



Farmer Brothers®

Conference Presentation



October 2021

Safe Harbor

Certain statements contained in this presentation are not based on historical fact and are forward-looking statements within the meaning of federal securities laws and regulations. These statements are based on management's current expectations, assumptions, estimates and observations of future events and include any statements that do not directly relate to any historical or current fact; actual results may differ materially due in part to the risk factors set forth in our risk factors in our most recent Form 10-K. These forward-looking statements can be identified by the use of words like "anticipates," "estimates," "projects," "expects," "plans," "believes," "intends," "will," "could," "assumes" and other words of similar meaning. Owing to the uncertainties inherent in forward-looking statements, actual results could differ materially from those set forth in forward-looking statements. We intend these forward-looking statements to speak only at the time of this Proxy Statement and do not undertake to update or revise these statements as more information becomes available except as required under federal securities laws and the rules and regulations of the SEC. Factors that could cause actual results to differ materially from those in forward-looking statements include, but are not limited to, duration of the disruption to the Company's business and customers from the COVID-19 pandemic and any resurgence or new strain of the virus, levels of consumer confidence in national and local economic business conditions, the duration and magnitude of the pandemic's impact on unemployment rates, the success of the Company's strategy to recover from the effects of the pandemic, the success of the Company's turnaround strategy, the execution of the five key initiatives, the impact of capital improvement projects, the adequacy and availability of capital resources to fund the Company's existing and planned business operations and the Company's capital expenditure requirements, the relative effectiveness of compensation-based employee incentives in causing improvements in Company performance, the capacity to meet the demands of our large national account customers, the extent of execution of plans for the growth of Company business and achievement of financial metrics related to those plans, fluctuations in price and availability of raw materials and products, the success of the Company to recruit, retain, attract and compensate qualified employees, the success of the Company's adaptation 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, 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 our filings with the SEC. Results from one period are not necessarily indicative of the results that may be expected for any future period.

Cultivating Connections Through the Love Of Coffee

If It's Coffee, We Do It: Farmer Brothers is a leading manufacturer, wholesaler & distributor of regular & specialty coffee, tea and other allied products in the U.S.

Operating in an Attractive, Growing Industry with a High Barriers to Entry

- Coffee is a \$76 billion industry that is growing at 3-5% annually⁽¹⁾
- 63% of American adults drink coffee at least once a day⁽²⁾
- Favorable consumer trends, including specialty coffee: 25% of the market & forecasted to grow at 12.5% per year through 2021⁽³⁾
- Consolidated industry with high-barriers-to-entry
- Limited relevant competition at-scale, even fewer competitors with national reach & sophisticated manufacturing

Significant Opportunity to Leverage Network Across All Verticals

- Our roasting & packing facilities produce >80 million lbs. of coffee per year and >1,000 different products
 - Our network enables capital-efficient innovation, new product launches & partnerships to expand our markets
- We operate one of the largest & most skilled fleets in the country
 - Our servicing fleets keep us “sticky” and provide cross & up-sell opportunities

Our Brands

BOYD'S
COFFEE

cain's
BY FARMER BROTHERS



Superior
Coffee

METROPOLITAN
BY FARMER BROTHERS

ac
ARTISAN COLLECTION™

CHINAMIST.

Farmer Brothers®

(1) Technomic AFH Beverage Study 2016 RSE, 2014-2016 CAGR

(2) Statistic 2020

(3) Nielsen XAOC latest 52 weeks; WE 1/27/18

Three Distinct Advantages Built Over 109 Years

Vertically-Integrated Source-to-Consumption Model

- One of the largest, nation-wide coffee & tea distribution & servicing networks in the U.S.
- Leading coffee wholesaler, roaster and manufacturer
- Established, long-tenured relationships with leading global green coffee & allied suppliers
- Sustainably-focused & community-driven (see appendix)



Coffee Brewing Equipment Servicing (“CBE”)

- Operator of the one of the largest national field service fleets in the industry
- Offers full repair & refurbishment for a wide array of coffee & tea related equipment
- Manages equipment lifecycle; routinely cleans & inspects stations & provides skilled preventative maintenance
- Our servicing fleets keep us “sticky” and provide cross & up-sell opportunities

We Own & Operate One of The Largest, Fully-Integrated DSD Networks in The US

- We operate one of the largest & most skilled fleets in the country
- Experienced frontline personnel with average tenure of 15+ years
- Established long-term relationships; we manage our customers inventory & write their orders
- Leverage network & existing capabilities to improve customer experience

Our Story At-a-Glance: Turnaround

Events Leading Up to Management Change

Reduced Operational Efficiencies

- Relocated corporate headquarters from CA to TX
- Expensive new DFW facility lacking manufacturing capacity build-out
- Closed Torrance & Boyd's Distribution & Manufacturing facilities in the West by moving into Texas

Underperforming Boyd's Acquisition

- Incomplete integration
- Poor customer & SKU performance
- Excessive write-downs and expenses

Cash Flow Began to Deteriorate

- Inventory buildup & waste
- Operational inefficiencies
- Resulting in liquidity issues



New Management Team Entered in 2019



Deverl Maserang, President & CEO – *Joined September 2019*

- Over 35 years of leadership in turnarounds & global supply-chain transformations in coffee, food & distribution arenas
- Previously CEO & President at Earthbound Farm Organics, where he led the turnaround & returned the Company to profitability in 18-months; prior to that, held executive committee roles at Starbucks & Chiquita/Fresh Express, and held several other senior roles Pepsi Cola, United Parcel Service & various start-ups



Scott Drake, Chief Financial Officer & Treasurer – *Joined March 2020*

- Over 20 years of financial executive and strategy experience in the food & beverage & retail industries
- Previously Sr. VP and VP of GameStop & 7-Eleven



Maurice Moragne, Chief Sales Officer – *Joined June 2020*

- Over 30 years of success & change management experience in food/agriculture, tobacco & cosmetics industries
- Unique scope of experience spanning sales, trade marketing, brand management, & general management across a wide array of industries & distribution channels



Ruben Inofuentes, Chief Supply Officer – *Joined November 2019*

- Over 20 years of experience in operations & supply chain
- Previously COO for JR286, a global leader in the sporting goods industry



Nathalie Fontanilla Oetzel, VP of Product Marketing & Innovation – *Joined December 2019*

- Over 20 years in the food industry having worked on various food categories
- Previously VP of Marketing, Research Development & Innovation at Danone North America's, working for the Earthbound Farm business unit; member of executive leadership team, led Earthbound Farm's marketing & innovation programs

Our Story At-a-Glance: COVID Acceleration

Reduced Volumes = Deeper Business Insights = Ground-Up Optimization

Conducted Detailed Audit of Our Product Portfolio & Rationalized Our Business

- Developed new targeting strategies, tiered DSD⁽¹⁾ customers & national DS⁽²⁾ accounts
- Refined our SKU rationalization process
- Right-sized our cost structure relative to volumes

Strengthened Our Balance Sheet & Improved Working Capital

- Exceeded \$6.5 million monthly savings goals
- Improved technology & processes around A/R
- Amended & replaced existing credit facility

Improved Sales, Production & Distribution Structures

- Restructured sales team & added Chief Sales Office & Sales Ambassador positions
- Rationalized regions of focus from 9 to 4

Modernized Operations & Infrastructure via Technological Upgrades

- Implemented *HighJump*⁽³⁾ across our DSD routes; improved inventory & selling infrastructure
- Launched new eComm websites for 3 of our brands



(1) Direct-Store-Delivery
(2) Direct-Ship
(3) HighJump is a route handheld technology, providing us with pre-sale capabilities, such as accepting credit cards payments on our DSD routes



Business Overview

Our Verticals

Direct-Store-Delivery (“DSD”)

- Sells coffee, tea, spices and other beverages & breakfast/brunch products⁽¹⁾
- Distributes products through our wholly-owned DSD network
- Delivers “White Glove” & CBE services

- Higher margin business with more than 50k points-of-delivery annually
- Coffee is ~50% of DSD Revenue

Direct-Ship (“DS”)

- Creates & sells wholesale & private label coffee products to large national players
- Leading roaster & manufacturer
- Ship most products directly from our DCs⁽²⁾ via third-party carriers

- Distribute ~2/3rds of all coffee we roast & service
- Coffee is ~95% of our DS Revenue

eCommerce (“eComm”)

- Creates incremental cross-channel growth opportunities for all our products, incl. services
 - Operates eComm sites for our wholly-owned brands through a replicable model
- Provides exposure to new revenue models, such as subscription-based
 - Currently a small percentage of total revenue, but growing

Omni-Channel Integration Increasingly Providing New Opportunities

Innovating in DS; low-cost pilot launching via DSD



Increasingly selling DS products via eComm



(1) Includes restaurants, hotels, casinos, convenience stores, fast food chains, coffee shops, universities, etc.
(2) Distribution center

Established Distribution & Servicing Network

Products in Over 50,000 Establishments Across All 50 States

3 Roasting Plants

Portland, OR (x2)
New Headquarters: Northlake, TX



4 Distribution Centers

Northlake, TX
Northlake, IL
Moonachie, NJ
Opened Early 2021: Rialto, CA

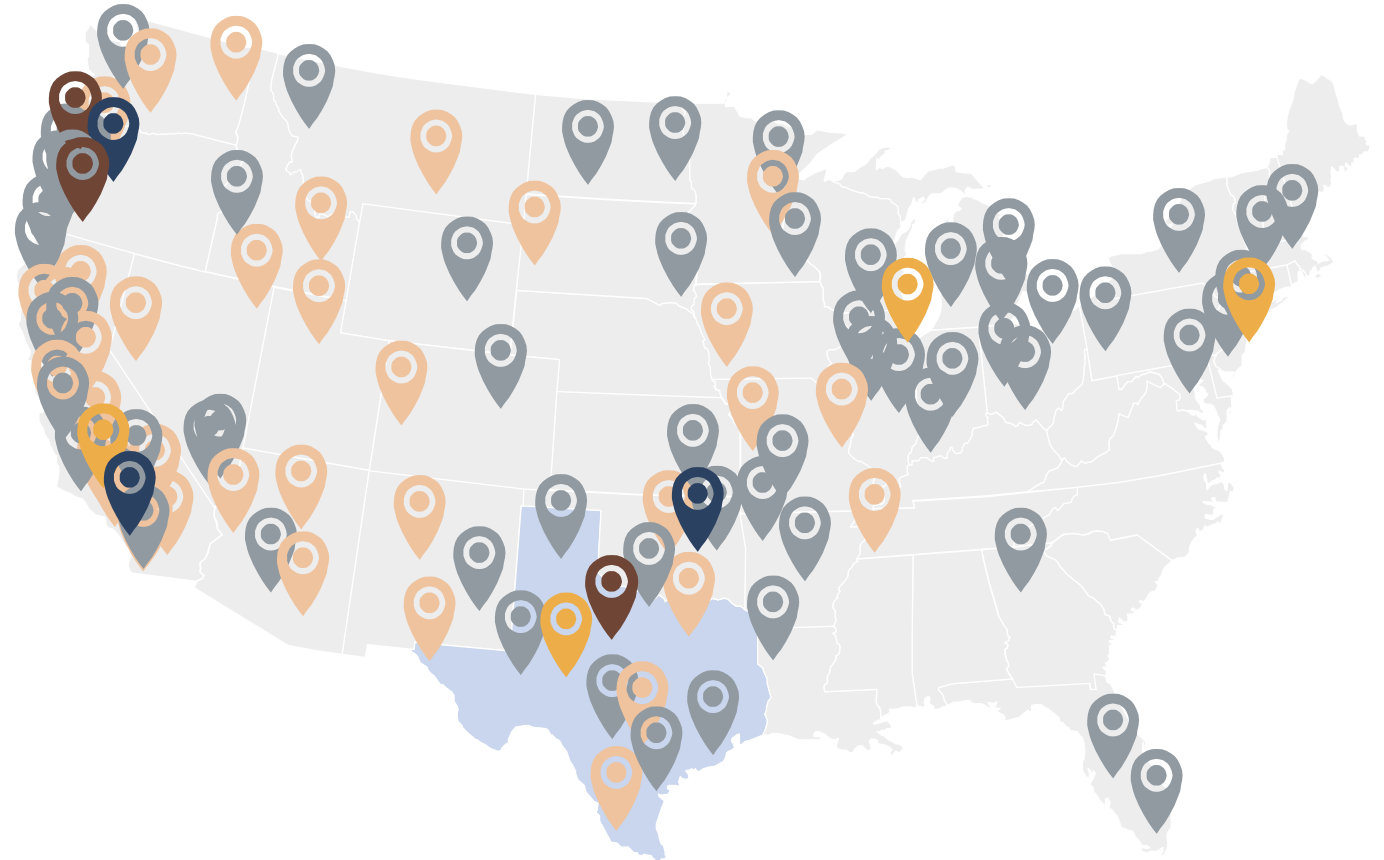


3 Equipment Refurbishing Centers⁽¹⁾

Oklahoma City, OK
Los Angeles, CA⁽²⁾
Portland, OR



94 Branches & 213 Wholly-Owned Routes⁽³⁾



(1) Supports our Coffee Brewing Equipment, or CBE, business
(2) Date of completion expected in H2 of 2022
(3) Pre-COVID: more than 400 routes



Fix, Optimize, Grow

New Management Team Embarked on Comprehensive Three-Pronged Strategy

1

Fix

- Exited inefficient Houston facility
- Expanded Dallas/Ft. Worth facility
- Re-opened West Coast distribution center
- Continue to review IT & Digital platforms

2

Optimize

- Increase business efficiencies (e.g., reduced SKU count by 48% since early 2019)
- Increase manufacturing throughput in both DFW & Portland facilities along with expanding co-manufacturing network
- Upgrading sales function (strategy, structure, tools)
- Launched E-Commerce sites for three of our wholly owned retail brands
 - *Boyd's, Public Domain & China Mist*
- Re-established innovation & commercialization pipeline



3 Grow: Forward-Looking Initiatives

Improve Go-to-Market Sales Approaches

- Improve pre-sale strategies; phone/online to remote/low volume customers
- Leverage fully dedicated Sales Ambassadors to pursue new customers
- Continue to improve customer support; already added a 24/7 call center

Further Unlock 109-Year-Old National Distribution Network

- Leverage network to become the premier specialty distribution company
- Build market-expanding partnerships that expose us to industry innovation; cost-effectively test & scale new products
- Address technology deficit to allow for efficiencies & growth

Innovate & Integrate: eComm (DTC), B2C & B2B

- Invest in infrastructure & operational upgrades, such as a fully automated back office, which is underway
- Leverage cross-channel synergies to test & launch new allied & coffee products
- Continue to roll-out eComm sites across our business; three sites launched to-date

Move Closer to Customers

- White Glove services; keeping our customers in-stock & expand our base
- CBE business; piloting third-party maintenance & repair revenue opportunities

Leverage Internal & External Contract Manufacturing Capabilities

- Become a contract manufacturer for both our institutional food service & retail channels
- Run efficiently & near capacity; continue to utilize partnerships & cross-channel integration



Financials

Financial Highlights



Income Statement

- Long term cost savings materializing in COGS
- Commitment to more efficient SG&A cost structure going forward
- Expect sales recovery in key segments (COVID and labor shortages are primary hurdles)

Balance Sheet

- Improved working capital in recent years via processes & technology
- Appropriate debt structure provides flexibility
- Reduced liabilities strengthen Balance Sheet

Cash Flows

- Optimizing capital investment (improved refurbished versus new coffee / tea equipment)
- Increased Gross Margins + cost containment = improved EBITDA dollars & margins

In Strong Position to Driver Operating Leverage as Volumes Return in Economic Recovery

Selected Income Data⁽¹⁾

(\$ in thousands, except per share data)

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Net Revenue	541,500	606,544	595,942	501,320	397,850
GOGS	354,622	399,502	416,840	363,198	296,925
Gross Profit	186,878	207,042	179,102	138,122	100,925
Selling Expenses	133,534	153,391	139,647	121,762	95,503
G&A Expenses	42,945	49,429	48,959	42,569	42,945
Restructuring & Other Expenses	11,016	662	4,733	-	-
Impairment of Goodwill, Intangible & Fixed Assets	-	3,820	-	42,030	1,243
Net Losses/(Gains): Sale of Assets	(39,578)	(966)	465	(25,237)	(593)
Operating Expenses	147,700	205,918	193,804	181,124	33,862
Operating Income/(Loss)	38,934	1,053	(14,702)	(43,002)	(38,173)
Total Other (Expense)/Income	(1,812)	(2,091)	(18,782)	5,720	10,117
Income Before Provision for Income Taxes	37,366	(967)	(33,484)	(37,282)	(28,056)
Provision for Income Taxes	14,815	17,313	40,111	(195)	13,595
Net Income	22,551	(18,280)	(73,595)	(37,087)	(41,651)
Preferred Stock Dividends	-	390	535	554	574
Net Income Attr. to Common Stockholders	22,551	(18,670)	(74,130)	(37,641)	(42,225)
EPS (GAAP)	1.34	(1.11)	(4.36)	(2.19)	(2.39)
Diluted S/O	16,786	16,760	16,996	17,206	17,635

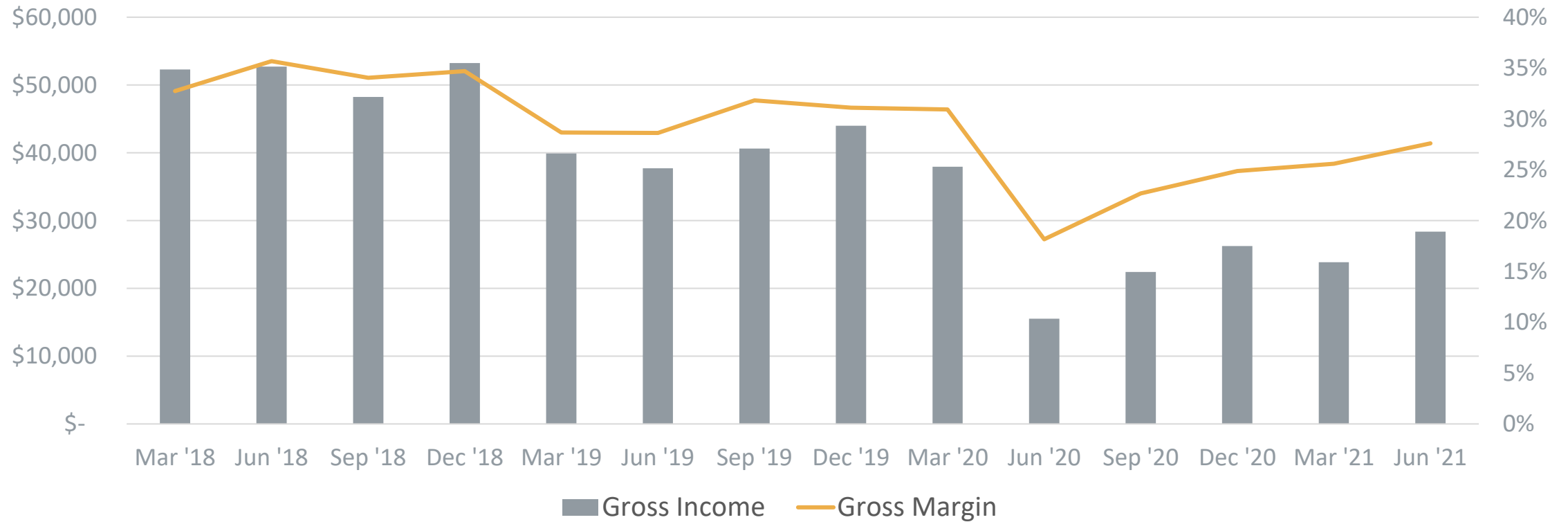
Gross Profit & Margin⁽¹⁾

Cost Improvements Reflected in Gross Margins Are Accelerating

Historical Gross Margins

~35% Pre-Boyd's Acquisition

~30% Post-Boyd's Integration



Adjusted EBITDA⁽¹⁾

(\$ in thousands)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Depreciation & Amortization	22,968	30,464	31,065	29,896	27,625
Adjusted EBITDA	42,979	47,563	31,883	18,740	16,611
Reconciliation					
Net Income/(Loss)	22,551	(18,280)	(73,595)	(37,087)	(41,651)
Income Tax Expense	14,815	17,313	40,111	(195)	13,595
Interest Expense	2,185	3,177	6,036	5,590	11,911
D&A Expense	22,968	30,464	31,065	29,896	27,625
ESOP & Stock-based Comp Expense	3,959	3,822	3,723	4,328	4,580
Net Losses/(Gains) from Sale of Assets	(39,578)	(966)	465	(25,238)	(593)
Income from ST Investments	(1,856)	(19)	-	-	-
Non-Recurring Proxy Contest-Related Expenses	5,185	-	-	463	-
Impairment Losses on Goodwill & Intangible Assets	-	3,820	-	42,030	1,243
Restructuring, Strategic & Other Non-Recurring	12,750	8,232	13,130	4,713	6,260
Pension/Postretirement One-Time Expense	-	-	10,948	(5,760)	(6,359)
Adjusted EBITDA	42,979	47,563	31,883	18,740	16,611

Common Size & Margin Profile⁽¹⁾

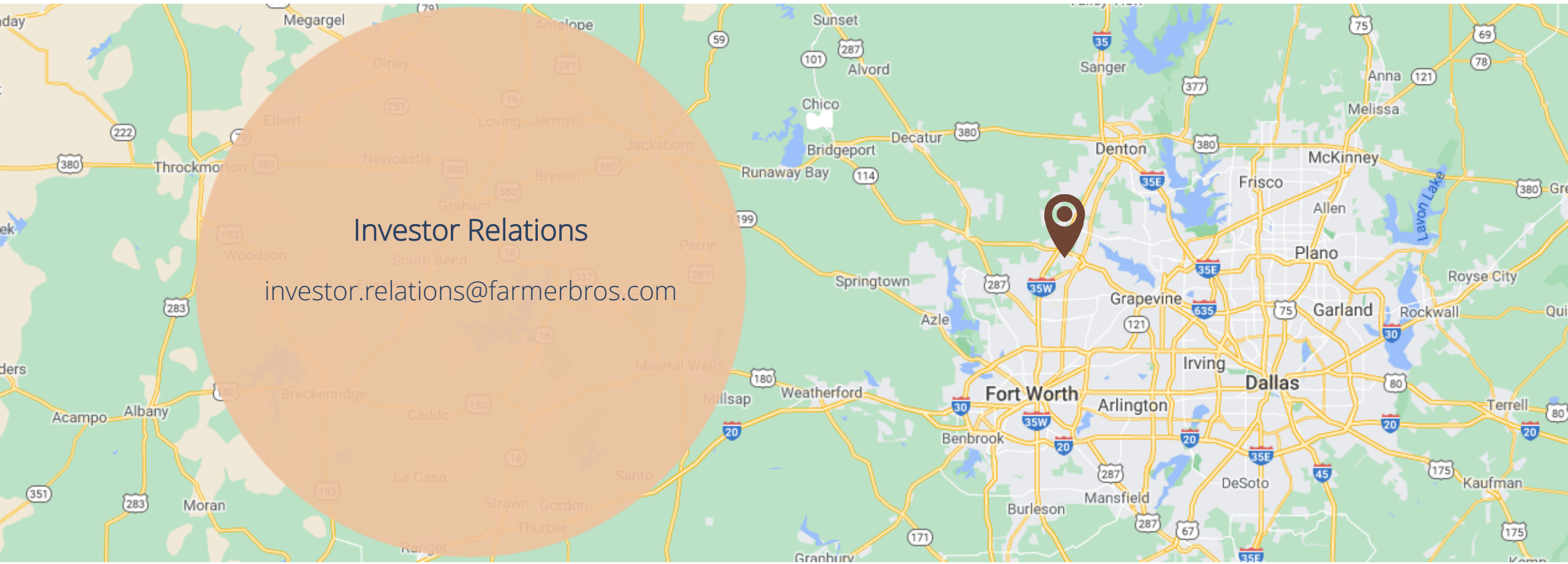
	FY 2017	FY 2018	FY 2019	FY 2020	<i>FY 2021</i>
Gross Margin	34.5%	34.1%	30.1%	27.6%	<i>25.4%</i>
Selling Expenses	24.6%	25.5%	23.4%	24.3%	<i>24.0%</i>
G&A Expenses	7.9%	7.9%	8.2%	8.5%	<i>10.8%</i>
Operating Margin	7.2%	0.2%	-2.5%	-8.6%	<i>-9.6%</i>
Adjusted EBITDA Margin	7.9%	7.8%	5.4%	3.7%	<i>4.2%</i>
Profit Margin	4.2%	-3.0%	-12.3%	-7.4%	<i>-10.5%</i>

Selected Balance Sheet Data⁽¹⁾

(\$ in thousands)

	FY 2017	FY 2018	FY 2019	FY 2020	<i>FY 2021</i>
Cash & Cash Equivalents	6,609	2,438	6,983	60,013	<i>10,263</i>
Accounts Receivable	46,446	58,498	55,155	40,882	<i>40,321</i>
Inventory	56,251	104,431	87,910	67,408	<i>76,791</i>
Goodwill & Intangibles	29,614	67,739	65,102	20,662	<i>18,252</i>
Accounts Payable	39,784	56,603	72,771	36,987	<i>45,703</i>
Current Portion of LT Debt	27,621	89,787	-	-	<i>950</i>
LT Debt Excl. Lease Obligations	-	-	92,000	122,000	<i>87,828</i>
Lease Obligations	237	58	(2)	15,637	<i>20,049</i>
Accrued Postretirement Benefits	19,788	20,473	23,024	9,993	<i>960</i>
Accrued Pension Liabilities	51,281	40,380	47,216	58,772	<i>39,229</i>
Stockholder's Equity	215,135	229,055	157,494	111,913	<i>104,959</i>

Contact Us



Appendix



Community & Sustainably Driven

We View Social Involvement & Sustainability as Part of Our Responsibility

Sustainability Leadership Abroad

- Dedicated staffing focused on sustainability; 9-year history of sustainability reporting with yearly reports
- Co-founding member of World Coffee Research (WCR); supports research in origin countries to increase sustainability
- Project Direct; work with growers in pursuit of shared value; 11-year-old sourcing history in El Salvador & Nicaragua
- Public goal of responsibly sourcing 100% of our green coffee by 2025; currently at 35%

Environmentally-Focused at Home

- Refurbishing facilities repurpose ~9,000 units/year; 6,744 fewer units purchased in 2020; costs saving of \$9.9 million over 2019
- Driving towards zero-waste status in roasting & distribution facilities; companywide, 76% of waste diverted from landfills
- 100% of our roasting facilities have achieved zero waste status; 90% diversion from landfill since 2018; currently at 92% diversion
- Northlake, IL, distribution center is zero waste (95% diversion); 10% of our branches are zero waste
- Recognized by Newsweek as one of America's Most Responsible Companies of 2021
- First coffee-focused company to adopt the Science Based Targets Initiative (SBTi) with a 1.5°C scenario
- Top 7% on CDP Worldwide's 2020 Supplier Engagement Leaderboard on Climate Change; only 400 companies recognized out of 9,600 worldwide; scored into the CDP Leadership band (meaning A or A-) since 2017
- HQ office & Portland facility are LEED® Silver certified

DSD: Well-balanced National Business⁽¹⁾

Sales by Customer Type



- Restaurants
- Convenience Stores & Hotels
- Healthcare, Casinos, Coffee Shops & All Other

DSD Sales by Region



- West
- Northwest
- South
- North
- East

DSD Product Sales



- Coffee
- Tea, Culinary, Allied

(1) As of 3/31/2020