolver Credit Facility to \$75.0 million), (iii) releasing liens of the administrative agent securing the obligations under the Credit Agreement on assets sold pursuant to the Sale, and (iv) amending the Credit Agreement so that the Company's financial covenant (i.e., fixed charge coverage ratio) is only in effect during such times when the Company's liquidity falls below certain thresholds.

On December 4, 2023 (the "Effective Date"), the Company, and certain of its subsidiaries entered into that certain Consent and Amendment No. 5 to Credit Agreement (the "Consent and Amendment"), with the lenders party thereto (the "Lenders"), and Wells Fargo Bank, National Association, as administrative agent for each member of the lender group (in such capacity, the "Agent") to amended certain terms of the agreement, including the definition of specified real property and the release of security interests in certain real properties. The Consent and Amendment amends that certain Credit Agreement, originally entered into by the parties on April 26, 2021, which governs the Company's revolving credit facility (as amended or otherwise modified, the "Credit Agreement").

The following is a summary description of the Revolver Credit Facility Agreement and the Revolver Security Agreement (the "Revolver Security Facility") key items.

The Revolver Credit Facility Agreement, among other things include:

1. a commitment of up to \$75.0 million ("Revolver") calculated as the lesser of (a) \$75.0 million or (b) the amount equal to the sum of (i) 85% of eligible accounts receivable (less a dilution reserve), plus (ii) the lesser of: (a) 80% of eligible raw material inventory, eligible in-transit inventory and eligible finished goods inventory (collectively, "Eligible Inventory"), and (b) 85% of the net orderly liquidation value of Eligible Inventory, minus (c) applicable reserve;

Farmer Bros. Co.

Notes to Unaudited Consolidated Financial Statements (continued)

2. sublimit on letters of credit of \$10.0 million;
3. maturity date of April 26, 2027 and has no scheduled payback required on the principal prior to the maturity date;

Farmer Bros. Co.

Notes to Unaudited Consolidated Financial Statements (continued)

4. fully collateralized by all existing and future capital stock of the Borrowers (other than the Company) and all of the Borrowers' personal and real property;
5. interest under the Revolver is either if the relevant Obligation is a SOFR Loan, at a per annum rate equal to Term SOFR plus the SOFR Margin (1.75%), and otherwise, at a per annum rate equal to the Base Rate (the greater of the Federal Funds Rate + 0.5% or Term SOFR +1%) plus the Base Rate Margin (0.75%); and
6. in the event that Borrowers' availability to borrow under the Revolver falls below \$9.375 million, the financial covenant requires the Company to meet or exceed a fixed charge coverage ratio of at least 1.00:1.00 at all such times.

The Revolver Credit Facility Agreement and the Revolver Security Agreement contain customary affirmative and negative covenants and restrictions typical for a financing of this type that, among other things, require the Company to satisfy certain financial covenants and restrict the Company's and its subsidiaries' ability to incur additional debt, pay dividends and make distributions, make certain investments and acquisitions, repurchase its stock and prepay certain indebtedness, create liens, enter into agreements with affiliates, modify the nature of its business, transfer and sell material assets and merge or consolidate. Non-compliance with one or more of the covenants and restrictions could result in the full or partial principal balance of the Revolver Credit Facility Agreement becoming immediately due and payable and termination of the commitments.

There are no required principal payments on the Revolver debt obligation.

At **September 30, December 31, 2023**, the Company had outstanding borrowings on the Revolver Credit Facility of \$23.3 million and had utilized \$4.6 million of the letters of credit sublimit. At **September 30, 2023 December 31, 2023**, we **had \$25.4 million ad \$24.5 million av available** for borrowing under our Revolver Credit Facility.

As of **September 30, 2023 December 31, 2023**, the Company was in compliance with all of the financial covenants under the Revolver Credit Facility Agreement. Furthermore, the Company believes it will be in compliance with the related financial covenants under this agreement for the next 12 months.

Note 13. Share-based Compensation

Farmer Bros. Co. Amended and Restated 2017 Long-Term Incentive Plan (the "2017 Plan")

As of **September 30, 2023 December 31, 2023**, there were **2,330,298 2,192,067** shares available under the 2017 Plan including shares that were forfeited under the prior plans for future issuance.

Farmer Bros. Co. 2020 Inducement Incentive Award Plan (the "2020 Inducement Plan")

As of **September 30, 2023 December 31, 2023**, there were **54,868 202,256** shares available under the 2020 Inducement Plan.

Non-qualified stock options with time-based vesting ("NQOs")

One-third of the total number of shares subject to each stock option vest ratably on each of the first three anniversaries of the grant date, contingent on continued employment, and subject to accelerated vesting in certain circumstances. There were no NQOs granted during the **three six months ended September 30, 2023 December 31, 2023**.

The following table summarizes NQO activity for **three six** months ended **September 30, 2023 December 31, 2023**:

<u>Outstanding NQOs:</u>								
<u>Outstanding NQOs:</u>					Weighted	Aggregate	Weighted	Aggregate
	Weighted	Average	Intrinsic	Number	Weighted	Average	Remaining	Intrinsic
	Average	Remaining	Value					
	Number	Exercise	Life	(\$	Number	Exercise	Life	Value
	of NQOs	Price (\$)	(Years)	in thousands)	of NQOs	Price (\$)	(Years)	(in thousands)
Outstanding NQOs:	Outstanding NQOs:							

Outstanding at June 30, 2023	Outstanding at June 30, 2023	331,658	11.69	3.35	\$ —
Granted	Granted	—	—	—	—
Exercised	Exercised	—	—	—	—
Cancelled/Forfeited	Cancelled/Forfeited	—	—	—	—
Expired	Expired	—	—	—	—
Outstanding at September 30, 2023	331,658	11.69	0.40	\$ —	
Exercisable at September 30, 2023	331,658	11.69	0.40	\$ —	

Outstanding at
December 31, 2023
Exercisable at
December 31, 2023

There were no NQOs exercised during three six months ended September 30, 2023 December 31, 2023 and 2022.

Farmer Bros. Co.
Notes to Unaudited Consolidated Financial Statements (continued)

At September 30, 2023 December 31, 2023 and June 30, 2023, there was no unrecognized NQO compensation cost. Total compensation expense for NQOs was \$24 thousand and \$0.1 million for the three and six months ended September 30, 2022 December 31, 2022.

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Notes to Unaudited Consolidated Financial Statements (continued)

Non-qualified stock options with performance-based and time-based vesting ("PNQs")

The following table summarizes PNQ activity for the three six months ended September 30, 2023 December 31, 2023:

Outstanding PNQs:	Outstanding PNQs:	Weighted Average Intrinsic				Number of PNQs	Weighted Average Exercise Price (\$)	Weighted Average Remaining Life (Years)	Aggregate Intrinsic Value (\$ in thousands)
		Number of PNQs	Weighted Average Price (\$)	Remaining Life (Years)	Aggregate Intrinsic Value (\$ in thousands)				
Outstanding at June 30, 2023	Outstanding at June 30, 2023	991	32.85	0.36	\$ —				
Granted	Granted	—	—	—	—				
Exercised	Exercised	—	—	—	—				
Cancelled/Forfeited	Cancelled/Forfeited	—	—	—	—				
Expired	Expired	—	—	—	—				
Outstanding at September 30, 2023	991	32.85	0.11	\$ —					
Exercisable at September 30, 2023	991	32.85	0.11	\$ —					

Outstanding at
December 31, 2023
Exercisable at
December 31, 2023

There were no PNQs exercised during three six months ended September 30, 2023 December 31, 2023 and 2022.

At September 30, 2023 December 31, 2023 and 2022, there was no PNQ compensation expense and no unrecognized PNQ compensation cost.

Restricted Stock

The following table summarizes restricted stock activity for the three six months ended September 30, 2023 December 31, 2023:

Outstanding and Nonvested Restricted Stock Awards:	Outstanding and Nonvested Restricted Stock Awards:	Shares Awarded	Weighted Average Grant Date Fair Value (\$)
Outstanding and Nonvested Restricted Stock Awards:			

Outstanding and Nonvested Restricted Stock Awards:

Outstanding and nonvested at June 30, 2023

Outstanding and nonvested at June 30, 2023

Outstanding and nonvested at June 30, 2023	Outstanding and nonvested at June 30, 2023		
Granted	Granted	882,554	6.14
Granted		62,651	2.79
Granted			
Vested/Released			
Vested/Released			
Vested/Released	Vested/Released	(164,211)	6.93
Cancelled/Forfeited	Cancelled/Forfeited	(216,715)	6.69
Outstanding and nonvested at September 30, 2023		<u>564,279</u>	<u>5.31</u>
Cancelled/Forfeited			
Cancelled/Forfeited			
Outstanding and nonvested at December 31, 2023			
Outstanding and nonvested at December 31, 2023			
Outstanding and nonvested at December 31, 2023			

The weighted average grant date fair value of RSUs granted during the quarter ended **September 30, 2023** December 31, 2023 and 2022 were **\$2.79** \$2.42 and **\$5.10** 6.15, respectively. The total grant-date fair value of restricted stock granted during the **three six** months ended **September 30, 2023** December 31, 2023 was **\$0.20** 0.7 million. The total fair value of awards vested during the **three six** months ended **September 30, 2023** December 31, 2023 and 2022 were **\$0.40** 0.6 million and **\$0.91** 1.6 million, respectively.

At **September 30, 2023** December 31, 2023 and June 30, 2023, there was **\$1.8** 1.5 million and \$3.6 million, respectively, of unrecognized compensation cost related to restricted stock. The unrecognized compensation cost related to restricted stock at **September 30, 2023** December 31, 2023 is expected to be recognized over the weighted average period of **1.6** 2.1 years. Total compensation expense for restricted stock was **\$0.6 million** \$0.4 million and \$0.7 million, respectively, in the three months ended **September 30, 2023** December 31, 2023 and 2022. Total compensation expense for restricted stock was \$1.0 million and \$1.4 million, respectively, in the six months ended December 31, 2023 and 2022.

Performance-Based Restricted Stock Units ("PBRUSUs")The following table summarizes PBRSU activity for the **three six** months ended **September 30, 2023** December 31, 2023:

Outstanding and Nonvested PBRUSUs:	Outstanding and Nonvested PBRUSUs:	PBRUSUs Awarded (1)	Weighted Average Grant Date Fair Value (\$)
Outstanding and Nonvested PBRUSUs:			
Outstanding and Nonvested PBRUSUs:			
Outstanding and nonvested at June 30, 2023			
Outstanding and nonvested at June 30, 2023			
Outstanding and nonvested at June 30, 2023			
Outstanding and nonvested at June 30, 2023	Outstanding and nonvested at June 30, 2023	549,291	5.92
Granted	Granted	—	—
Granted			
Granted			
Vested/Released			
Vested/Released			
Vested/Released	Vested/Released	(134,660)	4.10
Cancelled/Forfeited	Cancelled/Forfeited	(397,053)	6.52
Outstanding and nonvested at September 30, 2023		<u>17,578</u>	<u>6.40</u>
Cancelled/Forfeited			
Cancelled/Forfeited			
Outstanding and nonvested at December 31, 2023			
Outstanding and nonvested at December 31, 2023			
Outstanding and nonvested at December 31, 2023			

There were no The weighted average grant date fair value of PBRUSUs granted during the **quarters** quarter ended **September 30, 2023** December 31, 2023 and 2022 were \$2.42 and \$6.40, respectively. The total grant-date fair value of PBRSU granted during the **six** months ended December 31, 2023 was \$0.4 million. The total fair value of awards vested during the **three six** months ended **September 30, 2023** December 31, 2023 and 2022 were \$0.3 million and \$3 thousand, respectively.

Farmer Bros. Co.**Notes to Unaudited Consolidated Financial Statements (continued)**

At **September 30, 2023** December 31, 2023 and June 30, 2023, there was **\$0.1** **0.4** million and \$1.7 million, respectively, of unrecognized PBRSU compensation cost. The unrecognized PBRSU compensation cost at **September 30, 2023** December 31, 2023 is expected to be recognized over the weighted average period of **2.1** **2.9** years. Total compensation expense for PBRSUs was \$22 thousand and \$0.2 million, respectively, for the three months ended December 31, 2023 and 2022. Total compensation expense for PBRSUs was \$0.2 million and **\$0.2** **million** **\$0.4** million, respectively, for the **three** **six** months ended **September 30, 2023** December 31, 2023 and 2022.

Cash-Settled Restricted Stock Units ("CSRSUs")**Farmer Bros. Co.****Notes to Unaudited Consolidated Financial Statements (continued)**

CSRSUs vest in equal installments over a three-year period from the grant date, and are cash-settled upon vesting based on the closing share price of Common Stock on the vesting date.

The CSRSUs are accounted for as liability awards, and compensation expense is measured at fair value on the date of grant and recognized on a straight-line basis over the vesting period net of forfeitures. Compensation expense is remeasured at each reporting date with a cumulative adjustment to compensation cost during the period based on changes in the closing share price of Common Stock.

The following table summarizes CSRSU activity for the **three** **six** months ended **September 30, 2023** December 31, 2023:

<u>Outstanding and Nonvested CSRSUs:</u>	<u>Outstanding and Nonvested CSRSUs:</u>	CSRSUs	Weighted Average
		Awarded	Grant Date Fair Value (\$)
<u>Outstanding and Nonvested CSRSUs:</u>			
<u>Outstanding and Nonvested CSRSUs:</u>			
Outstanding and nonvested at June 30, 2023			
Outstanding and nonvested at June 30, 2023			
Outstanding and nonvested at June 30, 2023	Outstanding and nonvested at June 30, 2023		
30, 2023	30, 2023	184,807	6.15
Granted	Granted	—	—
Granted			
Granted			
Vested/Released			
Vested/Released			
Vested/Released	Vested/Released	(7,011)	8.91
Cancelled/Forfeited	Cancelled/Forfeited	(12,198)	6.41
Outstanding and nonvested at September 30, 2023		165,598	5.96
Cancelled/Forfeited			
Cancelled/Forfeited			
Outstanding and nonvested at December 31, 2023			
Outstanding and nonvested at December 31, 2023			
Outstanding and nonvested at December 31, 2023			

There were no CSRSUs. The weighted average grant date fair value of CRSUs granted during the quarters ended **September 30, 2023** December 31, 2023 and 2022 were \$2.42 and \$6.40, respectively. The total grant-date fair value of CRSU granted during the six months ended December 31, 2023 was \$1.3 million. The total fair value of awards vested during the **three** **six** months ended **September 30, 2023** December 31, 2023 and 2022 was **\$15** thousand **\$0.2** million and **\$0.1** **million** **\$0.2** million, respectively.

At **September 30, 2023** December 31, 2023 and June 30, 2023, there was **\$0.4** **1.7** million and \$0.4 million, respectively, of unrecognized compensation cost related to CSRSU. The unrecognized compensation cost related to CSRSU at **September 30, 2023** December 31, 2023 is expected to be recognized over the weighted average period of **2.0** **2.7** years. Total compensation expense for CSRSUs was \$0.1 million and \$0.1 million, respectively for the three months ended December 31, 2023 and 2022. Total compensation expense for CSRSUs was \$0.2 million and \$0.1 million, respectively for the **three** **six** months ended **September 30, 2023** December 31, 2023 and 2022.

Note 14. Other Current Liabilities

Other current liabilities consist of the following:

	September 30, 2023	June 30, 2023		December 31, 2023		June 30, 2023
(In thousands)	(In thousands)	(In thousands)				

Accrued workers' compensation liabilities	Accrued workers' compensation liabilities	\$ 822	\$ 992
Accrued workers' compensation liabilities			
Accrued workers' compensation liabilities			
Finance lease liabilities			
Other (1)	Other (1)	193	193
Other (1)	Other (1)	2,831	3,334
Other (1)	Other (1)		
Other current liabilities	Other current liabilities	\$ 3,846	\$ 4,519

(1) Includes accrued property taxes, sales and use taxes and insurance liabilities.

Note 15. Other Long-Term Liabilities

Other long-term liabilities include the following:

		June			
		September	30,		
				December 31, 2023	June 30, 2023
(in thousands)	(in thousands)	30, 2023	2023 (in thousands)		
Derivative liabilities— noncurrent					
Derivative liabilities— noncurrent					
Derivative liabilities— noncurrent					
Deferred compensation	Deferred compensation				
(1)	(1)	\$ 294	\$ 267		
Finance lease liabilities	Finance lease liabilities	212	270		
Other long- term liabilities	Other long- term liabilities	\$ 506	\$ 537		
Other long-term liabilities	Other long-term liabilities				
Other long-term liabilities	Other long-term liabilities				

(1) Includes payroll taxes and cash-settled restricted stock units liabilities.

Farmer Bros. Co.

Notes to Unaudited Consolidated Financial Statements (continued)

Note 16. Income Taxes

The income tax expense and the related effective tax rates are as follows (in thousands, except effective tax rate):

	Three Months Ended			
	September 30,			
	2023	2022		
Income tax (benefit) expense	\$ (132)	\$ 43		
Three Months Ended December 31,				
			Three Months Ended December 31,	Six Months Ended December 31,

	2023	2023	2022	2022
Income tax expense				
Effective tax rate	Effective tax rate 9.2 % (2.8)%	Effective tax rate 5.7 % (0.5) %	2.2 %	(0.8) %

The Company's interim tax provision is determined using an estimated annual effective tax rate and adjusted for discrete taxable events that may occur during the quarter. The Company recognizes the effects of tax legislation in the period in which the law is enacted. Deferred tax assets and liabilities are remeasured using enacted tax rates expected to apply to taxable income in the years the Company estimates the related temporary differences to reverse. The Company evaluates its deferred tax assets quarterly to determine if a valuation allowance is required. In making such assessment,

Farmer Bros. Co.

Notes to Unaudited Consolidated Financial Statements (continued)

significant weight is given to evidence that can be objectively verified, such as recent operating results, and less consideration is given to less objective indicators such as future income projections.

Tax benefit expense in the three months ended September 30, 2023 December 31, 2023 was \$132 \$164 thousand compared to tax expense of \$43 \$40 thousand in the three months ended September 30, 2022 December 31, 2022, which primarily relates to state income tax, the change in previously recorded valuation allowance and the change in our estimated deferred tax liability.

Tax expense in the six months ended December 31, 2023 was \$32 thousand compared to \$83 thousand in the six months ended December 31, 2022, which primarily relates to state income tax, the change in previously recorded valuation allowance and the change in our estimated deferred tax liability.

The Company files its tax returns as prescribed by the tax laws of the jurisdictions in which it operates. In the normal course of business, the Company is subject to examination by U.S. federal, state and local tax authorities. With limited exceptions, as of September 30, 2023 December 31, 2023, the Company is no longer subject to income tax audits by taxing authorities for any years prior to 2020. Although the outcome of tax audits is always uncertain, the Company does not believe the outcome of any future audit will have a material adverse effect on the Company's consolidated financial statements.

Note 17. Net Loss Income (Loss) Per Common Share

Basic net loss income (loss) per common share is calculated by dividing net loss income (loss) attributable to the Company by the weighted average number of common shares outstanding during the periods presented. Diluted net loss income (loss) per common share is calculated by dividing diluted net loss income (loss) attributable to the Company by the weighted average number of common shares outstanding adjusted to include the effect, if dilutive, of the exercise of in-the-money stock options, unvested performance-based restricted stock units, RSUs and shares of the Company's Series A Convertible Participating Cumulative Preferred Stock, par value \$1.00 per share ("Series A Preferred Stock"), as converted, during the periods presented. The calculation of dilutive shares outstanding excludes out-of-the-money stock options (i.e., such option's exercise prices were greater than the average market price of our common shares for the period). Potentially dilutive securities include unvested RSUs and unvested performance-based restricted stock units because units. For the three and six months ended December 31, 2022, shares of the Company's outstanding RSUs, PBRUS and stock options were not included in the computation of diluted loss per common share as their inclusion would have been effects were anti-dilutive.

The following table presents the computation of basic and diluted net earnings loss income (loss) per common share:

(In thousands, except share and per share amounts)	Three Months Ended September 30,	
	2023	2022
Loss from continuing operations available to common stockholders	\$ (1,307)	\$ (1,580)
Loss from discontinued operations available to common stockholders	—	(5,794)
Net loss available to common stockholders—basic and diluted	<u>(1,307)</u>	<u>(7,374)</u>
Weighted average shares outstanding - basic and diluted	20,366,017	18,948,453
Loss from continuing operations per share available to common stockholders—basic and diluted	\$ (0.06)	\$ (0.08)
Loss from discontinued operations per share available to common stockholders—basic and diluted	\$ —	\$ (0.31)
Net loss per common share available to stockholders—basic and diluted	<u>\$ (0.06)</u>	<u>\$ (0.39)</u>

(In thousands, except share and per share amounts)	Three Months Ended December 31,		Six Months Ended December 31,	
	2023	2022	2023	2022
Income (loss) from continuing operations available to common stockholders	\$ 2,704	\$ (8,682)	\$ 1,397	\$ (10,262)
Loss from discontinued operations available to common stockholders	—	(4,926)	—	(10,720)
Net income (loss) available to common stockholders—basic and diluted	<u>2,704</u>	<u>(13,608)</u>	<u>1,397</u>	<u>(20,982)</u>
Weighted average shares outstanding - basic	20,728,699	18,723,957	20,565,492	19,243,707
Effect of dilutive securities:				

Shares issuable under RSUs and PBSRUs	188,863	—	174,811	—
Weighted average common shares outstanding - diluted	20,917,562	18,723,957	20,740,303	19,243,707
Income (loss) from continuing operations per share available to common stockholders—basic and diluted	\$ 0.13	\$ (0.47)	\$ 0.07	\$ (0.53)
Loss from discontinued operations per share available to common stockholders—basic and diluted	\$ —	\$ (0.26)	\$ —	\$ (0.56)
Net income (loss) per common share available to stockholders—basic and diluted	\$ 0.13	\$ (0.73)	\$ 0.07	\$ (1.09)

The following table summarizes weighted average anti-dilutive securities excluded from the computation of diluted net loss per common share for the periods indicated:

	Three Months Ended September 30,	
	2023	2022
Shares issuable under stock options	331,658	439,318
Shares issuable under PBRUS	17,578	437,453

Farmer Bros. Co.

Notes to Unaudited Consolidated Financial Statements (continued)

Note 18. Preferred Stock

The Company is authorized to issue 500,000 shares of preferred stock at a par value of \$1.00, including 21,000 authorized shares of Series A Preferred Stock. There are no preferred shares issued and outstanding as of **September 30, 2023** **December 31, 2023**.

Effective August 25, 2022, 12,964 shares of Series A Preferred Stock were converted into 399,208 shares of common stock at a conversion price of \$38.32, in accordance with the terms of the Company's Designation of Series A Preferred Stock.

The shares of Series A Preferred Stock were originally issued to Boyd Coffee Company ("Boyd") on October 2, 2017 pursuant to the Boyd Purchase Agreement. 1,736 shares of Series A Preferred Stock originally issued to Boyd in accordance with the terms of the Boyd Purchase Agreement were previously reacquired and cancelled by the Company as part of a settlement with Boyd on July 26, 2022. The shares of Series A Preferred Stock converted represented all of the issued and outstanding shares of Series A Preferred Stock. In connection therewith, the Company withheld the Holdback Shares against Boyd.

Farmer Bros. Co.

Notes to Unaudited Consolidated Financial Statements (continued)

In fiscal year 2023, as a result of the settlement entered into with Boyd, the Company recorded a \$1.9 million gain on settlement with Boyd, in general and administrative expense on the consolidated statement of operations, which included the cancellation of preferred shares and settlement of acquisition-related contingent liabilities.

Note 19. Revenue Recognition

The Company's primary sources of revenue are sales of coffee, tea and culinary products. The Company recognizes revenue when control of the promised good or service is transferred to the customer and in amounts that the Company expects to collect. The timing of revenue recognition takes into consideration the various shipping terms applicable to the Company's sales.

The Company delivers products to customers through Direct-store-delivery ("DSD") to the Company's customers at their place of business and **Direct ship directly** from the Company's warehouse to the customer's warehouse, facility or address. Each delivery or shipment made to a third party customer is to satisfy a performance obligation. Performance obligations generally occur at a point in time and are satisfied when control of the goods passes to the customer. The Company is entitled to collection of the sales price under normal credit terms in the regions in which it operates.

The Company disaggregates net sales from contracts with customers based on the characteristics of the products sold:

Three Months Ended September 30,									
		2023	2022			2023	2022		
Three Months Ended December 31,									
Net Sales	Net Sales								
by Product	by Product								
Category:	Category:								

(1) Includes all beverages other than roasted coffee, including frozen liquid coffee, and iced and hot tea, including cappuccino, cocoa, granitas, and concentrated and ready-to drink cold brew and iced coffee.

The Company does not have any material contract assets and liabilities as of September 30, 2023 December 31, 2023. Receivables from contracts with customers are included in "Accounts receivable, net" on the Company's consolidated balance sheets. At September 30, 2023 and June 30, 2023, "Accounts receivable, net" included, \$28.9 million and \$42.9 million, respectively, in receivables from contracts with customers.

Note 20. Commitments and Contingencies

For a detailed discussion about the Company's commitments and contingencies, see Note 19, "Commitments and Contingencies" in the Notes to Consolidated Financial Statements in the 2023 Form 10-K. During the ~~three~~six months ended ~~September 30, 2023~~December 31, 2023, other than the following, or as otherwise disclosed herein, there were no material changes in the Company's commitments and contingencies.

Purchase Commitments

As of **September 30, 2023** December 31, 2023, the Company had committed to purchase green coffee inventory totaling **\$36.5 million** **\$29.4 million** under fixed-price contracts, and **\$15.8 million** **\$19.7 million** in inventory and other purchases under non-cancelable purchase orders.

Farmer Bros. Co.

Notes to Unaudited Consolidated Financial Statements (continued)

Legal Proceedings

The Company is a party to various pending legal and administrative proceedings. It is management's opinion that the outcome of such proceedings will not have a material impact on the Company's financial position, results of operations, or cash flows.

Note 21. Sales of Assets

Sale of Branch Properties

During the ~~three~~six months ended September 30, 2023 December 31, 2023, the Company completed the sale of ~~four~~ten branch properties. The total sales price was ~~\$9.7~~\$21.4 million and net proceeds was ~~\$8.9~~\$19.7 million. The completed sale of branch properties resulted in a gain on sale of ~~\$7.5~~\$15.5 million.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Quarterly Report on Form 10-Q and other documents we file with the Securities and Exchange Commission ("SEC") contain forward-looking statements that are based on current expectations, estimates, forecasts and projections about us, our future performance, our financial condition, our products, our business strategy, our beliefs and our management's assumptions. In addition, we, or others on our behalf, may make forward-looking statements in press releases or written statements, or in our communications and discussions with investors and analysts in the normal course of business through meetings, webcasts, phone calls and conference calls. These forward-looking statements can be identified by the use of words like "anticipates," "estimates," "projects," "expects," "plans," "believes," "intends," "will," "could," "may," "assumes" and other words of similar meaning. These statements are based on management's beliefs, assumptions, estimates and observations of future events based on information available to our management at the time the statements are made and include any statements that do not relate to any historical or current fact. These statements are not guarantees of future performance and they involve certain risks, uncertainties and assumptions that are difficult to predict. Actual outcomes and results may differ materially from what is expressed, implied or forecast by our forward-looking statements due in part to the risks, uncertainties and assumptions set forth in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended June 30, 2023 filed with the SEC on September 12, 2023 (the, as amended by the Form 10-K/A filed on October 27, 2023 (as amended, the "2023 Form 10-K"), as well as those discussed elsewhere in this Quarterly Report on Form 10-Q and other factors described from time to time in our filings with the SEC. The Company's results of operations for all periods presented have been adjusted to reflect the discontinued operations related to the Sale.

Factors that could cause actual results to differ materially from those in forward-looking statements include, but are not limited to, severe weather, levels of consumer confidence in national and local economic business conditions, the impact of labor shortages, market conditions, the increase of costs due to inflation, an economic downturn caused by any

pandemic, epidemic or other disease outbreak, comparable or similar to COVID-19, the success of our turnaround strategy, the impact of capital improvement projects, the adequacy and availability of capital resources to fund our existing and planned business operations and our capital expenditure requirements, our ability to meet financial covenant requirements in our Credit Facility, which could impact, among other things, our liquidity, the relative effectiveness of compensation-based employee incentives in causing improvements in our performance, the capacity to meet the demands of our large national account customers, the extent of execution of plans for the growth of our business and achievement of financial metrics related to those plans, our success in retaining and/or attracting qualified employees, our success in adapting to technology and new commerce channels, the effect of the capital markets as well as other external factors on stockholder value, fluctuations in availability and cost of green coffee, competition, organizational changes, the effectiveness of our hedging strategies in reducing price and interest rate risk, changes in consumer preferences, our ability to provide sustainability in ways that do not materially impair profitability, changes in the strength of the economy, including any effects from inflation, business conditions in the coffee industry and food industry in general, our continued success in attracting new customers, variances from budgeted sales mix and growth rates, weather and special or unusual events, as well as other risks described in this Quarterly Report on Form 10-Q and other factors described from time to time in our filings with the SEC.

Given these risks and uncertainties, you should not rely on forward-looking statements as a prediction of actual results. Any or all of the forward-looking statements contained in this Quarterly Report on Form 10-Q and any other public statement made by us, including by our management, may turn out to be incorrect. We are including this cautionary note to make applicable and take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 for forward-looking statements. We expressly disclaim any obligation to update or revise any forward-looking statements, whether as a result of new information, future events, changes in assumptions or otherwise, except as required under federal securities laws and the rules and regulations of the SEC.

Financial Data Highlights (in thousands, except per share data and percentages)

		Three Months Ended September 30,		Favorable (Unfavorable)		Three Months Ended December 31,		Favorable (Unfavorable)		Six Months Ended December 31, 2023		
				%								
2023												
Income Statement	Income Statement											
Data:	Data:											
Net sales	Net sales											
Net sales	Net sales	\$81,888	\$79,826	\$2,062	2.6%	\$ 89,453	\$	\$88,919	\$534	\$534	0.6%	\$171,34
Gross margin	Gross margin	37.6 %	33.8 %	3.8%	NM	Gross margin	40.4 %	34.9 %	5.5%	NM	NM	39
Operating expenses as a % of sales	Operating expenses as a % of sales	40.1 %	34.8 %	(5.3)%	NM	a % of sales	35.4 %	38.5 %	3.1%	NM	NM	37
Loss from operations		\$ (2,088)	\$ (783)	\$ (1,305)	(166.7)%							
Loss from continuing operations		\$ (1,307)	\$ (1,580)	\$273	17.3%							
Income (loss) from operations						Income (loss) from operations						\$ (3,251)
Income (loss) from continuing operations						Income (loss) from continuing operations						\$ (8,682)
Operating Data:	Operating Data:											
Operating Data:	Operating Data:											
Coffee pounds sold	Coffee pounds sold	5,495	5,880	(385)	(6.5)%	5,812	6,373	6,373	(561)	(561)	(8.8)%	11,1
EBITDA (1)	EBITDA (1)	\$ 2,516	\$ 2,748	\$ (232)	(8.4)%	EBITDA (1)	\$ 6,404	\$ (4,625)	\$ 11,029	\$ 11,029	238.5%	
EBITDA Margin (1)	EBITDA Margin (1)	3.1 %	3.4 %	(0.3)%	NM	Margin (1)	7.2 %	(5.2) %	12.4%	NM	NM	5
Adjusted EBITDA (1)	Adjusted EBITDA (1)	\$ (452)	\$ (3,920)	\$3,468	88.5%	Adjusted EBITDA (1)	\$ 2,311	\$ (2,210)	\$ 4,521	\$ 4,521	204.6%	

Adjusted EBITDA Margin (1)	Adjusted EBITDA Margin (1)	(0.6) %	(4.9) %	4.3% NM	Adjusted EBITDA Margin (1)	2.6 %	(2.5) %	5.1% NM	NM	1
<u>Percentage of Total Net Sales By Product Category</u>										
<u>Percentage of Total Net Sales By Product Category</u>										
<u>Percentage of Total Net Sales By Product Category</u>										
<u>Sales By Product Category</u>										
<u>Coffee (Roasted)</u>										
Coffee (Roasted)	Coffee (Roasted)	46.3 %	47.4 %	(1.1)%	(2.3)%	Coffee (Roasted)	47.0 %	47.1 %	(0.1)%	(0.2)%
Tea & Other Beverages (2)	Tea & Other Beverages (2)	24.7 %	25.2 %	(0.5)%	(2.0)%	Tea & Other Beverages (2)	27.0 %	27.1 %	(0.1)%	(0.4)%
Culinary	Culinary	20.7 %	18.6 %	2.1%	11.3%	Culinary	18.5 %	18.3 %	0.2%	1.1%
Spices	Spices	6.8 %	7.5 %	(0.7)%	(9.3)%	Spices	6.0 %	6.4 %	(0.4)%	(6.3)%
Delivery Surcharge	Delivery Surcharge	1.5 %	1.3 %	0.5%	NM	Delivery Surcharge	1.5 %	1.1 %	0.4%	NM
Net sales from continuing operations	Net sales from continuing operations	100.0 %	100.0 %	—%	NM	Net sales from continuing operations	100.0 %	—	%	NM
Other data:	Other data:									100

Other data:

Other data:

Capital expenditures related to maintenance

Capital expenditures related to maintenance

Capital expenditures related to maintenance	Capital expenditures related to maintenance	\$ 3,511	\$ 2,681	\$ (830)	(31.0)%	\$ 3,342	\$ 4,657	\$ 1,315	28.2	28.2 %	\$ 6,853
Total capital expenditures	Total capital expenditures	3,511	2,823	(688)	(24.4)%	3,342	4,725	4,725	1,383	1,383	29.3
Depreciation and amortization expense	Depreciation and amortization expense	2,948	3,381	433	12.8%	2,844	3,324	3,324	480	480	14.4

NM - Not Meaningful

(1) EBITDA, EBITDA Margin, Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP financial measures. See "Non-GAAP Financial Measures" below for a reconciliation of these non-GAAP measures to their corresponding GAAP measures.

(2) Includes all beverages other than roasted coffee, frozen liquid coffee, and iced and hot tea, including cappuccino, cocoa, granitas, and concentrated and ready-to-drink cold brew and iced coffee.

Results of Operations

The following table sets forth information regarding our consolidated results of continuing operations for the three months ended September 30, 2023 December 31, 2023 and 2022 (in thousands, except percentages):

	Three Months Ended September 30, 2023			Three Months Ended December 31, 2023			Favorable (Unfavorable)	Six Months Ended December 31,		
	Favorable (Unfavorable)		%	Favorable (Unfavorable)		%				
	2023	2022		2023	2022					
			%							

2023										2022									
Net sales	Net sales	\$81,888	\$79,826	\$2,062	2.6%	Net sales	\$89,453	\$	\$	\$88,919	\$534	\$534	\$0.6%	\$171,340	\$	\$	\$	\$	
Cost of goods sold	Cost of goods sold	51,100	52,808	1,708	3.2%	Cost of goods sold	53,344	57,896	57,896	4,552	4,552	4,552	7.9%	104,444	66,896	66,896	66,896	66,896	
Gross profit	Gross profit	30,788	27,018	3,770	14.0%	Gross profit	36,109	31,023	31,023	5,086	5,086	5,086	16.4%	66,896	54,969	54,969	54,969	54,969	
Selling expenses	Selling expenses	26,829	25,755	(1,074)	(4.2)%	Selling expenses	28,141	25,632	25,632	(2,509)	(2,509)	(2,509)	(9.8)%	54,969	22,486	22,486	22,486	22,486	
General and administrative expenses	General and administrative expenses	12,832	9,228	(3,604)	(39.1)%	General and administrative expenses	9,655	8,587	8,587	(1,068)	(1,068)	(1,068)	(12.4)%	22,486	6	6	6	6	
Net gains from sale of assets	Net gains from sale of assets	(6,785)	(7,182)	(397)	(5.5)%														
Net (gains) losses from sale of assets	Net (gains) losses from sale of assets																		
Operating expenses	Operating expenses	32,876	27,801	(5,075)	(18.3)%														
Loss from operations	Loss from operations	(2,088)	(783)	(1,305)	NM														
Operating expenses	Operating expenses															31,658	34,274	2	2
Income (loss) from operations	Income (loss) from operations															4,451	(3,251)	7	7
Other (expense) income:	Other (expense) income:																		
Interest expense	Interest expense																		
Interest expense	Interest expense	(2,222)	(2,070)	(152)	(7.3)%		(1,907)	(1,858)	(1,858)	(49)	(49)	(49)	(2.6)%						
Other, net	Other, net	2,871	1,316	1,555	NM	Other, net	324	(3,533)	(3,533)	3,857	3,857	3,857	NM						
Total other expense	Total other expense	649	(754)	1,403	NM	Total other expense	(1,583)	(5,391)	(5,391)	3,808	3,808	3,808	(70.6)%						
Loss before taxes	Loss before taxes	(1,439)	(1,537)	98	6.4%														
Income tax (benefit) expense	Income tax (benefit) expense	(132)	43	175	NM														
Loss from continuing operations	Loss from continuing operations	\$ (1,307)	\$ (1,580)	\$273	17.3%														
Income (loss) before taxes	Income (loss) before taxes															Income (loss) before taxes	2,868	(8,642)	12
Income tax expense	Income tax expense															Income tax expense	164	40	
Income (loss) from continuing operations	Income (loss) from continuing operations															Income (loss) from continuing operations	\$2,704	\$(8,682)	12

NM - Not Meaningful

Three and Six Months Ended September 30, 2023 December 31, 2023 Compared to Three and Six Months Ended September 30, 2022 December 31, 2022

Net Sales

Net sales in the three months ended September 30, 2023 December 31, 2023 increased \$2.1 million \$0.5 million, or 2.6% 0.6%, to \$81.9 million \$89.5 million from \$79.8 million \$88.9 million in the three months ended September 30, 2022 December 31, 2022. The increase in net sales for the three months ended September 30, 2023 December 31, 2023 was primarily due to higher pricing and product mix compared to the prior period.

Net sales in the six months ended December 31, 2023 increased \$2.6 million, or 1.5%, to \$171.3 million from \$168.7 million in the six months ended December 31, 2022. The increase in net sales for the six months ended December 31, 2023 was primarily due to higher pricing compared to the prior period.

The following table presents the effect of changes in unit sales, and unit pricing and product mix in the three and six months ended **September 30, 2023** **December 31, 2023** compared to the same period in the prior fiscal year (in millions):

	Three Months Ended September 30, 2023 vs. 2022	
	Six Months Ended December 31, 2023 vs. 2022	
Effect of change in unit sales	\$ (5.6)	
Effect of pricing and product mix changes	7.7	
Total increase in net sales	2.1	
	Three Months Ended December 31, 2023 vs. 2022	
	Six Months Ended December 31, 2023 vs. 2022	
Effect of change in unit sales	\$ (8.2)	\$ (13.8)
Effect of pricing and product mix changes	8.7	16.4
Total increase in net sales	\$ 0.5	\$ 2.6

Unit sales decreased 6.5% 8.5% and average unit price increased by 9.4% 9.5% in the three months ended **September 30, 2023** **December 31, 2023** as compared to the same period in the prior fiscal year, resulting in an increase in our net sales of 2.6% 0.6%. Average unit price increased during the three months ended **September 30, 2023** **December 31, 2023** due to a higher DSD product mix price increases.

Unit sales decreased 7.6% and average unit price increased by 9.5% in the six months ended December 31, 2023 as compared to the same period in the prior fiscal year, resulting in an increase in our net sales of 1.5%. Average unit price increased during the six months ended December 31, 2023 primarily due to price increases. There were no new product category introductions which had a material impact on our net sales in the **three** six months ended **September 30, 2023** **December 31, 2023** or 2022.

Gross Profit

Gross profit increased to \$30.8 million \$36.1 million for the three months ended **September 30, 2023** **December 31, 2023**, compared to \$27.0 million \$31.0 million for the three months ended **September 30, 2022** **December 31, 2022**. Gross margin increased to 37.6% 40.4% for the three months ended **September 30, 2023** **December 31, 2023** from 33.8% 34.9% for the three months ended **September 30, 2022** **December 31, 2022**. The increase in gross profit was primarily due to improved pricing and a decrease in underlying commodities pricing compared to the same period in the prior fiscal year.

Gross profit increased to \$66.9 million for the six months ended December 31, 2023, compared to \$58.0 million for the six months ended December 31, 2022. Gross margin increased to 39.0% for the six months ended December 31, 2023 from 34.4% for the six months ended December 31, 2022. The increase in gross profit was primarily due to improved pricing and a decrease in underlying commodities pricing compared to the same period in the prior fiscal year.

Operating Expenses

In the three months ended **September 30, 2023** **December 31, 2023**, operating expenses increased \$5.1 million decreased \$2.6 million to \$32.9 million \$31.7 million, or 10.1% 35.4% of net sales, from \$27.8 million \$34.3 million, or 34.8% 38.5% of net sales in the prior year period. This increase decrease was due to \$3.6 million \$6.2 million increase in general and administrative expenses, \$0.4 million decrease in net gains from the sale of branch properties and other assets during the three months ended **September 30, 2023** **December 31, 2023** offset by a \$2.5 million increase in selling expenses and a \$1.1 million increase in selling general and administrative expenses. The increase in selling expenses during the three months ended **September 30, 2023** **December 31, 2023** was primarily due to additional spend on vehicles, fleet related to healthcare benefits, an increase in incentive compensation expense and freight rent, partially offset by a decrease in advertising related expenses. The increase in general and administrative expenses during the three months ended **September 30, 2023** **December 31, 2023** was primarily due to an increase in incentive compensation expense and severance-related costs, partially offset by a decrease in IT and consulting related costs.

In the six months ended December 31, 2023, operating expenses increased \$2.5 million to \$64.5 million, or 37.7% of net sales, from \$62.1 million, or 36.8% of net sales in the prior year period. This increase was due to \$4.7 million increase in general and administrative expenses and a \$3.6 million increase in selling expenses, offset by a \$5.8 million increase in net gains from the sale of branch properties and other assets during the six months ended December 31, 2023. The increase in selling expenses during the six months ended December 31, 2023 was primarily due to additional spend on healthcare benefits, an increase in incentive compensation, facility and vehicle rent expense, partially offset by a decrease in advertising related expenses. The increase in general and administrative expenses during the six months ended December 31, 2023 was primarily due to severance-related costs of a \$2.3 million \$2.9 million. Further, the increase was impacted by the non-recurrence of a \$1.9 million gain related to the settlement of the Boyd's acquisition, offset slightly by an increase in contract services in the prior period.

Total Other Expense

Total other expense for the three months ended **September 30, 2023** increased \$1.4 million December 31, 2023 decreased \$3.8 million to income expense of \$0.6 million \$1.6 million compared to \$0.8 million \$5.4 million of expense in the three months ended **September 30, 2022** **December 31, 2022**. Total other expense for the six months ended December 31, 2023 decreased \$5.2 million to expense of \$0.9 million compared to \$6.1 million of expense in the six months ended December 31, 2022.

Interest expense in the three months ended **September 30, 2023** **December 31, 2023** increased \$0.1 million \$49 thousand to \$2.2 million \$1.9 million from \$2.1 million \$1.9 million in the prior year period. The increase is primarily related to higher interest rates compared to the prior year period. Interest expense in the six months ended December 31, 2023 increased \$0.2 million to \$4.1 million from \$3.9 million in the prior year period. The increase is primarily related to higher interest rates compared to the prior year period.

Other, net in the three months ended **September 30, 2023** **December 31, 2023** increased by \$1.6 million \$3.9 million to \$2.9 million \$0.3 million gain compared to \$1.3 million \$3.5 million loss in the prior year period. The change was primarily a result of higher mark-to-market net gains on coffee-related derivative instruments not designated as accounting hedges in the current period compared to the prior year period.

Other, net in the six months ended December 31, 2023 increased by \$5.4 million to \$3.2 million gain compared to \$2.2 million loss in the prior year period. The change was primarily a result of higher mark-to-market net gains on coffee-related derivative instruments not designated as accounting hedges in the current period compared to the prior year period.

Income Taxes

In the three months ended September 30, 2023 December 31, 2023 and September 30, 2022 December 31, 2022, we recorded income tax benefit expense of \$132 \$164 thousand and an \$40 thousand, respectively. In the six months ended December 31, 2023 and December 31, 2022, we recorded income tax expense of \$43 \$32 thousand and \$83 thousand, respectively. See [Note 16, Income Taxes](#), of the Notes to Unaudited Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Non-GAAP Financial Measures

In addition to net loss determined in accordance with U.S. generally accepted accounting principles ("GAAP"), we use the following non-GAAP financial measures in assessing our operating performance:

"EBITDA" is defined as net **loss** **income (loss)** from continuing operations excluding the impact of:

- income tax expense;
- interest expense; and
- depreciation and amortization expense.

"EBITDA Margin" is defined as EBITDA expressed as a percentage of net sales.

"Adjusted EBITDA" is defined as net **loss** **income (loss)** from continuing operations excluding the impact of:

- income tax (benefit) expense;
- interest expense;
- depreciation and amortization expense;
- 401(k), ESOP and share-based compensation expense;
- gain on settlement with Boyd's sellers;
- net (gains) losses from sales of assets;
- **loss related to sale of business;** and
- severance costs.

"Adjusted EBITDA Margin" is defined as Adjusted EBITDA expressed as a percentage of net sales.

For purposes of calculating EBITDA and EBITDA Margin and Adjusted EBITDA and Adjusted EBITDA Margin, we have not adjusted for the impact of interest expense on our pension and postretirement benefit plans.

We believe these non-GAAP financial measures provide a useful measure of the Company's operating results, a meaningful comparison with historical results and with the results of other companies, and insight into the Company's ongoing operating performance. Further, management utilizes these measures, in addition to GAAP measures, when evaluating and comparing the Company's operating performance against internal financial forecasts and budgets.

We believe that EBITDA facilitates operating performance comparisons from period to period by isolating the effects of certain items that vary from period to period without any correlation to core operating performance or that vary widely among similar companies. These potential differences may be caused by variations in capital structures (affecting interest expense), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses) and the age and book depreciation of facilities and equipment (affecting relative depreciation expense). We also present EBITDA and EBITDA Margin because (i) we believe that these measures are frequently used by securities analysts, investors and other interested parties to evaluate companies in our industry, (ii) we believe that investors will find these measures useful in assessing our ability to service or incur indebtedness, and (iii) we use these measures internally as benchmarks to compare our performance to that of our competitors.

EBITDA, EBITDA Margin, Adjusted EBITDA and Adjusted EBITDA Margin, as defined by us, may not be comparable to similarly titled measures reported by other companies. We do not intend for non-GAAP financial measures to be considered in isolation or as a substitute for other measures prepared in accordance with GAAP.

Set forth below is a reconciliation of reported net loss from continuing operations to EBITDA (unaudited):

Three Months Ended September 30,		Three Months Ended December 31,				Six Months Ended December 31,	
(In thousands)	(In thousands)	2023	2022	(In thousands)	2023	2022	2022
Net loss from continuing operations, as reported		\$ (1,307)	\$ (1,580)				
Income tax (benefit) expense		(132)	43				
Net income (loss) from continuing operations, as reported							
Income tax expense							

Interest expense (1)	Interest expense (1)	1,007	904				
Depreciation and amortization expense	Depreciation and amortization expense	2,948	3,381				
EBITDA	EBITDA	\$ 2,516	\$ 2,748				
EBITDA Margin	EBITDA Margin	3.1 %	3.4 %	Margin	7.2 %	(5.2) %	5.2 %
							(1.1) %

(1) Excludes interest expense related to pension plans and postretirement benefit plans.

Set forth below is a reconciliation of reported net loss from continuing operations to Adjusted EBITDA (unaudited):

		Three Months Ended September 30,							
		Three Months Ended December 31,				Three Months Ended December 31,		Six Months Ended December 31,	
(In thousands)	(In thousands)	2023	2022	(In thousands)	2023	2022	2023	2022	
Net loss from continuing operations, as reported		\$ (1,307)	\$ (1,580)						
Income tax (benefit) expense		(132)	43						
Net income (loss) from continuing operations, as reported									
Income tax expense									
Interest expense (1)	Interest expense (1)	1,007	904						
Depreciation and amortization expense	Depreciation and amortization expense	2,948	3,381						
401(k), ESOP and share-based compensation expense	401(k), ESOP and share-based compensation expense	1,552	2,197						
Gain on settlement with Boyd's sellers (2)	Gain on settlement with Boyd's sellers (2)		(1,917)						
Net gains from sale of assets		(6,785)	(7,182)						
Net (gains) losses from sale of assets									
Loss related to sale of business (3)									
Severance costs	Severance costs	2,265	234						
Severance costs									

Severance costs											
Adjusted EBITDA	Adjusted EBITDA	\$ (452)	\$ (3,920)								
Adjusted EBITDA Margin	Adjusted EBITDA Margin	2.6 %	(2.5) %								
				EBITDA Margin	1.1 %					(3.6) %	

(1) Excludes interest expense related to pension plans and postretirement benefit plans.

(2) Result of the settlement related to the acquisition of Boyd Coffee Company which included the cancellation of shares of Series A Preferred Stock and settlement of liabilities.

(3) Result of the settlements related to the divestiture of Direct Ship business which included gains related to coffee hedges and settlement of liabilities.

Our Business

We are a leading coffee roaster, wholesaler, equipment servicer and distributor of coffee, tea and other allied products manufactured under our owned brands, as well as under private labels on behalf of certain customers. We were founded in 1912, incorporated in California in 1923, and reincorporated in Delaware in 2004. Our principal office is located in Northlake, Texas. We operate in one business segment.

We serve a wide variety of customers, from small independent restaurants and foodservice operators to large institutional buyers like restaurants, department and convenience store retailers, hotels, casinos, healthcare facilities, and gourmet coffee houses, as well as grocery chains with private brand and consumer-branded coffee and tea products, and foodservice distributors. Through our sustainability, stewardship, environmental efforts, and leadership we are not only committed to serving the finest products available, considering the cost needs of the customer, but also focus on their sustainable cultivation, manufacture and distribution whenever possible.

Our product categories consist of a robust line of roast and ground coffee, including organic, Direct Trade, Project D.I.R.E.C.T.®, Fair Trade Certified™ and other sustainably-produced offerings; frozen liquid coffee; flavored and unflavored iced and hot teas; including organic and Rainforest Alliance Certified™; culinary products including premium spices, pancake and biscuit mixes, gravy and sauce mixes, soup bases, dressings, syrups and sauces, and coffee-related products such as coffee filters, cups, sugar and creamers; and other beverages including cappuccino, cocoa, granitas, and other blender-based beverages and concentrated and ready-to-drink cold brew and iced coffee. We offer a comprehensive approach to our customers by providing not only a breadth of high-quality products, but also value added services such as market insight, beverage planning, and equipment placement and service.

We operate a production facility in Portland, Oregon. We distribute our products from our Portland, Oregon production facility, as well as separate distribution centers in Northlake, Texas; Portland, Oregon; Northlake, Illinois; Moonachie, New Jersey; and Rialto, California. Our products reach our customers primarily through our nationwide DSD network of 241243 delivery routes and 106105 branch warehouses as of September 30, 2023 December 31, 2023. DSD sales are primarily made "off-truck" to our customers at their places of business. We operate a large fleet of trucks and other vehicles to distribute and deliver our products through our DSD network, and we rely on 3PL service providers for our long-haul distribution.

Liquidity, Capital Resources and Financial Condition

The following table summarizes our debt obligations:

		September 30, 2023				June 30, 2023												
		December 31, 2023																
(In thousands)	Debt (In thousands)	Principal Origination Date	Weighted Average Interest Rate (1)	Carrying Value	Weighted Average Interest Rate (1)	Carrying Value	Debt (In thousands)	Principal Origination Date	Weighted Average Interest Rate (1)	Carrying Value	Weighted Average Interest Rate (1)	Carrying Value	Weighted Average Interest Rate (1)					
Revolver	Revolver	Various	4/26/2027	N/A	\$23,300	6.99 %	\$23,021	6.66 %	Revolver	Various	4/26/2027	N/A	\$23,300	7.06 %	7.06 %	\$23,021	6.66 %	6

The revolver under the Credit Facility has a commitment of up to \$75.0 million and a maturity date of April 26, 2027. Availability under the revolver is calculated as the lesser of (a) \$75.0 million or (b) the amount equal to the sum of (i) 85%

of eligible accounts receivable (less a dilution reserve), plus (ii) the lesser of: (a) 80% of eligible raw material inventory,

eligible in-transit inventory and eligible finished goods inventory (collectively, "Eligible Inventory"), and (b) 85% of the net orderly liquidation value of Eligible Inventory, minus (c) applicable reserve. The Term Loan under the Term Credit Facility was fully paid down on June 30, 2023.

The Credit Facility contains customary affirmative and negative covenants and restrictions typical for a financing of this type. Non-compliance with one or more of the covenants and restrictions could result in the full or partial principal balance of the Credit Facility becoming immediately due and payable and termination of the commitments. As of and through September 30, 2023 December 31, 2023, we were in compliance with all of the covenants under the Credit Facility.

The Credit Facility provides us with increased flexibility to proactively manage our liquidity and working capital, while maintaining compliance with our debt financial covenants, and preserving financial liquidity to mitigate the impact of the uncertain business environment and continue to execute on key strategic initiatives.

Pursuant to an International Swap Dealers Association, Inc. Master Agreement ("ISDA") effective March 20, 2019, the Company on March 27, 2019, entered into a swap transaction utilizing a notional amount of \$80.0 million, with an effective date of April 11, 2019 and a maturity date of October 11, 2023 (the "Original Rate Swap"). On May 16, 2023, the Company settled the Original Rate Swap. The net settlement of the Original Rate Swap was a \$13 thousand loss. There was no remaining balance frozen in AOCI as of June 30, 2023.

At September 30, 2023 December 31, 2023, the Company had outstanding borrowings on the Revolver Credit Facility of \$23.3 million and had utilized \$4.6 million of the letters of credit sublimit.

Liquidity

We generally finance our operations through cash flows from operations and borrowings under our Credit Facility described above. In light of our financial position, operating performance and current economic conditions, including the state of the global capital markets, there can be no assurance as to whether or when we will be able to raise capital by issuing securities. We believe that the Credit Facility, to the extent available, in addition to our cash flows from operations, collectively, will be sufficient to fund our working capital and capital expenditure requirements for the next 12 months.

At September 30, 2023 December 31, 2023, we had \$4.0 million \$6.9 million of unrestricted cash and cash equivalents and \$0.2 million in restricted cash. Further changes in commodity prices and the number of coffee-related derivative instruments held could have a significant impact on cash deposit requirements under our broker and counterparty agreements and may adversely affect our liquidity. At September 30, 2023 December 31, 2023, we had \$25.4 million \$24.5 million available on our Revolver Credit Facility.

Cash Flows

The significant captions and amounts from our consolidated statements of cash flows are summarized below:

		Three Months Ended September 30,		Six Months Ended December 31,	
		Six Months Ended December 31,		Six Months Ended December 31,	
		2023			
Consolidated Statements of cash flows data (in thousands)	Consolidated Statements of cash flows data (in thousands)				
Net cash used in operating activities		\$(7,137)	\$(6,254)		
Net cash (used in) provided by operating activities					
Net cash (used in) provided by operating activities					
Net cash (used in) provided by operating activities					
Net cash provided by investing activities	Net cash provided by investing activities	5,747	6,238		
Net cash provided by financing activities	Net cash provided by financing activities	184	5,090		
Net decrease in cash and cash equivalents and restricted cash		\$(1,206)	\$ 5,074		
Net increase in cash and cash equivalents and restricted cash					
<i>Operating Activities</i>					
Net cash used in operating activities during the three six months ended September 30, 2023 December 31, 2023 was \$7.1 million \$10.9 million as compared to \$6.3 million net cash provided by operating activities of \$17.1 million in the three six months ended September 30, 2022 December 31, 2022, an increase in cash used in by operations of \$0.9 million \$27.9 million. The change was driven by a pay down of accounts payable, an increase in inventory and partially offset by a decrease in accounts receivables.					
<i>Investing Activities</i>					
Net cash provided by investing activities during the three six months ended September 30, 2023 December 31, 2023 was \$5.7 million \$12.4 million as compared to \$6.2 million \$4.0 million in the three six months ended September 30, 2022 December 31, 2022. The net change in investing activities was primarily due to an increase of \$0.2 million \$10.6 million related to proceeds from the sale of property, plant and equipment offset by an increase a decrease of \$0.7 million in fixed asset purchases during the three six months ended September 30, 2023 December 31, 2023.					
<i>Financing Activities</i>					

Net cash provided by financing activities during the **three** **six** months ended **September 30, 2023** **December 31, 2023** was **\$0.2 million** **\$0.1 million** as compared to **\$5.1 million** **\$4.2 million** in the **three** **six** months ended **September 30, 2022** **December 31, 2022**. The decrease of **\$4.9 million** **\$4.0 million** was primarily due to net borrowing proceeds of **\$0.3 million** under the Credit Facility this period compared to **\$5.4 million** **\$4.6 million** in the prior year period.

Capital Expenditures

For the **three** **six** months ended **September 30, 2023** **December 31, 2023** and 2022, our capital expenditures paid were **\$3.5 million** **\$6.9 million** and **\$2.8 million** **\$7.7 million**, respectively. In fiscal 2024, we anticipate paying between **\$16.0 million** **\$12.0 million** to **\$18.0 million** **\$15.0 million** in capital expenditures. We expect to finance these expenditures through cash flows from operations and borrowings under our Credit Facility.

Depreciation and amortization expenses were **\$2.9 million** **\$5.8 million** and **\$3.4 million** **\$6.7 million** in the **three** **six** months ended **September 30, 2023** **December 31, 2023** and 2022, respectively.

Purchase Commitments

As of **September 30, 2023** **December 31, 2023**, the Company had committed to purchase green coffee inventory totaling **\$36.5 million** **\$29.4 million** under fixed-price contracts, and **\$15.8 million** **\$19.7 million** in inventory and other purchases under non-cancelable purchase orders.

Contractual Obligations

As of **September 30, 2023** **December 31, 2023**, the Company had operating and finance lease payment commitments totaling **\$24.8 million** **\$30.1 million**.

Critical Accounting Policies and Estimates

We prepare our consolidated financial statements in accordance with GAAP. In applying many of these accounting principles, we need to make assumptions, estimates or judgments that affect the reported amounts of assets, liabilities, revenues and expenses in our consolidated financial statements. We base our estimates and judgments on historical experience and other assumptions that we believe are reasonable under the circumstances. These assumptions, estimates or judgments, however, are both subjective and subject to change, and actual results may differ from our assumptions and estimates. If actual amounts are ultimately different from our estimates, the revisions are included in our results of operations for the period in which the actual amounts become known. For a summary of our significant accounting policies, see Note 2, *Summary of Significant Accounting Policies*, of the Notes to Consolidated Financial Statements included in Part I, Item 1 of our 2023 Form 10-K. For a summary of our critical accounting estimates, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates" in our 2023 Form 10-K.

Recent Accounting Pronouncements

See Note 2, *Summary of Significant Accounting Policies*, of the Notes to Consolidated Financial Statements included in Part I, Item 1 of our 2023 Form 10-K.

Off-Balance Sheet Arrangements

As of **September 30, 2023** **December 31, 2023**, the Company did not have any off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

At **September 30, 2023** **December 31, 2023**, we had outstanding borrowings on our Revolver Credit Facility of \$23.3 million and had utilized \$4.6 million of the letters of credit sublimit. The weighted average interest rate on our Revolver Credit Facility was **6.99%** **7.06%**.

The following table demonstrates the impact of interest rate changes on our annual interest expense on outstanding borrowings subject to interest rate variability under these Credit Facility based on the weighted average interest rate on the outstanding borrowings as of **September 30, 2023** **December 31, 2023**:

(In thousands)	(In thousands)	Annual			(In thousands)	Principal	Interest Rate	Annual Interest Expense
		Principal	Rate	Expense				
-150 basis points	-150 basis points				-150 basis points	\$23,300	5.56%	\$1,295
-100 basis points	-100 basis points				-100 basis points	\$23,300	6.06%	\$1,412
Unchanged	Unchanged	\$23,300	6.99%	\$1,629	Unchanged	\$23,300	7.06%	\$1,645
+100 basis points	+100 basis points	\$23,300	7.99%	\$1,862	+100 basis points	\$23,300	8.06%	\$1,878
+150 basis points	+150 basis points	\$23,300	8.49%	\$1,978	+150 basis points	\$23,300	8.56%	\$1,994

Commodity Price Risk

We are exposed to commodity price risk arising from changes in the market price of green coffee. We value green coffee inventory on the FIFO basis. In the normal course of business we hold a large green coffee inventory and enter into forward commodity purchase agreements with suppliers. We are subject to price risk resulting from the volatility of green coffee prices. Due to competition and market conditions, volatile price increases cannot always be passed on to our customers. See Note 5, *Derivative Instruments*, of the Notes to the Unaudited Consolidated Financial Statements for further discussions of our derivative instruments.

The following table summarizes the potential impact as of **September 30, 2023** **December 31, 2023** to net **loss** **gain (loss)** and AOCI from a hypothetical 10% change in coffee commodity prices. The information provided below relates only to the coffee-related derivative instruments and does not include, when applicable, the corresponding changes in the underlying hedged items:

		Increase (Decrease) to Net Loss		Increase (Decrease) to AOCI					
		10% Increase in Underlying Rate	10% Decrease in Underlying Rate	10% Increase in Underlying Rate	10% Decrease in Underlying Rate	Increase (Decrease) to Net Gain(Loss)		Increase (Decrease) to AOCI	
(In thousands)	(In thousands)	10% Increase in Underlying Rate	10% Decrease in Underlying Rate	10% Increase in Underlying Rate	10% Decrease in Underlying Rate	10% Increase in Underlying Rate	10% Decrease in Underlying Rate	10% Increase in Underlying Rate	10% Decrease in Underlying Rate
Coffee-related derivative instruments	Coffee-related derivative instruments	10% Increase in Underlying Rate	10% Decrease in Underlying Rate	10% Increase in Underlying Rate	10% Decrease in Underlying Rate	10% Increase in Underlying Rate	10% Decrease in Underlying Rate	10% Increase in Underlying Rate	10% Decrease in Underlying Rate
(1)	(1)								
Coffee-related derivative instruments (1)									
Coffee-related derivative instruments (1)									

(1) The Company's purchase contracts that qualify as normal purchases include green coffee purchase commitments for which the price has been locked in as of **September 30, 2023** **December 31, 2023**. These contracts are not included in the sensitivity analysis above as the underlying price has been fixed.

Item 4. Controls and Procedures

Disclosure Controls and Procedures

Disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), are controls and other procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the rules and forms of the SEC. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information we are required to disclose in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosures.

Our management, with the participation of our Interim Chief Executive Officer (principal executive officer) and Interim Chief Financial Officer (principal financial officer), carried out an evaluation of the effectiveness of our disclosure controls and procedures as of **September 30, 2023** **December 31, 2023** pursuant to Rule 13a-15(e) promulgated under the Exchange Act. Based on that evaluation, our Interim Chief Executive Officer and Interim Chief Financial Officer concluded that our disclosure controls and procedures were effective.

Changes in Internal Control Over Financial Reporting

Management has determined that there has been no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) promulgated under the Exchange Act) during our fiscal quarter ended **September 30, 2023** **December 31, 2023** that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

The information set forth in [Note 20, Commitments and Contingencies](#), of the Notes to Unaudited Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q is incorporated herein by reference.

Item 1A. Risk Factors

For a discussion of our other potential risks and uncertainties, see the information under "Item 1A. Risk Factors" in our 2023 Form 10-K. During the **three six** months ended **September 30, 2023** **December 31, 2023**, there have been no material changes to the risk factors disclosed in our 2023 Form 10-K.

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

None

Item 3. Defaults Upon Senior Securities

None

Item 4. Mine Safety Disclosures

Not applicable

Item 5. Other Information

None During the fiscal quarter ended December 31, 2023, none of our directors or officers adopted or terminated a "Rule 10b5-1 trading arrangement" or a "non-Rule 10b5-1 trading arrangement," as those terms are defined in Item 408 of Regulation S-K.

Item 6. Exhibits

Exhibit No.	Description
3.1	Second Amended and Restated Certificate of Incorporation of Farmer Bros. Co. (filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on January 12, 2023 and incorporated herein by reference).
3.2	Amended and Restated Bylaws (filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on February 2, 2023 and incorporated herein by reference).
10.1	Letter Agreement, dated November 7, 2023, by and among the Company, JCP Investment Partnership, LP, JCP Investment Partners, LP, JCP Investment Holdings, LLC, JCP Investment Management, LLC, James C. Pappas, 22NW, LP, 22NW Fund, LP, 22NW Fund GP, LLC, 22NW GP, Inc., Aron R. English and Bryson O. Hirai-Hadley (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on November 9, 2023 and incorporated herein by reference).
10.2	Consent and Amendment No. 5 to Credit Agreement, dated December 4, 2023, by and among Farmer Bros. Co., BoydAssets Co., FBC Finance Company, Coffee Bean Holding Co., Inc., Coffee Bean International, Inc., and China Mist Brands, Inc., as borrowers, the lenders party thereto, and Wells Fargo Bank, N.A., as administrative agent (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on December 7, 2023 and incorporated herein by reference).
10.3	Form of Farmer Bros. Co. 2017 Long-Term Incentive Plan Restricted Stock Unit Award Agreement (filed herewith) as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q filed with the SEC on November 9, 2023 and incorporated herein by reference).*
10.2 10.4	Form of Farmer Bros. Co. Amended and Restated 2017 Long-Term Incentive Plan Restricted Stock Unit Award Agreement (filed herewith) as Exhibit 10.29 to the Company's Annual Report on Form 10-K filed with the SEC on September 12, 2023 and incorporated herein by reference).*
10.3 10.5	Form of Farmer Bros. Co. Amended and Restated 2017 Long-Term Incentive Plan Cash-Based Restricted Stock Unit Award Agreement (filed herewith) as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q filed with the SEC on November 9, 2023 and incorporated herein by reference).*
10.4	Retention Agreement, dated September 13, 2023, by and between Farmer Bros. Co. and Brad Bollner (filed herewith).*
10.5	Retention Agreement, dated September 13, 2023, by and between Farmer Bros. Co. and Jared Vitemb (filed herewith).*
31.1*	Principal Executive Officer Certification Pursuant to Securities Exchange Act Rules 13a-14 and 15d-14 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Principal Financial Officer Certification Pursuant to Securities Exchange Act Rules 13a-14 and 15d-14 as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Principal Executive Officer Certification Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2**	Principal Financial Officer Certification Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Taxonomy Extension Schema Document.
101.CAL*	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	The cover page from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2023 December 31, 2023, formatted in Inline XBRL (included in Exhibit 101).

* Filed herewith

** Furnished, not filed, herewith

SIGNATURES

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

FARMER BROS. CO.

By: _____

/s/ John Moore

John Moore

Interim President and Chief Executive Officer
(principal executive officer)

November 9, 2023 February 8, 2024

By: _____

/s/ Brad Bollner

Brad Bollner

Interim Chief Financial Officer
(principal financial officer)

November 9, 2023 February 8, 2024

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EXHIBIT 10.1

FARMER BROS. CO.

AMENDED AND RESTATED 2017 LONG-TERM INCENTIVE PLAN
RESTRICTED STOCK UNIT AWARD AGREEMENT

Farmer Bros. Co. (the "Company") has granted to the participant listed below ("Participant") the restricted stock units (the "RSUs") described in this Restricted Stock Unit Award Agreement (this "Agreement"), subject to the terms and conditions of this Agreement and the Farmer Bros. Co. Amended and Restated 2017 Long-Term Incentive Plan (as amended from time to time, the "Plan"), which is incorporated into this Agreement by reference. For purposes of this Agreement, references to the "Company" shall include any Subsidiary employer, as applicable. To the extent not defined herein, terms used in this Agreement which are defined in the Plan shall have the same meanings as set forth in the Plan.

Participant: [[FIRSTNAME]] [[LASTNAME]]

Grant Date: [[GRANTDATE]]

Number of RSUs Granted: [[SHARESGRANTED]]

Vesting Schedule
Subject to and conditioned upon Participant's continued employment with the Company through the applicable Vesting Date, and further subject to the terms and conditions of this Agreement and the Plan, the RSUs shall vest and become exercisable as follows:

Vesting Date	Percentage of RSUs vesting
First Anniversary of Grant Date	33 1/3%
Second Anniversary of Grant Date	33 1/3%
Third Anniversary of Grant Date	33 1/3%

Notwithstanding the foregoing, the RSUs shall be subject to accelerated vesting in certain circumstances as provided in this Agreement.

In no event shall the RSUs vest and become payable with respect to any additional RSUs following Participant's Termination of Service.

ELECTRONIC Acceptance of Award:

By clicking on the "ACCEPT" box on the "Accept Grant" page, you agree to be bound by the terms and conditions of this Agreement and the Plan. You acknowledge that you have reviewed and fully understand all of the provisions of this Agreement and the Plan, and have had the opportunity to obtain advice of counsel prior to accepting the grant of the RSUs pursuant to this Agreement. You hereby agree to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan or relating to the RSUs.

Article I.
AWARD; VESTING; FORFEITURE AND SETTLEMENT

1.1 RSUs and Dividend Equivalents.

(a) Each RSU represents the right to receive one Share on the terms, and subject to the conditions, set forth in this Agreement. Participant will have no right to the distribution of any Shares until such time (if ever) as the RSUs have vested and been earned hereunder.

(b) The Company hereby grants to Participant, with respect to each RSU, a Dividend Equivalent right that shall, to the extent that any dividend becomes payable on Common Stock while such Dividend Equivalent right remains outstanding, and subject to the terms set forth below, entitle Participant to a cash payment in the amount of any such dividend paid by the Company in respect of a share of Common Stock. The Dividend Equivalent right shall remain outstanding from the Grant Date through the earlier to occur of (i) the termination or forfeiture for any reason of the RSU to which such Dividend Equivalent right corresponds, or (ii) the delivery to the Participant of the share of Common Stock in respect of the RSU to which such Dividend Equivalent right corresponds (in any case, the "RSU Termination Date"). For clarity, each Dividend Equivalent right will entitle Participant to a cash payment in the amount of any dividend(s) paid by the Company in respect of a share of Common Stock to the extent that such dividend(s) are declared and have ex dividend date(s), in each case, that occur on or after the applicable Grant Date and on or prior to the applicable RSU Termination Date, payable upon the settlement date in respect of the RSU to which such Dividend Equivalent right corresponds as provided in Section 1.4 of this Agreement; provided, that with respect to any dividends meeting such criteria that are paid after the RSU Termination Date, the applicable Dividend Equivalent payment will be paid if and when the Company pays the underlying dividend (but in no event later than March 15th of the year following the year in which the applicable ex dividend date occurs). For the avoidance of doubt, (x) if an RSU does not ultimately vest hereunder, no Dividend Equivalent payments shall be made with respect to such unvested RSU, and (y) in no event shall a Dividend Equivalent payment be made that would result in Participant receiving both the Dividend Equivalent payment (in respect of a dividend) and the actual dividend with respect to the same RSU and corresponding share of Common Stock. Dividend Equivalent rights and any amounts that may become distributable in respect thereof shall be treated separately from the RSUs and the rights arising in connection therewith for purposes of the designation of time and form of payments required by Section 409A.

1.2 Vesting. Except as otherwise provided in Section 1.3 of this Agreement, the RSU will become vested and nonforfeitable ("Vested RSUs") according to the vesting schedule set forth above.

1.3 Termination of Service; Change in Control.

(a) In the event of Participant's Termination of Service for any reason, Participant will immediately and automatically forfeit to the Company any shares of Restricted Stock that are not Vested Shares (the "Unvested Shares") at the time of Participant's Termination of Service, except as otherwise provided for in this Agreement. Upon forfeiture of Unvested Shares, the Company will become the legal and beneficial owner of the Unvested Shares and all related interests and Participant will have no further rights with respect to the Unvested Shares.

(b) Notwithstanding anything to the contrary herein, if Participant's Termination of Service occurs by reason of Participant's death or Disability, in each case, prior to the Vesting Date, subject to and conditioned upon Participant's (or Participant's guardian or estate as applicable) timely execution of an effective release in a form prescribed by the Administrator, a pro-rata portion of the shares of Restricted Stock equal to the number of shares of Restricted Stock subject to this Award multiplied by a fraction, the numerator of which is the number of days elapsed between the Grant

Date and the date of Participant's Termination of Service and the denominator of which is three hundred sixty-six (366) days (rounded up to the next whole Share), shall become fully vested and non-forfeitable as of the date of such Termination of Service and any remaining Unvested Shares shall immediately and automatically be forfeited effective as of such Termination of Service.

(c) Notwithstanding anything to the contrary herein, in the event of a Change in Control, the following provisions shall apply:

(i) In the event that the Award is not continued, converted, assumed, or replaced by the successor corporation or a parent or subsidiary of the successor corporation in a Change in Control, in any case, as determined by the Administrator, any then-Unvested Shares shall become fully vested

and non-forfeitable as of immediately prior to such Change in Control. The Administrator may condition such accelerated vesting upon Participant's timely execution of an effective release and/or other transaction-related documents in a form or forms prescribed by the Company.

(ii) In the event of Participant's Termination of Service by the Company without Cause or by Participant for Good Reason, in either case, within twenty-four (24) months following a Change in Control, subject to and conditioned upon Participant's timely execution of an effective release in a form prescribed by the Administrator, any then-Unvested Shares shall become fully vested and non-forfeitable as of the date of such Termination of Service. For purposes of this Agreement, "Good Reason" shall mean the occurrence of any one or more of the following conditions without Participant's consent: (i) a material diminution of Participant's base salary, (ii) a material diminution in Participant's authority, duties or responsibilities, or (iii) the requirement by the Company that Participant's principal place of employment be based more than fifty (50) miles from Participant's primary office location; provided, further, that, a termination for Good Reason will not have occurred unless Participant gives written notice to the Company of Participant's intention to terminate employment within thirty (30) days after the occurrence of the event constituting Good Reason, specifying in reasonable detail the circumstances constituting Good Reason, and the Company has failed within thirty (30) days after receipt of such notice to cure the circumstances constituting Good Reason, and Participant terminates employment within sixty (60) days after the end of such thirty (30) day period.

1.4 Settlement.

(a) All of Participant's RSUs which are then vested pursuant to Sections 1.2 will be paid in Shares, and any related Dividend Equivalents (including any Dividend Equivalent Account balance) will be paid in cash, in each case, during the thirty (30)-day period beginning with the earliest to occur of the following events:

(i) the Vesting Date; or

(ii) subject to Section 1.4(b), Participant's Termination of Service by the Company without Cause (other than due to death or Disability) or by Participant for Good Reason, in either case, following a Change in Control. Notwithstanding anything to the contrary in this Agreement or the Plan, no RSUs or Dividend Equivalents shall be distributed to Participant pursuant to this Section 1.4(a)(ii) during the six-month period following Participant's Separation from Service if the Company determines that distributing such RSUs and Dividend Equivalents at the time or times indicated in this Agreement would be a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code. If the distribution of any of Participant's RSUs and Dividend Equivalents is

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delayed as a result of the previous sentence, then such RSUs and Dividend Equivalents (including any Dividend Equivalent Account balance) shall be paid to Participant during the thirty (30)-day period beginning on the first business day following the end of such six-month period (or such earlier date upon which such RSUs and Dividend Equivalents can be distributed under Section 409A without resulting in a prohibited distribution, including as a result of Participant's death).

(b) Notwithstanding anything to the contrary in Section 1.4(a), in the event that the vesting of the RSUs accelerates pursuant to Section 1.3(b)(ii), Shares shall be distributed to Participant in settlement of such RSUs, and any related Dividend Equivalents (including any Dividend Equivalent Account balance) shall be paid to Participant, in each case, immediately prior to the consummation of such Change in Control.

ARTICLE II.

TAXATION AND TAX WITHHOLDING

2.1 Responsibility for Taxes.

(a) Participant acknowledges that, regardless of any action taken by the Company, the ultimate liability for all income tax, social insurance, payroll tax, employment tax, fringe benefit tax, payment on account or other tax-related items related to Participant's participation in the Plan and legally applicable to Participant or deemed by the Company in its discretion to be an appropriate charge to Participant even if legally applicable to the Company ("Tax-Related Items") is and remains Participant's responsibility and may exceed the amount actually withheld by the Company. Participant further acknowledges that the Company (i) makes no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the RSUs, including, but not limited to, the grant or vesting of the RSUs or any related Dividend Equivalents, the subsequent sale of Shares acquired upon vesting, and the receipt of any dividends; and (ii) does not commit to and is under no obligation to structure the terms of the grant or any aspect of the RSUs to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if Participant is subject to Tax-Related Items in more than one jurisdiction, Participant acknowledges that the Company may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(b) Prior to the relevant taxable or tax withholding event, as applicable, Participant agrees to cooperate with the Company in satisfying any applicable withholding obligations for Tax-Related Items. In this regard, the Company or its agents, at their discretion, may satisfy, or allow Participant to satisfy, the withholding obligation with regard to all Tax-Related Items by any of the following, or a combination thereof:

(i) By delivery of cash, check or wire transfer of immediately available funds by Participant to the Company; provided that the Administrator may limit the use of one of the foregoing methods if one or more of the methods below is permitted;

(ii) Unless the Administrator otherwise determines, (A) delivery (including telephonically to the extent permitted by the Administrator) of a notice to the Company that the Participant has placed a market sell order with a broker acceptable to the Administrator with respect to Shares then issuable and that the broker has been directed to deliver promptly to the Company funds sufficient to satisfy the tax obligations, or (B) the Participant's delivery to the Company of a copy of irrevocable and unconditional instructions to a broker acceptable to the Administrator to deliver promptly to the Company an amount sufficient to satisfy the tax withholding by cash, check or wire

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transfer of immediately available funds; provided, that such amount is paid to the Company at such time as may be required by the Administrator; or provided

(iii) To the extent permitted by the Administrator, delivery to the Company of Shares, including Shares delivered by attestation and Shares then issuable in settlement of the RSUs, valued at their Fair Market Value on the date of delivery (or such other date determined by the Administrator).

(c) The Company has the right and option, but not the obligation, to treat Participant's failure to provide timely payment of any tax withholding with regard to all Tax-Related Items as Participant's election to satisfy all or a portion of the tax withholding pursuant to Section 2.1(b)(iii) above.

(d) Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable statutory withholding amounts or other applicable withholding rates, including maximum applicable rates, in which case Participant may receive a refund of any over-withheld amount in cash through the Company's normal payroll processes and will have no entitlement to the Common Stock equivalent.

(e) Finally, Participant agrees to pay to the Company any amount of Tax-Related Items that the Company may be required to withhold or account for as a result of Participant's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to honor the vesting of the RSUs and/or refuse to issue or deliver the Shares or the proceeds from the sale of the Shares if Participant fails to comply with Participant's obligations in connection with the Tax-Related Items.

ARTICLE III.
OTHER PROVISIONS

3.1 Nature of Grant. In accepting the RSUs, Participant understands, acknowledges, and agrees that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time in accordance with its terms;

(b) the grant of the RSUs is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of RSUs, or benefits in lieu of RSUs, even if RSUs have been granted in the past;

(c) all decisions with respect to future RSU or other grants, if any, will be at the sole discretion of the Administrator;

(d) the RSU grant and participation in the Plan shall not create a right to employment or service or be interpreted as forming or amending an employment or service contract with the Company or any other Subsidiary and shall not interfere with the ability of the Company or any other Subsidiary, as applicable, to terminate Participant's employment or service relationship (if any) at any time with or without cause;

(e) Participant is voluntarily participating in the Plan;

(f) the RSUs and any Shares acquired under the Plan, and the income and value of same, are not intended to replace any pension rights or compensation (if any);

(g) the RSUs and any Shares acquired under the Plan, and the income and value of same, are not part of normal or expected compensation for purposes of calculating any severance,

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resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, pension or retirement benefits, welfare benefits or other similar payments (if any);

(h) the future value of the Shares underlying the RSUs is unknown, indeterminable and cannot be predicted with certainty;

(i) no claim or entitlement to compensation or damages shall arise from forfeiture of the RSUs resulting from Participant's Termination of Service (for any reason whatsoever, whether or not later found to be invalid or in breach of Applicable Laws or the terms of Participant's employment or service agreement, if any);

(j) unless otherwise agreed with the Company, the RSUs and the Shares underlying the RSUs, and the income and value of same, are not granted as consideration for, or in connection with, any services Participant may provide as a director of a Subsidiary; and

(k) unless otherwise provided in the Plan or by the Administrator, the RSUs and the benefits evidenced by this Agreement do not create any entitlement to have the RSUs or any such benefits transferred to, or assumed by, another company, nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Common Stock.

3.2 No Advice Regarding Grant. Neither the Company nor any Subsidiary is providing any tax, legal or financial advice, nor is any such party making recommendations regarding participation in the Plan, or Participant's acquisition or sale of the underlying Shares. Participant understands and agrees that Participant should consult with Participant's own personal tax, legal and financial advisors regarding participation in the Plan before taking any action related to his or her Awards under the Plan.

3.3 Transferability. The RSUs are not transferable, except by will or the laws of descent and distribution or as permitted by the Administrator in accordance with the terms of the Plan. Any permitted transfer of an Award hereunder shall be without consideration, except as required by Applicable Law.

3.4 Adjustments. Participant acknowledges that the RSUs, the Shares subject to the RSUs and the Dividend Equivalents are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan.

3.5 Defined Terms; Titles. Capitalized terms not defined in this Agreement have the meanings given to them in the Plan. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

3.6 Conformity to Applicable Laws. Participant acknowledges that the Plan and this Agreement are intended to conform to the extent necessary with all Applicable Laws and, to the extent Applicable Laws permit, will be deemed amended as necessary to conform to Applicable Laws.

3.7 Successors and Assigns; Third-Party Beneficiaries. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement will inure to the benefit of the successors and assigns of the Company. Subject to the transfer provisions set forth in the Plan, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto. Each Subsidiary is an intended third-party beneficiary of any rights or entitlements conferred on any such party hereunder, and shall be entitled to enforce such rights and entitlements hereunder as if such entity was a signatory to this Agreement.

3.8 Entire Agreement and Imposition of Other Terms. The Plan and this Agreement (including all exhibits and appendices hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company (or between any other

EXHIBIT 10.1

Subsidiary) and Participant with respect to the subject matter hereof. Nonetheless, the Company reserves the right to impose other requirements on Participant's participation in the Plan, on the RSUs and on any Shares acquired under the Plan, to the extent the Administrator determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan will control.

3.9 Severability. In the event that any provision of this Agreement is held illegal or invalid, the provision will be severable from, and the illegality or invalidity of the provision will not be construed to have any effect on, the remaining provisions of this Agreement.

3.10 Waiver. Participant acknowledges that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by Participant or any other person.

3.11 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates a contractual arrangement between the Company and Participant only (except as expressly provided above with respect to third-party rights of Subsidiaries) and shall not be construed as creating a trust for the benefit of Participant. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant will have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the RSUs and Dividend Equivalents, and rights no greater than the right to receive the Shares or cash as a general unsecured creditor with respect to the RSUs and Dividend Equivalents, as and when settled pursuant to the terms hereof.

3.12 **Electronic Delivery and Acceptance.** The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

3.13 **Notices.** Any notice to be given under the terms of this Agreement to the Company must be in writing and addressed to the Company in care of the Company's Secretary at the Company's principal office or the Secretary's then-current email address or facsimile number. Any notice to be given under the terms of this Agreement to Participant must be in writing and addressed to Participant at Participant's last known mailing address, email address or facsimile number in the Company's personnel files. By a notice given pursuant to this Section, either party may designate a different address for notices to be given to that party. Any notice will be deemed duly given when actually received, when sent by email, when sent by certified mail (return receipt requested) and deposited with postage prepaid in a post office or branch post office regularly maintained by the United States Postal Service, when delivered by a nationally recognized express shipping company or upon receipt of a facsimile transmission confirmation.

3.14 **Limitations Applicable to Section 16 Persons.** Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, this Agreement and the RSUs will be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3) that are requirements for the application of such exemptive rule. To the extent Applicable Laws permit, this Agreement will be deemed amended as necessary to conform to such applicable exemptive rule.

EXHIBIT 10.1

3.15 **Insider Trading Restrictions/Market Abuse Laws.** Participant acknowledges that Participant may be subject to insider trading restrictions and/or market abuse laws, which may affect Participant's ability to acquire or sell Shares or rights to Shares under the Plan during such times when Participant is considered to have "inside information" regarding the Company (as defined by Applicable Laws). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable insider trading policy of the Company. Participant acknowledges that Participant is responsible for ensuring compliance with any applicable restrictions and should consult Participant's personal legal advisor on these matters.

3.16 **Section 409A.** The intent of the parties is that the payments and benefits under this Agreement comply with or be exempt from Section 409A and the regulations and guidance promulgated thereunder and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith. For purposes of Section 409A, each payment that Participant may be eligible to receive under this Agreement shall be treated as a separate and distinct payment.

3.17 **Clawback Provisions.** In consideration of the grant of this Award, Participant agrees that this Award (including the gross amount of any proceeds, gains or other economic benefit Participant actually or constructively receives upon receipt of this Award or the receipt or resale of any Shares underlying this Award) will be subject to recoupment by the Company to the extent required to comply with Applicable Laws or any policy of the Company providing for the reimbursement of incentive compensation (including any policy adopted after the Grant Date).

3.18 **Governing Law.** This Agreement and the RSUs and the Dividend Equivalents will be governed by and interpreted in accordance with the laws of the State of Delaware, disregarding the choice-of-law principles of the State of Delaware and any other state requiring the application of a jurisdiction's laws other than the State of Delaware.

EXHIBIT 10.2

**FARMER BROS. CO.
2017 LONG-TERM INCENTIVE PLAN
RESTRICTED STOCK UNIT AWARD AGREEMENT**

Farmer Bros. Co. (the "Company") has granted to the participant listed below ("Participant") the restricted stock units (the "RSUs") described in this Restricted Stock Unit Award Agreement (this "Agreement"), subject to the terms and conditions of this Agreement and the Farmer Bros. Co. 2017 Long-Term Incentive Plan (as amended from time to time, the "Plan"), which is incorporated into this Agreement by reference. For purposes of this Agreement, references to

the "Company" shall include any Subsidiary employer, as applicable. To the extent not defined herein, terms used in this Agreement which are defined in the Plan shall have the same meanings as set forth in the Plan.

Participant:

[[FIRSTNAME]] [[LASTNAME]]

Grant Date:

[[GRANTDATE]]

Target Number of RSUs Granted:

[[SHARESGRANTED]]

Total Shareholder Return Measurement Period

July 1, 2022 thru June 30, 2025 (the "Performance Period")

Vesting Schedule

Subject to and conditioned upon Participant's continued employment with the Company through the last day of the Performance Period, the RSUs shall vest and shall be earned (or not) based on achievement relative to the criteria set forth in Exhibit A to this Agreement. Notwithstanding the foregoing, the RSUs shall be subject to accelerated vesting in certain circumstances as provided in this Agreement.

ELECTRONIC Acceptance of Award:

By clicking on the "ACCEPT" box on the "Accept Grant" page, you agree to be bound by the terms and conditions of this Agreement and the Plan. You acknowledge that you have reviewed and fully understand all of the provisions of this Agreement and the Plan, and have had the opportunity to obtain advice of counsel prior to accepting the grant of the RSUs pursuant to this Agreement. You hereby agree to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan or relating to the RSUs.

EXHIBIT 10.2

Article I.

AWARD; VESTING; FORFEITURE AND SETTLEMENT

1.1 RSUs

(a) Each RSU represents the right to receive one Share on the terms, and subject to the conditions, set forth in this Agreement. Participant will have no right to the distribution of any Shares until such time (if ever) as the RSUs have vested and been earned hereunder.

1.2 Determination of Number of Vested and Earned RSUs Forfeiture

(a) The number of RSUs subject to this Award that vest and are earned, if any, for the Performance Period shall be determined as set forth on Exhibit A attached hereto (the "Performance Goal").

After the end of the Performance Period (but in no event later than December 31st of the year in which the Performance Period ends), the Committee shall determine and certify performance with respect to the Performance Goal for the Performance Period (such date of determination, the "Determination Date"). Subject to Participant's continued employment through the last day of the Performance Period (except as otherwise provided herein), as of the Determination Date, a number of RSUs shall be earned (or not) based on the Committee's determination and certification of performance with respect to the Performance Goal; provided that in determining and certifying performance, the Committee shall have the discretion to adjust downward the number of RSUs that vest and are earned. In no event shall a number of RSUs vest or be earned in excess of the Maximum Number of RSUs Granted, as indicated above. All RSUs that are not earned as of the Determination Date shall be forfeited.

(b) Unless the Administrator otherwise determines or as otherwise provided for in the Plan or this Agreement with respect to Participant's Termination of Service, the RSUs will immediately and automatically be cancelled and forfeited as to any portion that is not vested and earned as of Participant's Termination of Service during the Performance Period. In addition, the RSUs will immediately and automatically be cancelled and forfeited (including any portion that is then vested) upon Participant's Termination of Service for Cause prior to the Determination Date. Dividend Equivalents (including any Dividend Equivalent Account balance) will vest or be forfeited, as applicable, upon the vesting or forfeiture of the RSU with respect to which the Dividend Equivalent (including the Dividend Equivalent Account) relates.

1.3 Termination of Service; Change in Control

(a) Notwithstanding anything to the contrary in Section 1.2, if Participant's Termination of Service occurs by reason of death or Disability prior to the end of the Performance Period, subject to and conditioned upon Participant's (or Participant's guardian or estate, as applicable) timely execution of an effective

release in a form prescribed by the Administrator, the RSUs shall remain outstanding following Participant's Termination of Service and Participant shall be eligible to earn the number of RSUs that would have been earned based on actual performance through the end of the Performance Period, as determined and certified by the Committee on the Determination Date, had no Termination of Service occurred, with such number of earned RSUs (if any) pro-rated based on the number of days elapsed in the Performance Period through the Termination of Service over the total number of days in the Performance Period.

(b) Effect of Change in Control. Notwithstanding anything to the contrary herein, in the event of a Change in Control, the following provisions shall apply:

(i) In the event of Participant's Termination of Service by the Company without Cause (other than due to death or Disability) or by Participant for Good Reason, in either

EXHIBIT 10.2

case, within twenty-four (24) months following a Change in Control, subject to and conditioned upon Participant's timely execution of an effective release in a form prescribed by the Administrator, the Target Number of RSUs Granted, as indicated above, shall become fully vested and shall be deemed earned as of the date of such Termination of Service. All RSUs granted hereunder in excess of the Target Number of RSUs Granted shall be forfeited. For purposes of this Agreement, "Good Reason" shall have the meaning ascribed to it in Participant's employment, services or similar agreement with the Company, and if no such agreement exists or such agreement does not contain a definition of "Good Reason", then "Good Reason" shall mean the occurrence of any one or more of the following conditions without Participant's consent: (i) a material diminution of Participant's base salary, (ii) a material diminution in Participant's authority, duties or responsibilities, or (iii) the requirement by the Company that Participant's principal place of employment be based more than fifty (50) miles from Participant's primary office location; provided, further, that, a termination for Good Reason will not have occurred unless Participant gives written notice to the Company of Participant's intention to terminate employment within thirty (30) days after the occurrence of the event constituting Good Reason, specifying in reasonable detail the circumstances constituting Good Reason, and the Company has failed within thirty (30) days after receipt of such notice to cure the circumstances constituting Good Reason, and Participant terminates employment within sixty (60) days after the end of such thirty (30) day period.

(ii) In the event that the RSUs are not continued, converted, assumed, or replaced by the successor corporation or a parent or subsidiary of the successor corporation in a Change in Control, a number of RSUs shall vest and shall be deemed earned immediately prior to the consummation of such Change in Control equal to the Target Number of RSUs Granted, as indicated above, pro-rated based on the number of days elapsed in the Performance Period through the Change in Control over the total number of days in the Performance Period, and all RSUs granted hereunder in excess of such number of RSUs shall be forfeited. The Administrator may condition such accelerated vesting upon Participant's timely execution of an effective release and/or other transaction-related documents in a form or forms reasonably prescribed by the Company.

1.4 Settlement

(a) All of Participant's RSUs which are then vested pursuant to Sections 1.2 or 1.3 will be paid in Shares, and any related Dividend Equivalents (including any Dividend Equivalent Account balance) will be paid in cash, in each case, during the thirty (30)-day period beginning with the earliest to occur of the following events:

(i) the Determination Date; or
(ii) subject to Section 1.4(b), Participant's Termination of Service by the Company without Cause (other than due to death or Disability) or by Participant for Good Reason, in either case, following a Change in Control. Notwithstanding anything to the contrary in this Agreement or the Plan, no RSUs or Dividend Equivalents shall be distributed to Participant pursuant to this Section 1.4(a)(ii) during the six-month period following Participant's Separation from Service if the Company determines that distributing such RSUs and Dividend Equivalents at the time or times indicated in this Agreement would be a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code. If the distribution of any of Participant's RSUs and Dividend Equivalents is delayed as a result of the previous sentence, then such RSUs and Dividend Equivalents

EXHIBIT 10.2

(including any Dividend Equivalent Account balance) shall be paid to Participant during the thirty (30)-day period beginning on the first business day following the end of such six-month period (or such earlier date upon which such RSUs and Dividend Equivalents can be distributed under Section 409A without resulting in a prohibited distribution, including as a result of Participant's death).

(b) Notwithstanding anything to the contrary in Section 1.4(a), in the event that the vesting of the RSUs accelerates pursuant to Section 1.3(b)(ii), Shares shall be distributed to Participant in settlement of such RSUs, and any related Dividend Equivalents (including any Dividend Equivalent Account balance) shall be paid to Participant, in each case, immediately prior to the consummation of such Change in Control.

ARTICLE II. TAXATION AND TAX WITHHOLDING

2.1 Responsibility for Taxes.

(a) Participant acknowledges that, regardless of any action taken by the Company, the ultimate liability for all income tax, social insurance, payroll tax, employment tax, fringe benefit tax, payment on account or other tax-related items related to Participant's participation in the Plan and legally applicable to Participant or deemed by the Company in its discretion to be an appropriate charge to Participant even if legally applicable to the Company ("Tax-Related Items") is and remains Participant's responsibility and may exceed the amount actually withheld by the Company. Participant further acknowledges that the Company (i) makes no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the RSUs, including, but not limited to, the grant or vesting of the RSUs or any related Dividend Equivalents, the subsequent sale of Shares acquired upon vesting, and the receipt of any dividends; and (ii) does not commit to and is under no obligation to structure the terms of the grant or any aspect of the RSUs to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if Participant is subject to Tax-Related Items in more than one jurisdiction, Participant acknowledges that the Company may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

(b) Prior to the relevant taxable or tax withholding event, as applicable, Participant agrees to cooperate with the Company in satisfying any applicable withholding obligations for Tax-Related Items. In this regard, the Company or its agents, at their discretion, may satisfy, or allow Participant to satisfy, the withholding obligation with regard to all Tax-Related Items by any of the following, or a combination thereof:

(i) By delivery of cash, check or wire transfer of immediately available funds by Participant to the Company; provided that the Administrator may limit the use of one of the foregoing methods if one or more of the methods below is permitted;

(ii) Unless the Administrator otherwise determines, (A) delivery (including telephonically to the extent permitted by the Administrator) of a notice to the Company that the Participant has placed a market sell order with a broker acceptable to the Administrator with respect to Shares then issuable and that the broker has been directed to deliver promptly to the Company funds sufficient to satisfy the tax obligations, or (B) the Participant's delivery to the Company of a copy of irrevocable and unconditional instructions to a broker acceptable to the Administrator to deliver promptly to the Company an amount sufficient to satisfy the tax withholding by cash, check or wire

EXHIBIT 10.2

transfer of immediately available funds; provided, that such amount is paid to the Company at such time as may be required by the Administrator; or

(iii) To the extent permitted by the Administrator, delivery to the Company of Shares, including Shares delivered by attestation and Shares then issuable in settlement of the RSUs, valued at their Fair Market Value on the date of delivery (or such other date determined by the Administrator).

(c) The Company has the right and option, but not the obligation, to treat Participant's failure to provide timely payment of any tax withholding with regard to all Tax-Related Items as Participant's election to satisfy all or a portion of the tax withholding pursuant to Section 2.1(b)(iii) above.

(d) Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable statutory withholding amounts or other applicable withholding rates, including maximum applicable rates, in which case Participant may receive a refund of any over-withheld amount in cash through the Company's normal payroll processes and will have no entitlement to the Common Stock equivalent.

(e) Finally, Participant agrees to pay to the Company any amount of Tax-Related Items that the Company may be required to withhold or account for as a result of Participant's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to honor the vesting of the RSUs and/or refuse to issue or deliver the Shares or the proceeds from the sale of the Shares if Participant fails to comply with Participant's obligations in connection with the Tax-Related Items.

ARTICLE III. OTHER PROVISIONS

3.1 Nature of Grant. In accepting the RSUs, Participant understands, acknowledges, and agrees that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time in accordance with its terms;

(b) the grant of the RSUs is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of RSUs, or benefits in lieu of RSUs, even if RSUs have been granted in the past;

(c) all decisions with respect to future RSU or other grants, if any, will be at the sole discretion of the Administrator;

(d) the RSU grant and participation in the Plan shall not create a right to employment or service or be interpreted as forming or amending an employment or service contract with the Company or any other Subsidiary and shall not interfere with the ability of the Company or any other Subsidiary, as applicable, to terminate Participant's employment or service relationship (if any) at any time with or without cause;

(e) Participant is voluntarily participating in the Plan;

(f) the RSUs and any Shares acquired under the Plan, and the income and value of same, are not intended to replace any pension rights or compensation (if any);

(g) the RSUs and any Shares acquired under the Plan, and the income and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, pension or retirement benefits, welfare benefits or other similar payments (if any);

EXHIBIT 10.2

(h) the future value of the Shares underlying the RSUs is unknown, indeterminable and cannot be predicted with certainty;

(i) no claim or entitlement to compensation or damages shall arise from forfeiture of the RSUs resulting from Participant's Termination of Service (for any reason whatsoever, whether or not later found to be invalid or in breach of Applicable Laws or the terms of Participant's employment or service agreement, if any);

(j) unless otherwise agreed with the Company, the RSUs and the Shares underlying the RSUs, and the income and value of same, are not granted as consideration for, or in connection with, any services Participant may provide as a director of a Subsidiary; and

(k) unless otherwise provided in the Plan or by the Administrator, the RSUs and the benefits evidenced by this Agreement do not create any entitlement to have the RSUs or any such benefits transferred to, or assumed by, another company, nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Common Stock.

3.2 No Advice Regarding Grant. Neither the Company nor any Subsidiary is providing any tax, legal or financial advice, nor is any such party making recommendations regarding participation in the Plan, or Participant's acquisition or sale of the underlying Shares. Participant understands and agrees that Participant should consult with Participant's own personal tax, legal and financial advisors regarding participation in the Plan before taking any action related to his or her Awards under the Plan.

3.3 Transferability. The RSUs are not transferable, except by will or the laws of descent and distribution or as permitted by the Administrator in accordance with the terms of the Plan. Any permitted transfer of an Award hereunder shall be without consideration, except as required by Applicable Law.

3.4 Adjustments. Participant acknowledges that the RSUs, the Shares subject to the RSUs and the Dividend Equivalents are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan.

3.5 Defined Terms; Titles. Capitalized terms not defined in this Agreement have the meanings given to them in the Plan. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

3.6 Conformity to Applicable Laws. Participant acknowledges that the Plan and this Agreement are intended to conform to the extent necessary with all Applicable Laws and, to the extent Applicable Laws permit, will be deemed amended as necessary to conform to Applicable Laws.

3.7 Successors and Assigns; Third-Party Beneficiaries. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement will inure to the benefit of the successors and assigns of the Company. Subject to the transfer provisions set forth in the Plan, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto. Each Subsidiary is an intended third-party beneficiary of any rights or entitlements conferred on any such party hereunder, and shall be entitled to enforce such rights and entitlements hereunder as if such entity was a signatory to this Agreement.

3.8 Entire Agreement and Imposition of Other Terms. The Plan and this Agreement (including all exhibits and appendices hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company (or between any other Subsidiary) and Participant with respect to the subject matter hereof. Nonetheless, the Company reserves the right to impose other requirements on Participant's participation in the Plan, on the RSUs and on any Shares.

acquired under the Plan, to the extent the Administrator determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan will control.

3.9 Severability. In the event that any provision of this Agreement is held illegal or invalid, the provision will be severable from, and the illegality or invalidity of the provision will not be construed to have any effect on, the remaining provisions of this Agreement.

3.10 Waiver. Participant acknowledges that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by Participant or any other person.

3.11 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates a contractual arrangement between the Company and Participant only (except as expressly provided above with respect to third-party rights of Subsidiaries) and shall not be construed as creating a trust for the benefit of Participant. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant will have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the RSUs and Dividend Equivalents, and rights no greater than the right to receive the Shares or cash as a general unsecured creditor with respect to the RSUs and Dividend Equivalents, as and when settled pursuant to the terms hereof.

3.12 Electronic Delivery and Acceptance. The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means (including without limitation the Plan, Awards, Award Agreements, prospectuses required by applicable securities law) and all other documents that the Company is required to deliver to its security holders (including without limitation, annual reports and proxy statements). Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

3.13 Notices. Any notice to be given under the terms of this Agreement to the Company must be in writing and addressed to the Company in care of the Company's Secretary at the Company's principal office or the Secretary's then-current email address or facsimile number. Any notice to be given under the terms of this Agreement to Participant must be in writing and addressed to Participant at Participant's last known mailing address, email address or facsimile number in the Company's personnel files. By a notice given pursuant to this Section, either party may designate a different address for notices to be given to that party. Any notice will be deemed duly given when actually received, when sent by email, when sent by certified mail (return receipt requested) and deposited with postage prepaid in a post office or branch post office regularly maintained by the United States Postal Service, when delivered by a nationally recognized express shipping company or upon receipt of a facsimile transmission confirmation.

3.14 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, this Agreement and the RSUs will be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3) that are requirements for the application of such exemptive rule. To the extent Applicable Laws permit, this Agreement will be deemed amended as necessary to conform to such applicable exemptive rule.

3.15 Insider Trading Restrictions/Market Abuse Laws. Participant acknowledges that Participant may be subject to insider trading restrictions and/or market abuse laws, which may affect

Participant's ability to acquire or sell Shares or rights to Shares under the Plan during such times when Participant is considered to have "inside information" regarding the Company (as defined by Applicable Laws). Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under any applicable insider trading policy of the Company. Participant acknowledges that Participant is responsible for ensuring compliance with any applicable restrictions and should consult Participant's personal legal advisor on these matters.

3.16 Section 409A. The intent of the parties is that the payments and benefits under this Agreement comply with or be exempt from Section 409A and the regulations and guidance promulgated thereunder and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith. For purposes of Section 409A, each payment that Participant may be eligible to receive under this Agreement shall be treated as a separate and distinct payment. To the extent Participant must enter into a release as noted in Section 1.3 of this Agreement, the payment with respect to the RSU is not

exempt from Section 409A, and the date of the Change in Control or Termination of Service occurs in a different calendar year than the date the release will become effective, then settlement of the RSU may not occur before January 1 of the second year.

3.17 Clawback Provisions. In consideration of the grant of this Award, Participant agrees that this Award and related Dividend Equivalents (including the gross amount of any proceeds, gains or other economic benefit Participant actually or constructively receives upon receipt of this Award, the receipt or resale of any Shares underlying this Award or any other amounts or benefits as required by Applicable Law) will be subject to recoupment by the Company to the extent required to comply with Applicable Laws or any policy of the Company providing for the reimbursement of compensation (including any policy adopted after the Grant Date).

3.18 Governing Law. This Agreement and the RSUs and the Dividend Equivalents will be governed by and interpreted in accordance with the laws of the State of Delaware, disregarding the choice-of-law principles of the State of Delaware and any other state requiring the application of a jurisdiction's laws other than the State of Delaware.

EXHIBIT 10.2

EXHIBIT A



EXHIBIT 10.3

FARMER BROS. CO.
AMENDED AND RESTATED 2017 LONG-TERM INCENTIVE PLAN
CASH-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT

Farmer Bros. Co. (the "**Company**") has granted to the participant listed below ("**Participant**") the cash-based restricted stock units (the "**CRSUs**") described in this Cash-Based Restricted Stock Unit Award Agreement (this "**Agreement**"), subject to the terms and conditions of this Agreement and the Farmer Bros. Co. Amended and Restated 2017 Long-Term Incentive Plan (as amended from time to time, the "**Plan**"), which is incorporated into this Agreement by reference. For purposes of this Agreement, references to the "Company" shall include any Subsidiary employer, as applicable. To the extent not defined herein, terms used in this Agreement which are defined in the Plan shall have the same meanings as set forth in the Plan.

Participant: [[FIRSTNAME]] [[LASTNAME]]
Grant Date: [[GRANTDATE]]
Number of CRSUs Granted: [[SHARESGRANTED]]
Vesting Schedule
Subject to and conditioned upon Participant's continued employment with the Company through the applicable Vesting Date, and further subject to the terms and conditions of this Agreement and the Plan, the CRSUs shall vest and become payable as follows:

Vesting Date	Percentage of CRSUs vesting
First Anniversary of Grant Date	33 1/3%
Second Anniversary of Grant Date	33 1/3%
Third Anniversary of Grant Date	33 1/3%

Notwithstanding the foregoing, the CRSUs shall be subject to accelerated vesting in certain circumstances as provided in this Agreement.

In no event shall the CRSUs vest and become payable with respect to any additional CRSUs following Participant's Termination of Service.

ELECTRONIC Acceptance of Award:

By clicking on the "ACCEPT" box on the "Accept Grant" page, you agree to be bound by the terms and conditions of this Agreement and the Plan. You acknowledge that you have reviewed and fully understand all of the provisions of this Agreement and the Plan, and have had the opportunity to obtain advice of counsel prior to accepting the grant of the CRSUs pursuant to this Agreement. You hereby agree to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan or relating to the CRSUs.

EXHIBIT 10.3

Article I.

AWARD; VESTING; FORFEITURE AND SETTLEMENT

1.1 CRSUs and Dividend Equivalents

(a) Each CRSU represents the right to receive the cash value of one Share on the terms, and subject to the conditions, set forth in this Agreement. Participant will have no right to the distribution of any cash payment until such time (if ever) as the CRSUs have vested hereunder. Participant has no right to receive any Shares under the terms of this CRSU.

(b) The Company hereby grants to Participant, with respect to each CRSU, a Dividend Equivalent right that shall, to the extent that any dividend becomes payable on Common Stock while such Dividend Equivalent right remains outstanding, and subject to the terms set forth below, entitle Participant to a cash payment in the amount of any such dividend paid by the Company in respect of a share of Common Stock. The Dividend Equivalent right shall remain outstanding from the Grant Date through the earlier to occur of (i) the termination or forfeiture for any reason of the CRSU to which such Dividend Equivalent right corresponds, or (ii) the delivery to the Participant of the cash value of the share of Common Stock in respect of the CRSU to which such Dividend Equivalent right corresponds (in any case, the "CRSU Termination Date"). For clarity, each Dividend Equivalent right will entitle Participant to a cash payment in the amount of any dividend(s) paid by the Company in respect of a share of Common Stock to the extent that such dividend(s) are declared and have ex dividend date(s), in each case, that occur on or after the applicable Grant Date and on or prior to the applicable CRSU Termination Date, payable upon the settlement date in respect of the CRSU to which such Dividend Equivalent right corresponds as provided in Section 1.4 of this Agreement. For the avoidance of doubt, (x) if a CRSU does not ultimately vest hereunder, no Dividend Equivalent payments shall be made with respect to such unvested CRSU, and (y) in no event shall a Dividend Equivalent payment be made that would result in Participant receiving both the Dividend Equivalent payment (in respect of a dividend) and the actual dividend with respect to the same CRSU and corresponding share of Common Stock. Dividend Equivalent rights and any amounts that may become distributable in respect thereof shall be treated separately from the CRSUs and the rights arising in connection therewith for purposes of the designation of time and form of payments required by Section 409A.

1.2 Vesting. Except as otherwise provided in Section 1.3 of this Agreement, the CRSUs will become vested and nonforfeitable ("Vested CRSUs") according to the vesting schedule set forth above.

1.3 Termination of Service; Change in Control

(a) In the event of Participant's Termination of Service for any reason, Participant will immediately and automatically forfeit the right to receive any cash payment with respect to the Share equivalent units underlying the CRSUs that are not Vested CRSUs (the "Unvested CRSUs") at the time of Participant's Termination of Service, except as otherwise provided for in this Agreement. Upon forfeiture of Unvested CRSUs, the Participant will have no further rights with respect to the Unvested CRSUs.

(b) Notwithstanding anything to the contrary herein, if Participant's Termination of Service occurs by reason of Participant's death or Disability, in each case, prior to the Vesting Date, subject to and conditioned upon Participant's (or Participant's guardian or estate as applicable) timely execution of an effective release in a form prescribed by the Administrator, a pro-rata portion of the shares of Restricted Stock equal to the number of shares of Restricted Stock subject to this Award multiplied by a fraction, the numerator of which is the number of days elapsed between the Grant Date and the date of Participant's Termination of Service and the denominator of which is three

EXHIBIT 10.3

hundred sixty-six (366) days (rounded up to the next whole Share), shall become fully vested and non-forfeitable as of the date of such Termination of Service and any remaining Unvested CRSUs shall immediately and automatically be forfeited effective as of such Termination of Service.

(c) Notwithstanding anything to the contrary herein, in the event of a Change in Control, the following provisions shall apply:

(i) In the event that the Award is not continued, converted, assumed, or replaced by the successor corporation or a parent or subsidiary of the successor corporation in a Change in Control, in any case, as determined by the Administrator, any then-Unvested CRSUs shall become fully vested and non-forfeitable as of immediately prior to such Change in Control. The Administrator may condition such accelerated vesting upon Participant's timely execution of an effective release and/or other transaction-related documents in a form or forms prescribed by the Company.

(ii) In the event of Participant's Termination of Service by the Company without Cause or by Participant for Good Reason, in either case, within twenty-four (24) months following a Change in Control, subject to and conditioned upon Participant's timely execution of an effective release in a form prescribed by the Administrator, any then-Unvested CRSUs shall become fully vested and non-forfeitable as of the date of such Termination of Service. For purposes of this Agreement, "Good Reason" shall mean the occurrence of any one or more of the following conditions without Participant's consent: (i) a material diminution of Participant's base salary, (ii) a material diminution in Participant's authority, duties or responsibilities, or (iii) the requirement by the Company that Participant's principal place of employment be based more than fifty (50) miles from Participant's primary office location; provided, further, that, a termination for Good Reason will not have occurred unless Participant gives written notice to the Company of Participant's intention to terminate employment within thirty (30) days after the occurrence of the event constituting Good Reason, specifying in reasonable detail the circumstances constituting Good Reason, and the Company has failed within thirty (30) days after receipt of such notice to cure the circumstances constituting Good Reason, and Participant terminates employment within sixty (60) days after the end of such thirty (30) day period.

1.4 Settlement. All of Participant's CRSUs which are then vested pursuant to the Vesting Schedule set forth above, and any related Dividend Equivalents (including any Dividend Equivalent Account balance) will be paid solely in cash less required or elected withholdings, in each case, during the thirty (30)-day period following the date on which CRSUs first become vested. Notwithstanding anything to the contrary in this Agreement or the Plan, no CRSUs or Dividend Equivalents shall be paid to Participant pursuant to this Section 1.4 during the six-month period following Participant's Separation from Service if the Company determines that distributing such CRSUs and Dividend Equivalents at the time or times indicated in this Agreement would be a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code. If the distribution of any of Participant's CRSUs and Dividend Equivalents is delayed as a result of the previous sentence, then such CRSUs and Dividend Equivalents (including any Dividend Equivalent Account balance) shall be paid to Participant during the thirty (30)-day period beginning on the first business day following the end of such six-month period (or such earlier date upon which such CRSUs and Dividend Equivalents can be paid under Section 409A without resulting in a prohibited distribution, including as a result of Participant's death).

EXHIBIT 10.3

ARTICLE II.
TAXATION AND TAX WITHHOLDING

2.1 No Representations Regarding Taxes. Participant acknowledges that, regardless of any action taken by the Company, the ultimate liability for all income tax, social security insurance, payroll tax, employment tax, fringe benefit tax, payment on account or other tax-related items related to Participant's participation in the Plan and legally applicable to Participant or deemed by the Company in its discretion to be an appropriate charge to Participant even if legally applicable to the Company ("Tax-Related Items") is and remains Participant's responsibility and may exceed the amount actually withheld by the Company. Participant further acknowledges that the Company (i) makes no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the CRSUs, including, but not limited to, the grant or vesting of the CRSUs or any related Dividend Equivalents; and (ii) does not commit to and is under no obligation to structure the terms of the grant or any aspect of the CRSUs to reduce or eliminate Participant's liability for Tax-Related Items or achieve any particular tax result. Further, if Participant is subject to Tax-Related Items in more than one jurisdiction, Participant acknowledges that the Company may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

ARTICLE III.
OTHER PROVISIONS

3.1 Nature of Grant. In accepting the CRSUs, Participant understands, acknowledges, and agrees that:

- (a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time in accordance with its terms;
- (b) the grant of the CRSUs is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of CRSUs, or benefits in lieu of CRSUs, even if CRSUs have been granted in the past;
- (c) all decisions with respect to future CRSU or other grants, if any, will be at the sole discretion of the Administrator;
- (d) the CRSU grant and participation in the Plan shall not create a right to employment or service or be interpreted as forming or amending an employment or service contract with the Company or any other Subsidiary and shall not interfere with the ability of the Company or any other Subsidiary, as applicable, to terminate Participant's employment or service relationship (if any) at any time with or without cause;
- (e) Participant is voluntarily participating in the Plan;
- (f) the CRSUs, and the income and value of same, are not intended to replace any pension rights or compensation (if any);
- (g) the CRSUs and the income and value of same, are not part of normal or expected compensation for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, pension or retirement benefits, welfare benefits or other similar payments (if any);
- (h) no claim or entitlement to compensation or damages shall arise from forfeiture of the CRSUs resulting from Participant's Termination of Service (for any reason whatsoever, whether or not later found to be invalid or in breach of Applicable Laws or the terms of Participant's employment or service agreement, if any);

EXHIBIT 10.3

(i) unless otherwise agreed with the Company, the CRSUs and the cash value of the CRSUs are not granted as consideration for, or in connection with, any services Participant may provide as a director of a Subsidiary;

(j) as specified in Section 3.15 hereof, the CRSUs are subject to any compensation recoupment policy required to be applied to such award under Applicable Law and/or adopted by the Company from time to time, including after the Grant Date; and

(k) unless otherwise provided in the Plan or by the Administrator, the CRSUs and the benefits evidenced by this Agreement do not create any entitlement to have the CRSUs or any such benefits transferred to, or assumed by, another company, nor to be exchanged, cashed out or substituted for, in connection with any corporate transaction affecting the Common Stock or Company.

3.2 No Advice Regarding Grant. Neither the Company nor any Subsidiary is providing any tax, legal or financial advice, nor is any such party making recommendations regarding participation in the Plan, or Participant's acquisition or sale of the underlying Shares. Participant understands and agrees that Participant should consult with Participant's own personal tax, legal and financial advisors regarding participation in the Plan before taking any action related to his or her Awards under the Plan.

3.3 Transferability. The CRSUs are not transferable, except by will or the laws of descent and distribution or as permitted by the Administrator in accordance with the terms of the Plan. Any permitted transfer of an Award hereunder shall be without consideration, except as required by Applicable Law.

3.4 **Adjustments.** Participant acknowledges that the CRSUs, the Shares subject to the CRSUs and the Dividend Equivalents are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan.

3.5 **Defined Terms; Titles.** Capitalized terms not defined in this Agreement have the meanings given to them in the Plan. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

3.6 **Conformity to Applicable Laws.** Participant acknowledges that the Plan and this Agreement are intended to conform to the extent necessary with all Applicable Laws and, to the extent Applicable Laws permit, will be deemed amended as necessary to conform to Applicable Laws.

3.7 **Successors and Assigns; Third-Party Beneficiaries.** The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement will inure to the benefit of the successors and assigns of the Company. Subject to the transfer provisions set forth in the Plan, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto. Each Subsidiary is an intended third-party beneficiary of any rights or entitlements conferred on any such party hereunder, and shall be entitled to enforce such rights and entitlements hereunder as if such entity was a signatory to this Agreement.

3.8 **Entire Agreement and Imposition of Other Terms.** The Plan and this Agreement (including all exhibits and appendices hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company (or between any other Subsidiary) and Participant with respect to the subject matter hereof. Nonetheless, the Company reserves the right to impose other requirements on Participant's participation in the Plan, on the CRSUs and on any Shares acquired under the Plan, to the extent the Administrator determines it is necessary or advisable for legal or administrative reasons, and to require Participant to sign any additional agreements or

EXHIBIT 10.3

undertakings that may be necessary to accomplish the foregoing. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan will control.

3.9 **Severability.** In the event that any provision of this Agreement is held illegal or invalid, the provision will be severable from, and the illegality or invalidity of the provision will not be construed to have any effect on, the remaining provisions of this Agreement.

3.10 **Waiver.** Participant acknowledges that a waiver by the Company of breach of any provision of this Agreement shall not operate or be construed as a waiver of any other provision of this Agreement, or of any subsequent breach by Participant or any other person.

3.11 **Limitation on Participant's Rights.** Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates a contractual arrangement between the Company and Participant only (except as expressly provided above with respect to third-party rights of Subsidiaries) and shall not be construed as creating a trust for the benefit of Participant. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant will have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the CRSUs and Dividend Equivalents, and rights no greater than the right to receive the Shares or cash as a general unsecured creditor with respect to the CRSUs and Dividend Equivalents, as and when settled pursuant to the terms hereof.

3.12 **Electronic Delivery and Acceptance.** The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means (including without limitation the Plan, Awards, Award Agreements, prospectuses required by applicable securities law) and all other documents that the Company is required to deliver to its security holders (including without limitation, annual reports and proxy statements). Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company.

3.13 **Notices.** Any notice to be given under the terms of this Agreement to the Company must be in writing and addressed to the Company in care of the Company's Secretary at the Company's principal office or the Secretary's then-current email address or facsimile number. Any notice to be given under the terms of this Agreement to Participant must be in writing and addressed to Participant at Participant's last known mailing address, email address or facsimile number in the Company's personnel files. By a notice given pursuant to this Section, either party may designate a different address for notices to be given to that party. Any notice will be deemed duly given when actually received, when sent by email, when sent by certified mail (return receipt requested) and deposited with postage prepaid in a post office or branch post office regularly maintained by the United States Postal Service, when delivered by a nationally recognized express shipping company or upon receipt of a facsimile transmission confirmation.

3.14 **Section 409A.** The intent of the parties is that the payments and benefits under this Agreement comply with or be exempt from Section 409A and the regulations and guidance promulgated thereunder and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith. For purposes of Section 409A, each payment that Participant may be eligible to receive under this Agreement shall be treated as a separate and distinct payment. To the extent Participant must enter into a release as noted in Section 1.3 of this Agreement, the payment with respect to the RSU is not exempt from Section 409A, and the date of the Change in Control or Termination of Service occurs in a different calendar year than the date the release will become effective, then settlement of the RSU may not occur before January 1 of the second year.

3.15 **Clawback Provisions.** In consideration of the grant of this Award, Participant agrees that this Award and related Dividend Equivalents (including the gross amount of any proceeds, gains or other economic benefit Participant actually or constructively receives upon receipt of this Award, the receipt or resale of any Shares underlying this Award or any other amounts or benefits as required by Applicable Law) will be subject to recoupment by the Company to the extent required to comply with Applicable Laws or any policy of the Company providing for the reimbursement of compensation (including any policy adopted after the Grant Date).

3.16 **Governing Law.** This Agreement and the CRSUs and the Dividend Equivalents will be governed by and interpreted in accordance with the laws of the State of Delaware, disregarding the choice-of-law principles of the State of Delaware and any other state requiring the application of a jurisdiction's laws other than the State of Delaware.

Ex 10.4

Retention Award Letter

September 13, 2023

Re: Retention Award

Dear Brad Bollner,

As we move forward with our focus on our direct store delivery business, it is critical that key employees like you remain with Farmer Brothers (the "Company"). You possess a highly valuable skill set and knowledge, and your efforts and contributions are vital to the stability and future of the business.

The Company is offering you a special retention award in recognition of your importance to the future of the Company. I am pleased to offer you a special one-time retention bonus of \$50,000 (the "Retention Bonus"). In return for your commitment to remain with the Company, the Retention Bonus will be paid to you, subject to the terms set forth on the following pages.

Please return a signed copy of this letter agreement (the "Agreement") to Amber Jefferson, Chief Human Resources Officer, no later than Friday, September 22, 2023.

Brad we truly appreciate your previous, current and future dedicated service to Farmer Brothers.

Sincerely,

John Moore

Interim Chief Executive Officer

1. Payment Date(s). The Company will pay fifty percent of the Retention Bonus (\$25,000) on March 15, 2024 and fifty percent of the Retention Bonus (\$25,000) on September 13, 2024.

2. Eligibility. You must be actively employed by the Company on each of the Payment Date(s) to be eligible to receive payment. If you voluntarily resign from the Company for any reason or you are terminated by the Company for Cause prior to each of the Payment Date(s), you are not entitled to the Retention Bonus.

"Cause" means (a) the willful and continued failure of Executive to perform Executive's material job duties with the Company Group (other than any such failure resulting from becoming disabled), after a written demand for substantial performance is delivered to Executive by the Company which specifically identifies the manner in which the Company believes that Executive has not substantially performed Executive's duties and Executive has had an opportunity for thirty (30) days to cure such failure after receipt of such written demand; (b) engaging in an act (whether by act or omission) of willful misconduct, fraud, embezzlement, misappropriation or theft which results in damage to the Company Group; (c) conviction of Executive of, or Executive pleading guilty or nolo contendere to, a felony (other than a violation of a motor vehicle or moving violation law) or a misdemeanor if such misdemeanor (A) is reasonably expected to or actually causes material damage to the Company Group; or (B) involves the commission of a criminal act against the Company Group; or (d) the breach by Executive of any material provision of, or inaccuracy in any material respect of any representation made by Executive in, the Company's policies or any agreement to which the Executive is party with the Company or its affiliates, that is not cured within 30 days of written notice from the Company setting forth with reasonable particularity such breach or inaccuracy, provided that, if such breach or inaccuracy is not capable of being cured within 30 days after receipt of such notice, Executive shall not be entitled to such cure period.

3. Tax Withholding. The Company may withhold from the Retention Bonus such federal, state and local taxes as are required to be withheld pursuant to any applicable law or regulation. The Company is not making any warranties or representations to you with respect to the income tax consequences of the Retention Bonus. You are hereby advised to consult with your own tax advisor with respect to the tax consequences to you of the Retention Bonus and, if applicable, the repayment thereof.

4. Other Benefits. The Retention Bonus is a special payment to you and will not be considered in computing the amount of salary or compensation for purposes of determining any other bonus, incentive, pension, retirement, death, or other benefit under any other bonus, incentive, pension, retirement, insurance, or other employee benefit plan of the Company, unless such plan or agreement expressly provides otherwise.

5. Employment at Will. The payment of the Retention Bonus (and your acceptance thereof) does not change the at-will nature of your employment relationship, which means that both you and the Company have the right to terminate your employment at any time, with or without advance notice and with or without cause. It also means that your job duties, title, responsibilities, reporting level, compensation and benefits, as well as the Company's personnel policies and procedures, may be changed with or without notice at any time at the sole discretion of the Company.

6. Miscellaneous. You agree that you will use your best efforts to perform your duties and responsibilities to the Company. You also agree that you will keep the terms of this Agreement confidential, and will not, except as required by law, disclose the terms of this Agreement to any person other than your spouse or professional advisors (who must also keep the terms of this Agreement confidential). You further agree that you will comply with all other confidentiality and other restrictive covenants that you may be subject to under any other agreement with, or policy of, the Company or any of its affiliates. This Agreement contains the entire understanding of the parties with respect to the subject matter hereof.

ACCEPTED

Signature: _____ /s/Brad Bollner

Name: _____ Brad Bollner Date: _____ 9/14/2023

cc: Amber Jefferson

Retention Award Letter

September 13, 2023

Re: Retention Award

Dear Jared Vitemb,

As we move forward with our focus on our direct store delivery business, it is critical that key employees like you remain with Farmer Brothers (the "Company"). You possess a highly valuable skill set and knowledge, and your efforts and contributions are vital to the stability and future of the business.

The Company is offering you a special retention award in recognition of your importance to the future of the Company. I am pleased to offer you a special one-time retention bonus of \$157,500 (the "Retention Bonus"). In return for your commitment to remain with the Company, the Retention Bonus will be paid to you, subject to the terms set forth on the following pages.

Please return a signed copy of this letter agreement (the "Agreement") to Amber Jefferson, Chief Human Resources Officer, no later than Friday, September 22, 2023.

Jared we truly appreciate your previous, current and future dedicated service to Farmer Brothers.

Sincerely,

John Moore

Ex 10.5

1. Payment Date(s). The Company will the Retention Bonus as soon as administratively possible following the execution of the Agreement.

2. Clawback. You agree to repay the entire Retention Bonus to the Company within 30 days if you voluntarily resign without Good Reason or you are being terminated by the Company for Cause, in either case prior to the earlier of:

- a) September 13, 2024;
- b) the consummation of a sale of all or substantially all of the Company's assets.

"Good Reason" and "Cause" shall have the same meaning as in your Executive Severance Agreement with the Company.

3. Termination without Cause, Death or Disability. If your employment is terminated by the Company without Cause due to your death or by the Company due to your having a disability (as defined by the Company's long-term disability plan), you will be entitled to retain the full amount of the Retention Bonus.

4. Tax Withholding. The Company may withhold from the Retention Bonus such federal, state and local taxes as are required to be withheld pursuant to any applicable law or regulation. The Company is not making any warranties or representations to you with respect to the income tax consequences of the Retention Bonus. You are hereby advised to consult with your own tax advisor with respect to the tax consequences to you of the Retention Bonus and, if applicable, the repayment thereof.

5. Other Benefits. The Retention Bonus is a special payment to you and will not be considered in computing the amount of salary or compensation for purposes of determining any other bonus, incentive, pension, retirement, death, or other benefit under any other bonus, incentive, pension, retirement, insurance, or other employee benefit plan of the Company, unless such plan or agreement expressly provides otherwise.

6. Employment at Will. The payment of the Retention Bonus (and your acceptance thereof) does not change the at-will nature of your employment relationship, which means that both you and the Company have the right to terminate your employment at any time, with or without advance notice and with or without cause. It also means that your job duties, title, responsibilities, reporting level, compensation and benefits, as well as the Company's personnel policies and procedures, may be changed with or without notice at any time at the sole discretion of the Company.

7. Miscellaneous. You agree that you will use your best efforts to perform your duties and responsibilities to the Company. You also agree that you will keep the terms of this Agreement confidential, and will not, except as required by law, disclose the terms of this Agreement to any person other than your spouse or professional advisors (who must also keep the terms of this Agreement confidential). You further agree that you will comply with all other confidentiality and other

restrictive covenants that you may be subject to under any other agreement with, or policy of, the Company or any of its affiliates. This Agreement contains the entire understanding of the parties with respect to the subject matter hereof.

ACCEPTED

Signature: /s/ Jared Vitemb

Name: Jared Vitemb Date: 9/13/2023

cc: Amber Jefferson

EXHIBIT 31.1

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, John Moore certify that:

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

Date: November 9, 2023 February 8, 2024

/S/ JOHN MOORE

John Moore

**Interim President and Chief Executive Officer
(principal executive officer)**

EXHIBIT 31.2

Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Brad Bollner, certify that:

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

Date: November 9, 2023 February 8, 2024

/s/ BRAD BOLLNER

Brad Bollner
Interim Chief Financial Officer
(principal financial officer)

EXHIBIT 32.1

Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Farmer Bros. Co. (the "Company") on Form 10-Q for the quarterly period ended September 30, 2023 December 31, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John Moore, Interim President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Dated: November 9, 2023 February 8, 2024

/s/ JOHN MOORE

John Moore
Interim President and Chief Executive Officer
(principal executive officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Certification of Principal Financial and Accounting Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report of Farmer Bros. Co. (the "Company") on Form 10-Q for the quarterly period ended **September 30, 2023** **December 31, 2023** as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Brad Bollner, Interim Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

Dated: **November 9, 2023** **February 8, 2024**

/s/ BRAD BOLLNER

Brad Bollner
Interim Chief Financial Officer
(principal financial officer)

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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