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

FORM 10-K

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

For the fiscal year ended June 30, 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 or 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**

Securities registered pursuant to Section 12(g) of the Act: None

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

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

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

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

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

Large accelerated filer	☐	Accelerated filer	☑
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

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

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

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of December 31, 2022, the last business day of the registrant's most recently completed second fiscal quarter, was $68.4 million based upon the closing price reported for such date on the Nasdaq Global Select Market.

As of September 5, 2023 the registrant had 20,356,801 shares outstanding of its common stock, par value $1.00 per share, which is the registrant's only class of common stock.

DOCUMENTS INCORPORATED BY REFERENCE

Specified portions of the registrant's definitive proxy statement to be filed with the U.S. Securities and Exchange Commission pursuant to Regulation 14A in connection with the registrant's 2023 Annual Meeting of Stockholders are incorporated by reference into Part III of this report. Such proxy statement will be filed with the SEC not later than 120 days after the conclusion of the registrant's fiscal year ended June 30, 2023.

TABLE OF CONTENTS

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K ("Form 10-K") and other documents we file with the Securities and Exchange Commission (the "SEC") contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), 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 below in Part I, Item 1.A., *Risk Factors* as well as Part II, Item 7, *Management’s Discussion and Analysis of Financial Condition and Results of Operations*, of this Form 10-K, as well as those discussed elsewhere in this Form 10-K and other factors described from time to time in our filings with the SEC.

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, 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 Form 10-K 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 Form 10-K 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.

PART I

Item 1. Business

Overview

Farmer Bros. Co., a Delaware corporation (including its consolidated subsidiaries unless the context otherwise requires, the "Company," "we," "us," "our" or "Farmer Bros."), is a leading coffee roaster, wholesaler, equipment servicer and distributor of coffee, tea and other allied products. We serve a wide variety of customers, from small independent restaurants and foodservice operators to large institutional buyers like restaurant, department and convenience store chains, 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. With a robust product line, including organic, Direct Trade, Project D.I.R.E.C.T.® and other sustainably-produced coffees, iced and hot teas, cappuccino, spices, and baking/biscuit mixes, among others, we offer not only a breadth of high-quality products to our customers but also a comprehensive approach by providing value added services such as market insight, beverage planning, and equipment placement and service. Our principal office and product development lab is located in Northlake, Texas ("Northlake facility"). We operate in one business segment.

Products and Services

Our product and service categories consist of the following:

- 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;
- other beverages including cappuccino, cocoa, granitas and other blender-based beverages and concentrated and ready-to-drink cold brew and iced coffee; and
- installation, repair & refurbishment services for a wide array of coffee, tea and juice equipment using state of the art restoration techniques, managing full equipment lifecycle and providing enhanced service capabilities, maintenance and value addition.

Our owned brand products are sold primarily into the foodservice channel. Our primary brands include Farmer Brothers®, Artisan Collection by Farmer Brothers™, Superior®, Metropolitan™, China Mist® and Boyds®. Our Artisan coffee products include Direct Trade, Project D.I.R.E.C.T.®, Fair Trade Certified™®, Rainforest Alliance Certified™, organic and proprietary blends. In addition, we sell whole bean and roast and ground flavored and unflavored coffee products under the Public Domain®, Un Momento®, Collaborative Coffee®, Cain's™, McGarvey® and Boyds® brands and iced and hot teas under the China Mist® brand through foodservice distributors at retail. Our roast and ground coffee products are primarily sold in traditional packaging, including bags and fractional packages, as well as single-serve packaging. Our tea products are sold in traditional tea bags and sachets, as well as single-serve tea pods and capsules. Our fiscal year ends on June 30, and our discussion is as of and for the fiscal years ended June 30, 2023 ("fiscal 2023") and June 30, 2022 ("fiscal 2022"). See *Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations* included in Part II, Item 7 of this Form 10-K.

Business Strategy

Overview

We are a coffee company dedicated to delivering the coffee people want, the way they want it. We build partnerships with customers who value quality, a wide array of services and sustainable sourcing and are passionate about delivering great coffee, tea, and culinary experiences to their communities.

In order to achieve our mission, increase cash optimization, and improve margins, we have grown existing capabilities and continue to develop new capabilities to deliver value to our customers. More recently, we have undertaken initiatives such as, but not limited to, the following:

- **Executing Manufacturing and Network Optimization**. We continue to develop and execute manufacturing network optimization. We utilize our Portland, Oregon, facility and separate distribution centers, including our Rialto, California distribution center, to improve production efficiencies and balance volume across our manufacturing and distribution networks to facilitate sustainable long-term growth. In fiscal 2023, we sold our Northlake, Texas production facility and are in the process of transitioning the entirety of our Direct-Store-Delivery ("DSD") production operations to our Portland, Oregon, facility. We also continue to execute branch rationalization, optimize product offerings, and enhance inventory management, which improves our cost structure without sacrificing service to our customers.

- **Leveraging our Direct-Store-Delivery Network for growth.** The DSD system is central to our operational framework, and we are making significant enhancements to drive profitability, ensure customer retention and utilize our national reach to improve inventory management across our network. The enhancements include optimizing the management of the route network to focus on business development, higher profitable sales and customer penetration and introducing key performance indicators to create better focus, accountability and alignment toward business objectives. We have also recently expanded dedicated new business resources to capture market share. Additionally, we are focused on building partnerships that utilize our current distribution capabilities to expose us to industry and product innovation.
- **Product Innovation Pipeline.** We are continuing to enhance our premium coffee and tea program, developing strategic partnerships, and building an advantaged allied product portfolio that resonates with our customers. We will continue to provide leadership in sustainable product solutions for our customers.
- **Driving Customer Satisfaction**. Providing our customers the products they want, when they want them, is key to customer satisfaction and retention. We have invested in systems and processes to improve our ability to service our customers. We are driving continuous improvement on "On-Time and In-Full" and other key service metrics. In addition, we are focused on optimizing our product commercialization process and bringing innovation to our customers.
- **Service Excellence in Revive Service & Restoration ("Revive").** We continue to have one of the largest coffee service networks in the industry and are able to install, repair, and refurbish commercial brewing equipment. We are focused on continually improving time-to-install, time-to-repair and restoration of equipment. We have successfully built partnerships with leading equipment manufacturers and are invested in training our team on the latest equipment offerings to enhance our service capabilities and ability to add value.
- **Enhance Processes and Systems.** We are implementing IT applications which we expect to enhance our supply chain optimization and flexibility. We are also continuing to invest in and enhance other IT capabilities to provide back-office support which will enable enhanced customer analytics, enable better product targeting and pricing, and create a more robust demand and supply process. In fiscal 2023, we introduced a newly integrated AI-backed pricing model that enhances our ability to evaluate and implement optimal pricing changes.

We differentiate ourselves in the marketplace by providing coffee, tea, and culinary expertise, service excellence, and equipment program support. We tailor solutions to our customers' needs, helping them deliver a great experience for their customers, including by:

- Offering a wide variety of sustainably sourced coffee, tea, and culinary products, thereby helping our customers achieve their sustainability goals and objectives;
- Providing consumer, channel, and market insights, including ideation to support customer menu and product evaluation in line with consumer trends;
- Delivering comprehensive commercial brewing equipment program support from installation to preventative maintenance to timely repair;
- Providing DSD service where our trained Route Sales Representative ("RSR") orders product to keep our customers in-stock, merchandises the beverage station, rotates products, cleans and inspects equipment on-site, and performs "cup quality checks," all to ensure a great experience for the consumer. Our services provided to DSD customers are conducted primarily in person through our RSRs, who develop business relationships with chefs, restaurant owners and food buyers at their delivery locations; and
- Providing comprehensive coffee programs to our key account customers, including private brand development, green coffee procurement, hedging, category management, sustainable sourcing, limited time specialty products, packaging design and supply chain management.

Industry and Market Leadership

We have made the following investments in an effort to ensure we are well-positioned within the industry to take advantage of category trends, industry insights, and general coffee, tea and allied product knowledge to grow our business:

- *Coffee Industry Leadership*. Through our dedication to the craft of sourcing, blending and roasting coffee, and our participation with the Specialty Coffee Association ("SCA"), National Coffee Association, Coalition for Coffee Communities, International Women's Coffee Alliance, Pacific Coast Coffee Association, and Roasters Guild, we work to help shape the future of the coffee industry. We believe that due to our commitment to the industry, large retail and foodservice operators are drawn to working with us. We were among the first coffee roasters in the nation to receive

SCA certification of a state-of-the-art coffee lab, which includes our product development labs at the Northlake, Texas and Portland, Oregon facilities.

- *Market Insight and Consumer Research.* We have developed a market insight capability internally that reinforces our business-to-business positioning as a thought leader in the coffee, tea and food service industries. We invest in proprietary consumer and customer segmentation studies and provide trend insights and product development support that helps our customers create winning products and integrated marketing strategies. We are focused on understanding key demographic groups and their attitudes and behaviors to better position the Company as a consumer brand at retail and meet the market needs of all our customers.

Sustainability Leadership

- *Sustainability.* We believe that our collective efforts in measuring our social and environmental impact, creating programs for waste, water and energy reduction, promoting partnerships in our supply chain that aim at supply chain stability and food security, and focusing on employee engagement place us in a unique position to help retailers and foodservice operators create differentiated coffee and tea programs that can include sustainable supply chains, direct trade purchasing, training and technical assistance, recycling and composting networks, and packaging material reductions. During fiscal 2023, we were part of the 2022 CDP Supplier Engagement Leaderboard. Further, in fiscal 2023, we published our annual sustainability report based on the Global Reporting Initiative's comprehensive compliance standard. In addition, China Mist is a member of the Ethical Tea Partnership (the "ETP"), a non-profit organization that works to improve the sustainability of the tea sector, the lives of tea workers and farmers, and the environment in which tea is produced. As a member of the ETP, China Mist sources all of its tea from tea plantations that are certified, monitored, and regularly audited by the ETP.
- *Science-Based Carbon Reduction Targets.* We believe combating climate change is critical to the future of our company, the coffee industry, coffee growers and the world. In fiscal 2023, we made progress towards our science-based carbon reduction targets. With a new baseline established in fiscal 2018, we set more ambitious goals in line with efforts to limit global warming to 1.5°C. Setting approved targets places us among those responsible businesses that are making measurable contributions to incorporate sustainability within their business strategy.
- *Zero Waste to Landfill.* Achieving zero waste in our production and distribution facilities is a significant step in reaching our overall sustainability goals. In fiscal 2023, we maintained our goal of 90% waste diversion for our primary production and distribution facilities. To accomplish this goal, we have focused on the circularity of our waste streams, making partnerships to reuse them, reintroducing them as inputs for new products, or recycling them and composting them when none of the previous options are possible. Currently 79% of the waste generated company-wide is diverted from the landfill, and our roasting facilities have achieved the Zero Waste goal since 2018.
- *LEED® Certified Facilities.* Our Portland production and distribution facility is the first in the Northwest to achieve LEED® Silver Certification. Our corporate office in Northlake, Texas has also achieved LEED® Silver Certification.
- *Project D.I.R.E.C.T.® Program.* In fiscal 2023, we continued to grow our direct trade sourcing model, Project D.I.R.E.C.T.®. This program involves direct long-term partnerships with coffee growing communities based on principles of sustainability, transparent pricing and consumer education. This model is an impact-based product or raw material sourcing framework that utilizes data-based sustainability metrics to influence an inclusive, collaborative approach to sustainability along the supply chain. To evaluate whether coffee is Project D.I.R.E.C.T.®, we follow an outcome-based evaluation framework. The result of this evaluation impacts where we invest our resources within our supply chain and has led to an increased level of transparency for us. Overall Project D.I.R.E.C.T.® builds community partnerships for decision making, training, and reporting that benefits all members of the coffee supply chain.
- *Green Coffee Traceability.* We are committed to the inclusion of more sustainably-sourced coffees in our supply chain. Regulatory and reputational risks can increase when customers, roasters and suppliers cannot see back into their supply chain. To address these concerns, as well as to deepen our commitment to the longevity of the coffee industry, we track traceability levels from all green coffee suppliers on a per-contract basis. This helps us to bring transparency to our supply chain, rank our suppliers, and also to identify opportunities to select trusted providers, cooperatives, mills, exporters, and other suppliers, when offering sustainable coffees to our customers. It also helps us deepen our understanding of greenhouse gas emissions generated upstream in our supply chain.
- *Supplier Sustainability.* We are committed to working with suppliers who share our social, environmental and economic sustainability goals. Regulatory and reputational risks can increase when suppliers are not held to the same strict standards to which we hold ourselves. To address this concern, all existing suppliers and new suppliers must acknowledge and adhere to our Supplier Standards of Engagement. These Standards of Engagement are aligned with the United Nations Global Compact and set minimum standards for suppliers that are designed to provide Farmer Bros. visibility into all aspects of its supply chain and meets these objectives. Our suppliers also execute a Supplier's

Certificate of Compliance, representing supplier's receipt and acknowledgment of the Standards of Engagement and agreement to comply with the same.

Charitable Activities

We view charitable involvement as a part of our corporate responsibility and sustainability model: Social, Environmental, and Economic Development, or SEED. We endorse and support communities where our customers, employees, businesses, and suppliers are located, and who have enthusiastically supported us over the past 100 years. Our objective is to provide support toward a mission of supply chain stability with a focus on food security.

Recipient organizations include those with strong local and regional networks that ensure families have access to nutritious food. Donations may take the form of corporate cash contributions, product donations, employee volunteerism, and workplace giving (with or without matching contributions).

- Recipient organizations include Feeding America, Ronald McDonald House, and local food banks.
- We support industry organizations, which commit to grow, protect, and enhance supplies of quality coffee while improving the livelihoods of the families who produce it, and the Specialty Coffee Association (the “SCA”) Sustainability Council and the Coalition for Coffee Communities, which are focused on sustainability in coffee growing regions.
- We organize local charities and fund raisers, including support of Ronald McDonald House, riding in the Ride Against Hunger supported by Tarrant Area Food Bank, and hosting local food drives.
- Our usable and near expiring products or products with damaged packaging that can be donated are donated to Feeding America affiliated food banks nationwide, in an effort to keep all edible food waste from going to landfills.

Human Capital

On June 30, 2023, we employed approximately 993 employees, 198 of whom are subject to collective bargaining agreements expiring on or before March 31, 2027.

Achieving our vision of building a leading specialty products distributor and service company starts with our people. We believe our human capital management philosophy and programs align with developing and sustaining a culture that embraces our team member values of family, service and quality, collaboration, simplicity and sustainability. We emphasize our value of family by striving for inclusive and equitable approaches in hiring practices, pay practices and team member engagement.

We continue to attract, develop and retain our team members with the following programs:

Diversity, Equity and Inclusion

We know our customers represent a wide range of backgrounds and experiences and we strive to build a team that is as diverse and inclusive as our customers and the communities in which we do business. Our commitments to diversity, equity and inclusion ("DEI") include:

- Creating courageous and psychologically safe spaces for all team members through continual learning and development and implementation of Business Employee Resource Groups (BERGs);
- Evaluation of all HR programs and processes through a DEI lens to identify and remove bias in our people practices.
- Increase in diversity supplier partnerships and spend;
- Actively recruiting from organizations that identify, prepare and develop diverse candidates for the workplace (e.g. Texas Workforce Commission, Hiring our Heroes, Mom’s Unfiltered, INROADS Inc., etc.);
- Engagement with community based organizations and local schools and universities to ensure equal access to employment opportunities through job search/interview training, apprenticeships, internships, and other programs; and
- Partnership with the National Organization on Disabilities to review our practices, train our leaders and help us increase our employment of people with disabilities.

Team Member Benefits

We value each team member and, as a result, we provide a Total Rewards Program that strives to deliver the features that our team members value. To accomplish this, we have conducted surveys of our team members over the last three years to make sure we are investing in areas that our people value. Based on team member feedback and in alignment with our values of family, we have emphasized:

- Stability of our team member benefits costs and expansion of the scope of our benefit programs and options. This has included company-paid short-term disability as well as paid parental leave for all non-union team members.
- Focused improvement of our overall team member experience, including investments in HR technology, well-being initiatives and a comprehensive Benefits Assistance Center to help employees understand their benefits better.

Health and Safety

The health and safety of our team members is crucial. In addition to tracking common indicators, such as injury rates, we have taken a proactive approach to work place safety, including regular company-wide safety training, extensive driver safety curriculum to help keep our team members and others safer on the road, and fleet safety reviews. We will continue to focus on all aspects of team member health and safety by creating a Safety First Culture. This includes, but is not limited to, tracking and analyzing injury rates and incident trends, safety training, and team member engagement in the safety process.

Raw Materials and Supplies

Our primary raw material is green coffee, an exchange-traded agricultural commodity that is subject to price fluctuations. Over the past five years, the coffee "C" market near month price per pound ranged from approximately $0.86 to $2.60. The coffee "C" market near month price as of June 30, 2023 and 2022 was $1.65 and $2.30 per pound, respectively. Our principal packaging materials include carton board, corrugate and plastic. We also use a significant amount of electricity, natural gas, and other energy sources to operate our production and distribution facilities.

We purchase green coffee beans from multiple coffee regions around the world. Coffee "C" market prices in fiscal 2023 traded in a $1.42 to $2.43 per pound range during the fiscal year, and averaged 28% above the historical average for the past five years. There can be no assurance that green coffee prices will remain at these levels in the future. Some of the Arabica coffee beans we purchase do not trade directly on the commodity markets. Rather, we purchase these coffee beans on a negotiated basis from coffee brokers, exporters and growers, including Direct Trade and Fair Trade Certified™® sources and Rainforest Alliance Certified™ farms. Fair Trade Certified™® provides an assurance that farmer groups are receiving the Fair Trade minimum price and an additional premium for certified organic products through arrangements with cooperatives. Direct Trade products provide similar assurance except that the arrangements are provided directly to individual coffee growers instead of to cooperatives, providing these farmers with price premiums and dedicated technical assistance to improve farm conditions and increase both quality and productivity of sustainable coffee crops at the individual farm level. Rainforest Alliance Certified™ coffee is grown using methods that help promote and preserve biodiversity, conserve scarce natural resources, and help farmers build sustainable lives. Our business model strives to reduce the impact of green coffee price fluctuations on our financial results and to protect and stabilize our margins, principally through customer arrangements and derivative instruments, as further explained in Note 5, *Derivative Instruments*, of the Notes to Consolidated Financial Statements included in this Form 10-K.

Intellectual Property

We own a number of United States trademarks and service marks that have been registered with the United States Patent and Trademark Office. We also own other trademarks and service marks for which we have filed applications for U.S. registration. We have licenses to use certain trademarks outside of the United States and to certain product formulas, all subject to the terms of the agreements under which such licenses are granted. We believe our trademarks and service marks are integral to customer identification of our products. It is not possible to assess the impact of the loss of such identification. Depending on the jurisdiction, trademarks are generally valid as long as they are in use and/or their registrations are properly maintained and they have not been found to have become generic. Registrations of trademarks can also generally be renewed indefinitely as long as the trademarks are in use. In addition, we own numerous copyrights, registered and unregistered, registered domain names, and proprietary trade secrets, technology, know-how, and other proprietary rights that are not registered.

Seasonality

We experience some seasonal influences. The winter months historically have generally been our strongest sales months. However, our product line and geographic diversity provide some sales stability during the warmer months when coffee consumption ordinarily decreases. Additionally, we usually experience an increase in sales during the summer and early fall months from seasonal businesses located in vacation areas and from grocery retailers ramping up inventory for the winter selling season. Because of the seasonality of our business, results for any quarter are not necessarily indicative of the results that may be achieved for the full fiscal year.

Sale of Direct Ship Business

On June 30, 2023, the Company completed its previously announced sale of certain assets related to its direct ship and private label business, including its production facility and corporate office building in Northlake, Texas (the "Sale"), 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 Asset Purchase Agreement, dated June 30, 2023, for a purchase price of $100 million in cash, subject to customary working capital and certain other adjustments, including a reduction for liabilities associated with a specified retained litigation matter. In connection with the Sale, the Company and the Buyer have agreed to a mutual transitional co-manufacturing agreement where the Company will manufacture certain products for Buyer and Buyer will manufacture certain products for the Company for an initial period of twelve months. In addition, the Company is also providing Buyer with certain transition services for an initial period of nine months and the Buyer is providing the Company with a lease of office and warehouse space at the Northlake, Texas facility sold in the Sale for an initial period of twelve months.

Distribution

We operate a production facility in Portland, Oregon. Distribution takes place out of the Portland facility, as well as separate distribution centers in Northlake, Texas; Northlake, Illinois; Rialto, California; and Moonachie, New Jersey. Our products reach our customers primarily through our nationwide DSD network of 242 delivery routes and 106 branch warehouses as of June 30, 2023. We operate a large fleet of trucks and other vehicles to distribute and deliver our products through our DSD network, and we rely on third-party logistics service providers ("3PL") for our long-haul distribution. We maintain inventory levels at each branch warehouse to promote minimal interruption in supply. We also sell coffee and tea products directly to consumers through our websites and sell certain products at retail and through foodservice distributors.

Customers

We serve a wide variety of customers, from small independent restaurants and foodservice operators to large institutional buyers and large national account customers like restaurant, department and convenience store chains, hotels, casinos, healthcare facilities, and gourmet coffee houses, as well as retail with private brand and consumer-branded coffee and tea products, foodservice distributors, and consumers through e-commerce. During fiscal 2023, our top five customers accounted for approximately 3% of our net sales from continuing operations.

Most of our customers rely on us for distribution; however, some of our customers use third-party distribution or conduct their own distribution. Some of our customers are “price” buyers, seeking a low-cost provider with less concern for service, while others find great value in the service programs we provide. We offer a full return policy to ensure satisfaction and extended terms for those customers who qualify. Historically, our product returns have not been significant.

Competition and Trends

The coffee industry is highly competitive, including with respect to price, product quality, service, convenience, technology and innovation, and competition could become more intense due to the relatively low barriers to entry and industry consolidation. We face competition from many sources, including the institutional foodservice divisions of multi-national manufacturers of retail products many of which have greater financial and other resources than we do, such as The J.M. Smucker Company (Folgers Coffee) and The Kraft Heinz Company (Maxwell House Coffee), wholesale foodservice distributors such as Sysco Corporation and US Foods Holding Corp., regional and national coffee roasters such as Westrock Coffee Company, Massimo Zanetti Beverage USA, Trilliant Food and Nutrition LLC, Gaviña & Sons, Inc., Royal Cup, Inc., Ronnoco Coffee, LLC, and Community Coffee Company, L.L.C., specialty coffee suppliers such as Rogers Family Company (San Francisco Bay Coffee), Distant Lands Coffee Company, Mother Parkers Tea & Coffee Inc., Starbucks Corporation and JAB Holding Company (Peet’s Coffee & Tea), and retail brand beverage manufacturers such as Keurig Dr. Pepper Inc. As many of our customers are small foodservice operators, we also compete with cash and carry and club stores (physical and on-line) such as Costco, Sam’s Club and Restaurant Depot and on-line retailers such as Amazon. We also face competition from growth in the single-serve, ready-to-drink coffee beverage and cold-brewed coffee channels, as well as competition from other beverages, such as soft drinks (including highly caffeinated energy drinks), juices, bottled water, teas and other beverages.

We believe our longevity, product quality and offerings, national distribution and equipment service network, industry and sustainability leadership, market insight, comprehensive approach to customer relationship management, and superior customer service are the major factors that differentiate us from our competitors. We compete well when these factors are valued by our customers, and we are less effective when only price matters. Our customer base is price sensitive, and we are often faced with price competition.

Regulatory Environment

The conduct of our businesses, including, among other things, the production, storage, distribution, sale, labeling, quality and safety of our products, and occupational safety and health practices, are subject to various laws and regulations administered by federal, state and local governmental agencies in the United States. Our facilities are subject to various laws and regulations regarding the release of material into the environment and the protection of the environment in other ways. We are not a party to any material legal proceedings arising under these regulations except as described in Note 19, Commitments and Contingencies, of the Notes to Consolidated Financial Statements included in this Form 10-K. For additional information, see "Risk Factors" under the sub-captions "Risks Related to Our Business and Industry" and "Risks Related to Governance, Regulatory, Legislative and Legal Matters."

Other

The nature of our business does not provide for maintenance of or reliance upon a sales backlog. None of our business is subject to renegotiation of profits or termination of contracts or subcontracts at the election of the government. We have no material revenues from foreign operations or long-lived assets located in foreign countries.

Available Information

Our Internet website address is http://www.farmerbros.com, where we make available, free of charge, through a link maintained on our website under the heading “Investor Relations—SEC Filings,” copies of our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, including amendments thereto, proxy statements and annual reports to stockholders, and from time to time, other documents, as soon as reasonably practicable after filing such material electronically or otherwise furnishing it to the SEC. In addition, these reports and the other documents we file with the SEC are available at a website maintained by the SEC at http://www.sec.gov. Copies of our Corporate Governance Guidelines, the Charters of the Audit, Compensation, Technology, Strategy and Capital Allocation and Nominating and Corporate Governance Committees of the Board of Directors, and our Code of Conduct and Ethics can also be found on our website. Printed copies of these posted materials are also available free of charge to stockholders who request them in writing from Investor Relations, 1912 Farmer Brothers Drive, Northlake, Texas 76262. Information on our website or linked to our website is not incorporated by reference into this Form 10-K.

Item 1A. Risk Factors

You should carefully consider each of the following factors, as well as the other information in this report, in evaluating our business and prospects. The risks and uncertainties described below are not the only ones we face. Additional risks and uncertainties not presently known to us or that we currently consider immaterial may also negatively affect our business operations, reputation, financial condition, results of operations or the trading price of our common stock. If any of the following risks actually occurs, our business, financial condition and results of operations could be harmed. In that case, the trading price of our common stock could decline.

Risks Related to our Business and Industry

Deterioration of global economic conditions, an economic recession, periods of inflation, rising interest rates, or economic uncertainty in our key markets may adversely affect customer and consumer spending, as well as demand for our products.

Global economic conditions can be uncertain and volatile. Our business and results of operations have in the past been, and may continue to be, adversely affected by changes in global economic conditions including inflation, interest rates, consumer spending rates, energy availability and costs, the negative impacts caused by public health crises, such as the COVID-19 pandemic, as well as the potential impacts of geopolitical uncertainties, and the effect of governmental initiatives to manage economic conditions. As global economic conditions continue to be volatile or economic uncertainty remains, trends in consumer spending also remain unpredictable and subject to reductions due to credit constraints and uncertainties about the future. Most of our products are purchased by our customers based on end-user demand from consumers. Some of the factors that may influence consumer spending include general economic conditions, high levels of unemployment, health crises, higher consumer debt levels, reductions in net worth based on market declines and uncertainty, home foreclosures and reductions in home values, fluctuating interest rates and credit availability, fluctuating fuel and other energy costs, inflationary pressure, tax rates, and general uncertainty regarding the overall future economic environment. Unfavorable economic conditions may lead customers and consumers to delay or reduce purchases of our products and could present challenges in collecting our account receivables on a timely basis. Customer demand for our products may not reach our targets or may decline as distributors and retailers seek to reduce inventory positions if there is an economic downturn or economic uncertainty in our key markets. Economic cycles and related fluctuations in customer demand may have a material adverse effect on our business, financial condition, and results of operations.

We depend on the expertise of key personnel to operate our business. The unexpected loss of one or more of these key employees or difficulty recruiting and retaining qualified personnel could have a material adverse effect on our operations and competitive position.

Our success depends on the efforts and abilities of key personnel and a consistent workforce, including frontline workers, support staff and executive team members. The competition for talent is extremely high and candidates’ preferences and expectations are evolving. We must continue to recruit, retain, motivate and develop management and other employees sufficiently to maintain our current business and support our projected growth and strategic initiatives. This may require us to adapt to evolving labor conditions and make significant investments in training, coaching and other career development and retention activities. Activities related to identifying, recruiting, hiring and integrating qualified individuals require significant time and attention. In this competitive environment, our business has been and may continue to be adversely impacted by increases in labor costs, including wages and benefits, including those increases triggered by regulatory actions regarding wages, scheduling and benefits; increased health care and workers’ compensation insurance costs; increased wages and costs of other benefits necessary to attract and retain high quality employees with the right skill sets.

We may also need to invest significant amounts of cash and equity to attract talented new employees and to invest in our employee experience and culture, and we may never realize returns on these investments. We do not maintain key person life insurance policies on any of our executive officers. If we are not able to effectively retain our talent, our ability to achieve certain strategic objectives may be adversely affected, which may impact our financial condition and results of operations. Further, any unplanned turnover or failure to develop or implement an adequate succession plan for our senior management and other key employees, could deplete our institutional knowledge base, erode our competitive advantage, and negatively affect our business, financial condition and results of operations.

We have undergone, and may continue to experience, changes to our executive leadership team and senior management, and our future success will depend in part on our ability to manage these transitions successfully.

From time to time, there may be changes to our executive leadership team and senior management for various reasons, including as a result of the hiring, departure or realignment of key personnel. Such changes may adversely impact our operations, programs, growth, financial condition and results of operations. In 2022 and 2023, we had several changes to our executive leadership team and senior management as a result of organizational changes, including the departure of our chief sales officer and our chief supply chain officer. Any significant leadership change or senior management transition involves inherent risk and any failure to ensure the timely and suitable replacement and a smooth transition could hinder our strategic planning, business execution and future performance. In particular, these or any future leadership transitions may result in a loss of personnel with deep institutional or technical knowledge and changes in business strategy or objectives and have the potential to disrupt our operations and relationships with employees and customers due to added costs, operational inefficiencies, changes in strategy, decreased employee morale and productivity, and increased turnover. If we are unable to successfully manage changes to our executive leadership team and senior management, we could experience significant delays or difficulty in the achievement of our development and strategic objectives and our business, financial condition and results of operations could be materially and adversely harmed.

Competition in the coffee industry and beverage category could impact our profitability or harm our competitive position.

The coffee industry is highly competitive, including with respect to price, product quality, service, convenience, technology and innovation, and competition could become more intense due to the relatively low barriers to entry and industry consolidation. We face competition from many sources, including the institutional foodservice divisions of multi-national manufacturers of retail products, wholesale foodservice distributors, regional and national coffee roasters, specialty coffee suppliers, and retail brand beverage manufacturers, many of which have greater financial and other resources than we do and may have lower fixed costs and/or are substantially less leveraged than us. As many of our customers are small foodservice operators, we also compete with cash and carry and club stores and on-line retailers. Companies smaller than ours may be more innovative, better able to bring new products to market and better able to quickly exploit and serve niche markets.

We consider our roasting and blending methods essential to the flavor and richness of our coffees and, therefore, essential to our brand. Because our roasting methods cannot be patented, we would be unable to prevent competitors from copying these methods if such methods became known. In addition, competitors may be able to develop roasting or blending methods that are more advanced than our production methods, which may also harm our competitive position.

Increased competition in coffee or other beverage channels may have an adverse impact on sales of our products. If we do not succeed in differentiating ourselves through, among other things, our product and service offerings, or if we are not effective in setting proper pricing, then our competitive position may be weakened, we could fail to retain our existing customer base and our sales and profitability may be materially adversely affected.

Increases in the cost of green coffee could reduce our gross margin and profit and may increase volatility in our results.

Our primary raw material is green coffee, an exchange-traded agricultural commodity that is subject to price fluctuations. Our ability to acquire a consistent supply of green coffee at prices sufficient to meet our needs, similar to any agricultural commodity, may be impacted by, among other things, climate change, weather, natural disasters, real or perceived supply shortages, crop disease (such as coffee rust) and pests, general increase in farm inputs and costs of production, an increase in green coffee purchased and sold on a negotiated basis rather than directly on commodity markets in response to higher production costs relative to “C” market prices, speculative trading in coffee commodities, political and economic conditions or uncertainty, labor actions and shortages, foreign currency fluctuations, inflation, armed conflict in coffee producing nations, acts of terrorism, pandemics or other disease outbreaks (including the COVID-19 pandemic), government actions and trade barriers or tariffs, and the actions of producer organizations that have historically attempted to influence green coffee prices through agreements establishing export quotas or by restricting coffee supplies.

Additionally, specialty green coffees tend to trade on a negotiated basis at a premium above the “C” market price which premium, depending on the supply and demand at the time of purchase, may be significant. We purchase over-the-counter coffee-related derivative instruments to enable us to lock in the price of green coffee commodity purchases on our behalf or at the direction of our customers under commodity-based pricing arrangements. Although we account for certain coffee-related derivative instruments as accounting hedges, the portion of open hedging contracts that are not designated as accounting hedges are marked to period-end market price and unrealized gains or losses based on whether the period-end market price was higher or lower than the price we locked-in are recognized in our financial results at the end of each reporting period. Depending on contractual restrictions, we may be unable to pass these costs to our customers by increasing the price of products. If we are unable to increase prices sufficiently to offset increased input costs, or if our sales volume decreases significantly as a result of price increases, our results of operations and financial condition may be adversely affected.

Recently, there has been increased volatility in the “C” market price, with prices at times increasing to five-year highs. The uncertainty of several factors, including the impact of weather patterns in coffee producing regions, global supply chain constraints and shipping shortages, and speculative trading, has caused greater uncertainty in the markets. Specifically, severe frosts and drought in Brazil currently threaten to negatively impact crop yields for multiple harvests, which could reduce supply and increase cost. Although we hedge the "C" market price volatility for a portion of our green coffee volumes by using derivative instruments, our hedging strategy and use of these instruments does not completely mitigate our exposure to commodity price risk. As a result, increases in the cost of green coffee could have a material adverse impact on our profitability, financial condition or results of operations.

Our accounts receivable represents a significant portion of our current assets increasing our exposure to bad debts and counter-party risk which could have a material adverse effect on our results of operations.

Adverse changes in general economic conditions and/or contraction in global credit markets could precipitate liquidity problems among our debtors. In addition, certain of our debtors use third-party distributors or do business through a network of affiliate entities which can make collection efforts more challenging and, at times, collections may be economically unfeasible. Any increase in our exposure to losses from bad debts could have a material adverse effect on our business, financial condition and results of operations.

Climate change, water scarcity or legal, regulatory, or market measures to address such could have a material adverse effect our business and operations.

Increasing concentrations of carbon dioxide and other greenhouse gases in the atmosphere may have an adverse effect on global temperatures, weather patterns, and the frequency and severity of extreme weather events and natural disasters. In the event that climate change has a negative effect on agricultural productivity in the regions from which we procure coffee, we could be subject to decreased availability and increased prices, which could have a material adverse effect on our business, financial condition, or results of operations. Water is used throughout the production of coffee from growing and pulping at the farm, cooling the beans after roasting in production and brewing products for consumption. Scarcity of appropriate and sufficient water sources in our supply chain could limit supply and increase our costs. Loss of readily available access to water could have a material adverse effect on our business and operating results.

The increasing concern over climate change also may result in more regional, federal, foreign and/or global legal and regulatory requirements to reduce or mitigate the effects of greenhouse gases. In the event that such regulation is enacted and is more aggressive than the sustainability measures that we are currently undertaking to monitor our emissions and improve our energy and resource efficiency, we may experience significant increases in our manufacturing and distribution costs. In particular, increasing regulation of fuel emissions could substantially increase the supply chain and distribution costs associated with our products. As a result, climate change or increased concern over climate change could negatively affect our business and operations.

Increased severe weather conditions, including those resulting from climate change, may increase commodity costs, damage our facilities and disrupt our production capabilities and supply chain.

There is increasing concern that a gradual increase in global average temperatures due to increased concentration of carbon dioxide and other greenhouse gases in the atmosphere have caused and will continue to cause significant changes in weather patterns around the globe and an increase in the frequency and severity of extreme weather events. Severe weather conditions are dramatically affecting coffee growing countries. The wet and dry seasons are becoming unpredictable in timing and duration, causing improper development of the coffee cherries. Decreased agricultural productivity in certain regions as a result of changing weather patterns may affect the quality, limit the availability or increase the cost of key agricultural commodities, which are important ingredients for our products. We have experienced storm-related damages and disruptions to our operations in the recent past related to both winter storms as well as heavy rainfall and flooding. Increased frequency or duration of extreme weather conditions could damage our facilities, impair production capabilities, disrupt our supply chain or impact demand for our products. As a result, the effects of climate change could have a long-term adverse impact on our business and results of operations.

Investment in acquisitions could disrupt our ongoing business, not result in the anticipated benefits and present risks not originally contemplated.

We have invested, and in the future may invest, in acquisitions which may involve significant risks and uncertainties. The success of any such acquisitions will depend, in part, on our ability to realize all or some of the anticipated benefits from integrating the acquired businesses with our existing businesses, and to achieve revenue and cost synergies. Additionally, any such acquisitions may result in potentially dilutive issuances of our equity securities, the incurrence of additional debt, restructuring charges, impairment charges, contingent liabilities, amortization expenses related to intangible assets, and increased operating expenses, which could adversely affect our results of operations and financial condition. There can be no assurance that any such acquisitions will be identified or that we will be able to consummate any such acquisitions on terms favorable to us or at all, or that the synergies from any such acquisitions will be achieved. If any such acquisitions are not successful, our business and results of operations could be adversely affected.

Our operating results may have significant fluctuations from period to period which could have a negative effect on the market price of our common stock.

Our operating results may fluctuate from period to period as a result of a number of factors, including variations in our operating performance or the performance of our competitors, changes in accounting principles, fluctuations in the price and supply of green coffee, fluctuations in the selling prices of our products, the success of our hedging strategy, research reports and changes in financial estimates by analysts about us, or competitors or our industry, our inability or the inability of our competitors to meet analysts' projections or guidance, strategic decisions by us or our competitors, such as acquisitions, capital investments or changes in business strategy, the depth and liquidity of the market for our common stock, adverse outcomes of litigation, changes in or uncertainty about economic conditions, inflation, supply chain disruptions, conditions or trends in our industry, geographies, or customers, activism by any large stockholder or group of stockholders, speculation by the investment community regarding our business, actual or anticipated growth rates relative to our competitors, terrorist acts, natural disasters, including due to the effects of climate change, perceptions of the investment opportunity associated with our common stock relative to other investment alternatives, competition, changes in consumer preferences and market trends, seasonality, our ability to retain and attract customers, our ability to manage inventory and fulfillment operations and maintain gross margin, and other factors described elsewhere in this risk factors section. Fluctuations in our operating results due to these factors or for any other reason could cause the market price of our common stock to decline. Accordingly, we believe that period-to-period comparisons of our operating results should not be relied upon as indicators of future performance.

We may be subject to securities litigation, class action and derivative lawsuits, which could result in substantial costs and could divert management attention away from other business concerns.

The market price of our common stock may be volatile and, in the past, companies that have experienced volatility in the market price of their stock have been subject to securities class action litigation. We may be the target of this type of litigation in the future. Even if the lawsuits are without merit, defending against these claims can result in substantial costs and divert management time and resources from other business concerns, which could seriously harm our business. An adverse judgment could result in monetary damages, which could have a negative impact on our liquidity and financial condition.

We may be unable to anticipate changes in consumer preferences and consumer demographics, which may result in decreased demand for our products.

Our success depends in part on our ability to anticipate and offer products that appeal to the changing tastes, dietary habits and product packaging preferences of consumers in the market categories in which we compete. If we are not able to anticipate, identify or develop and market products that respond to these changes in consumer preferences, whether resulting from changing consumer demographics or otherwise, demand for our products may decline and our operating results may be adversely affected. In addition, we may incur significant costs related to developing and marketing new products or expanding our existing product lines in reaction to what we perceive to be increased consumer preference or demand. Such development or marketing may not result in the volume of sales or profitability anticipated.

We face exposure to other commodity cost fluctuations, which could impact our margins and profitability.

In addition to green coffee, we are exposed to cost fluctuations in other commodities under supply arrangements, including raw materials, tea, spices, and packaging materials such as carton board, corrugate and plastic. We are also exposed to fluctuations in the cost of fuel. We purchase certain ingredients, finished goods and packaging materials under cost-plus supply arrangements whereby our costs may increase based on an increase in the underlying commodity price or changes in production costs. The cost of these commodities, raw materials and fuel depend on various factors beyond our control, including economic and political conditions, foreign currency fluctuations, inflation, weather conditions, natural disasters (including floods, droughts, frosts, earthquakes and hurricanes) and changing global climate patterns. The changes in the prices we pay may take place on a monthly, quarterly or annual basis depending on the product and supplier. Unlike green coffee, we do not purchase any derivative instruments to hedge cost fluctuations in these other commodities. As a result, to the extent we are unable to pass along such costs to our customers through price increases, our margins and profitability will decrease.

Our efforts to secure an adequate supply of quality coffees and other raw materials may be unsuccessful and impact our ability to supply our customers or expose us to commodity price risk.

Maintaining a reliable supply of green coffee is essential to keeping inventory levels low while securing sufficient stock to meet customer needs. We rely upon our ongoing relationships with our key suppliers to support our operations. Some of the Arabica coffee beans we purchase do not trade directly on the commodity markets. Rather, we purchase these coffee beans on a negotiated basis from coffee brokers, exporters and growers. If any of these supply relationships deteriorate or we are unable to renegotiate contracts with suppliers (with similar or more favorable terms) or find alternative sources for supply, we may be unable to procure a sufficient quantity of high-quality coffee beans and other raw materials at prices acceptable to us or at all which could negatively affect our results of operations. Further, non-performance by suppliers could expose us to supply risk under coffee purchase commitments for delivery in the future. In addition, the political situation in many of the Arabica coffee growing regions, including Africa, Indonesia, and Central and South America, can be unstable, and such instability could affect our ability to purchase coffee from those regions. If green coffee beans from a region become unavailable or prohibitively expensive, we could be forced to use alternative coffee beans or discontinue certain blends, which could adversely impact our sales. Any material interruption in our supply chain, such as material interruption of roasted coffee supply due to the casualty loss at any of our roasting plants or suppliers, interruptions in service by our third-party logistic service providers or common carriers that ship goods within our distribution channels, trade restrictions, such as increased tariffs or quotas, embargoes or customs restrictions, pandemics, social or labor unrest, natural disasters or political disputes and military conflicts that cause a material disruption in our supply chain could have a negative impact on our business and our profitability. Product shortages could result in disruptions in our ability to deliver products to our customers, a deterioration of our relationship with our customers, decreased revenues or an inability to expand our business.

Interruption or increased costs of our supply chain and sales network or labor force, including a disruption in operations at any of our production and distribution facilities, could affect our ability to manufacture or distribute products and could adversely affect our business and sales.

Our sales and distribution network requires a large investment to maintain and operate, and we rely on a limited number of production and distribution facilities. We also 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. Certain products are also distributed by third parties or direct shipped via common carrier. Many of these costs are beyond our control, and many are fixed rather than variable.

There are potential adverse effects of labor disputes with our own employees or with others who provide warehousing, co-packing, transportation (lines, truck drivers, 3PL service providers) or cargo handling (longshoremen), both domestic and foreign, of our raw materials or other products. We have union contracts relating to a portion of our workforce. Although we believe union relations have been amicable in the past, there is no assurance that this will continue in the future or that we will not be subject to future union organizing activity. The terms and conditions of existing, renegotiated or new collective bargaining agreements could also increase our costs or otherwise affect our ability to fully implement future operational changes to enhance our efficiency or to adapt to changing business needs or strategy.

In addition, we use a significant amount of electricity, gasoline, diesel and oil, natural gas and other energy sources to operate our production and distribution facilities. An increase in the price, disruption of supply or shortage of fuel and other energy sources that may be caused by increased demand, inflation or by events such as climate change, natural disasters, power outages, cyberattacks or the like, could lead to higher electricity, transportation and other commodity costs, including the pass-through of such costs under our agreements with 3PL service providers and other suppliers, that could negatively impact our profitability, financial condition or results of operations.

A disruption in operations at any of these facilities or any other disruption in our supply chain or increase in prices relating to service by our 3PL service providers, common carriers or distributors, service technicians or vendor-managed inventory arrangements, or otherwise, whether as a result of casualty, natural disaster, power loss, telecommunications failure, terrorism, labor shortages, shipping costs, trade restrictions, contractual disputes, weather, environmental incident, interruptions in port operations or highway arteries, increased downtime due to certain aging production infrastructure, pandemic, strikes, work stoppages, the financial or operational instability of key suppliers, distributors and transportation providers, or other causes, could significantly impair our ability to operate our business, adversely affect our relationship with our customers, and impact our financial condition or results of operations. If our vendors fail to meet our standards, provide products in a timely and efficient manner, or comply with applicable laws, these issues could have a material negative impact on our business and profitability.

We rely on co-packers to provide our supply of tea, spice, culinary and other products. Any failure by co-packers to fulfill their obligations or any termination or renegotiation of our co-pack agreements could adversely affect our results of operations.

We have a number of supply agreements with co-packers that require them to provide us with specific finished goods, including tea, spice and culinary products. For some of our products we primarily rely upon a single co-packer as our sole-source for the product. The failure for any reason of any such sole-source or other co-packer to fulfill its obligations under the applicable agreements with us, including the failure by our co-packers to comply with food safety, environmental, or other laws and regulations, or the termination or renegotiation of any such co-pack agreement could result in disruptions to our supply of finished goods, cause damage to our reputation and brands, and have an adverse effect on our results of operations. Additionally, our co-packers are subject to risk, including labor disputes, union organizing activities, financial liquidity, inclement weather, natural disasters, pandemics, supply constraints, and general economic and political conditions that could limit their ability to timely provide us with acceptable products, which could disrupt our supply of finished goods, or require that we incur additional expense by providing financial accommodations to the co-packer or taking other steps to seek to minimize or avoid supply disruption, such as establishing a new co-pack arrangement with another provider. A new co-pack arrangement may not be available on terms as favorable to us as our existing co-pack arrangements, or at all.

Customer quality control problems or food safety issues may adversely affect our brands thereby negatively impacting our sales or leading to potential product recalls or product liability claims.

Selling products for human consumption involves inherent legal risks. Our success depends on our ability to provide customers with high-quality products and service. Although we take measures to ensure that we sell only fresh products, we have no control over our products once they are purchased by our customers. Clean water is critical to the preparation of coffee, tea and other beverages. We have no ability to ensure that our customers use a clean water supply to prepare these beverages. Instances or reports of food safety issues involving our products, whether or not accurate, such as unclean water supply, food or beverage-borne illnesses, tampering, contamination, mislabeling, or other food or beverage safety issues, including due to the failure of our third-party co-packers to maintain the quality of our products and to comply with our product specifications, could damage the value of our brands, negatively impact sales of our products, and potentially lead to product recalls, production interruptions, product liability claims, litigation or damages. A significant product liability claim against us, whether or not successful, or a widespread product recall may reduce our sales and harm our business.

Consumers have been increasingly focused on food safety and health and wellness with respect to the food products they buy. Particularly in the U.S., there is increasing consumer awareness of health risks, including obesity, as well as increased consumer litigation based on alleged adverse health impacts of consumption of various food and beverage products. While we have a variety of such products, an unfavorable report on the health effects of caffeine or other compounds present in our products, whether accurate or not, imposition of additional taxes on certain types of food and beverage components, or negative publicity or litigation arising from certain health risks could significantly reduce the demand for our products and could materially harm our business and results of operations.

Our ability to use our net operating loss carryforwards to offset future taxable net income may be subject to certain limitations.

At June 30, 2023, the Company had approximately $133.9 million in federal net operating loss carryforwards that will begin to expire in the tax year ending June 30, 2027 and $173.1 million in state net operating loss carryforwards that begin to expire in the tax year ending June 30, 2024. Net operating losses of $78.9 million in federal and $10.3 million of state are indefinite lived and will not expire. If an ownership change as defined in Section 382 of the Internal Revenue Code (the "Code"), occurs with respect to our capital stock, our ability to use net operating losses ("NOLs") to offset taxable income would be subject to certain limitations. Generally, an ownership change occurs under Section 382 of the Code if certain persons or groups increase their aggregate ownership by more than 50 percentage points of our total capital stock over a rolling three-year period. If an ownership change occurs, our ability to use NOLs to reduce taxable net income is generally limited to an annual amount based on the fair market value of our stock immediately prior to the ownership change multiplied by the long-term tax-exempt interest rate. If an ownership change were to occur, use of our NOLs to reduce payments of federal taxable net income may be deferred to later years within the 20-year carryover period; however, if the carryover period for any loss year expires, the use of the remaining NOLs for the loss year will be prohibited. Future changes in our stock ownership, some of which may be outside of our control, could result in an ownership change under Section 382 of the Code and limit our ability to use NOLs to offset taxable income.

There is also a risk that due to regulatory changes, such as suspensions on the use of NOLs, or other unforeseen reasons, our existing NOLs could expire, decrease in value or otherwise be unavailable to offset future income tax liabilities. As a result, we may be unable to realize a tax benefit from the use of our NOLs, even if we generate a sufficient level of taxable net income prior to the expiration of the NOL carry forward periods.

Future impairment charges could adversely affect our operating results.

Acquisitions are based on certain target analysis and due diligence procedures designed to achieve a desired return or strategic objective. These procedures often involve certain assumptions and judgment in determining the acquisition price. After consummation of an acquisition, unforeseen issues could arise that adversely affect anticipated returns or that are otherwise not recoverable as an adjustment to the purchase price. Even after careful integration efforts, actual operating results may vary significantly from initial estimates. We perform an asset impairment analysis on an annual basis or whenever events occur that may indicate possible existence of impairment. Failure to achieve forecasted operating results, due to weakness in the economic environment or other factors, changes in market conditions, loss of or significant decline in sales to customers included in valuation of the intangible asset, changes in our imputed cost of capital, and declines in our market capitalization, among other things, could result in impairment of our intangible assets and adversely affect our operating results. There were no intangible asset impairments during fiscal 2023 and fiscal 2022.

Our business could be negatively impacted by corporate citizenship and sustainability matters.

There is an increased focus from certain investors, customers, consumers, employees, and other stakeholders concerning corporate citizenship and sustainability matters. From time to time, we announce certain initiatives regarding our focus areas, which include environmental matters, sustainability in our supply chain, responsible sourcing, social investments and inclusion and diversity. We could fail, or be perceived to fail, in our achievement of such initiatives or goals, or we could fail in accurately reporting our progress on such initiatives and goals. Such failures could be due to changes in our business (e.g., shifts in business among distribution channels or acquisitions). Moreover, the standards by which citizenship and sustainability efforts and related matters are measured are developing and evolving, and certain areas are subject to assumptions and standards that could change over time. Any such matters, or related corporate citizenship and sustainability matters, could have a material adverse effect on our business.

The performance of required transition services following the Sale may divert our resources and distract our management, which could harm our ability to optimize our continuing operations and successfully implement our post-Sale business strategy.

As described above, in connection with the Sale, we agreed to a mutual transitional co-manufacturing agreement pursuant to which we will manufacture certain products for Buyer and Buyer will manufacture certain products for us for an initial period of twelve months. We are also providing Buyer with certain transition services for an initial period of nine months. In order to perform our obligations under these transition-related agreements, we must allocate certain of our resources, including assets, facilities, equipment, and the time and attention of our senior management team, to ensure a smooth transition of the businesses sold, which may negatively impact our own business, results of operations, financial condition and cash flows. Difficulties in separating the operations, logistics, technologies and IT infrastructure of the divested business from those of our continuing businesses may require substantially more time and funds than we anticipated in negotiating the terms of our transition-related agreements with Buyer. If we are unsuccessful at executing our business plan and the necessary transition activities following the Sale, our business and results of operations may be adversely affected and our ability to invest in and grow our business could be limited.

We have completed the sale of certain of our assets in the past, and may explore additional sales of our assets, and such divestitures may introduce significant risks and uncertainties.

Our strategic review resulted in the Sale, and we may engage in additional divestitures in the future. Divestitures involve significant risks and uncertainties that could adversely affect our business, consolidated financial position and consolidated results of operations. These include, among others, the inability to find buyers or complete transactions on favorable terms, disruption to our business and/or diversion of management attention from other business concerns. Significant time and expenses have been and could in the future be incurred to divest the assets described above, which may adversely affect operations as dispositions have required and may in the future require our continued financial involvement, such as through transition service agreements, guarantees, and indemnities or other current or contingent financial obligations and liabilities.

Risks Related to Governance, Regulatory, Legislative and Legal Matters

Government regulations affecting the conduct of our business could increase our operating costs, reduce demand for our products or result in litigation.

The conduct of our business is subject to various laws and regulations including those relating to food safety, ingredients, manufacturing, processing, packaging, storage, marketing, advertising, labeling, quality and distribution of our products, import of raw materials, as well as environmental laws and regulations relating to climate change and sustainability, and those relating to privacy, worker health and workplace safety. These laws and regulations and interpretations thereof are subject to change as a result of political, economic or social events. In addition, our product advertising could make us the target of claims relating to false or deceptive advertising under U.S. federal and state laws, including the consumer protection statutes of some states. Any new laws and regulations or changes in government policy, existing laws and regulations or the interpretations thereof could require us to change certain of our operational processes and procedures, or implement new ones, and may increase our operating and compliance costs, which could adversely affect our results of operations. In addition, modifications to international trade policy, or the imposition of increased or new tariffs, quotas or trade barriers on key commodities, could adversely impact our business and results of operations. In some cases, increased regulatory scrutiny could interrupt distribution of our products or force changes in our production processes or procedures (or force us to implement new processes or procedures). In addition, compliance with any new or more stringent laws or regulations, or stricter interpretations of existing laws, including increased government regulations to limit carbon dioxide and other greenhouse gas emissions, could require us to reduce emissions and to incur compliance costs which could affect our profitability or impede the production or distribution of our products. If we or our business partners fail to comply with applicable laws and regulations, we may be subject to litigation, civil and criminal liability, damages, fines and penalties, increased cost of regulatory compliance and restatements of our financial statements, which could have a material adverse effect on our results of operations and adversely affect our reputation and brand image. In addition, claims or liabilities of this sort may not be covered by insurance or by any rights of indemnity or contribution that we may have against others.

We could face significant withdrawal liability if we withdraw from participation in the multiemployer pension plans in which we participate.

We participate in one multiemployer defined benefit pension plan and nine multiemployer defined contribution plans other than pension plans for certain union employees. We make periodic contributions to these plans to allow them to meet their pension benefit obligations to their participants. Our required contributions to these plans could increase due to a number of factors, including the funded status of the plans and the level of our ongoing participation in these plans. Our risk of such increased payments may be greater if any of the participating employers in these underfunded plans withdraws from the plan due to insolvency and we are not able to contribute an amount sufficient to fund the unfunded liabilities associated with its participants in the plan. In the event we withdraw from participation in one or more of these plans, we could be required to make an additional lump-sum contribution to the plan. Our withdrawal liability for any multiemployer pension plan would depend on the extent of the plan's funding of vested benefits. The amount of any potential withdrawal liability could be material to our results of operations and cash flows.

Litigation pending against us could expose us to significant liabilities and damage our reputation.

We are currently party to various legal and other proceedings, and additional claims may arise in the future. See *Note 19*, *Commitments and Contingencies*, of the Notes to Consolidated Financial Statements included in this Form 10-K. Regardless of the merit of particular claims, litigation may be expensive, time-consuming, operationally disruptive and distracting to management, and could negatively affect our brand name and image and subject us to statutory penalties and costs of enforcement. We can provide no assurances as to the outcome of any litigation or the resolution of any other claims against us. An adverse outcome of any litigation or other claim could negatively affect our financial condition, results of operations and liquidity.

We are partially self-insured and our current coverage and reserves may not be sufficient to cover future claims.

We use a combination of insurance and self-insurance mechanisms to provide for the potential liability of certain risks up to varying deductible amounts. The premiums associated with our insurance continue to increase. General liability, fire, workers' compensation, directors' and officers' liability, life, employee medical, dental and vision, and automobile risks present significant potential liabilities. While we accrue for these potential liabilities based on historical claims experience, future claims may exceed claims we have incurred in the past. Should a different number of claims occur compared to what was estimated or the cost of the claims increase beyond what was anticipated, reserves recorded may not be sufficient and the accruals may need to be adjusted accordingly in future periods. A successful claim against us that is not covered by insurance or is in excess of our reserves or available insurance limits could negatively affect our business, financial condition and results of operations.

We maintain finished goods product coverage in amounts we believe to be adequate. However, we cannot assure you that we will not incur claims or liabilities for which we are not insured or that exceed the amount of our insurance coverage. Moreover, claims or liabilities of this sort might not be covered by our insurance or by any rights of indemnity or contribution that we may have against others. A product liability judgment against us or a product recall or the damage to our reputation resulting therefrom could have a material adverse effect on our business, consolidated financial condition, results of operations or liquidity.

Risks Related to our Capital Structure and Ownership of Our Common Stock

An increase in our debt leverage could adversely affect our liquidity and results of operations.

In April 2021, we entered into a new senior secured credit facility composed of a revolver credit facility (the "Revolver Credit Facility" or the "Credit Facility") and a term credit facility agreement (the "Term Credit Facility") (See Liquidity for details). 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 Credit Agreement (the “Credit Agreement”), originally entered into by and among the parties on April 26, 2021, as amended by that certain Consent and Amendment No. 1 to Credit Agreement, dated December 20, 2021, that certain Increase Joinder and Amendment No. 2 to Credit Agreement, dated August 8, 2022 and that certain Amendment No. 3 to Credit Agreement (“Amendment No. 3”), dated August 31, 2022.. 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 issued pursuant to Amendment No. 3, (ii) reflecting the paydown, 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. At June 30, 2023, we had outstanding borrowings of $23.0 million and utilized $4.0 million of the letters of credit sublimit under the Credit Facility, and had $35.8 million of availability under our Credit Facility. We may incur significant indebtedness in the future, including through additional borrowings under the Credit Facility, through the issuance of debt securities, or otherwise.

Our present indebtedness and any future borrowings could have adverse consequences, including:

- requiring a substantial portion of our cash flow from operations to make payments on our indebtedness;
- reducing the cash flow available or limiting our ability to borrow additional funds, to pay dividends, to fund capital expenditures and other corporate purposes and to pursue our business strategies;
- limiting our flexibility in planning for, or reacting to, changes in our businesses and the industries in which we operate;
- limiting our ability to refinance our indebtedness on terms acceptable to us or at all;
- increasing our vulnerability to general adverse economic and industry conditions; and
- placing us at a competitive disadvantage compared to our competitors that have less debt.

To the extent we become more leveraged, we face an increased likelihood that one or more of the risks described above would materialize.

The Credit Facility contains certain customary affirmative and negative covenants and restrictions that, among other things, require the Company to satisfy certain financial covenants and restricts 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 Credit Facility becoming immediately due and payable and termination of the commitments.

If we are unable to make payments as they come due or comply with the restrictions and covenants under the Credit Facility or any other agreements governing our indebtedness, there could be a default under the terms of such agreements. In such event, or if we are otherwise in default under the Credit Facility or any such other agreements, the lenders could terminate their commitments to lend and/or accelerate the loans and declare all amounts borrowed due and payable. If our liquidity materially declines, we may experience springing covenants and an increase in our cost of borrowing. Furthermore, our lenders under the Credit Facility could foreclose on their security interests in our assets. If any of those events occur, our assets might not be sufficient to repay in full all of our outstanding indebtedness and we may be unable to find alternative financing on acceptable terms or at all. Failure to maintain existing or secure new financing could have a material adverse effect on our liquidity and financial position.

Our liquidity has been adversely affected as a result of our operating performance in recent periods and may be further materially adversely affected by constraints in the capital and credit markets and limitations under our financing arrangements.

We need sufficient sources of liquidity to fund our working capital requirements, service our outstanding indebtedness and finance business opportunities. Without sufficient liquidity, we could be forced to curtail our operations, or we may not be able to pursue business opportunities. The principal sources of our liquidity are funds generated from operating activities, available cash, our credit facility, and proceeds from the sale of assets. In recent periods, significant acquisition costs, large capital investments along with the underperformance of our business has resulted in a decrease in funds from operating activities, which has weakened our liquidity position.

Should our operating performance deteriorate further, we will have less cash inflows from operations available to meet our financial obligations or to fund our other liquidity needs. Deterioration of our operating performance may also result in a reduction in our working capital, which could negatively impact our available borrowing capacity under our Credit Facility. In addition, if such deterioration were to lead to the closure of leased facilities, we would need to fund the costs of terminating those leases. If we are unable to generate sufficient cash flows from operations in the future to satisfy these financial obligations, we may be required to, among other things:

- seek additional financing in the debt or equity markets;
- refinance or restructure all or a portion of our indebtedness;
- sell assets; and/or
- reduce or delay planned capital or operating expenditures, strategic acquisitions or investments.

Such measures might not be sufficient to enable us to satisfy our financial obligations or to fund our other liquidity needs, and could impede the implementation of our business strategy, prevent us from entering into transactions that would otherwise benefit our business and/or have a material adverse effect on our financial condition and results of operations. In addition, any such financing, refinancing or sale of assets might not be available on economically favorable terms or at all. Our ability to obtain additional financing or refinance our indebtedness would depend upon, among other things, our financial condition at the time, and the liquidity of the overall capital markets and the state of the economy. Furthermore, any refinancing of our existing debt could be at higher interest rates and may require compliance with more onerous covenants, which could further restrict our business operations. In addition, if our lenders experience difficulties that render them unable to fund future draws on the credit facility, we may not be able to access all or a portion of these funds, which could adversely affect our ability to operate our business and pursue our business strategies. In addition, covenants in our debt agreements could restrict or delay our ability to respond to business opportunities, or in the event of a failure to comply with such covenants, could result in an event of default, which if not cured or waived, could have a material adverse effect on us.

We may require additional financing to achieve our goals, and a failure to obtain this necessary capital when needed on acceptable terms, or at all, may force us to delay, limit, reduce or terminate our product manufacturing and development, and other operations.

We may require additional financing to fund our operations or growth. The failure to secure additional financing could have a material adverse effect on our continued development or growth. The amount of additional capital we may require, the timing of our capital needs and the availability of financing to fund those needs will depend on a number of factors, including our strategic initiatives and operating plans, the performance of our business, the number, complexity and characteristics of additional products or future manufacturing processes we require to serve new or existing markets, any material or significant product recalls, any failure or disruption with our manufacturing and co-packing partners as well as our third party logistics providers, the expansion into new markets, any changes in our regulatory or legislative landscape, particularly with respect to product safety, advertising, product labeling and data privacy, the costs associated with being a public company and the market conditions for debt or equity financing. Additionally, the amount of capital required will depend on our ability to meet our sales goals and otherwise successfully execute our operating plan. We intend to continually monitor and adjust our operating plan as necessary to respond to developments in our business, our markets and the broader economy and it is possible that our business could become more capital intensive. Although we believe that our Credit Facility, together with our cash flows from operations, will be sufficient to fund our working capital and capital expenditure requirements in the near term, arrangements for additional financing may not be available to us on acceptable terms, or at all, when needed. Additionally, any such arrangements may require significant cash payments for interest and other costs or could be highly dilutive to our existing shareholders, and may not provide us with sufficient funds to meet our long-term capital requirements.

Inflationary pressures may adversely affect us by increasing costs of raw materials, labor, and other costs beyond what we can recover through price increases.

Inflation can adversely affect us by increasing the costs of raw materials, labor, and other costs required to operate and grow our business. Many of the markets in which we sell our products are experiencing high levels of inflation, which may depress consumer demand for our products and reduce our profitability if we are unable to raise prices enough to keep up with increases in our costs. Inflationary pressures have resulted in increases in the cost of certain raw materials, and other supplies necessary for the production of our products, and such increases may continue to impact us in the future and expose us to risks associated with significant levels of cost inflation. If we are unable to increase our prices to offset the effects of inflation, our business, operating results, and financial condition could be materially and adversely affected.

Anti-takeover provisions or stockholder dilution could make it more difficult for a third party to acquire us.

Our Board of Directors has the authority to issue shares of preferred stock and to determine the price, rights, preferences, privileges and restrictions, including voting rights, of those shares without any further vote or action by stockholders. We currently have 500,000 authorized shares of preferred stock undesignated as to series, and we could cause shares currently designated as to series but not outstanding to become undesignated and available for issuance as a series of preferred stock to be designated in the future. The rights of the holders of our common stock may be subject to, and may be adversely affected by, the rights of the holders of preferred stock that may be issued in the future. The issuance of preferred stock may have the effect of delaying, deterring or preventing a change in control of the Company without further action by stockholders and may adversely affect the voting and other rights of the holders of our common stock.

Further, certain provisions of our organizational documents have provisions eliminating the ability of stockholders to take action by written consent, and provisions limiting the ability of stockholders to raise matters at a meeting of stockholders without giving advance notice, may have the effect of delaying or preventing changes in control or management of the Company, which could have an adverse effect on the market price of our common stock. In addition, our organizational documents do not permit cumulative voting, which may make it more difficult for a third party to gain control of our Board of Directors. Further, we are subject to the anti-takeover provisions of Section 203 of the Delaware General Corporation Law, which will prohibit us from engaging in a “business combination” with an “interested stockholder” for a period of three years after the date of the transaction in which the person became an interested stockholder, even if such combination is favored by a majority of stockholders, unless the business combination is approved in a prescribed manner. The application of Section 203 also could have the effect of delaying or preventing a change in control or management.

Volatility in the equity markets or interest rate fluctuations could substantially increase our pension funding requirements and negatively impact our financial position.

As of June 30, 2023, the projected benefit obligation under our two employer defined benefit pension plans exceeded the fair value of plan assets. The difference between the projected benefit obligation and the fair value of plan assets, or the funded status of the plans, significantly affects the net periodic benefit cost and ongoing funding requirements of those plans. Among other factors, changes in interest rates, mortality rates, early retirement rates, mix of plan asset investments, investment returns and the market value of plan assets can affect the level of plan funding, cause volatility in the net periodic benefit cost, increase our future funding requirements and require payments to the Pension Benefit Guaranty Corporation. In addition, facility closings may trigger cash payments or previously unrecognized obligations under our defined benefit pension plans, and the cost of such liabilities may be significant or may compromise our ability to close facilities or otherwise conduct cost reduction initiatives on time and within budget. A significant increase in future funding requirements could have a negative impact on our financial condition and results of operations.

Actions of activist stockholders could cause us to incur substantial costs, divert management's attention and resources, and have an adverse effect on our business.

We have been and may continue to be subject to proposals by stockholders urging us to take certain corporate actions. Responding to proxy contests and reacting to other actions by activist stockholders can be costly and time-consuming, and can disrupt our operations and divert the attention of management and employees. If activist stockholder activities continue, our business could be adversely affected.

For example, we have been and may continue to be required to retain the services of various professionals to advise us on activist stockholder matters, including legal, financial, and communications advisers, the costs of which may negatively impact our future financial results. In addition, perceived uncertainties as to our future direction, strategy or leadership created as a consequence of activist stockholder initiatives may result in the loss of potential business opportunities, harm our ability to attract new investors, customers, employees, suppliers and other strategic partners, and cause significant fluctuations in our stock price based on temporary or speculative market perceptions or other factors that do not necessarily reflect the underlying fundamentals and prospects of our business.

If securities analysts or industry analysts downgrade our stock, publish negative research or reports or do not publish reports about our business, our stock price and trading volume could decline.

The trading market for our common stock will be influenced by the research and reports that industry or securities analysts publish about us, our business and our industry. If one or more analysts adversely change their recommendation regarding our stock or our competitors’ stock, our stock price may likely decline. If one or more analysts cease coverage of us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price or trading volume to decline.

Risks Related to Cybersecurity and Data Privacy

Failure to maintain satisfactory compliance with certain privacy and data protections laws and regulations may subject us to substantial negative financial consequences and civil or criminal penalties.

Complex local, state, national, foreign and international laws and regulations apply to the collection, use, retention, protection, disclosure, transfer and other processing of personal data. These privacy and data protection laws and regulations are quickly evolving, with new or modified laws and regulations proposed and implemented frequently and existing laws and regulations subject to new or different interpretations and enforcement. In addition, our legal and regulatory obligations in jurisdictions outside the U.S. are subject to unexpected changes, including the potential for regulatory or other governmental entities to enact new or additional laws or regulations, to issue rulings that invalidate prior laws or regulations or to increase penalties significantly. Complying with these laws and regulations can be costly and can impede the development and offering of new products and services.

Our failure to comply with applicable laws and regulations or other obligations to which we may be subject relating to personal data, or to protect personal data from unauthorized access, use or other processing, could result in enforcement actions and regulatory investigations against us, claims for damages by customers and other affected individuals, fines, damage to our brand reputation, any of which could have a material adverse effect on our operations, financial performance and business.

We rely on information technology and software in our operations. Any material failure, inadequacy, interruption or security failure of that technology could affect our ability to effectively operate our business.

Our ability to effectively manage our business, maintain information accuracy and efficiency, comply with regulatory, financial reporting, legal and tax requirements, and coordinate the production, distribution and sale of our products depends significantly on the reliability, capacity and integrity of information technology systems, software and networks. We are also dependent on enterprise resource planning software for some of our information technology systems and support. The failure of these systems to operate effectively and continuously for any reason could result in delays in processing replenishment orders from our branch warehouses, an inability to record input costs or product sales accurately or at all, an impaired understanding of our operations and results, an increase in operating expenses, reduced operational efficiency, loss of customers or other business disruptions, all of which could negatively affect our business and results of operations. To date, we have not experienced a material breach of cyber security, however our computer systems have been, and will likely continue to be, subjected to unauthorized access or phishing attempts, computer viruses, malware, ransomware or other malicious codes. While we have implemented training and information security policies for our team members and bolstered cybersecurity experience on our board, these measures may be insufficient to prevent against the constantly evolving threats. These threats increase the difficulty of timely detection and successful defense. As a result, security, backup, disaster recovery, administrative and technical controls, and incident response measures may not be adequate or implemented properly to prevent cyber-attacks or other security breaches to our systems. Failure to effectively allocate and manage our resources to build, sustain, protect and upgrade our information technology infrastructure could result in transaction errors, processing inefficiencies, the loss of customers, reputational damage, litigation, business disruptions, or the loss of sensitive or confidential data through security breach or otherwise. Significant capital investments could be required to remediate any potential problems or to otherwise protect against security breaches or to address problems caused by breaches. In addition, if our customers or suppliers experience a security breach or system failure, their businesses could be disrupted or negatively affected, which may result in a reduction in customer orders or disruption in our supply chain, which would adversely affect our results of operations.

Failure to prevent the unauthorized access, use, theft or destruction of personal, financial and other confidential information relating to our customers, suppliers, employees or our Company, could damage our business reputation, negatively affect our results of operations, and expose us to potential liability.

The protection of our customer, supplier, employee, and Company data and confidential information is critical. We are subject to new and changing privacy and information security laws and standards that may require significant investments in technology and new operational processes. The use of electronic payment methods and collection of other personal information exposes us to increased risk of privacy and/or security breaches. We rely on commercially available systems, software, tools, and monitoring to provide security for processing, transmitting, and storing personal information from individuals, including our customers, suppliers and employees, and our security measures may not effectively prohibit others from obtaining improper access to such information. We rely on third party, cloud based technologies which results in third party access and storage of Company data and confidential information. Employees or third parties with whom we do business or to whom we outsource certain information technology or administrative services may attempt to circumvent security measures in order to misappropriate such information, and may purposefully or inadvertently cause a breach involving such information. If we experience a data security breach of any kind or fail to respond appropriately to such incidents, we may experience a loss of or damage to critical data, suffer financial or reputational damage or penalties, or face exposure to negative publicity, government investigations and proceedings, private consumer or securities litigation, liability or costly response measures. In addition, our reputation within the business community and with our customers and suppliers may be affected, which could result in our customers and suppliers ceasing to do business with us which could adversely affect our business and results of operations. Our insurance policies do not cover losses caused by security breaches.

We may not be able to adequately protect our intellectual property, which, in turn, could harm the value of our brands and adversely affect our business.

Our ability to implement our business plan successfully depends in part upon our ability to further build brand recognition, including for our proprietary products, using our trademarks, service marks and other proprietary intellectual property, including our names and logos. We have registered or applied to register a number of our trademarks. We cannot assure investors that our trademark applications will be approved. Third parties may also oppose our trademark applications, or otherwise challenge our use of the trademarks. In the event that our trademarks are successfully challenged, we could be forced to rebrand our goods and services, which could result in loss of brand recognition and could require us to devote resources to advertising and marketing new brands. If our efforts to register, maintain and protect our intellectual property are inadequate, or if any third party misappropriates, dilutes or infringes upon our intellectual property, the value of our brands may be harmed, which could have a material adverse effect on our business, financial condition or results of operations and might prevent our brands from achieving or maintaining market acceptance.

We may also face the risk of claims that we have infringed third parties' intellectual property rights. If third parties claim that we have infringed or are infringing upon their intellectual property rights, our operating profits could be affected in a materially adverse manner. Any claims of intellectual property infringement, even those without merit, could be expensive and time consuming to defend, require us to rebrand our services, if feasible, divert management's attention and resources or require us to enter into royalty or licensing agreements in order to obtain the right to use a third party's intellectual property. Any royalty or licensing agreements, if required, may not be available to us on acceptable terms or at all. A successful claim of infringement against us could result in our being required to pay significant damages, enter into costly license or royalty agreements, or stop the sale of certain products or services, any of which could have a negative impact on our business, financial condition or results of operations and could harm our future prospects.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our production and distribution facilities as of June 30, 2023 are as follows:

Location	Approximate Area (Square Feet)	Purpose	Status
Northlake, TX	108,262	Corporate headquarters, manufacturing, distribution, warehouse, product development lab	Leased
Portland, OR	124,000	Manufacturing and distribution, product development lab	Leased
Oklahoma City, OK	142,115	Equipment repair center	Owned
Northlake, IL	89,837	Distribution and warehouse	Leased
Moonachie, NJ	41,404	Distribution and warehouse	Leased
Rialto, CA	156,586	Distribution and warehouse	Leased

As of June 30, 2023, we stage our products in 106 branch warehouses throughout the contiguous United States. These branch warehouses and our distribution centers, taken together, represent a vital part of our business, but no individual branch warehouse is material to the business as a whole. Our stand-alone branch warehouses vary in size from approximately 1,000 to 34,000 square feet.

Approximately 70% of our facilities are leased with a variety of expiration dates within the range of 2023 through 2032.

We calculate our utilization for all of our coffee roasting facilities on an aggregate basis based on the number of product pounds manufactured during the actual number of production shifts worked during an average week, compared to the number of product pounds that could be manufactured based on the maximum number of production shifts that could be operated during the week (assuming three shifts per day, five days per week), in each case, based on our current product mix. Utilization rates for our coffee roasting facilities were approximately 68%, 75%, and 63% during fiscal 2023, 2022 and 2021, respectively.

We believe that our existing facilities provide adequate capacity for our current operations.

Item 3. Legal Proceedings

For information regarding legal proceedings in which we are involved, see *Note 19*, *Commitments and Contingencies*, of the Notes to Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K, which is incorporated herein by reference.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

The principal market on which our common stock is listed for trading is the Nasdaq Global Select Market under the symbol "FARM."

Holders

As of September 5, 2023, there were approximately 191 shareholders of record of common stock. This does not include persons whose common stock is in nominee or "street name" accounts through brokers.

Dividends

We have not recently declared or paid any cash dividend on our common stock. We intend to retain any future earnings to finance the operation and expansion of our business, and we do not expect to pay cash dividends in the foreseeable future.

Performance Graph

The following graph depicts a comparison of the total cumulative stockholder return on our common stock for each of the last five fiscal years relative to the performance of the Russell 2000 Index and a peer group index. Companies in the Russell 2000 and peer group index are weighted by market capitalization. The graph assumes an initial investment of $100.00 at the close of trading on June 30, 2018 and that all dividends paid by companies included in these indices have been reinvested.

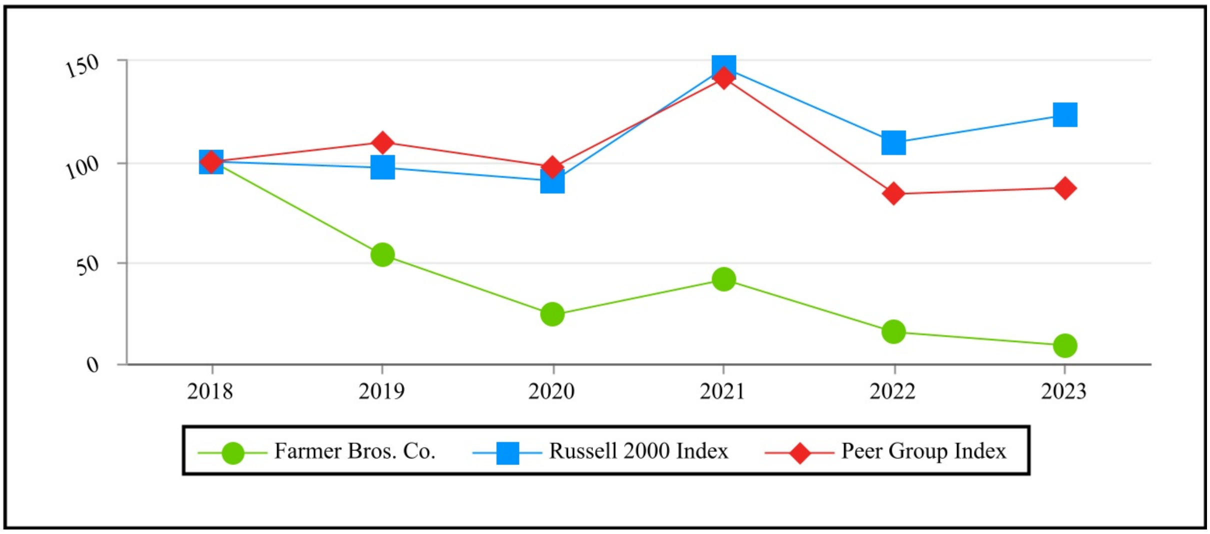
Because no published peer group is similar to the Company's portfolio of business, the Company created a peer group index that includes the following companies that operate in a similar line of business: Utz Brands, Inc., J&J Snack Foods Corp., Hostess Brands, Inc., The Simply Good Foods Company, Calavo Growers, John B Sanfilippo & Son, Inc., SunOpta, Inc., MGP Ingredients, Inc., Whole Earth Brands, Beyond Meat, Inc., Freshpet, Inc., NewAge, Inc., The Duckhorn Portfolio, Inc., Vital Farms, Inc. and Bridgford Foods Corporation.

The historical stock price performance of the Company's common stock shown in the performance graph below is not necessarily indicative of future stock price performance. The Russell 2000 Index and the peer group index are included for comparative purposes only. They do not necessarily reflect management's opinion that such indices are an appropriate measure for the relative performance of the stock involved, and they are not intended to forecast or be indicative of possible future performance of our common stock.

The material in this performance graph is not soliciting material, is not deemed filed with the SEC, and is not incorporated by reference in any filing of the Company under the Securities Act or the Exchange Act, whether made on, before or after the date of this filing and irrespective of any general incorporation language in such filing.

Comparison of 5 Year Cumulative Total Return

(Fiscal Years Ended June 30)



	Fiscal Years Ended June 30,					
	2018	2019	2020	2021	2022	2023
Farmer Bros. Co.	100.00	53.58	24.03	41.54	15.35	9.07
Russell 2000 Index	100.00	96.69	90.28	146.28	109.42	122.89
Peer Group Index	100.00	109.63	97.39	141.10	83.96	86.71

Issuer Purchases of Equity Securities

Neither we, nor any affiliated purchaser, purchased any of our equity securities during the quarter ended June 30, 2023.

Sale of Unregistered Securities

We did not sell unregistered securities during fiscal 2023.

Item 6. Reserved

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

The following discussion contains forward-looking statements that involve risks and uncertainties. This Management's Discussion and Analysis is for continuing operations of the Company. The Company’s results of operations for all periods presented have been adjusted to reflect the discontinued operations related to the Sale. The results of operations and the related discussions below focus on the Company’s continuing operations for each period. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of many factors. The results of operations for fiscal 2023, fiscal 2022 and fiscal 2021 are not necessarily indicative of the results that may be expected for any future period. This discussion, which presents our results for fiscal 2023, fiscal 2022, and fiscal 2021 should be read in conjunction with our Consolidated Financial Statements and the accompanying notes and Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Annual Report on Form 10-K for fiscal 2022, filed with the SEC on September 2, 2022, which provides additional information on comparisons of fiscal 2022 and the year ended June 30, 2021 ("fiscal 2021").

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 242 delivery routes and 106 branch warehouses as of June 30, 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.

Summary Overview of Fiscal 2023 Results

Net sales in fiscal 2023 increased $25.2 million, or 8%, to $340.0 million from $314.8 million in fiscal 2022. The increase in net sales was primarily due to higher pricing compared to prior periods, partially offset by decline in sales volume.

During fiscal 2023, we experienced lower gross margins compared to fiscal 2022, primarily resulting from higher product costs relative to fiscal 2022. Overall, gross margins decreased by 8.8% to 33.7% in fiscal 2023 from 42.5% compared to fiscal 2022. The decrease was also attributable to an increase in unfavorable production variances. The price increases and delivery surcharges implemented across our network helped mitigate the impact of higher supply chain and product costs.

Operating expenses decreased by $4.2 million in fiscal 2023 over the prior year period due to a $3.7 million increase in selling expenses offset by a $5.7 million decrease in general and administrative expenses and a $2.2 million increase in gain on sale of assets from the sale of branch properties and other assets. The increase in selling expenses during fiscal 2023 was primarily due to an increase in payroll-related costs. The decrease in general and administrative expenses during fiscal 2023 was primarily due to a decrease in incentive compensation expense, a $1.9 million gain on settlement related to the acquisition of Boyd Coffee Company ("Boyd"), which included the cancellation of shares of the Series A Convertible Participating Cumulative Perpetual Preferred Stock, par value $1.00 per share, of the Company ("Series A Preferred Stock") and settlement of liabilities (the "Boyd Settlement"), and a payroll tax refund which was partially offset by an increase in contract services.

Our capital expenditures related to continuing operations for fiscal 2023 were $13.2 million as compared to $13.6 million in fiscal 2022, a decrease of $0.4 million. This was driven by lower expansionary capital spend of $1.6 million in fiscal 2023 compared to fiscal 2022, offset by a $1.2 million increase in maintenance capital spend in fiscal 2023. The expansionary capital spending reductions were driven by several key initiatives put in place, including a focus on refurbished coffee brewing equipment to drive cost savings, and reductions across some capital categories.

As of June 30, 2023, the outstanding debt on our Revolver Credit Facility was $23.0 million a decrease of $40.0 million since June 30, 2022. Our cash decreased by $4.6 million to $5.4 million as of June 30, 2023, compared to $10.0 million as of June 30, 2022. The proceeds from the Sale were applied to pay off the Term Credit Facility and pay down the Revolver Credit Facility.

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

	For The Years Ended June 30,			2023 vs 2022 Favorable (Unfavorable)	
	2023	2022	2021	Change	% Change
Income Statement Data:					
Net sales	$ 339,964	$ 314,783	261,911	$ 25,181	8.0 %
Gross margin	33.7 %	42.5 %	36.6 %	(8.8)%	NM
Operating expenses as a % of sales	39.9 %	44.4 %	48.8 %	4.5 %	NM
Loss from continuing operations	$ (34,038)	$ (1,974)	(30,213)	$ (32,064)	NM
Loss from continuing operations available to common stockholders per common share, basic and diluted	$ (1.74)	$ (0.14)	$ (1.74)	$ (1.60)	NM
Operating Data:					
Coffee pounds - continuing operations	24,373	26,159	26,347	(1,786)	(6.8)%
EBITDA(1)	$ (16,925)	$ 11,101	$ 8,646	$ (28,026)	(252.5)%
EBITDA Margin(1)	(5.0)%	3.5 %	3.3 %	(8.5)%	NM
Adjusted EBITDA(1)	$ (14,153)	$ 16,214	$ 13,777	$ (30,367)	(187.3)%
Adjusted EBITDA Margin(1)	(4.2)%	5.2 %	5.3 %	(9.4)%	NM
Percentage of Total Net Sales By Product Category					
Coffee (Roasted)	47.1 %	48.2 %	50.3 %	(1.1)%	(2.3)%
Tea & Other Beverages (2)	26.0 %	25.6 %	24.8 %	0.4 %	1.6 %
Culinary	19.0 %	17.7 %	16.9 %	1.3 %	7.3 %
Spices	6.9 %	7.1 %	7.1 %	(0.2)%	(2.8)%
Delivery Surcharge	1.0 %	1.4 %	0.9 %	(0.4)%	NM
Net sales from continuing operations	100.0 %	100.0 %	100.0 %		
Other data:					
Capital expenditures related to maintenance	$ 13,190	$ 12,038	$ 7,758	$ (1,152)	(9.6)%
Total capital expenditures	13,190	13,624	9,577	434	3.2 %
Depreciation & amortization expense	12,938	12,359	18,760	(579)	(4.7)%

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.

Factors Affecting Our Business

We have identified factors that affect our industry and business which we expect will play an important role in our future growth and profitability. Some of these factors include:

- *Investment in Manufacturing Facility.* We are focused on leveraging our Portland, Oregon facility to produce the highest quality coffee in response to the market shift to premium and specialty coffee and create sustainable long-term growth. We will continue to invest in our facility to ensure reliable production while focusing on overall production costs.
- *Supply Chain Efficiencies and Competition.* In order to compete effectively and capitalize on growth opportunities, we must retain and continue to grow our customer base, evaluate and undertake initiatives to reduce costs and streamline our supply chain. We continue to look for ways to deploy our personnel, systems, assets and infrastructure to create or

enhance stockholder value. Areas of focus include distribution network optimization, methods of procurement, logistics, inventory management, supporting technology, and real estate assets. The ability to attract and retain a skilled workforce, as well as mitigate global supply chain challenges, will affect our future growth and profitability.

- *Demographic and Channel Trends.* Our success is dependent upon our ability to develop new products in response to demographic and other trends to better compete in areas such as premium coffee and tea, including expansion of our product portfolio by investing resources in what we believe to be key growth categories and different formats.
- *Fluctuations in Green Coffee Prices.* Our primary raw material is green coffee, an exchange-traded agricultural commodity that is subject to price fluctuations. Over the past five years, coffee "C" market near month price per pound ranged from approximately $0.86 to $2.60. The coffee "C" market near month price as of June 30, 2023 and 2022 was $1.65 and $2.30 per pound, respectively. The price and availability of green coffee directly impacts our results of operations. For additional details, see *Risk Factors* in Part I, Item 1A of this Form 10-K.
- *Hedging Strategy.* We are exposed to market risk of losses due to changes in coffee commodity prices. Our business model strives to reduce the impact of green coffee price fluctuations on our financial results and to protect and stabilize our margins, principally through derivative instruments, as further explained in *Note 5*, *Derivative Instruments*, of the Notes to Consolidated Financial Statements included in this Form 10-K.
- *Coffee Brewing Equipment Service & Restoration ("Revive").* With Revive, we offer our customers a comprehensive equipment program and 24/7 nationwide equipment service which we believe differentiates us in the marketplace. We offer a full spectrum of equipment needs, which includes brewing equipment installation, water filtration systems, equipment training, and maintenance services to ensure we are able to meet our customer's demands.

Results of Operations

The following table sets forth information regarding our consolidated results of operations for fiscal 2023, fiscal 2022 and fiscal 2021.

	For the Years Ended June 30,			2023 vs 2022 Favorable (Unfavorable)	
	2023	2022	2021	Change	% Change
Net sales	$ 339,964	$ 314,783	$ 261,911	$ 25,181	8
Cost of goods sold	225,351	180,968	166,130	(44,383)	(25)
Gross profit	114,613	133,815	95,781	(19,202)	(14)
Selling expenses	103,151	99,458	88,283	(3,693)	(4)
General and administrative expenses	37,561	43,243	38,977	5,682	13
Net gains from sale of assets	(5,140)	(2,905)	(593)	2,235	N
Impairment of fixed assets	—	—	1,243	—	—
Operating expenses	135,572	139,796	127,910	4,224	3
Loss from operations	(20,959)	(5,981)	(32,129)	(14,978)	(250)
Other (expense) income:					
Interest expense	(9,162)	(4,009)	(9,901)	(5,153)	(129)
Postretirement benefits curtailment and pension settlement charge	—	—	6,359	—	—
Other, net	(4,242)	8,140	19,386	(12,382)	(152)
Total other (expense) income	(13,404)	4,131	15,844	(17,535)	(424)
Loss from continuing operations before taxes	(34,363)	(1,850)	(16,285)	(32,513)	(1,757)
Income tax (benefit) expense	(325)	124	13,928	449	362
Loss from continuing operations	$ (34,038)	$ (1,974)	$ (30,213)	$ (32,064)	(1,624)

NM - Not Meaningful

Fiscal 2023 and Fiscal 2022

Net Sales

Net sales in fiscal 2023 increased $25.2 million, or 8%, to $340.0 million from $314.8 million in fiscal 2022. The increase in net sales was primarily due to higher pricing compared to prior periods, partially offset by a decline in sales volume. On our sales, average unit price increased due to the increase in pricing and product mix sold to customers.

The following table presents the effect of changes in unit sales, unit pricing and product mix for fiscal 2023 compared to fiscal 2022 (in millions):

Units Sold and Pricing

	For Year Ended June 30, 2023 vs 2022	% of Total Mix Change
Effect of change in unit sales	(22.3)	(88.5)%
Effect of pricing and product mix changes	47.5	188.5 %
Total increase in net sales	25.2	100.0 %

Unit sales decreased 6.1% and average unit price increased by 15.1% in fiscal 2023 as compared to the same prior year period, resulting in a net increase in net sales of 8%. Average unit price increased during fiscal 2023 due to a mix of products sold, along with price increases implemented during fiscal 2023. There were no new product category introductions in fiscal 2023 or fiscal 2022 which had a material impact on our net sales.

Gross Profit

Gross profit in fiscal 2023 decreased $19.2 million, or 14%, to $114.6 million from $133.8 million in fiscal 2022. Gross margin decreased 8.8% to 33.7% in fiscal 2023 from 42.5% in fiscal 2022. The decrease in gross profit in fiscal 2023 was primarily driven by inflationary increases in materials and production costs, as well as an increase in underlying green coffee commodity prices.

Operating Expenses

In fiscal 2023, operating expenses decreased by $4.2 million, or 3%, to $135.6 million from $139.8 million, in fiscal 2022. The decrease was primarily due to $3.7 million increase in selling expenses offset by a $5.7 million decrease in general and administrative expenses and a $2.2 million increase in net gains from sale of assets due to sale of branch properties during fiscal 2023.

The increase in selling expenses during fiscal 2023 was primarily due to increased headcount and other payroll-related costs and the inclusion of a one time sales tax refund in fiscal 2022. The decrease in general and administrative expenses during fiscal 2023 was primarily due to a decrease in incentive compensation expense, a $1.9 million gain in connection with the Boyd Settlement, and a payroll tax refund which was partially offset by an increase in contract services.

Total Other Income (Expense)

Total other income (expense) in fiscal 2023 was $13.4 million of expense compared to $4.1 million of income in fiscal 2022. The change in total other income (expense) in fiscal 2023 was primarily a result of an increase in interest expense and an absence of the gains from coffee-related derivative instruments in fiscal 2023.

Interest expense in fiscal 2023 increased $5.2 million to $9.2 million from $4.0 million in the prior year period. The increase in interest expense in fiscal 2023 was principally due to higher interest rates, as well as an increase in interest rate swap costs.

In fiscal 2023, Other, net decreased by $12.3 million to a $4.2 million loss compared to a $8.1 million gain in fiscal 2022. The decrease in Other, net, was primarily a result of mark-to-market net losses on coffee-related derivative instruments not designated as accounting hedges.

Income Taxes

In fiscal 2023, we recorded income tax benefit of $0.3 million as compared to income tax expense of $0.1 million in fiscal 2022.

Fiscal 2022 and Fiscal 2021

Net Sales

Net sales in fiscal 2022 increased $52.9 million, or 20%, to $314.8 million from $261.9 million in fiscal 2021. The increase in net sales was primarily due to the continued recovery from the impact of the COVID-19 pandemic, along with price increases and delivery surcharges implemented during fiscal 2022.

The following table presents the effect of changes in unit sales, unit pricing and product mix for fiscal 2022 compared to fiscal 2021 (in millions):

Units Sold and Pricing

	For Year Ended June 30, 2022 vs 2021	% of Total Mix Change
Effect of change in unit sales	5.5	10.4 %
Effect of pricing and product mix changes	47.4	89.6 %
Total increase in net sales	52.9	100.0 %

Unit sales increased 1.8% and average unit price increased by 18.0% in fiscal 2022 as compared to the same prior year period, resulting in a net increase in net sales of 20%. Average unit price increased during fiscal 2022 due to a mix of products sold, along with price increases and delivery surcharges implemented during fiscal 2022. There were no new product category introductions in fiscal 2022 or fiscal 2021 which had a material impact on our net sales.

Gross Profit

Gross profit in fiscal 2022 increased $38.0 million, or 40%, to $133.8 million from $95.8 million in fiscal 2021. Gross margin increased 5.5% to 42.5% in fiscal 2022 from 37% in fiscal 2021. The increase in gross profit in fiscal 2022 was due to the continued recovery from COVID-19. The increase was also attributable to a decline in our unfavorable production variances and inventory scrap write-downs due to the closure of our aged Houston, Texas plant during fiscal 2021. The price increases and delivery surcharges implemented during fiscal 2022 helped mitigate the impact of higher supply chain and product costs.

Operating Expenses

In fiscal 2022, operating expenses increased by $11.9 million, or 9%, to $139.8 million from $127.9 million, in fiscal 2021. The increase was primarily due to $11.2 million increase in selling expenses and a $4.3 million increased in general and administrative expenses offset by a $2.3 million increase in net gains from sale of assets due to sale of branch properties during fiscal 2022 and a $1.2 million decrease in fixed asset impairment.

The increase in selling expenses in fiscal 2022 was primarily due to variable costs, including payroll, associated with the higher net sales, as well as operating costs associated with our distribution center in Rialto, California which was opened in fiscal 2021. The increase in general and administrative expenses in fiscal 2022 was primarily due to third party costs related to several supply chain optimization initiatives, partially offset by a decrease of severance costs in the prior year period. The increase in payroll in both selling and general and administrative expenses are predominately due to the expiration of the temporary 15% reduction in base salaries and the expiration of the 401(k) cash match suspension under the Farmer Bros. Co. 401(k) Plan, which were both cost saving actions implemented in fiscal 2020 in response to the COVID-19 pandemic.

Total Other Income (Expense)

Total other income (expense) in fiscal 2022 was $4.1 million of income compared to $15.8 million of income in fiscal 2021.

The change in total other income (expense) in fiscal 2022 was primarily a result of an absence of the gains due to the post-retirement benefit curtailment in the prior year period associated with the medical plan termination in December 2020. In addition, in June 2021, we announced the amendment of our postretirement death benefit plan effective immediately. The announcement triggered a re-measurement, and resulted in settlement gains of $6.4 million in fiscal 2021.

Interest expense in fiscal 2022 decreased $5.9 million to $4.0 million from $9.9 million in the prior year period. The decrease in interest expense in fiscal 2022 was principally due to lower interest rates on our new credit facility entered in April 2021, as well as a reduction in interest rate swap costs.

In fiscal 2022, Other, net decreased by $11.3 million to $8.1 million compared to $19.4 million in fiscal 2021. The decrease in Other, net, was primarily a result of lower amortized gains on our terminated post-retirement medical benefit plan and mark-to-market net losses on coffee-related derivative instruments not designated as accounting hedges.

Income Taxes

In fiscal 2022, we recorded income tax expense of $0.1 million as compared to $13.9 million in fiscal 2021. The 2021 tax expense is primarily due to the $13.7 million of previously deferred non-cash tax expense in accumulated other comprehensive income associated with gains on the postretirement medical plan in prior years. Upon termination of this plan during fiscal 2021, the deferred non-cash tax expense was reversed out of other comprehensive income and recorded in continuing operations net income in the second quarter of fiscal 2021.

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 loss from continuing operations excluding the impact of:

- income tax benefit;
- 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 loss from continuing operations excluding the impact of:

- income tax benefit;
- interest expense;
- depreciation and amortization expense;
- 401(k), ESOP and share-based compensation expense;
- gain on Settlement with Boyd's sellers;
- net gains from sales of assets;
- strategic initiatives;
- severance costs;
- impairment of fixed assets;
- costs associated with the COVID-19 pandemic;
- severe weather event; and
- postretirement benefits gains curtailment and pension settlement charge.

"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 excluded the impact of interest expense resulting from the adoption of ASU 2017-07, non-cash pretax pension and postretirement benefits resulting from the amendment and termination of certain Farmer Bros. pension and postretirement benefits plans and severance because these items are not reflective of our ongoing operating results.

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. This calculation is for continuing operations only.

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

	For the Year Ended June 30,		
(In thousands)	**2023**	**2022**	**2021**
Loss from continuing operations, as reported	$ (34,038)	$ (1,974)	$ (30,213)
Income tax (benefit) expense	(325)	124	13,928
Interest expense (1)	4,499	591	6,171
Depreciation and amortization expense	12,939	12,360	18,760
EBITDA	$ (16,925)	$ 11,101	$ 8,646
EBITDA Margin	(5.0)%	3.5 %	3.3 %

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

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

	Year Ended June 30,		
(In thousands)	**2023**	**2022**	**2021**
Loss from continuing operations, as reported	$ (34,038)	$ (1,974)	$ (30,213)
Income tax (benefit) expense	(325)	124	13,928
Interest expense (1)	4,499	591	6,171
Depreciation and amortization expense	12,939	12,360	18,760
401(k), ESOP and share-based compensation expense	8,212	6,989	4,580
Net (gains) losses from sale of assets	(5,140)	(2,905)	(593)
Strategic initiatives	(1,917)	—	—
Severance costs	—	76	4,203
Impairment of fixed assets	1,617	953	1,596
Gain on settlement with Boyd's sellers (2)	—	—	1,243
	—	—	352
Non-recurring costs associated with the COVID-19 pandemic	—	—	109
Weather-related event - 2021 severe winter weather	—	—	(6,359)
Postretirement benefits gains curtailment and pension settlement charge	$ (14,153)	$ 16,214	$ 13,777
Adjusted EBITDA	(4.2)%	5.2 %	5.3 %
Adjusted EBITDA Margin			

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

Liquidity, Capital Resources and Financial Condition

Results include the cash flow impacts of discontinued operations, unless otherwise noted.

The following table summarizes the Company’s debt obligations, excluding unamortized deferred debt financing costs:

				June 30, 2023		June 30, 2022	
(In thousands)	Debt Origination Date	Maturity	Principal Amount Borrowed	Carrying Value	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate
Revolver	various	4/25/2025	N/A	$ 23,021	6.66 %	$ 63,000	6.17 %
Term Loan	4/26/2021	4/25/2025	$ 47,500	$ —		$ 45,600	7.50 %
Total				$ 23,021		$ 108,600	

Credit Facility

The revolver under the Credit Facility has a commitment of up to $75.0 million and a maturity date of April 25, 2025. 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 contain 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 June 30, 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”). 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 prior revolving credit facility. Under the terms of the Original Rate Swap, the Company received 1-month LIBOR, subject to a 0% floor, and made payments based on a fixed rate of 2.1975%. The Company’s obligations under the ISDA were secured by the collateral which secures the loans under the prior revolving credit facility on a pari passu and pro rata basis with the principal of such loans. 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 is no remaining balance frozen in AOCI as of June 30, 2023. See *Note 5*, *Derivative Instruments*, of the Notes to Consolidated Financial Statements included in this Form 10-K, for details.

At June 30, 2023, we had outstanding borrowings of $23.0 million and utilized $4.0 million of the letters of credit sublimit under the Credit Facility, and had $35.8 million of availability under our Credit Facility.

Liquidity

We generally finance our operations through cash flows from operations and borrowings under our Credit Facility. 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 June 30, 2023, we had $5.2 million of unrestricted cash and cash equivalents. 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. An economic downturn may also cause substantial changes in consumer behavior and demand for our products, adversely affecting results of operations and our financial position, some of which we may not be able to predict with certainty.

Cash Flows

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

	For the Years Ended June 30,	
	2023	2022
Consolidated Statements of cash flows data (in thousands)		
Net cash used in operating activities	$ (6,880)	$ (11,4
Net cash provided by (used in) investing activities	88,445	(6,0
Net cash (used in) provided by financing activities	(86,140)	17,0
Net decrease in cash and cash equivalents	$ (4,575)	$ (4

Operating Activities

Net cash used in operating activities in fiscal 2023 decreased $4.6 million as compared to fiscal 2022. The change was driven by a decrease in inventory, partially offset by lower cash earnings.

Investing Activities

Net cash provided by investing activities during fiscal 2023 was $88.4 million as compared to net cash used of $6.0 million during fiscal 2022. The $94.4 million change is primarily reflective of the $92.2 million of net cash proceeds resulting from the Sale.

Financing Activities

Net cash used in financing activities during fiscal 2023 was $86.1 million as compared to of $17.1 million of cash provided by financing activities during fiscal 2022. Proceeds from the Sale were used to pay off in full, the $47 million outstanding amount under the Term Credit Facility and the partial pay down of the Revolver Credit Facility to a balance of $23.0 million as of June 30, 2023.

Contractual Obligations, Commitments and Contingencies

Our principal sources of liquidity are our existing cash and cash equivalents, cash generated from our operations and borrowing capacity currently available under our Credit Facility. We generally finance our obligations through cash flows from operations and borrowings under our Credit Facility. 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 June 30, 2023, we had $5.2 million of unrestricted cash and cash equivalents. At June 30, 2023, we had $35.8 million of availability under our Credit Facility.

The following table contains information regarding total contractual obligations as of June 30, 2023, which we expect to fund primarily with operating cash flows:

	Payment due by period				
(In thousands)	Total	Less Than One Year	1-3 Years	3-5 Years	More Than 5 Years
Contractual obligations:					
Operating lease obligations(1)	$ 28,916	$ 7,979	$ 12,501	$ 7,509	$ 927
Finance lease obligations(1)	482	193	289	—	—
Pension plan obligations(2)	73,730	7,660	14,890	15,070	36,110
Postretirement benefits other than pension plans (2)	661	62	130	137	332
Revolving credit facility (4)	23,021	—	23,021	—	—
Purchase commitments(3)	115,335	115,335	—	—	—
Derivative liabilities	2,636	2,636	—	—	—
Total contractual obligations	$ 244,781	$ 133,865	$ 50,831	$ 22,716	$ 37,369

(1) See Note 6, *Leases*, of the Notes to Consolidated Financial Statements included in this Form 10-K.

(2) See Note 12, *Employee Benefit Plans*, of the Notes to Consolidated Financial Statements included in this Form 10-K.

(3) Purchase commitments include commitments under coffee purchase contracts for which all delivery terms have been finalized but the related coffee has not been received as of June 30, 2023. Amounts shown in the table above: (a) include all coffee purchase contracts that the Company considers to be from normal purchases; and (b) do not include amounts related to derivative instruments that are recorded at fair value on the Company's consolidated balance sheets. Purchase commitments related to the Sale will be transferred to the Buyer in the first half of fiscal 2024. See Note 19, *Commitments and Contingencies*, of the Notes to Consolidated Financial Statements included in this Form 10-K.

(4) See Note 13, *Debt Obligations*, of the Notes to Consolidated Financial Statements included in this Form 10-K.

Capital Expenditures

For fiscal 2023, fiscal 2022 and fiscal 2021 our capital expenditures paid were $15.0 million, $15.2 million and $15.1 million respectively. In fiscal 2024, we anticipate capital expenditures will be between $16.0 million and $18.0 million. We expect to finance these expenditures through cash flows from operations and borrowings under our Revolver Credit Facility.

Depreciation and amortization expense from continuing operations was $12.9 million, $12.4 million and $18.8 million in fiscal 2023, 2022 and 2021, respectively.

Recent Accounting Pronouncements

Refer to *Note 2, Summary of Significant Accounting Policies*, of the Notes to Consolidated Financial Statements included in Part II, Item 8 of this Form 10-K for a summary of recently adopted and recently issued accounting standards and their related effects or anticipated effects on our consolidated results of operations and financial condition.

Off-Balance Sheet Arrangements

We did not have any off-balance sheet arrangements as of June 30, 2023 or June 30, 2022.

Quarterly Financial Data (Unaudited)

The following tables set forth certain unaudited quarterly information for each of the eight fiscal quarters in the two-year period ended June 30, 2023. This quarterly information has been prepared on a consistent basis with the audited consolidated financial statements and, in the opinion of management, includes all adjustments which management believes are necessary for a fair presentation of the information for the periods presented. All prior period amounts have been retrospectively adjusted to reflect the impact of discontinued operations to previously issued financial statements.

The Company's quarterly operating results may fluctuate significantly as a result of a variety of factors, and operating results for any fiscal quarter are not necessarily indicative of results for a full fiscal year or future fiscal quarters.

	2023			
(In thousands)	**Q1**	**Q2**	**Q3**	**Q4**
Net sales	$ 79,826	$ 88,919	$ 85,723	$ 85,496
Gross profit	27,018	31,023	28,755	27,817
Loss from continuing operations, net of cumulative preferred dividends unpaid and undeclared	$ (1,580)	$ (8,682)	$ (6,927)	$ (16,849)
Net loss available to common stockholders	$ (7,374)	$ (13,608)	$ (11,423)	$ (46,775)
Net loss per common share, basic and diluted	$ (0.39)	$ (0.73)	$ (0.57)	$ (2.33)

	2022			
(In thousands)	**Q1**	**Q2**	**Q3**	**Q4**
Net sales	$ 72,254	$ 79,255	$ 78,673	$ 84,601
Gross profit	29,108	33,391	35,345	35,971
Loss from continuing operations, net of cumulative preferred dividends unpaid and undeclared	$ (198)	$ (2,616)	$ 8	$ 238
Net loss available to common stockholders	$ (2,424)	$ (5,420)	$ (4,040)	$ (4,371)
Net loss per common share, basic and diluted	$ (0.14)	$ (0.31)	$ (0.23)	$ (0.23)

Note: The sum of individual quarterly net loss per share may not agree to the total for the year due to each period's computation being based on the weighted average number of common shares outstanding during such period.

Critical Accounting Estimates

We consider an accounting estimate to be critical if: (1) the accounting estimate requires us to make assumptions about matters that were highly uncertain at the time the accounting estimate was made, and (2) changes in the estimate that are reasonably likely to occur from period to period, or use of different estimates that we reasonably could have used in the current period, would have a material impact on our financial condition or results of operations.

Our significant accounting estimates are discussed in additional detail in *Note 2, Summary of Significant Accounting Policies*, to the consolidated financial statements included in this Form 10-K. We believe that our significant accounting estimates involve a higher degree of judgment and/or complexity for the reasons discussed below:

Fair value of coffee-related derivative instruments

We are exposed to commodity price risk arising from changes in the market price of green coffee. In general, increases in the price of green coffee could cause our cost of goods sold to increase and, if not offset by product price increases, could negatively affect our financial condition and results of operations. As a result, our business model strives to reduce the impact of green coffee price fluctuations on our financial results and to protect and stabilize our margins, principally through customer arrangements and derivative instruments.

We utilize derivative instruments to reduce the impact of changing green coffee commodity prices. We purchase over-the-counter coffee derivative instruments to enable us to lock in the price of green coffee commodity purchases. These derivative instruments may be entered into at the direction of the customer under commodity-based pricing arrangements to effectively lock in the purchase price of green coffee under such customer arrangements, in certain cases up to 18 months or longer in the future. Notwithstanding this customer direction, pursuant to Accounting Standards Codification ("ASC") 815, "Derivatives and Hedging," we are considered the owner of these derivative instruments and, therefore, we are required to account for them as such. In the event the customer fails to purchase the products associated with the underlying derivative instruments for which the price has been locked-in on behalf of the customer, we expect that such derivative instruments will be assigned to, and assumed by, the customer in accordance with contractual terms or, in the absence of such terms, in accordance with standard industry custom and practice. In the event the customer fails to assume such derivative instruments, we will remain obligated on the derivative instruments at settlement. We generally settle derivative instruments to coincide with the receipt of the purchased green coffee or apply the derivative instruments to purchase orders effectively fixing the cost of in-bound green coffee purchases. As of June 30, 2023 and 2022, we had 3.9 million and 4.7 million pounds of green coffee covered under coffee-related derivative instruments, respectively. We do not purchase any derivative instruments to hedge cost fluctuations of any commodities other than green coffee.

The fair value of derivative instruments is based upon broker quotes. We account for certain coffee-related derivative instruments as accounting hedges in order to minimize the volatility created in our quarterly results from utilizing these derivative contracts and to improve comparability between reporting periods. The change in fair value of the derivative is reported in accumulated other comprehensive income (loss) ("AOCI") on our consolidated balance sheet and subsequently reclassified into cost of goods sold in the period or periods when the hedged transaction affects earnings. At June 30, 2023, approximately 40% of our outstanding coffee-related derivative instruments, representing 1.5 million pounds of forecasted green coffee purchases, were designated as cash flow hedges. At June 30, 2022, approximately 89% of our outstanding coffee-related derivative instruments, representing 4.2 million pounds of forecasted green coffee purchases, were designated as cash flow hedges. The portion of open hedging contracts that are not designated as accounting hedges are marked to period-end market price and unrealized gains or losses based on whether the period-end market price was higher or lower than the price we locked-in are recognized in our financial results.

Single Employer Pension Plan

The estimation of our single employer Farmer Bros. pension plan requires that we make use of various actuarial assumptions such as discount rates and expected long-term rates of return on plan assets. Material changes in pension costs may occur in the future due to changes in these assumptions. Plan obligations and expenses are based on existing retirement plan provisions.

The assumptions used in developing the required estimates include the following key factors:

- *Discount rates.* We utilize a yield curve analysis to determine the discount rates for our defined benefit plans' obligations. The yield curve considers pricing and yield information for high quality bonds with maturities matched to estimated payouts of future pension benefits.
- *Expected long-term rate of return on plan assets*. The expected return on plan assets is based on our expectation of the long-term rates of return on each asset class based on the current asset mix of the funds, considering the historical returns earned on the type of assets in the funds.

The following table illustrates the sensitivity to a change in certain assumptions for the Farmer Bros. pension plan, holding all other assumptions constant:

($ in thousands)	Effect on 2023 Net Periodic Benefit Cost		Effect on June 30, 2023 PBO	
50 basis points decrease in discount rate	$	(62)	$	4,675
50 basis points increase in discount rate	$	50	$	(4,302)
50 basis points decrease in expected rate of return on assets	$	365		N/A
50 basis points increase in expected rate of return on assets	$	(365)		N/A

See Note 12, *Employee Benefit Plans,* of the Notes to Consolidated Financial Statements included in this Form 10-K for further discussions of our various pension plans.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

We historically have been exposed to market value risk arising from changes in interest rates on our securities portfolio for which we entered, from time to time, futures and options contracts, or invested in derivative instruments, to manage our interest rate risk. Effective March 27, 2019, the Company entered into an interest rate swap to manage the interest rate risk on its floating-rate indebtedness. In connection with the Revolver Credit Facility, the Company also executed a new ISDA agreement to transfer its interest swap to Wells Fargo ("Amended Rate Swap"). Under the terms of the Amended Rate Swap, the Company receives 1-month LIBOR, subject to a 0% floor, and makes payments based on a fixed rate of 2.4725%, an increase of 0.275% from its original interest rate swap fixed rate of 2.1975%. The Amended Rate Swap utilizes the same notional amount of $65.0 million and maturity date of October 11, 2023 as the original interest rate swap. See *Note 5*, *Derivative Instruments,* of the Notes to Consolidated Financial Statements included in this Form 10-K for further discussions of our derivative instruments.

At June 30, 2023, we had outstanding borrowings on our Revolver of $23.0 million and had utilized $4.0 million of the letters of credit sublimit. The weighted average interest rate on our outstanding borrowings subject to interest rate variability under the Revolver at June 30, 2023 was 6.66%.

The following table demonstrates the impact of interest rate changes on our annual interest expense on outstanding borrowings subject to interest rate variability under the Revolver based on the weighted average interest rate on the outstanding borrowings as of June 30, 2023:

($ in thousands)	Principal	Interest Rate	Annual Interest Expense
–150 basis points	$ 23,021	5.16 %	$ 1,188
–100 basis points	$ 23,021	5.66 %	$ 1,303
Unchanged	$ 23,021	6.66 %	$ 1,533
+100 basis points	$ 23,021	7.66 %	$ 1,763
+150 basis points	$ 23,021	8.16 %	$ 1,879

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 Consolidated Financial Statements included in this Form 10-K for further discussions of our derivative instruments.

The following table summarizes the potential impact as of June 30, 2023 to net income (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 Income		Increase (Decrease) to AOCI	
(In thousands)	10% Increase in Underlying Rate	10% Decrease in Underlying Rate	10% Increase in Underlying Rate	10% Decrease in Underlying Rate
Coffee-related derivative instruments(1)	$ 378	$ (378)	$ 260	$ (260)

(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 June 30, 2023. These contracts are not included in the sensitivity analysis above as the underlying price has been fixed.

Item 8. Financial Statements and Supplementary Data

The information required by this item is incorporated by reference to the consolidated financial statements and accompanying notes set forth in the F pages of this Form 10-K.

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

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) promulgated under 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 Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures.

As of June 30, 2023, our management, with the participation of our Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15(e) promulgated under the Exchange Act. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of June 30, 2023, our disclosure controls and procedures are effective.

Management's Report on Internal Control Over Financial Reporting

There has been no change in our internal control over financial reporting pursuant to Rules 13a-15(d) or 15d-15(d) promulgated under the Exchange Act during our fiscal quarter ended June 30, 2023, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company. Internal control over financial reporting is a process to provide reasonable assurance regarding the reliability of our financial reporting for external purposes in accordance with accounting principles generally accepted in the United States of America. Internal control over financial reporting includes maintaining records that in reasonable detail accurately and fairly reflect our transactions; providing reasonable assurance that transactions are recorded as necessary for preparation of our consolidated financial statements; providing reasonable assurance that receipts and expenditures of Company assets are made in accordance with management authorization; and providing reasonable assurance that unauthorized acquisition, use or disposition of Company assets that could have a material effect on our consolidated financial statements would be prevented or detected on a timely basis. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a material misstatement of our consolidated financial statements would be prevented or detected.

Management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that the Company's internal control over financial reporting was effective as of June 30, 2023. The Company's independent registered public accounting firm, Grant Thornton LLP ("Grant Thornton"), (PCAOB ID Number 248), has issued an audit report on the effectiveness of the Company's internal control over financial reporting. Their report is included with the consolidated financial statements.

Item 9B. Other Information

Not applicable.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item will be set forth in the Company's definitive proxy statement to be filed with the U.S. Securities and Exchange Commission ("SEC") pursuant to Regulation 14A in connection with the Company's 2023 Annual Meeting of Shareholders (the "Proxy Statement") and is incorporated in this Form 10-K by reference.

Item 11. Executive Compensation

The information required by this item will be set forth in the Proxy Statement and is incorporated in this Form 10-K by reference.

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

The information required by this item will be set forth in the Proxy Statement and is incorporated in this Form 10-K by reference.

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

The information required by this item will be set forth in the Proxy Statement and is incorporated in this Form 10-K by reference.

Item 14. Principal Accountant Fees and Services

The information required by this item will be set forth in the Proxy Statement and is incorporated in this Form 10-K by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) List of Financial Statements and Financial Statement Schedules:

1. Financial Statements included in Part II, Item 8 of this Form 10-K:

Consolidated Balance Sheets as of June 30, 2023 and 2022.

Consolidated Statements of Operations for the Years Ended June 30, 2023, 2022 and 2021.

Consolidated Statements of Comprehensive Loss for the Years Ended June 30, 2023, 2022 and 2021.

Consolidated Statements of Cash Flows for the Years Ended June 30, 2023, 2022 and 2021.

Consolidated Statements of Stockholders' Equity for the Years Ended June 30, 2023, 2022 and 2021.

Notes to Consolidated Financial Statements.

2. Financial Statement Schedules: Financial Statement Schedules are omitted as they are not applicable, or the required information is given in the consolidated financial statements and notes thereto.

3. The exhibits to this Form 10-K are listed on the accompanying index to exhibits and are incorporated herein by reference or are filed as part of the Annual Report on Form 10-K.

(b) Exhibits:

Exhibit No.	Description
2.1	Asset Purchase Agreement, dated June 6, 2023, between TreeHouse Foods, Inc. and Farmer Bros. Co. (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on July 6, 2023 and incorporated herein by reference).
2.2	Amendment to Asset Purchase Agreement, dated June 30, 2023, between TreeHouse Foods, Inc. and Farmer Bros. Co. (filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC on July 6, 2023 and incorporated by reference herein).
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).

Exhibit No.	Description
3.2	Amended and Restated Bylaws of Farmer Bros. Co. (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).
4.1	Description of Farmer Bros. Co. Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934 (filed herewith).
10.1	Farmer Bros. Co. Pension Plan for Salaried Employees, Farmer Bros. Co. Retirement Plan (filed as Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2017 filed with the SEC on November 7, 2017 and incorporated herein by reference).*
10.2	Amendment No. 1 to Farmer Bros. Co. Pension Plan for Salaried Employees, Farmer Bros. Co. Retirement Plan effective June 30, 2011 (filed as Exhibit 10.4 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2016 filed with the SEC on September 14, 2016 and incorporated herein by reference).*
10.3	Action of the Administrative Committee of the Farmer Bros. Co. Qualified Employee Retirement Plans amending the Farmer Bros. Co. Retirement Plan, effective as of December 6, 2012 (filed as Exhibit 10.10 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2018 filed with the SEC on May 9, 2018 and incorporated herein by reference).*
10.4	Amendment to the Farmer Bros. Co. Retirement Plan, dated as of December 1, 2018 (filed as Exhibit 10.53 to the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2018 filed with the SEC on February 11, 2019 and incorporated herein by reference).*
10.5	Farmer Bros. Co. Amended and Restated Employee Stock Ownership Plan, as adopted by the Board of Directors on December 9, 2010 and effective as of January 1, 2010 (filed as Exhibit 10.8 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2016 filed with the SEC on May 6, 2016 and incorporated herein by reference).*
10.6	Action of the Administrative Committee of the Farmer Bros. Co. Qualified Employee Retirement Plans amending the Farmer Bros. Co. Amended and Restated Employee Stock Ownership Plan, effective as of January 1, 2012 (filed as Exhibit 10.12 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2017 filed with the SEC on September 28, 2017 and incorporated herein by reference).*
10.7	Action of the Administrative Committee of the Farmer Bros. Co. Qualified Employee Retirement Plans amending the Farmer Bros. Co. Amended and Restated Employee Stock Ownership Plan, effective as of January 1, 2015 (filed as Exhibit 10.10 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2015 filed with the SEC on November 9, 2015 and incorporated herein by reference).*
10.8	Action of the Administrative Committee of the Farmer Bros. Co. Qualified Employee Retirement Plans amending the Farmer Bros. Co. Amended and Restated Employee Stock Ownership Plan, effective as of January 1, 2015 (filed as Exhibit 10.11 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2015 filed with the SEC on November 9, 2015 and incorporated herein by reference).*
10.9	Amendment dated October 6, 2016 to Farmer Bros. Co. Amended and Restated Employee Stock Ownership Plan (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on October 7, 2016 and incorporated herein by reference).*
10.10	Second Amendment to the Farmer Bros. Co. Amended and Restated Employee Stock Ownership Plan, dated as of December 31, 2018 (filed as Exhibit 10.52 to the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2018 filed with the SEC on February 11, 2019 and incorporated herein by reference).*
10.11	Action of the Administrative Committee of the Farmer Bros. Co. Qualified Employee Retirement Plans amending the Farmer Bros. Co. Amended and Restated Employee Stock Ownership Plan, effective as of January 1, 2017 (filed as Exhibit 10.18 to the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2017 filed with the SEC on February 7, 2018 and incorporated herein by reference).*
10.12	Employment Agreement, dated as of September 6, 2019, by and between Farmer Bros. Co. and Deverl Maserang (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on September 10, 2019 and incorporated herein by reference).*
10.13	Farmer Bros. Co. 2007 Omnibus Plan, as amended (as approved by the stockholders at the 2012 Annual Meeting of Stockholders on December 6, 2012) (filed as Exhibit 10.27 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2017 filed with the SEC on November 7, 2017 and incorporated herein by reference).*
10.14	Form of Farmer Bros. Co. 2007 Omnibus Plan Stock Option Grant Notice and Stock Option Agreement (filed as Exhibit 10.39 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2018 filed with the SEC on May 9, 2018 and incorporated herein by reference).*
10.15	Form of Farmer Bros. Co. 2007 Omnibus Plan Restricted Stock Award Grant Notice and Restricted Stock Award Agreement (filed as Exhibit 10.41 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2018 filed with the SEC on May 9, 2018 and incorporated herein by reference).*

Exhibit No.	Description
10.16	Farmer Bros. Co. Amended and Restated 2007 Long-Term Incentive Plan (as approved by the stockholders at the 2013 Annual Meeting of Stockholders on December 5, 2013) (filed as Exhibit 10.35 to the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2018 filed with the SEC on February 11, 2019 and incorporated herein by reference).*
10.17	Addendum to Farmer Bros. Co. Amended and Restated 2007 Long-Term Incentive Plan (filed as Exhibit 10.30 to the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2014 filed with the SEC on February 9, 2015 and incorporated herein by reference).*
10.18	Form of Farmer Bros. Co. Amended and Restated 2007 Long-Term Incentive Plan Stock Option Grant Notice and Stock Option Agreement (filed as Exhibit 10.43 to the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2018 filed with the SEC on February 11, 2019 and incorporated herein by reference).*
10.19	Form of Farmer Bros. Co. Amended and Restated 2007 Long-Term Incentive Plan Restricted Stock Award Grant Notice and Restricted Stock Award Agreement (filed as Exhibit 10.45 to the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2018 filed with the SEC on February 11, 2019 and incorporated herein by reference).*
10.20	Farmer Bros. Co. 2017 Long-Term Incentive Plan (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on June 26, 2017 and incorporated herein by reference).*
10.21	Form of Farmer Bros. Co. 2017 Long-Term Incentive Plan Stock Option Award Agreement (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on December 4, 2017 and incorporated herein by reference).*
10.22	Form of Farmer Bros. Co. 2017 Long-Term Incentive Plan Stock Restricted Unit Award Agreement (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on July 22, 2020 and incorporated herein by reference).*
10.23	Form of Farmer Bros. Co. 2017 Long-Term Incentive Plan Restricted Stock Unit Award Agreement (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on December 4, 2017 and incorporated herein by reference).*
10.24	Form of Farmer Bros. Co. 2017 Long-Term Incentive Plan Restricted Stock Unit Award Agreement (filed herewith).*
10.25	Form of Farmer Bros. Co. 2017 Long-Term Incentive Plan Restricted Stock Grant Agreement (Directors) (filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC on December 4, 2017 and incorporated herein by reference).*
10.26	Form of Farmer Bros. Co. 2017 Long-Term Incentive Plan Restricted Stock Grant Agreement (Employees) (filed as Exhibit 10.4 to the Company's Current Report on Form 8-K filed with the SEC on December 4, 2017 and incorporated herein by reference).*
10.27	Farmer Bros. Co. Amended and Restated 2017 Long-Term Incentive Plan (filed as Exhibit 99.1 to the Company's Registration Statement on Form S-8 filed with the SEC on December 28, 2021 and incorporated herein by reference).*
10.28	Form of Farmer Bros Co. Amended and Restated 2017 Long-Term Incentive Plan Restricted Stock Unit Award Agreement (Directors) (filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2023, filed with the SEC on May 10, 2023 and incorporated by reference herein).*
10.29	Form of Farmer Bros. Co. Amended and Restated 2017 Long-Term Incentive Plan Restricted Stock Unit Award Agreement (filed herewith).*
10.30	Form of Farmer Bros. Co. Amended and Restated 2017 Long-Term Incentive Plan Cash-Based Restricted Stock Unit Award Agreement (filed herewith).*
10.31	Farmer Bros. Co. 2020 Inducement Incentive Plan (filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC on March 16, 2020 and incorporated herein by reference).*
10.32	Form of Farmer Bros. Co. 2020 Inducement Incentive Plan Stock Option Award Agreement (filed as Exhibit 10.4 to the Company's Current Report on Form 8-K filed with the SEC on March 16, 2020 and incorporated herein by reference).*
10.33	Form of Farmer Bros. Co. 2020 Inducement Incentive Plan Restricted Stock Unit Agreement (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on July 22, 2020 and incorporated herein by reference).*
10.34	Form of Severance Agreement (filed herewith).*
10.35	Form of Amended and Restated Severance Agreement (filed as Exhibit 10.5 to the Company's Current Report on Form 8-K filed with the SEC on July 6, 2023 and incorporated herein by reference).*

Exhibit No.	Description
10.36	Form of Indemnification Agreement for Directors and Officers of the Company, as adopted on December 8, 2017 (filed as Exhibit 10.32 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2022, filed with the SEC on September 2, 2022).*
10.37	Interest Rate Swap Confirmation, dated as of March 28, 2019, by and between Farmer Bros., Co. and Citibank, N.A. (filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC on March 29, 2019 and incorporated herein by reference).*
10.38	Credit Agreement dated as of dated as of April 26, 2021, by and among Farmer Bros. Co., a Delaware corporation, the other loan parties named therein, the lenders named therein and Wells Fargo Bank, N.A., as administrative agent and lender (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on April 27, 2021 and incorporated herein by reference).
10.39	Consent and Amendment No. 1 to Credit Agreement, dated as of December 20, 2021, by and among Farmer Bros Co., the other loan parties named therein, the lenders named therein and Wells Fargo Bank, N.A., as administrative agent and lender (filed as Exhibit 10.47 to the Company's Annual Report on Form 10-K filed with the SEC on September 2, 2022).
10.40	Increase Joinder and Amendment No. 2 to Credit Agreement, dated as of August 8, 2022, by and among Farmer Bros. Co., the other loan parties named therein, the lenders named therein and Wells Fargo Bank, N.A., as administrative agent and lender (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on August 9, 2022 and incorporated herein by reference).
10.41	Amendment No. 3 to Credit Agreement, dated August 31, 2022, by and among Farmer Bros. Co., the other loan parties named therein, the lenders named therein and Wells Fargo Bank, N.A., as administrative agent and lender (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on August 31, 2022 and incorporated herein by reference).
10.42	Consent and Amendment No. 4 to Credit Agreement, dated June 30, 2023, by and among Farmer Bros. Co., the other loan parties named therein, the lenders named therein and Wells Fargo Bank, N.A., as administrative agent and lender (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on July 6, 2023 and incorporated herein by reference).
10.43	Guaranty and Security Agreement dated as of April 26, 2021, by and among Farmer Bros. Co., a Delaware corporation, the other grantors named therein, and Wells Fargo Bank, N.A., as administrative agent (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on April 27, 2021 and incorporated herein by reference).
10.44	Credit Agreement dated as of April 26, 2021, by and among Farmer Bros. Co., a Delaware corporation, the other loan parties named therein, the lenders named therein and MGG Investment Group LP, as administrative agent (filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed with the SEC on April 27, 2021 and incorporated herein by reference).
10.45	Guaranty and Security Agreement dated as of April 26, 2021, by and among Farmer Bros. Co., a Delaware corporation, the other grantors named therein, and MGG Investment Group LP, as administrative agent (filed as Exhibit 10.4 to the Company's Current Report on Form 8-K filed with the SEC on April 27, 2021 and incorporated herein by reference).
10.46	ISDA Master Agreement dated as of April 26, 2021, by and between Farmer Bros. Co. and Wells Fargo Bank, N.A. (filed as Exhibit 10.5 to the Company's Current Report on Form 8-K filed with the SEC on April 27, 2021 and incorporated herein by reference).
10.47	Schedule of the ISDA Master Agreement, dated as of April 26, 2021, by and between Farmer Bros. Co. and Wells Fargo Bank, N.A. (filed as Exhibit 10.6 to the Company's Current Report on Form 8-K filed with the SEC on April 27, 2021 and incorporated herein by reference).
10.48	Replacement interest rate swap with Wells Fargo Bank, N.A. pursuant to a new interest rate swap confirmation (filed as Exhibit 10.7 to the Company's Current Report on Form 8-K filed with the SEC on April 27, 2021 and incorporated herein by reference).
10.49	General Release and Separation Agreement, dated March 23, 2023, by and between Farmer Bros. Co. and Ruben Inofuentes (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on March 28, 2023 and incorporated herein by reference).*
10.50	General Release and Separation Agreement, dated March 25, 2023, by and between Farmer Bros. Co. and Maurice Moragne (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on March 28, 2023 and incorporated herein by reference).*
10.51	Cooperation Agreement, dated October 30, 2022, by and among Farmer Bros Co., the entities and persons listed on Exhibit A thereto, and the entities and persons listed on Exhibit B thereto (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on October 31, 2022 and incorporated herein by reference).

Exhibit No.	Description
14.1	Farmer Bros. Co. Code of Conduct and Ethics adopted on August 26, 2010 and updated February 2013 and September 7, 2017 (filed as Exhibit 14.1 to the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2017 filed with the SEC on September 29, 2017 and incorporated herein by reference).
16.1	Letter of Deloitte & Touche LLP to the SEC dated December 22, 2021, (filed as Exhibit 16.1 to the Company's Report on Form 8-K filed with the SEC on December 22, 2021 and incorporated herein by reference).
21.1	List of all Subsidiaries of Farmer Bros. Co. (filed as Exhibit 21.1 to the Company's Report on Form 10-K filed with the SEC on September 2, 2022 and incorporated herein by reference).
23.1	Consent of Deloitte & Touche LLP, Independent Registered Public Accounting Firm (filed herewith).
23.2	Consent of Grant Thornton LLP, Independent Registered Public Accounting Firm (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 (filed herewith).
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 (filed herewith).
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 (furnished herewith).
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 (furnished herewith).
97.1	Farmer Bros. Co. Amended and Restated Policy on Executive Compensation in Restatement Situations (filed herewith).
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document (furnished herewith).
101.SCH	Inline XBRL Taxonomy Extension Schema Document (furnished herewith).
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document (furnished herewith).
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document (furnished herewith).
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document (furnished herewith).
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document (furnished herewith).
104	Cover Page Interactive Data File - the cover page interactive data file does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document (furnished herewith).

* Management contract or compensatory plan or arrangement.

Item 16. Form 10-K Summary

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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/ Deverl Maserang

Deverl Maserang
President and Chief Executive Officer
September 12, 2023

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ Deverl Maserang Deverl Maserang	President, Chief Executive Officer and Director (principal executive officer)	September 12, 2023
/s/ Scott R. Drake Scott R. Drake	Chief Financial Officer (principal financial officer)	September 12, 2023
/s/ Matthew Coffman Matthew Coffman	Vice President and Controller (principal accounting officer)	September 12, 2023
/s/ Alfred Poe Alfred Poe	Chairman of the Board and Director	September 12, 2023
/s/ Allison M. Boersma Allison M. Boersma	Director	September 12, 2023
/s/ Stacy Loretz-Congdon Stacy Loretz-Congdon	Director	September 12, 2023
/s/ David A. Pace David A. Pace	Director	September 12, 2023
/s/ Bradley L. Radoff Bradley L. Radoff	Director	September 12, 2023
/s/ John D. Robinson John D. Robinson	Director	September 12, 2023
/s/ Waheed Zaman Waheed Zaman	Director	September 12, 2023

	Page
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS	
Reports of Independent Registered Public Accounting Firms (PCAOB ID Numbers 248 and 34)	F - 2
Consolidated Balance Sheets as of June 30, 2023 and 2022	F - 5
Consolidated Statements of Operations for the Years Ended June 30, 2023, 2022 and 2021	F - 6
Consolidated Statements of Comprehensive Loss for the Years Ended June 30, 2023, 2022 and 2021	F - 7
Consolidated Statements of Stockholders’ Equity for the Years Ended June 30, 2023, 2022 and 2021	F - 8
Consolidated Statements of Cash Flows for the Years Ended June 30, 2023, 2022 and 2021	F - 9
Notes to Consolidated Financial Statements	F - 10

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders

Farmer Bros. Co.

Opinion on internal control over financial reporting

We have audited the internal control over financial reporting of Farmer Bros. Co. (a Delaware corporation) and subsidiaries (the "Company") as of June 30, 2023, based on criteria established in the 2013 Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of June 30, 2023, based on criteria established in the 2013 Internal Control—Integrated Framework issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated financial statements of the Company as of and for the year ended June 30, 2023, and our report dated September 12, 2023 expressed an unqualified opinion on those financial statements.

Basis for opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and limitations of internal control over financial reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

/s/ GRANT THORNTON LLP

Dallas, Texas
September 12, 2023

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders

Farmer Bros. Co.

Opinion on the financial statements

We have audited the accompanying consolidated balance sheets of Farmer Bros. Co. (a Delaware corporation) and subsidiaries (the "Company") as of June 30, 2023 and 2022, the related consolidated statements of operations, comprehensive loss, stockholders' equity, and cash flows for each of the years then ended, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2023 and 2022, and the results of its operations and its cash flows for each of the years then ended in conformity with accounting principles generally accepted in the United States of America.

We also have audited the adjustments to the consolidated statements of operations, comprehensive loss, stockholders' equity, and cash flows for the year ended June 30, 2021 and the related notes to retrospectively apply the presentation of discontinued operations, as described in Note 3. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the consolidated statements of operations, comprehensive loss, stockholders' equity, and cash flows of the Company for the year ended June 30, 2021 other than with respect to such adjustments and, accordingly, we do not express an opinion or any other form of assurance on the consolidated statements of operations, comprehensive loss, stockholders' equity, and cash flows for the year ended June 30, 2021 or on the 2021 consolidated financial statements taken as a whole.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of June 30, 2023, based on criteria established in the 2013 Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"), and our report dated September 12, 2023 expressed an unqualified opinion.

Basis for opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical audit matters

Critical audit matters are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. We determined that there are no critical audit matters.

/s/ GRANT THORNTON LLP

We have served as the Company's auditor since 2021.

Dallas, Texas
September 12, 2023

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of Farmer Bros. Co.

Opinion on the Financial Statements

We have audited, before the effects of the retrospective adjustments for the discontinued operations discussed in Note 3 to the consolidated financial statements, the consolidated statements of operations, comprehensive loss, stockholders’ equity, and cash flow, for the year ended June 30, 2021 of Farmer Bros. Co. and subsidiaries (the “Company”) and the related notes (the 2021 financial statements before the effects of the retrospective adjustments discussed in Note 3 to the financial statements are not presented herein) (collectively referred to as the "financial statements"). In our opinion, the 2021 financial statements, before the effects of the retrospective adjustments for the discontinued operations discussed in Note 3 to the financial statements, present fairly, in all material respects, the results of operations and cash flows for the year ended June 30, 2021, in conformity with accounting principles generally accepted in the United States of America.

We were not engaged to audit, review, or apply any procedures to the retrospective adjustments for the discontinued operations discussed in Note 3 to the financial statements, and accordingly, we do not express an opinion or any other form of assurance about whether such retrospective adjustments are appropriate and have been properly applied. Those retrospective adjustments were audited by other auditors.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

/s/ DELOITTE & TOUCHE LLP

Dallas, Texas
September 9, 2021

We began serving as the Company’s auditor in 2014. In 2021, we became the predecessor auditor.

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

	As of June 30, 2023	As of June 30, 2022
ASSETS		
Current assets:		
Cash and cash equivalents	$ 5,244	$ 9,819
Restricted cash	175	175
Accounts and notes receivable, net of allowance for credit losses of $416 and $195, respectively	45,129	46,935
Inventories	49,276	57,568
Short-term derivative assets	68	3,022
Prepaid expenses	5,334	4,491
Current assets, discontinued operations	—	42,050
Assets held for sale, continuing operations	7,770	1,032
Total current assets	112,996	165,092
Property, plant and equipment, net	33,782	42,207
Intangible assets, net	13,493	15,863
Right-of-use operating lease assets	24,593	27,957
Other assets	2,917	3,009
Noncurrent assets, discontinued operations	—	95,943
Total assets	$ 187,781	$ 350,071
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	60,088	52,877
Accrued payroll expenses	10,082	14,761
Right-of-use operating lease liabilities - current	8,040	7,721
Term loan - current	—	3,800
Short-term derivative liability	2,636	2,349
Other current liabilities	4,519	6,095
Total current liabilities	85,365	87,603
Long-term borrowings under revolving credit facility	23,021	63,000
Term loan - noncurrent	—	40,123
Accrued pension liabilities	19,761	28,540
Accrued postretirement benefits	763	787
Accrued workers' compensation liabilities	3,065	3,169
Right-of-use operating lease liabilities	17,157	20,762
Other long-term liabilities	537	1,339
Total liabilities	$ 149,669	$ 245,323
Commitments and contingencies (Note 19)		
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 issued and outstanding as of June 30, 2023 and 14,700 shares issued and outstanding as of June 30, 2022; liquidation preference of $17,346 as of June 30, 2022	—	15
Common stock, $1.00 par value, 50,000,000 shares authorized; 20,142,973 and 18,464,966 shares issued and outstanding at June 30, 2023 and 2022, respectively	20,144	18,466
Additional paid-in capital	77,278	71,997
Retained earnings (accumulated deficit)	(26,479)	52,701
Accumulated other comprehensive loss	(32,831)	(38,431)
Total stockholders' equity	$ 38,112	$ 104,748
Total liabilities and stockholders' equity	$ 187,781	$ 350,071

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

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

	For the Years Ended June 30,		
	2023	2022	2021
Net sales	$ 339,964	$ 314,783	$ 261,911
Cost of goods sold	225,351	180,968	166,130
Gross profit	114,613	133,815	95,781
Selling expenses	103,151	99,458	88,283
General and administrative expenses	37,561	43,243	38,977
Net gains from sale of assets	(5,140)	(2,905)	(593)
Impairment of fixed assets	—	—	1,243
Operating expenses	135,572	139,796	127,910
Loss from operations	(20,959)	(5,981)	(32,129)
Other (expense) income:			
Interest expense	(9,162)	(4,009)	(9,901)
Postretirement benefits curtailment and pension settlement charge	—	—	6,359
Other, net	(4,242)	8,140	19,386
Total other (expense) income	(13,404)	4,131	15,844
Loss from continuing operations before taxes	(34,363)	(1,850)	(16,285)
Income tax (benefit) expense	(325)	124	13,928
Loss from continuing operations	$ (34,038)	$ (1,974)	$ (30,213)
Loss from discontinued operations, net of income taxes	(45,142)	(13,687)	(11,438)
Net loss	$ (79,180)	$ (15,661)	$ (41,651)
Less: Cumulative preferred dividends, undeclared and unpaid	$ —	$ 594	$ 574
Net loss available to common stockholders	$ (79,180)	$ (16,255)	$ (42,225)
Loss from continuing operations available to common stockholders per common share, basic and diluted	$ (1.74)	$ (0.14)	$ (1.74)
Loss from discontinued operations available to common stockholders per common share, basic and diluted	$ (2.30)	$ (0.75)	$ (0.65)
Net loss available to common stockholders per common share, basic and diluted	$ (4.04)	$ (0.89)	$ (2.39)
Weighted average common shares outstanding—basic and diluted	19,621,992	18,200,080	17,635,402

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

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

	For the Years Ended June 30,		
	2023	2022	2021
Net loss	$ (79,180)	$ (15,661)	$ (41,651)
Other comprehensive loss, net of taxes:			
Unrealized gains (losses) on derivatives designated as cash flow hedges	(2,384)	12,172	11,715
Gains on derivatives designated as cash flow hedges reclassified to cost of goods sold	(1,392)	(15,865)	(1,593)
Losses on derivative instruments undesignated as cash flow hedges reclassified to interest expense	909	1,208	1,284
Change in pension and retiree benefit obligations	8,467	9,383	19,294
Total comprehensive loss	$ (73,580)	$ (8,763)	$ (10,951)

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

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

	Preferred Shares	Preferred Stock Amount	Common Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Total
Balance at June 30, 2020	**14,700**	**$ 15**	**17,347,774**	**$ 17,348**	**$ 62,043**	**$ 108,536**	**$ (76,029)**	**$ 111,913**
Net loss	—	—	—	—	—	(41,651)	—	(41,651)
Cash flow hedges, net of taxes	—	—	—	—	—	—	11,406	11,406
Change in the funded status of retiree benefit obligations, net of taxes	—	—	—	—	—	—	19,294	19,294
ESOP compensation expense, including reclassifications	—	—	398,771	398	1,805	—	—	2,203
Share-based compensation	—	—	—	—	2,368	—	—	2,368
Issuance of common stock and stock option exercises	—	—	106,248	107	(107)	—	—	—
Cumulative preferred dividends, undeclared and unpaid	—	—	—	—	—	(574)	—	(574)
Balance at June 30, 2021	**14,700**	**15**	**17,852,793**	**17,853**	**66,109**	**66,311**	**(45,329)**	**104,959**
Net loss	—	—	—	—	—	(15,661)	—	(15,661)
Cash flow hedges, net of taxes	—	—	—	—	—	—	(2,485)	(2,485)
Postretirement benefits curtailment, net of taxes	—	—	—	—	—	—	9,383	9,383
ESOP compensation expense, including reclassifications	—	—	371,566	373	3,271	—	—	3,644
Share-based compensation	—	—	—	—	3,347	—	—	3,347
Issuance of common stock and stock option exercises	—	—	240,607	240	(730)	—	—	(490)
Cumulative preferred dividends, undeclared and unpaid	—	—	—	—	—	2,051	—	2,051
Balance at June 30, 2022	**14,700**	**15**	**18,464,966**	**18,466**	**71,997**	**52,701**	**(38,431)**	**104,748**
Net loss	—	—	—	—	—	(79,180)	—	(79,180)
Cash flow hedges, net of taxes	—	—	—	—	—	—	(2,867)	(2,867)
Postretirement benefits curtailment, net of taxes	—	—	—	—	—	—	8,467	8,467
401(k) compensation expense, including reclassifications	—	—	937,848	938	3,727	—	—	4,665
Share-based compensation	—	—	—	—	3,645	—	—	3,645
Issuance of common stock and stock option exercises, net of shares withheld for taxes	—	—	340,951	341	(341)	—	—	—
Conversion and cancellation of preferred shares	(14,700)	(15)	399,208	399	(1,750)	—	—	(1,366)
Balance at June 30, 2023	**—**	**$ —**	**20,142,973**	**$ 20,144**	**$ 77,278**	**$ (26,479)**	**$ (32,831)**	**$ 38,112**

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

FARMER BROS. CO.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	For the Years Ended June 30,		
	2023	2022	2021
Cash flows from operating activities:			
Net loss	$ (79,180)	$ (15,661)	$ (41,651)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities			
Depreciation and amortization	22,168	23,810	27,625
Gain on settlement related to Boyd's acquisition	(1,917)	—	—
Impairment of fixed assets	—	—	1,243
Postretirement benefits and pension settlement cost	—	—	(21,077)
Deferred income taxes	(735)	(425)	13,404
Net losses (gains) from sale of assets	22,275	(2,905)	(593)
Net losses (gains) on derivative instruments	7,504	(21,620)	(3,250)
ESOP and share-based compensation expense	8,311	6,501	4,580
Provision for credit losses	743	(353)	(877)
Change in operating assets and liabilities:			
Accounts receivable, net	(939)	(6,260)	1,438
Inventories	19,785	(22,828)	(9,383)
Derivative assets, net	(6,235)	19,554	5,016
Other assets	(945)	2,652	11,249
Accounts payable	7,087	7,111	7,790
Accrued expenses and other	(4,802)	(1,030)	3,000
Net cash used in operating activities	$ (6,880)	$ (11,454)	$ (1,486)
Cash flows from investing activities:			
Sale of business	92,226	—	—
Purchases of property, plant and equipment	(15,016)	(15,163)	(15,117)
Proceeds from sales of property, plant and equipment	11,235	9,118	4,421
Net cash provided by (used in) investing activities	$ 88,445	$ (6,045)	$ (10,696)
Cash flows from financing activities:			
Proceeds from Credit Facilities	54,000	23,500	80,742
Repayments on Credit Facilities	(139,579)	(5,900)	(159,242)
Proceeds from issuance of term loan	—	—	47,500
Payment of financing costs	(368)	(352)	(6,288)
Payments of finance lease obligations	(193)	(193)	(105)
Net cash (used in) provided by financing activities	$ (86,140)	$ 17,055	$ (37,393)
Net decrease in cash and cash equivalents and restricted cash	$ (4,575)	$ (444)	$ (49,575)
Cash and cash equivalents and restricted cash at beginning of period	$ 9,994	$ 10,438	$ 60,013
Cash and cash equivalents and restricted cash at end of period	$ 5,419	$ 9,994	$ 10,438
Supplemental disclosure of cash flow information:			
Cash paid for interest	$ 11,760	$ 7,503	$ 5,703
Cash paid for income taxes	177	142	355
Supplemental disclosure of non-cash investing and financing activities:			
Non-cash additions to property, plant and equipment	124	63	95
Right-of-use assets obtained in exchange for new operating lease liabilities	3,517	7,684	9,610
Non-cash issuance of ESOP and 401(K) common stock	938	373	398
Conversion of preferred shares	399	—	—
Cumulative preferred dividends, undeclared and unpaid	—	594	574

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Introduction and Basis of Presentation

Description of Business

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. The Company’s product categories consist of roast and ground coffee; frozen liquid coffee flavored and unflavored iced and hot teas and other beverages including cappuccino, cocoa, granitas, and concentrated and ready-to-drink cold brew and iced coffee; culinary products and spices. The Company was founded in 1912 incorporated in California in 1923, and reincorporated in Delaware in 2004. The Company's principal office and product development lab is located in Northlake, Texas ("Northlake facility"). The Company operates in one business segment.

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, and the assets in the disposal group related to the Sale are classified as current assets, discontinued operations and noncurrent assets, discontinued operations on the consolidated balance sheets for all periods presented in the consolidated financial statements. 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.

The Company operates a production facility in Portland, Oregon. Distribution takes place out of several distribution centers in Northlake, Texas; Portland, Oregon; Northlake, Illinois; Rialto, California; and Moonachie, New Jersey.

The Company’s products reach its customers primarily through the Company’s nationwide direct-store-delivery ("DSD") network of 242 delivery routes and 106 branch warehouses as of June 30, 2023. The Company also does direct-ship via common carriers or third-party distributors. The Company operates a large fleet of trucks and other vehicles to distribute and deliver its products through its DSD network, and relies on third-party logistic (“3PL”) service providers for its long-haul distribution. DSD sales are primarily made “off-truck” by the Company to its customers at their places of business.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”).

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 and 2021 have been reclassified to conform with presentation purposes related to 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 the 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.

Cash Equivalents

The Company considers all highly liquid investments with original maturity dates of 90 days or less to be cash equivalents. Fair values of cash equivalents approximate cost due to the short period of time to maturity.

Allowance for credit losses

A portion of our accounts receivable is not expected to be collected due to non-payment, bankruptcies and deductions. Our accounting policy for the allowance for credit losses requires us to reserve an amount based on the evaluation of the aging of accounts receivable, detailed analysis of high-risk customers’ accounts, and the overall market and economic conditions of our customers. This evaluation considers the customer demographic, such as large commercial customers as compared to small businesses or individual customers. We consider our accounts receivable delinquent or past due based on payment terms established with each customer. Accounts receivable are written off when the accounts are determined to be uncollectible.

Fair Value Measurements

The Company groups its assets and liabilities at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

- Level 1—Valuation is based upon quoted prices for identical instruments traded in active markets.
- Level 2—Valuation is based upon inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. interest rate and yield curves observable at commonly quoted intervals, default rates, etc.). Observable inputs include quoted prices for similar instruments in active and non-active markets. Level 2 includes those financial instruments that are valued with industry standard valuation models that incorporate inputs that are observable in the marketplace throughout the full term of the instrument, or can otherwise be derived from or supported by observable market data in the marketplace. Level 2 inputs may also include insignificant adjustments to market observable inputs.
- Level 3—Valuation is based upon one or more unobservable inputs that are significant in establishing a fair value estimate. These unobservable inputs are used to the extent relevant observable inputs are not available and are developed based on the best information available. These inputs may be used with internally developed methodologies that result in management’s best estimate of fair value.

Securities with quotes that are based on actual trades or actionable bids and offers with a sufficient level of activity on or near the measurement date are classified as Level 1. Securities that are priced using quotes derived from implied values, indicative bids and offers, or a limited number of actual trades, or the same information for securities that are similar in many respects to those being valued, are classified as Level 2. If market information is not available for securities being valued, or materially-comparable securities, then those securities are classified as Level 3. In considering market information, management evaluates changes in liquidity, willingness of a broker to execute at the quoted price, the depth and consistency of prices from pricing services, and the existence of observable trades in the market.

Derivative Instruments

The Company executes various derivative instruments to hedge its commodity price and interest rate risks. These derivative instruments consist primarily of forward, option and swap contracts. The Company reports the fair value of derivative instruments on its consolidated balance sheets in “Short-term derivative assets,” “Long-term derivative assets,” “Short-term derivative liabilities,” or “Other long-term liabilities.” The Company determines the current and noncurrent classification based on the timing of expected future cash flows of individual trades and reports these amounts on a gross basis. Additionally, the Company reports, if any, cash held on deposit in margin accounts for coffee-related derivative instruments on a gross basis on its consolidated balance sheet in “Restricted cash.”

The accounting for the changes in fair value of the Company's derivative instruments can be summarized as follows:

Derivative Treatment	Accounting Method
Normal purchases and normal sales exception	Accrual accounting
Designated in a qualifying hedging relationship	Hedge accounting
All other derivative instruments	Mark-to-market accounting

The Company enters into green coffee purchase commitments at a fixed price or at a price to be fixed (“PTF”). PTF contracts are purchase commitments whereby the quality, quantity, delivery period, price differential to the coffee “C” market price and other negotiated terms are agreed upon, but the date, and therefore the price at which the base “C” market price will be fixed has not yet been established. The coffee “C” market price is fixed at some point after the purchase contract date and before the futures market closes for the delivery month and may be fixed either at the direction of the Company to the vendor, or by the application of a derivative that was separately purchased as a hedge. For both fixed-price and PTF contracts, the Company expects to take delivery of and to utilize the coffee in a reasonable period of time and in the conduct of normal business. Accordingly, these purchase commitments qualify as normal purchases and are not recorded at fair value on the Company's consolidated balance sheets.

The Company follows the guidelines of Accounting Standards Codification (“ASC”) 815, “Derivatives and Hedging” (“ASC 815”), to account for certain coffee-related derivative instruments as accounting hedges, in order to minimize the volatility created in the Company's quarterly results from utilizing these derivative instruments and to improve comparability between reporting periods. For a derivative to qualify for designation in a hedging relationship, it must meet specific criteria and the Company must maintain appropriate documentation. The Company establishes hedging relationships pursuant to its risk management policies. The hedging relationships are evaluated at inception and on an ongoing basis to determine whether the hedging relationship is, and is expected to remain, highly effective in achieving offsetting changes in fair value or cash flows attributable to the underlying risk being hedged. The Company also regularly assesses whether the hedged forecasted transaction is probable of occurring. If a derivative ceases to be or is no longer expected to be highly effective, or if the Company believes the likelihood of occurrence of the hedged forecasted transaction is no longer probable, hedge accounting is discontinued for that derivative, and future changes in the fair value of that derivative are recognized in “Other, net” in the consolidated statements of operations.

For coffee-related derivative instruments designated as cash flow hedges, the change in fair value of the derivative is reported as accumulated other comprehensive income (loss) (“AOCI”) and subsequently reclassified into cost of goods sold in the period or periods when the hedged transaction affects earnings. Gains or losses deferred in AOCI associated with terminated derivative instruments, derivative instruments that cease to be highly effective hedges, derivative instruments for which the forecasted transaction is reasonably possible but no longer probable of occurring, and cash flow hedges that have been otherwise discontinued remain in AOCI until the hedged item affects earnings. If it becomes probable that the forecasted transaction designated as the hedged item in a cash flow hedge will not occur, any gain or loss deferred in AOCI is recognized in “Other, net” in the consolidated statements of operations at that time. For derivative instruments that are not designated in a hedging relationship, and for which the normal purchases and normal sales exception has not been elected, the changes in fair value are reported in “Other, net” in the consolidated statements of operations. See *Note 5*, *Derivative Instruments*.

For an interest rate swap derivative instrument designated as a cash flow hedge, the change in fair value of the derivative is reported as AOCI and subsequently reclassified into interest expense in the period or periods when the hedged transaction affects earnings. For interest rate swap derivative instruments that are not designated in a hedging relationship, the changes in fair value are reported in interest expense. There were no interest rate swap derivative instruments as of June 30, 2023.

Concentration of Credit Risk

At 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 liability positions. At June 30, 2023 and 2022, none of the cash in the Company’s coffee-related derivative margin accounts was restricted. Further changes in commodity prices and the number of coffee-related derivative instruments held, could have a significant impact on cash deposit requirements under certain of the Company's broker and counterparty agreements.

Approximately 33% and 35% of the Company’s accounts receivable balance was with five customers at June 30, 2023 and 2022, respectively. There was one customer that accounted for more than 10% of the Company’s accounts receivable balance as of June 30, 2023. The Company estimates its maximum credit risk for accounts receivable at the amount recorded on the balance sheet. The accounts receivables are generally short-term and all probable bad debt losses have been appropriately considered in establishing the allowance for credit losses.

Inventories

Inventories are valued at the lower of cost or net realizable value. The Company uses the first in, first out ("FIFO") basis for accounting for coffee, tea and culinary products and coffee brewing equipment parts. The Company regularly evaluates these inventories to determine the provision for obsolete and slow-moving inventory. Inventory reserves are based on inventory obsolescence trends, historical experience and application of specific identification.

Property, Plant and Equipment

Property, plant and equipment is carried at cost, less accumulated depreciation. Depreciation is computed using the straight-line method. The following useful lives are used:

Buildings and facilities	10 to 30 years
Machinery and equipment	3 to 15 years
Office furniture and equipment	5 to 7 years
Capitalized software	3 to 5 years
Equipment under finance leases	Shorter of term of lease or estimated useful life

Leasehold improvements are depreciated on a straight-line basis over the lesser of the estimated useful life of the asset or the remaining lease term. When assets are sold or retired, the asset and related accumulated depreciation are removed from the respective account balances and any gain or loss on disposal is included in operations. Maintenance and repairs are charged to expense, and enhancements are capitalized.

Coffee Brewing Equipment and Service

The Company capitalizes coffee brewing equipment and depreciates it over five years and reports the depreciation expense in cost of goods sold. Other non-depreciation expenses related to coffee brewing equipment 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. These non-depreciation expenses are also included in cost of goods sold. See *Note 10*, *Property, Plant and Equipment* for details of the depreciation amounts and non-depreciation expenses.

Leases

The Company makes a determination if an arrangement constitutes a lease at inception, and categorizes the lease as either an operating or finance lease. Operating leases are included in right-of-use operating lease assets and operating lease liabilities in the Company's Consolidated Balance Sheets. Finance leases are included in property, plant and equipment, net and other liabilities in the Consolidated Balance Sheets. Leases with an initial term of 12 months or less are not recorded on the Consolidated Balance Sheets.

The Company has entered into leases for building facilities, vehicles and other equipment. The Company's leases have remaining contractual terms of up to 7 years, some of which have options to extend the lease for up to an additional 10 years. For purposes of calculating operating lease liabilities, lease terms are deemed not to include options to extend the lease renewals 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.

Right-of-use lease assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease right-of-use assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the Company's leases do not provide an implicit rate, the Company uses its incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. The Company uses the implicit rate when readily determinable. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense is primarily recognized on a straight-line basis over the lease term. The Company has lease agreements with lease and non-lease components, which are combined for certain assets classes.

Income Taxes

Deferred income taxes are determined based on the temporary differences between the financial reporting and tax bases of assets and liabilities using enacted tax rates in effect for the year in which differences are expected to reverse. Estimating the Company's tax liabilities involves judgments related to uncertainties in the application of complex tax regulations. The Company makes certain estimates and judgments to determine tax expense for financial statement purposes as it evaluates the effect of tax credits, tax benefits and deductions, some of which result from differences in the timing of recognition of revenue or expense for tax and financial statement purposes. Changes to these estimates may result in significant changes to the Company's tax provision in future periods. Each fiscal quarter the Company re-evaluates its tax provision and reconsiders its estimates and assumptions related to specific tax assets and liabilities, making adjustments as circumstances change.

Deferred Tax Asset Valuation Allowance

The Company evaluates its deferred tax assets quarterly to determine if a valuation allowance is required and considers whether a valuation allowance should be recorded against deferred tax assets based on the likelihood that the benefits of the deferred tax assets will or will not ultimately be realized in future periods. In making this assessment, 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. After consideration of positive and negative evidence, if the Company determines that it is more likely than not that it will generate future income sufficient to realize its deferred tax assets, the Company will record a reduction in the valuation allowance.

Revenue Recognition

The Company recognizes revenue in accordance with the way that depicts the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. We recognize revenue at a point in time upon delivery of the ordered goods to our customers. Revenues are recognized net of any discounts, returns, allowances, rebates and incentives. The Company performs the following steps to determine revenue recognition for an arrangement: (1) identify the contract(s) with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the performance obligations are satisfied.

Net Loss Per Common Share

Net loss per share (“EPS”) represents net loss available to common stockholders divided by the weighted-average number of common shares outstanding for the period. Dividends on the Company's outstanding Series A Convertible Participating Cumulative Perpetual Preferred Stock, par value $1.00 per share ("Series A Preferred Stock"), that the Company has paid or intends to pay are deducted from net loss in computing net loss available to common stockholders.

Under the two-class method, net loss available to nonvested restricted stockholders and holders of Series A Preferred Stock is excluded from net loss available to common stockholders for purposes of calculating basic and diluted EPS.

Diluted EPS represents net loss available to holders of common stock divided by the weighted-average number of common shares outstanding, inclusive of the dilutive impact of common equivalent shares outstanding during the period. Common equivalent shares include potentially dilutive shares from share-based compensation including stock options, unvested restricted stock, performance-based restricted stock units, and shares of Series A Preferred Stock, as converted, because they are deemed participating securities. In the absence of contrary information, the Company assumes 100% of the target shares are issuable under performance-based restricted stock units.

The dilutive effect of Series A Preferred Stock is reflected in diluted EPS by application of the if-converted method. In applying the if-converted method, conversion will not be assumed for purposes of computing diluted EPS if the effect would be anti-dilutive. The Series A Preferred Stock is antidilutive whenever the amount of the dividend declared or accumulated in the current period per common share obtainable upon conversion exceeds basic EPS.

Employee Stock Ownership Plan

Effective January 1, 2022, the Company merged the ESOP plan into the 401(k) Plan and transferred all of the assets and shares in the ESOP to the 401(k) Plan.

Share-based Compensation

The Company measures all share-based compensation cost at the grant date, based on the fair values of the awards that are ultimately expected to vest, and recognizes that cost as an expense on a straight line-basis in its consolidated statements of operations over the requisite service period. Fair value of restricted stock and performance-based restricted stock units is the closing price of the Company's common stock on the date of grant. The Company estimates the fair value of option awards using the Black-Scholes option valuation model, which requires management to make certain assumptions for estimating the fair value of stock options at the date of grant.

In addition, the Company estimates the expected impact of forfeited awards and recognizes share-based compensation cost only for those awards ultimately expected to vest. If actual forfeiture rates differ materially from the Company’s estimates, share-based compensation expense could differ significantly from the amounts the Company has recorded in the current period. The Company periodically reviews actual forfeiture experience and will revise its estimates, as necessary. The Company will recognize as compensation cost the cumulative effect of the change in estimated forfeiture rates on current and prior periods in earnings of the period of revision. As a result, if the Company revises its assumptions and estimates, the Company’s share-based compensation expense could change materially in the future.

The Company's outstanding share-based awards include performance-based non-qualified stock options ("PNQs") and performance-based restricted stock units ("PBRSUs") that have performance-based vesting conditions in addition to time-based vesting. Awards with performance-based vesting conditions require the achievement of certain financial and other performance criteria as a condition to the vesting. The Company recognizes the estimated fair value of performance-based awards, net of estimated forfeitures, as share-based compensation expense over the service period based upon the Company’s determination of whether it is probable that the performance targets will be achieved. At each reporting period, the Company reassesses the probability of achieving the performance criteria and the performance period required to meet those targets. Determining whether the performance criteria will be achieved involves judgment, and the estimate of share-based compensation expense may be revised periodically based on changes in the probability of achieving the performance criteria. Revisions are reflected in the period in which the estimate is changed. If performance goals are not met, no share-based compensation expense is recognized for the cancelled PNQs or PBRSUs and, to the extent share-based compensation expense was previously recognized for those cancelled PNQs or PBRSUs, such share-based compensation expense is reversed. If performance goals are exceeded and the payout is more than 100% of the target shares, additional compensation expense is recorded in the period when that determination is certified by the Compensation Committee of the Board of Directors. The Company also has Cash-Settled Restricted Stock Units ("CSRSUs") which are accounted for as liability awards, with compensation expense 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 Common Stock's closing share price.

Impairment of Indefinite-lived Intangible Assets

The Company accounts for its indefinite-lived intangible assets in accordance with “Intangibles-Goodwill and Other” (“ASC 350”). Indefinite-lived intangible assets are not amortized but instead are reviewed for impairment annually, or more frequently if an event occurs or circumstances change which indicate that an asset might be impaired. Pursuant to ASC 350, the Company tests its indefinite-lived intangible assets, which consist of certain acquired trademarks, trade names and a brand name, for impairment by comparing their fair values to their carrying values. An impairment charge is recorded if the estimated fair value of such assets has decreased below their carrying values.

Other Intangible Assets

Other intangible assets consist of finite-lived intangible assets including acquired recipes, non-compete agreements, customer relationships, a trade name/brand name and certain trademarks. These assets are amortized over their estimated useful lives and are tested for impairment by grouping them with other assets at the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities. The estimated future cash flows are based upon, among other things, assumptions about expected future operating performance, and may differ from actual cash flows. If the sum of the projected undiscounted cash flows (excluding interest) is less than the carrying value of the assets, the assets will be written down to the estimated fair value in the period in which the determination is made. The Company reviews the recoverability of its finite-lived intangible assets whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable.

Collective Bargaining Agreements

Certain Company employees are subject to collective bargaining agreements which expire on or before March 31, 2027. At June 30, 2023 approximately 20% of the Company's workforce was covered by such agreements.

Self-Insurance

The Company uses a combination of insurance and self-insurance mechanisms to provide for the potential liability of certain risks including workers’ compensation, health care benefits, general liability, product liability, property insurance and director and officers’ liability insurance. Liabilities associated with risks retained by the Company are not discounted and are estimated by considering historical claims experience, demographics, exposure and severity factors and other actuarial assumptions.

The Company's self-insurance for workers’ compensation liability includes estimated outstanding losses of unpaid claims, and allocated loss adjustment expenses (“ALAE”), case reserves, the development of known claims and incurred but not reported claims. ALAE are the direct expenses for settling specific claims. The amounts reflect per occurrence and annual aggregate limits maintained by the Company. The estimated liability analysis does not include estimating a provision for unallocated loss adjustment expenses.

The estimated gross undiscounted workers’ compensation liability relating to such claims was $3.3 million and $3.5 million, as of June 30, 2023 and 2022, respectively. The estimated recovery from reinsurance was $0.7 million and $0.7 million, as of June 30, 2023 and 2022, respectively. The short-term and long-term accrued liabilities for workers’ compensation claims are presented on the Company's consolidated balance sheets in “Other current liabilities” and in “Accrued workers' compensation liabilities,” respectively. The estimated insurance receivable is included in “Other assets” on the Company's consolidated balance sheets.

The Company had posted $4.0 million and $4.1 million letters of credit as a security deposit for self-insuring workers’ compensation, general liability and auto insurance coverages as of June 30, 2023 and June 30, 2022, respectively.

The estimated liability related to the Company's self-insured group medical insurance was $0.5 million and $0.5 million for the years ended June 30, 2023 and 2022, recorded on an incurred but not reported basis, within deductible limits, based on actual claims and the average lag time between the date insurance claims are filed and the date those claims are paid.

The Company accrues the cost for general liability, product liability and commercial auto liability insurance based on estimates of the aggregate liability claims incurred using certain actuarial assumptions and historical claims experience. The Company's liability reserve for such claims was $1.4 million and $2.3 million at June 30, 2023 and 2022, respectively. The estimated liability related to the Company's self-insured group medical insurance, general liability, product liability and commercial auto liability is included on the Company's consolidated balance sheets in “Other current liabilities.”

Pension Plans

The Company’s defined benefit pension plans are not admitting new participants, therefore, changes to pension liabilities are primarily due to market fluctuations of investments for existing participants and changes in interest rates. The Company’s defined benefit pension plans are accounted for using the guidance of ASC 710, “Compensation—General“ and ASC 715, “Compensation-Retirement Benefits“ and are measured as of the end of the fiscal year.

The Company recognizes the overfunded or underfunded status of a defined benefit pension as an asset or liability on its consolidated balance sheets. Changes in the funded status are recognized through AOCI, in the year in which the changes occur. See *Note 12*, *Employee Benefit Plans.*

Exit costs

The Company accounts for exit or disposal of activities in accordance with ASC 420, “Exit or Disposal Cost Obligations." The Company defines an exit or disposal activity as one that includes but is not limited to a program which is planned and controlled by management and materially changes either the scope of a business or the manner in which that business is conducted. Business exit costs may include (i) one-time termination benefits related to employee separations, (ii) contract termination costs and (iii) other related costs associated with exit or disposal activities.

Recent Accounting Pronouncements

The Company considers the applicability and impact of all ASUs issued. 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 applicable recent ASUs issued by the FASB:

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. 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.

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 aggregate purchase price was $91.7 million in cash including $2.0 million of escrow receivable. The Company recognized an after-tax loss on the transaction of approximately $25.4 million.

The accounting requirements for reporting the Sale as a discontinued operation were met when the Sale was completed. Accordingly, the consolidated financial statements reflect the results of the Sale as a discontinued operation for all periods presented.

The Company incurred approximately $0.5 million of transaction-related costs associated with the Sale during the year ended June 30, 2023, which was primarily for professional fees. These amounts are recorded in the loss on disposition of discontinued operations before income taxes component of loss from discontinued operations, net of income taxes. Additionally, the Company was required to utilize a portion of the cash proceeds from the Sale to fully extinguish its outstanding term loan. The remaining proceeds were utilized to repay a portion of the outstanding revolving credit facility.

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.

Assets related to the divested operations have been reclassified in the Consolidated Balance Sheet as of June 30, 2022, which are detailed in the table below:

(In thousands)	June 30, 2022
Current assets, discontinued operations:	
Inventories	$ 42,050
Non-current assets, discontinued operations:	
Property, plant and equipment, net	95,943

The operating results of the divested operations, have been reclassified as discontinued operations in the Consolidated Statements of Operations for the years ended June 30, 2023, 2022 and 2021, as detailed in the table below:

	For the year ended June 30,		
(In thousands)	**2023**	**2022**	**2021**
Net sales	$ 160,977	$ 154,410	$ 135,939
Cost of goods sold	162,227	151,309	130,795
Gross (loss) profit	(1,250)	3,101	5,144
Selling expenses	6,578	7,819	7,220
General and administrative expenses	4,750	3,929	3,968
Loss on sale of assets	25,414	—	—
Operating expense	36,742	11,748	11,188
Loss from discontinued operations	(37,992)	(8,647)	(6,044)
Other (expense) income:			
Interest expense	(9,008)	(5,507)	(6,061)
Other, net	1,124	42	334
Total other (expense)	(7,884)	(5,465)	(5,727)
Loss from discontinued operations before taxes	(45,876)	(14,112)	(11,771)
Income tax benefit	(734)	(425)	(333)
Loss from discontinued operations, net of income taxes	$ (45,142)	$ (13,687)	$ (11,438)

Interest expense for the Revolver was allocated on a ratio of net assets discontinued to the sum of consolidated net assets plus consolidated debt and the Term Loan 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 years ended June 30, 2023, 2022 and 2021 are detailed in the table below:

	For the Years Ended June 30,		
(In thousands)	**2023**	**2022**	**2021**
Cash Flows from Discontinued Operations			
Net cash provided by (used in) operating activities	444	(13,192)	(1,935)
Net cash provided by (used in) investing activities	88,105	(1,539)	(5,540)

Note 4. Sales of Assets

Sale of Branch Properties

During the fiscal year ended June 30, 2023, the Company completed the sale of the following branch properties related to continuing operations (in thousands):

Name of Branch Property	Date Sold	Sales Price	Net Proceeds	Gain
Portland, Oregon	9/23/2022	$ 1,990	$ 1,880	$ 1,770
San Diego, California	9/19/2022	7,574	7,169	6,425
Fresno, California	10/7/2022	760	716	648
Sacramento, California	2/15/2023	2,174	2,051	1,941

Assets Held for Sale

The Company sometimes pursues options to divest corporate assets, primarily related to land and buildings. As of June 30, 2023 and 2022, certain branch properties met the accounting guidance criteria to be classified as held for sale, and it is the Company's intention to complete the sales of these assets within the twelve months following June 30, 2023. As such, the Company evaluated the assets to determine whether the carrying value exceeded the fair value less any costs to sell. No loss was recorded as of June 30, 2023 and 2022 and the aggregate assets held for sale are presented as a separate line item in the consolidated balance sheet.

The following table presents net carrying value related to the major classes of assets that were classified as held for sale from continuing operations at June 30, 2023 and June 30, 2022 :

(In thousands)	June 30, 2023	June 30, 2022
Building and facilities	$ 4,327	$ 67
Land	3,443	965
Assets held for sale - continuing operations	$ 7,770	$ 1,032

Note 5. Derivative Instruments

Derivative Instruments Held

Coffee-Related Derivative Instruments

The Company is exposed to commodity price risk associated with its PTF green coffee purchase contracts, which are described further in *Note 2*. 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 June 30, 2023 and 2022:

	As of June 30,	
(In thousands)	**2023**	**2022**
Derivative instruments designated as cash flow hedges:		
Long coffee pounds	1,538	4,200
Derivative instruments not designated as cash flow hedges:		
Long coffee pounds	6,713	516
Less: Short coffee pounds	(4,388)	—
Total	3,863	4,716

Coffee-related derivative instruments designated as cash flow hedges outstanding as of June 30, 2023 will expire within 6 months. At June 30, 2023 and 2022 approximately 40% and 89%, respectively, of the Company's outstanding coffee-related derivative instruments were designated as cash flow hedges.

Interest Rate Swap Derivative Instruments

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”). 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 prior revolving credit facility. Under the terms of the Original Rate Swap, the Company received 1-month LIBOR, subject to a 0% floor, and made payments based on a fixed rate of 2.1975%. The Company’s obligations under the ISDA were secured by the collateral which secures the loans under the prior revolving credit facility on a pari passu and pro rata basis with the principal of such loans.

In connection with the Credit Agreement, dated as of April 26, 2021 (the “Revolver Credit Facility Agreement”) by and among the Company, Boyd Assets Co., FBC Finance Company, Coffee Bean Holding Co., Inc., Coffee Bean International, Inc. and China Mist Brands, Inc., as borrowers (collectively, the “Borrowers”), Wells Fargo Bank, N.A. (“Wells Fargo”), as administrative agent and lender, and the other lenders party thereto (see Note 13 for details), the Company also executed a new ISDA agreement to transfer its interest swap to Wells Fargo (“Amended Rate Swap”). Under the terms of the Amended Rate Swap, the Company receives 1-month LIBOR, subject to a 0% floor, and makes payments based on a fixed rate of 2.4725%, an increase of 0.275% from its original interest rate swap fixed rate of 2.1975%. The Amended Rate Swap utilizes the same notional amount of $65.0 million and maturity date of October 11, 2023 as the Original Rate Swap. The Company did not designate the Amended Rate Swap as a cash flow hedge.

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. There is no remaining balance frozen in AOCI for the fiscal year ended June 30, 2023.

Effect of Derivative Instruments on the Financial Statements

Balance Sheets

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

	Derivative Instruments Designated as Cash Flow Hedges		Derivative Instruments Not Designated as Accounting Hedges	
	As of June 30,		As of June 30,	
(In thousands)	**2023**	**2022**	**2023**	**2022**
Financial Statement Location:				
Short-term derivative assets:				
Coffee-related derivative instruments(1)	$ 4	$ 2,144	$ 64	$ 555
Interest rate swap derivative instruments(1)	—	—	—	323
Long-term derivative assets:				
Coffee-related derivative instruments(2)	—	37	—	140
Interest rate swap derivative instruments(2)	—	—	—	166
Short-term derivative liabilities:				
Coffee-related derivative instruments(3)	158	3	2,478	2,346

____
(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 liability" 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 "AOCI," "Cost of goods sold" and "Other, net".

	Year Ended June 30,			Financial Statement Classification
(In thousands)	**2023**	**2022**	**2021**	
Net losses recognized in AOCI - Interest rate swap	$ —	$ —	$ 304	AOCI
Net gains (losses) recognized from AOCI to earnings - Interest rate swap	396	(7)	(347)	Interest Expense
Net losses reclassified from AOCI to earnings for partial unwind of interest swap - Interest rate swap	(1,305)	(1,201)	(1,284)	Interest Expense
Net losses (gains) recognized in AOCI - Coffee-related	2,384	(12,172)	(11,753)	AOCI
Net gains recognized in earnings - Coffee-related	1,392	15,865	1,940	Costs of goods sold

For the fiscal years ended June 30, 2023, 2022 and 2021, there were no gains or losses recognized in earnings as a result of excluding amounts from the assessment of hedge effectiveness.

Net (gains) losses on derivative instruments in the Company's consolidated statements of cash flows also includes net (gains) losses on coffee-related derivative instruments designated as cash flow hedges reclassified to cost of goods sold from AOCI in the fiscal years ended June 30, 2023, 2022 and 2021. Gains and losses on derivative instruments not designated as accounting hedges are included in "Other, net" in the Company's consolidated statements of operations and in "Net (gains) losses on derivative instruments and investments" in the Company's consolidated statements of cash flows.

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

	Year Ended June 30,		
(In thousands)	**2023**	**2022**	**2021**
Net gains (losses) on coffee-related derivative instruments (1)	$ (6,978)	$ 4,498	$ 2,941
Non-operating pension and other postretirement benefit plans credits	2,910	3,598	16,398
Other (losses) gains, net	(174)	44	47
Other, net	$ (4,242)	$ 8,140	$ 19,386

____
(1) Excludes net losses and net gains on coffee-related derivative instruments designated as cash flow hedges recorded in cost of goods sold in the fiscal years ended June 30, 2023, 2022 and 2021.

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:

	June 30,		
(In thousands)	**2023**	**2022**	**2021**
Accumulated other comprehensive (income) loss beginning balance	$ (1,692)	$ (4,176)	$ 6,964
Net losses recognized in AOCI - Interest rate swap	—	—	304
Net gains (losses) recognized from AOCI to earnings - Interest rate swap	396	(7)	(347)
Net losses reclassified from AOCI to earnings for partial unwind of interest swap - Interest rate swap	(1,305)	(1,201)	(1,284)
Net losses (gains) recognized in AOCI - Coffee-related	2,384	(12,172)	(11,753)
Net gains recognized in earnings - Coffee-related	1,392	15,865	1,940
Accumulated other comprehensive loss (income) ending balance	$ 1,175	$ (1,692)	$ (4,176)

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 counterparty as of the reporting dates indicated:

(In thousands)		**Gross Amount Reported on Balance Sheet**	**Netting Adjustments**	**Cash Collateral Posted**	**Net Exposure**
As of June 30, 2023	Derivative Assets	$ 68	$ (68)	$ —	$ —
	Derivative Liabilities	2,636	(68)	—	2,568
As of June 30, 2022	Derivative Assets	3,365	(2,349)	—	1,016
	Derivative Liabilities	2,349	(2,349)	—	—

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 June 30, 2023, $0.7 million of net gains on coffee-related derivative instruments designated as cash flow hedge are expected to be reclassified into cost of goods sold within the next twelve months. These recorded values are based on market prices of the commodities as of June 30, 2023.

Note 6. Leases

Supplemental consolidated balance sheet information related to leases is as follows:

		As of June 30,	
(In thousands)	**Classification**	**2023**	**2022**
Operating lease assets	Right-of-use operating lease assets	$ 24,593	$ 27,957
Finance lease assets	Property, plant and equipment, net	410	574
Total lease assets		$ 25,003	$ 28,531
Operating lease liabilities - current	Operating lease liabilities - current	8,040	7,721
Finance lease liabilities - current	Other current liabilities	193	193
Operating lease liabilities - noncurrent	Operating lease liabilities - noncurrent	17,157	20,762
Finance lease liabilities -noncurrent	Other long-term liabilities	251	409
Total lease liabilities		$ 25,641	$ 29,085

The components of lease expense are as follows:

	For the Years Ended June 30,		
(In thousands)	2023	2022	2021
Operating lease expense	$ 7,943	$ 7,526	$ 7,195
Finance lease expense:			
Amortization of finance lease assets	164	164	82
Interest on finance lease liabilities	34	44	26
Total lease expense	$ 8,141	$ 7,734	$ 7,303

The maturities of the lease liabilities are as follows:

	For the Years Ended June 30,	
(In thousands)	Operating Leases	Finance Leases
2024	$ 7,979	$ 193
2025	6,800	193
2026	5,701	96
2027	4,250	—
2028	3,259	—
Thereafter	927	—
Total lease payments	28,916	482
Less: interest	(3,719)	(38)
Total lease obligations	$ 25,197	$ 444

Lease term and discount rate:

	For the Years Ended June 30,	
	2023	2022
Weighted-average remaining lease terms (in years):		
Operating lease	5.9	6.3
Finance lease	2.5	3.5
Weighted-average discount rate:		
Operating lease	6.20 %	5.69 %
Finance lease	6.50 %	6.50 %

Other Information:

	For the Years Ended June 30,	
(In thousands)	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 7,845	$ 7,049
Operating cash flows from finance leases	34	44
Financing cash flows from finance leases	193	193

Note 7. Fair Value Measurements

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

(In thousands)	Total	Level 1	Level 2	Level 3
As of June 30, 2023				
Derivative instruments designated as cash flow hedges:				
Coffee-related derivative assets (1)	$ 4	$ —	$ 4	$ —
Coffee-related derivative liabilities (1)	158	—	158	—
Derivatives not designated as accounting hedges:				
Coffee-related derivative assets (1)	64	—	64	—
Coffee-related derivative liabilities (1)	2,478	—	2,478	—

	Total	Level 1	Level 2	Level 3
As of June 30, 2022				
Derivative instruments designated as cash flow hedges:				
Coffee-related derivative assets (1)	$ 2,181	$ —	$ 2,181	$ —
Coffee-related derivative liabilities (1)	3	—	3	—
Derivatives not designated as accounting hedges:				
Coffee-related derivative assets (1)	695	—	695	—
Coffee-related derivative liabilities (1)	2,346	—	2,346	—
Interest rate swap derivative asset (2)	489	—	489	—

(1) The Company's coffee-related derivative instruments are traded over-the-counter and, therefore, classified as Level 2.
(2) The Company's interest rate swap derivative instrument are model-derived valuations with directly or indirectly observable significant inputs such as interest rate and, therefore, classified as Level 2.

During the fiscal years ended June 30, 2023 and 2022, there were no transfers between the levels. Due to the highly liquid nature, the amount of the Company's other financial instruments represent the approximate fair value.

Note 8. Accounts Receivable, Net

(In thousands)	As of June 30, 2023	As of June 30, 2022
Trade receivables	$ 42,914	$ 44,219
Other receivables (1)	2,631	2,911
Allowance for credit losses	(416)	(195)
Accounts receivable, net	$ 45,129	$ 46,935

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

Allowance for credit losses:

(In thousands)	
Balance at June 30, 2021	$ (325)
Provision	(767)
Write-offs	699
Recovery	198
Balance at June 30, 2022	(195)
Provision	(743)
Write-offs	288
Recovery	234
Balance at June 30, 2023	$ (416)

Note 9. Inventories

(In thousands)	As of June 30, 2023	2022
Coffee		
Processed	$ 15,860	$ 14,604
Unprocessed	7,409	15,158
Total	23,269	29,762
Tea and culinary products		
Processed	21,418	24,034
Unprocessed	63	58
Total	21,481	24,092
Coffee brewing equipment parts	4,526	3,714
Total inventories	$ 49,276	$ 57,568

In addition to product cost, inventory costs include expenditures such as direct labor and certain supply, freight, warehousing, overhead variances, purchase price variances 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.

Note 10. Property, Plant and Equipment

(In thousands)	As of June 30, 2023	2022
Buildings and facilities	$ 20,146	$ 36,260
Machinery and equipment	144,473	144,552
Capitalized software	7,934	2,236
Office furniture and equipment	8,231	6,604
	180,784	189,652
Accumulated depreciation	(147,920)	(151,806)
Land	918	4,361
Property, plant and equipment, net	$ 33,782	$ 42,207

Depreciation and amortization expense, related to continuing operations was $12.9 million, $12.4 million, and $18.8 million, for the years ended June 30, 2023, 2022, and 2021, respectively.

Maintenance and repairs to property, plant and equipment, related to continuing operations charged to expense for the years ended June 30, 2023, 2022, and 2021 were $8.0 million, $7.3 million and $6.2 million, respectively.

Coffee Brewing Equipment (“CBE”) and Service

Capitalized CBE included in machinery and equipment above are:

(In thousands)	As of June 30, 2023	2022
Coffee Brewing Equipment	$ 93,159	$ 93,549
Accumulated depreciation	(66,953)	(68,938)
Coffee Brewing Equipment, net	$ 26,206	$ 24,611

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

(In thousands)	For the Years Ended June 30, 2023	2022	2021
Depreciation expense	$ 7,213	$ 7,492	$ 8,988
Other CBE expenses	32,298	25,773	23,363

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.

Note 11. Intangible Assets

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

(In thousands)	Weighted Average Amortization Period as of June 30, 2023	As of June 30, 2023 Gross Carrying Amount	2023 Accumulated Amortization	2023 Net	2022 Gross Carrying Amount	2022 Accumulated Amortization	2022 Net
Amortized intangible assets:							
Customer relationships	3.7	$ 33,003	$ (24,092)	$ 8,911	$ 33,003	$ (21,893)	$ 11,110
Recipes	0.3	930	(885)	45	930	(752)	178
Trade name/brand name	0.4	510	(495)	15	510	(457)	53
Total amortized intangible assets		34,443	(25,472)	8,971	34,443	(23,102)	11,341
Unamortized intangible assets:							
Trademarks, trade names and brand name with indefinite lives		4,522	—	4,522	4,522	—	4,522
Total unamortized intangible assets		4,522	—	4,522	4,522	—	4,522
Total intangible assets		$ 38,965	$ (25,472)	$ 13,493	$ 38,965	$ (23,102)	$ 15,863

There were no indefinite-lived intangible asset impairment charges recorded in the fiscal years ended June 30, 2023, 2022 and 2021.

The Company also assesses the recoverability of certain finite-lived intangible assets. No impairment was recorded for the finite-lived intangibles for the years ended June 30, 2023, 2022, and 2021. Amortization expense for the years ended June 30, 2023, 2022, and 2021 were $2.4 million each year, for these assets.

At June 30, 2023, future annual amortization of finite-lived intangible assets for the fiscal years 2024 through 2028 is estimated to be (in thousands):

For the fiscal year ending:		
June 30, 2024	$	2,
June 30, 2025		2,
June 30, 2026		2,
June 30, 2027		1,
June 30, 2028		
Total	$	8,

Note 12. Employee Benefit Plans

The Company provides the following benefit plans for full-time employees who work 30 hours or more per week:

- 401(k);
- health and other welfare benefit plans; and
- in certain circumstances, pension and postretirement benefits.

See below for detail description of each benefit plan. Generally, the plans provide health benefits after 30 days of employment and other retirement benefits based on years of service and/or a combination of years of service and earnings.

Single Employer Pension Plans

As of June 30, 2023, the Company has two defined benefit pension plans for certain employees (the "Farmer Bros. Plan" and the "Hourly Employees' Plan"). Effective October 1, 2016, the Company froze benefit accruals and participation in the Hourly Employees' Plan.

Prior to the termination of the Farmer Bros. Co. Pension Plan for Salaried Employees (the "Salaried Plan") effective December 1, 2018, the Company spun off the benefit liability and obligations, and all allocable assets for all retirement plan benefits of certain active employees with accrued benefits in excess of $25,000, retirees and beneficiaries currently receiving benefit payments under the Salaried Plan, and former employees who have deferred vested benefits under the Salaried Plan, were transferred to the Farmer Bros. Plan. Upon termination of the Salaried Plan, all remaining plan participants elected to receive a distribution of his/her entire accrued benefit under the Salaried Plan in a single cash lump sum or an individual insurance company annuity contract, in either case, funded directly by Salaried Plan assets.

Obligations and Funded Status

($ in thousands)	Farmer Bros. Plan As of June 30, 2023	Farmer Bros. Plan As of June 30, 2022	Hourly Employees' Plan As of June 30, 2023	Hourly Employees' Plan As of June 30, 2022	Total 2023	Total 2022
Change in projected benefit obligation						
Benefit obligation at the beginning of the year	$ 102,508	$ 129,091	$ 3,951	$ 5,070	$ 106,459	$ 134,161
Interest cost	4,451	3,262	173	129	4,624	3,391
Actuarial gain	(5,008)	(23,646)	(132)	(1,067)	(5,140)	(24,713)
Benefits paid	(6,545)	(6,199)	(191)	(181)	(6,736)	(6,380)
Projected benefit obligation at the end of the year	$ 95,406	$ 102,508	$ 3,801	$ 3,951	$ 99,207	$ 106,459
Change in plan assets						
Fair value of plan assets at the beginning of the year	$ 74,250	$ 90,508	$ 3,848	$ 4,603	$ 78,098	$ 95,111
Actual return on plan assets	6,147	(11,371)	33	(574)	6,180	(11,945)
Employer contributions	2,082	1,312	—	—	2,082	1,312
Benefits paid	(6,545)	(6,199)	(191)	(181)	(6,736)	(6,380)
Fair value of plan assets at the end of the year	$ 75,934	$ 74,250	$ 3,690	$ 3,848	$ 79,624	$ 78,098
Funded status at end of year (underfunded)	**$ (19,472)**	**$ (28,258)**	**$ (111)**	**$ (103)**	**$ (19,583)**	**$ (28,361)**
Amounts recognized in consolidated balance sheets						
Noncurrent liabilities	(19,472)	(28,258)	(111)	(103)	(19,583)	(28,361)
Total	$ (19,472)	$ (28,258)	$ (111)	$ (103)	$ (19,583)	$ (28,361)
Amounts recognized in AOCI						
Net loss	28,444	36,818	137	173	28,581	36,991
Total accumulated OCI (not adjusted for applicable tax)	$ 28,444	$ 36,818	$ 137	$ 173	$ 28,581	$ 36,991
Weighted average assumptions used to determine benefit obligations						
Discount rate	5.05 %	4.50 %	5.05 %	4.50 %	5.05 %	4.50 %
Rate of compensation increase	N/A	N/A	N/A	N/A	N/A	N/A

Components of Net Periodic Benefit Cost and Other Changes Recognized in Other Comprehensive Income (Loss) (OCI)

($ in thousands)	Farmer Bros. Plan June 30, 2023	Farmer Bros. Plan June 30, 2022	Farmer Bros. Plan June 30, 2021	Hourly Employees' Plan June 30, 2023	Hourly Employees' Plan June 30, 2022	Hourly Employees' Plan June 30, 2021	Total 2023	Total 2022	Total 2021
Components of net periodic benefit cost									
Interest cost	4,451	3,262	3,309	173	129	128	4,624	3,391	3,437
Expected return on plan assets	(3,906)	(4,734)	(3,959)	(129)	(214)	(192)	(4,035)	(4,948)	(4,151)
Amortization of net loss	1,125	1,356	1,987	—	—	23	1,125	1,356	2,010
Net periodic benefit cost	$ 1,670	$ (116)	$ 1,337	$ 44	$ (85)	$ (41)	$ 1,714	$ (201)	$ 1,296
Other changes recognized in OCI									
Net (gain) loss (1)	$ (7,249)	$ (7,542)	$ (15,127)	$ (36)	$ (279)	$ (640)	$ (7,285)	$ (7,821)	$ (15,767)
Amortization of net loss	(1,125)	(1,356)	(1,987)	—	—	(23)	(1,125)	(1,356)	(2,010)
Total recognized in other comprehensive income	$ (8,374)	$ (8,898)	$ (17,114)	$ (36)	$ (279)	$ (663)	$ (8,410)	$ (9,177)	$ (17,777)
Total recognized in net periodic benefit cost and OCI	$ (6,704)	$ (9,014)	$ (15,777)	$ 8	$ (364)	$ (704)	$ (6,696)	$ (9,378)	$ (16,481)
Weighted-average assumptions used to determine net periodic benefit cost									
Discount rate	4.50 %	2.60 %	2.55 %	4.50 %	2.60 %	2.55 %	4.50 %	2.60 %	2.55 %
Expected long-term return on plan assets	6.50 %	6.25 %	6.25 %	4.75 %	6.50 %	6.25 %	5.63 %	6.38 %	6.25 %
Rate of compensation increase	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(1) Net gain for fiscal year ended June 30, 2023, 2022 and 2021 was primarily due to plan assets returns.

Basis Used to Determine Expected Long-term Return on Plan Assets

The expected long-term return on plan assets assumption was developed as a weighted average rate based on the target asset allocation of the plan and the Long-Term Capital Market Assumptions (CMA) 2020. The capital market assumptions were developed with a primary focus on forward-looking valuation models and market indicators. The key fundamental economic inputs for these models are future inflation, economic growth, and interest rate environment. Due to the long-term nature of the pension obligations, the investment horizon for the CMA 2020 is 20 to 30 years. In addition to forward-looking models, historical analysis of market data and trends was reflected, as well as the outlook of recognized economists, organizations and consensus CMA from other credible studies.

Description of Investment Policy

The Company's investment strategy is to build an efficient, well-diversified portfolio based on a long-term, strategic outlook of the investment markets. The investment markets outlook utilizes both the historical-based and forward-looking return forecasts to establish future return expectations for various asset classes. These return expectations are used to develop a core asset allocation based on the specific needs of each plan. The core asset allocation utilizes investment portfolios of various asset classes and multiple investment managers in order to maximize the plan's return while providing multiple layers of diversification to help minimize risk.

Additional Disclosures

	Farmer Bros. Plan June 30,		Hourly Employees' Plan June 30,		Total	
($ in thousands)	2023	2022	2023	2022	2023	2022
Comparison of obligations to plan assets						
Projected benefit obligation	$ 95,406	$ 102,508	$ 3,801	$ 3,951	$ 99,207	$ 106,459
Accumulated benefit obligation	95,406	102,508	3,801	3,951	99,207	106,459
Fair value of plan assets at measurement date	75,934	74,250	3,690	3,848	79,624	78,098
Plan assets by category						
Equity securities	49,516	46,121	750	755	50,266	46,876
Debt securities	20,765	21,891	2,940	3,093	23,705	24,984
Real estate	5,653	6,238	—	—	5,653	6,238
Total	$ 75,934	$ 74,250	$ 3,690	$ 3,848	$ 79,624	$ 78,098
Plan assets by category						
Equity securities	65.2 %	62.1 %	20.3 %	19.6 %	63.1 %	60.0 %
Debt securities	27.3 %	29.5 %	79.7 %	80.4 %	29.8 %	32.0 %
Real estate	7.5 %	8.4 %	— %	— %	7.1 %	8.0 %
Total	100 %	100 %	100 %	100 %	100 %	100 %

Fair values of plan assets were as follows:

	As of June 30, 2023				
(In thousands)	Total	Level 1	Level 2	Level 3	Investments measured at NAV
Farmer Bros. Plan	$ 75,934	$ —	$ —	$ —	$ 75,934
Hourly Employees' Plan	3,690	—	—	—	3,690

	As of June 30, 2022				
(In thousands)	Total	Level 1	Level 2	Level 3	Investments measured at NAV
Farmer Bros. Plan	$ 74,250	$ —	$ —	$ —	$ 74,250
Hourly Employees' Plan	3,848	—	—	—	3,848

The following is the target asset allocation for the Company's single employer pension plans— Farmer Bros. Plan and Hourly Employees' Plan—for fiscal 2024:

	Fiscal 2024
U.S. large cap equity securities	33.5 %
U.S. small cap equity securities	29.6 %
Debt securities	29.8 %
Real Asset	7.1 %
Total	100.0 %

Estimated Amounts in OCI Expected To Be Recognized

In fiscal 2024, the Company expects to recognize net periodic benefit of $1.1 million for the Farmer Bros. Plan and $33.5 thousand for the Hourly Employees' Plan.

Estimated Future Contributions and Refunds

In fiscal 2024, the Company expects to contribute $2.3 million to the Farmer Bros. Plan and does not expect to contribute to the Hourly Employees' Plan.

Estimated Future Benefit Payments

The following benefit payments are expected to be paid over the next 10 fiscal years:

(In thousands)	Farmer Bros. Plan		Hourly Employees' Plan	
Year Ending:				
June 30, 2024	$	7,410	$	250
June 30, 2025		7,200		240
June 30, 2026		7,200		250
June 30, 2027		7,260		270
June 30, 2028		7,270		270
June 30, 2029 to June 30, 2033		34,780		1,330

These amounts are based on current data and assumptions and reflect expected future service, as appropriate.

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.

Pension Fund	EIN-PN	Pension Protection Act Zone Status As of 1/1/2022
Western Conference of Teamsters Pension Plan	91-6145047-001	Green

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. The Company's minimum contributions to these plans are defined within the collective bargaining agreements.

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

(In thousands)	WCTPP(1)(2)(3)		All Other Plans	
Year Ended:				
June 30, 2023	$	1,280	$	28
June 30, 2022		961		29
June 30, 2021		1,049		33

(1) Individually significant plan.
(2) Less than 5% of total contribution to WCTPP based on WCTPP's FASB Disclosure Statement
(3) The Company guarantees that one hundred seventy-three (173) hours will be contributed upon for all employees who are compensated for all available straight time hours for each calendar month. An additional 6.5% of the basic contribution must be paid for PEER or the Program for Enhanced Early Retirement.

The risks of participating in multiemployer pension plans are different from single-employer plans in that: (i) assets contributed to a multiemployer plan by one employer may be used to provide benefits to employees of other participating employers; (ii) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers; and (iii) if the Company stops participating in the multiemployer plan, the Company may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

Future collective bargaining negotiations may result in the Company withdrawing from the remaining multiemployer pension plans in which it participates and, if successful, the Company may incur a withdrawal liability, the amount of which could be material to the Company's results of operations and cash flows.

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 expires on or before March 31, 2027. The Company's aggregate contributions to multiemployer plans other than pension plans in the fiscal years ended June 30, 2023, 2022 and 2021 were $3.6 million, $3.0 million and $2.8 million, respectively. The Company expects to contribute an aggregate of approximately $3.6 million towards multiemployer plans other than pension plans in fiscal 2024.

401(k) Plan

The Farmer Bros. Co. 401(k) Plan (the "401(k) Plan") is available to all eligible employees. The 401(k) Plan match portion 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.

In March 2020, due to the impact the COVID-19 pandemic had on the Company's business and financial results, the Company elected to suspend the 401(k) Plan matching contribution for non-union employees. Beginning in July 2021, the Company re-instated a 401(k) Plan matching program (the "401(k) Match") for non-union employees, matching 50% of an non-union employee's annual contribution to the 401(k) Plan, up to 6% of such employee's eligible income, similar to the program prior to suspension in March 2020.

Beginning in January 2022, the Company amended the 401(k) Match, 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. The Company increased the number of shares of Common Stock, available for issuance under the 401(k) Plan by 2,000,000 additional shares and permitted participants in the 401(k) Plan to invest a portion of their 401(k) Plan accounts into Common Stock. The Company merged the ESOP into the 401(k) Plan and transferred all of the assets and shares in the ESOP to the 401(k) Plan. Effective January 1, 2023, the Company eliminated the 4% non-elective contribution and changed the Company 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 $2.0 million, $2.0 million and $0.1 million in operating expenses for the fiscal years ended June 30, 2023, 2022 and 2021, respectively.

For the fiscal years ended June 30, 2023, 2022 and 2021 the Company contributed a total of 937,848 shares, 371,566 shares and 373,697 shares of the Company’s common stock with a value of $4.6 million, $3.6 million and $2.4 million, respectively, to eligible participants’ annual plan compensation.

Postretirement Benefits

The Company sponsored a postretirement defined benefit plan that covered qualified non-union retirees and certain qualified union retirees (“Retiree Medical Plan”). On March 23, 2020, the Company announced a plan to amend and terminate the Retiree Medical Plan effective January 1, 2021. The plan provided medical, dental and vision coverage for retirees under age 65 and medical coverage only for retirees age 65 and above. Under this postretirement plan, the Company’s contributions toward premiums for retiree medical, dental and vision coverage for participants and dependents were scaled based on length of service, with greater Company contributions for retirees with greater length of service, subject to a maximum monthly Company contribution.

The Company’s communication of its intention to amend and terminate the Retiree Medical Plan triggered re-measurement and curtailment of the plan. As a result, the re-measurement generated a prior service credit of $13.4 million to be amortized over the remaining months of the plan through January 1, 2021, and a revised net periodic postretirement benefit credit recognized in fiscal year 2021 of $14.6 million. Also, the Company recognized a one-time non-cash curtailment gain of $5.8 million for the year ended June 30, 2020.

The Company provides a postretirement death benefit (“Death Benefit”) 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. The Company records the actuarially determined liability for the present value of the postretirement death benefit. The Company purchased life insurance policies to fund the postretirement death benefit wherein the Company owns the policy but the postretirement death benefit is paid to the employee's or retiree's beneficiary. The Company records an asset for the fair value of the life insurance policies which equates to the cash surrender value of the policies.

In June 2021, the Company amended the Death Benefit Plan effective immediately, which triggered re-measurement of the plan. The Company surrendered the purchased life insurance policies that funded these death benefits, and received cash proceeds from the insurance carriers. 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. The

Company also retained the life insurance policies to fund the postretirement death benefit of these participants, and have a long-term receivable in Other Assets of $0.5 million as of June 30, 2023 which equates to the cash surrender value of the policies.

As a result of the amendment and re-measurement of the Death Benefit Plan, the Company recognized a one-time non-cash net settlement gain of $6.4 million for the year ended June 30, 2021.

The following table shows the components of net periodic postretirement benefit cost for the Retiree Medical Plan and Death Benefit Plan for the fiscal years ended June 30, 2023, 2022 and 2021. Net periodic postretirement benefit cost for fiscal 2023 was based on employee census information as of June 30, 2023.

(In thousands)	Year Ended June 30, 2023	2022	2021
Components of Net Periodic Postretirement Benefit Cost (Credit):			
Service cost	$ —	$ —	$ 19
Interest cost	39	27	293
Amortization of net gain	—	11	(5,296)
Amortization of prior service credit	—	—	(8,961)
Settlement credit - Retiree Medical	—	—	(6,669)
Net periodic postretirement benefit (credit) cost	$ 39	$ 38	$ (20,614)

The tables below show the remaining bases for the transition (asset) obligation, prior service cost (credit), and the calculation of the amortizable gain or loss for the Death Benefit Plan.

($ in thousands)	Year Ended June 30, 2023	2022
Amortization of Net (Gain) Loss:		
Net loss as of July 1	$ 17	$ 74
Net loss subject to amortization	17	74
Corridor (10% of greater of APBO or assets)	83	84
Net loss in excess of corridor	$ —	$ —
Amortization years	15.3	16.0

The following tables provide a reconciliation of the benefit obligation and plan assets for the Retiree Medical Plan, Death Benefit Plan and Executive Death Benefit Plan:

(In thousands)	As of June 30, 2023	2022
Change in Benefit Obligation:		
Projected postretirement benefit obligation at beginning of year	$ 844	$ 1,012
Service cost	—	—
Interest cost	39	27
Actuarial (gains) losses	(57)	(195)
Benefits paid	—	—
Projected postretirement benefit obligation at end of year	$ 826	$ 844

(In thousands)	Year Ended June 30, 2023	2022
Change in Plan Assets:		
Fair value of plan assets at beginning of year	$ —	$ —
Employer contributions	—	—
Benefits paid	—	—
Fair value of plan assets at end of year	$ —	$ —
Projected postretirement benefit obligation at end of year	826	844
Funded status of plan	$ (826)	$ (844)

(In thousands)	June 30, 2023	June 30, 2022
Amounts Recognized in the Consolidated Balance Sheets Consist of:		
Current liabilities	$ (61)	$ (57)
Noncurrent liabilities	(765)	(787)
Total	$ (826)	$ (844)

(In thousands)	
Estimated Future Benefit Payments:	
Year Ending:	
June 30, 2024	$ 62
June 30, 2025	64
June 30, 2026	66
June 30, 2027	68
June 30, 2028	69
June 30, 2029 to June 30, 2033	332
Expected Contributions:	
June 30, 2024	$ 62

Note 13. Debt Obligations

The following table summarizes the Company's debt obligations:

				June 30, 2023		June 30, 2022	
(In thousands)	Debt Origination Date	Maturity	Principal Amount Borrowed	Carrying Value	Weighted Average Interest Rate	Carrying Value	Weighted Average Interest Rate
Revolver	various	4/25/2025	N/A	$ 23,021	6.66 %	$ 63,000	6.21 %
Term Loan	4/26/2021	4/25/2025	$ 47,500	—		45,600	7.50 %
				23,021		108,600	
Unamortized deferred debt financing costs				—		(1,677)	
Total				$ 23,021		$ 106,923	

The weighted average interest rate excludes the fixed rate on the de-designated Amended Rate Swap

On April 26, 2021, the Company repaid in full all of the outstanding loans and other amounts payable under the Amended and Restated Credit Agreement dated as of November 6, 2018, using proceeds of loans received pursuant to a refinancing under a new senior secured facility composed of (a) the Revolver Credit Facility Agreement (the "Revolver Credit Facility Agreement") and various loan documents relating thereto including the Guaranty and Security Agreement, dated as of April 26, 2021 (the "Revolver Security Agreement"), by and among the Borrowers, as grantors, and Wells Fargo, as administrative agent, and (b) a Credit Agreement, dated as of April 26, 2021 (the "Term Credit Facility Agreement") by and among the Borrowers, MGG Investment Group LP. ("MGG"), as administrative agent, and the lenders party thereto, and various loan documents relating thereto including the Guaranty and Security Agreement, dated as of April 26, 2021 (the "Term Security Agreement"), by and among the Borrowers, as grantors, and MGG, as administrative agent.

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 Bank, N.A., as administrative agent for each member of the lender group and as a lender. The 2nd Amendment amends that certain Revolver Credit Facility Agreement, originally entered into by the parties on April 26, 2021, which governs the Company's revolving credit facility (the "Revolver Credit Facility"). The 2nd Amendment amends certain terms and conditions of the Revolver Credit Facility Agreement by, among other things: (i) increasing the maximum revolver amount by $10,000,000 to an aggregate maximum revolver commitment amount of $90,000,000; and (ii) replacing the London Interbank Offered Rate (LIBOR) interest rate benchmark (which had an applicable margin of 2.25% for LIBOR rate loans) with the secured overnight financing rate (SOFR) interest rate benchmark (which has an applicable margin of 1.75% for SOFR rate loans).

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. The 3rd Amendment amends certain terms and conditions of the Revolver Credit Facility Agreement by, among other things:

(i) adding a new $47.0 million term loan (the “Term Loan”); (ii) extending the maturity date of the Company’s obligations under the Revolver Credit Facility Agreement from April 25, 2025 to April 26, 2027; provided, that if the maturity date of the Revolver Commitments is extended on or prior to April 1, 2027 to a date that is after April 26, 2027, then the maturity of the Term Loan shall be August 31, 2037; (iii) releasing liens securing the obligations under the Revolver Credit Facility Agreement on various real properties owned by the Company; (iv) commencing on or around June 30, 2023, obligating the Company to maintain a Fixed Charge Coverage Ratio, calculated for each 12-month period ending on the last day of each fiscal month, of at least 1:00 to 1:00; and (v) lowering the Letter of Credit Fee payable with respect to letters of credit issued under the Credit Agreement from 2.25% to 1.75% of the average amount of the Letter of Credit Usage during the immediately preceding month. The proceeds of the Term Loan were used to repay the outstanding term loans under the Term Credit Facility Agreement. With the repayment of the Company’s outstanding loans and other obligations under the Term Credit Facility Agreement, the Company is no longer subject to the minimum EBITDA covenants contained therein.

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 paydown, 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.

The following is a summary description of the Revolver Credit Facility Agreement and the Revolver Security Agreement 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;
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;
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 June 30, 2023, the Company had outstanding borrowings on the Revolver Credit Facility of $23.0 million and had utilized $4.0 million of the letters of credit sublimit, and had $35.8 million of availability under our Credit Facility.

As of June 30, 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 these agreements for the next twelve months.

Note 14. Share-based Compensation

Farmer Bros. Co. Amended and Restated 2017 Long-Term Incentive Plan

On June 20, 2017 (the “Effective Date“), the Company’s stockholders approved the Farmer Bros. Co. 2017 Long-Term Incentive Plan (the “Original 2017 Plan”) which (i) replaced the Company's prior long-term incentive plans (the “Prior Plans”), and (ii) authorized the issuance of 900,000 shares of Common Stock plus the number of shares of common stock subject to awards under the Company’s Prior Plans that are outstanding as of the Effective Date and that expire or are forfeited, cancelled or similarly lapse following the Effective Date (“Outstanding Prior Plan Awards”). On December 9, 2020, the Company’s stockholders approved an amendment increasing the number of shares of Common Stock available for grant under the 2017 Plan to 2,050,000 plus the number of shares of Common Stock subject Outstanding Prior Plan Awards. On December 15, 2021, the Company’s stockholders approved an amendment (the “Plan Amendment”) to the 2017 Plan (as amended, the “Amended 2017 Plan”), which (i) increased the number of shares of Common Stock available for grant to 3,550,000 shares of Common Stock plus the number of shares of Common Stock subject to Outstanding Prior Plan Awards and (ii) allows the Company to utilize awards to attract and incentivize non-employee consultants.

The Amended 2017 Plan provides for the grant of stock options (including incentive stock options and non-qualified stock options), stock appreciation rights, restricted stock, restricted stock units, dividend equivalents, performance shares and other stock- or cash-based awards to eligible participants. Non-employee directors of the Company and employees of the Company or any of its subsidiaries are eligible to receive awards under the Amended 2017 Plan. Subject to certain limitations, shares of Common Stock covered by awards granted under the Amended 2017 Plan that are forfeited, expire or lapse, or are repurchased for or paid in cash, may be used again for new grants under the Amended 2017 Plan. As of June 30, 2023, there were 1,604,715 shares that remain available under the Amended 2017 Plan including shares that were forfeited under the Prior Plans for future issuance. Shares of Common Stock granted under the Amended 2017 Plan may be authorized but unissued shares, shares purchased on the open market or treasury shares. In no event will more than 3,550,000 shares of Common Stock be issuable pursuant to the exercise of incentive stock options under the Amended 2017 Plan.

The Amended 2017 Plan includes annual limits on certain awards that may be granted to any individual participant. The maximum aggregate number of shares of Common Stock with respect to all stock options and stock appreciation rights that may be granted to any one person during any calendar year is 250,000 shares. The Amended 2017 Plan also includes limits on the maximum aggregate amount that may become payable pursuant to all performance bonus awards that may be granted to any one person during any calendar year and the maximum amount that may become payable pursuant to all cash-based awards granted under the Amended 2017 Plan and the aggregate grant date fair value of all equity-based awards granted under the Amended 2017 Plan to any non-employee director during any calendar year for services as a member of the Board.

The Amended 2017 Plan contains a minimum vesting requirement, subject to limited exceptions, that awards made under the Amended 2017 Plan may not vest earlier than the date that is one year following the grant date of the award. The Amended 2017 Plan also contains provisions with respect to payment of exercise or purchase prices, vesting and expiration of awards, adjustments and treatment of awards upon certain corporate transactions, including stock splits, recapitalizations and mergers, transferability of awards and tax withholding requirements.

The Amended 2017 Plan may be amended or terminated by the Board at any time, subject to certain limitations requiring stockholder consent or the consent of the applicable participant. In addition, the administrator may not, without the approval of the Company’s stockholders, authorize certain re-pricings of any outstanding stock options or stock appreciation rights granted under the Amended 2017 Plan. The Amended 2017 Plan will expire on June 20, 2027.

Farmer Bros. Co. 2020 Inducement Incentive Plan

In March 2020, the Company’s Board of Directors approved the Farmer Bros. Co. 2020 Inducement Incentive Plan (the “2020 Inducement Plan”). The 2020 Inducement Plan’s purpose is to enhance the Company’s ability to attract persons who make (or are expected to make) important contributions to the Company by providing these individuals with equity ownership opportunities. Awards under the 2020 Inducement Plan has the same terms and conditions as the 2017 Plan. The Board of Directors has reserved 300,000 shares of the Company’s Common Stock for issuance under the 2020 Inducement Plan. As of June 30, 2023, there were 79,784 shares that remain available under the 2020 Inducement Plan for future issuance.

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

One-third of the total number of NQO 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 options granted during fiscal years ended June 30, 2023 and 2022. Following are the assumptions used in the Black-Scholes valuation model for NQOs granted on the date of the grant during the fiscal year ended June 30, 2021:

	Year Ended June 30,
	2021
Weighted average fair value of NQOs	$ 2.36
Risk-free interest rate	0.3 %
Dividend yield	— %
Average expected term	4.6 years
Expected stock price volatility	35.4 %

The Company's assumption regarding expected stock price volatility is based on the historical volatility of the Company's stock price. The risk-free interest rate is based on U.S. Treasury zero-coupon issues at the date of grant with a remaining term equal to the expected life of the stock options. The average expected term is based on historical weighted time outstanding and the expected weighted time outstanding calculated by assuming the settlement of outstanding awards at the midpoint between the vesting date and the end of the contractual term of the award. Currently, management estimates an annual forfeiture rate of 4.8% based on actual forfeiture experience. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

The following table summarizes NQO activity for the year ended June 30, 2023:

Outstanding NQOs:	Number of NQOs	Weighted Average Exercise Price ($)	Weighted Average Remaining Life (Years)	Aggregate Intrinsic Value ($ in thousands)
Outstanding at June 30, 2022	450,687	12.39	4.34	—
Granted	—	—	—	—
Exercised	—	—	—	—
Cancelled/Forfeited	(21,926)	11.92	—	—
Expired	(97,103)	14.89	—	—
Outstanding at June 30, 2023	331,658	11.69	3.35	—
Exercisable, June 30, 2023	331,658	11.69	3.35	—

The aggregate intrinsic values outstanding at the end of each fiscal period in the table above represent the total pretax intrinsic value, based on the Company's closing stock price of $2.77 at June 30, 2023 and $4.69 at June 30, 2022, representing the last trading day of the respective fiscal years, which would have been received by NQO holders had all award holders exercised their NQOs that were in-the-money as of those dates. The aggregate intrinsic value of NQO exercises in each fiscal period above represents the difference between the exercise price and the value of the Common Stock at the time of exercise. NQOs outstanding that are expected to vest are net of estimated forfeitures.

There were no NQOs exercised during fiscal year ended June 30, 2023. The Company received no proceeds from exercises of vested NQOs in fiscal 2023, 2022 and 2021.

As of June 30, 2023 there was no unrecognized compensation cost related to NQOs. As of June 30, 2022, there was $0.2 million of unrecognized compensation cost related to NQOs. Total compensation expense for NQOs was $0.1 million, $0.6 million and $0.7 million in fiscal 2023, 2022 and 2021, respectively.

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

PNQ shares granted for each fiscal year are subject to forfeiture if a target modified net income goal is not attained. For this purpose, "Modified Net Income" is defined as net income (GAAP) before taxes and excluding any gains or losses from sales of assets, and excluding the effect of restructuring and other transition expenses. These PNQs have an exercise price equal the closing price of the Common Stock on the date of grant. One-third of the total number of shares subject to each such 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.

PNQ shares were not granted during the fiscal years ended June 30, 2023, 2022 and 2021.

The following table summarizes PNQ activity for the year ended June 30, 2023:

Outstanding PNQs:	Number of PNQs	Weighted Average Exercise Price ($)	Weighted AverageRemaining Life (Years)	Aggregate Intrinsic Value ($ in thousands)
Outstanding at June 30, 2022	2,212	30.91	0.83	—
Granted	—	—	—	—
Exercised	—	—	—	—
Cancelled/Forfeited	—	—	—	—
Expired	(1,221)	29.48	—	—
Outstanding at June 30, 2023	991	32.85	0.36	—
Exercisable, June 30, 2023	991	32.85	0.36	—

The aggregate intrinsic values outstanding at the end of each fiscal period in the table above represent the total pretax intrinsic values, based on the closing price of Common Stock $2.77 at June 30, 2023 and $4.69 at June 30, 2022, representing the last trading day of the respective fiscal years, which would have been received by PNQ holders had all award holders exercised their PNQs that were in-the-money as of those dates. The aggregate intrinsic value of PNQ exercises in each fiscal period represents the difference between the exercise price and the value of the Common Stock at the time of exercise. PNQs outstanding that are expected to vest are net of estimated forfeitures.

There were no PNQs exercised during the fiscal years ended June 30, 2023, 2022 and 2021.

As of June 30, 2023 and 2022, there was no unrecognized compensation cost related to PNQs. There was no compensation expense related to PNQs in fiscal years ended June 30, 2023, 2022 and 2021.

Restricted Stock

Restricted stock awards cliff vest on the earlier of the one year anniversary of the grant date or the date of the first annual meeting of the Company's stockholders immediately following the grant date, in the case of non-employee directors, and the third anniversary of the grant date, in the case of eligible employees, in each case subject to continued service to the Company through the vesting date and the acceleration provisions of the award plan and restricted stock agreement. Restricted stock is expected to vest net of estimated forfeitures.

The following table summarizes restricted stock activity for the year ended June 30, 2023:

Outstanding and Nonvested Restricted Stock Awards:	Shares Awarded	Weighted Average Grant Date Fair Value ($)
Outstanding at June 30, 2022	816,811	6.67
Granted	680,579	5.58
Vested	(369,008)	6.54
Cancelled/Forfeited	(245,828)	6.56
Outstanding and nonvested June 30, 2023	882,554	6.14

The weighted average grant date fair value of RSUs granted during the years ended June 30, 2023, 2022 and 2021 were $5.68, $7.20, and $10.10, respectively. The total grant-date fair value of restricted stock granted during the year ended June 30, 2023 was $4.0 million. The total fair value of awards vested during the years ended June 30, 2023, 2022 and 2021 were $1.7 million, $2.3 million, and $0.7 million, respectively.

As of June 30, 2023 and 2022, there was $3.6 million and $3.9 million, respectively, of unrecognized compensation cost related to restricted stock. The unrecognized compensation cost related to restricted stock at June 30, 2023 is expected to be recognized over the weighted average period of 1.74 years. Total compensation expense for restricted stock was $2.6 million, $2.1 million and $2.0 million, for the fiscal years ended June 30, 2023, 2022 and 2021, respectively.

Performance-Based Restricted Stock Units ("PBRSUs")

The PBRSU awards cliff vest on the third anniversary of the date of grant based on the Company's achievement of certain financial performance goals during the performance periods, subject to certain continued employment conditions and subject to acceleration provisions of the award plan and restricted stock unit agreement. At the end of the three-year performance period, the number of PBRSUs that actually vest will be 0% to 200% of the target amount, depending on the extent to which the Company meets or exceeds the achievement of those financial performance goals measured over the full three-year performance period. PBRSUs are expected to vest net of estimated forfeitures.

The following table summarizes PBRSU activity for the year ended June 30, 2023:

Outstanding and Nonvested PBRSUs:	PBRSUs Awarded	Weighted Average Grant Date Fair Value ($)
Outstanding at June 30, 2022	456,993	6.16
Granted	214,842	6.40
Vested	—	—
Cancelled/Forfeited	(122,544)	7.64
Outstanding and nonvested June 30, 2023	549,291	5.92

The weighted average grant date fair value of PBRSUs granted during the years ended June 30, 2023, 2022 and 2021 were $6.40, $8.91, and $4.10, respectively. The total grant-date fair value of PBRSUs granted during the year ended June 30, 2023 was $1.4 million. The total fair value of awards vested during the years ended June 30, 2022 and 2021 were $3.2 thousand and $3.0 thousand, respectively.

As of June 30, 2023 and 2022, there was $1.7 million and $1.7 million, respectively, of unrecognized compensation cost related to PBRSUs. The unrecognized compensation cost related to PBRSUs at June 30, 2023 is expected to be recognized over the weighted average period of 1.67 years. Total compensation expense for PBRSUs was $0.7 million for the year ended June 30, 2023, $0.6 million for the year ended June 30, 2022 and $0.1 million for the year ended June 30, 2021.

Cash-Settled Restricted Stock Units ("CSRSUs")

In December 2020, the Company granted CSRSUs under the 2017 Plan to certain employees. CSRSUs vest in equal installments over a three-year period from the grant date, and are cash-settled upon vesting based on the Common Stock's closing share price 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 Common Stock's closing share price.

The following table summarizes CSRSU activity during the year ended June 30, 2023:

Outstanding and Nonvested CSRSUs:	CSRSUs Awarded	Weighted Average Grant Date Fair Value ($)
Outstanding at June 30, 2022	145,645	6.36
Granted	191,911	6.07
Vested	(42,670)	6.24
Cancelled/Forfeited	(110,079)	6.33
Outstanding and nonvested June 30, 2023	184,807	6.15

The weighted average grant date fair value of CSRSUs granted during the years ended June 30, 2023, 2022 and 2021 were $6.07, $8.91 and $4.31, respectively. The total grant-date fair value of CSRSUs granted during the year ended June 30, 2023 was $1.2 million. The total fair value of awards vested during the years ended June 30, 2023 and 2022 was $0.2 million and $0.4 million, respectively. No CSRSUs vested during the year ended June 30, 2021.

At June 30, 2023 and 2022, there was $0.4 million and $0.6 million, respectively, of unrecognized compensation cost related to CSRSU. The unrecognized compensation cost related to CSRSU at June 30, 2023 is expected to be recognized over the weighted average period of 2.14 years. Total compensation expense for CSRSUs was $0.2 million and $0.1 million for the years ended June 30, 2023 and 2022, respectively.

Note 15. Other Current Liabilities

Other current liabilities consist of the following:

	As of June 30,	
(In thousands)	2023	2022
Other (1)	$ 3,334	$ 4,955
Accrued workers' compensation liabilities	992	947
Finance lease liabilities	193	193
Other current liabilities	$ 4,519	$ 6,095

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

Note 16. Other Long-Term Liabilities

Other long-term liabilities include the following:

	As of June 30,	
(In thousands)	2023	2022
Deferred compensation (1)	267	195
Finance lease liabilities	270	409
Deferred income taxes (2)	—	735
Other long-term liabilities	$ 537	$ 1,339

(1) Includes performance cash awards liability and payroll taxes.
(2) Includes deferred tax liabilities that have an indefinite reversal pattern.

Note 17. Income Taxes

The current and deferred components of the provision for income taxes consist of the following:

	For the Years Ended June 30,		
(In thousands)	2023	2022	2021
Current:			
Federal	$ —	$ —	$ (22)
State	142	124	213
Total current income tax expense	142	124	191
Deferred:			
Federal	(373)	—	11,011
State	(94)	—	2,726
Total deferred income tax (benefit) expense	(467)	—	13,737
Income tax (benefit) expense	$ (325)	$ 124	$ 13,928

A reconciliation of income tax expense to the federal statutory tax rate is as follows:

	For the Years Ended June 30,		
(In thousands)	2023	2022	2021
Statutory tax rate	21%	21%	21%
Income tax benefit at statutory rate	$ (7,216)	$ (389)	$ (3,420)
State income tax expense (benefit) (net of federal tax benefit)	2,407	(754)	(206)
Valuation allowance	3,788	1,767	1,835
Change in tax rate	(111)	(210)	1,055
Post-retirement medical plan and other offset in OCI	(467)	—	13,738
Other (net)	1,274	(290)	926
Income tax (benefit) expense	$ (325)	$ 124	$ 13,928

Our federal corporate tax rate is 21%, effective for the tax years beginning on or after January 1, 2018. Deferred tax amounts are calculated based on the rates at which they are expected to reverse in the future.

For the years ended June 30, 2023, 2022 and 2021, the Company’s income tax expense includes an increase in the valuation allowance related to the Company’s operating losses.

The primary components of the temporary differences which give rise to the Company's net deferred tax assets (liabilities) are as follows:

	As of June 30,	
(In thousands)	**2023**	**2022**
Deferred tax assets:		
Postretirement benefits	$ 5,349	$ 7,284
Accrued liabilities	2,642	4,759
163(j) Interest Limitation	7,772	4,040
Net operating loss carryforward	55,566	51,413
Intangible assets	6,481	6,936
Right-of-use operating lease liabilities	6,346	7,041
Other	5,436	7,650
Total deferred tax assets	89,592	89,123
Deferred tax liabilities:		
Property, plant and equipment	(725)	(15,726)
Right-of-use operating lease assets	(6,194)	(7,174)
Other	(2,238)	(79)
Total deferred tax liabilities	(9,157)	(22,979)
Valuation allowance	(80,435)	(66,879)
Net deferred tax liability	$ —	$ (735)

At June 30, 2023, the Company had approximately $133.9 million of federal and $173.1 million of state net operating loss carryforwards that will begin to expire in the years ending June 30, 2027 and June 30, 2024, respectively. Net operating losses of $78.9 million in federal and $10.3 million of state are indefinite lived and will not expire. Additionally, at June 30, 2023, the Company had $0.9 million of federal and state tax credits.

In assessing if the deferred tax assets will be realized, the Company considers whether it is probable that some or all of the deferred tax assets will not be realized. In determining whether the deferred taxes are realizable, the Company considers the period of expiration of the tax asset, historical and projected taxable income, and tax liabilities for the tax jurisdiction in which the tax asset is located. Valuation allowances are provided to reduce the amounts of deferred tax assets to an amount that is more likely than not to be realized based on an assessment of positive and negative evidence, including estimates of future taxable income necessary to realize future deductible amounts.

For the years ended June 30, 2023, 2022 and 2021, due to recent cumulative losses, the Company concluded that certain federal and state net operating loss carry forwards and tax credit carryovers will not be utilized before expiration. The amounts of valuation allowance recorded in the Consolidated Balance Sheets were $80.4 million and $66.9 million to reduce deferred tax assets as of June 30, 2023 and 2022, respectively.

As of, and for the three years ended June 30, 2023, 2022 and 2021, the Company had no significant uncertain tax positions.

On August 16, 2022 the Inflation Reduction Act of 2022 was signed into law. The Company does not anticipate any material impact to our consolidated financial statements.

The Company files income tax returns in the U.S. and in various state jurisdictions with varying statutes of limitations. The Company is no longer subject to U.S. income tax examinations for the fiscal years prior to June 30, 2019. 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.

The Company's policy is to recognize interest expense and penalties related to income tax matters as a component of income tax expense. There were no amount of interest and penalties recognized in the Consolidated Balance Sheets in the fiscal years ended June 30, 2023 and 2022, associated with uncertain tax positions. Additionally, the Company did not record any income tax expense related to interest and penalties on uncertain tax positions in the fiscal years ended June 30, 2023, 2022 and 2021.

Note 18. Net Loss Per Common Share

Basic net loss per common share is calculated by dividing net loss attributable to the Company by the weighted average number of common shares outstanding during the periods presented. Diluted net loss per common share is calculated by dividing diluted net 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, and shares of 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) and unvested performance-based restricted stock units because their inclusion would be anti-dilutive.

The following table presents the computation of basic and diluted loss per common share:

	For the Years Ended June 30,		
(In thousands, except share and per share amounts)	**2023**	**2022**	**2021**
Undistributed loss from continuing operations available to common stockholders	$ (30,766)	$ (1,939)	$ (29,272)
Undistributed loss from continuing operations available to nonvested restricted stockholders and holders of convertible preferred stock	$ (3,272)	$ (629)	$ (1,515)
Loss from continuing operations, net of cumulative preferred dividends unpaid and undeclared	$ (34,038)	$ (2,568)	$ (30,787)
Loss from discontinued operations available to common stockholders—basic	$ (45,142)	$ (13,687)	$ (11,438)
Net loss available to common stockholders—basic	$ (79,180)	$ (16,255)	$ (42,225)
Weighted average common shares outstanding—basic	19,621,992	18,200,080	17,635,402
Effect of dilutive securities:			
Weighted average common shares outstanding—diluted	19,621,992	18,200,080	17,635,402
Loss from continuing operations per common share available to common stockholders—basic	$ (1.74)	$ (0.14)	$ (1.74)
Loss from continuing operations per common share available to common stockholders—diluted	$ (1.74)	$ (0.14)	$ (1.74)
Loss from discontinued operations per common share available to common stockholders—basic	$ (2.30)	$ (0.75)	$ (0.65)
Loss from discontinued operations per common share available to common stockholders—diluted	$ (2.30)	$ (0.75)	$ (0.65)
Net loss per common share available to common stockholders—basic	$ (4.04)	$ (0.89)	$ (2.39)
Net loss per common share available to common stockholders—diluted	$ (4.04)	$ (0.89)	$ (2.39)

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

	For the Years Ended June 30,		
	2023	**2022**	**2021**
Shares issuable under stock options	331,658	452,537	395,069
Shares issuable under convertible preferred stock	—	452,667	437,165
Shares issuable under PBRSUs	491,564	426,243	376,264

Note 19. Commitments and Contingencies

Purchase Commitments

As of June 30, 2023, the Company had committed to purchase green coffee inventory totaling $99.5 million under fixed-price contracts and $15.8 million in inventory and other purchases under non-cancelable purchase orders.

Boyd Coffee Acquisition

In connection with the Company's acquisition of Boyd Coffee Company, now known as BCC Newco, Inc. ("Boyd"), on October 2, 2017 and pursuant to that certain Asset Purchase Agreement, dated as of August 18, 2017, by and among the Company, Boyd Assets Co., a Delaware corporation and wholly owned subsidiary of the Company, Boyd and each of the parties set forth on Exhibit A thereto (the “Boyd Purchase Agreement”), the Company withheld 914 shares of Series A Preferred Stock pending satisfaction of certain indemnification claims against Boyd (the "Holdback Shares"). As previously disclosed, all other obligations under Boyd Purchase Agreement have been satisfied.

On July 26, 2022, the Company and Boyd entered into a settlement agreement regarding the retention and cancellation of the Holdback Shares and the reacquisition on a cashless basis and cancellation of 1,736 shares of Series A Preferred Stock issued to Boyd at the closing of the transactions contemplated by the Boyd Purchase Agreement.

Effective August 25, 2022, Boyd converted the remaining Series A Preferred Stock into shares of the Company’s common stock. See *Note 21*, *Preferred Stock* for additional information regarding the terms of the Series A Preferred Stock and the conversion.

Legal Proceedings

Council for Education and Research on Toxics ("CERT") v. Brad Berry Company Ltd., et al., Superior Court of the State of California, County of Los Angeles

On August 31, 2012, CERT filed an amendment to a private enforcement action adding a number of companies as defendants, including the Company's subsidiary, Coffee Bean International, Inc., which sell coffee in California under the State of California's Safe Drinking Water and Toxic Enforcement Act of 1986 ("Prop 65"). The suit alleges that the defendants have failed to issue clear and reasonable warnings in accordance with Prop 65 that the coffee they produce, distribute, and sell contains acrylamide. This lawsuit was filed in Los Angeles Superior Court (the "Court"). CERT alleges that the Company and the other defendants failed to provide warnings for their coffee products of exposure to the chemical acrylamide as required under Prop 65. Plaintiff seeks equitable relief and civil penalties in the amount of the statutory maximum of $2,500 per day per violation of Prop 65. The Plaintiff asserts that every consumed cup of coffee, absent a compliant warning, is equivalent to a violation under Prop 65.

The Company, as part of a joint defense group ("JDG") organized to defend against the lawsuit, disputes the claims of CERT. Acrylamide is not added to coffee but is present in all coffee in small amounts (parts per billion) as a byproduct of the coffee bean roasting process.

A series of procedural and legislative developments occurred in the ensuing years, and at hearings in August 2020 the Court denied CERT's motion for summary judgment and granted the JDG's motion for summary judgment. Notice of Judgment in favor of defendants was entered on October 6, 2020. CERT filed an appeal which was denied on October 26, 2022. On December 2, 2022, CERT filed a petition for review with the California Supreme Court which the Court denied on February 15, 2023. On February 23, 2023, the appellate court entered an order affirming the trial court's decision to grant the JDG's motion for summary judgment and remitting the case to the trial court to affirm the judgment in favor of the JDG. On July 7, 2023, the trial court affirmed the judgment in favor of the JDG and awarded costs to Defendants.

The Company believes that the likelihood that the Company will ultimately incur a loss in connection with this litigation is less than reasonably possible.

The Company is a party to various other 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 20. 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 primarily through two methods, DSD to the Company's customers at their place of business and direct ship from the Company's warehouse to the customer's warehouse or facility. 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:

	For the Years Ended June 30,					
	2023		2022		2021	
(In thousands)	$	% of total	$	% of total	$	% of total
Net Sales by Product Category:						
Coffee (Roasted)	$ 160,009	31.9 %	$ 151,843	32.4 %	$ 131,788	33.1 %
Tea & Other Beverages (1)	88,241	17.6 %	80,547	17.2 %	64,968	16.3 %
Culinary	64,429	12.9 %	55,782	11.9 %	44,356	11.1 %
Spices	23,502	4.7 %	22,248	4.7 %	18,680	4.7 %
Delivery Surcharge	3,783	0.8 %	4,363	0.9 %	2,119	0.6 %
Net sales from continuing operations	339,964	67.9 %	314,783	67.1 %	261,911	65.8 %
Net sales from discontinued operations	160,977	32.1 %	154,410	32.9 %	135,939	34.2 %
Net sales by product category	$ 500,941	100.0 %	$ 469,193	100.0 %	$ 397,850	100.0 %

(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 June 30, 2023. Receivables from contracts with customers are included in “Accounts receivable, net” on the Company’s consolidated balance sheets. At June 30, 2023, and 2022, “Accounts receivable, net” included, $42.9 million, and $44.2 million respectively, in receivables from contracts with customers.

Note 21. 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 June 30, 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 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.

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.

DESCRIPTION OF SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

Farmer Bros. Co. (“***Farmer Bros.***,” “***we***” or “***our***”) is incorporated in the State of Delaware. The following description of our common stock, par value $1.00 per share (“***Common Stock***”), is a summary and does not purport to be complete. Our Common Stock is our only security registered under Section 12 of the Securities Exchange Act of 1934, as amended. The description of our Common Stock is subject to and qualified in its entirety by reference to our Second Amended and Restated Certificate of Incorporation, as amended, amended and restated or otherwise modified from time to time (the “***Certificate***”), and our Amended and Restated By-laws, as amended, amended and restated or otherwise modified from time to time (the “***Bylaws***”), which are incorporated by reference as Exhibits 3.1 and 3.2, respectively, to our Annual Report on Form 10-K of which this Exhibit 4.3 is a part. This description is qualified in its entirety by, and should be read in conjunction with, the Certificate, Bylaws and the applicable provisions of the General Corporation Law of the State of Delaware, as amended (the “***DGCL***”).

DESCRIPTION OF COMMON STOCK

Authorized Capital Stock

Pursuant to the Certificate, our authorized capital stock consists of 50,000,000 shares of Common Stock and 500,000 shares of preferred stock, par value $1.00 per share (“***Preferred Stock***”).

All of the outstanding shares of Common Stock are fully paid and non-assessable. A share of Common Stock is fully paid and non-assessable if such share has been issued for consideration legally permissible under the DGCL with a value at least equal to the par value per share of Common Stock. Holders of fully paid and non-assessable shares of Common Stock will not be liable for any obligations or liabilities of the Company that the Company may fail to discharge.

Voting Rights

Subject to any preferential rights, holders of Common Stock are entitled to one vote per share for the election of directors and on all other matters that require stockholder approval. Unless otherwise provided by the DGCL, the Certificate (including any certificate of designations of preferences as to any Preferred Stock), the Bylaws, or the rules and regulations of any stock exchange applicable to us or any other applicable law, the vote of stockholders required to decide any matter brought before a stockholder meeting at which a quorum is present is a majority of the total number of votes of our Common Stock represented and entitled to vote thereat, voting as a single class.

Liquidation

In the event of a liquidation, dissolution or winding up of Farmer Bros., holders of Common Stock are entitled to share ratably in all assets remaining after payment of liabilities and the liquidation preferences of any outstanding shares of Preferred Stock.

Other Rights and Preferences

Our Common Stock has no preemptive rights, no cumulative voting rights and no redemption, sinking fund or conversion provisions.

Dividends

Subject to preferences that may be applicable to any outstanding shares of Preferred Stock, the holders of Common Stock are entitled to receive ratably such dividends as may be declared by our Board of Directors (the “***Board***”) out of funds legally available therefor.

Provisions Related to a Change in Control

Some provisions of our Certificate, our Bylaws and the DGCL may have the effect of delaying, deferring or preventing a tender offer for or the attempted takeover of Farmer Bros. Among other things, our Certificate and Bylaws include the following provisions:

- *Additional Shares of Preferred Stock.* The Board has the authority to issue additional shares of Preferred Stock and to determine the price, rights, preferences, privileges and restrictions, including voting rights, of those shares without any further vote or action by stockholders.
- *Stockholder Action by Written Consent.* All stockholder action must be taken at a duly called annual or special meeting of the stockholders and not by any consent in writing.
- *Requirements for Advance Notification of Stockholder Nominations and Proposals.* The Bylaws set forth advance notice procedures which stockholders must follow to submit proposed nominations of persons for election to our Board and other proposals for business to be brought before an annual meeting of our stockholders, and also specify requirements as to the form and content of a stockholder's notice, including with respect to a stockholder's notice under Rule 14a-19 of the Exchange Act.
- *Board Matters.* Newly-created directorships and vacancies on the Board may be filled only by a majority of the directors then in office.
- *Bylaw Amendments.* Our Bylaws may be amended by our stockholders or the Board, and all such amendments must be approved by either the holders of at least a majority of the outstanding capital stock entitled to vote thereon or by a majority of the directors then in office.

As a Delaware corporation, Farmer Bros. is governed by the provisions of Section 203 of the DGCL. In general, Section 203 of the DGCL prohibits a Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder, unless:

- before the date that the person became an "interested stockholder," the board of directors approved either the "business combination" or the transaction which makes the person an "interested stockholder";
- upon completion of the transaction that results in the "interested stockholder" becoming an "interested stockholder," the "interested stockholder" owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced; or
- on or subsequent to the date that the person became an "interested stockholder," the business combination is approved by the board of directors and the affirmative vote of at least 66-2/3% of the outstanding voting stock that is not owned by the "interested stockholder."

Generally, a "business combination" includes a merger, asset sale, stock sale or other transaction resulting in a financial benefit to the stockholder. An "interested stockholder" is a person who either owns 15% or more of our outstanding voting stock or, together with affiliates and associates, owns or, within three prior years, did own, 15% or more of our outstanding voting stock.

Exclusive Forum Provision

Our Bylaws provide that, unless we consent in writing to the selection of an alternative forum, the Court of Chancery of the State of Delaware (or, in the event that the Chancery Court does not have jurisdiction, the federal district court for the District of Delaware or other state courts of the State of Delaware) shall, to the fullest extent permitted by law, be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of Farmer Bros., (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or stockholder to us or to our stockholders, (iii) any action arising pursuant to any provision of the DGCL or the Certificate or Bylaws or as to which the DGCL confers jurisdiction on the Chancery Court, (iv) any action asserting a claim against us that is governed by the internal affairs doctrine, or (v) any action asserting an "internal corporate claim" as the term is defined in Section 115 of the DGCL.

National Securities Exchange

Our Common Stock is listed on the Nasdaq Global Select Market under the trading symbol "FARM".

Transfer Agent and Registrar

The transfer agent and registrar for our Common Stock is EQ Shareholder Services.

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 payable 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 (“***RSU Terms***”). The Company’s issuance to you of the RSUs is conditioned upon your timely acceptance of the RSU Terms. Please promptly indicate your acceptance as soon as possible, but in no event later than 30 days following the Grant Date noted above (the **“Acceptance Deadlin**e”). **Failure to accept the RSU Terms by the Acceptance Deadline will result in cancellation of the RSUs, and you will have no rights to the RSUs if you do not accept the RSUs by the Acceptance Deadlin**e

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. As noted above, failure to accept the RSU Terms by the Acceptance Deadline will result in the cancellation of the RSUs, and you will have no further rights with respect to the Award.

(b) The Company hereby grants to Participant, with respect to each RSU, a corresponding Dividend Equivalent right attributable to one Share 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 one Share. 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 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 one Share 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. 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 the right to receive any Shares underlying the RSU that are not Vested RSUs (the "Unvested RSUs") at the time of Participant's Termination of Service, except as otherwise provided for in this Agreement. Upon forfeiture of Unvested RSUs, the Participant will have no further rights with respect to the Unvested RSUs.

(b) 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 RSUs 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 RSUs 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 cure period.

1.4 <u>Settlement</u>.

(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 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

1.5 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 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

1.6 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);

(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;

(k) as specified in Section 3.17 hereof, the RSUs 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

(l) 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 or Company.

1.7 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.

1.8 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.

1.9 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.

1.10 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.

1.11 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.

1.12 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.

1.13 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.

1.14 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.

1.15 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.

1.16 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.

1.17 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.

1.18 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.

1.19 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.

1.20 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.

1.21 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.

1.22 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).

1.23 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.

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]]
Maximum Number of RSUs Granted:	[[SHARESGRANTED]]
Total Shareholder Return Measurement Period	July 1, 2023 thru June 30, 2026 (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 ("***RSU Terms***"). The Company's issuance to you of the RSUs is conditioned upon your timely acceptance of the RSU Terms. Please promptly indicate your acceptance as soon as possible, but in no event later than 30 days following the Grant Date noted above (the **"Acceptance Deadlin**e"). **Failure to accept the RSU Terms by the Acceptance Deadline will result in cancellation of the RSUs, and you will have no rights to the RSUs if you do not accept the RSUs by the Acceptance Deadlin**e

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

(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. As noted above, failure to accept the RSU Terms by the Acceptance Deadline will result in the cancellation of the RSUs, and you will have no further rights with respect to the Award.

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 and to adjust the Performance Goals set forth on Exhibit A for any of the objectively determinable adjustments set forth in Section 1.32(b) of the Plan. 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 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 cure 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 (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

1.5 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 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

1.6 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);

(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;

(k) as specified in Section 3.17 hereof, the RSUs 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

(l) 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 or Company.

1.7 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.

1.8 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.

1.9 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.

1.10 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.

1.11 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.

1.12 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.

1.13 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.

1.14 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.

1.15 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.

1.16 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.

1.17 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.

1.18 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.

1.19 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.

1.20 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.

1.21 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.

1.22 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).

1.23 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 A

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 cash-based restricted stock units (the "***CRSUs***") 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]]**
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 ("***CRSU Terms***"). The Company's issuance to you of the CRSUs is conditioned upon your timely acceptance of the CRSU Terms. Please promptly indicate your acceptance as soon as possible, but in no event later than 30 days following the Grant Date noted above (the **"Acceptance Deadlin**e"). **Failure to accept the CRSU Terms by the Acceptance Deadline will result in cancellation of the RSUs, and you will have no rights to the RSUs if you do not accept the CRSUs by the Acceptance Deadlin**e

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

---

Article I.
AWARD; VESTING; FORFEITURE AND SETTLEMENT

1.1 CRSUs and Dividend Equivalents

(a) Each CRSU is a notional amount that represents one unvested Share. Each CRSU represents the right to a distribution of cash equal to the Fair Market Value of one Share equivalent unit if on the terms, and subject to the conditions, set forth in this Agreement and the Plan the CRSU vests. 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. As noted above, failure to accept the CRSU Terms by the Acceptance Deadline will result in the cancellation of the CRSUs, and you will have no further rights with respect to the Award.

(b) The Company hereby grants to Participant, with respect to each CRSU, a corresponding Dividend Equivalent right attributable to one Share 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 one Share. 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 distribution to the Participant of cash equal to the Fair Market Value of one Share equivalent unit 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 one Share 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 any actual dividend with respect to the same CRSU once settled. 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, 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 cure 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).

ARTICLE II.
TAXATION AND TAX WITHHOLDING

1.5 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

1.6 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);

(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.

1.7 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.

1.8 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.

1.9 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.

1.10 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.

1.11 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.

1.12 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.

1.13 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 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.

1.14 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.

1.15 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.

1.16 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.

1.17 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.

1.18 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.

1.19 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.

1.20 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).

1.21 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.

SEVERANCE AGREEMENT

This **SEVERANCE AGREEMENT** (this "Agreement") is effective as of [●], 2023 (the "Effective Date") and made by and between Farmer Bros. Co. (the "Company") and [●] (the "Executive"). The Company and the Executive are referred to herein as the "Parties."

WHEREAS, the Company considers it essential to the best interests of the Company's shareholders to attract top executives and to foster the continuous employment of key management personnel; and

WHEREAS, in order to induce the Executive to remain in the employ of the Company and in consideration of the Executive's continued services to the Company, the Company and the Executive desire to enter into this Agreement.

NOW, **THEREFORE**, in consideration of the foregoing, the Parties hereby agree as follows:

1. Term of Agreement. This Agreement shall be effective as of the date hereof and shall continue in effect until the earlier of (i) the Executive's Separation from Service and the Company's satisfaction of all of its obligations under this Agreement, if any; or (ii) the execution of a written agreement between the Company and the Executive terminating this Agreement.

2. Definitions. As used in this Agreement:

(i) "Accrued Benefits" means the total of:

a. any portion of Executive's base salary earned through the date of the Executive's Separation from Service but not yet paid;

b. to the extent an Executive is terminated following the end of the Company's fiscal year, but prior to the payment of any bonus under the Company's short-term incentive plan (the short-term incentive plan shall be hereinafter referred to as the "STIP"), the STIP payment that would have been paid to Executive based on the Company's actual financial performance for that fiscal year, with no adjustment for individual performance;

c. a payment for Executive's earned but unused vacation time in accordance with applicable Company policy; and

d. reimbursements for any and all amounts advanced in connection with Executive's employment for reasonable and necessary expenses incurred by Executive through such Separation from Service in accordance with the Company's policies and procedures on reimbursement of expenses.

(ii) "Annual Compensation" means:

(a) one year of base salary, at the highest base salary rate that the Executive was paid by the Company in the twelve (12) month period prior to the date of the Executive's Separation from Service; and

(b) the amount the Executive would pay on an annual basis for COBRA continuation premiums (less required co-pay) if the Executive elected COBRA continuation coverage under the Company's group insurance plans for Executive and Executive's then-covered dependents, if applicable.

(iii) "Beneficial Ownership" or "Beneficially Owning" shall have the meanings ascribed to such terms in Rule 13d-3 of the General Rules and Regulations promulgated under the Exchange Act.

(iv) "Board" means the Board of Directors of the Company.

(v) "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.

(vi) "Change in Control" shall mean:

(a) An acquisition by any Person (as such term is defined in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, including a "group" as defined in Section 13(d) thereof) of Beneficial Ownership of the Shares then outstanding (the "Company Shares Outstanding") or the voting securities of the Company then outstanding entitled to vote generally in the election of directors (the "Company Voting Securities Outstanding"), if such acquisition of Beneficial Ownership results in the Person Beneficially Owning fifty percent (50%) or more of the Company Shares Outstanding or fifty percent (50%) or more of the combined voting power of the Company Voting Securities Outstanding; excluding, however, any such acquisition by a trustee or other fiduciary holding such Shares under one or more employee benefit plans maintained by the Company or any of its subsidiaries; or

(b) The approval of the stockholders of the Company of a reorganization, merger, consolidation, complete liquidation, or dissolution of the Company, the sale or disposition of all or substantially all of the assets of the Company or any similar corporate transaction (in each case referred to in this Section 2(vi)(b) as a "Corporate Transaction"), other than a Corporate Transaction that would result in the outstanding common stock of the Company immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into common stock of the surviving entity or a parent or affiliate thereof) at least fifty percent (50%) of the outstanding common stock of the Company or such surviving entity or parent or affiliate thereof immediately after such Corporate Transaction; provided, however, if the consummation of such Corporate Transaction is subject, at the time of such approval by stockholders, to the consent of any government or governmental agency, the Change in Control shall not occur until the obtaining of such consent (either explicitly or implicitly); or

(c) A change in the composition of the Board such that the individuals who, as of the Effective Date, constitute the Board (such Board shall be hereinafter referred to as the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, for purposes of this Section 2(vi)(c) that any individual who becomes a member of the Board subsequent to the Effective Date whose election, or nomination for election by the Company's stockholders, was approved by a vote of at least a majority of those individuals who are members of the Board and who were also members of the Incumbent Board (or deemed to be such pursuant to this proviso) shall be considered as though such individual were a member of the Incumbent Board; but, provided, further, that any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the

Exchange Act, including any successor to such Rule), or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board, shall not be so considered as a member of the Incumbent Board.

(vii) "Change in Control Period" means the period beginning on the effective date of a Change in Control and ending on the first anniversary of such date.

(viii) "COBRA" means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

(ix) "Code" means the Internal Revenue Code of 1986, as amended.

(x) "Company Group" means the Company and its subsidiaries collectively.

(xi) "Disabled" has the meaning set forth under applicable state or federal law, and no reasonable accommodation can be provided without undue hardship to the Company.

(xii) "Exchange Act" means the Securities Exchange Act of 1934, as amended, or any successor act.

(xiii) "Good Reason" means, without the Executive's consent: (a) a material reduction in Executive's base salary, other than pursuant to a reduction applicable to all executives or employees of the Company generally; (b) a move of Executive's primary place of work more than fifty (50) miles from its current location; or (c) a material diminution in Executive's normal duties and responsibilities, including, but not limited to, the assignment without Executive's consent of any diminished duties and responsibilities which are inconsistent with Executive's positions, duties and responsibilities with the Company Group on the date of this Agreement, or a materially adverse change in Executive's reporting responsibilities or titles as in effect on the date of this Agreement, or any removal of Executive from or any failure to re-elect Executive to any of such positions, except in connection with the termination of the Executive's employment for Cause or upon death, the Executive becoming Disabled, voluntary resignation or other termination of employment by the Executive without Good Reason; provided that, in each case, Executive must provide at least thirty (30) days' prior written notice of termination for Good Reason within 30 days after the occurrence of the event that Executive claims constitutes Good Reason, and the Company shall have the opportunity to cure such circumstances within thirty (30) days of receipt of such notice. For the avoidance of doubt, Good Reason shall not exist hereunder unless and until the 30-day cure period following receipt by the Company of Executive's written notice expires and the Company shall not have cured such circumstances, and in such case Executive's employment shall terminate for Good Reason on the day following expiration of such 30-day notice period.

(xiv) "Qualifying Termination" means a Separation from Service on account of a termination of employment by the Company without Cause or the Executive's resignation for Good Reason.

(xv) "Separation from Service" or "Separates from Service" or similar terms means a termination of employment with the Company Group that the Company determines is a "separation from service" in accordance with Section 409A of the Code.

(xvi) "Shares" means shares of the common stock of the Company, par value $1.00 per share.

(xvii) "Specified Employee" means a "specified employee" within the meaning of that term under Section 409A(a)(2)(B) of the Code and using the identification methodology selected by the Company from time to time in accordance therewith, or if none, the default methodology set forth therein.

3. Compensation Upon a Termination by the Company Without Cause or by the Executive for Good Reason.

(i) Outside the Change in Control Period. Subject to Section 3(iii) herein, upon a Qualifying Termination that occurs outside of the Change in Control Period, the Executive will be entitled to:

(a) Accrued Benefits, which shall be paid in a lump sum payment on the first regular pay date following the Separation from Service, except for any portion of Accrued Benefits attributable to any earned STIP payment, which shall be paid on the date the STIP payment would have been made to the Executive but for the Separation from Service;

(b) an amount equal to the Executive's Annual Compensation, which subject to Section 20(ii) below, shall be paid in regular bi-weekly installments on the Company's regular pay dates, commencing on the first regular pay date following the Separation from Service; and

(c) an amount equal to the STIP payment Executive would have otherwise been entitled but for Executive's Separation from Service during the year such Qualifying Termination occurs based on the Company's actual financial performance for such fiscal year (and with no adjustment for individual performance) prorated for the period of actual employment during such fiscal year, which shall be paid on the date the STIP payment is otherwise paid to similar situated employees of the Company pursuant to the STIP, but in no event later than September 15 of the year following Executive's Separation from Service.

(ii) During the Change in Control Period. Subject to Sections 3(iii) and 5 herein, if the Qualifying Termination occurs during the Change in Control Period:

(a) Accrued Benefits, which shall be paid in a lump sum on the first regular pay date following the Separation from Service;

(b) an amount equal to two (2) times the Executive's Annual Compensation, which, subject to Section 20(ii), shall be paid in a lump sum within the fifteen (15) day period following the Qualifying Termination;

(c) an amount equal to the STIP payment Executive would have otherwise been entitled but for Executive's Separation from Service during the year such Qualifying Termination occurs at one hundred percent (100%) of the STIP target award for which the Executive was eligible prorated for the period of actual employment during such fiscal year, which, subject to Section 20(ii), shall be paid in a lump sum within the fifteen (15) day period following the Qualifying Termination; and

(d) the Company shall reimburse the Executive for the reasonable costs, fees and expenses of outplacement assistance services (not to exceed twenty thousand dollars ($20,000)) provided by any bona fide outplacement agency selected by the Executive, subject to the Executive's providing the Company with substantiation and documentation of such fees. The outplacement expenses must be incurred by the Executive no later than the December 31 of the second calendar year following the calendar year in which Executive's termination occurs and must be paid by the Company no later than the last day of the third fiscal year following the fiscal year in which Executive's termination occurs. In no event will the Executive be entitled to receive the cash value of the outplacement services in lieu of the outplacement services.

(iii) Payment Conditions. The Executive's receipt of any severance payments or benefits upon the Executive's Qualifying Termination under this Section 3 is subject to the Executive's execution and non-revocation of a separation agreement and release of claims in a form reasonably satisfactory to the Company (the "Release") (which must become effective and irrevocable no later than the sixtieth (60th) day following the Executive's Qualifying Termination (the "Release Deadline")). Notwithstanding the times of payment otherwise set forth in Section 3, the payments due under Sections 3(i)(b) and (c) and Sections 3(ii)(b) and (c) shall be made (or commence to the Executive) within fifteen (15) days following receipt by the Company of the Release properly executed (and not revoked) by the Executive. If the Release does not become effective and irrevocable by the Release Deadline, the Executive will forfeit any right to severance payments or benefits under Section 3.

4. Compensation Upon Termination as a result of Death or becoming Disabled. Subject to Section 5, if the Executive Separates from Service on account of the Executive's death or the Executive becoming Disabled:

(i) the Executive or Executive's estate will be entitled to Accrued Benefits, which will be payable in a lump sum on the sixtieth (60th) calendar day following such Separation from Service; and

(ii) the Executive or Executive's estate, as applicable, will be entitled to a lump sum payment equal to twelve (12) times the full monthly cost of premiums Executive would pay in the first calendar month immediately following the calendar month that includes the Executive's date of termination if Executive timely elected to continue coverage at the level in effect immediately prior to Executive's Separation from Service in any Company Group group medical, dental, vision or prescription drug plans in which Executive or Executive's eligible dependents are entitled to continue participation under COBRA or other similar applicable law for Executive (in the event of Executive becoming Disabled) and Executive's then-covered dependents, if applicable (in the event of death or Executive becoming Disabled) payable in a lump sum on the sixtieth (60th) calendar day following such Separation from Service.

5. Parachute Payments. If the Board determines, in its sole discretion, that Section 280G of the Code applies to any compensation or benefits payable to the Executive, then the provisions of this Section 5 shall apply to such compensation or benefits, as applicable. If any payments or benefits to which the Executive is entitled from the Company, any affiliate, any successor to the Company or an affiliate, or any trusts established by any of the foregoing by reason of, or in connection with, any transaction that occurs after the date hereof (collectively, the "Payments," which shall include, without limitation, the vesting of any equity awards or other non- cash benefit or property) are, alone or in the aggregate, more likely than not, if paid or delivered to the Executive, to be subject to the tax imposed by Section 4999 of the Code or any successor provisions to that section, then the Payments (beginning with any Payment to be paid in cash hereunder), shall be either (i) reduced (but not below zero) so that the present value of such total Payments received by the Executive will be one dollar less than three times the Executive's "base amount" (as defined in Section 280G(b)(3) of the Code) and so that no portion of such Payments received by the Executive shall be subject to the excise tax imposed by Section 4999 of the Code, or (ii) paid in full, whichever of (i) or (ii) produces the better net after tax position to the Executive (taking into account any applicable excise tax under Section 4999 of the Code and any other applicable taxes). The determination as to whether any Payments are more likely than not to be subject to taxes under Section 4999 of the Code and as to whether reduction or payment in full of the amount of the Payments provided hereunder results in the better net after tax position to the Executive shall be made by the Board in good faith, which, if reasonably necessary, will include making such determination based on advice from an independent public accounting firm with a national reputation in the United States.

6. No Mitigation. The Executive shall not be required to mitigate the amount of any payment provided herein by seeking other employment or otherwise, nor shall the amount of such payment be reduced by reason of compensation or other income the Executive receives for services rendered after the Executive's Separation from Service from the Company.

7. Exclusive Remedy. In the event of the Executive's Separation from Service, this Agreement is intended to be and is exclusive and in lieu of any other rights or remedies to which the Executive or the Company may otherwise be entitled (including any contrary provisions in any employment agreement the Executive may have with the Company), whether at law, tort or contract, in equity, or under this Agreement.

8. Company's Successors. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, to expressly assume and agree to perform the obligations under this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had

taken place. As used in this Section 8, Company includes any successor to its business or assets as aforesaid which executes and delivers this Agreement or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law.

9. Notice. All notices, demands and other communications required or permitted hereunder or designated to be given with respect to the rights or interests covered by this Agreement shall be deemed to have been properly given or delivered when delivered personally or sent by certified or registered mail, return receipt requested, U.S. mail or reputable overnight carrier, with full postage prepaid and addressed to the Parties as follows:

If to the Company, at:

1912 Farmer Brothers Drive
Northlake, Texas 76262
Attention: General Counsel

If to Executive, at:

Executive’s last known address reflected on the payroll records of the Company

The Company may change the above designated address by notice to the Executive. The Executive will maintain a current address with the payroll records of the Company.

10. Amendment. No provisions of this Agreement may be amended, modified, waived or discharged unless the Executive and the Company agree to such amendment, modification, waiver or discharge in writing.

11. Sole Agreement. This Agreement represents the entire agreement between the Executive and the Company with respect to the matters set forth herein and supersedes and replaces any prior agreements in their entirety. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter of this Agreement will be made by either party which are not set forth expressly herein. No future agreement between the Executive and the Company may supersede this Agreement, unless it is in writing and specifically makes reference to this Section 11.

12. Funding. This Agreement shall be unfunded. Any payment made under the Agreement shall be made from the Company’s general assets.

13. Waiver. No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

14. Headings. All captions and section headings used in this Agreement are for convenience purposes only and do not form a part of this Agreement.

15. Severability. In the event that one or more of the provisions of this Agreement shall be invalidated for any reason by a court of competent jurisdiction, any provision so invalidated shall be deemed to be separable from the other provisions hereof, and the remaining provisions hereof shall continue to be valid and fully enforceable.

16. No Employment Contract. Nothing contained in this Agreement shall confer upon the Executive any right to be employed or remain employed by the Company Group, nor limit or affect in any manner the right of the Company Group to terminate the employment or adjust the compensation of the Executive.

17. Withholding. All payments made pursuant to this Agreement will be subject to withholding of applicable income and employment taxes.

18. Governing Law. This Agreement shall be governed by and construed in accordance with the internal substantive laws of the State of Delaware, without giving effect to any principle of law that would result in the application of the law of any other jurisdiction.

19. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same agreement.

20. Code Section 409A.

(i) General. The Agreement and any amounts payable or benefits that may be provided hereunder are intended to either comply with, or be exempt from, the requirements of Code Section 409A. To the extent that this Agreement and any amounts payable or benefits that may be provided hereunder are not exempt from the requirements of Code Section 409A, this Agreement is intended to comply with the requirements of Code Section 409A and shall be limited, construed and interpreted in accordance with such intent.

(ii) Separation from Service; Specified Employees; Separate Payments. A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment unless such termination is also a Separation from Service. For the avoidance of doubt, none of Executive's compensation is earned or attributable to services in the capacity as a director of the Company but is attributable only to services as an employee. If the Executive is deemed on the date of termination to be a Specified Employee, then to the extent any payment or benefit hereunder (after taking into account all exclusions applicable thereto under Code Section 409A) is "nonqualified deferred compensation" subject to Code Section 409A, then such payment shall be delayed and not be made prior to the earlier of (a) the six-month anniversary of the date of such Separation from Service and (b) the date of the Executive's death (the "Delay Period"). All payments delayed pursuant to this Section 20(ii) (whether they would have otherwise been payable in a single lump sum or in installments in the absence of such delay) shall be paid to the Executive in a single lump sum on the first payroll date on or following the first day following the expiration of the Delay Period, and any remaining payments and benefits due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein. Each payment made under this Agreement will be treated as a separate payment for purposes of Code Section 409A and the right to a series of installment payments under this Agreement is to be treated as a right to a series of separate payments.

[SIGNATURES FOLLOW]

IN WITNESS WHEREOF, this Agreement is executed effective as of the date first set forth above.

FARMER BROS. CO.

By:

Name: [●]

Title: [●]

EXECUTIVE

By:

Name: [●]

Title: [●]

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-260973, 333-221346 and 333-213132 on Form S-3 and Registration Statement No. 333-261921, 333-251227, 333-251230, 333-218997, 333-207170 and 333-157169 on Form S-8 of our report dated September 9, 2021, relating to the consolidated financial statements of Farmer Bros. Co. and subsidiaries (the “Company”) appearing in this Annual Report on Form 10-K of the Company for the year ended June 30, 2023.

/s/ DELOITTE & TOUCHE LLP

Dallas, Texas
September 1, 2022

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our reports dated September 12, 2023, with respect to the consolidated financial statements and internal control over financial reporting included in the Annual Report of Farmer Bros. Co. on Form 10-K for the year ended June 30, 2023. We consent to the incorporation by reference of said reports in the Registration Statements of Farmer Bros. Co. on Forms S-3 (File No. 333-260973, File No. 333-221346 and File No. 333-213132) and on Forms S-8 (File No. 333-261921, File No. 333-251230, File No. 333-251227, File No. 333-218997, File No. 333-207170, and File No. 333-157169).

/s/ Grant Thornton LLP

Dallas, Texas
September 12, 2023

EXHIBIT 31.1

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

I, Deverl Maserang certify that:

1. I have reviewed this Annual Report on Form 10-K 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: September 12, 2023

/S/ DEVERL MASERANG

Deverl Maserang
President and Chief Executive Officer
(principal executive officer)

EXHIBIT 31.2

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

I, Scott R. Drake, certify that:

1. I have reviewed this Annual Report on Form 10-K 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: September 12, 2023

/S/ SCOTT R. DRAKE

Scott R. Drake
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 Annual Report of Farmer Bros. Co. (the “Company”) on Form 10-K for the fiscal year ended June 30, 2023, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Deverl Maserang, 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: September 12, 2023

/S/ DEVERL MASERANG

Deverl Maserang
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.

EXHIBIT 32.2

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

In connection with the Annual Report of Farmer Bros. Co. (the “Company”) on Form 10-K for the fiscal year ended June 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Scott R. Drake, 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: September 12, 2023

/S/ SCOTT R. DRAKE

Scott R. Drake
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.

Farmer Bros. Co.
Amended and Restated Policy on Executive Compensation in Restatement Situations

1. Purpose. The purpose of this Amended and Restated Policy on Executive Compensation in Restatement Situations of the Company (as amended from time to time, the "Policy"), dated as of August 16, 2023 (the "Adoption Date") is to describe the circumstances in which current and former Executive Officers will be required to repay or return Erroneously Awarded Compensation to members of the Company Group. The Company has adopted this Policy to comply with Section 954 of the Dodd- Frank Wall Street Reform and Consumer Protection Act of 2010, as codified by Section 10D of the Exchange Act, Exchange Act Rule 10D-1 promulgated thereunder, and the rules and requirements of NASDAQ (including NASDAQ Listing Rule 5608) (such legal requirements, and rules and requirements of NASDAQ, collectively, the "SEC/NASDAQ Clawback Rules"). Each Executive Officer shall be required to sign and return to the Company the form of acknowledgment to this Policy in the form attached hereto as Exhibit A pursuant to which such Executive Officer will agree to be bound by the terms and comply with this Policy.

2. Administration. This Policy shall be administered by the Committee. The Committee is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy, and any such determinations made by the Committee shall be in the Committee's sole discretion, and shall be final and binding on all affected individuals. Except as otherwise required by applicable legal requirements or the rules and requirements of NASDAQ, any determinations of the Committee hereunder need not be uniform with respect to one or more Executive Officers (whether current and/or former).

3. Definitions. For purposes of this Policy, the following capitalized terms shall have the meanings set forth below:

(a) "Accounting Restatement" shall mean an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement (i) to correct an error in previously issued financial statements that is material to the previously issued financial statements (a "Big R" restatement), or (ii) that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (a "little r" restatement).

(b) "Board" shall mean the Board of Directors of the Company.

(c) "Clawback Eligible Incentive Compensation" shall mean all Incentive-Based Compensation Received by any current or former Executive Officer on or after the NASDAQ Effective Date, provided that:

(i) such Incentive-Based Compensation is Received after such individual began serving as an Executive Officer;

(ii) such individual served as an Executive Officer at any time during the performance period for such Incentive-Based Compensation;

(iii) such Incentive-Based Compensation is Received while the Company has a class of securities listed on NASDAQ; and

(iv) such Incentive-Based Compensation is Received during the applicable Clawback Period.

(d) "Clawback Period" shall mean, with respect to any Accounting Restatement, the three completed fiscal years of the Company immediately preceding the Restatement Date and any transition period (that results from a change in the Company's fiscal year) of less than nine months within or immediately following those three completed fiscal years.

(e) "Committee" shall mean the Compensation Committee of the Board.

(f) "Common Stock" shall mean the common stock, par value $1.00 per share, of the Company.

(g) "Company" shall mean Farmer Bros. Co., a Delaware corporation.

(h) "Company Group" shall mean the Company, together with each of its direct and indirect subsidiaries.

(i) "Erroneously Awarded Compensation" shall mean, with respect to any current or former Executive Officer in connection with any Accounting Restatement, the amount of Clawback Eligible Incentive Compensation Received by such current or former Executive Officer that exceeds the amount of Clawback Eligible Incentive Compensation that otherwise would have been Received by such current or former Executive Officer had such Clawback Eligible Incentive Compensation been determined based on the restated amounts as reflected in connection with such Accounting Restatement, computed without regard to any taxes paid.

(j) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(k) "Executive Officer" shall mean any officer as defined in Rule 10D-1(d) (or any successor provision thereof) under the Exchange Act.

(l) "Financial Reporting Measures" shall mean measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any other measures that are derived wholly or in part from such measures. For purposes of this Policy, stock price and total shareholder return (and any measures that are derived wholly or in part from stock price or total shareholder return) shall be considered Financial Reporting Measures. For the avoidance of doubt, a Financial Reporting Measure need not be presented within the Company's financial statements or included in a filing with the SEC.

(m) "Incentive-Based Compensation" shall mean any compensation that is granted, earned or vested based wholly or in part upon the attainment of a Financial Reporting Measure.

(n) "NASDAQ" shall mean the NASDAQ Global Select Market.

(o) "NASDAQ Effective Date" shall mean October 2, 2023 (which is the effective date of the final NASDAQ listing standards).

(p) "Received" shall mean when Incentive-Based Compensation is received, and Incentive- Based Compensation shall be deemed received in the Company's fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, even if payment or grant of the Incentive-Based Compensation occurs after the end of that period.

(q) "Restatement Date" shall mean the earlier to occur of (i) the date the Board, a committee of the Board or the officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement, or (ii) the date a court, regulator or other legally authorized body directs the Company to prepare an Accounting Restatement.

(r) "SEC" shall mean the U.S. Securities and Exchange Commission.

4. Recoupment of Erroneously Awarded Compensation.

(a) In the event that the Company is required to prepare an Accounting Restatement, (i) the Committee shall determine the amount of any Erroneously Awarded Compensation for each applicable current or former Executive Officer (whether or not such individual is serving as an Executive Officer at such time) (the "Applicable Executives") in connection with such Accounting Restatement, and (ii) the Company will reasonably promptly require the recoupment of such Erroneously Awarded Compensation from any such Applicable Executive, and any such Applicable Executive shall surrender such Erroneously Awarded Compensation to the Company, at such time(s), and via such method(s), as determined by the Committee in accordance with the terms of this Policy.

(b) For Incentive-Based Compensation based on (or derived from) stock price or total shareholder return where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in the applicable Accounting Restatement, (i) such amount shall be determined by the Committee based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was Received, and (ii) the Company will maintain documentation of the determination of that reasonable estimate and provide such documentation to NASDAQ.

(c) The Committee shall determine, in its sole discretion, the method(s) for recouping any Erroneously Awarded Compensation from any Applicable Executive, which may include one or more of the following:

(i) requiring one or more cash payments to the Company Group from such Applicable Executive, including, but not limited to, the repayment of cash Incentive-Based Compensation previously paid by the Company Group to such Applicable Executive;

(ii) seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer or other disposition of any equity-based awards previously made by the Company to such Applicable Executive and/or, subject to applicable legal requirements, otherwise requiring the delivery to the Company of shares of Common Stock held by such Applicable Executive;

(iii) withholding, reducing or eliminating future cash compensation (including cash incentive payments), future equity awards and/or other benefits or amounts otherwise to be paid or awarded by the Company Group to such Applicable Executive;

(iv) offsetting amounts against compensation or other amounts otherwise payable by the Company Group to any Applicable Executive;

(v) cancelling, adjusting or offsetting against some or all outstanding vested or unvested equity awards of the Company held by such Applicable Executive; and/or

(vi) taking any other remedial and recovery actions with respect to such Applicable Executive permitted by applicable legal requirements and the rules and regulations of NASDAQ, as determined by the Committee.

(d) Notwithstanding anything herein to the contrary, the Company shall not be required to recover Erroneously Awarded Compensation from any Applicable Executive pursuant to the terms of this Policy if (1) the Committee determines that such recovery would be impracticable, and (2) any of the following conditions is met:

(i) the direct expenses paid to a third party to assist in enforcing the Policy would exceed the amount to be recovered, provided that, before concluding that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on expense of enforcement pursuant to this clause (i), the Company has (x) made a reasonable attempt to recover such Erroneously Awarded Compensation, (y) documented such reasonable attempt(s) to recover, and (z) provided such documentation to NASDAQ;

(ii) recovery would violate home country law where that law was adopted prior to November 28, 2022, provided that, before determining that it would be impracticable to recover any amount of Erroneously Awarded Compensation based on violation of home country law, the Company has obtained an opinion of home country counsel, acceptable to NASDAQ, that recovery would result in such a violation, has provided copy of the opinion is provided to NASDAQ; or

(iii) recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company Group, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

5. No Indemnification, Etc. The Company Group shall not (x) indemnify any current or former Executive Officer against (i) the loss of any Erroneously Awarded Compensation that is repaid, returned or recovered pursuant to the terms of this Policy, or (ii) any claims relating to the Company Group's enforcement of its rights under this Policy, or (y) pay or reimburse any current or former Executive Officers for insurance premiums to recover losses incurred under this Policy.

6. Supersedure. This Policy will supersede any provisions in (x) any agreement, plan or other arrangement applicable to any member of the Company Group, and (y) any organizational documents of any entity that is part of Company Group that, in any such case, (a) exempt any Incentive- Based Compensation from the application of this Policy, (b) waive or otherwise prohibit or restricts the Company Group's right to recover any Erroneously Awarded Compensation, including, without limitation, in connection with exercising any right of setoff as provided herein, and/or (c) require or provide for indemnification to the extent that such indemnification is prohibited under Section 5 above.

7. Amendment; Termination; Interpretation. The Committee may amend or terminate this Policy at any time, subject to compliance with all applicable legal requirements and the rules and requirements of NASDAQ. It is intended that this Policy be interpreted in a manner that is consistent with the SEC/NASDAQ Clawback Rules. This Policy amends and restates the clawback policy of the Company as originally adopted on October 1, 2009 (the "Prior Policy") in its entirety and the Prior Policy will be of no further force and effect, including in connection with any Accounting Restatements for any fiscal period(s) prior to the Adoption Date.

8. Other Recoupment Rights; No Additional Payments.

(a) Subject to Section 8(b) of this Policy below, any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company Group pursuant to (i) the terms of any recoupment provisions in any employment agreement, incentive or equity compensation plan or award or other agreement, (ii) any other legal requirements, including, but not limited to, Section 304 of Sarbanes-Oxley Act of 2002, and (iii) any other legal rights or remedies available to the Company.

(b) Notwithstanding anything herein to the contrary, to prevent duplicative recovery, to the extent that any Erroneously Awarded Compensation includes any amounts that have been actually reimbursed to the Company Group from any Applicable Executive pursuant to Section 304 of the Sarbanes-Oxley Act (any such amounts that have been reimbursed to the Company Group, the "Applicable SOX Recoupment Amount"), the amount of any Erroneously Awarded Compensation to be recovered from any such Applicable Executive shall be reduced by the Applicable SOX Recoupment Amount.

9. Successors. This Policy shall be binding and enforceable against all current and former Executive Officers and their beneficiaries, heirs, executors, administrators or other legal representatives.

Exhibit A

Form of Acknowledgement

By signing below, the undersigned acknowledges and confirms that the undersigned has received and reviewed a copy of the Farmer Bros. Co. NASDAQ Executive Compensation Recoupment Policy (such policy, as amended from time to time, the "Policy"). Capitalized terms used but not otherwise defined in this acknowledgement shall have the meanings ascribed to such terms in the Policy.

By signing this acknowledgement, the undersigned acknowledges and agrees that the undersigned is and will continue to be subject to the Policy and that the Policy will apply both during and after the undersigned's employment with the Company Group. Further, by signing below, the undersigned agrees to abide by the terms of the Policy, including, without limitation, by returning any Erroneously Awarded Compensation to the Company group to the extent required by the Policy.

____
Signature

____
Print Name

____
Date