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 December 31, 2023

☐ 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: 001-38880

Whole Earth Brands, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**38-4101973**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
125 S. Wacker Drive, Suite 1250 Chicago, Illinois	**60606**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number: **(312) 840-6000**

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 $0.0001 per share	FREE	The NASDAQ Stock Market LLC
Warrants to purchase one-half of one share of common stock	FREEW	The NASDAQ Stock Market LLC

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 Exchange Act.
Yes ☐ No ☒

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company or an emerging growth company. See 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. ☐

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

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

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

As of June 30, 2023, the last business day of the registrant's most recently completed second fiscal quarter, the aggregate market value of our common stock, par value $0.0001 per share, issued and outstanding, other than shares held by persons who may be deemed affiliates of the registrant, computed by reference to the closing sales price for the common stock on June 30, 2023, as reported on the Nasdaq Capital Market, was $128,804,442.

As of March 11, 2024, there were42,858,649 shares of the registrant's common stock, par value $0.0001 per share, issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information contained in the registrant's definitive proxy statement relating to its annual meeting of stockholders to be held in 2024, or in an amendment to this Annual Report on Form 10-K, to be filed with the Securities and Exchange Commission (the "SEC") within 120 days after the end of the fiscal year to which this Annual Report on Form 10-K relates, is incorporated herein by reference where indicated. Except with respect to information specifically incorporated by reference in this Annual Report on Form 10-K, such proxy statement or amendment is not deemed to be filed as part hereof.

TABLE OF CONTENTS

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains "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 Exchange Act (the "Exchange Act") concerning us and other matters. These statements may discuss goals, intentions and expectations as to future plans, trends, events, results of operations or financial condition, or otherwise, based on current beliefs of management, as well as assumptions made by, and information currently available to, management.

Forward-looking statements may be accompanied by words such as "achieve," "aim," "anticipate," "believe," "can," "continue," "could," "drive," "estimate," "expect," "forecast," "future," "grow," "improve," "increase," "intend," "may," "outlook," "plan," "possible," "potential," "predict," "project," "should," "target," "will," "would," or similar words, phrases or expressions. These forward-looking statements are subject to risks, uncertainties and other factors, many of which are outside of our control, which could cause actual results to differ materially from the results contemplated by the forward-looking statements. Factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, our ability to achieve or maintain profitability; the extent of the impact of the COVID-19 pandemic, including the duration, spread, severity, and any recurrence of the COVID-19 pandemic, the duration and scope of related government orders and restrictions, the impact on our employees, and the extent of the impact of the COVID-19 pandemic on overall demand for our products; local, regional, national, and international economic conditions that have deteriorated as a result of the COVID-19 pandemic including the risks of a global recession or a recession in one or more of our key markets, and the impact they may have on us and our customers and management's assessment of that impact; the projected financial information, anticipated growth rate, and market opportunity of our Branded Consumer Packaged Goods ("Branded CPG") and Flavors & Ingredients business segments; the ability to maintain the listing of our securities on Nasdaq; the potential liquidity and trading of our public securities; our expected capital requirements and the availability of additional financing; our ability to attract or retain highly qualified personnel, including in accounting and finance roles; extensive and evolving government regulations that impact the way we operate; the effect of the reclassification and treatment of warrants pursuant to ASC Topic 815-40; the impact of the COVID-19 pandemic on our suppliers, including disruptions and inefficiencies in the supply chain; factors relating to the business, operations and financial performance of our Branded CPG and Flavors & Ingredients segments; the ongoing military conflicts in Ukraine and the Middle East and related economic disruptions and new governmental regulations on our business, including but not limited to the potential impact on our sales, operations and supply chain; adverse changes in the global or regional general business, political and economic conditions, including the impact of continuing uncertainty and instability in certain countries, that could materially affect our global markets and the potential adverse economic impact and related uncertainty caused by these items; our ability to continue to use, maintain, enforce, protect and defend owned and licensed intellectual property, including the Whole Earth® brand; risks associated with the Merger (as defined below), including the ability of the parties to satisfy the conditions precedent and consummate the Merger, the timing of consummation of the Merger, the ability of the parties to secure any required stockholder approval in a timely manner or on the terms desired or anticipated, the ability of the parties to obtain the financing required to consummate the Merger, the ability to achieve anticipated benefits and savings, potential disruption of management's attention, and any legal proceedings related to the proposed Merger; and such other factors as discussed throughout, including in Part I, Item 1A. Risk Factors and Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, of this Annual Report on Form 10-K.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, our information may be incomplete or limited, and we cannot guarantee future results. Except as required by law, we assume no obligation to update or revise these forward-looking statements for any reason, even if new information becomes available in the future.

PART I

Item 1. Business.

Overview

We are a global food company enabling healthier lifestyles and providing access to high-quality, plant-based sweeteners, flavor enhancers and other foods through our diverse portfolio of trusted brands and delicious products. We operate a proven platform organized into two reportable segments, Branded CPG and Flavors & Ingredients. Our portfolio consists of three main product groups: sweeteners, adjacencies and ingredients.

We were originally formed on August 16, 2018 as Act II Global Acquisition Corp., a Cayman Islands exempted company formed as a blank check company (“Act II”), and consummated our initial public offering (“IPO”) in April 2019. On June 24, 2020, we domesticated into a Delaware corporation and changed our name from “Act II Global Acquisition Corp.” to “Whole Earth Brands, Inc.” On June 25, 2020, we consummated the indirect acquisition of Merisant Company (collectively with its subsidiaries, “Merisant”) and Mafco Worldwide, LLC (collectively with its subsidiaries and affiliates, “Mafco Worldwide,” and together with Merisant, “Merisant and Mafco”) (the “Business Combination”), and in connection therewith, became (i) a successor issuer to Act II by operation of Rule 12g-3(a) promulgated under the Exchange Act; and (ii) the ultimate parent of Merisant and Mafco. See Part II, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations, of this Annual Report on Form 10-K.

On November 10, 2020, we executed and closed a definitive Equity Purchase Agreement (the “Swerve Purchase Agreement”) with RF Development, LLC (“RF Development”), Swerve, L.L.C. (“Swerve LLC”), and Swerve IP, L.L.C. (“Swerve IP” and together with Swerve LLC, “Swerve”). Swerve is a manufacturer and marketer of a portfolio of zero and reduced sugar, keto-friendly, and plant-based sweeteners and grain free, gluten free, and low/no sugar baking mixes. We purchased all of the issued and outstanding equity interests of both Swerve LLC and Swerve IP from RF Development, and both Swerve LLC and Swerve IP became wholly-owned subsidiaries of Whole Earth Brands. The transaction was structured to simultaneously sign and close, was not subject to any closing conditions, and closed on November 10, 2020.

On December 17, 2020, we entered into a stock purchase agreement (the “Wholesome Purchase Agreement”) with WSO Investments, Inc. (“WSO Investments” and together with its subsidiaries, “Wholesome”), WSO Holdings, LP (“WSO Partnership”), Edwards Billington and Son, Limited (“EBS”), WSO Holdings, LLC (“WSO LLC,” and together with WSO Partnership and EBS, the “WSO Sellers”), and WSO Partnership, in its capacity as representative for the WSO Sellers. WSO Investments is the direct parent of its wholly-owned subsidiary Wholesome Sweeteners, Incorporated, which was formed to import, market, distribute, and sell organic sugars, unrefined specialty sugars, and related products. The transaction closed on February 5, 2021.

On February 12, 2024, we entered into an Agreement of Merger (the “Merger Agreement”) with Ozark Holdings, LLC, a Delaware limited liability company (“Parent”) and Sweet Oak Merger Sub, LLC, a Delaware limited liability company and a wholly-owned subsidiary of Parent (“Merger Sub”). Upon the terms and subject to the conditions set forth in the Merger Agreement, upon the closing of the transaction, Merger Sub is expected to merge with and into the Company (the “Merger”), with the Company surviving the Merger as a wholly-owned subsidiary of Parent. See Note 18 to our audited consolidated financial statements for further information regarding the Merger.

Our Business Segments

The table below describes the percentage of our total annual revenue attributable to each of our segments over each of the three years ended December 31, 2023, 2022 and 2021. For additional financial information relating to our reportable business segments, please refer to Note 17 in our audited consolidated financial statements for the year ended December 31, 2023, included in this Annual Report on Form 10-K.

	2023	2022	2021
Branded CPG	77 %	79 %	64 %
Flavors & Ingredients	23 %	21 %	36 %

Branded CPG

Branded CPG, comprised of our Merisant division of operating companies, Wholesome and Swerve, is a global CPG business focused on building a branded portfolio oriented toward serving consumers seeking better-for-you sweeteners across the zero calorie, plant-based, organic, non GMO, and Fair Trade spaces in zero/low calorie sweeteners, sugar, honey, agave, baking mix, and baking chocolate segments. Our Branded CPG products are sold under both our flagship brands as well as local and private label brands. Our flagship brands include Whole Earth®, Pure Via®, Wholesome®, Swerve®, Canderel®, Equal® and existing branded adjacencies. Our Branded CPG segment offers a variety of sweetener formulations under each brand to address local consumer preferences and price points. The key ingredients utilized in these products include stevia leaf extract, monk fruit extract, organic sugar, honey, agave nectar, erythritol, xylitol, allulose, aspartame, sucralose and saccharin, all of which are sourced through our global supply chain.

Since the introduction of the original Canderel® and Equal® products in 1979 and 1982, respectively, we have offered consumers high quality alternatives to sugar for daily use. As the global health crisis related to sugar consumption continues to grow, consumers remain focused on finding substitutes for tabletop sugar and sugar-laden products. In recent years, we have met consumer demand by introducing new plant-based sweeteners made from stevia leaf extract, monk fruit extract, allulose and naturally derived sugar alcohols under the Whole Earth®, Swerve® and Pure Via® brands (as well as under the Canderel® and Equal® brands) and introduced low- or no-sugar alternatives to traditionally sugar-laden products such as chocolate, jams, and cereal bars. These initiatives have further established us as a leader in the “better for you” movement away from sugar. Our sweetener products are sold under a variety of forms to satisfy consumers growing usage across diverse consumption occasions. Those forms include sweetener packets, tablets, pouches, jars, and liquid bottles. We distribute our products via the retail, club, food service, and e-commerce channels.

We have expanded our product offerings in recent years into adjacent consumer packaged goods such as jams and chocolate under our well-known CPG brands. We also invest in innovation to develop new product offerings to distribute under our various brands, providing differentiation from our competitors and exciting new products for customers. In addition, our adjacent branded packaged goods such as jams and chocolate are sold in chocolate bars, dried chocolate powder, and jam jars.

Whole Earth®: Whole Earth® is a global brand of plant-based, zero/low-calorie sweeteners primarily marketed in North America, Australia and New Zealand and sold through a variety of channels including grocery, supermarket, drugstores, mass, club, food-service, and e-commerce. Key Whole Earth® sweetener formulations include ingredients such as stevia leaf extract, monk fruit extract, erythritol, and allulose.

Pure Via®: Pure Via® is a global brand of plant-based, low-calorie sweeteners that is primarily marketed in Western Europe and North America. Pure Via®-branded products are sold through a variety of channels including grocery, drugstores, mass, club, food-service, and e-commerce. Key Pure Via® sweetener formulations include stevia leaf extract, erythritol and xylitol.

Wholesome®: Wholesome® is a U.S. leader in organic, fair-trade certified sweeteners, including sugar, honey, agave nectar, molasses, allulose and other natural sweetener products. We acquired this brand in February 2021.

Swerve®: Swerve® is a portfolio of zero and reduced sugar, keto-friendly, and plant-based sweeteners and gluten free, reduced sugar baking mixes and is marketed in North America. Swerve® products contain no artificial ingredients, preservatives, flavors, or GMO ingredients. Swerve® sweetener formulations include erythritol, monk fruit, and allulose, as well as no added sugar chocolate baking chips. We acquired this brand in November 2020.

Canderel®: Canderel® is a global brand of low-calorie sweeteners that is primarily marketed in Europe, the Middle East and Africa and, according to AC Nielsen retail data, is the leading sugar-free sweetener in many of its key markets, including France, Belgium, the United Kingdom, and South Africa. Canderel®-branded products are sold through a variety of sales channels including grocery, supermarket, drugstore, mass, club, food-service, and e-commerce. Key Canderel® sweetener formulations include aspartame, sucralose, and stevia leaf extract.

Equal®: Equal® is a global brand of low-calorie sweeteners that is primarily marketed in North America, Asia Pacific, South Africa and Latin America and, according to AC Nielsen retail data, is the leading sugar-free sweetener in many key markets including Australia, New Zealand and Thailand, and is a top-five sugar-free sweetener in the United States. Equal®-branded products are sold through a variety of sales channels including grocery, supermarket, drugstores, mass, club, food-service, and e-commerce. Key Equal® sweetener formulations include aspartame, saccharin, sucralose, and stevia leaf extract.

Branded Adjacencies

We also utilize our flagship brands to sell branded products in adjacent packaged food categories. In order to address the growing shift in demand for sugar alternatives, we have introduced new products in the chocolate, jams, cereal bars, and chocolate chip and bake mix categories under our well-known tabletop sweetener brands. These products benefit from strong brand recognition in selected geographies and the ability for customers to easily identify them as low-sugar alternatives when making purchasing decisions.

Other Brands and Products

In addition to our flagship brands of tabletop sweeteners and branded adjacency products, we also utilize several local brands in specific countries. We believe that these locally-targeted brands have better brand awareness in those countries than our international flagship brands, providing a differentiated product offering in those markets.

Flavors & Ingredients

Flavors & Ingredients, comprised of our Mafco Worldwide division of operating companies, is a global, business-to-business focused operation with a long history as a trusted supplier of essential, functional ingredients to some of the CPG industry's largest and most demanding customers. Our products provide a variety of solutions for our customers, including flavoring enhancement, flavor / aftertaste masking, moisturizing, product mouthfeel modification and skin soothing characteristics. Our Flavors & Ingredients segment operates as our licorice-derived products business.

Founded in 1850, Mafco Worldwide has been the leading global manufacturer and supplier of licorice derivative and extract products, primarily serving beverage, confectionary, cosmetic, food, nutritional, pharmaceutical, personal care and tobacco end markets. Mafco Worldwide's ability to reliably deliver a consistent, highly customized, superior product has been at the core of its longevity and long-term customer relationships.

As of December 31, 2023, we sell over 200 customer-specific licorice products, consistently meeting taste, chemical, physical, microbiological and regulatory demands, specifications and standards. Our ability to deliver this breadth of products is due to our extensive knowledge and experience with the raw material sourcing and manufacturing processes. This is further supported by our industry-leading supply security and availability, which consists of best-in-class supply chain capabilities, long-standing relationships with key raw material suppliers, and maintenance of substantial raw material reserve inventory around the world.

Our Flavors & Ingredients products are sold across two types of end product: Derivative Products and Extract Products.

Derivative Products are functional ingredients based on a unique compound found only in licorice root, glycyrrhizic acid, which are used in a variety of food, beverage, pharmaceutical, personal care, cosmetic, and nutritional products around the world. In food, beverage and pharmaceutical products, licorice derivatives are used to provide flavor, mask undesirable tastes and extend and intensify sweetness and other flavors. In personal care and cosmetics products, licorice derivatives are used to moisturize, soothe topical skin conditions, and brighten and smooth skin. We sell derivative products both in a line of proprietary compound flavors under the Magnasweet® brand as well as in their pure isolated form.

Magnasweet® is our proprietary line of functional taste modulators, which have highly-enhanced characteristics and specific uses compared to the pure derivatives themselves. The backbone ingredients in Magnasweet® are our pure licorice derivatives, as well as proprietary blends of flavoring and other food ingredients. All Magnasweet® product ingredients are GRAS ("Generally Recognized As Safe") by the U.S. Food and Drug Administration ("FDA") and/or the Flavor and Extract Manufacturers Association ("FEMA"), and are regulated by the FDA under 21 CFR 184.1408. The base licorice derived component compounds are generally classified as "natural" in Mafco Worldwide's largest end markets and are also categorized as Non-GMO and Non-Allergenic, thereby they are a "clean label" ingredient.

Extract Products are a concentrated form of the water extracted solids from the raw licorice root which are converted into powder, semi-fluid or blocks, depending on the customer's requirements and are used in a variety of tobacco, alcohol and confectionary products around the world. In tobacco products, licorice extracts are used as flavor enhancing and moistening agents in the manufacture of American Blend® cigarettes, moist snuff, and chewing and pipe tobacco. In confectionary products, licorice extract is used as flavoring for licorice confections.

Growth Strategies

Our platform can be leveraged to support new product development, distribution gains in North America, further geographic expansion and to pursue mergers and acquisitions ("M&A") activity. We will seek to expand our branded products platform through investment opportunities in the natural alternatives and clean label categories across the global consumer products industry. Over time, we will look to become a portfolio of brands that Open a World of Goodness™ to consumers and their families.

Recent product launches across various geographical markets have been well-received by consumers, and we believe that sales of new products will continue to have a positive impact on revenue going forward. We are able to adapt to changing market conditions, and our management team has identified opportunities for continued research and development, and expansion of product offerings as consumer preferences shift towards natural products.

We believe that there is a large opportunity for growth in North America and that we have benefited from contacts and relationships, increasing distribution in the natural retailer channel, innovation and reinvestment of cash flow. These efforts are intended to drive retailer support and engagement with club stores and regional grocers to help increase distribution of our new products.

Additionally, we continue to pursue continued growth in developing economies and gaining entrance into new geographies. Sugar-related health problems are becoming a critical concern to governments and populations in developing economies as diabetes and obesity rates rise. Our management team believes that the need for solutions, together with rising incomes in these geographies, represent macro tailwinds driving local consumers to seek alternatives to sugar. Positive consumption and awareness trends are driving sweetener penetration rates and expanding the category in these countries. Moreover, consumer affinity for developed economy brands such as Equal® and Canderel® position them as premier products. We focus on accelerating brand-building, innovation and marketplace execution in geographies where Equal® and Canderel® are considered premier brands.

We expect to have significant new opportunities for growth in India and China. We believe that we are under-penetrated in these two large markets and that our management team can help drive increased distribution.

Marketing and Distribution Channels

Branded CPG

Recent marketing focus has been on identifying global and local consumer preferences, utilizing research & development ("R&D") to co-develop a new pipeline of products, and driving brand-building initiatives by leveraging digital, television, and in-store campaigns. In addition to in-house resources, we utilize agencies and experts in the areas of advertising, brand-building, packaging, and in-store promotion / merchandising.

We distribute Branded CPG products in the United States and internationally through a variety of distribution channels including supermarket, grocery, drugstore, mass, club, food-service, e-commerce, and through distributors and brokers. This distribution strategy enables our products to reach a wide variety of customer types at multiple points of sale and consumption. In addition, we are able to leverage our existing distribution channels and relationships to sell incremental products to those customers.

We sell our CPG products principally across six geographic regions: North America, Europe, India, Middle East and Africa ("IMEA"), Asia Pacific, and Latin America ("LATAM").

Flavors & Ingredients

All Flavors & Ingredients sales in the United States are made through our offices located in Mount Laurel, New Jersey and Richmond, Virginia, with technical support from our Flavors & Ingredients R&D department. Outside the United States, we sell our Flavors & Ingredients products from our Mount Laurel, New Jersey office, through our French and Chinese subsidiaries and through exclusive agents as well as independent distributors.

Marketing activity is conducted through our website, digital marketing strategy, tradeshows, R&D newsletters, and email campaigns to effectively reach the individuals who will make purchase to product development decisions at our customers at the R&D, procurement, and the executive levels.

Suppliers, Raw Materials and Procurement

Branded CPG

The primary raw materials used in our Branded CPG manufacturing processes are stevia leaf extract, monk fruit extract, erythritol, allulose, aspartame, sucralose, saccharin, organic sugar, organic honey, agave nectar and dextrose. Packaging material used in the manufacturing process includes paper, shipping boxes, glass jars, cartons, stand-up pouches, and plastic bottles. Key ingredients are procured and available on a global scale. These ingredients are contracted forward, with additional supply available in all key markets.

We believe we maintain excellent relationships with our Branded CPG suppliers and are not reliant on any one vendor for critical supply.

Flavors & Ingredients

The licorice root used to produce the products sold by our Flavors & Ingredients segment originates in the Middle East and Central Asia in countries such as Afghanistan, the Peoples' Republic of China, Pakistan, Iraq, Azerbaijan, Kazakhstan, Turkmenistan, Uzbekistan, Tajikistan, Georgia, Armenia, Russia and Turkey. Our strategy of maintaining strong relationships across multiple markets and suppliers allows us to seamlessly source our licorice raw material requirements in the event supply from any one area or supplier becomes temporarily unavailable or uneconomical.

We have an exclusive supply contract to purchase the output of licorice extract and certain licorice derivatives from a manufacturer with facilities in Central Asia. For the year ended December 31, 2023, our purchases from this supplier totaled approximately $13.0 million, representing 32.1% of our licorice raw material purchases for the year. In addition to a stable source of licorice raw material, we strive to maintain sufficient licorice raw material inventory and open purchase contracts to meet normal production needs for one or more years to overcome the natural variability in wild collected licorice root quality from various regions and crop cycles and ensure against temporary disruptions in supply.

Our licorice manufacturing and raw material sourcing process is also uniquely flexible in that we are able to use multiple types of commercially available licorice raw material including roots, intermediate licorice extracts and licorice derivatives produced by third parties. This manufacturing and raw material sourcing flexibility enables us to maximize the value of our raw material purchases and inventory investments and to respond quickly to new business opportunities by utilizing intermediate raw material.

International Operations

We are a global company with sales in over 100 countries, and our principal markets outside the U.S. are in Europe, Asia, the Middle East, Africa and Latin America. Management has identified significant opportunities for increasing the customer base via geographic expansion, distribution gains and product innovation. Our geographic diversity allows us to draw on the skills of a worldwide workforce, provides greater stability to our operations, allows us to drive economies of scale, provides sales streams that may help offset economic trends that are specific to individual economies and offers us an opportunity to access new markets for products. Our management team has strong global relationships with many customers and channels, including grocery, club stores, distributors and food service operators across a number of key geographies that accelerates new product placement and will help us expand our presence in currently under-penetrated markets, such as India and China. In addition, we believe that our future growth depends in part on our ability to continue developing products and sales models that successfully target high-growth markets.

In 2023, we generated approximately 67% of our revenue in North America, approximately 17% of our revenue in Europe, approximately 10% of our revenue in Asia Pacific, approximately 3% of our revenue in IMEA and approximately 3% of our revenue in Latin America. In 2023, one customer accounted for more than 10% of our total sales, representing 13.8% of total sales. One customer accounted for more than 10% of total sales in both 2022 and 2021.

The manner in which our products and services are sold outside the U.S. differs by business and by region. Most of our sales in non-U.S. markets are made by our subsidiaries located outside the U.S., though we also sell directly from the U.S. into non-U.S. markets through various representatives and distributors and, in some cases, directly. In countries with low sales volumes, we generally sell through representatives and distributors.

Information about the effects of foreign currency fluctuations on our business is set forth in "Management's Discussion and Analysis of Financial Condition and Results of Operations." For a discussion of risks related to our non-U.S. operations and foreign currency exchange, please refer to the section entitled "Risk Factors - Risks Related to Our Business."

Research & Development

We have dedicated R&D teams employed at each of our reportable business segments. R&D efforts are divided across geographies and focus on a number of areas including new product launches, formulation development, and product expansion opportunities. Our R&D capabilities include supporting existing and potential customers on projects with our products, education on proper use of the products through demonstrations, newsletters, and tradeshows, application development and new product development.

Intellectual Property

Our ability to create, obtain and protect intellectual property ("IP") is important to the success of our business and our ability to compete. We create IP in our operations globally, and we work to protect and enforce our IP rights. We consider our trademarks valuable assets, including well-known trademarks such as Whole Earth®, Wholesome®, Swerve®, Equal®, Canderel®, Pure Via® and Magnasweet®.

In addition, we integrate licensed third-party technology and IP into certain aspects of our products.

Although certain third-party proprietary IP rights are important to our success, we do not believe we are materially dependent on any particular third-party patent, license, or group.

Competition

We believe that we are a leader in many of our served markets. Although our businesses generally operate in highly competitive markets, our competitive position cannot be determined accurately in the aggregate or by segment, since none of our competitors offer all of the same product and service lines or serve all of the same markets as we do. Because of the range of the products and services we sell and the variety of markets we serve, we encounter a wide variety of competitors, including well-established regional competitors and competitors who are more specialized than we are in particular markets.

Key competitive factors vary among our businesses and product and service lines, but include the specific factors noted above with respect to each segment and typically also include price, quality, performance, delivery speed, applications expertise, distribution channel access, service and support, technology and innovation, breadth of product, service and brand name recognition.

We believe that the principal competitive factors in distributing tabletop sweeteners are product taste, consumer brand recognition, ingredient preference, and price. The low-calorie tabletop sweetener market is currently well served at a variety of price points by a number of well-established competitors. We believe that the entrance of a new competitor using existing sweetening ingredients would find it challenging to overcome a highly loyal consumer base, established relationships with worldwide trade and distribution networks, the expense of brand building and lack of product differentiation. As such, we have experienced very little new competition within the alternative sweetener market globally.

The functional ingredients market typically consists of ingredients that account for a small amount of the customer's cost of sales, but are vitally important to functionality. Within this market, the principal competitive factors for the licorice category include supply security and availability, product quality, proprietary formulations, price, and technical support. Our Flavors & Ingredients segment is uniquely positioned given its global footprint, best-in-class supply chain capabilities, proprietary manufacturing processes, and regulatory approved customer formulations that reliably provide customers with critical ingredients for their products. Our Flavors & Ingredients segment competes globally for certain derivative products against divisions of larger flavor houses and chemical companies and we compete in local markets with a number of small, private, typically country-focused manufacturers, brokers, and distributors.

Regulation and Compliance

As a food and ingredient manufacturer, we operate in compliance with the requirements of the FDA and other regional food manufacturing guidelines. Our products comply with the U.S. Federal Food, Drug and Cosmetic Act of 1938 and the rules and regulations promulgated thereunder, state unfair competition and deceptive trade practices statutes, Food Allergen Labeling and Consumer Protection Act of 2004, the Organic Foods Production Act, and all comparable state and international laws and each of their applicable implementing regulations.

Licorice extract and certain pure licorice derivatives used as additives are GRAS for use in food by the FDA. Global approval for the use of licorice extract and derivatives for food consumption varies depending upon the country. Pure licorice derivatives have been successfully utilized in approved pharmaceutical and cosmetics products around the world. Pure licorice derivatives are also approved for use under the EU Cosmetic Directive and by the U.S. Cosmetic Ingredient Review Board.

Our primary Flavors & Ingredients international manufacturing facilities are currently Global Food Safety Initiative ("GFSI")-certified and all facilities are registered with the FDA. Each manufacturing facility is monitored using coordinated quality departments located in the U.S., France and China to ensure that all product shipped is in compliance with quality and regulatory requirements. In addition to food manufacturing regulations, we operate in compliance with OSHA requirements and with applicable federal, state, local and international environmental laws and regulations. Safety training programs are maintained at each facility to educate employees on food safety and workplace safety requirements.

The Family Smoking Prevention and Tobacco Control Act of 2009 ("TCA") gave the FDA comprehensive authority to regulate the manufacturing, marketing and sale of tobacco products in the U.S. The TCA requires tobacco companies to disclose the contents of tobacco products and any changes to their products, and requires FDA review and approval of all new tobacco products. Among its broad powers, the FDA may order changes in cigarettes and other existing tobacco products to meet new product standards based on medical, scientific and other technological evidence as appropriate for the protection of the public health. We work with our tobacco customers to ensure compliance with applicable FDA standards and regulations.

Human Capital Resources

Whole Earth Brands is a global company, with approximately 590 employees operating in 14 countries. Our employees are engaged in a number of key functions, including operations, sales, R&D and administration. Approximately 24% of our employees are based in North America and approximately 76% of our employees are based outside of North America. The vast majority of our employees work full-time, with approximately 47% working at global production facilities and others working at office locations or R&D facilities.

Our employees create our success, and below are some of the human capital components that enable our employees.

Mission, Vision and Values

At Whole Earth Brands, our vision is to help people enjoy life's everyday moments and the celebrations that bring us together. As part of our quest to make this vision a reality, we collectively work as a team to execute on our mission of enabling healthier lifestyles and providing access to high-quality plant-based sweeteners, flavor enhancers and other foods through our diverse portfolio of trusted brands and delicious products. All of this work is supported by a talented, dedicated team, energized by our vision, and united in our core values of accountability, agility, passion, and integrity.

Diversity, Equity and Inclusion

We believe that everyone should be welcomed, encouraged, and respected at Whole Earth Brands. By living our core values every day, we create an environment where the diverse backgrounds and experiences of our employees enable us to thrive. Globally, approximately 54% of our employees are men and approximately 46% of our employees are women.

Employee Health and Safety

The safety and well-being of our employees is of utmost importance. We train our employees on workplace safety, including how to follow our written safety standards and procedures, the law pertaining to workplace safety, and how to watch for and report anything potentially harmful.

To ensure that Whole Earth Brands employees and their families in every country in which we operate have access to free support and resources for topics related to their health and well-being, we provide our employees with a global employee assistance program at no cost to them.

Total Rewards

In addition to the importance we place on the health, satisfaction and security of our employees and their families, our ability to attract and retain a workforce with the skills critical to our business operations is equally important. We provide a total rewards package that offers valuable and market competitive compensation and benefit plans. These programs reflect our commitment to attracting and retaining top talent, and keeping our employees and their families healthy and secure. Our compensation philosophy is to pay for performance, and we do so through short-term and long-term incentives, all tied to business performance.

Given our diverse employee base with needs that are unique to each individual, we offer benefits that can be selected by each employee to best meet his or her needs. Our benefits vary by region, but generally include medical, dental and vision insurance, retirement savings accounts, disability insurance and other voluntary benefits. We also offer time-off benefits which are equally important to the well-being of our employees including vacation time, sick leave, company paid holidays, and parental leave. We have also introduced a hybrid work model for office based employees to assist with balancing work and personal life.

Environmental, Social and Governance

Our Environmental, Social and Governance ("ESG") initiatives are intended to enable our business to have a positive impact across product development, ingredient sourcing, manufacturing, and hiring. Our ESG priorities center on three pillars: advance sustainably, support thriving workers and communities, and enable healthier lifestyles. We have developed certain measurable targets in order to guide our ESG efforts with respect to (i) climate; (ii) packaging; (iii) waste and water; (iv) responsible sourcing; (v) diversity, equity and inclusion; (vi) innovation and transparency; and (vii) equitable access.

Corporate Information

Our principal executive offices are located at 125 S. Wacker Drive, Suite 1250, Chicago, IL 60606, and our telephone number is (312) 840-6000. We maintain a website at www.wholeeearthbrands.com. The information contained on our website is not intended to form a part of, or be incorporated by reference into, this Annual Report on Form 10-K.

Available Information

Access to all of our SEC filings, including our Annual Report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, is provided, free of charge, on our website (www.wholeearthbrands.com) as soon as reasonably practicable after such reports are electronically filed with, or furnished to, the SEC. Additionally, the SEC maintains an internet site (www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

Item 1A. Risk Factors.

You should consider carefully all of the following risk factors and all the other information contained in this report, including the financial statements. If any of the following risks occur, our business, financial condition or results of operations may be materially and adversely affected. In that event, the trading price of our securities could decline, and you could lose all or part of your investment. The risk factors described below are not necessarily exhaustive and you are encouraged to perform your own investigation with respect to us and our business.

Risks Related to Our Business

Industry competition, consolidation and costs may reduce sales and margins.

We operate in a highly competitive industry and compete with companies that have greater capital resources, facilities and diversity of product lines. Increased competition for products could result in decreased demand for our products and reduced volumes and/or prices, each of which would reduce our sales and margins and could have a material adverse effect on our business, financial condition and results of operations. Our Flavors & Ingredients customers are under pressure to reduce costs, which could cause them to reformulate their products and substitute cheaper ingredients for our products. These industry pressures may result in lower sales of our Flavors & Ingredients products and/or lower margins on our Flavors & Ingredients sales. With respect to our Branded CPG segment, our competitors might also introduce new low-calorie sweeteners and other alternatives to sugar. In addition, competitors with larger marketing budgets can influence consumer preferences. There is no assurance that Branded CPG's existing marketing spending is sufficient to stay competitive with other product manufacturers.

Our margins are also under pressure from consolidation in the retail food industry in many regions of the world. In the U.S., we have experienced a shift in the channels where consumers purchase our products from the higher margin retail to the lower margin club and mass merchandisers. Additionally, increased competition from private label manufacturers of low-calorie tabletop sweeteners may have a negative impact on sales and/or margins. Consolidation within the industry we operate may significantly increase our cost of doing business and may further result in lower sales of our products and/or lower margins on sales.

We are subject to risks related to our supply chain and the price, quality and availability of raw materials which could have a material adverse effect on our business, financial condition and results of operations.

We operate a complex supply chain which is critical to our Flavors & Ingredients operations. In the event of disruption, we may face operational risk that could result in carrying inadequate supplies to meet our customer demand. If we are unable to manage our supply chain efficiently, our operating costs could increase and our profit margins could decrease. Our Flavors & Ingredients business is dependent on our relationships with suppliers of licorice raw materials (which includes licorice root, intermediary licorice extract and licorice derivatives). If any material licorice raw materials supplier modifies its relationship with us, such a loss, reduction or modification could have a material adverse effect on our Flavors & Ingredients business, results of operations and financial condition.

Further, licorice production is subject to a variety of agricultural risks. The stability of licorice raw materials is dependent upon the ability of the product to remain dry and free of infestation. Increased governmental restrictions on the application of pesticides or fumigants could reduce our ability to maintain long-term storage of licorice root or result in increased cost of operations. A sustained supply interruption could have a material adverse effect on our Flavors & Ingredients business, results of operations and financial condition.

The manufacture of our Flavors & Ingredients products is a multi-stage process that requires the use of high-quality materials and sophisticated manufacturing technologies. We are dependent on our suppliers to provide licorice raw materials meeting our quality standards. If we were not able to maintain our manufacturing processes or stringent quality controls, or if contamination problems arise, the operating results of our Flavors & Ingredients business would be harmed.

Our failure to accurately forecast demand and manage inventory could result in an unexpected shortfall of our Flavors & Ingredients products, which could harm our business.

We monitor our inventory levels based on our own projections of future demand. Because of the length of the supply chain cycle and the time necessary to produce licorice products, we must make production decisions well in advance of sales. However, we may not accurately forecast demand and an inaccurate forecast of demand can result in the unavailability of licorice products that may otherwise be in high demand. This unavailability may negatively impact sales volumes and adversely affect customer relationships.

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

There is growing concern that a gradual rise in global average temperatures due to increased concentration of carbon dioxide and other greenhouse gases in the atmosphere will cause significant changes in weather patterns around the globe, and increase the frequency, severity, and duration of extreme weather conditions and natural disasters, and water scarcity and poor water quality. These events could adversely impact the manufacturing or delivery of raw materials required for our products, reduce crop yields, disrupt the operation of our supply chain and the productivity of our contract manufacturers, increase our production costs, impose capacity restraints and impact the purchases of our products and services.

In many countries, governmental bodies are proposing and enacting new or additional legislation and regulations to address the potential impacts of climate change, including, among other regulations, like the European Union's (the "EU") Corporate Sustainability Reporting Directive ("CSRD") which became effective in January 2023 (which requires us to report detailed information on climate and other ESG-related matters in the coming years). If we, our suppliers or others in our value chain, are required to comply with these laws and regulations in the future, or if we choose to take voluntary steps to reduce or mitigate our environmental impact, we may experience increased costs for compliance, reporting, supply chain management and due diligence, energy, production, transportation, and raw materials, increased capital expenditures, or increased insurance premiums and deductibles, which could adversely impact our operations. The impact of any future climate change legislation, regulations or industry standards, international treaties and accords, is uncertain and could negatively affect our business, financial condition, results of operations and cash flows.

Our failure to adequately address sustainability and ESG concerns of stakeholders or respond to changing ESG regulations may harm our reputation and have a material adverse impact on our business.

Governmental authorities, non-governmental organizations, customers, investors, external stakeholders and employees are increasingly sensitive to sustainability and ESG concerns, such as diversity and inclusion, climate change, water use, recyclability or recoverability of packaging, and plastic waste. Our ability to compete could also be affected by changing customer preferences and requirements, such as growing demand for more environmentally friendly products, packaging or supplier practices. Failure to meet such customer expectations or demand, failure to achieve our publicly-disclosed sustainability and ESG goals or targets, or failure to meet the ESG expectations of our investors, employees, customers, ESG ratings agencies and other stakeholders, could negatively impact our reputation, hinder our access to capital, lead to reduced demand for our products, loss of customers, "greenwashing" and other similar claims, and other negative impacts on our business and results of operations.

Uncertain or unfavorable economic conditions, including during periods of high inflation, recessions or other economic disruption, could increase our costs, change customer and consumer demand for our products, or otherwise adversely affect us.

Periods of adverse or uncertain economic conditions, including during periods of high inflation or recession concerns, may increase our costs and otherwise change customer and consumer demand for our products. The willingness of consumers to purchase our products depends in part on general or local economic conditions and consumers' discretionary spending habits. During periods of economic downturn or high inflation, consumers tend to shift their purchases to lower-priced or other perceived value offerings which may make it more difficult to sell more premium products and could result in a reduction in sales. We cannot, however, predict any future economic conditions, including trends in the rate of inflation or associated increases in our operating costs and how that may impact our business. To the extent inflation rates were to significantly exceed our ability to achieve price increases or cost savings, our financial condition and results of operations may be adversely affected.

Our business, financial condition, and results of operations may be materially adversely affected by various global macro-economic factors as well as geopolitical events and crises, such as public health emergencies and ongoing military conflicts.

We operate in many countries throughout the world. Economic and financial market conditions, including conditions resulting from public health emergencies, and geopolitical events, such as the ongoing military conflict between Israel and Hamas and escalating tensions in the Middle East, and the ongoing military conflict between Ukraine and Russia and related sanctions imposed by the U.S. Department of Treasury and other governing bodies in countries in which we conduct business, can create significant market volatility, uncertainty and economic disruption in the global economy or specific international, regional and domestic markets, that may adversely affect our business and results of operations. Economic or political instability, government intervention or civil unrest in countries and regions where we have manufacturing operations and where we source licorice root and intermediary licorice extract, which include our operations and raw materials suppliers in the People's Republic of China, and raw materials suppliers in Central Asia, could have a material adverse effect on our Flavors & Ingredients business, results of operations and financial condition. We are continuing to monitor and assess the potential impact of various global macro-economic factors on our business. To the extent that our business, financial condition, liquidity or results of operations are adversely affected by economic and financial market conditions, tariffs, taxes, sanctions, inflationary pressures, public health emergencies and ongoing military conflicts, such events may also have the effect of heightening other risks described herein and in any future filings we make with the SEC.

If we fail to successfully implement our growth strategies on a timely basis, or at all, our ability to increase our revenue and operating profits could be materially and adversely affected.

We believe that our consumer-packaged goods are broadly known and followed in the U.S. and many other countries in which we operate. Our future success depends, in large part, on our ability to implement our growth strategies effectively. New products may be introduced into the market which could impact our net sales growth and our competitors with substantially greater resources than us may be more responsive to changes within the industry and be better equipped to introduce new products more quickly. Our ability to successfully expand our consumer packaged goods and ingredients brands and other growth strategies depends on, among other things, our ability to identify, and successfully cater to, new demographics and consumer trends, develop new and innovative products, identify and acquire additional product lines and businesses, secure shelf space in grocery stores, wholesale clubs and other retailers, increase consumer awareness of our brands, enter into distribution and other strategic arrangements with third-party retailers and other potential distributors of our products, and compete with numerous other companies and products. For example, substantial advertising and promotional expenditures may be required to maintain or improve our brands' market positions or to introduce new products to the market, including through the use of engaging with non-traditional media, including consumer outreach through social media and web-based channels, which may be costly and may not prove successful. We may not be successful in reaching and maintaining the loyalty of new consumers to the same extent, or at all, as we have with our historical consumers. If we are unable to identify and capture new audiences and demographics, our ability to successfully integrate additional brands will be adversely affected. In addition, we consistently evaluate our product lines to determine whether or not to discontinue certain products which may increase our profitability but could reduce our sales and hurt our brands, and a reduction in sales of certain products could result in a reduction in sales of other products. Accordingly, we may not be able to successfully implement our growth strategies, expand our brands, or continue to maintain growth in our sales at our current rate, or at all. If we fail to implement our growth strategies or if we invest resources in growth strategies that ultimately prove unsuccessful, our sales and profitability may be negatively affected, which would materially and adversely affect our business, financial condition and results of operations.

Changes in consumer preferences could decrease our revenues and cash flow.

We are subject to the risks of evolving consumer preferences and nutritional and health-related concerns. To the extent that consumer preferences evolve away from low-calorie sweeteners, there will be a decreased demand for some of our Branded CPG products. Consumer perception that there are low-calorie tabletop and baking sweetener alternatives that are healthier or more natural could decrease demand for our products. A portion of our Flavors & Ingredients revenues are derived from the sale of licorice to worldwide confectioners. To the extent that consumer preferences shift away from licorice-flavored candy, operating results relating to the sale of licorice to worldwide confectioners could be impaired, which could have a material adverse effect on our business, financial condition and results of operations. In addition, a portion of our revenues are derived from the sale of licorice derivatives to food processors for use as flavoring or masking agents. To the extent that consumer preferences evolve away from products that use licorice derivatives, our operating results relating to the sale of licorice derivatives could be impaired, which could have a material adverse effect on our business, financial condition and results of operations.

We are heavily dependent on certain customers, suppliers, manufacturers, and other third parties.

The loss of or disruptions related to significant customers could result in a material reduction in sales or change in the mix of products we sell to a significant customer. In 2023, our top five Branded CPG customers accounted for approximately 31.0% of our Branded CPG net revenues. In 2023, our ten largest Flavors & Ingredients customers, four of which are manufacturers of tobacco products, accounted for approximately 59.6% of our Flavors & Ingredients net revenues. There can be no assurance that our customers will continue to purchase our products in the same mix or quantities or on the same terms as in the past. This could materially and adversely affect our product sales, financial condition and results of operations.

Our Branded CPG business currently relies upon external manufacturers in the U.S., as well as internal manufacturing in the Czech Republic, a number of key tollers, external manufacturers, packaging suppliers, ingredient suppliers, and 3PL (logistics) vendors globally. There are a limited number of manufacturing service suppliers, ingredient and packaging suppliers with the capability and capacity to meet our strict product requirements effectively. Failure by any of these parties to manufacture, supply, or transport our products, as applicable, in accordance with applicable regulations and the terms and conditions of our agreements with each third party could result in inventory shortages or other impacts, which could negatively impact earnings and cash flows and impair our ability to operate our business. Additionally, we use exclusive distributors in certain jurisdictions for our products. Our Branded CPG segment would suffer disruption if these distributors were to fail to perform their expected services or to effectively represent us, which could adversely affect our business.

Our Flavors & Ingredients business is dependent on our relationships with suppliers of licorice raw materials (which includes licorice root, intermediary licorice extract and licorice derivatives). The licorice raw materials we purchase originate in Afghanistan, the Peoples' Republic of China, Pakistan, Iraq, Azerbaijan, Uzbekistan, Turkmenistan, Kazakhstan, Tajikistan, Georgia, Armenia, Russia and Turkey. During 2023, one of our suppliers of licorice raw materials supplied approximately 32.1% of our total licorice raw materials purchases. We have an exclusive supply arrangement with a manufacturer of licorice extract and crude derivatives in Central Asia. The agreement expires in October 2025 and gives us the right to purchase all of the licorice products manufactured at the facility. Although alternative sources of licorice raw materials are available to us, we could incur higher costs if the supplier is unable to produce sufficient quantities of licorice raw materials at the quality levels required. If any material licorice raw materials supplier modifies its relationship with us, such a loss, reduction or modification could have a material adverse effect on our Flavors & Ingredients business, results of operations and financial condition.

Our Business is subject to transportation risks.

Our ability to obtain adequate and reasonably priced methods of transportation to distribute our products is a key factor to our success. Delays in transportation including weather-related delays, carrier capacity limitations, and extended interruptions could have a material adverse effect on our Branded CPG and our Flavors & Ingredients segments, financial condition and results of operations. Further, higher fuel costs and increased line haul costs due to industry capacity constraints and customer delivery requirements could also negatively impact our financial results. We cannot be sure that we would be able to transport or distribute our products by alternative means if we were to experience an interruption due to labor strikes, natural disasters, epidemics or pandemics, political conflicts, civil unrest or otherwise, in a timely and cost-effective manner.

Negative information, including inaccurate information, about us on social media may harm our reputation and brand, which could have a material and adverse effect on our business, financial condition and results of operations.

Many social media platforms immediately publish the content their subscribers and participants post, often without filters or checks on accuracy of the content posted which may result in increased scrutiny by consumers, third parties, the media, governments, stockholders and other stakeholders. Information concerning our business and/or products, including public health concerns, illness, safety, security breaches of confidential consumer or employee information, employee related claims relating to alleged employment discrimination, health care and benefit issues or government or industry findings about our retailers, distributors, manufacturers or others across the industry supply chain may be posted on such platforms at any time. Negative views regarding our products have been posted on various social media platforms, may continue to be posted in the future, and are outside of our control. Regardless of their accuracy or authenticity, such information and views may adversely impact our interests and may harm our reputation and brand without any opportunity for redress or correction. The risks associated with any such negative publicity cannot be eliminated and may materially and adversely affect our business, financial condition and results of operations.

Our international operations involve the use of foreign currencies, which subjects us to exchange rate fluctuations and other currency risks.

The revenues and expenses of our international operations generally are denominated in local currencies, which subject us to exchange rate fluctuations between such local currencies and the U.S. dollar. These exchange rate fluctuations subject us to currency translation risk with respect to the reported results of our international operations, as well as to other risks associated with international operations. In the future, we could experience fluctuations in financial results from our operations outside of the U.S., and there can be no assurance we will be able, contractually or otherwise, to reduce the currency risks associated with our international operations.

Inability to protect our trademarks and other proprietary rights could damage our competitive position.

Any infringement or misappropriation of our intellectual property could damage its value, dilute the value of our brand in the marketplace and limit our ability to compete. We rely on copyrights, trademarks, trade secrets, confidentiality provisions and licensing arrangements to establish and protect our intellectual property. We may have to engage in litigation to protect our rights to our intellectual property, which could result in significant litigation costs and require significant amounts of management's time. One or more adverse judgments with respect to these intellectual property rights could negatively impact our ability to compete and could adversely affect our results of operations and financial condition. We believe that the formulas and blends for our products are trade secrets. We rely on security procedures and confidentiality agreements to protect this proprietary information; however, such agreements and security procedures may be insufficient to keep others from acquiring this information. The laws of some countries do not protect proprietary rights to the same extent as the laws of the U.S., and mechanisms for enforcement of intellectual property rights in some foreign countries may be inadequate. Accordingly, despite our efforts, we may be unable to prevent third parties from infringing upon, misappropriating or otherwise violating our technology and intellectual property.

If we fail to comply with the many laws applicable to our business, we may incur significant fines and penalties.

Our facilities and products are subject to laws and regulations administered by the FDA, the Environmental Protection Agency, and other federal, state, local, and foreign governmental agencies relating to the processing, packaging, storage, distribution, advertising, labeling, quality, and safety of food products. Our failure to comply with applicable laws and regulations could subject us to administrative penalties and injunctive relief, civil remedies, including fines, injunctions and recalls of our products, and negative publicity. Any new legislation or regulations enacted in the future in domestic and foreign jurisdictions, including, without limitation, changes in food and drug laws, accounting standards, taxation requirements (including tax rate changes, new tax laws and revised tax law interpretations) and environmental laws, or any changes in how existing or future laws or regulations are enforced, administered or interpreted, as well as any material cost incurred in connection with liabilities or claims from these regulations may lead to an increase in costs, which could have a material adverse effect on our business, our consolidated financial condition, results of operations and/or liquidity.

The countries in which we operate and from which we purchase raw materials could result in exposure to liability under the Foreign Corrupt Practices Act or under regulations promulgated by OFAC. Our failure to comply with applicable laws and regulations could subject us to administrative penalties and injunctive relief, civil remedies, including fines, injunctions and product recalls. The complexity of the many laws and regulations applicable to our business and the cost of compliance increases our costs of operations compared to some foreign competitors which are subject to less regulation.

Any acquisitions, partnerships or joint ventures that we enter into could disrupt our operations and have a material adverse effect on our business, financial condition and results of operations.

From time to time, we may evaluate potential strategic acquisitions of businesses, including partnerships or joint ventures with third parties. We may not be successful in identifying acquisition, partnership and joint venture candidates. In addition, we may not be able to continue the operational success of such businesses or successfully finance or integrate any businesses that we acquire or with which we form a partnership or joint venture. We may have potential write-offs of acquired assets and/or an impairment of any goodwill recorded as a result of acquisitions. Furthermore, the integration of any acquisition may divert management's time and resources from our core business and disrupt our operations or may result in conflicts with our business. Any acquisition, partnership or joint venture may not be successful, may reduce our cash reserves, may negatively affect our earnings and financial performance and, to the extent financed with the proceeds of debt, may increase our indebtedness. We cannot ensure that any acquisition, partnership or joint venture we make will not have a material adverse effect on our business, financial condition and results of operations.

We may become involved in litigation that may materially adversely affect us.

From time to time, we may become involved in various legal proceedings relating to matters incidental to the ordinary course of our business, including intellectual property, commercial, product liability, employment, class action, whistleblower and other litigation and claims, and governmental and other regulatory investigations and proceedings. Such matters can be time-consuming, divert management's attention and resources, cause us to incur significant expenses or liability or require us to change our business practices. Because litigation is inherently unpredictable, we cannot give any assurance that the results of any of these actions will not have a material adverse effect on our business.

Changes in tax laws or regulations may increase tax uncertainty and adversely affect results of our operations and our effective tax rate.

We are subject to taxes in the U.S. and certain foreign jurisdictions. Due to economic and political conditions, tax rates in various jurisdictions, including the U.S., may be subject to change. Our future effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities and changes in tax laws or their interpretation. In addition, we may be subject to income tax audits by various tax jurisdictions. Although we believe our income tax liabilities are reasonably estimated and accounted for in accordance with applicable laws and principles, an adverse resolution by one or more taxing authorities could have a material impact on the results of our operations.

Information security events, or real or perceived errors, failures, or bugs in our systems; other technology disruptions; or failure to comply with laws and regulations relating to information security could negatively impact our business, our reputation and our relationships with customers.

Our continued success depends in part on our systems, applications, and software continuing to operate to meet our business demands. We rely on information technology systems and infrastructure for substantially all aspects of our business operations. Our business involves the storage and transmission of confidential information and intellectual property, including information pertaining to consumers, vendors, distributors, and suppliers, and employees. We also may maintain financial and strategic information about us and our business partners. Such use gives rise to cybersecurity risks, including security incidents, espionage, system disruption through material errors, failures, vulnerabilities, or bugs, theft, and inadvertent release of information. Our technology and information systems may be subject to computer viruses or malicious code, break-ins, phishing impersonation attacks, attempts to overload our servers with denial-of-service or other attacks, ransomware, and similar incidents or disruptions from unauthorized access or use of our computer systems, as well as unintentional incidents causing data leakage, any of which could lead to interruptions, delays, or website shutdowns, disable or otherwise cripple our operations. The breadth and scope of this threat has grown over time, and the techniques and sophistication used to conduct cyber-attacks, as well as the sources and targets of the attacks, change frequently. While we invest time, effort and capital resources to secure our key systems and networks, there can be no assurance that we will be successful in preventing or responding to all such attacks.

The theft, destruction, loss, misappropriation, misuse, or release of sensitive or confidential information or intellectual property, or interference with our information technology systems or the technology systems of third parties on which we rely, could result in business disruption, negative publicity, reputational harm, violation of privacy laws, loss of customers, and liability, all of which could have a material adverse effect on our business, operating results, and financial condition. Additionally, as a result of a security incident, we could be subject to demands, claims, and litigation by private parties and investigations, related actions, and penalties by regulatory authorities. Moreover, we could incur significant costs in notifying affected persons and entities and otherwise complying with the multitude of laws and regulations relating to the unauthorized access to, or acquisition, use, or disclosure of personal information.

If we are, or a third party on which we rely is, subject to a successful cyber-attack, we may suffer damage to our key systems and/or data that could interrupt our operations, adversely impact our reputation and brands and expose us to increased risks of governmental investigation, litigation and other liability, any of which could adversely affect our business. Furthermore, responding to such an attack and mitigating the risk of future attacks could result in additional operating and capital costs in systems technology, personnel, monitoring and other investments.

Our operations depend on the continuing and efficient operation of our information technology, communications systems and infrastructure, and on cloud-based platforms, including platforms operated by vendors. Any of these systems and infrastructure are vulnerable to damage or interruption from earthquakes, vandalism, sabotage, terrorist attacks, floods, fires, power outages, telecommunications failures, computer viruses or other deliberate attempts to harm the systems. The occurrence of a natural or intentional disaster, any decision to close a facility we are using without adequate notice, or particularly an unanticipated problem at a cloud- based virtual server facility, could result in harmful interruptions in our service, resulting in adverse effects to our business. Although we have invested in the protection of data and information technology, there can be no assurances that our efforts will protect us against significant breakdowns, breaches in our systems, or other cyber incidents that could have a material adverse effect on our reputation, business, operations, or financial condition of the company.

Our collection, use, and disclosure of information, including personal information, is subject to federal, state and foreign privacy and information security regulations and binding industry standards; new or changed regulations could impose significant costs to our operation and failure to comply with those regulations or to adequately secure the information we hold could result in significant liability or reputational harm.

We are subject to numerous federal, state, and local laws, rules, and regulations relating to the collection, processing, storing, sharing, disclosure, use, and security of personal information and other data. We are or may in the future be subject to contractual obligations to protect data. We may incur significant expenses to comply with the laws, regulations, and other obligations that apply to us. Additionally, the privacy- and data protection-related laws, rules, and regulations applicable to us may be interpreted and applied in new ways or in a manner that is inconsistent from one jurisdiction to another and may conflict with other rules or our practices. Further, new laws, rules, and regulations could be enacted with which we are not familiar or with which our practices do not comply.

Approximately one-fifth of U.S. states have passed omnibus privacy laws that are or will go into effect within the next several years. These laws apply or may apply to us in the future as we grow and expand, and other jurisdictions are considering imposing additional restrictions. To the extent that certain of these laws are applicable to us, and to the extent that other states enact laws in the future that are or may be applicable to us, we will need to expend resources to evaluate such regulations and implement compliance solutions. If we engage in email marketing or certain telemarketing activities, we will be subject to issue-specific laws pertaining to the use of information, including laws on marketing and advertising, such as the Telephone Consumer Protection Act and the Telemarketing Sales Rule and the Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003, and their state counterparts.

Further, given our operations outside of the U.S., including in the EU, we are subject to certain risks in connection with the requirements of the General Data Protection Regulation (E.U.) 2016/679, and other data protection regulations. Any failure or perceived failure by us to comply with privacy or data protection laws, policies, or industry standards or any security incident that results in the unauthorized release of personal information may result in governmental enforcement actions and investigations, fines and penalties, litigation and/or adverse publicity, including by consumer advocacy groups, and could cause our customers to lose trust in us, which could have an adverse effect on our reputation and business. Such failures could have a material adverse effect on our financial condition and operations. If the third parties we work with violate applicable laws, contractual obligations or suffer a security incident, such violations may also put us in breach of our obligations under privacy laws and regulations and/or could in turn have a material adverse effect on our business.

Our success significantly depends on key personnel.

Our performance significantly depends upon the continued contributions of our executive officers and key employees, both individually and as a group, and our ability to retain and motivate them. Our officers and key personnel have many years of experience in our industry and it may be difficult to replace them. If we lose key personnel or are unable to recruit qualified personnel, our business, financial condition and results of operations may be adversely affected.

Product liability claims, product recalls and health-related allegations could adversely affect our business reputation and financial results.

The sale of food products for human consumption involves the risk of injury to consumers, which could result from tampering by unauthorized third parties; product contamination; the presence of foreign objects, substances, chemicals and other agents; or residues introduced during the manufacturing, packaging, storage, handling or transportation phases. Some of the products we sell are produced for us by third parties and such third parties may not have adequate quality control standards to ensure that such products are not adulterated, misbranded, contaminated or otherwise defective. Any of the above circumstances could necessitate a voluntary or mandatory recall, a need to change a product’s labeling or other consumer safety concerns. Any widespread product recall, whether voluntary or mandatory, may result in significant loss due to the costs of a recall, related legal claims, including claims arising from bodily injury or illness caused by our products, the destruction of product inventory, lost sales due to product unavailability, or unfavorable change in customer sentiment toward our products. In addition, we license our brands for use on products produced and marketed by third parties, for which we receive royalties. We, as well as the manufacturers of our products, may be subject to claims made by consumers as a result of products manufactured by these third parties which are marketed under our brand names.

Consumption of adulterated products may cause serious illnesses and we may be subject to claims or lawsuits relating to such matters. Even an inadvertent shipment of adulterated products is a violation of law and may lead to an increased risk of exposure to product liability claims, product recalls and increased scrutiny by federal and state regulatory agencies. Such claims or liabilities may not be covered by our insurance or by any rights of indemnity or contribution which we may have against third parties. In addition, the negative publicity surrounding any assertion that our products caused illness or injury could have a material adverse effect on our reputation with existing and potential consumers and on our brand image, all of which could negatively impact our earnings and cash flows. For example, allegations have been made that natural and artificial sweeteners lead to various health problems. Although we believe that we have been successful in presenting scientific evidence to dispute these claims and restore consumer confidence in the face of each of these claims, there can be no assurance that we will be similarly successful if new health-related allegations are made in the future. Furthermore, actions by the FDA and other federal, state or local agencies or governments, domestically or abroad, may impact the acceptability and public perception of or access to certain sweeteners. If consumers lose confidence in the safety of our products, regardless of the accuracy or scientific support for such claims, our sales and margins would be negatively impacted.

Our business is heavily dependent on sales to the worldwide tobacco industry, and negative developments and trends within the tobacco industry could have a material adverse effect on our business, financial condition and results of operations.

In 2023, approximately 31.6% of our Flavors & Ingredients sales and 7.2% of our consolidated net revenues were to the worldwide tobacco industry for use as tobacco flavor enhancing and moistening agents in the manufacture of American blend cigarettes, moist snuff, chewing tobacco and pipe tobacco. Continued negative developments and trends within the tobacco industry including evolving public attitudes toward tobacco products, an increased emphasis on the public health aspects of tobacco product consumption, increases in excise and other taxes on tobacco products and an expansion of tobacco regulations in a number of countries have contributed significantly to a worldwide decline in consumption, which could have a material adverse effect on our Flavors & Ingredients business, financial condition and results of operations.

Additionally, the tobacco industry has been subject to increased governmental taxation and regulation and in recent years has been subject to substantial litigation and these trends are likely to continue and will likely negatively affect tobacco product consumption and tobacco product manufacturers. Producers of tobacco products are subject to regulation in the U.S. at the federal, state and local levels, as well as in foreign countries. The U.S. government has expressly prohibited the use of characterizing flavors (other than tobacco or menthol) in cigarettes. The FDA also has the power to limit the type or quantity of additives that may be used in the manufacture of tobacco products in the U.S., which expressly includes prohibiting menthol in cigarettes. This power has been extended to include e-cigarettes and other electronic nicotine delivery systems (“ENDS”), either through the issuance of a product standard or through review of premarket tobacco product applications. Actions by the FDA and other federal, state or local agencies or governments may impact the acceptability of or access to tobacco products, limit consumer choice as to tobacco products, delay or prevent the launch of new or modified tobacco products, or enact other measures that would otherwise significantly increase the cost of doing business. For example, FDA may require a recall as a result of product contamination; issue a rulemaking that bans menthol in cigarettes (which is currently proposed); determine that one or more new tobacco products do not satisfy the statutory requirements for substantial equivalence; withdraw a marketing authorization after determining that removal is necessary for the protection of public health; restrict communications to tobacco consumers; or otherwise significantly increase the cost of doing business, or restrict or prevent the use of specified tobacco products in certain locations or the sale of tobacco products by certain retail establishments.

Similarly, countries outside the U.S. have rules restricting the use of various ingredients in tobacco products. In 2005, the World Health Organization promulgated its Framework Convention for Tobacco Control (the “FCTC”). The FCTC is the first international public health treaty and establishes a global agenda for tobacco regulation in order to limit the use of tobacco products. More than 160 countries, as well as the EU, have become parties to the FCTC. In November 2010, the governing body of the FCTC issued guidelines that provide non-binding recommendations to restrict or ban flavorings and additives that increase the attractiveness of tobacco products and require tobacco product manufacturers to disclose ingredient information to public health authorities who would then determine whether such ingredients increase attractiveness. Future tobacco product regulations may be influenced by these FCTC recommendations. The EU and individual governments are also considering regulations to further restrict or ban various cigarette ingredients. For example, pursuant to the Tobacco Products Directive (“TPD”), a directive of the EU that places limits on the sale and merchandising of tobacco and tobacco related products in member countries, European Union regulators are currently evaluating the health effects of 15 ingredients, including licorice, used in tobacco products. Earlier this year, France also proposed a ban of all disposable ENDS products, and Britain’s government proposed banning younger generations from ever buying cigarettes.

Over the years, there has been substantial litigation between tobacco product manufacturers and individuals, various governmental units and private health care providers regarding increased medical expenditures and losses allegedly caused by use of tobacco products. There may be an increase in health-related litigation against the tobacco industry, and it is possible that Mafco Worldwide, as a supplier to the tobacco industry, may become a party to such litigation, which, if successful, could have a material adverse effect on our Flavors & Ingredients business.

The tobacco business, including the sale of cigarettes and smokeless tobacco, has been subject to federal, state, local and foreign excise taxes for many years. In recent years, federal, state, local and foreign governments have increased such taxes as a means of both raising revenue and discouraging the consumption of tobacco products. New proposals to increase taxes on tobacco products are also regularly introduced in the U.S. and foreign countries. Additional taxes may lead to an accelerated decline in tobacco product sales. We are unable to predict whether there will be additional price or tax increases for tobacco products or the size of any such increases, or the effect of other developments in tobacco regulation or litigation or consumer attitudes on further declines in the consumption of either tobacco products containing licorice extract or on sales of licorice extract to the tobacco industry. Further material declines in sales to the tobacco industry are likely to have a significant negative effect on the financial performance of our Flavors & Ingredients business.

Changes in, or interpretations of, regulations regarding licorice or its components may reduce our sales and profits.

Restrictions on certain licorice components vary worldwide, as countries, or states may have varying limits on specific components. Regulations issued by state, federal and foreign governments and agencies and any modification to interpretation and/or enforcement of those regulations, may impact the potential markets for our Flavors & Ingredients products. As further research is conducted on raw materials and testing technology and capabilities increase, additional items may be identified within the natural licorice matrix which may reduce the demand of our Flavors & Ingredients products. Our Flavors & Ingredients products are currently marketed as natural flavors in the U.S. and other major markets. As the definition of “natural” varies throughout the world, changes in worldwide governmental regulatory agency definitions of natural may impact the potential market for our Flavors & Ingredients products. EU regulators are currently evaluating the health effects of 15 ingredients, including licorice, used in tobacco products pursuant to the TPD, a directive that places limits on the sale and merchandising of tobacco and tobacco related products in member countries. An adverse recommendation by the EU to reduce or eliminate the use of licorice in cigarettes sold in the EU would have a negative impact on our revenues and operations in Europe. While the EU has not enacted any new rules or regulations regarding the inclusion of licorice as an additive in cigarettes, in recent years, our sales of licorice to be used in tobacco products to be sold in Europe have declined.

Though the price of licorice raw materials was generally stable in 2023, the price of licorice raw materials is affected by many factors, including monetary fluctuations and economic, political and weather conditions, natural or man-made disasters, consumer demand and changes in governmental trade or agriculture programs in countries where our flavors and ingredients suppliers are located. For example, we import licorice raw materials from various countries and export products from the U.S., France and China, therefore the imposition of tariffs by a country from which we import goods or to which we export goods could result in increased costs of production and higher prices and reduced demand for our Flavors & Ingredients products. Although we often enter into purchase contracts for these products, significant or prolonged increases in the prices of licorice raw materials could have a material adverse effect on our Flavors & Ingredients business, results of operations and financial condition.

Risks Related to Our Capital Structure

Our substantial indebtedness could adversely affect our financial condition and we may incur additional debt.

The total indebtedness under our credit facility as of December 31, 2023 was $421.7 million, net of unamortized discounts. The obligations under our credit facilities are guaranteed by certain direct or indirect wholly-owned domestic subsidiaries of ours. Our credit facilities are secured by substantially all of our personal property and the guarantor subsidiaries (in each case, subject to certain exclusions and qualifications). We are also permitted, under the terms of our credit facilities, to incur additional indebtedness, both under our credit facilities and otherwise. If such additional indebtedness is incurred, we may exacerbate the risks of our indebtedness described herein.

We intend to comply with the terms and financial covenants in our credit facilities for the foreseeable future, however, there can be no assurance that we will be able to comply with all of these covenants at all times. Our existing substantial indebtedness and any future indebtedness, if incurred, could:

- require us to dedicate a substantial portion of cash flow from operations to payments in respect of our indebtedness, instead of funding working capital, capital expenditures, potential acquisition opportunities, a level of marketing necessary to maintain the current level of sales and other general corporate purposes;

- increase the amount of interest that we have to pay, because our borrowings are at variable rates of interest, which will result in higher interest payments if interest rates increase, and, if and when we are required to refinance any of our indebtedness, an increase in interest rates would also result in higher interest costs;
- increase our vulnerability to adverse general economic or industry conditions;
- require refinancing, which we may not be able to do on reasonable terms;
- limit our flexibility in planning for, or reacting to, competition and/or changes in our business or the industry in which we operate;
- limit our ability to borrow additional funds;
- restrict us from making strategic acquisitions or necessary divestitures, introducing new brands and/or products or exploiting business opportunities; and
- place us at a competitive disadvantage compared to our competitors that have less debt and/or more financial resources.

Our ability to meet expenses and debt service obligations will depend on our future performance, which will be affected by financial, business, economic and other factors, including potential changes in consumer and customer preferences and behaviors, the success of product and marketing innovation and pressure from competitors. If we do not generate enough cash to pay our debt service obligations, we may be required to refinance all or part of our existing debt, sell assets, reduce or delay capital expenditures, borrow more money or issue additional equity.

Our credit facilities contain financial and other covenants. The failure to comply with such covenants could have an adverse effect.

Our credit facilities contain certain financial and other covenants, and limitations on our and our subsidiaries' ability to, among other things, incur additional indebtedness and make guarantees; incur liens on assets; engage in mergers or consolidations, dissolutions or other fundamental changes; sell assets; pay dividends and distributions or other restricted payments or repurchase stock; make investments, loans and advances, including acquisitions; amend organizational documents or other material agreements; enter into certain agreements that would restrict our and our subsidiaries' ability to pay dividends; repay certain junior, unsecured or subordinated indebtedness; issue certain equity; engage in certain activities; and engage in certain transactions with affiliates, in each case, subject to customary exceptions materially consistent with credit facilities of such type and size. Any failure to comply with the restrictions of our credit facilities may result in an event of default under the credit facilities. Our credit facilities bear interest at variable rates. If market interest rates increase, variable rate debt will create higher debt service requirements, which could adversely affect our cash flow.

Risks Related to Ownership of Our Securities

The price of our common stock and warrants may be volatile.

The trading price of our common stock as well as our warrants may fluctuate due to a variety of factors, regardless of our operating performance, including:

- changes in the industries in which we and our customers operate, including developments involving our competitors;
- variations in our operating performance and the performance of our competitors in general;
- actual or anticipated fluctuations in our quarterly or annual operating results;
- publication of research reports by securities analysts about us or our competitors or our industry;
- the public's reaction to our press releases, our other public announcements and our filings with the SEC;
- additions and departures of key personnel;
- changes in laws and regulations affecting our business;
- commencement of, or involvement in, litigation involving the company;
- changes in our capital structure, such as future issuances of securities or the incurrence of additional debt;
- the volume of shares of our common stock available for public sale; and
- general economic and political conditions such as recessions, interest rates, fuel prices, international currency fluctuations, corruption, political instability and acts of war or terrorism.

In the past, securities class-action litigation has often been instituted against companies following periods of volatility in the market price of their shares. This type of litigation could result in substantial costs and divert our management's attention and resources, which could have a material adverse effect on us.

If we do not maintain effective internal control over financial reporting, we may not be able to accurately report our financial results in a timely manner or prevent fraud, which may adversely affect investor confidence in our financial reporting and adversely affect our business and operating results and the market price for our common stock.

Effective internal control over financial reporting is necessary for us to provide reliable financial reports. In the future, we may discover areas of our internal control over financial reporting that need improvement. If we fail to properly and efficiently maintain an effective internal control over financial reporting, we could fail to report our financial results accurately. Effective internal controls are necessary for us to provide reliable financial reports and prevent fraud.

Our Certificate of Incorporation designates the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, which could limit stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or other employees.

Our Certificate of Incorporation provides that, unless we consent in writing to the selection of an alternative forum, (i) any derivative action or proceeding brought on behalf of us, (ii) any action asserting a claim of breach of a fiduciary duty owed by any of our directors, officers, other employees, agents or stockholders to us or our stockholders, or any claim for aiding and abetting such alleged breach, (iii) any action asserting a claim against us or any of our directors, officers, other employees, agents or stockholders arising pursuant to any provision of Delaware's General Corporation Law (DGCL), our Certificate of Incorporation, our Bylaws or any action asserting a claim against us or any of our directors, officers, other employees, agents or stockholders governed by the internal affairs doctrine must be brought in the Delaware Court of Chancery, unless the Delaware Court of Chancery determines that there is an indispensable party not subject to its jurisdiction (and the indispensable party does not consent to the personal jurisdiction of the Court of Chancery within ten days following such determination), jurisdiction is exclusively vested in a court or forum other than the Delaware Court of Chancery, the Court of Chancery does not have subject matter jurisdiction, or the case arises under federal securities laws, including the Securities Act of 1933 (the "Securities Act"). Those provisions of the Certificate of Incorporation will not apply to suits brought to enforce any liability or duty created by the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or any other claim for which the U.S. federal district courts shall be the sole and exclusive forum.

Any person or entity acquiring any interest in any shares of our capital stock will be deemed to have notice of and to have consented to the forum provisions in the Certificate of Incorporation. This choice-of-forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers, stockholders, agents or other employees, which may discourage such lawsuits. Alternatively, if a court were to find this provision of the Certificate of Incorporation inapplicable or unenforceable with respect to one or more of the specified types of actions or proceedings, we may incur additional costs associated with resolving such matters in other jurisdictions, which could materially and adversely affect our business, financial condition and results of operations and result in a diversion of the time and resources of our management and board of directors.

Delaware law, the Certificate of Incorporation and Bylaws contain certain provisions, including anti-takeover provisions that limit the ability of stockholders to take certain actions and could delay or discourage takeover attempts that stockholders may consider favorable.

Our Certificate of Incorporation and the DGCL contain provisions that could have the effect of rendering more difficult, delaying, or preventing an acquisition deemed undesirable by the Board which could depress the trading price of our stock and also make it difficult for stockholders to take certain actions, including electing directors or taking other corporate actions, including effecting changes in management.

Among other things, the Certificate of Incorporation and Bylaws include provisions regarding:

- The ability of the Board to issue "blank check" preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer;
- The limitation of the liability of, and the indemnification of, our directors and officers;
- The right of the Board to elect a director to fill a vacancy created by the expansion of the Company Board or the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies;
- The requirement that a special meeting of stockholders may be called only by Board or the chairman of the Board, which could delay the ability of stockholders to force consideration of a proposal or to take action, including the removal of directors;
- Controlling the procedures for the conduct and scheduling of the Board and stockholder meetings;

- The ability of the Board to amend the Bylaws, which may allow the Board to take additional actions to prevent an unsolicited takeover and inhibit the ability of an acquirer to amend the Bylaws to facilitate an unsolicited takeover attempt; and
- Advance notice procedures with which stockholders must comply to nominate candidates to the Company Board or to propose matters to be acted upon at a stockholders' meeting, which could preclude stockholders from bringing matters before annual or special meetings of stockholders and delay changes in the Board and also may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of the Company.

These provisions, alone or together, could delay or prevent hostile takeovers and changes in control or changes in the Company Board or management. Any provision of the Certificate of Incorporation, Bylaws or Delaware law that has the effect of delaying or preventing a change in control could limit the opportunity for stockholders to receive a premium for their shares of our capital stock and could also affect the price that some investors are willing to pay for our common stock.

Risks Related to the Merger

We may fail to consummate the Merger, and uncertainties related to the consummation of the Merger may have a material adverse effect on our business, results of operations and financial condition and negatively impact the price of our common stock.

The Merger is subject to the satisfaction of a number of conditions beyond our control. Failure to satisfy these conditions could prevent or delay the completion of the Merger. Further, regulators may impose conditions, obligations or restrictions on the Merger that may have the effect of delaying or preventing its completion. If the Merger does not close, we may suffer other consequences that could adversely affect our business, financial condition, operating results, and stock price, and our stockholders would be exposed to additional risks, including, but not limited to:

- potential decrease in the market price of our common stock, to the extent that the current market price of our common stock reflects an assumption that the Merger will be completed;
- reduced investor confidence, stockholder litigation, and adverse impacts to relationships with existing and prospective customers, service providers, investors, lenders and other business partners. and key personnel;
- significant expenses for professional services in connection with the Merger for which we will have received little or no benefit if the Merger is not consummated;
- any disruptions to our business resulting from the announcement and pendency of the Merger may continue or intensify in the event the Merger is not consummated or is significantly delayed; and
- the requirement that we pay a termination fee under certain circumstances.

In addition, the efforts and costs to satisfy the closing conditions of the Merger may place a significant burden on management and internal resources, and the Merger and related transactions, whether or not consummated, may result in a diversion of management's attention from day-to-day operations. Any significant diversion of management's attention away from ongoing business and difficulties encountered in the Merger process could have a material adverse effect on our business, results of operations and financial condition.

We are subject to various uncertainties and interim covenants while the Merger is pending, which could disrupt our relationships with third parties and employees, divert management's attention, or result in negative publicity or legal proceedings, any of which could have a material adverse effect on our business, results of operations and financial condition.

We have expended, and continue to expend, significant management time and resources in an effort to complete the Merger. Uncertainty about the pendency of the Merger and the effect of the Merger on employees, customers and other third parties who deal with us may impair our ability to attract, retain and motivate key personnel or cause customers and other third parties who deal with us to seek to change existing business relationships with us or fail to extend an existing relationship with us, either of which could have a material adverse effect on our business, results of operations, financial condition and market price of our common stock.

The pendency of the Merger may also result in negative publicity and a negative impression of us in the financial markets and may lead to litigation against us and our directors and officers. Litigation is very common in connection with the sale of public companies, regardless of whether the claims have any merit. Such litigation would be distracting to management and, may, in the future, require us to incur significant costs. Further, one of the conditions to consummating the Merger is that no material order preventing or materially delaying the consummation of the Merger shall have been issued by any court. Consequently, if any lawsuit challenging the Merger is successful in obtaining an order preventing the consummation of the Merger, that order may delay or prevent the Merger from being completed. While we will evaluate and defend against any lawsuits, the time and costs of defending against litigation relating to the Merger may adversely affect our business.

Further, the Merger Agreement generally requires us to operate our business in the ordinary course, subject to certain exceptions, including as required by applicable law, pending consummation of the Merger, and subjects us to customary interim operating covenants that restrict us from taking certain specified actions until the Merger is completed or the Merger Agreement is terminated in accordance with its terms. These restrictions could prevent us from pursuing certain business opportunities that may arise prior to the consummation of the Merger and may affect our ability to execute our business strategies and attain financial and other goals and may impact our financial condition, results of operations and cash flows. The occurrence of any of these events individually or in combination could have a material and adverse effect on our business, financial condition and results of operations.

The Merger Agreement limits our ability to pursue alternatives to the Merger and may discourage other companies from trying to acquire us for greater consideration than what Parent has agreed to pay pursuant to the Merger Agreement.

The Merger Agreement contains provisions that make it more difficult for us to sell our business to a party other than Parent. Under the terms of the Merger Agreement, the Company is subject to a customary "no-shop" provision that restricts the Company and its representatives from soliciting a Takeover Proposal (as defined in the Merger Agreement) from third parties or providing information to or participating in any discussions or negotiations with third parties regarding any Takeover Proposal, subject to certain exceptions. These restrictions, including the added expense of the termination fees that may become payable by us in certain circumstances, might discourage a third party that has an interest in acquiring all or a significant part of the Company from considering or proposing that acquisition, even if that party were prepared to pay consideration with a higher per share value than the consideration payable in the Merger pursuant to the Merger Agreement.

We will continue to incur substantial transaction-related costs in connection with the Merger and we may, under certain circumstances, be obligated to pay a termination fee to Parent if the Merger Agreement is terminated.

We have incurred significant legal, advisory and financial services fees in connection with Merger. We have incurred, and expect to continue to incur, additional costs in connection with the satisfaction of the various conditions to closing of the Merger, including seeking approval from our stockholders and from applicable regulatory agencies. If there is any delay in the consummation of the Merger, these costs could increase significantly. Further, if the Merger is not completed, in certain circumstances, we could be required to pay a termination fee of $20 million. Payment of any such termination fee may require us to use available cash that would have otherwise been available for general corporate purposes or other uses. For these and other reasons, termination of the Merger Agreement could materially and adversely affect our business, results of operations or financial condition, which in turn would materially and adversely affect the price of our common stock.

If the Merger is consummated, our stockholders will not be able to participate in any further upside to our business.

If the Merger is consummated, our stockholders will receive $4.875 in cash per share of common stock owned by them, without interest, and will not receive any equity interests of Parent. As a result, if our business following the Merger performs well, our current stockholders will not receive any additional consideration and will therefore not receive any benefit from any such future performance of our business.

Item 1B. Unresolved Staff Comments.

None.

Item 1C. Cybersecurity.

We maintain a comprehensive process for assessing, identifying, and managing material risks from cybersecurity threats. Our cybersecurity risk management processes include security controls, monitoring systems, employee training, and cybersecurity risk insurance. Our processes include overseeing and identifying risks from cybersecurity threats associated with the use of tools and services from third-party providers.

We conduct quarterly assessments to identify cybersecurity threats. Based on these assessments, we design, implement and maintain risk-based controls to protect our information, our information systems and our business operations, address any identified gaps in existing controls, update existing controls, as necessary, and monitor the effectiveness of our controls. We have allocated adequate resources and have designated appropriate personnel, including our Global IT Senior Director, to manage the cybersecurity risk management process and engage with consultants, auditors, and other third parties in connection with our cybersecurity risk management process. Senior leadership, including our Global IT Senior Director who has extensive cybersecurity knowledge and skills gained from 20 years of work experience, is responsible for our overall enterprise risk management program and has integrated the cybersecurity risk management processes into the overall enterprise risk management program.

The Board of Directors, in coordination with the Audit Committee, oversees the Company's enterprise risk management processes, including the management of risks arising from cybersecurity threats. The Audit Committee generally receives quarterly reports from our Global IT Senior Director regarding cybersecurity risks, which may address a range of topics including recent developments, risk assessments, third-party and independent reviews and technology trends. We have protocols in place by which certain cybersecurity incidents that meet established reporting thresholds are escalated internally, and as appropriate, reported to the Audit Committee or Board in a timely manner.

The Global IT Senior Director oversees the Company's incident response plan and related processes designed to assess and manage material risks from cybersecurity threats. The Company's Global IT Senior Director also coordinates with internal audit and other third parties to assess and manage material risks from cybersecurity threats and is responsible for informing the Audit Committee of cybersecurity incidents that may be material.

In the three year period ending December 31, 2023, we have not experienced any material cybersecurity incidents, and expenses incurred from cybersecurity incidents were immaterial. For additional information regarding whether risks from cybersecurity threats, including as a result of any previous cybersecurity incidents, have materially affected or are reasonably likely to materially affect the Company, including our business strategy, results of operations or financial condition, see Item 1A. Risk Factors — "Risks Related to Our Business," included in this Annual Report on Form 10-K.

Item 2. Properties.

As of December 31, 2023, our facilities included 28 office, manufacturing, warehousing and administration facilities. Fifteen of these facilities are located in the United States in eight states, and the remaining locations are outside the U.S., primarily in Europe and Asia and, to a lesser extent, in Latin America and the Middle East. These facilities cover approximately 1,675,000 square feet, of which approximately 223,000 square feet are owned and 1,452,000 square feet are leased.

We produce a majority of our Branded CPG products at a production facility that we currently operate in Teplice, Czech Republic and at various external manufacturers throughout the world. We produce our Flavors & Ingredients products at production facilities we currently own or operate in Richmond, Virginia, Zhangjiagang, China, Shanghai, China, Gardanne, France and Camden, New Jersey.

We believe that our facilities are adequate to meet our needs for the immediate future and that suitable additional space will be available to accommodate any expansion of our operations as needed.

We currently maintain our principal executive offices at 125 S. Wacker Drive, Suite 1250, Chicago, IL 60606, and our telephone number is (312) 840-6000.

Item 3. Legal Proceedings.

We are from time to time subject to various claims, lawsuits and other legal and administrative proceedings arising in the ordinary course of business. Some of these claims, lawsuits and other proceedings may involve highly complex issues that are subject to substantial uncertainties, and could result in damages, fines, penalties, non-monetary sanctions or relief. However, we do not consider any such claims, lawsuits or proceedings that are currently pending, individually or in the aggregate, to be material to our business or likely to result in a material adverse effect on our future operating results, financial condition or cash flows.

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

Our common stock, with a par value of $0.0001 per share, is traded on The NASDAQ Stock Market LLC ("NASDAQ") under the symbol "FREE".

Holders

On March 11, 2024, there were approximately 16 holders of record of our common stock, which does not include the number of persons whose stock is in nominee or "street" name accounts through brokers.

Securities Authorized for Issuance Under Equity Compensation Plans

See Part III, Item 12 for information regarding securities authorized for issuance under our equity compensation plans.

Recent Sales of Unregistered Securities

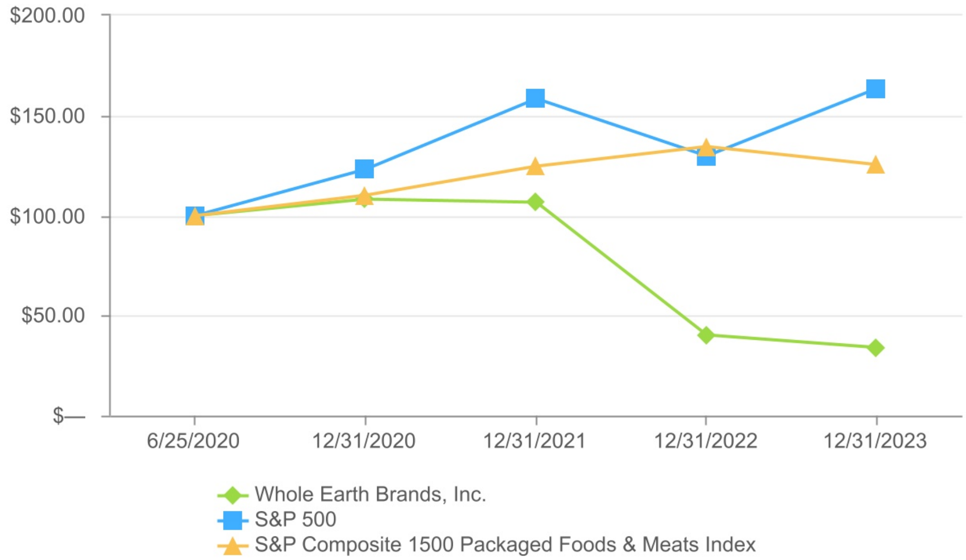
None.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

Performance Graph

The following stock performance graph compares the cumulative total return of our common stock since it began trading on the NASDAQ on June 25, 2020 through December 31, 2023 with the cumulative total return of the S&P 500 Index and the S&P 1500 Packaged Foods & Meats Index. The graph assumes the value of the investment in our common stock and each index was $100 on June 25, 2020 and assumes reinvestment of any dividends. The stock price performance below is not necessarily indicative of future stock price performance.



Company Name / Index	June 25, 2020	December 31, 2020	December 31, 2021	December 31, 2022	December 31, 2023
Whole Earth Brands, Inc.	$ 100.00	$ 107.92	$ 106.34	$ 40.30	$ 33.76
S&P 500	$ 100.00	$ 122.84	$ 158.11	$ 129.47	$ 163.51
S&P Composite 1500 Packaged Foods & Meats Index	$ 100.00	$ 110.00	$ 124.34	$ 134.50	$ 125.26

Item 6. Reserved.

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

The following discussion and analysis should be read in conjunction with the other sections of this Annual Report on Form 10-K, including "Item 1. Business," and our audited consolidated financial statements and notes thereto.

This Management's Discussion and Analysis of Financial Condition and Results of Operations contains a number of forward looking statements, all of which are based on our current expectations and could be affected by the uncertainties and other factors described throughout this Annual Report on Form 10-K and particularly in "Item 1A. Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements."

Overview

We are a global food company enabling healthier lifestyles and providing access to high-quality plant-based sweeteners, flavor enhancers and other foods through our diverse portfolio of trusted brands and delicious products. We operate a proven platform organized into two reportable segments.

- **Branded CPG**, comprised of our Merisant division of operating companies, Wholesome and Swerve, is a global CPG business focused on building a branded portfolio oriented toward serving consumers seeking better-for-you sweeteners across the zero calorie, plant-based, organic, non GMO, and Fair Trade spaces in zero/low calorie sweeteners, honey, agave, baking mix, and baking chocolate segments. Our Branded CPG products are sold under both our flagship brands, as well as local and private label brands. Our flagship brands include Whole Earth®, Pure Via®, Wholesome®, Swerve®, Canderel®, Equal® and existing branded adjacencies.
- **Flavors & Ingredients**, comprised of our Mafco Worldwide division of operating companies, is a global, business-to-business focused operation with a long history as a trusted supplier of essential, functional ingredients to some of the CPG industry's largest and most demanding customers. Our products provide a variety of solutions for our customers, including flavoring enhancement, flavor / aftertaste masking, moisturizing, product mouthfeel modification and skin soothing characteristics. Our Flavors & Ingredients segment operates as our licorice-derived products business.

Agreement and Plan of Merger

On February 12, 2024, we entered into theMerger Agreement with Parent and Merger Sub. Upon the terms and subject to the conditions set forth in the Merger Agreement, upon the closing of the transaction, Merger Sub is expected to merge with and into the Company, with the Company surviving the Merger as a wholly-owned subsidiary of Parent. See Note 18 to our audited consolidated financial statements for more information on the Merger Agreement and the Merger.

Significant Acquisitions

On December 17, 2020, we entered into a stock purchase agreement (the "Wholesome Purchase Agreement") with WSO Investments, Inc. ("WSO Investments" and together with its subsidiaries "Wholesome"), WSO Holdings, LP ("WSO Partnership"), Edwards Billington and Son, Limited ("EBS"), WSO Holdings, LLC ("WSO LLC," and together with WSO Partnership and EBS, the "WSO Sellers"), and WSO Partnership, in its capacity as representative for the WSO Sellers. WSO Investments is the direct parent of its wholly-owned subsidiary Wholesome Sweeteners, Incorporated, which was formed to import, market, distribute, and sell organic sugars, unrefined specialty sugars, and related products.

On February 5, 2021, pursuant to the terms of the Wholesome Purchase Agreement, (i) we purchased and acquired all of the issued and outstanding shares of capital stock of WSO Investments from the WSO Sellers, for (x) an initial cash purchase price of $180 million (subject to customary post-closing adjustments), plus (y) as more thoroughly described below, up to an additional $55 million (the "Earn-Out Amount") upon the satisfaction of certain post-closing financial metrics by Wholesome; and (ii) WSO Investments became an indirect wholly-owned subsidiary of the Company (collectively, the "Wholesome Transaction"). Subject to the terms and conditions of the Wholesome Purchase Agreement, and as more thoroughly described therein, payment of the Earn-Out Amount, in whole or in part, was subject to Wholesome achieving certain EBITDA thresholds at or above approximately $30 million during the period beginning August 29, 2020, and ending December 31, 2021 (the "Earn-Out Period"). A portion of the Earn-Out Amount (up to $27.5 million) could be paid, at our election, in freely tradeable, registered shares of Company common stock calculated using the 20-day volume weighted average trading price per share as of the date of determination. Calculation of the achievement of the Earn-Out Amount is subject to certain adjustments more thoroughly described in the Wholesome Purchase Agreement.

Following the completion of the Earn-Out Period, we determined, in accordance with the terms of the Purchase Agreement, that the sellers were entitled to receive the Earn-Out Amount in full. We elected to satisfy part of the Earn-Out Amount in common stock and on February 23, 2022, issued 2,659,574 shares of the Company's common stock. The remaining $30 million portion of the $55 million Earn-Out Amount was paid in cash which was funded from available capacity under our revolving credit facility. The settlement of the earn-out resulted in a non-cash gain of $1.1 million that was recorded in the first quarter of 2022, which represents the difference in the value of the common stock issued using the 20-day volume weighted average trading price per share as compared to the trading price on the date of issuance.

In connection with the closing of the Wholesome Transaction, on February 5, 2021, we and certain of our subsidiaries entered into an amendment and restatement agreement (the "Amendment Agreement") with Toronto Dominion (Texas) LLC, as administrative agent, and certain lenders signatory thereto, which amended and restated its existing senior secured loan agreement dated as of June 25, 2020 (as amended on September 4, 2020, the "Existing Credit Agreement," and as further amended by the Amendment Agreement, the "Amended and Restated Credit Agreement"), by and among Toronto Dominion (Texas) LLC, as administrative agent, certain lenders signatory thereto and certain other parties. See Note 7 to our audited consolidated financial statements for further description of the Amended and Restated Credit Agreement.

Inflation and Supply Chain Impact

During 2023, we have continued to experience inflationary cost increases in raw materials and transportation costs; however, we have recently seen a stabilization in certain of these costs. These cost increases have resulted in, and could continue to result in, negative impacts to our results of operations. However, we continue to monitor the inflationary environment and impacts on our operations and have taken measures to mitigate the impact of these inflationary pressures.

Other Events

In connection with an investigation conducted under the supervision of the Audit Committee of the Company's Board of Directors (the "Audit Committee"), the Audit Committee, based upon information from independent investigative counsel to the Audit Committee, determined that the most recent former chief executive officer of the Company, and the most recent former chief financial officer of the Company at the request of such former chief executive officer of the Company, disclosed to representatives of the largest stockholder of the Company material non-public information belonging to the Company without a non-disclosure agreement and in violation of the Company's internal policies. The Company has received a written Affidavit Certification from such stockholder that, notwithstanding receipt of such material non-public information, such stockholder and its affiliates did not trade in any Company securities, did not direct any other party to trade in any Company securities and did not disclose such material non-public information to any third party, in each case, prior to the public disclosure of such information by the Company. The investigation was ongoing as of December 31, 2023 but subsequently concluded prior to the date of this filing.

Notwithstanding the above, we have concluded that the audited consolidated financial statements included in this Annual Report on Form 10-K fairly present, in all material respects, our financial position, results of operations and cash flows for the periods presented in conformity with U.S. GAAP.

The Nominating and Governance Committee of the Company's Board of Directors, with input and guidance from the Audit Committee and based upon information from independent investigative counsel to the Audit Committee, is considering appropriate modifications to the Company's policies and procedures regarding disclosure of the Company's information.

Results of Operations

Consolidated
(In thousands of dollars)

	Year Ended			Change	
	December 31, 2023	December 31, 2022	December 31, 2021	23-22	22-21
Product revenues, net	$ 550,913	$ 538,272	$ 493,973	+2.3 %	+9.0 %
Cost of goods sold	407,236	398,060	335,218	+2.3 %	+18.7 %
Gross profit	143,677	140,212	158,755	+2.5 %	-11.7 %
Selling, general and administrative expenses	102,354	99,735	113,141	+2.6 %	-11.8 %
Amortization of intangible assets	18,698	18,623	18,295	+0.4 %	+1.8 %
Goodwill impairment charges	7,230	46,500	—	-84.5 %	*
Restructuring and other expenses	—	—	4,503	*	*
Operating income (loss)	15,395	(24,646)	22,816	*	*
Interest expense, net	(43,974)	(30,600)	(24,589)	+43.7 %	-24.4 %
Loss on extinguishment and debt transaction costs	—	—	(5,513)	*	*
Other (expense) income, net	(3,188)	2,283	225	*	*
Loss before income taxes	(31,767)	(52,963)	(7,061)	-40.0 %	*
Provision (benefit) for income taxes	6,329	5,789	(7,144)	+9.3 %	*
Net (loss) income	$ (38,096)	$ (58,752)	$ 83	-35.2 %	*

* Represents positive or negative change equal to, or in excess of 100%

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Product revenues, net. Product revenues, net for the year ended December 31, 2023 were $550.9 million, an increase of $12.6 million, or 2.3%, from $538.3 million for the year ended December 31, 2022 due to a $9.0 million increase in product revenues at Flavors & Ingredients and a $3.6 million increase in product revenues at Branded CPG. The increase in Flavors & Ingredients revenues was primarily driven by volume growth and price increases, as further discussed below. The increase in Branded CPG revenues was primarily a result of price increases, partially offset by declines in volume and unfavorable impacts from foreign exchange, as further discussed below.

Cost of goods sold. Cost of goods sold for the year ended December 31, 2023 was $407.2 million, an increase of $9.2 million, or 2.3%, from $398.1 million for the year ended December 31, 2022. The increase was primarily due to higher sales, higher raw materials costs due to inflationary pressures and the sale of higher cost inventory resulting from increased freight and warehousing costs, as well as $2.5 million of favorable purchase accounting adjustments related to inventory revaluations that did not reoccur in 2023 as all inventory revaluation purchase accounting adjustments were fully amortized as of June 30, 2022, partially offset by a decline in costs associated with the supply chain reinvention at Branded CPG.

Selling, general and administrative expenses. Selling, general and administrative ("SG&A") expenses for the year ended December 31, 2023 were $102.4 million, an increase of $2.6 million, or 2.6%, from $99.7 million for the year ended December 31, 2022. The increase was primarily due to a $2.0 million increase in stock-based compensation expense, $1.9 million of costs associated with the Company's strategic review, a $1.7 million impairment of fixed assets related to idled production lines and a $0.4 million right-of-use lease asset impairment both related to our Decatur, Alabama operation that was shut down, a $0.8 million increase in amortization of capitalized software implementation costs, a $0.7 million increase in severance and related expenses and a $0.6 million increase in service contract costs, partially offset by a $2.7 million decline in bonus expense, which includes a favorable adjustment to prior year bonus accruals, a $1.6 million decrease in commission expense, a $0.8 million decrease in salary expense and a $0.7 million decline in acquisition related transaction expenses that did not reoccur in 2023.

Amortization of intangible assets. Amortization of intangible assets for the year ended December 31, 2023 was essentially unchanged compared to the year ended December 31, 2022.

Goodwill impairment charges. Goodwill impairment charges were $7.2 million for the year ended December 31, 2023 compared to $46.5 million for the year ended December 31, 2022. At December 31, 2023, the Company determined that the carrying value of the IMEA reporting unit within Branded CPG exceeded its respective fair value and as a result, recognized a non-cash goodwill impairment charge of $7.2 million. At December 31, 2022, the Company determined that the carrying values of the North America and LATAM reporting units within Branded CPG exceeded their respective fair values and as a result, the Company recognized non-cash goodwill impairment charges of $42.5 million related to the North America reporting unit and $4.0 million related to the LATAM reporting unit.

Interest expense, net. Interest expense, net for the year ended December 31, 2023 was $44.0 million, an increase of $13.4 million, or 43.7%, from $30.6 million for the year ended December 31, 2022. The increase was primarily due to rising interest rates during the year ended December 31, 2023 compared to the year ended December 31, 2022.

Other (expense) income, net. Other (expense) income, net for the year ended December 31, 2023 was expense of $3.2 million, compared to income of $2.3 million for the year ended December 31, 2022. The change was primarily due to a $3.3 million increase in foreign exchange losses, a $1.2 million reduction in the non-operating gain on the change in the fair value of warrant liabilities and the prior year included a $1.1 million gain related to the settlement of the Wholesome acquisition earn-out.

Provision (benefit) for income taxes. The provision for income taxes for the year ended December 31, 2023 was $6.3 million which relates primarily to current and deferred taxes in connection with our operations in the U.S., China and France. The tax benefit on our U.S. operating loss was limited as it included interest deductions for which no tax benefit was provided given the restrictions on tax deductibility under Section 163(j). The provision for income taxes for the year ended December 31, 2022 was $5.8 million.

The effective tax rate for the year ended December 31, 2023 was (19.9)%. The effective tax rate differs from the statutory federal rate of 21% primarily due to the impairment of non-deductible goodwill for which no tax benefit was provided, limited benefit on current year interest deductions within the U.S. given the restrictions on the tax deductibility under Section 163(j), state and local taxes, and various non-deductible permanent differences.

The effective tax rate for the year ended December 31, 2022 was (10.9)%. The effective tax rate differs from the statutory federal rate of 21% primarily due to the impairment of non-deductible goodwill for which no tax benefit was provided, the U.S. tax effect of international operations including Global Intangible Low-Taxed Income ("GILTI") and a limited benefit on current year interest deductions within the U.S. given the restrictions on deductibility under Section 163(j).

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

Product revenues, net. Product revenues, net for the year ended December 31, 2022 were $538.3 million, an increase of $44.3 million, or 9.0% from $494.0 million for the year ended December 31, 2021, due to a $33.5 million increase in product revenues at Branded CPG and a $10.8 million increase in product revenues at Flavors & Ingredients. The increase in Branded CPG revenues was primarily a result of a full year of Wholesome (acquired February 5, 2021), as well as price increases, partially offset by declines in volume and unfavorable impacts from foreign exchange, as further discussed below. The increase in Flavors & Ingredients revenues was primarily driven by volume growth and price increases, partially offset by unfavorable impacts from foreign exchange, as further discussed below.

Cost of goods sold. Cost of goods sold for the year ended December 31, 2022 was $398.1 million, an increase $62.8 million, or 18.7%, from $335.2 million for the year ended December 31, 2021. The increase was primarily due to a $36.3 million increase in costs as a result of a full year of Wholesome (acquired February 5, 2021), as well as costs associated with the supply chain reinvention at Branded CPG and increased logistics, energy and raw materials costs due to inflationary pressures, partially offset by a $1.0 million decline in stock-based compensation expense.

Selling, general and administrative expenses. SG&A expenses for the year ended December 31, 2022 were $99.7 million a decrease of $13.4 million, or 11.8%, from $113.1 million for the year ended December 31, 2021. The decrease was primarily due to a $13.5 million decline in public company readiness and acquisition related transaction expenses, a $5.3 million decrease in marketing costs, and a $2.2 million decrease in stock-based compensation expense, partially offset by $1.4 million of severance and related expenses, a $2.1 million increase in bonus expense, higher salaries from increased headcount in the second half of 2021 and increases in other corporate expenses including higher professional fees and insurance expense.

Amortization of intangible assets. Amortization of intangible assets for the year ended December 31, 2022 was $18.6 million, an increase of $0.3 million, or 1.8%, from $18.3 million for the year ended December 31, 2021 primarily due to amortization expense related to the intangible assets acquired as part of the Wholesome acquisition on February 5, 2021.

Goodwill impairment charges. Goodwill impairment charges were $46.5 million for the year ended December 31, 2022. The Company determined that the carrying values of the North America and LATAM reporting units within Branded CPG exceeded their respective fair values and as a result, the Company recognized non-cash goodwill impairment charges of $42.5 million related to the North America reporting unit and $4.0 million related to the LATAM reporting unit.

Restructuring and other expenses. Restructuring and other expenses for the year ended December 31, 2021 were $4.5 million and related primarily to certain disposal costs at our Camden, New Jersey facility, which was sold in the second quarter of 2021.

Interest expense, net. Interest expense, net for the year ended December 31, 2022 was $30.6 million, an increase of $6.0 million, or 24.4% from $24.6 million for the year ended December 31, 2021. The increase was primarily due to higher debt levels under our revolving credit facility and rising interest rates during the year ended December 31, 2022 compared to the year ended December 31, 2021.

Other (expense) income, net. Other (expense) income, net for the year ended December 31, 2022 was income of $2.3 million, an increase of $2.1 million, from income of $0.2 million for the year ended December 31, 2021. The increase was primarily due to a $1.1 million non-cash gain related to the settlement of the Wholesome acquisition earn-out and a non-operating gain of $1.2 million on the change in fair value of warrant liabilities.

Provision (benefit) for income taxes. The provision for income taxes for the year ended December 31, 2022 was $5.8 million, which relates primarily to current and deferred foreign taxes in connection with our operations in China, France and Switzerland, partially offset by a deferred tax benefit in the U.S. The tax benefit on our U.S. operating loss was limited as it included an impairment of non-deductible goodwill and interest deductions within the U.S for which no tax benefit was provided. The benefit for income taxes for the year ended December 31, 2021 was $7.1 million.

The effective tax rate for the year ended December 31, 2022 was (10.9)%. The effective tax rate differs from the statutory federal rate of 21% primarily due to the impairment of non-deductible goodwill for which no tax benefit was provided, the U.S. tax effect of international operations including GILTI and a limited benefit on current year interest deductions within the U.S given the restrictions on deductibility under Section 163(j).

The effective tax rate for the year ended December 31, 2021 was 101.2%. The effective tax rate differs from the statutory federal rate of 21% primarily due to state and local taxes, non-deductible expenses including executive compensation, stock-based compensation and transaction related costs coupled with the finalization of the Switzerland tax ruling, changes in U.K. tax laws and the reversal of uncertain tax liabilities as a result of the lapse of applicable statute of limitations.

Results of Operations by Segment

Branded CPG

	Year Ended			Change	
(In thousands)	December 31, 2023	December 31, 2022	December 31, 2021	23-22	22-21
Product revenues, net	$ 426,287	$ 422,638	$ 389,174	+0.9 %	+8.6 %
Operating income (loss)	8,167	(30,182)	34,918	*	*

* Represents positive or negative change equal to, or in excess of 100%

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Segment product revenues, net. Product revenues, net for Branded CPG for the year ended December 31, 2023were $426.3 million, an increase of $3.6 million, or 0.9%, from $422.6 million for the year ended December 31, 2022, primarily driven by a $21.4 million increase in sales due to higher pricing, partially offset by a $17.4 million decline due to lower volumes and a $0.3 million unfavorable impact of foreign currency exchange.

Segment operating income (loss). Operating income for Branded CPG for the year ended December 31, 2023 was $8.2 million, an increase of $38.3 million, from an operating loss of $30.2 million for the year ended December 31, 2022, primarily due to a $39.3 million decline in non-cash goodwill impairment charges ($7.2 million in 2023 compared to $46.5 million in 2022), a $7.8 million decline in costs associated with the supply chain reinvention, a $2.2 million decrease in duty cost on imported sugar, a $1.6 million decline in commission expense and a $1.1 million decrease in bonus expense, which includes a favorable adjustment to prior year bonus accruals, partially offset by the sale of higher cost inventory resulting from increased raw materials, freight and warehouse costs, a $1.7 million impairment of fixed assets related to idled production lines and a $0.4 million right-of-use lease asset impairment both associated with the Decatur, Alabama plant shut down, higher stock-based compensation expense of $1.5 million and a $0.7 million increase in severance and related expenses.

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

Segment product revenues, net. Product revenues, net for Branded CPG for the year ended December 31, 2022 were $422.6 million, an increase of $33.5 million, or 8.6%, from $389.2 million for the year ended December 31, 2021, primarily driven by a $40.1 million increase in revenues at Wholesome due to a full year of results in 2022 (acquired February 5, 2021) as well as both higher pricing and volume. This increase was partially offset by a $6.6 million decline in revenues for all other Branded CPG business as a $10.1 million increase in sales largely due to higher pricing was more than offset by a $6.2 million decline in sales due to the discontinuance of certain private label contracts and a $10.5 million unfavorable impact of foreign exchange.

Segment operating income (loss). Operating loss for Branded CPG for the year ended December 31, 2022 was $30.2 million, a decrease of $65.1 million from operating income of $34.9 million for the year ended December 31, 2021, primarily due to the $46.5 million non-cash goodwill impairment charge, an increase in costs associated with the supply chain reinvention of $14.9 million, increased logistics, energy and raw materials costs due to inflationary pressures, partially offset by a $6.4 million increase in operating income at Wholesome driven by a full year of results (acquired February 5, 2021), a $5.3 million decrease in marketing costs, and a $1.2 million reduction in stock-based compensation expense in the segment.

Flavors & Ingredients

	Year Ended			Change	
(In thousands)	December 31, 2023	December 31, 2022	December 31, 2021	23-22	22-21
Product revenues, net	$ 124,626	$ 115,634	$ 104,799	+7.8 %	+10.3 %
Operating income	35,681	32,505	21,860	+9.8 %	+48.7 %

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Segment product revenues, net. Product revenues, net for Flavors & Ingredients for the year ended December 31, 2023 were $124.6 million, an increase of $9.0 million, or 7.8%, from $115.6 million for the year ended December 31, 2022, primarily driven by $5.4 million of volume growth and $3.6 million of price increases. The volume growth was attributable to increases in pure derivatives and licorice extracts, partially offset by volume declines in our Magnasweet product lines.

Segment operating income. Operating income for Flavors & Ingredients for the year ended December 31, 2023 was $35.7 million, an increase of $3.2 million, or 9.8%, from $32.5 million for the year ended December 31, 2022, primarily driven by higher revenues and favorable product mix, partially offset by $2.5 million of favorable purchase accounting adjustments related to inventory revaluations that did not reoccur in 2023, a $0.6 million increase in bonus expense and a $0.4 million increase in stock-based compensation expense.

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

Segment product revenues, net. Product revenues, net for Flavors & Ingredients for the year ended December 31, 2022 were $115.6 million, an increase of $10.8 million, or 10.3%, from $104.8 million for the year ended December 31, 2021, primarily driven by increases in licorice extracts and pure derivatives primarily due to volume and price growth, partially offset by a $2.2 million unfavorable impact of foreign exchange.

Segment operating income. Operating income for Flavors & Ingredients for the year ended December 31, 2022 was $32.5 million, an increase of $10.6 million, or 48.7%, from $21.9 million for the year ended December 31, 2021 primarily driven by increased revenue of $10.8 million and a $4.5 million decrease in restructuring and other expenses included in the prior year results that did not re-occur in 2022, partially offset by a $4.6 million increase in cost of goods sold. The increase in costs of goods sold was largely due to the increase in revenue as well as a $2.9 million unfavorable change in amortization of purchase accounting adjustments related to inventory revaluations in the year ended December 31, 2022 (benefit of $2.5 million in the year ended December 31, 2022 compared to a benefit of $5.5 million in the year ended December 31, 2021).

Corporate

	Year Ended			Change	
(In thousands)	**December 31, 2023**	**December 31, 2022**	**December 31, 2021**	**23-22**	**22-21**
Operating loss	$ (28,453)	$ (26,969)	$ (33,962)	+5.5 %	-20.6 %

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Operating loss. Operating loss for Corporate for the year ended December 31, 2023 was $28.5 million, an increase of $1.5 million, or 5.5%, from $27.0 million for the year ended December 31, 2022, primarily driven by $1.9 million of costs associated with the Company’s strategic review, a $0.8 million increase in amortization of capitalized software implementation costs, a $0.7 million increase in other professional fees, and a $0.5 million increase in stock-based compensation expense, partially offset by a $1.6 million decrease in bonus expense largely due to a favorable adjustment to prior year bonus accruals, and a $0.8 million reduction in salary expense.

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

Operating loss. Operating loss for Corporate for the year ended December 31, 2022 was $27.0 million, a decrease of $7.0 million, or 20.6%, from $34.0 million for the year ended December 31, 2021, primarily driven by an $11.7 million decrease in acquisition related transaction expenses and public company readiness expenses, partially offset by a $2.0 million increase in compensation expense (primarily due to increased headcount in the second half of 2021) and increases in other corporate expenses including professional fees and insurance expense.

Liquidity and Capital Resources

We have historically funded operations with cash flow from operations and, when needed, with borrowings, which are described below.

As of December 31, 2023, we had cash and cash equivalents of $30.5 million. Our principal source of liquidity is our cash from operations. We also have access to credit markets, if needed, for liquidity or general corporate purposes, including our revolving credit facility. We believe our sources of liquidity and capital, and our credit facilities will be sufficient to finance our continued operations, growth strategy and additional expenses we expect to incur for at least the next twelve months. Overall, we do not anticipate negative effects to our funding sources that would have a material effect on our liquidity.

The following table shows summary cash flow information for the years ended December 31, 2023, December 31, 2022, and December 31, 2021 (in thousands):

	Year Ended		
	December 31, 2023	December 31, 2022	December 31, 2021
Net cash provided by (used in) operating activities	$ 25,318	$ (5,810)	$ 9,482
Net cash used in investing activities	(5,643)	(8,419)	(197,913)
Net cash (used in) provided by financing activities	(17,679)	16,525	199,330
Effect of exchange rates on cash and cash equivalents	(159)	(1,916)	499
Net change in cash and cash equivalents	$ 1,837	$ 380	$ 11,398

Operating activities. Net cash provided by operating activities was $25.3 million for the year ended December 31, 2023 compared to cash used in operating activities of $5.8 million for the year ended December 31, 2022. The increase in cash was primarily attributable to favorable working capital changes and lower cash paid for income taxes, partially offset by higher interest payments during the year ended December 31, 2023. Cash paid for interest for the year ended December 31, 2023 was $41.8 million compared to $28.4 million for the year ended December 31, 2022. Cash paid for income taxes, net of income tax refunds, was $4.8 million for the year ended December 31, 2023 compared to $9.1 million for the year ended December 31, 2022.

Net cash used in operating activities was $5.8 million for the year ended December 31, 2022, compared to cash provided by operating activities of $9.5 million for the year ended December 31, 2021. The decrease in cash was primarily attributable to unfavorable working capital changes, higher income tax and interest payments and lower cash flows from operating results during the year ended December 31, 2022.

Investing activities. Net cash used in investing activities was $5.6 million for the year ended December 31, 2023 and primarily included capital expenditures of $5.7 million.

Net cash used in investing activities was $8.4 million for the year ended December 31, 2022, which included capital expenditures of $8.9 million and proceeds from the sale of fixed assets of $0.5 million.

Net cash used in investing activities was $197.9 million for the year ended December 31, 2021, which included cash paid of $191.2 million, net of cash acquired, related to the acquisition of Wholesome, $1.0 million of cash received for the final working capital settlement related to the acquisition of Swerve, capital expenditures of $12.2 million and proceeds from the sale of one of our facilities of $4.5 million.

We expect 2024 capital expenditures to be approximately $9 million which includes manufacturing equipment and upgrades at our production facilities and information technology expenditures.

Financing activities. Net cash used in financing activities was $17.7 million for the year ended December 31, 2023 and reflects repayments of the revolving credit facility of $12.0 million, repayments of long-term debt of $3.8 million, payments of $1.5 million for employee tax withholdings related to net share settlements of share awards and payments of debt issuance costs of $0.5 million.

Net cash provided by financing activities was $16.5 million for the year ended December 31, 2022 and reflects $54.0 million of proceeds from the revolving credit facility, repayments of the revolving credit facility of $3.0 million, repayments of long-term debt of $3.8 million, cash payment for the Wholesome acquisition earn-out of $29.1 million (amount is net of $0.9 million related to transaction bonuses paid in connection with the earn-out and reflected in operating activities), payments of $0.9 million for employee tax withholdings related to net share settlements of share-based awards and payments of debt issuance costs of $0.7 million.

Net cash provided by financing activities was $199.3 million for the year ended December 31, 2021 and reflects $400 million of proceeds from the Credit Facilities (as defined and described below), repayment of the revolving credit facility of $47.9 million, repayments of long-term debt of $139.3 million, payments of debt issuance costs of $11.6 million and payments of $1.9 million for tax withholdings related to net share settlements of share-based awards.

Debt

At December 31, 2023, the Company's senior secured loan agreement consisted of a senior secured term loan facility (the "Term Loan Facility") of $375 million and a revolving credit facility of up to $125 million (the "Revolving Facility," and together with the Term Loan Facility, the "Credit Facilities"). See Note 7 to our audited consolidated financial statements for additional information on our Credit Facilities.

As of December 31, 2023 and December 31, 2022, term loan borrowings were $357.7 million and $359.9 million, respectively, net of unamortized discount and debt issuance costs of $7.0 million and $8.5 million, respectively. There were $64.0 million and $76.0 million of borrowings under the revolving credit facility as of December 31, 2023 and December 31, 2022, respectively. Additionally, as of December 31, 2023 and December 31, 2022, the Company's unamortized debt issuance costs related to the revolving credit facility were $1.7 million and $2.0 million, respectively, which are included in other assets in the consolidated balance sheet. As of December 31, 2023 and December 31, 2022, there were $3.3 million and $2.1 million, respectively, of outstanding letters of credit that reduced our availability under the revolving credit facility.

As further described in the Acquisition section above, following the completion of the Wholesome Earn-Out Period, we determined, in accordance with the terms of the Purchase Agreement, that the sellers were entitled to receive the Earn-Out Amount in full. We elected to satisfy part of the Earn-Out Amount in common stock and on February 23, 2022, issued 2,659,574 shares of the Company's common stock. The remaining $30 million portion of the $55 million Earn-Out Amount was paid in cash which was funded from available capacity under our revolving credit facility.

On June 15, 2022, we and certain of our subsidiaries entered into a first amendment (the "Amendment") to the Amended and Restated Agreement dated as of February 5, 2021. The Amendment increased the aggregate principal amount of the Revolving Credit Facility from $75 million to $125 million (the "Amended Revolving Credit Facility") and transitioned from LIBOR to Secured Overnight Financing Rate ("SOFR") as the benchmark for purposes of calculating interest for all loans outstanding under the Amended and Restated Credit Agreement. At the election of the Company, loans outstanding under the Amended and Restated Credit Agreement will accrue interest at a rate per annum equal to (i) term SOFR plus 0.10%, 0.15%, or 0.25% in case of, respectively, a one-month, three-month, or six-month interest period ("Adjusted Term SOFR"), or (ii) the greater of the prime rate, the federal funds effective rate plus 0.50%, and one-month Adjusted Term SOFR plus 1.00%, in each case plus the applicable margin which is equal to (i) with respect to the Amended Revolving Credit Facility and letters of credit, (A) 2.75%, in the case of base rate advances, and (B) 3.75% in the case of SOFR advances, and (ii) with respect to the Term Loan Facility, (A) 3.50%, in the case of base rate advances, and (B) 4.50% in the case of SOFR advances, with a SOFR floor of 1.00%. In connection with the Amendment, we paid fees and incurred transactions costs of $0.7 million, all of which was deferred. The transition to SOFR did not materially impact the interest rates applied to our borrowings. No other material changes were made to the terms of our Amended and Restated Agreement as a result of the Amendment.

On April 24, 2023, we and certain of our subsidiaries entered into a second amendment (the "Second Amendment") to the Amended and Restated Loan Agreement. The Second Amendment changed the maximum consolidated total leverage ratio covenant as follows: (i) the consolidated total leverage ratio temporarily increased by 0.25 turns for the first quarter of 2023, 0.5 turns on a quarterly basis through the fourth quarter of 2023, and 0.25 turns in the first quarter of 2024; and (ii) beginning in the second quarter of 2024, the consolidated total leverage ratio will return to a level not to exceed 5.5x. No other material changes were made to the terms of our Amended and Restated Loan Agreement as a result of the Second Amendment.

On October 5, 2023, we and certain of our subsidiaries entered into a third amendment (the “Third Amendment”) to the Amended and Restated Loan Agreement. The Third Amendment revised a clause in the definition of consolidated EBITDA used for determining compliance with financial covenants effective beginning with the second quarter of 2023 through the first quarter of 2024. The amendment did not impact the calculation of consolidated EBITDA previously determined for the second quarter of 2023.

Contractual Obligations

The following table summarizes certain of our obligations as of December 31, 2023 and the estimated timing and effect that such obligations are expected to have on liquidity and cash flows in future periods (in thousands):

	Total	Current	Long-Term
Debt	$ 428,688	$ 3,750	$ 424,938
Interest on debt (1)	162,370	42,160	120,210
Minimum lease obligations (2)	24,823	8,215	16,608
Raw materials purchase obligations	84,232	80,471	3,761
Other purchase obligations	3,678	2,496	1,182
Total	$ 703,791	$ 137,092	$ 566,699

(1) Calculated based on debt outstanding as of December 31, 2023 and the interest rates as of that date.
(2) Minimum lease obligations have not been reduced by sublease rental income.

Critical Accounting Policies and Estimates

Our significant accounting policies are summarized in Note 1 to our audited consolidated financial statements. These policies conform with U.S. Generally Accepted Accounting Principles (“GAAP”) and reflect practices appropriate to our businesses. The preparation of our consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes thereto. Actual results could differ from these estimates. We evaluate our policies, estimates and assumptions on an ongoing basis.

Our critical accounting policies and estimates relate to revenue recognition, goodwill and other indefinite-lived intangible assets, impairment review of long-lived assets, income taxes, and foreign currency translation. Management continually evaluates the development, selection and disclosure of our critical accounting policies and estimates and the application of these policies and estimates. In addition, there are other items within the consolidated financial statements that require the application of accounting policies and estimation, but are not deemed to be critical accounting policies and estimates. Changes in the estimates used in these and other items could have a material impact on our consolidated financial statements.

Revenue Recognition—In accordance with Accounting Standards Codification (“ASC”) 606, “Revenue from Contracts with Customers” the Company recognizes revenue when control of the promised goods or services is transferred to the customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. Revenues are primarily derived from customer orders for the purchase of products and are generally recognized when the product is shipped or delivered depending on the arrangement with the customer. The Company made an accounting policy election to exclude from the measurement of the transaction price sales taxes and all other items of a similar nature, and also elected to account for shipping and handling activities as a fulfillment of the promise to transfer the goods. Accordingly, shipping and handling costs are included in cost of sales.

Branded CPG may offer promotional activities (e.g. coupons, trade discounts and other promotional activities) to its customers. These variable consideration amounts are estimated for each customer based on specific arrangements/agreements, an analysis of historical volume, and/or current activity with that customer. Reassessment of variable consideration estimates is done at each reporting date throughout the contract period until the uncertainty is resolved (e.g. promotional campaign is closed and settled with customer).

Historically, the Company has encountered limited instances whereby customers rejected products as a result of orders being materially inaccurate and/or products being defective. The Company tracks the reason codes for those customer returns. Based on that, the materiality of such returns is assessed. A return reserve is calculated (based on historical data as described above) every month to record an adjustment to net sales; these adjustments have not been significant.

Goodwill and Other Indefinite-Lived Intangible Assets—We review goodwill and other indefinite-lived intangible assets for impairment annually, or more frequently if events or changes in circumstances indicate that an asset may be impaired, in accordance with ASC Topic 350, "Intangibles—Goodwill and Other." Under ASC Topic 350, the impairment review of goodwill and other intangible assets not subject to amortization must be based on estimated fair values.

Our annual impairment review measurement date is in the fourth quarter of each year. In performing the annual assessment, we have the option of performing a qualitative assessment to determine if it is more likely than not that a reporting unit has been impaired. As part of the qualitative assessment for the reporting units, we evaluate the factors that are specific to the reporting units as well as industry and macroeconomic factors (including changes in interest and discount rates). The reporting unit specific factors may include cost factors, a comparison of current year results to prior year, current year budget and future projected financial performance. We also consider the change in the overall enterprise value of the Company compared to the prior year.

If we determine that it is more likely than not that a reporting unit is impaired or if we elect not to perform the optional qualitative assessment, a quantitative assessment is performed utilizing both the income and market approaches to estimate the fair value of its reporting units. The income approach involves discounting future estimated cash flows. The discount rate used is the value-weighted average of the reporting unit's estimated cost of equity and debt derived using both known and estimated customary market metrics adjusted for company specific risks. We perform sensitivity tests with respect to growth rates and discount rates used in the income approach. In applying the market approach, valuation multiples are derived from historical and projected operating data of selected guideline companies; evaluated and adjusted, if necessary, based on the strengths and weaknesses of the reporting unit relative to the selected guideline companies; and applied to the appropriate historical and/or projected operating data to arrive at an indication of fair value. We typically weight the results of the income and market approaches equally. If the reporting unit's carrying value exceeds its estimated fair value, then an impairment is recorded for the difference, limited to the total amount of goodwill allocated to the reporting unit.

As disclosed in Note 6 to our audited consolidated financial statements, as a result of our 2023 impairment test, the Company recorded a non-cash goodwill impairment charge related to our IMEA reporting unit within the Branded CPG segment of $7.2 million. The non-cash goodwill impairment charge was the full amount of goodwill associated with that reporting unit. After the impairment, the goodwill carrying amount of the IMEA reporting unit was $0 million. In addition, as of our 2023 impairment test, our North America reporting unit has 10% or less excess fair value over carrying amount and a heightened risk of future impairments. The remaining reporting units have more than 10% excess fair value over carrying amounts as of the latest 2023 impairment test. The determination of estimated fair values requires significant judgments in estimating several factors, including, future cash flows, terminal growth rates, income tax considerations and discount rates. If current expectations of future cash flows are not met, if market factors outside of the Company's control change, including those impacting discount rates, income tax rates and foreign currency exchange rates, or if management's expectations or plans otherwise change, then one or more of our reporting units might become impaired in the future.

The discount rate and long-term growth rate used to estimate the fair value of the reporting unit with 10% or less excess fair value over carrying amount, as well as the goodwill carrying amount, as of the 2023 impairment test, were as follows:

Reporting Unit	Goodwill Carrying Amount (in thousands)	Discount Rate	Long-Term Growth Rate
North America	$ 80,486	13.5%	2.5%

Assumptions used in impairment testing are made at a point in time and require significant judgment; therefore, they are subject to change based on the facts and circumstances present at each annual impairment test date. Additionally, these assumptions are generally interdependent and do not change in isolation. However, as it is reasonably possible that changes in assumptions could occur, as a sensitivity measure, we have presented the estimated effects of isolated changes in the discount rate and long-term growth rate on the fair values of our reporting unit with 10% or less excess fair value over carrying amount. These estimated changes in fair value are not necessarily representative of the actual impairment that would be recorded in the event of a fair value decline.

If we had changed the assumptions used to estimate the fair value of our reporting unit with 10% or less excess fair value over carrying amount, as of the 2023 impairment test, these isolated changes, which are reasonably possible to occur, would have led to the following increase/(decrease) in the aggregate fair value of the reporting unit (in thousands):

	Discount Rate		Long-Term Growth Rate	
	50-Basis-Point		25-Basis-Point	
Reporting Unit	**Increase**	**Decrease**	**Increase**	**Decrease**
North America	$ (6,513)	$ 7,134	$ 1,034	$ (989)

We typically evaluate impairment of indefinite-lived intangible assets, which relates to our product formulations, by first performing a qualitative assessment. If we elect to bypass the qualitative assessment or we determine that it is more likely than not that the fair value of the product formulations is less than its carrying value, a quantitative assessment is then performed using the relief from royalty method under the income approach to estimate the fair value. Some of the more significant assumptions inherent in estimating the fair value include the estimated future annual sales, royalty rates (as a percentage of sales that would hypothetically be charged by a licensor of the brand to an unrelated licensee), income tax considerations and a discount rate that reflects the level of risk.

See Note 6 to our audited consolidated financial statements for additional information.

Impairment Review of Long-Lived Assets—In accordance with ASC Topic 360, “Property, Plant and Equipment,” we evaluate the carrying value of long-lived assets to be held and used whenever events or changes in circumstances indicate that the carrying amount of a long-lived asset or asset group may be impaired. When such events occur, we compare the sum of the future undiscounted cash flows expected to be generated from the asset or asset group over its remaining depreciable life to the carrying value. If this comparison indicates that there is an impairment, the carrying amount of the long-lived asset would then be reduced to the estimated fair value, which generally approximates discounted cash flows. We also evaluate the amortization periods of assets to determine whether events or circumstances warrant revised estimates of useful lives. Our applicable long-lived assets include property, plant and equipment and definite-lived intangible assets.

Income Taxes—The provision for income taxes is determined using the asset and liability method in accordance with ASC 740, “Accounting for Income Taxes.” The asset and liability method provides that deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities and for operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using the currently enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company records a valuation allowance to reduce deferred tax assets to the amount that is believed more likely than not to be realized.

The Company made a policy election to treat the income tax due on U.S. inclusion of the global intangible low taxed income (“GILTI”) provisions as a period expense when incurred.

Uncertainty in Income Taxes—The Company accounts for uncertain tax positions in accordance with the authoritative guidance issued under ASC 740, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. The Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such position should be measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. The Company provides loss contingencies for federal, state and international tax matters relating to potential tax examination issues, planning initiatives and compliance responsibilities. The development of these reserves requires judgements about tax issues, potential outcomes and timing, which if different, may materially impact the Company’s financial condition and results of operations. The Company classifies interest and penalties associated with income taxes as a component of the provision (benefit) for income taxes in the consolidated statements of operations.

Foreign Currency Translation—The Company has determined that the functional currency for each consolidated subsidiary is its local currency, except for certain entities whose functional currency is the U.S. dollar. Assets and liabilities of entities outside the U.S. are translated into U.S. dollars at the exchange rates in effect at the end of each period; income and expense items are translated at each period's average exchange rate; and any resulting translation difference is reported and accumulated as a separate component of accumulated other comprehensive income (loss) on the balance sheet, except for any entities which may operate in highly inflationary economies. Gains and losses resulting from transactions in other than functional currencies are reflected in operating results, except for transactions of a long-term nature.

Remeasurements of European entities whose functional currency is the U.S. dollar as well as translation adjustments for entities operating in highly inflationary economies and impacts of foreign currency transactions are recognized currently in other expense (income), net.

Beginning January 1, 2019, the Company was required to apply highly-inflationary accounting to its Argentinian subsidiary. This accounting treatment requires a change in the subsidiary's functional currency from the local currency (Argentinian Peso) to the parent's reporting currency (USD). This highly-inflationary classification results from the fact that the cumulative inflation rate for the preceding 3 year period exceeded 100 percent as of June 30, 2018. When the Company changed the functional currency, it revalued the subsidiary's financial statements as if the new functional currency (USD) were the reporting currency. Accordingly, effective January 1, 2019, all Argentinian Peso denominated monetary assets and liabilities are considered foreign currency denominated assets and liabilities and are revalued to USD (the functional currency) with remeasurement adjustments in the period recorded in the statement of operations. The USD will be the functional currency until the economic environment in Argentina ceases to be considered highly-inflationary.

Certain non-monetary assets and liabilities that were previously recorded at the applicable historical exchange rates are recorded in USD using the exchange rate as of June 25, 2020. Argentinian Peso denominated monetary assets and liabilities continue to be revalued to USD (the functional currency) with remeasurement period adjustments in the period recorded in the statement of operations.

New Accounting Standards

See Note 1 to our audited consolidated financial statements for the discussion of recent accounting pronouncements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

The principal market risks affecting our business are exposures to interest rates on debt, foreign exchange rates and fair value of Private Warrants.

Interest Rate Risk

We are exposed to market risk from changes in interest rates of our variable rate debt under our Loan Agreement, which consists of a Term Loan Facility and a Revolving Credit Facility. At December 31, 2023, we had $365 million and $64 million of aggregate principal amounts outstanding under our Term Loan Facility and Revolving Credit Facility, respectively.

Loans outstanding under the Term Loan Facility currently accrue interest at a rate per annum equal to 90-day SOFR subject to a floor of 1% plus a margin of 4.50% and the Revolving Credit Facility currently accrues interest at a rate per annum equal to 90-day SOFR plus a margin of 3.75%. Based on the amounts outstanding under the Term Loan Facility and Revolving Credit Facility at December 31, 2023, adding 1% to the applicable interest rate under the Term Loan Facility and Revolving Credit Facility would result in an increase of approximately $4.3 million in our annual interest expense, which may be mitigated by the interest rate swap with a notional value of $183.3 million, as described below.

As discussed in Note 9 to our audited consolidated financial statements, we are party to an interest rate swap with a notional value of $183.3 million that involves the exchange of variable for fixed rate interest payments in order to reduce future interest rate volatility of the variable rate interest payments related to the Term Loan Facility. While the current expectation is to maintain the interest rate swap through maturity, due to risks for hedging gains and losses, cash settlement costs or changes to our capital structure, we may not elect to maintain the interest rate swap with respect to our variable rate indebtedness, and any swaps we enter into may not fully mitigate interest rate risk.

Foreign Currency Risk

The revenues and expenses of our international operations generally are denominated in local currencies, which subject us to exchange rate fluctuations between such local currencies and the U.S. Dollar ("USD"). These exchange rate fluctuations subject us to currency translation risk with respect to the reported results of our international operations, as well as to other risks sometimes associated with international operations. In the future, we could experience fluctuations in financial results from our international operations, and there can be no assurance we will be able, contractually or otherwise, to reduce the currency risks associated with our international operations. Foreign currency risk is primarily related to operations in Europe, Asia and South America. A 10% increase or decrease in the Swiss Franc, Euro, Chinese Yuan, British Pound Sterling and Argentinian Peso against the USD would result in approximately a 3% change in our revenue for the year ended December 31, 2023. See Note 1 to our audited consolidated financial statements for further information on our accounting policies for foreign currency translation.

Fluctuations in currency exchange rates may also impact our Stockholders' Equity. Amounts invested in our foreign subsidiaries are translated into USD at the exchange rates as of the last day of each reporting period. Any resulting cumulative translation adjustments are recorded in Stockholders' Equity as Accumulated Other Comprehensive Income (Loss). The cumulative translation adjustments component of Accumulated Other Comprehensive Income (Loss) changed by $11.8 million for the period of December 31, 2023.

Changes in Fair Value Risk

We account for the Private Warrants in accordance with Accounting Standards Codification "ASC" Topic 815, "Derivatives and Hedging." Under the guidance contained in ASC Topic 815-40, the Private Warrants do not meet the criteria for equity treatment and must be recorded as liabilities. Accordingly, we classify the Private Warrants as liabilities at their fair value and adjust the warrants to fair value at each reporting period. The liability is subject to re-measurement at each balance sheet date, and any change in fair value is recognized in our statement of operations. Changes in the fair value of the Private Warrants each reporting period will be adjusted through earnings, subjecting us to non-cash volatility in our results of operations.

Item 8. Financial Statements and Supplementary Data.

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Whole Earth Brands, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Whole Earth Brands, Inc. and subsidiaries (the Company) as of December 31, 2023 and 2022, the related consolidated statements of operations, comprehensive income (loss), equity and cash flows for each of the three years in the period ended December 31, 2023, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023,in conformity with U.S. generally accepted accounting principles.

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 Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control over financial reporting. Accordingly, we express no such opinion.

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.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 1987.
New York, NY
March 12, 2024

Whole Earth Brands, Inc.
Consolidated Balance Sheets
(In thousands of dollars, except for share and per share data)

	December 31, 2023	December 31, 2022
Assets		
Current Assets		
Cash and cash equivalents	$ 30,513	$ 28,676
Accounts receivable (net of allowances of $1,460 and $1,614, respectively)	74,012	66,653
Inventories	209,271	218,975
Prepaid expenses and other current assets	6,429	10,530
Total current assets	320,225	324,834
Property, Plant and Equipment, net	54,937	58,092
Other Assets		
Operating lease right-of-use assets	19,223	18,238
Goodwill	193,610	193,139
Other intangible assets, net	229,936	245,376
Deferred tax assets, net	500	539
Other assets	7,266	8,785
Total Assets	$ 825,697	$ 849,003
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	$ 55,662	$ 47,002
Accrued expenses and other current liabilities	32,173	27,488
Current portion of operating lease liabilities	7,370	8,804
Current portion of long-term debt	3,750	3,750
Total current liabilities	98,955	87,044
Non-Current Liabilities		
Long-term debt	417,929	432,172
Deferred tax liabilities, net	31,579	32,585
Operating lease liabilities, less current portion	14,336	12,664
Other liabilities	11,208	9,987
Total Liabilities	574,007	574,452
Commitments and Contingencies (Note 10)	—	—
Stockholders' Equity		
Preferred shares, $0.0001 par value; 1,000,000 shares authorized; none issued and outstanding	—	—
Common stock, $0.0001 par value; 220,000,000 shares authorized; 42,853,468 and 41,994,355 shares issued and outstanding at December 31, 2023 and December 31, 2022, respectively	4	4
Additional paid-in capital	365,721	360,777
Accumulated deficit	(123,284)	(85,188)
Accumulated other comprehensive income (loss)	9,249	(1,042)
Total stockholders' equity	251,690	274,551
Total Liabilities and Stockholders' Equity	$ 825,697	$ 849,003

See Notes to Consolidated Financial Statements

Whole Earth Brands, Inc.
Consolidated Statements of Operations
(In thousands of dollars, except for per share data)

	Year Ended		
	December 31, 2023	December 31, 2022	December 31, 2021
Product revenues, net	$ 550,913	$ 538,272	$ 493,973
Cost of goods sold	407,236	398,060	335,218
Gross profit	143,677	140,212	158,755
Selling, general and administrative expenses	102,354	99,735	113,141
Amortization of intangible assets	18,698	18,623	18,295
Goodwill impairment charges	7,230	46,500	—
Restructuring and other expenses	—	—	4,503
Operating income (loss)	15,395	(24,646)	22,816
Interest expense, net	(43,974)	(30,600)	(24,589)
Loss on extinguishment and debt transaction costs	—	—	(5,513)
Other (expense) income, net	(3,188)	2,283	225
Loss before income taxes	(31,767)	(52,963)	(7,061)
Provision (benefit) for income taxes	6,329	5,789	(7,144)
Net (loss) income	$ (38,096)	$ (58,752)	$ 83
Net (loss) earnings per share:			
Basic	$ (0.90)	$ (1.42)	$ 0.00
Diluted	$ (0.90)	$ (1.42)	$ 0.00

See Notes to Consolidated Financial Statements

Whole Earth Brands, Inc.
Consolidated Statements of Comprehensive Income (Loss)
(In thousands of dollars)

	Year Ended		
	December 31, 2023	**December 31, 2022**	**December 31, 2021**
Net (loss) income	$ (38,096)	$ (58,752)	$ 83
Other comprehensive income (loss), net of tax:			
Net change in pension benefit obligations recognized, net of taxes of $(164), $640, and $26, respectively	(748)	2,740	98
Unrealized gains and losses on cash flow hedges, net of taxes of $(9), $0, and $0, respectively	(28)	—	—
Gains and losses on cash flow hedges reclassified to net income, net of taxes of $(252), $0, and $0, respectively	(720)	—	—
Foreign currency translation adjustments	11,787	(13,469)	984
Total other comprehensive income (loss), net of tax	10,291	(10,729)	1,082
Comprehensive (loss) income	$ (27,805)	$ (69,481)	$ 1,165

See Notes to Consolidated Financial Statements

Whole Earth Brands, Inc.
Consolidated Statements of Equity
(In thousands of dollars, except for share data)

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Stockholders' Equity
	Shares	Amount				
Balance at December 31, 2020	38,426,669	$ 4	$ 325,679	$ (25,442)	$ 8,605	$ 308,846
Reclassification of Private Warrants	—	—	(7,062)	(1,077)	—	(8,139)
Transfer of Private Warrants to Public Warrants	—	—	6,057	—	—	6,057
Net income	—	—	—	83	—	83
Other comprehensive income, net of tax	—	—	—	—	1,082	1,082
Warrant exercises	100	—	1	—	—	1
Stock-based compensation	—	—	7,854	—	—	7,854
Net share settlements of stock-based awards	444,877	—	(1,913)	—	—	(1,913)
Balance at December 31, 2021	38,871,646	4	330,616	(26,436)	9,687	313,871
Transfer of Private Warrants to Public Warrants	—	—	605	—	—	605
Net loss	—	—	—	(58,752)	—	(58,752)
Other comprehensive loss, net of tax	—	—	—	—	(10,729)	(10,729)
Stock-based compensation	—	—	4,636	—	—	4,636
Net share settlements of stock-based awards	259,372	—	(418)	—	—	(418)
Net share settlements under management bonus plan	203,763	—	1,402	—	—	1,402
Shares issued for payment of contingent consideration	2,659,574	—	23,936	—	—	23,936
Balance at December 31, 2022	41,994,355	4	360,777	(85,188)	(1,042)	274,551
Transfer of Private Warrants to Public Warrants	—	—	133	—	—	133
Net loss	—	—	—	(38,096)	—	(38,096)
Other comprehensive income, net of tax	—	—	—	—	10,291	10,291
Stock-based compensation	—	—	6,264	—	—	6,264
Net share settlements of stock-based awards	854,759	—	(1,468)	—	—	(1,468)
Net share settlements of liability-based awards	4,354	—	15	—	—	15
Balance at December 31, 2023	42,853,468	$ 4	$ 365,721	$ (123,284)	$ 9,249	$ 251,690

See Notes to Consolidated Financial Statements

Whole Earth Brands, Inc.
Consolidated Statements of Cash Flows
(In thousands of dollars)

	Year Ended		
	December 31, 2023	**December 31, 2022**	**December 31, 2021**
Operating activities			
Net (loss) income	$ (38,096)	$ (58,752)	$ 83
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Stock-based compensation	7,029	4,933	8,715
Depreciation	6,638	6,001	4,727
Amortization of intangible assets	18,698	18,623	18,295
Deferred income taxes	(1,054)	(456)	(12,300)
Goodwill impairment charges	7,230	46,500	—
Amortization of inventory fair value adjustments	—	(2,537)	(3,396)
Non-cash loss on extinguishment of debt	—	—	4,435
Amortization of debt issuance costs and original issue discount	2,252	1,982	1,783
Change in fair value of warrant liabilities	(78)	(1,232)	(29)
Changes in current assets and liabilities:			
Accounts receivable	(5,455)	1,222	964
Inventories	10,282	(7,684)	(22,957)
Prepaid expenses and other current assets	1,572	201	(1,030)
Accounts payable, accrued liabilities and income taxes	14,266	(11,574)	12,050
Other, net	2,034	(3,037)	(1,858)
Net cash provided by (used in) operating activities	25,318	(5,810)	9,482
Investing activities			
Capital expenditures	(5,661)	(8,887)	(12,198)
Acquisitions, net of cash acquired	—	—	(190,231)
Proceeds from sale of fixed assets	18	468	4,516
Net cash used in investing activities	(5,643)	(8,419)	(197,913)
Financing activities			
Proceeds from revolving credit facility	—	54,000	25,000
Repayments of revolving credit facility	(12,000)	(3,000)	(47,855)
Long-term borrowings	—	—	375,000
Repayments of long-term borrowings	(3,750)	(3,750)	(139,314)
Debt issuance costs	(461)	(719)	(11,589)
Payment of contingent consideration	—	(29,108)	—
Proceeds from sale of common stock and warrants	—	—	1
Tax withholdings related to net share settlements of stock-based awards	(1,468)	(898)	(1,913)
Net cash (used in) provided by financing activities	(17,679)	16,525	199,330

See Notes to Consolidated Financial Statements

Whole Earth Brands, Inc.
Consolidated Statements of Cash Flows (Continued)
(In thousands of dollars)

	Year Ended		
	December 31, 2023	**December 31, 2022**	**December 31, 2021**
Effect of exchange rate changes on cash and cash equivalents	(159)	(1,916)	499
Net change in cash and cash equivalents	1,837	380	11,398
Cash and cash equivalents, beginning of period	28,676	28,296	16,898
Cash and cash equivalents, end of period	$ 30,513	$ 28,676	$ 28,296
Supplemental disclosure of cash flow information			
Interest paid	$ 41,770	$ 28,386	$ 21,203
Taxes paid, net of refunds	$ 4,815	$ 9,113	$ 4,523
Supplemental disclosure of non-cash investing			
Non-cash capital expenditures	$ —	$ —	$ 3,796

See Notes to Consolidated Financial Statements

NOTE 1: BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Whole Earth Brands, Inc. and its consolidated subsidiaries ("Whole Earth Brands" or the "Company") is a global industry-leading platform, focused on the "better for you" consumer packaged goods ("CPG") and ingredients space. The Company has a global platform of branded products and ingredients, focused on the consumer transition towards natural alternatives and clean label products.

On June 24, 2020, Act II Global Acquisition Corp., a Cayman Islands exempted company ("Act II"), domesticated into a Delaware corporation (the "Domestication"), and on June 25, 2020 (the "Closing"), consummated the indirect acquisition (the "Business Combination") of (i) all of the issued and outstanding equity interests of Merisant Company ("Merisant"), Merisant Luxembourg Sarl ("Merisant Luxembourg"), Mafco Worldwide LLC ("Mafco Worldwide"), Mafco Shanghai LLC ("Mafco Shanghai"), EVD Holdings LLC ("EVD Holdings"), and Mafco Deutschland GmbH (together with Merisant, Merisant Luxembourg, Mafco Worldwide, Mafco Shanghai, and EVD Holdings, and their respective direct and indirect subsidiaries, "Merisant and Mafco Worldwide"), and (ii) certain assets and liabilities of Merisant and Mafco Worldwide included in the Transferred Assets and Liabilities (as defined in the Purchase Agreement (as hereafter defined)), from Flavors Holdings Inc. ("Flavors Holdings"), MW Holdings I LLC ("MW Holdings I"), MW Holdings III LLC ("MW Holdings III"), and Mafco Foreign Holdings, Inc. ("Mafco Foreign Holdings," and together with Flavors Holdings, MW Holdings I, and MW Holdings III, the "Sellers"), pursuant to that certain Purchase Agreement (the "Purchase Agreement") entered into by and among Act II and the Sellers dated as of December 19, 2019, as amended. In connection with the Domestication, Act II changed its name to "Whole Earth Brands, Inc."

Upon the completion of the Domestication, each of Act II's then-issued and outstanding ordinary shares converted, on aone-for-one basis, into shares of common stock of Whole Earth Brands. Additionally, immediately after the Business Combination, the Company issued an aggregate of 7,500,000 shares of Whole Earth Brands common stock and 5,263,500 private placement warrants exercisable for2,631,750 shares of Whole Earth Brands common stock to certain investors. On the date of Closing, the Company's common stock and warrants began trading on The Nasdaq Stock Market under the symbols "FREE" and "FREEW," respectively.

Principles of Consolidation—The consolidated financial statements include the accounts of Whole Earth Brands, Inc., and its indirect and wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates—The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from these estimates.

Reclassifications—Certain previously reported amounts have been reclassified to conform to the current presentation.

Cash and Cash Equivalents—The Company considers all cash on hand, money market funds, and other highly liquid debt instruments with a maturity, when purchased, of three months or less to be cash and cash equivalents.

Accounts Receivable and Allowance for Credit Losses—Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for credit losses is the Company's best estimate of the amount of probable losses in its existing accounts receivable based on historical and expected losses and current economic conditions. Account balances are charged against the allowance when the Company believes it is probable the receivable will not be recovered. The Company does not have any off-balance sheet credit exposure related to its customers. Recoveries of accounts receivable previously offset against the allowance are recorded in the consolidated statements of operations when received.

A summary of the activity with respect to the accounts receivable allowances is as follows (in thousands):

Accounts receivable allowance balance at December 31, 2020	$	955
2021 additions charged to revenues, costs and expenses		1,783
2021 deductions and other		(1,453)
Accounts receivable allowance balance at December 31, 2021	$	1,285
2022 additions charged to revenues, costs and expenses		2,711
2022 deductions and other		(2,382)
Accounts receivable allowance balance at December 31, 2022	$	1,614
2023 additions charged to revenues, costs and expenses		2,671
2023 deductions and other		(2,825)
Accounts receivable allowance balance at December 31, 2023	$	1,460

Inventories—Inventories are stated at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less reasonably predictable costs of completion, disposal, and transportation. The cost of inventory is determined by the first in, first out or average cost methods.

Property, Plant and Equipment—Property, plant and equipment are recorded at cost. Additions, improvements, and replacements that extend asset life are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives of the Company's property, plant and equipment in service currently ranges as follows: 3 to 40 years for buildings and 1 to 20 years for all other equipment.

When property and equipment are disposed of, the related cost and accumulated depreciation are removed from the respective accounts, and any gains or losses are included in income from operations. Ordinary repairs and maintenance costs are charged to operating expense as incurred.

Deferred Software Costs—Deferred implementation costs for hosted cloud computing service arrangements are stated at historical cost and amortized on a straight-line basis over the term of the hosting arrangement that the implementation costs relate to. Deferred implementation costs are included in other assets and amortized to selling, general and administrative expenses ("SG&A"). The corresponding cash flows related to deferred software costs will be reported within operating activities consistent with the treatment for payments associated with the service component of the hosting arrangement. The Company reviews the deferred implementation costs for impairment when it believes the deferred costs may no longer be recoverable. As of both December 31, 2023 and 2022, deferred software costs associated with cloud computing arrangements were $2.1 million. Costs of $0.8 million were amortized during 2023. No costs were amortized during 2022 or 2021.

Leases—The Company accounts for leases pursuant to Accounting Standards Codification ("ASC") Topic 842, "Leases." Under ASC Topic 842, a right-of-use asset and a lease liability is recorded for all leases with a term greater than 12 months. Lease right-of-use assets and lease liabilities are initially recognized based on the present value of the future minimum lease payments over the lease term at commencement date calculated using our incremental borrowing rate applicable to the lease asset, unless the implicit rate is readily determinable.

The Company's leases include manufacturing facilities, office space, warehouses, material handling equipment, vehicles and office equipment. All of our leases are classified as operating leases.

Goodwill and Other Indefinite-Lived Intangible Assets—Goodwill and other indefinite-lived intangible assets are summarized in Note 6. The Company reviews goodwill and other indefinite-lived intangible assets for impairment annually, or more frequently if events or changes in circumstances indicate that an asset may be impaired, in accordance with ASC Topic 350, "Intangibles—Goodwill and Other." Under ASC Topic 350, the impairment review of goodwill and other intangible assets not subject to amortization must be based on estimated fair values.

The Company's annual impairment review measurement date is in the fourth quarter of each year. In performing the annual assessment, the Company has the option of performing a qualitative assessment to determine if it is more likely than not that a reporting unit has been impaired. As part of the qualitative assessment for the reporting units, the Company evaluates the factors that are specific to the reporting units as well as industry and macroeconomic factors (including changes in interest and discount rates). The reporting unit specific factors may include cost factors, a comparison of current year results to prior year, current year budget and future projected financial performance. The Company also considers the change in the overall enterprise value of the Company compared to the prior year.

If the Company determines that it is more likely than not that a reporting unit is impaired or if the Company elects not to perform the optional qualitative assessment, a quantitative assessment is performed utilizing both the income and market approaches to estimate the fair value of its reporting units. The income approach involves discounting future estimated cash flows. The discount rate used is the value-weighted average of the reporting unit's estimated cost of equity and debt derived using both known and estimated customary market metrics adjusted for company specific risks. The Company performs sensitivity tests with respect to growth rates and discount rates used in the income approach. In applying the market approach, valuation multiples are derived from historical and projected operating data of selected guideline companies; evaluated and adjusted, if necessary, based on the strengths and weaknesses of the reporting unit relative to the selected guideline companies; and applied to the appropriate historical and/or projected operating data to arrive at an indication of fair value. The Company typically weights the results of the income and market approaches equally. If the reporting unit's carrying value exceeds its estimated fair value, then an impairment is recorded for the difference, limited to the total amount of goodwill allocated to the reporting unit.

The Company typically evaluates impairment of indefinite-lived intangible assets, which relates to our product formulations, by first performing a qualitative assessment. If the Company elects to bypass the qualitative assessment or determines that it is more likely than not that the fair value of the product formulations is less than its carrying value, a quantitative assessment is then performed using the relief from royalty method under the income approach to estimate the fair value. Some of the more significant assumptions inherent in estimating the fair value include the estimated future annual sales, royalty rates (as a percentage of sales that would hypothetically be charged by a licensor of the brand to an unrelated licensee), income tax considerations and a discount rate that reflects the level of risk.

Impairment Review of Long-Lived Assets—In accordance with ASC Topic 360, "Property, Plant and Equipment," the Company evaluates the carrying value of long-lived assets to be held and used whenever events or changes in circumstances indicate that the carrying amount of a long-lived asset or asset group may be impaired. When such events occur, the Company compares the sum of the future undiscounted cash flows expected to be generated from the asset or asset group over its remaining depreciable life to the carrying value. If this comparison indicates that there is an impairment, the carrying amount of the long-lived asset would then be reduced to the estimated fair value, which generally approximates discounted cash flows. The Company also evaluates the amortization periods of assets to determine whether events or circumstances warrant revised estimates of useful lives. The Company's applicable long-lived assets include its property, plant and equipment, operating lease right-of-use assets and definite-lived intangible assets.

Derivative Instruments—The Company's earnings and cash flows are subject to fluctuations due to changes in interest rates. The Company uses derivative financial instruments, including interest rate swaps, to manage interest rate exposures and hedge the variability of interest payments on future debt obligations. The Company does not use derivative financial instruments for trading or speculative purposes.

The Company formally documents all relationships between hedging instruments and hedged items, as well as the risk management objective and strategy for undertaking hedge transactions. This process includes linking the derivatives designated as cash flow hedges to specific forecasted transactions or variability of cash flows. The Company also formally assesses, both at the inception of a hedge transaction and on an ongoing basis, whether the designated derivatives that are used in hedging transactions are highly effective in offsetting changes in the cash flow of the hedged items as well as monitors the credit worthiness of the counterparties to ensure no issues exist which would affect the value of the derivatives. When a derivative is determined not to be highly effective as a hedge or the underlying hedged transaction is no longer probable, the Company discontinues hedge accounting prospectively and reclassifies any hedge related gains or losses previously recorded in other comprehensive income (loss) to other (expense) income within the statement of operations.

To the extent the hedge is effective, the Company records derivative financial instruments at fair value in its consolidated balance sheet and changes in the fair value are recorded in accumulated other comprehensive income (loss) and reclassified to earnings when the hedged item affects earnings. Cash flows from derivative instruments are classified in the consolidated statements of cash flows based on the nature of the derivative contract. Additional information pertaining to the Company’s derivative instruments is provided in Note 9.

Income Taxes—The provision for income taxes is determined using the asset and liability method in accordance with ASC Topic 740, “Accounting for Income Taxes.” The asset and liability method provides that deferred tax assets and liabilities are recognized for the expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities and for operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using the currently enacted tax rates and laws that will be in effect when the differences are expected to reverse. The Company records a valuation allowance to reduce deferred tax assets to the amount that is believed more likely than not to be realized.

The Company made a policy election to treat the income tax due on United States (“U.S.”) inclusion of the global intangible low taxed income (“GILTI”) provisions as a period expense when incurred.

Uncertainty in Income Taxes—The Company accounts for uncertain tax positions in accordance with the authoritative guidance issued under ASC Topic 740, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. The Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such position should be measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. The Company provides loss contingencies for federal, state and international tax matters relating to potential tax examination issues, planning initiatives and compliance responsibilities. The development of these reserves requires judgements about tax issues, potential outcomes and timing, which if different, may materially impact the Company’s financial condition and results of operations. The Company classifies interest and penalties associated with income taxes as a component of provision (benefit) for income taxes in the consolidated statements of operations.

Pension Plans—The Company has defined benefit pension plans and defined contribution 401(k) plans, which cover certain current and former employees of the Company who meet eligibility requirements. Benefits for the defined benefit pension plans are based on years of service and, in some cases, the employee’s compensation. Participation was frozen to all employees hired on or after August 1, 2017. The Company’s policy is to contribute annually the amount required pursuant to the Employee Retirement Income Security Act. The Company froze the qualified pension plan for all participants on December 31, 2019 and froze the non-qualified pension plans on December 31, 2022. The Company terminated the qualified pension plan in 2022 and settled the pension obligations through lump sum payments in 2021 and the purchase of non-participating annuity contracts in 2022 to settle the remaining liabilities of the plan. Certain subsidiaries of the Company outside the U.S. have retirement plans that provide certain payments upon retirement. The Company recognizes in its balance sheet the funded status of its defined benefit pension plans, measured as the difference between the fair value of the plan assets and the benefit obligation and recognizes changes in the funded status of the defined benefit pension plans as accumulated other comprehensive loss, net of tax, within accumulated other comprehensive income (loss) to the extent such changes are not recognized in earnings as components of periodic net benefit cost (see Note 12). These amounts are subsequently amortized within other (expense) income in future periods using the corridor approach. The corridor is 10% of the greater of the market-related value of the plan’s assets or projected benefit obligation. Any actuarial gains and losses in excess of the corridor are then amortized over an appropriate term.

Research and Development Costs—The Company expenses costs as incurred for product research and development within SG&A. Research and development expenses were approximately $3.8 million for 2023, $3.9 million for 2022, and $3.4 million for 2021.

Stock-Based Compensation—In accordance with ASC Topic 718, “Compensation—Stock Compensation,” the Company recognizes stock-based compensation cost in its consolidated statements of operations. Stock-based compensation cost is measured at the grant date for equity-classified awards and at the end of each reporting period for liability-classified awards based on the estimated fair value of the awards. The Company recognizes stock-based compensation expense on a straight-line basis over the requisite service period. Additional information pertaining to the Company’s stock-based compensation is provided in Note 13.

Revenue Recognition—In accordance with ASC Topic 606, "Revenue from Contracts with Customers," the Company recognizes revenue when control of the promised goods or services is transferred to the customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. Revenues are primarily derived from customer orders for the purchase of products and are generally recognized when the product is shipped or delivered depending on the arrangement with the customer. The Company made an accounting policy election to exclude from the measurement of the transaction price sales taxes and all other items of a similar nature, and also elected to account for shipping and handling activities as a fulfillment of the promise to transfer the goods. Accordingly, shipping and handling costs are included in cost of sales.

Branded CPG may offer promotional activities (e.g. coupons, trade discounts and other promotional activities) to its customers. These variable consideration amounts are estimated for each customer based on specific arrangements/agreements, an analysis of historical volume, and/or current activity with that customer. Reassessment of variable consideration estimates is done at each reporting date throughout the contract period until the uncertainty is resolved (e.g. promotional campaign is closed and settled with customer).

Historically, the Company has encountered limited instances whereby customers rejected products as a result of orders being materially inaccurate and/or products being defective. The Company tracks the reason codes for those customer returns. Based on that, the materiality of such returns is assessed. A return reserve is calculated (based on historical data as described above) every month to record an adjustment to net sales; these adjustments have not been significant.

The following table presents the Company's revenues disaggregated by product categories (in thousands):

	Year Ended		
	December 31, 2023	December 31, 2022	December 31, 2021
Sweeteners and adjacencies	$ 426,287	$ 422,638	$ 389,174
Licorice products	124,626	115,634	104,799
Total product revenues, net	$ 550,913	$ 538,272	$ 493,973

The following table presents revenues disaggregated by business and geographic region (in thousands):

	Year Ended		
	December 31, 2023	December 31, 2022	December 31, 2021
Branded CPG:			
North America	$ 305,849	$ 299,871	$ 266,661
Europe	70,405	67,962	76,392
India, Middle East and Africa	13,854	17,828	13,363
Asia-Pacific	21,436	22,371	20,787
Latin America	14,743	14,606	11,971
Flavors & Ingredients	124,626	115,634	104,799
Total product revenues, net	$ 550,913	$ 538,272	$ 493,973

The Company records an allowance for credit losses as an estimate of the inability of its customers to make their required payments. The determination of the allowance requires the Company to make assumptions about the future ability to collect amounts owed from customers.

Marketing, Advertising, Consumer Incentives and Trade Promotions—The Company promotes its products with marketing activities, including advertising, consumer incentives and trade promotions. On an annual basis, advertising costs are expensed as incurred or in the year in which the related advertisement initially appears. Marketing and advertising expense was $12.0 million in 2023, $11.8 million in 2022, $17.0 million in 2021.

Consumer incentive and trade promotion activities are deducted from revenue based on amounts estimated as being or becoming due to customers and consumers at the end of a period, based principally on the Company's historical utilization and redemption rates. These deductions are estimated and recorded upon sale of product by the Company and revised as necessary at each period end.

Fair Value Measurements—The Company measures fair value using a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

Major Customers and Credit Concentration—The Company sells products to customers in the U.S. and internationally. The Company performs ongoing credit evaluations of customers, and generally does not require collateral on trade accounts receivable. Allowances are maintained for potential credit losses and such losses have been within management's expectations.

Foreign Currency Translation—The Company has determined that the functional currency for each combined subsidiary is its local currency, except for certain entities whose functional currency is the U.S. dollar. Assets and liabilities of entities outside the U.S. are translated into U.S. dollars at the exchange rates in effect at the end of each period and income statement accounts are translated at each period's average exchange rate. Translation adjustments arising from the use of differing exchange rates from period to period are included as a component of accumulated other comprehensive income (loss) on the balance sheet, except for any entities which may operate in highly inflationary economies. Gains and losses resulting from transactions in other than functional currencies are reflected in operating results, except for transactions of a long-term nature.

Remeasurements of European entities whose functional currency is the U.S. dollar as well as translation adjustments for entities operating in highly inflationary economies and impacts of foreign currency transactions are recognized currently in other income (expense), net in the accompanying consolidated statements of operations. The Company had foreign exchange losses, net of $3.3 million in 2023, foreign exchange gains, net of $0.1 million in 2022, and foreign exchange losses of $0.2 million in 2021.

Beginning January 1, 2019, the Company was required to apply highly-inflationary accounting to its Argentinian subsidiary. This accounting treatment requires a change in the subsidiary's functional currency from the local currency (Argentinian Peso) to the parent's reporting currency (USD). This highly-inflationary classification results from the fact that the cumulative inflation rate for the preceding 3 year period exceeded 100 percent as of June 30, 2018. Accordingly, effective January 1, 2019, all Argentinian Peso denominated monetary assets and liabilities are considered foreign currency denominated assets and liabilities and are revalued to USD (the functional currency) with remeasurement adjustments in the period recorded in the statement of operations. The USD will be the functional currency until the economic environment in Argentina ceases to be considered highly-inflationary. The Company recorded $1.8 million of expense related to remeasurement adjustments for Argentina in the consolidated statements of operations for the year ended December 31, 2023, $1.2 million of expense for the year ended December 31, 2022 and $0.3 million of expense for the year ended December 31, 2021.

Restructuring and other expenses—In previous years the Company adopted restructuring plans to streamline processes and realize cost savings by consolidating facilities and eliminating various positions in operations and general and administrative areas.

In connection with the restructuring plans, the Company recognized restructuring and other expenses of $4.5 million during the year ended December 31, 2021. This included facility exit and other related costs of $3.9 million and employee termination benefits of $0.6 million in 2021. The Company had no accrued severance expense related to the restructuring plans as of both December 31, 2023 and December 31, 2022.

Termination benefits are payable when an employee is involuntarily terminated, or whenever an employee accepts voluntary termination in exchange for termination benefits. One-time involuntary termination benefits are recognized as a liability when the termination plan meets certain criteria and has been communicated to employees. If employees are required to render future service in order to receive these one-time termination benefits, the liability is recognized ratably over the future service period.

Warrant Liabilities—The Company accounts for the Private Warrants in accordance with ASC Topic 815, "Derivatives and Hedging." Under the guidance contained in ASC Topic 815-40, the Private Warrants do not meet the criteria for equity treatment and must be recorded as liabilities. Accordingly, the Company classifies the Private Warrants as liabilities at their fair value and adjusts the warrants to fair value at each reporting period. The liability is subject to re-measurement at each balance sheet date, and any change in fair value is recognized in the Company's statement of operations.

Based on the views expressed in the SEC's Staff Statement of April 12, 2021 in which the SEC staff clarified its interpretations of certain generally accepted accounting principles related to certain terms common in warrants issued by Special Purpose Acquisition Companies ("SPACs"), the Company determined that the Private Warrants should be treated as derivative liabilities rather than as components of equity, as previously presented as of December 31, 2020. Accordingly, the Company recorded out of period adjustments at January 1, 2021 to reclassify warrant liabilities of $8.1 million and transaction costs incurred by Act II of $1.1 million related to the issuance of the Private Warrants. Additionally, during the first quarter of 2021, the Company recognized the cumulative effect of the error on prior periods by recording a $1.2 million gain in the Statement of Operations to reflect the cumulative decrease in the fair value of the Private Warrants from the date of issuance through December 31, 2020. The Company concluded that this misstatement was not material to the previously filed financial statements.

Accounting Standards Adopted in the Current Year—The Company qualifies as an emerging growth company (an "EGC") and as such, has elected the extended transition period for complying with certain new or revised accounting pronouncements. During the extended transition period, the Company is not subject to certain new or revised accounting standards applicable to public companies. The accounting pronouncements pending adoption below reflect effective dates for the Company as an EGC with the extended transition period.

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, "Financial Instruments - Credit Losses (Topic 326)." The standard requires entities to estimate losses on financial assets measured at amortized cost, including trade receivables, debt securities and loans, using an expected credit loss model. The expected credit loss model should consider reasonable and supportable forecasts in addition to the previously considered past events and current conditions. This guidance also includes enhanced requirements for disclosures related to credit loss estimates. Entities must apply the standard provision as a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective. The Company adopted this standard on January 1, 2023. The adoption of this standard did not have a material impact on the Company's consolidated financial statements and related disclosures and a cumulative-effect adjustment was not deemed necessary.

Accounting Standards Not Yet Adopted—In November 2023, the FASB issued ASU 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures". The standard expands segment disclosure requirements for reportable segments, primarily through enhanced disclosures about significant segment expenses. The standard is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is currently evaluating the impact of adopting ASU 2023-07 on its consolidated financial statement disclosures.

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures". The standard requires enhanced disclosures and greater disaggregation of information related to the effective tax rate reconciliation and income taxes paid. The standard is effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is currently evaluating the impact of adopting ASU 2023-09 on its consolidated financial statement disclosures.

NOTE 2: ACQUISITIONS

On December 17, 2020, the Company entered into a stock purchase agreement (the "Wholesome Purchase Agreement") with WSO Investments, Inc. ("WSO Investments" and together with its subsidiaries "Wholesome" and affiliates). WSO Investments is the direct parent of its wholly-owned subsidiary Wholesome Sweeteners, Incorporated, which was formed to import, market, distribute, and sell organic sugars, unrefined specialty sugars, and related products. Wholesome is included within the Company's Branded CPG reportable segment. Wholesome's results are included in the Company's consolidated statement of operations from the date of acquisition.

On February 5, 2021, pursuant to the terms of the Wholesome Purchase Agreement, the Company purchased and acquired all of the issued and outstanding shares of capital stock for an initial cash purchase price of $180 million plus up to an additional $55 million (the “Earn-Out Amount”) upon the satisfaction of certain post-closing financial metrics. Subject to the terms and conditions of the Wholesome Purchase Agreement payment of the Earn-Out Amount, in whole or in part, was subject to Wholesome achieving certain EBITDA thresholds at or above approximately $30 million during the period beginning August 29, 2020, and ending December 31, 2021 (the “Earn-Out Period”). A portion of the Earn-Out Amount (up to $27.5 million) could be paid, at the Company’s election, in freely tradeable, registered shares of Company common stock calculated using the 20-day volume weighted average trading price per share as of the date of determination. Calculation of the achievement of the Earn-Out Amount is subject to certain adjustments more thoroughly described in the Wholesome Purchase Agreement. In connection with the acquisition of Wholesome, the Company incurred transaction-related costs of $0.2 million and $4.7 million in the years ended December 31, 2022 and 2021, respectively.

Following the completion of the Earn-Out Period, the Company determined, in accordance with the terms of the Purchase Agreement, that the sellers were entitled to receive the Earn-Out Amount in full. The Company elected to satisfy part of the Earn-Out Amount in common stock and on February 23, 2022, issued 2,659,574 shares of the Company’s common stock. The remaining $30 million portion of the $55 million Earn-Out Amount was paid in cash which was funded from available capacity under the Company’s revolving credit facility. The settlement of the earn-out resulted in a non-cash gain of $1.1 million that was recorded in the first quarter of 2022 which represents the difference in value of the common stock issued using the 20-day volume weighted average trading price per share as compared to the trading price on the date of issuance.

The following summarizes the purchase consideration (in thousands):

Base cash consideration	$	180,000
Closing adjustment		13,863
Fair value of Earn-Out Amount		52,395
Total Purchase Price	$	246,258

The Company recorded the fair value of the purchase price to tangible and identifiable intangible assets acquired and liabilities assumed as follows (in thousands):

Cash and cash equivalents	$	2,664
Accounts receivable		15,868
Inventories		76,879
Prepaid expenses and other current assets		1,322
Property, plant and equipment, net		3,134
Operating lease right-of-use assets		7,585
Intangible assets		104,500
Other assets		1,189
Total assets acquired		213,141
Accounts payable		5,251
Accrued expenses and other current liabilities		10,576
Current portion of operating lease liabilities		1,435
Operating lease liabilities, less current portion		6,150
Deferred tax liabilities, net		24,234
Total liabilities assumed		47,646
Net assets acquired		165,495
Goodwill		80,763
Total Purchase Price	$	246,258

The values allocated to identifiable intangible assets and their estimated useful lives are as follows:

Identifiable intangible assets	Fair Value (in thousands)	Useful Life (in years)
Customer relationships	$ 55,700	10
Tradenames	48,800	25
	$ 104,500	

Goodwill represents the excess of the purchase price over the estimated fair value assigned to tangible and identifiable intangible assets acquired and liabilities assumed and represents the future economic benefits expected to arise from other intangible assets acquired that do not qualify for separate recognition, including assembled workforce and expected future market opportunities. Of the purchase price allocated to goodwill, a total of $4.7 million will be deductible for income tax purposes pursuant to IRC Section 197 over a 9-year period.

The Company's allocation of purchase price was based upon valuations performed to determine the fair value of the net assets as of the acquisition date and is subject to adjustments for up to one year after the closing date of the acquisition to reflect final valuations. The allocation of purchase price was finalized in the first quarter of 2022.

In 2021, the Company recorded measurement period adjustments to its initial allocation of purchase price as a result of ongoing valuation procedures on assets and liabilities assumed, including (i) an increase in purchase price of $3.6 million due to the finalization of the closing adjustment; (ii) a decrease to inventory of $1.8 million; (iii) an increase in prepaid expenses and other current assets of $0.5 million; (iv) an increase in property, plant and equipment of $0.4 million; (v) a decrease to intangible assets of $1.9 million; (vi) a decrease to other assets of $0.1 million; (vii) a decrease to accrued expenses and other current liabilities of $2.7 million; (viii) a decrease to deferred tax liabilities, net of $2.8 million; and (ix) an increase to goodwill of $1.0 million due to the incremental measurement period adjustments discussed in items (i) through (viii). The impact of measurement period adjustments to the results of operations was immaterial.

The results of the Company's operations for the year ended December 31, 2021 includes the results of Wholesome since February 5, 2021. Product revenues, net and operating income of Wholesome included in the Company's consolidated statement of operations for the year ended December 31, 2021 were $179.6 million and $20.6 million, respectively.

Pro Forma Financial Information—The following unaudited pro forma financial information summarizes the results of operations for the Company as though the Business Combination and the acquisition of Swerve, L.L.C. ("Swerve LLC"), and Swerve IP, L.L.C. ("Swerve IP" and together with Swerve LLC, "Swerve") on November 10, 2020 had occurred on January 1, 2019 and the Wholesome acquisition had occurred on January 1, 2020 (in thousands):

	Pro Forma Statements of Operations
	Year Ended December 31, 2021
Revenue	$ 514,353
Net income	$ 14,082

The unaudited pro forma financial information does not assume any impacts from revenue, cost or other operating synergies that could be generated as a result of the acquisitions. The unaudited pro forma financial information is for informational purposes only and is not indicative of the results of operations that would have been achieved had the Business Combination and Swerve acquisitions been consummated on January 1, 2019 and the Wholesome acquisition been consummated on January 1, 2020.

The pro forma financial information includes adjustments to reflect intangible asset amortization based on the economic values derived from definite-lived intangible assets, interest expense on the new debt financing, depreciation expense for certain property, plant and equipment that have been adjusted to fair value, and the release of the inventory fair value adjustments into cost of goods sold. These adjustments are net of taxes. The results of the Company's operations for the years ended December 31, 2023 and 2022 include Wholesome for the entire period and therefore pro forma financial information is not required.

NOTE 3: LEASES

The Company's lease portfolio includes factory buildings, office space, warehouses, material handling equipment, vehicles and office equipment. The Company subleases some of its unused office space to third parties. All leases are classified as operating leases.

Certain leases include one or more options to renew, with renewal terms that can extend the lease term fromone to five years or more. The exercise of lease renewal options is at the Company's sole discretion. For purposes of calculating operating lease liabilities, lease terms include options to extend the lease when it is reasonably certain that the Company will exercise that option.

Lease liabilities and their corresponding right-of-use assets are recorded based on the present value of lease payments over the expected lease term. The interest rate implicit in lease contracts is typically not readily determinable. As such, the Company utilizes the appropriate incremental borrowing rate, which is the rate incurred to borrow on a collateralized basis over a similar term at an amount equal to the lease payments in a similar economic environment.

The Company's lease agreements do not contain any residual value guarantees. Some leases include variable payments that are based on the usage and occupancy of the leased asset. The Company has elected not to record leases with an initial term of twelve months or less on the balance sheet.

For real estate and vehicle leases, the Company elected the practical expedient to not separate lease from non-lease components within the contract. Electing this practical expedient means the Company accounts for each lease component and the related non-lease component together as a single component. For equipment leases, the Company has not elected this practical expedient and separates the non-lease components from the lease component.

The right-of-use asset is subsequently measured throughout the lease term at the carrying amount of the lease liability. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The components of lease expense were as follows (in thousands):

	Year Ended		
	December 31, 2023	December 31, 2022	December 31, 2021
Operating lease expense	$ 9,221	$ 8,370	$ 5,658
Variable lease expense	1,645	1,634	1,022
Short-term lease expense	1,717	711	988
Sublease income	(403)	(326)	(508)
Total	$ 12,180	$ 10,389	$ 7,160

The following table presents the future maturities of the Company’s lease obligations as of December 31, 2023 (in thousands):

2024	$ 8,215
2025	5,456
2026	3,192
2027	2,802
2028	2,380
Thereafter	2,778
Total lease payments	24,823
Less: imputed interest	(3,117)
Total operating lease liabilities	$ 21,706

The weighted-average remaining lease term was4.2 years and the weighted-average discount rate was5.99% as of December 31, 2023. The weighted-average remaining lease term was 3.0 years and the weighted-average discount rate was4.19% as of December 31, 2022.

Cash paid for amounts included in the measurement of the lease liability was $10.2 million, $8.9 million and $5.7 million for the years ended December 31, 2023, 2022 and 2021, respectively. Right-of -use assets obtained in exchange for lease liabilities was $10.2 million, $0.7 million and $12.9 million for the years ended December 31, 2023, 2022 and 2021, respectively.

NOTE 4: INVENTORIES

Inventories consisted of the following (in thousands):

	December 31, 2023	December 31, 2022
Raw materials and supplies	$ 125,421	$ 129,131
Work in process	1,505	1,835
Finished goods	82,345	88,009
Total inventories	$ 209,271	$ 218,975

NOTE 5: PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following (in thousands):

	December 31, 2023	December 31, 2022
Machinery, equipment and other	$ 42,276	$ 39,695
Buildings and improvements	22,431	21,565
	64,707	61,260
Accumulated depreciation	(16,169)	(11,410)
	48,538	49,850
Land	5,930	5,951
Construction in progress	469	2,291
Property, plant and equipment, net	$ 54,937	$ 58,092

NOTE 6: GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill and other intangible assets consisted of the following (in thousands):

	December 31, 2023			December 31, 2022		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Other intangible assets subject to amortization						
Customer relationships (useful life of 5 to 10 years)	$ 105,616	$ (38,074)	$ 67,542	$ 105,298	$ (26,137)	$ 79,161
Tradenames (useful life of 25 years)	174,495	(22,801)	151,694	171,013	(15,498)	155,515
Total	$ 280,111	$ (60,875)	$ 219,236	$ 276,311	$ (41,635)	$ 234,676
Other intangible assets not subject to amortization						
Product formulations			10,700			10,700
Total other intangible assets, net			229,936			245,376
Goodwill			193,610			193,139
Total goodwill and other intangible assets			$ 423,546			$ 438,515

The Company amortizes its intangible assets subject to amortization on a straight-line basis over their respective useful lives. The remaining intangible assets subject to amortization as of December 31, 2023 have a weighted-average remaining useful life of approximately 17.0 years, including weighted-average remaining useful lives of approximately 6.3 years for customer relationships and approximately 21.8 years for tradenames. Amortization expense for intangible assets was $18.7 million, $18.6 million and $18.3 million for the years ended December 31, 2023, 2022, and 2021 respectively.

Amortization expense relating to amortizable intangible assets as of December 31, 2023 for the next five years is expected to be as follows (in thousands):

2024	$ 18,704
2025	18,460
2026	18,229
2027	17,015
2028	15,024

The changes in the carrying amounts of goodwill during the years ended December 31, 2023 and December 31, 2022 were as follows (in thousands):

	Branded CPG	Flavors & Ingredients	Total
Balance at December 31, 2021	$ 238,857	$ 3,804	$ 242,661
Currency translation adjustment	(2,870)	(152)	(3,022)
Gross balance at December 31, 2022	$ 235,987	$ 3,652	$ 239,639
Accumulated impairment loss at December 31, 2022	(46,500)	—	(46,500)
Balance at December 31, 2022	$ 189,487	$ 3,652	$ 193,139
Impairment	(7,230)	—	(7,230)
Currency translation adjustment	7,695	6	7,701
Balance at December 31, 2023	$ 189,952	$ 3,658	$ 193,610

Impairment of Goodwill and Other Indefinite-Lived Intangible Assets—As disclosed in Note 1, the Company reviews goodwill and other indefinite-lived intangible assets for impairment annually, or more frequently if events or changes in circumstances indicate that an asset may be impaired, in accordance with ASC Topic 350.

The Company performs its annual impairment procedures for all of its reporting units and indefinite-lived intangible assets during the fourth quarter of each year. In 2023 and 2022, the Company performed a quantitative impairment test and estimated the fair values of the reporting units utilizing both the income and market approach to determine the fair values of the Company's reporting units.

As a result of the 2023 impairment test, the Company determined that the carrying value of the IMEA reporting unit within the Branded CPG segment exceeded fair value and as a result, the Company recognized a non-cash impairment charge of $7.2 million in the fourth quarter of 2023. The impairment was primarily due to current macroeconomic conditions, including rising interest rates and higher supply chain costs and other inflationary pressures, which contributed to lower earnings forecasts for the reporting unit. The income approach incorporated estimated future cash flows and a terminal value discounted to present value using an appropriate risk-adjusted discount rate. The estimated future cash flows reflected management's best estimate of economic and market conditions over the projected period including forecasted revenue, gross margins, tax rates, capital expenditures, depreciation and amortization, changes in working capital requirements and terminal growth rates. The market approach estimated the fair value of the IMEA reporting unit using Company specific and guideline company valuation metrics and was equally weighted with the income approach to determine the fair value of the IMEA reporting unit. After the impairment, the goodwill carrying amount of the IMEA reporting unit was $0 million.

As a result of the 2022 impairment test, the Company determined that the carrying values of the North America and LATAM reporting units within the Branded CPG segment exceeded their respective fair values and as a result, the Company recognized a non-cash impairment charge of $46.5 million in the fourth quarter of 2022, which included $42.5 million related to the North America reporting unit and $4.0 million related to the LATAM reporting unit. The impairment was primarily due to current macroeconomic conditions, including rising interest rates and continued currency devaluation in LATAM, and higher supply chain costs and other inflationary pressures which contributed to lower earnings forecasts for our North America and LATAM reporting units. The income approach incorporated estimated future cash flows and a terminal value discounted to present value using an appropriate risk-adjusted discount rate. The estimated future cash flows reflected management's best estimate of economic and market conditions over the projected period including forecasted revenue, gross margins, tax rates, capital expenditures, depreciation and amortization, changes in working capital requirements and terminal growth rates. The market approach estimated the fair value of the North America reporting unit using Company specific and guideline company valuation metrics and was equally weighted with the income approach to determine the fair value of the North America reporting unit. The Company used the income approach to determine the fair value of the LATAM reporting unit. After the impairments, the goodwill carrying amount of the North America and LATAM reporting units was approximately $80.5 million and $0 million, respectively.

In the fourth quarter of 2021, the Company performed a quantitative impairment test and concluded that the fair values for all of its reporting units exceeded their respective carrying values and therefore, there was no impairment.

NOTE 7: DEBT

Debt consisted of the following (in thousands):

	December 31, 2023	December 31, 2022
Term loan, due 2028	$ 364,688	$ 368,438
Revolving credit facility, due 2026	64,000	76,000
Less: current portion	(3,750)	(3,750)
Less: unamortized discount and debt issuance costs	(7,009)	(8,516)
Total long-term debt	$ 417,929	$ 432,172

Maturities—The Company's debt and other obligations outstanding as of December 31, 2023 mature as shown below (in thousands):

2024	$ 3,750
2025	3,750
2026	67,750
2027	3,750
2028	349,688
Thereafter	—
Total debt	428,688
Unamortized discounts	(7,009)
Total debt, net of unamortized discounts	$ 421,679

Loan Agreement—At December 31, 2023, the Company's senior secured loan agreement consisted of a senior secured term loan facility (the "Term Loan Facility") of $375 million and a revolving credit facility of up to $125 million (the "Revolving Facility," and together with the Term Loan Facility, the "Credit Facilities").

As of December 31, 2023 and December 31, 2022, term loan borrowings were $357.7 million and $359.9 million, respectively, net of unamortized discount and debt issuance costs of $7.0 million and $8.5 million, respectively. There were $64.0 million and $76.0 million of borrowings under the revolving credit facility as of December 31, 2023 and December 31, 2022, respectively. Additionally, as of December 31, 2023 and December 31, 2022, the Company's unamortized debt issuance costs related to the revolving credit facility were $1.7 million and $2.0 million, respectively, which are included in other assets in the consolidated balance sheet. As of December 31, 2023 and December 31, 2022, there were $3.3 million and $2.1 million, respectively, of outstanding letters of credit that reduced the Company's availability under the revolving credit facility.

In connection with the closing of the Wholesome Transaction, on February 5, 2021, further discussed in Note 2, the Company and certain of its subsidiaries entered into an amendment and restatement agreement (the "Amended and Restated Agreement") with Toronto Dominion (Texas) LLC, which amended and restated its existing senior secured loan agreement dated as of June 25, 2020 (as amended on September 4, 2020, the "Existing Credit Agreement," and as further amended by the Amendment Agreement, the "Amended and Restated Credit Agreement"), by and among Toronto Dominion (Texas), LLC, as administrative agent, certain lenders signatory thereto and certain other parties. As of the date of the Amended and Restated Credit Agreement, the aggregate unamortized debt issuance costs totaled $6.2 million, of which $4.4 million was expensed as a loss on extinguishment of debt in the first quarter of 2021. Additionally, in connection with the Amended and Restated Credit Agreement, the Company paid fees to certain lenders of $3.8 million, which was considered a debt discount, all of which was deferred, and incurred transaction costs of $8.9 million, of which $7.8 million was deferred and $1.1 million was expensed as part of loss on extinguishment and debt transaction costs in the first quarter of 2021.

As further described in Note 2, following the completion of the Wholesome Earn-Out Period, the Company determined, in accordance with the terms of the Purchase Agreement, that the sellers were entitled to receive the Earn-Out Amount in full. The Company elected to satisfy part of the Earn-Out Amount in common stock and on February 23, 2022, issued 2,659,574 shares of the Company's common stock. The remaining $30 million portion of the $55 million Earn-Out Amount was paid in cash which was funded from available capacity under the Company's revolving credit facility.

On June 15, 2022, the Company and certain of its subsidiaries entered into a first amendment (the “Amendment”) to the Amended and Restated Agreement dated as of February 5, 2021. The Amendment increased the aggregate principal amount of the Revolving Credit Facility from $75 million to $125 million (the “Amended Revolving Credit Facility”) and transitioned from LIBOR to Secured Overnight Financing Rate (“SOFR”) as the benchmark for purposes of calculating interest for all loans outstanding under the Amended and Restated Credit Agreement. At the election of the Company, loans outstanding under the Amended and Restated Credit Agreement will accrue interest at a rate per annum equal to (i) term SOFR plus 0.10%, 0.15%, or 0.25% in case of, respectively, a one-month, three-month, or six-month interest period (“Adjusted Term SOFR”), or (ii) the greater of the prime rate, the federal funds effective rate plus 0.50%, and one-month Adjusted Term SOFR plus 1.00%, in each case plus the applicable margin which is equal to (i) with respect to the Amended Revolving Credit Facility and letters of credit, (A) 2.75%, in the case of base rate advances, and (B) 3.75% in the case of SOFR advances, and (ii) with respect to the Term Loan Facility, (A) 3.50%, in the case of base rate advances, and (B) 4.50% in the case of SOFR advances, with a SOFR floor of 1.00%. In connection with the Amendment, the Company paid fees and incurred transactions costs of $0.7 million, all of which was deferred. The transition to SOFR did not materially impact the interest rates applied to the Company’s borrowings. No other material changes were made to the terms of the Company’s Amended and Restated Agreement as a result of the Amendment.

On April 24, 2023, the Company and certain of its subsidiaries entered into a second amendment (the “Second Amendment”) to the Amended and Restated Loan Agreement. The Second Amendment changed the maximum consolidated total leverage ratio covenant as follows: (i) the consolidated total leverage ratio temporarily increased by 0.25 turns for the first quarter of 2023, 0.5 turns on a quarterly basis through the fourth quarter of 2023, and 0.25 turns in the first quarter of 2024; and (ii) beginning in the second quarter of 2024, the consolidated total leverage ratio will return to a level not to exceed 5.5x. No other material changes were made in terms of the Company’s Amended and Restated Agreement as a result of the Second Amendment.

On October 5, 2023, the Company and certain of its subsidiaries entered into a third amendment (the “Third Amendment”) to the Amended and Restated Loan Agreement. The Third Amendment revised a clause in the definition of consolidated EBITDA used for determining compliance with financial covenants effective beginning with the second quarter of 2023 through the first quarter of 2024. The amendment did not impact the calculation of consolidated EBITDA previously determined for the second quarter of 2023.

The obligations under the Credit Facilities are guaranteed by certain direct or indirect wholly-owned domestic subsidiaries of the Company, other than certain excluded subsidiaries, including, but not limited to, immaterial subsidiaries and foreign subsidiaries. The Credit Facilities are secured by substantially all of the personal property of the Company and the guarantor subsidiaries (in each case, subject to certain exclusions and qualifications).

The Credit Facilities require the Company to make certain mandatory prepayments, with (i) 100% of net cash proceeds of all non-ordinary course asset sales or other dispositions of property in excess of $5 million in any fiscal year, subject to the ability to reinvest such proceeds and certain other exceptions, (ii) 100% of the net cash proceeds of any debt incurrence, other than debt permitted under the definitive agreements (but excluding debt incurred to refinance the Credit Facilities) and (iii) 50% of “Excess Cash Flow,” as defined in the Amended and Restated Credit Agreement, with a reduction to 25% if the total net leverage ratio for the fiscal year is less than or equal to 3.50 to 1.00 but greater than 3.00 to 1.00, and a reduction to 0% if the total net leverage ratio for the fiscal year is less than or equal to 3.00 to 1.00. The Company also is required to make quarterly amortization payments equal to 0.25% per annum of the original principal amount of the Term Loan Facility (subject to reductions by optional and mandatory prepayments of the loans).

NOTE 8: WARRANTS

As of the date of the Business Combination, the Company had approximately 20,263,500 warrants outstanding, consisting of (i) 15,000,000 public warrants originally sold as part of the units issued in Act II’s initial public offering (the “Public Warrants”) and (ii) 5,263,500 Private Warrants that were sold by Act II to the PIPE Investors in conjunction with the Business Combination (collectively with the Public Warrants, the “Warrants”). Each warrant is exercisable for one-half of one share of the Company’s common stock at a price of $11.50 per whole share, subject to adjustment. Warrants may only be exercised for a whole number of shares as no fractional shares will be issued. As of December 31, 2023 and December 31, 2022, the Company had 20,193,120 and 19,491,320 Public Warrants outstanding, respectively, and 70,180 and 771,980 Private Warrants outstanding, respectively.

The exercise price and number of ordinary shares issuable upon exercise of the Warrants may be adjusted in certain circumstances including in the event of a share dividend, extraordinary dividend or recapitalization, reorganization, merger or consolidation. If the number of shares of common stock purchasable upon the exercise of the Warrants is adjusted, the Warrant price shall be adjusted proportionally. In no event will the Company be required to net cash settle the Warrants. Additionally, the Warrants became exercisable as of July 27, 2020 and expire five years from the date of the Business Combination or earlier upon redemption or liquidation.

There were no Warrants exercised for shares of the Company's common stock in the years ended December 31, 2023 and 2022.

Public Warrants—The Public Warrants are subject to redemption by the Company:

- in whole and not in part;
- at a price of $0.01 per public warrant;
- upon not less than 30 days' prior written notice of redemption to each warrant holder; and
- if, and only if, the reported last sale price of the ordinary shares for any 20 trading days within a 30-day trading period ending on the third trading day prior to the date on which the Company sends the notice of redemption to the warrant holders equals or exceeds $18 per share (as adjusted).

The Company may not redeem the warrants as described above unless a registration statement under the Securities Act covering the issuance of the ordinary shares issuable upon exercise of the warrants is then effective and a current prospectus relating to those ordinary shares is available throughout the 30-day redemption period. If any such registration statement does not remain effective after closing of the Business Combination, the Company has the right to redeem the warrants on a "cashless" exercise basis. The public warrant holders only have the right to exercise their warrants pursuant to a "cashless" exercise if the Company does not maintain an effective registration statement.

Private Warrants—The Private Warrants are identical to the Public Warrants, except that so long as they are held by the PIPE Investors or any permitted transferees, as applicable, the Private Warrants: (i) may be exercised for cash or on a cashless basis, (ii) were not allowed to be transferred, assigned or sold until thirty (30) days after the closing of the Business Combination, and (iii) shall not be redeemable by the Company. Upon the transfer of a Private Warrant to a party other than a PIPE Investor or a permitted transferee, the Private Warrants become Public Warrants and the fair market value of the Private Warrants at the date of transfer is reclassified to equity. See Note 1 for additional discussion.

NOTE 9: FAIR VALUE MEASUREMENTS

The Company measures and records in its consolidated financial statements certain assets and liabilities at fair value. ASC Topic 820 "Fair Value Measurement and Disclosures," establishes a fair value hierarchy for instruments measured at fair value that distinguishes between assumptions based on market data (observable inputs) and the Company's own assumptions (unobservable inputs). This hierarchy consists of the following three levels:

- Level 1 – Assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market.
- Level 2 – Assets and liabilities whose values are based on inputs other than those included in Level 1, including quoted market prices in markets that are not active; quoted prices of assets or liabilities with similar attributes in active markets; or valuation models whose inputs are observable or unobservable but corroborated by market data.
- Level 3 – Assets and liabilities whose values are based on valuation models or pricing techniques that utilize unobservable inputs that are significant to the overall fair value measurement.

Certain assets are measured at fair value on a nonrecurring basis; that is, the instruments are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances (for example, when there is evidence of impairment).

Current Assets and Other Financial Assets and Liabilities—Cash and cash equivalents, trade accounts receivable and trade accounts payable are measured at carrying value, which approximates fair value because of the short-term maturities of these instruments. Certain of the Company's cash equivalents are held in money market funds and are valued using Net Asset Value.

Investment in Securities—The Company has assets in an investment fund that holds surplus funds from its terminated qualified pension plan that will be used to fund future contributions to the defined contribution plan at Flavors & Ingredients and is presented in other assets in the consolidated balance sheet. The investment is classified as available-for-sale and carried at fair market value. At December 31, 2023, both the estimated fair value and cost basis of the investment fund was $2.2 million. At December 31, 2022, both the estimated fair value and cost basis of the investment fund was $0.1 million. The estimated fair value of the investment fund utilized Level 2 inputs.

Debt—The Company measures its term loan and revolving facilities at original carrying value, net of unamortized deferred financing costs and fees. At December 31, 2023, the estimated fair value of the term loan was $317.3 million as compared to a carrying value of $357.7 million. At December 31, 2022, the estimated fair value of the term loan was $338.0 million compared to a carrying value of $359.9 million. The estimated fair value of the outstanding principal balance of the term loan utilized Level 2 inputs as it is based on quoted market prices for identical or similar instruments. The fair value of the revolving facility at both December 31, 2023 and 2022 approximated carrying value.

On June 9, 2023, the Company entered into an interest rate swap with a notional value of $183.3 million that matures on February 5, 2026 to exchange variable for fixed rate interest payments related to the Term Loan Facility. The effective date of the interest rate swap was June 30, 2023. The interest rate swap is designated as a cash flow hedge and is considered highly effective. As a result, no ineffectiveness has been recognized in the consolidated statement of operations during the year ended December 31, 2023. As of December 31, 2023, the fair value of the interest rate swap was recorded in accrued expenses and other current liabilities in the consolidated balance sheet in the amount of approximately $1.0 million with the unrealized loss recognized in other comprehensive income (loss). The change in fair value will subsequently be reclassified from other comprehensive income (loss) to interest expense, net in the periods when the hedge transaction affects earnings. Realized gains, net of tax of $0.7 million were reclassified to net income during the year ended December 31, 2023. As of December 31, 2023, the Company expects approximately $0.8 million of unrealized gain to be reclassified from other comprehensive income (loss) to interest expense, net over the next twelve months. The interest rate swap fair value is considered Level 2 within the fair value hierarchy as it includes quoted market prices for similar instruments as well as interest rates and yield curves that are observable in the market.

NOTE 10: COMMITMENTS AND CONTINGENCIES

The Company is subject to various claims, pending and possible legal actions for product liability and other damages, and other matters arising out of the conduct of the business. The Company believes, based on current knowledge and consultation with counsel, that the outcome of such claims and actions will not have a material adverse effect on the Company's consolidated financial position or results of operations.

As of December 31, 2023, the Company had obligations to purchase approximately $80.5 million and $3.8 million of raw material during 2024 and 2025, respectively. In addition, the Company had commitments under purchase obligations related to market data research and technology services totaling approximately $3.7 million, of which $2.5 million was short-term and $1.2 million was long-term.

NOTE 11: INCOME TAXES

The Company's provision for income taxes consists of U.S. federal, state and local, and foreign taxes. The Company has significant operations in various locations outside the U.S. The annual effective tax rate is a composite rate reflecting the earnings in the various locations at their applicable statutory tax rates.

On October 8, 2021 the Organization for Economic Co-operation and Development "OECD") released a statement on the OECD/G20 Inclusive Framework on Base Erosion and Profit Sharing, which agreed to a two-pillar solution to address tax challenges of the digital economy. On December 20, 2021, the OECD released Pillar Two model rules defining a 15 percent global minimum tax rate for large multinational corporations with consolidated revenue above €750 million. The OECD continues to release additional guidance and countries are implementing legislation with widespread adoption of the Pillar Two Framework expected by calendar year 2024. The Company continues to evaluate the Pillar Two Framework and its potential impact on future periods, however based on the current proposed revenue thresholds, the Company does not expect to be subject to tax changes associated with Pillar Two.

Components of the income tax provision (benefit) were as follows (in thousands):

	Year Ended		
	December 31, 2023	December 31, 2022	December 31, 2021
Current:			
Federal	$ 1,912	$ (364)	$ 916
State and local	725	419	283
Foreign	4,746	6,190	3,957
	7,383	6,245	5,156
Deferred:			
Federal	(1,082)	(2,944)	(6,498)
State and local	(70)	(581)	(2,801)
Foreign	98	3,069	(3,001)
	(1,054)	(456)	(12,300)
Total provision (benefit) for income taxes	$ 6,329	$ 5,789	$ (7,144)

The following is a reconciliation of income tax provision (benefit) computed at the U.S. federal statutory rate to income tax provision (benefit) in the consolidated statements of operations (in thousands):

	Year Ended		
	December 31, 2023	December 31, 2022	December 31, 2021
(Loss) income before income taxes:			
Domestic	$ (43,041)	$ (86,952)	$ (36,205)
Foreign	11,274	33,989	29,144
Total (loss) income before income taxes	$ (31,767)	$ (52,963)	$ (7,061)
Federal income tax rate	21.0%	21.0%	21.0%
Federal income taxes	$ (6,671)	$ (11,122)	$ (1,483)
State and local taxes	(1,449)	(1,666)	(3,572)
Foreign rate differential	(325)	(545)	(1,431)
Change in tax rates	(5)	295	225
Change in uncertain tax positions	9	6	(1,005)
Change in valuation allowance	12,480	4,588	2,657
Goodwill impairment	1,531	9,765	—
U.S. effects of international operations	3,263	5,603	3,041
Tax credits	(3,667)	(3,250)	(2,763)
Section 162(m) limitation	475	87	206
Transaction costs	—	31	385
Stock-based compensation	929	422	502
Switzerland tax ruling	—	—	(4,057)
Foreign withholding taxes	128	1,043	350
Other	(369)	532	(199)
Total provision (benefit) for income taxes	$ 6,329	$ 5,789	$ (7,144)
Effective tax rate	(19.9)%	(10.9)%	101.2%

Significant components of the Company's net deferred tax assets and liabilities were as follows (in thousands):

	December 31, 2023	December 31, 2022
Deferred tax assets:		
Accounts receivable	$ 354	$ 441
Accrued expenses	5,442	4,938
Inventory	3,450	4,112
Deferred rent	24	—
Other assets	1,690	1,184
Pension asset	2,466	2,320
Hedging	275	—
Capitalized research and development expense	979	445
Lease accounting	5,695	5,458
U.S. and foreign net operating losses	19,568	19,150
Deferred interest expense	21,280	11,241
Tax credits	1,028	887
Total deferred tax assets	62,251	50,176
Less valuation allowance	(27,747)	(16,592)
Net deferred tax assets	$ 34,504	$ 33,584
Deferred tax liabilities:		
Property, plant and equipment	(6,714)	(6,270)
Operating lease right-of-use asset	(4,971)	(4,621)
Intangible assets	(43,477)	(45,964)
Deferred rent	—	(63)
Unremitted earnings	(2,447)	(2,295)
Other liabilities	(7,974)	(6,417)
Total deferred tax liabilities	(65,583)	(65,630)
Net deferred tax liability	$ (31,079)	$ (32,046)

In assessing the recoverability of its deferred tax assets within the jurisdiction from which they arise, management considers whether it is more likely than not (more than 50%) that some portion or all of the deferred tax assets will be realized. A valuation allowance, if needed, reduces deferred tax assets to the amount expected to be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income prior to the expiration of any net operating loss and tax credit carry forwards. The Company evaluates all positive and negative evidence when determining the amount of the net deferred tax assets that are more likely than not to be realized. This evidence includes, but is not limited to, prior earnings history, reversal of taxable temporary differences, tax planning strategies and projected future taxable income. Significant weight is given to positive and negative evidence that is objectively verifiable.

Based on the weight of available evidence, including the scheduling of existing taxable temporary differences into future taxable income, the Company determined that as of December 31, 2023 its deferred tax assets were realizable on a more-likely-than not basis with the exception of certain U.S. federal and state interest carryforward deductions of $12.8 million for which the tax deduction is generally restricted to 30% of future tax adjusted earnings before interest and taxes ("EBIT"), foreign tax credits of $1.0 million, certain state net operating loss carry forwards of $10.4 million predominately related to Illinois, and $3.5 million of foreign net operating loss carry forwards in India, Luxembourg, Mexico, China and Argentina. The Company's valuation allowance during 2023 increased by approximately $11.2 million, of which $12.5 million was charged to income tax expense in 2023 (as shown in the rate reconciliation table above), partially offset by foreign exchange translation adjustments.

The Company received a beneficial Switzerland tax ruling in 2021 permitting a step up in the tax basis of intangible assets. The Company will be able to amortize the intangible assets over a 10-year period for Swiss tax purposes, resulting in future cash tax savings. The Company recognized a discrete tax benefit of $4.1 million in 2021 related to this change.

As of December 31, 2023, the Company had net operating loss carry forwards and tax credits which will expire if not utilized, including: $123.7 million in Illinois state net operating losses expiring between 2029 and 2043, $1.0 million of U.S. federal foreign tax credits expiring in 2030 through 2033, $86.8 million of federal deferred interest carryforward under IRC Section 163(j) that can be carried forward indefinitely but is limited to 30% tax adjusted EBIT, $1.2 million of net operating losses in Mexico substantially expiring in 2023 and through 2032, $9.8 million of net operating losses in Luxembourg substantially expiring in 2035 and through 2040, $1.1 million of net operating losses in India expiring in 2024 through 2028, $0.4 million of net operating losses in China expiring in 2023 through 2026 and $1.6 million of net operating losses in Argentina expiring in 2027 through 2028.

As of December 31, 2023 and 2022, the Company had accrued future income taxes and withholding taxes for future remittances to its Switzerland and Hong Kong affiliates of $2.4 million and $2.3 million, based on foreign earnings of $57.1 million and $56.1 million, respectively.

As of both December 31, 2023 and 2022, the Company had a liability for unrecognized tax positions of $0.1 million. As of December 31, 2023, the entire amount if recognized, would reduce the Company’s effective tax rate. The Company records both accrued interest and penalties related to income tax matters in the provision for income taxes in the accompanying consolidated statements of operations. The Company’s accrued interest and penalties related to uncertain tax positions is not material. The Company does not expect its unrecognized tax benefits will significantly increase or decrease in the next 12 months.

The Company is subject to taxation in the U.S. and various state and foreign jurisdictions. The Company’s U.S. federal and state income tax periods are generally open to examination for the tax years 2019 through 2023. The Company’s French, Argentina, Luxembourg and Swiss tax years 2018 through 2023 also remain open for examination. In addition, open tax years related to the Company’s other foreign jurisdictions remain subject to examination but are not considered material.

NOTE 12: PENSION AND OTHER RETIREMENT BENEFITS

Certain current and former employees of the Company are covered under a funded qualified defined benefit retirement plan at Flavors & Ingredients which was frozen on December 31, 2019. Plan provisions covering certain of the Company’s salaried employees generally provide pension benefits based on years of service and compensation. Plan provisions covering certain of the Company’s union members generally provide stated benefits for each year of credited service. In addition, the Company has unfunded non-qualified plans also at Flavors & Ingredients covering certain salaried employees with additional retirement benefits in excess of qualified plan limits imposed by federal tax law, which were frozen by the Company on December 31, 2022. The Company uses December 31 as a measurement date for the plans. The Company’s funding policy was to contribute annually the statutory required amount as actuarially determined.

In February 2021, the Compensation Committee approved the termination of the Company’s qualified defined benefit retirement plan. During the fourth quarter of 2021, the Company offered the option of receiving a lump sum payment to certain participants with vested benefits in lieu of receiving monthly annuity payments. Approximately 125 participants elected to receive the settlement, and lump sum payments of approximately $16.8 million were paid from plan assets to these participants in December 2021. The benefit obligation settled approximated payments to plan participants and a pre-tax settlement gain of $0.5 million was recorded in the fourth quarter of 2021. During 2022, the Company purchased non-participating annuity contracts to settle the remaining liabilities of the plan for approximately $9.3 million which was fully funded by plan assets. The annuity contracts purchased along with the plan termination activities resulted in a settlement gain of $1.2 million for the year ended December 31, 2022. During the first quarter of 2023, the Company transferred the remaining surplus of the plan of approximately $2.5 million to a suspense account held within a trust for the Flavors & Ingredients defined contribution plan. The surplus consists of an investment fund measured at fair value which is being used, as prescribed in the applicable regulations, to fund current and future contributions to the defined contribution plan. See Note 9 for additional information.

The following table reconciles the funded status of the Company's defined benefit pension plans (in thousands):

	Year Ended	
	December 31, 2023	December 31, 2022
Accumulated benefit obligations	$ 7,941	$ 7,706
Changes in projected benefit obligations:		
Projected benefit obligations at beginning of year	$ 7,706	$ 20,314
Service cost	—	41
Interest cost	377	326
Actuarial loss (gain)	208	(3,084)
Benefits paid	(350)	(9,891)
Projected benefit obligations at end of year	7,941	7,706
Change in plans' assets:		
Fair value of plans' assets at beginning of year	2,522	12,902
Actual returns on plans' assets	10	(349)
Employer contributions	350	360
Benefits paid	(419)	(9,891)
Transfers related to plan termination	(2,463)	(500)
Fair value of plans' assets at end of year	—	2,522
Net pension liability	$ (7,941)	$ (5,184)

The projected benefit obligation at December 31, 2023 and December 31, 2022 included $7.9 million and $7.7 million, respectively, related to the Company's unfunded non-qualified plans.

Amounts recognized in the Company's consolidated balance sheets consisted of (in thousands):

	Year Ended	
	December 31, 2023	December 31, 2022
Other assets	$ —	$ 2,522
Accrued expenses and other current liabilities	(355)	(355)
Other liabilities	(7,586)	(7,351)
Net amount recognized	$ (7,941)	$ (5,184)

Amounts recognized in accumulated other comprehensive income (loss), net of tax, which have not yet been recognized as a component of net periodic pension expense for the Company's defined benefit pension plans, are as follows (in thousands):

	Year Ended		
	December 31, 2023	December 31, 2022	December 31, 2021
Net actuarial gain	$ (1,323)	$ (1,523)	$ (207)
	$ (1,323)	$ (1,523)	$ (207)

The components of the changes in unrecognized amounts included in pension obligation, net in other comprehensive income (loss) for the Company's defined benefit pension plans were as follows (in thousands):

	Year Ended		
	December 31, 2023	December 31, 2022	December 31, 2021
Net actuarial loss (gain)	$ 152	$ (1,316)	$ 527
Amortization of actuarial gain (loss)	48	—	(36)
Total loss (gain) recognized in other comprehensive income (loss)	$ 200	$ (1,316)	$ 491

The components of net periodic benefit cost (credit) for the Company's defined benefit pension plans were as follows (in thousands):

	Year Ended		
	December 31, 2023	December 31, 2022	December 31, 2021
Service cost	$ —	$ 41	$ 63
Interest cost	377	326	1,047
Expected return on plan assets	—	144	(1,310)
Amortization of net actuarial (gain) loss	(63)	—	36
Settlement loss (income)	59	(1,178)	(644)
Net periodic benefit cost (credit)	$ 373	$ (667)	$ (808)

Net periodic benefit cost (credit) is reflected in the Company's consolidated financial statements as follows (in thousands):

	Year Ended		
	December 31, 2023	December 31, 2022	December 31, 2021
Selling, general and administrative expense	$ —	$ 41	$ 63
Other expense (income), net	373	(708)	(871)
Net periodic benefit cost (credit)	$ 373	$ (667)	$ (808)

Assumptions—The following assumptions were used to determine the net periodic benefit cost during 2022 for the Company's funded defined benefit pension plan:

	Year Ended December 31, 2022
Weighted-average assumptions used to determine net periodic benefit cost:	
Discount rate	2.38 %
Expected long-term rate of return on plan assets	1.70 %

The following assumptions were used to determine the benefit obligation at year end and net periodic benefit cost during the year for the Company's unfunded supplemental defined benefit pension plan:

	Year Ended	
	December 31, 2023	December 31, 2022
Weighted-average assumptions used to determine benefit obligation at year end:		
Discount rate	4.81 %	5.01 %
Weighted-average assumptions used to determine net periodic benefit cost:		
Discount rate	5.01 %	2.78 %
Rate of compensation increase	— %	3.50 %

The Company bases the discount rate assumption on current investment yields of high quality fixed income investments during the retirement benefits maturity period. The rate of increase in future compensation assumptions reflects the Company's long-term actual experience and future and near-term outlook.

The Company considered a number of factors to determine its expected rates of return on the assets in its plan, including, without limitation, historical performance of the plan assets, investment style, asset allocations and other third-party studies and surveys. The Company considered the plan portfolio's asset allocation over a variety of time periods and compared them with third-party studies and reviewed performance of the capital markets in recent years and other factors and advice from various third parties, such as the pension plan's advisors, investment managers and actuaries. While the Company considered recent performance and the historical performance of its plan assets, the Company's assumptions are based primarily on its estimates of long-term, prospective rates of return. Differences between actual and expected asset returns are recognized in the net periodic benefit cost over the remaining service period of the active participating employees.

Plan Assets—The investment committee for the Company's plan adopted investment policies with the objective of meeting and exceeding over time, the expected long-term rate of return on plan assets assumptions, weighted against a reasonable risk level and considering the appropriate liquidity levels. In connection with this objective, the plan's assets were mainly invested in mutual funds, common and collective funds, corporate bonds, government bonds, private equity funds, as well as a real estate fund, in order to achieve the Company's goals to enhance the expected returns of its investments together with their liquidity and protect the plan's funded status. As a result of the planned termination of the qualified pension plan, certain of the plan's assets were liquidated during the fourth quarter of 2021 and used to satisfy lump sum benefit payments as further described above, and any remaining plan assets were liquidated during 2022. Therefore, at December 31, 2022 the remaining plan assets were invested in cash and cash equivalents. As discussed above, during the first quarter of 2023, the Company transferred the remaining surplus of the plan to a suspense account held within a trust for the Flavors & Ingredients defined contribution plan.

The following tables set forth, by category, the Company's pension plan assets as of December 31, 2022, using the fair value hierarchy established under ASC Topic 820 and as described in Note 9 (in thousands):

	Pension Plan Assets as of December 31, 2022			
	Level 1	Level 2	Level 3	Total
Pension plan assets measured at fair value:				
Cash and cash equivalents	$ 2,522	$ —	$ —	$ 2,522
Total pension plan assets measured at fair value	$ 2,522	$ —	$ —	$ 2,522

Cash and cash equivalents are stated at cost, which approximates fair market value. There were no transfers between levels within the three-tier fair value hierarchy in 2022.

Contributions—The Company does not expect to make further contributions to its funded defined benefit pension plan due to its termination.

Expected Future Benefit Payments—The projected benefit payments for the unfunded non-qualified defined benefit pension plans are as follows (in thousands):

2024	$	355
2025		425
2026		592
2027		588
2028		583
2029-2033		3,177

The Company also participates in certain state-sponsored defined benefit plans covering certain non-U.S. employees with total net liabilities of $2.6 million and $1.9 million as of December 31, 2023 and December 31, 2022, respectively. The primary state-sponsored plan relates to Merisant employees in Switzerland and France, which had pension benefit obligations of $5.3 million and plan assets of $2.7 million as of December 31, 2023 and a pension benefit obligation of $5.5 million and plan assets of $3.6 million as of December 31, 2022. Net periodic pension cost for 2023, 2022, and 2021 was $0.1 million, $0.4 million, and $0.4 million, respectively.

Defined Contribution Pension Plans—The Company has defined contribution 401(k) plans covering certain eligible domestic employees, as defined by the plans. The plans provide for certain employer matching contributions. The Company recorded compensation expense related to its defined contribution plans of $1.2 million for both 2023 and 2022, and $1.0 million for 2021.

NOTE 13: STOCK-BASED COMPENSATION

On June 24, 2020, the Whole Earth Brands, Inc. 2020 Long-Term Incentive Plan (the “Plan”) was approved for the purpose of promoting the long-term financial interests and growth of the Company and its subsidiaries by attracting and retaining management and other personnel and key service providers. On June 8, 2023, the Company’s stockholders’ approved the Amended and Restated Whole Earth Brands, Inc. 2020 Long-Term Incentive Plan (the “Amended 2020 Plan”), which increased the number of shares authorized under the Amended 2020 Plan by 4,000,000 shares. Subsequent to the amendment and restatement, an aggregate of 13,300,000 shares of common stock are authorized for issuance under the Amended 2020 Plan. The Plan provides for the granting of stock options (“SOs”), stock appreciation rights (“SARs”), restricted stock awards (“RSAs”), restricted stock units (“RSUs”), performance shares, performance share units (“PSUs”) and other stock-based awards to officers, employees and non-employee directors of, and certain other service providers to, the Company and its subsidiaries. These awards are settled in shares of the Company’s stock and therefore classified as equity awards.

The RSUs and RSAs are accounted for as equity awards and have a grant-date fair value equal to the fair market value of the underlying stock on the grant date. RSUs granted generally vest ratably on the anniversary of the grant date over a period of one to three years, depending on the specific terms of each RSU agreement. The RSAs granted to non-employee board members cliff vest over a service period of approximately 24 months. The Company records compensation expense over the expected vesting period and recognizes forfeitures in the period incurred.

PSU awards generally cliff vest subsequent to the completion of the cumulative three-year performance period, depending on the period specified in each respective PSU agreement. The number of PSUs that ultimately vest depends on the Company’s performance relative to a specified cumulative financial targets established for each grant and are expected to be settled in stock.

Stock-based compensation expense for the years ended December 31, 2023, 2022 and 2021 was $7.0 million, $4.9 million, and $8.7 million, respectively. Stock-based compensation expense for the year ended December 31, 2021 included $0.9 million of expense related to 2021 management bonuses that were settled in stock during the second quarter of 2022. The tax benefit recognized related to stock-based compensation was $0.9 million, $0.4 million and $0.5 million for the years ended December 31, 2023, 2022 and 2021, respectively.

A summary of activity and weighted average fair values related to the RSUs is as follows:

	Shares	Weighted Average Grant Date Fair Value (per share)	Weighted Average Remaining Contractual Term (in years)
Outstanding at December 31, 2022	1,538,759	$ 6.65	0.71
Granted	3,023,061	2.55	
Vested	(1,224,235)	6.25	
Forfeited	(1,220,914)	2.97	
Outstanding and nonvested at December 31, 2023	2,116,671	$ 3.19	1.12

The weighted average grant date fair value per share of RSUs granted during the year was $2.55 in 2023, $5.42 in 2022 and $13.48 in 2021.

The aggregate fair value of RSUs upon vesting during the years ended December 31, 2023, 2022 and 2021 was $4.2 million, $1.5 million and $7.2 million, respectively.

A summary of activity and weighted average fair values related to the RSAs is as follows:

	Shares	Weighted Average Grant Date Fair Value (per share)	Weighted Average Remaining Contractual Term (in years)
Outstanding at December 31, 2022	131,470	$ 8.75	1.19
Granted	141,280	4.07	
Vested	(58,194)	11.00	
Outstanding and nonvested at December 31, 2023	214,556	$ 5.06	1.16

The weighted average grant date fair value per share of RSAs granted during the year was $4.07 in 2023, $6.96 in 2022, and $11.77 in 2021.

The aggregate fair value of RSAs upon vesting during the years ended December 31, 2023 and 2022 was $0.2 million and $0.5 million, respectively. No RSAs vested during the year ended December 31, 2021.

A summary of activity and weighted average fair values related to the PSUs is as follows:

	Shares	Weighted Average Grant Date Fair Value (per share)	Weighted Average Remaining Contractual Term (in years)
Outstanding at December 31, 2022	631,377	$ 8.49	1.88
Granted	1,934,388	2.20	
Forfeited	(1,035,405)	3.06	
Outstanding and nonvested at December 31, 2023	1,530,360	$ 4.21	1.81

The weighted average grant date fair value per share of PSUs granted during the year was $2.20 in 2023, $7.19 in 2022 and $13.65 in 2021.

As of December 31, 2023, the Company had not yet recognized compensation cost on nonvested awards as follows (in thousands):

	Unrecognized Compensation Cost	Weighted Avg. Remaining Recognition Period (in years)
Nonvested awards	$ 7,243	1.39

The nonvested awards excludes unvested PSUs that are deemed not probable of vesting constituting $4.4 million of unrecognized compensation expense at December 31, 2023.

NOTE 14: EARNINGS PER SHARE

Basic earnings (loss) per common share ("EPS") is calculated by dividing net income (loss) by the weighted average number of common shares outstanding for the period. Warrants issued are not considered outstanding at the date of issuance. RSUs and RSAs also are not considered outstanding until they have vested. Contingently issuable shares associated with outstanding PSUs that have cliff vesting based on achievement of a performance condition were not included in the earnings per share calculations for the periods presented as the applicable vesting conditions had not been satisfied.

Diluted EPS is calculated by dividing net income (loss) by the weighted average shares outstanding assuming dilution. Dilutive common shares outstanding is computed using the treasury stock method and reflects the additional shares that would be outstanding if dilutive warrants were exercised and restricted stock units and restricted stock awards were settled for common shares during the period.

For warrants that are liability-classified, during the periods when the impact would be dilutive, the Company assumes share settlement of the instruments as of the beginning of the reporting period and adjusts the numerator to remove the change in the fair value of warrant liability and adjusts the denominator to include the dilutive shares using the treasury stock method.

The computation of basic and diluted EPS for the years ended December 31, 2023, 2022 and 2021 is shown below (in thousands, except for share and per share data):

	Year Ended		
	December 31, 2023	December 31, 2022	December 31, 2021
EPS numerator:			
Net (loss) income attributable to common shareholders	$ (38,096)	$ (58,752)	$ 83
Less: Change in fair value of warrant liabilities	—	—	(29)
Numerator - diluted	$ (38,096)	$ (58,752)	$ 54
EPS denominator:			
Weighted average shares outstanding - basic	42,483,083	41,481,079	38,505,458
Effect of dilutive securities	—	—	1,370,929
Weighted average shares outstanding - diluted	42,483,083	41,481,079	39,876,387
Net earnings (loss) per share:			
Basic	$ (0.90)	$ (1.42)	$ 0.00
Diluted	$ (0.90)	$ (1.42)	$ 0.00

For the year ended December 31, 2023, 20,263,300 warrants, 2,116,671 RSUs, and 214,556 RSAs were excluded from the diluted EPS calculation because they were determined to be anti-dilutive. For the year ended December 31, 2022, 20,263,300 warrants, 1,538,759 RSUs, and 131,470 RSAs were excluded from the diluted EPS calculation because they were determined to be anti-dilutive. Additionally, at December 31, 2023, 2022 and 2021, 1,530,360, 631,377 and 282,141 PSUs, respectively, were excluded from the diluted EPS calculation because they are subject to performance conditions that were not satisfied.

NOTE 15: ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following table summarizes accumulated other comprehensive income (loss) ("AOCI"), net of taxes, by component (in thousands):

	Net Currency Translation Gains (Losses)	Cash Flow Hedges	Funded Status of Benefit Plans	Total Accumulated Other Comprehensive Income (Loss)
Balance at December 31, 2021	$ 8,758	$ —	$ 929	$ 9,687
Other comprehensive (loss) income before reclassifications	(13,469)	—	2,926	(10,543)
Amounts reclassified from AOCI	—	—	(186)	(186)
Balance at December 31, 2022	$ (4,711)	$ —	$ 3,669	$ (1,042)
Other comprehensive income (loss), before reclassifications	11,787	(28)	(544)	11,215
Amounts reclassified from AOCI	—	(720)	(204)	(924)
Balance at December 31, 2023	$ 7,076	$ (748)	$ 2,921	$ 9,249

NOTE 16: RELATED PARTY TRANSACTIONS

In July 2020, the Company entered into an agreement with Watermill Institutional Trading LLC, a registered broker-dealer ("Watermill"), to act as one of the Company's financial advisors for a 12-month period commencing July 22, 2020 for total consideration of $0.9 million, of which $0.5 million was expensed during the year ended December 31, 2021. Additionally, under the terms of the agreement, the Company incurred additional expense of $2.0 million during the year ended December 31, 2021 related to services provided by Watermill in connection with the acquisition of Wholesome. A former director of Act II is a registered representative of Watermill and provided services directly to the Company under the agreement.

In December 2019, Wholesome entered into a partnership agreement with Sucro Can International, LLC ("Sucro") to form WS Services, LLC ("WS Services"), in which Wholesome received a 50% interest and accounted for the partnership as an equity method investment. During the years ended December 31, 2023 and 2022, Wholesome expensed $0.7 million and $0.9 million, respectively, related to costs incurred by WS Services for Wholesome's use of warehouse space for storage of raw materials and has a liability to WS Services for $0.1 million at both December 31, 2023 and 2022. On December 31, 2023, Wholesome sold its 50% partnership interest to Sucro and exited the partnership in exchange for a $0.2 million promissory note, plus accrued interest, due on March 30, 2024 and recorded a loss on the sale of the equity method investment of $0.5 million, which is included in other (expense) income, net in the consolidated statement of operations. Wholesome's investment in the partnership, which was classified as other assets in the consolidated balance sheets, was $0.7 million as of December 31, 2022.

On February 12, 2024, the Company entered into an Agreement of Merger with Ozark Holdings, LLC and Sweet Oak Merger Sub, LLC, which is a wholly-owned subsidiary of Ozark Holdings, LLC. Ozark Holdings, LLC owns Royal Oak Enterprises, LLC, and is controlled by Sir Martin E. Franklin, who is an immediate family member of Mr. Michael Franklin, a current director and former CEO of the Company. Mr. Michael Franklin has a passive economic interest in Mariposa Capital LLC, which is an affiliate of Ozark Holdings, LLC. See Note 18 for further information.

NOTE 17: BUSINESS SEGMENTS

The Company has two reportable segments: Branded CPG and Flavors & Ingredients. In addition, the Company's corporate office functions are reported and included under Corporate. Corporate is not a reportable or operating segment but is included for reconciliation purposes and includes the costs for the corporate office administrative activities as well as transaction-related and other costs. Certain prior year amounts have been reclassified to conform to the current presentation. The Company does not present assets by reportable segments as they are not reviewed by the Chief Operating Decision Maker for purposes of assessing segment performance and allocating resources.

The following table presents selected financial information relating to the Company's business segments (in thousands):

	Year Ended		
	December 31, 2023	December 31, 2022	December 31, 2021
Product revenues, net			
Branded CPG	$ 426,287	$ 422,638	$ 389,174
Flavors & Ingredients	124,626	115,634	104,799
Total product revenues, net	$ 550,913	$ 538,272	$ 493,973
Operating income (loss)			
Branded CPG	$ 8,167	$ (30,182)	$ 34,918
Flavors & Ingredients	35,681	32,505	21,860
	43,848	2,323	56,778
Corporate	(28,453)	(26,969)	(33,962)
Total operating income (loss)	$ 15,395	$ (24,646)	$ 22,816

The following table presents geographic information based upon revenues of the Company's major geographic markets (in thousands):

	Year Ended		
	December 31, 2023	December 31, 2022	December 31, 2021
North America	$ 366,207	$ 357,175	$ 318,958
Europe	95,095	92,272	96,013
India, Middle East and Africa	16,201	19,940	14,801
Asia-Pacific	57,731	53,300	51,598
Latin America	15,679	15,585	12,603
Total product revenues, net	$ 550,913	$ 538,272	$ 493,973

The Company has a large and diverse customer base, which includes numerous customers located in foreign countries. Branded CPG's combined sales to a single customer accounted for 13.8%, 14.1% and 10.6% of total sales in 2023, 2022 and 2021, respectively. With the exception of the United States, no one country represented more than 10% of the Company's net sales.

The Company has an exclusive supply contract to purchase the output of licorice extract and certain licorice derivatives from a manufacturer with facilities in Central Asia. For the year ended December 31, 2023, the Company's purchases from this supplier totaled approximately $13.0 million, representing 32.1% of the Company's licorice raw material purchases for the year.

Long-lived assets are as follows (in thousands):

	December 31, 2023	December 31, 2022
Long-Lived Assets*		
United States	$ 20,990	$ 24,516
China	14,421	14,805
Czech Republic	6,355	6,451
France	12,079	10,960
Other Foreign Countries	1,092	1,360
Total	$ 54,937	$ 58,092

*Long-lived assets consist of property, plant and equipment, net

NOTE 18: SUBSEQUENT EVENTS

On February 12, 2024, the Company entered into an Agreement of Merger (the ‘Merger Agreement”) with Ozark Holdings, LLC, a Delaware limited liability company (“Parent”) and Sweet Oak Merger Sub, LLC, a Delaware limited liability company and a wholly-owned subsidiary of Parent (‘Merger Sub”). Upon the terms and subject to the conditions set forth in the Merger Agreement, upon the closing of the transaction, Merger Sub is expected to merge with and into the Company (the “Merger”), with the Company surviving the Merger as a wholly-owned subsidiary of Parent. The transaction is expected to close in the second calendar quarter of 2024, subject to the satisfaction of closing conditions contained in the Merger Agreement, including approval of the Merger by (a) the holders of a majority in voting power of the Company’s outstanding common stock, voting as a single class, and (b) the holders of sixty-six and two-thirds percent of the outstanding common stock not owned by Parent or any Parent Affiliated Persons (as defined in the Merger Agreement). Upon completion of the transaction, the Company’s common stock will no longer be publicly listed and the Company will become a privately-held company. Subject to the terms and conditions of the Merger Agreement, at the effective time of the Merger (the “Effective Time”):

- each share of the Company’s common stock issued and outstanding immediately prior to the Effective Time (other than (i) shares of common stock owned by the Company, its wholly owned subsidiaries, Parent or any of Parent’s affiliates and (ii) dissenting shares of common stock) will be converted into the right to receive cash consideration equal to $4.875 per share of common stock (the “Per Share Merger Consideration”);
- each warrant to purchase shares of common stock outstanding immediately prior to the Effective Time shall, without any action on the part of the holder thereof, cease to represent a warrant to purchase shares of common stock and instead represent a right by the holder upon any subsequent exercise of such warrant to receive the Per Share Merger Consideration, provided that if the holder of such warrant properly exercises such warrant within 30 days following the public disclosure of the consummation of the Merger in a current report on Form 8-K, the exercise price of such warrant will be reduced by an amount equal to the difference (but in no event less than zero) of (i) the exercise price of such warrant in effect prior to such reduction minus (ii) (A) the Per Share Merger Consideration minus (B) the Black-Scholes value of such warrant;
- each award of restricted common stock will become immediately fully vested and treated as a share of common stock issued and outstanding immediately prior to the Effective Time;
- each restricted stock unit award with respect to shares of common stock will become fully vested and, after giving effect to such vesting, automatically be cancelled and converted into the right to receive an amount in cash (less any applicable tax withholding) equal to (A) the total number of shares of common stock underlying such award, *multiplied by* (B) the Per Share Merger Consideration; and
- each performance-based restricted stock unit award with respect to shares of common stock will become fully vested based on target level achievement of all performance targets (without application of any modifier) and, after giving effect to such vesting, automatically be cancelled and converted into the right to receive an amount in cash (less any applicable tax withholding) equal to (Y) the total number of shares of common stock underlying such award, *multiplied by* (Z) the Per Share Merger Consideration.

The Merger Agreement contains customary representations, warranties and covenants of the Company, Parent and Merger Sub, including, among others, covenants by the Company (i) to conduct its business in the ordinary course during the period between the execution of the Merger Agreement and consummation of the Merger and (ii) not to engage in certain expressly enumerated transactions during such period. Under the terms of the Merger Agreement, the Company is subject to a customary "no-shop" provision that restricts the Company and its representatives from soliciting a Takeover Proposal (as defined in the Merger Agreement) from third parties or providing information to or participating in any discussions or negotiations with third parties regarding any Takeover Proposal. However, prior to the receipt of the requisite approval of the holders of common stock, the "no-shop" provision permits the Company, under certain circumstances and in compliance with certain obligations set forth in the Merger Agreement, to provide non-public information and engage in discussions and negotiations with respect to an unsolicited Takeover Proposal that would reasonably be expected to lead to a Superior Proposal (as defined in the Merger Agreement).

The Merger Agreement also contains certain termination rights for the Company and Parent, with a termination fee of $20 million payable by the Company to Parent under certain circumstances and a termination fee of $40 million payable by Parent to the Company under certain circumstances. In addition, the Company or Parent may terminate the Merger Agreement if the Merger is not consummated by August 12, 2024.

The Merger Agreement, the Merger and the transactions contemplated thereby were (i) unanimously recommended by a special committee of the board of directors of the Company (the "Board"), consisting solely of disinterested members of the Board, on February 12, 2024 and (ii) unanimously approved by the disinterested members of the Board on February 12, 2024.

The foregoing descriptions of the Merger, the Merger Agreement, and the transactions contemplated thereby are not complete and are qualified in their entirety by the full text of the Merger Agreement, which is attached as an exhibit to this Annual Report on Form 10-K, and described in more detail in Item 1.01 of the Company's Form 8-K filed with the SEC on February 13, 2024.

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

None.

Item 9A. Controls and Procedures.

Controls and Procedures

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this Annual Report on Form 10-K, we conducted an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). The Company's management and the principal executive officer and principal financial officer concluded that, as of December 31, 2023, our disclosure controls and procedures were effective to ensure that the information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

Changes in Internal Control over Financial Reporting

There have been no changes in internal control over financial reporting that occurred during the year ended December 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Report on Internal Controls over Financial Reporting

Management is responsible for designing, implementing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) or 15d-15(f) under the Exchange Act. Internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Further, because of changes in conditions, the effectiveness of internal control over financial reporting may vary over time.

Our management, with the participation of our principal executive officer and principal financial officer, assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2023. Management's assessment was based on criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control - Integrated Framework (2013). Based upon this assessment, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2023.

As discussed in this Annual Report on Form 10-K, this Annual Report on Form 10-K does not include an attestation report of our independent registered public accounting firm pursuant to an exemption made available to us as an emerging growth company.

Item 9B. Other Information.

Insider Trading Plans

None of the Company's directors or officers adopted or terminated any Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement during the year ended December 31, 2023.

Item 9C. Disclosures Regarding Foreign Jurisdictions That Prevent Inspections.

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance.

We will provide information that is responsive to this Item 10 in our definitive proxy statement or in an amendment to this Annual Report on Form 10-K not later than 120 days after December 31, 2023. Such information is incorporated into this Item 10 by reference.

Item 11. Executive Compensation.

We will provide information that is responsive to this Item 11 in our definitive proxy statement or in an amendment to this Annual Report on Form 10-K not later than 120 days after December 31, 2023. Such information is incorporated into this Item 11 by reference.

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

The number of shares to be issued upon exercise or vesting of awards issued under, and the number of shares remaining for future issuance under our equity compensation plans at December 31, 2023 were as follows:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights(1) (a)	Weighted average exercise price per share of outstanding options, warrants and rights(2) (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))(3) (c)
Equity compensation plans approved by security holders	3,861,587	$ —	6,963,205
Equity compensation plans not approved by security holders	—	$ —	—
Total	3,861,587		6,963,205

(1) Includes 214,556 RSAs, 2,116,671 RSUs and 1,530,360 PSUs outstanding under our LTIP plans.
(2) There are no amounts provided under this column because only RSAs, RSUs and PSUs have been granted.
(3) Awards issuable under our LTIP plans include stock options, stock appreciation rights, stock awards, stock units, performance units and other stock-based awards.

Information related to the security ownership of certain beneficial owners and management will be provided in our 2024 proxy statement or in an amendment to this Annual Report on Form 10-K not later than 120 days after December 31, 2023. Such information is incorporated into this Item 12 by reference.

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

We will provide information that is responsive to this Item 13 in our definitive proxy statement or in an amendment to this Annual Report on Form 10-K not later than 120 days after December 31, 2023. Such information is incorporated into this Item 13 by reference.

Item 14. Principal Accounting Fees and Services.

We will provide information that is responsive to this Item 14 in our definitive proxy statement or in an amendment to this Annual Report on Form 10-K not later than 120 days after December 31, 2023. Such information is incorporated into this Item 14 by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

a) The following documents are filed as part of this report:

(1) Financial Statements

All financial statements of the Company as set forth under Item 8 of this Annual Report on Form 10-K.

(2) Financial Statement Schedules

All schedules are omitted because they are either not applicable or the required information is disclosed in our audited consolidated financial statements or the accompanying notes.

(3) Exhibits

The following exhibits are either attached or incorporated herein by reference to another filing with the U.S. Securities and Exchange Commission.

Exhibit No.	Description
2.1†	Purchase Agreement dated as of December 19, 2019, by and among Act II Global Acquisition Corp., Flavors Holdings Inc., MW Holdings I LLC, MW Holdings III LLC and Mafco Foreign Holdings, Inc. (incorporated by reference to Exhibit 2.1 of Act II's Current Report on Form 8-K, filed with the SEC on December 23, 2019).
2.2†	Amendment No. 1 to Purchase Agreement dated as of February 12, 2020 by and among Act II Global Acquisition Corp., Flavors Holdings Inc., MW Holdings I LLC, MW Holdings III LLC and Mafco Foreign Holdings, Inc. (incorporated by reference to Exhibit 2.1 of Act II's Current Report on Form 8-K, filed with the SEC on February 13, 2020).
2.3†	Amendment No. 2 to Purchase Agreement dated as of May 8, 2020, by and among Act II Global Acquisition Corp., Project Taste Intermediate LLC, Flavors Holdings Inc., MW Holdings I LLC, MW Holdings III LLC and Mafco Foreign Holdings, Inc. (incorporated by reference to Exhibit 2.1 of Act II's Current Report on Form 8-K, filed with the SEC on May 11, 2020).
2.4†	Amendment No. 3 to Purchase Agreement dated as of June 15, 2020, by and among Act II Global Acquisition Corp., Project Taste Intermediate LLC, Flavors Holdings Inc., MW Holdings I LLC, MW Holdings III LLC and Mafco Foreign Holdings, Inc. (incorporated by reference to Exhibit 2.1 of Act II's Current Report on Form 8-K, filed with the SEC on June 16, 2020).
2.5#†	Equity Purchase Agreement, dated as of November 10, 2020, by and among Whole Earth Brands, Inc., RF Development, LLC, Swerve, L.L.C., and Swerve IP, L.L.C. (incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K, filed with the SEC on November 12, 2020).
2.6#†	Stock Purchase Agreement dated as of December 17, 2020, by and among Whole Earth Brands, Inc., WSO Investments, Inc., WSO Holdings, LP, Edwards Billington and Son, Limited and WSO Holdings, LLC (incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K, filed with the SEC on December 17, 2020).
2.7	Agreement of Merger, dated February 12, 2024, by and among Ozark Holdings, LLC, Sweet Oak Merger Sub, LLC and Whole Earth Brands, Inc. (incorporated by reference to Exhibit 2.1 of the Company's Current Report on Form 8-K, filed with the SEC on February 13, 2024).
3.1	Certificate of Incorporation of Whole Earth Brands, Inc. (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K, filed with the SEC on June 30, 2020).
3.2	Certificate of Amendment of Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K filed with the SEC on October 12, 2021).
3.3	Bylaws of the Registrant (as amended through June 30, 2021) (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K filed with the SEC on July 1, 2021).
3.4	Certificate of Domestication of Act II (incorporated by reference to Exhibit 3.3 of the Company's Current Report on Form 8-K, filed with the SEC on June 30, 2020).

4.1	Specimen Common Stock Certificate of Whole Earth Brands, Inc. (incorporated by reference to Exhibit 4.5 of Act II's Form S-4, filed with the SEC on May 11, 2020).
4.2	Amended and Restated Warrant Agreement dated as of June 25, 2020, by and between Whole Earth Brands, Inc. and Continental Stock Transfer & Trust Company (incorporated by reference to Exhibit 4.2 of the Company's Current Report on Form 8-K, filed with the SEC on June 30, 2020).
4.3	Description of the Registered Securities.
10.1#‡	Amendment and Restatement Agreement dated as of February 5, 2021, by and among Whole Earth Brands, Inc., certain domestic subsidiaries thereto, Toronto-Dominion (Texas) LLC, as administrative agent thereunder, and certain lenders signatory thereto (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K, filed with the SEC on February 8, 2021).
10.2	First Amendment to Amended and Restated Loan Agreement, dated as of June 15, 2022, by and among Whole Earth Brands, Inc., certain domestic subsidiaries thereto, Toronto Dominion (Texas) LLC as administrative agent thereunder, and certain lenders signatory thereto (incorporated by reference to Exhibit 10.1 of Whole Earth Brands, Inc.'s Current Report on Form 8-K filed with the SEC on June 17, 2022).
10.3	Second Amendment to Amended and Restated Loan Agreement, dated as of April 24, 2023, by and among Whole Earth Brands, Inc., certain domestic subsidiaries thereto, Toronto Dominion (Texas) LLC as administrative agent thereunder, and certain lenders signatory thereto (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the SEC on April 25, 2023).
10.4	Third Amendment to Amended and Restated Loan Agreement, dated as of October 5, 2023, by and among Whole Earth Brands, Inc., certain domestic subsidiaries thereto, Toronto Dominion (Texas) LLC as administrative agent thereunder, and certain lenders signatory thereto (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q filed with the SEC on November 9, 2023).
10.5	Form of Subscription Agreement by and between Act II Global Acquisition Corp. and the subscribers signatory thereto (incorporated by reference to Exhibit 10.3 of Act II's Current Report on Form 8-K, filed with the SEC on February 13, 2020).
10.6	Registration Rights Agreement dated April 25, 2019, among Act II Global Acquisition Corp., Act II Global LLC and certain other security holders named therein (incorporated by reference to Exhibit 10.4 to Act II's Current Report on Form 8-K, filed with the SEC on May 1, 2019).
10.7	Escrow Agreement dated as of June 25, 2020, by and among Act II Sponsor LLC, Whole Earth Brands, Inc. and Continental Stock Transfer & Trust Company (incorporated by reference to Exhibit 10.21 of the Company's Current Report on Form 8-K, filed with the SEC on June 30, 2020).
10.8+	Amended and Restated Whole Earth Brands, Inc. 2020 Long-Term Incentive Plan (incorporated by reference to Appendix B of the Company's Proxy Statement on Schedule 14A, filed with the SEC on May 24, 2023).
10.9+	Form of Indemnity Agreement, between Whole Earth Brands, Inc. and its directors and officers (incorporated by reference to Exhibit 10.11 of Act II's Form S-4/A, filed with the SEC on May 11, 2020).
10.10+	Offer Letter, dated as of January 25, 2016, by and between Merisant Company 2 SARL and Albert Manzone (incorporated by reference to Exhibit 10.14 of Act II's Form S-4, filed with the SEC on April 10, 2020).
10.11+	Amendment to Offer Letter dated as of July 1, 2017, by and between Merisant Company 2 SARL and Albert Manzone (incorporated by reference to Exhibit 10.15 of Act II's Form S-4/A, filed with the SEC on April 10, 2020).
10.12+	2018 Amendment to Offer Letter dated as of November 4, 2018, by and between Merisant Company 2 SARL and Albert Manzone (incorporated by reference to Exhibit 10.16 of Act II's Form S-4/A, filed with the SEC on April 10, 2020).
10.13+	3rd Amendment to Offer Letter dated as of June 10, 2019, by and between Merisant Company 2 SARL and Albert Manzone (incorporated by reference to Exhibit 10.17 of Act II's Form S-4/A, filed with the SEC on April 10, 2020).
10.14+	4th Amendment to Offer Letter dated as of July 23, 2019, by and between Merisant Company 2 SARL and Albert Manzone (incorporated by reference to Exhibit 10.18 of Act II's Form S-4/A, filed with the SEC on April 10, 2020).

10.15+	5th Amendment to Offer Letter dated as of September 9, 2019, by and between Merisant Company 2 SARL and Albert Manzone (incorporated by reference to Exhibit 10.19 of Act II's Form S-4/A, filed with the SEC on April 10, 2020).
10.16+	6th Amendment to Offer Letter dated as of February 10, 2020, by and between Merisant Company 2 SARL and Albert Manzone (incorporated by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q, filed with the SEC on May 14, 2021).
10.17*+	Offer Letter, dated as of December 15, 2021, by and between the Company and Duane Portwood.
10.18	Offer Letter, dated as of June 19, 2020, by and between the Company and Brian Litman with amendments dated as of January 20, 2021 and September 30, 2021 (incorporated by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q, filed with the SEC on May 10, 2022).
10.19	Offer Letter, dated as of December 2, 2020, by and between the Company and Jeffrey Robinson (incorporated by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q, filed with the SEC on May 10, 2022).
10.20+	Form of Restricted Stock Unit Agreement (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on October 6, 2020).
10.21+	Form of Restricted Stock Unit Agreement for Non-U.S. Participants (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on October 6, 2020).
10.22+	Form of Incentive Stock Option Agreement (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on October 6, 2020).
10.23+	Form of Nonstatutory Stock Option Agreement (incorporated by reference to Exhibit 10.4 to the Company's Current Report on Form 8-K filed on October 6, 2020).
10.24+	Form of Restricted Stock Agreement (incorporated by reference to Exhibit 10.5 to the Company's Current Report on Form 8-K filed on October 6, 2020).
10.25	Offer Letter, effective as of April 24, 2023, by and between the Company and Bernardo Fiaux (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K filed with the SEC on April 25, 2023).
10.26	Consulting Agreement, dated February 12, 2024, by and among Whole Earth Brands, Inc., Ozark Holdings, LLC and Irwin D. Simon (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K, filed with the SEC on February 13, 2024).
10.27	Form of Transaction Bonus Agreement (incorporated by reference to Exhibit 10.2 of the Company's Current Report on Form 8-K, filed with the SEC on February 13, 2024).
21.1*	List of Subsidiaries.
23.1*	Consent of Ernst & Young LLP, independent registered public accounting firm of the Company.
31.1*	Certification of Principal Executive Officer, pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Executive Officer, pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.3*	Certification of Principal Financial Officer, pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of Principal Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Principal Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.3*	Certification of Principal Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
97.1*	Whole Earth Brands, Inc. Clawback Policy.
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
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL *	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB*	XBRL Taxonomy Extension Labels Linkbase Document

101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
104*	The cover page for the Company's Annual Report on Form 10-K has been formatted in Inline XBRL and contained in Exhibit 101

* Filed herewith.

\+ Indicates a management or compensatory plan

† Schedules to this exhibit have been omitted pursuant to Item 601(b)(2) of Registration S-K. The registrant hereby agrees to furnish a copy of any omitted schedules to the SEC upon request.

\# Certain schedules and exhibits to this agreement have been omitted pursuant to Item 601(a)(5) of Regulation S-K. A copy of any omitted schedule and/or exhibit will be furnished supplementally to the SEC upon request.

‡ Certain portions of this exhibit (indicated by "[***]") have been omitted pursuant to Regulation S-K, Item 601(b)(10).

Item 16. Form 10-K Summary.

Not applicable.

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 on March 12, 2024.

WHOLE EARTH BRANDS, INC.

By:	/s/ Rajnish Ohri
Name:	Rajnish Ohri
Title:	Co-Chief Executive Officer
	(*Principal Executive Officer*)
By:	/s/ Jeffrey Robinson
Name:	Jeffrey Robinson
Title:	Co-Chief Executive Officer
	(*Principal Executive Officer*)

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.

Name	Position	Date
/s/ Rajnish Ohri	Co-Chief Executive Officer	March 12, 2024
Rajnish Ohri	(Principal Executive Officer)	
/s/ Jeffrey Robinson	Co-Chief Executive Officer	March 12, 2024
Jeffrey Robinson	(Principal Executive Officer)	
/s/ Bernardo Fiaux	Chief Financial Officer	March 12, 2024
Bernardo Fiaux	(Principal Financial Officer and Principal Accounting Officer)	
/s/ Irwin D. Simon	Executive Chairman of the Board of Directors	March 12, 2024
Irwin D. Simon		
/s/ Anuraag Agarwal	Director	March 12, 2024
Anuraag Agarwal		
/s/ Steven M. Cohen	Director	March 12, 2024
Steven M. Cohen		
/s/ Denise Faltischek	Director	March 12, 2024
Denise Faltischek		
/s/ Ira J. Lamel	Director	March 12, 2024
Ira J. Lamel		
/s/ Michael F. Goss	Director	March 12, 2024
Michael F. Goss		

/s/ Michael Franklin Michael Franklin	Director	March 12, 2024

Exhibit 4.3

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

The following summary of the material terms of our securities is not intended to be a complete summary of the rights and preferences of such securities, and is qualified by reference to our certificate of incorporation (the "certificate of incorporation"), our bylaws (the "bylaws") and the warrant-related documents described herein, each of which are incorporated by reference as an exhibit to the Form 10-K of which this Exhibit 4.3 is a part. We urge to you read each of the certificate of incorporation, the bylaws and the warrant-related documents described herein in their entirety for a complete description of the rights and preferences of such securities. Our common stock and warrants are registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Unless otherwise indicated, the terms "we", "us", and "our" refer to Whole Earth Brands, Inc.

Authorized Capital Stock

The total amount of our authorized capital stock consists of 220,000,000 shares of common stock, par value $0.0001 per share, and 1,000,000 shares of preferred stock, par value $0.0001 per share. No shares of preferred stock are issued and outstanding.

Preferred Stock

Our board of directors has authority to issue shares of preferred stock in one or more series, to fix for each such series such voting powers, designations, preferences, qualifications, limitations or restrictions thereof, including dividend rights, conversion rights, redemption privileges and liquidation preferences for the issue of such series all to the fullest extent permitted by the DGCL. The issuance of preferred stock could have the effect of decreasing the trading price of our common stock, restricting dividends on our capital stock, diluting the voting power of our common stock, impairing the liquidation rights of our capital stock, or delaying or preventing a change in control our company.

Common Stock

General

Holders of our common stock are not entitled to preemptive or other similar subscription rights to purchase any of our securities. Our common stock is neither convertible nor redeemable. Unless our board of directors determines otherwise, we expect to issue all shares of our capital stock in uncertificated form.

Voting Rights

Each holder of our common stock is entitled to one vote per share on each matter submitted to a vote of stockholders, as provided by the certificate of incorporation. Our bylaws provide that the holders of a majority of the capital stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, will constitute a quorum at all meetings of the stockholders for the transaction of business. When a quorum is present, the affirmative vote of a majority of the votes cast is required to take action, unless otherwise specified by law, our bylaws or our certificate of incorporation, and except for the election of directors, which is determined by a plurality vote. There are no cumulative voting rights.

Dividend Rights

Each holder of shares of our common stock is entitled to the payment of dividends and other distributions as may be declared by our board of directors from time to time out of our assets or funds legally available for dividends or other distributions. These rights are subject to the preferential rights of the holders of our preferred stock, if any, and any contractual limitations on our ability to declare and pay dividends. Any dividends declared by our board of directors to the holders of the then outstanding shares of common stock shall be paid to the holders thereof pro rata in accordance with the number of shares of common stock held by each such holder as of the record date of such dividend.

Other Rights

Each holder of our common stock is subject to, and may be adversely affected by, the rights of the holders of any series of our preferred stock that we may designate and issue in the future.

Liquidation Rights

If we are involved in voluntary or involuntary liquidation, dissolution or winding up of our affairs, or a similar event, each holder of our common stock will participate pro rata in all assets remaining after payment of liabilities, subject to prior distribution rights of our preferred stock, if any, then outstanding.

Warrants

Our warrants are issued under an Amended and Restated Warrant Agreement (the “Warrant Agreement”) dated as of June 25, 2020, between us and Continental Stock Transfer & Trust Company, as warrant agent. Pursuant to the Warrant Agreement, each warrant is exercisable for one-half of one share of our common stock at an exercise price of $5.75 per one-half share ($11.50 per whole share), subject to the adjustments provided in the Warrant Agreement.

Pursuant to the Warrant Agreement, warrant holders may exercise their warrants only for a whole number of shares of our common stock. Therefore, only two warrants or a multiple of two warrants may be exercised at any given time by a warrant holder. No fractional shares will be issued upon exercise of the Warrants. For example, if a warrant holder only holds one warrant to purchase one-half of one share of our common stock, such warrant will not be exercisable. However, if a warrant holder holds two warrants, such warrants will be exercisable for one share of common stock. If, upon exercise of the warrants, a holder would be entitled to receive a fractional interest in a share (as a result of a subsequent share dividend payable in shares of common stock, or by a split up of the common stock or other similar event), we will, upon exercise, round down to the nearest whole number the number of shares of common stock to be issued to such holder.

No warrant is exercisable, and we are not obligated to issue shares of common stock, until such shares have been registered, qualified or deemed to be exempt from registration or qualification under the securities laws of the state of residence of the warrant holder. If a registration statement covering the our common stock issuable upon exercise of the warrants is not effective within 60 business days from the completion of the Transaction (as defined in the Warrant Agreement), or at any time thereafter, warrant holders may, until such time as there is an effective registration statement, exercise warrants only on a “cashless basis” pursuant to an available exemption from registration under the Securities Act. In such event, each holder would pay the exercise price by surrendering the warrants for that number of shares of common stock equal to the quotient obtained by dividing (x) the product of the number of shares underlying the warrants, multiplied by the difference between the exercise price of the warrants and the “fair market value” (defined below) by (y) the fair market value. The “fair market value” will mean the average reported last sale price of the common stock for the 10 trading days ending on the third trading day prior to the date on which the notice of redemption is sent to the holders of warrants.

The exercise price and number of shares of common stock issuable on exercise of the warrants may be adjusted in certain circumstances including in the event of a share dividend, extraordinary dividend or our recapitalization, reorganization, merger or consolidation. However, the warrants will not be adjusted for issuances of common stock at a price below their respective exercise prices. We are also permitted, in our sole discretion, to lower the exercise price at any time prior to the expiration date for a period of not less than 20 business days, provided that we provide at least 20 days’ prior written notice of such reduction to registered holders of the warrants and that any such reduction will be applied consistently to all of the warrants. Any such reduction in the exercise price will comply with any applicable regulations under the federal securities laws, including Rule 13e-4 under the Exchange Act generally and Rule 13e-4(f)(1)(i) specifically.

The warrants will expire at 5:00 p.m., New York City time on the earlier to occur of (x) the date that is five years from the completion of the Transaction, (y) our liquidation, or (z) other than with respect to the private placement warrants, the redemption date as fixed by us pursuant to the Warrant Agreement, if we elect to redeem all warrants as described below. Each outstanding warrant not exercised on or before the expiration date will become void, and all rights under the warrants and the Warrant Agreement will cease as of the expiration date.

We may call the warrants for redemption, in whole and not in part, at a price of $0.01 per warrant:

- at any time while the warrants are exercisable,
- upon not less than 30 days' prior written notice of redemption to each warrant holder
- if and only if, the reported last sale price of the shares of our common stock equals or exceeds $18.00 per share, for any 20 trading days within a 30-day trading period ending on the third business day prior to the notice of redemption to warrant holders, an
- if and only if, there is a current registration statement in effect with respect to our common stock underlying such warrants at the redemption date and for the entire 30-day trading period referred to above and continuing each day thereafter until the date of redemption

If we call the warrants for redemption as described above, we will have the option to require all holders that wish to exercise warrants to do so on a "cashless basis." Whether we will exercise our option to require all holders to exercise their warrants on a "cashless basis" will depend on a variety of factors including the price of our common stock at the time the warrants are called for redemption, our cash needs at such time and concerns regarding dilutive share issuances

A warrant holder will not have the rights or privileges of holders of common stock and any voting rights with respect to the shares underlying any warrants until they exercise such warrants and receive common stock. After the issuance of common stock upon exercise of the warrants, each holder will be entitled to such rights with respect to such shares of common stock as provided by applicable law, our organizational documents and any other applicable agreement.

Warrant holders may elect, at their sole option and discretion, to be subject to a restriction on the exercise of their warrants such that an electing warrant holder (and his, her or its affiliates) would not be able to exercise their warrants to the extent that, after giving effect to such exercise, such holder (and his, her or its affiliates) would beneficially own in excess of 9.8% of the common stock outstanding.

The Warrant Agreement provides that the terms of the warrants may be amended without the consent of any holder to cure any ambiguity or correct any defective provision, but requires the approval, by written consent or vote, of the holders of 65% of the then-outstanding public warrants in order to make any change that adversely affects the interests of the registered holders. Notwithstanding the foregoing, we may lower the exercise price or extend the duration of the exercise period of the warrants in accordance with the Warrant Agreement, without the consent of any holder.

Anti-Takeover Effects of the Certificate of Incorporation and the Bylaws

Our certificate of incorporation and our bylaws contain provisions that may delay, defer or discourage another party from acquiring control of our company. We expect that these provisions, which are summarized below, will discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of our company to first negotiate with our board of directors, which we believe may result in an improvement of the terms of any such acquisition in favor of our stockholders. However, they also give our board of directors the power to discourage mergers that some stockholders may favor.

Special Meetings of Stockholders

Our certificate of incorporation provides that a special meeting of stockholders may be called by the (a) the chairperson of our board of directors or (b) our board of directors.

Removal of Directors

Subject to applicable law, any director or the entire board of directors may be removed only for cause and only by the affirmative vote of the holders of at least 66⁄3% of the total voting power of our then issued and outstanding capital stock entitled to vote in the election of directors, voting together as a single class.

Amendment to Certificate of Incorporation and Bylaws

The DGCL provides generally that the affirmative vote of a majority of the outstanding stock entitled to vote on amendments to a corporation's certificate of incorporation or bylaws is required to approve such amendment, unless a corporation's certificate of incorporation or bylaws, as the case may be, requires a greater percentage. Our bylaws may be further amended, altered, changed or repealed by a majority vote of our board of directors.

Delaware Anti-Takeover Statute

Section 203 of the DGCL provides that if a person acquires 15% or more of the voting stock of a Delaware corporation, such person becomes an "interested stockholder" and may not engage in certain "business combinations" with such corporation for a period of three years from the time such person acquired 15% or more of such corporation's voting stock, unless: (1) our board of directors of such corporation approves the acquisition of stock or the merger transaction before the time that the person becomes an interested stockholder, (2) the interested stockholder owns at least 85% of the outstanding voting stock of such corporation at the time the merger transaction commences (excluding voting stock owned by directors who are also officers and certain employee stock plans) or (3) the merger transaction is approved by our board of directors and at a meeting of stockholders, not by written consent, by the affirmative vote of two-thirds of the outstanding voting stock which is not owned by the interested stockholder. A Delaware corporation may elect in its certificate of incorporation or bylaws not to be governed by this particular Delaware law. Under our certificate of incorporation, we have not opted out of Section 203 of the DGCL.

Limitations on Liability and Indemnification of Officers and Directors

Our certificate of incorporation limits the liability of our directors to the fullest extent permitted by the DGCL, and our bylaws provide that we will indemnify them to the fullest extent permitted by such law. We have entered into and expect to continue to enter into agreements to indemnify our directors, executive officers and other employees as determined by our board of directors. Under the terms of such indemnification agreements, we are required to indemnify each of our directors and officers, to the fullest extent permitted by the laws of the state of Delaware, if the basis of the indemnitee's involvement was by reason of the fact that the indemnitee is or was our director or officer or was serving at our request in an official capacity for another entity. We must indemnify our officers and directors against all reasonable fees, expenses, charges and other costs of any type or nature whatsoever, including any and all expenses and obligations paid or incurred in connection with investigating, defending, being a witness in, participating in (including on appeal), or preparing to defend, be a witness or participate in any completed, actual, pending or threatened action, suit, claim or proceeding, whether civil, criminal, administrative or investigative, or establishing or enforcing a right to indemnification under the indemnification agreement. The indemnification agreements also require us, if so requested, to advance all reasonable fees, expenses, charges and other costs that such director or officer incurred, provided that such person will return any such advance if it is ultimately determined that such person is not entitled to indemnification by us. Any claims for indemnification by our directors and officers may reduce our available funds to satisfy successful third-party claims against us and may reduce the amount of money available to us.

Exclusive Jurisdiction of Certain Actions

Our certificate of incorporation requires, to the fullest extent permitted by law, that derivative actions brought in our name against our directors, officers or employees for breach of fiduciary duty, any provision of the DGCL, our certificate of incorporation or our bylaws or other similar actions may be brought only in the Court of Chancery in the State of Delaware and, if brought outside of Delaware, the stockholder bringing the suit will be deemed to have consented to service of process on such stockholder's counsel. Notwithstanding the foregoing, our certificate of incorporation provides that the exclusive forum provision will not apply to suits brought to enforce a duty or liability created by the Securities Act of 1933, as amended (the "Securities Act"), the Exchange Act or any other claim for which the federal courts have exclusive jurisdiction. Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. Similarly, Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act or the rules and regulations thereunder. Although we believe this provision benefits us by providing increased consistency in the application of Delaware law in the types of lawsuits to which it applies, the provision may have the effect of discouraging lawsuits against our directors and officers.

Transfer Agent

The transfer agent for our common stock and warrants is Continental Stock Transfer & Trust Company.

Exhibit 10.17

December 15, 2021

Duane Portwood, via email

Dear Duane,

We are pleased to extend to you this offer of employment for the position of Chief Financial Officer – Whole Earth Brands, at Merisant US, Inc. (the "Company"), reporting directly to me. Summarized below are the principal terms of our employment offer.

- Your start date will be mutually agreed upon with the Company.
- Your base salary ("Base Salary") will be paid at the rate of $435,000.00 USD per year, subject to appropriate tax withholdings and deductions, payable in accordance with the Company's normal payroll cycle. You will be eligible to participate in the 2023 salary increase cycle subject to your individual performance and business performance.
- After the end of each calendar year in which you are employed, you will be eligible for a discretionary bonus based on both individual and business performance and such other performance metrics that may be set annually, with a target level of 60% of Base Salary. Final determination of the year-end bonus is in the sole discretion of the Company. For purposes of clarity, you will be bonus eligible beginning with the 2022 bonus year.
- You will be eligible for 5 Week's (25 days) vacation on an annualized basis, which shall be prorated for any partial year of service.
- You will receive a one-time signing bonus in the amount of $225,000, made up of $100,000 in cash and $125,000 in Restricted Stock Units (subject to approval by the Compensation Committee and the Board of Directors of Whole Earth Brands). The actual number of Restricted Stock Units will be based on the price of Whole Earth Brands stock on the grant date, and vest one (1) year from the grant date. Should you voluntarily resign or be terminated for cause prior to two years' of employment with the Company, the signing bonus must be repaid by you in its entirety, within 60 days of your termination date.
- Additionally, subject to approval by the Compensation Committee and the Board of Directors of Whole Earth Brands, you will be eligible to participate in the Whole Earth Brands 2022 Long-term Incentive Plan given the important strategic and leadership role you will play in the Company. Your target award value for the 2022 – 2024 plan will be $652,500.00 USD. This award is made up of 50% Restricted Stock Units (RSUs) and 50% Performance Stock Units with three (3) year vesting, and the award values have the opportunity to grow based upon growing the enterprise value of the Company. Award values can also be reduced if the Company underperforms. The terms of these awards will be subject to definitive documentation, it being understood that the terms of such definitive documentation will supersede this paragraph.
- You shall be entitled to all benefits for which you are eligible under the employee benefit plans of the Company, which may include, without limitation, any 401(k) plan, life insurance, disability insurance, health insurance, or other so-called "fringe" benefit plans or policies. Benefits may be amended, modified or terminated at the Company's discretion. The Company's benefit programs are described in separate official plan documents, the terms of which govern these benefits.
- This position is based in Chicago, IL, and for the foreseeable future it is agreed that you will commute from your current place of residence as needed, generally on a bi-weekly basis, the reasonable cost of which will be paid for via Company credit card. If at any time in the future both you and the Company agree that relocation to the Chicago area would be beneficial, relocation support will be provided.

During your employment and for 12 months thereafter (the "Non-Compete Period"), you shall not, directly or indirectly, enter the employ of, or render any services to, any person, firm or corporation engaged in any business competitive with the business of the Company or of any of its subsidiaries or affiliates; you shall not engage in such business on your own account; and you shall not become interested in any such business, directly or indirectly, as an individual, partner, shareholder, director, officer, principal, agent, employee, trustee, consultant, or in any other relationship or capacity provided, however, that nothing contained in this section shall be deemed to prohibit you from acquiring, solely as an investment, up to five percent (5%) of the outstanding shares of capital stock of any public corporation. You further agree that while you are employed by the Company and during the Non-Compete Period, you will not hire or attempt to hire any employee of the Company or any of its affiliates, assist in such hiring by any person, encourage any such employee to terminate his or her relationship with the Company or any of its affiliates, or solicit or encourage any customer or vendor of the Company or any of its affiliates to terminate or diminish its relationship with them, or, in the case of a customer, to conduct with any person any business or activity which such customer conducts or could conduct with the Company or any of its affiliates.

This offer is contingent upon your satisfactory completion of the Company's pre-employment background checks including but not limited to reference checks and a drug test. Please note that your employment with the Company is also contingent upon your execution of a Confidentiality Agreement. You hereby represent and warrant that you are not subject to any other agreement, including without limitation any agreement not to compete or confidentiality agreement, which would be violated by your performance of services hereunder. The validity, interpretations, construction and performance of this agreement shall be governed by the laws of the State of Illinois without giving effect to conflict of laws principles.

The Company is required by law to obtain documentation of employment authorization and identity within three days of your start date. As a condition of employment, you are required to complete the I-9 form included in your new hire kit and, within three days of your start date, provide the documentation of employment authorization and identity described on the reverse side of the I-9 form. The Company also requires documentation that you have received the COVID-19 vaccination.
It is with a great deal of confidence that I extend this offer of employment to you, and I look forward to working with you.

Very truly yours,

/s/ Albert Manzone
Albert Manzone
Chief Financial Officer

Please indicate your acceptance of this offer by signing in the space below and returning a signed original letter to me by December 17, 2021.

Accepted: /s/ Duane Portwood
Duane Portwood

Date: December 15, 2021

We call your attention to the fact that; notwithstanding the offer outlined in this letter, your employment is "at will" and can be terminated, with or without cause or notice, at any time, at the option of either the employee or the Company. No representative of the Company, except the Chief Executive Officer, has the authority to enter into any agreement where employment is guaranteed for any specified period of time or to make any agreement contrary to the foregoing and any such agreements are null and void, and you should not rely on any representations to the contrary.

Exhibit 21.1

Whole Earth Brands, Inc.
List of Subsidiaries as of December 31, 2023

Name of Subsidiary	State or Country
Merisant Spain SL	Spain
Merisant Company 2, Sarl.	Switzerland
Merisant Company	Delaware
Merisant US, Inc.	Delaware
Merisant Luxembourg Sarl	Luxembourg
Mafco Worldwide LLC	Delaware
Extraits Vegetaux ET Derives, SAS	France
Zhangjiangang Free Trade Zone Mafco Biotech Co., Ltd.	China
Swerve, L.L.C.	Louisiana
Swerve IP, L.L.C.	Louisiana
WSO Investments, Inc.	Delaware
Wholesome Sweeteners, Incorporated	Delaware

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

1. Registration Statement (Form S-3 No. 333-261030) of Whole Earth Brands, Inc.,
2. Registration Statement (Form S-3 No. 333-262535) of Whole Earth Brands, Inc., and
3. Registration Statement (Form S-8 No. 333-248764) pertaining to the 2020 Long-Term Incentive Plan of Whole Earth Brands, Inc.;

of our report dated March 12, 2024, with respect to the consolidated financial statements of Whole Earth Brands, Inc. included in this Annual Report (Form 10-K) of Whole Earth Brands, Inc. for the year ended December 31, 2023.

/s/ Ernst & Young LLP

New York, New York
March 12, 2024

Exhibit 31.1

Certification of Principal Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Rajnish Ohri, certify that:

1. I have reviewed this Annual Report on Form 10-K for the period ended December 31, 2023 of Whole Earth Brands, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers 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: March 12, 2024

/s/ Rajnish Ohri
Rajnish Ohri
Co-Chief Executive Officer

Exhibit 31.2

Certification of Principal Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Jeffrey Robinson, certify that:

1. I have reviewed this Annual Report on Form 10-K for the period ended December 31, 2023 of Whole Earth Brands, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officers 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: March 12, 2024

/s/ Jeffrey Robinson
Jeffrey Robinson
Co-Chief Executive Officer

Exhibit 31.3

Certification of Principal Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Bernardo Fiaux, certify that:

1. I have reviewed this Annual Report on Form 10-K for the period ended December 31, 2023 of Whole Earth Brands, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers 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: March 12, 2024

/s/ Bernardo Fiaux
Bernardo Fiaux
Chief Financial Officer

Exhibit 32.1

Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report on Form 10-K of Whole Earth Brands, Inc. (the "Company") for the period ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Rajnish Ohri, Co-Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that to his knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 12, 2024

/s/ Rajnish Ohri
Rajnish Ohri
Co-Chief Executive Officer

Exhibit 32.2

Certification of Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report on Form 10-K of Whole Earth Brands, Inc. (the "Company") for the period ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Jeffrey Robinson, Co-Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that to his knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 12, 2024

/s/ Jeffrey Robinson
Jeffrey Robinson
Co-Chief Executive Officer

Exhibit 32.3

Certification of Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report on Form 10-K of Whole Earth Brands, Inc. (the “Company”) for the period ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), the undersigned, Bernardo Fiaux, Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that to his knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 12, 2024

/s/ Bernardo Fiaux
Bernardo Fiaux
Chief Financial Officer

Exhibit 97.1

WHOLE EARTH BRANDS, INC.
CLAWBACK POLICY

The Board of Directors (the "**Board**") of Whole Earth Brands. Inc. (the "**Company**") believes that it is in the best interests of the Company and its shareholders to adopt this Clawback Policy (the "**Policy**"), which provides for the recovery of certain incentive compensation in the event of an Accounting Restatement (as defined below). This Policy is designed to comply with, and shall be interpreted to be consistent with, Section 10D of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), Rule 10D-1 promulgated under the Exchange Act ("**Rule 10D-1**") and Nasdaq Listing Rule 5608 (the "**Listing Standards**").

1. Administration

Except as specifically set forth herein, this Policy shall be administered by the Board or, if so designated by the Board, a committee thereof (the Board or such committee charged with administration of this Policy, the "**Administrator**"). The Administrator is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate or advisable for the administration of this Policy. Any determinations made by the Administrator shall be final and binding on all affected individuals and need not be uniform with respect to each individual covered by the Policy. In the administration of this Policy, the Administrator is authorized and directed to consult with the full Board or such other committees of the Board, such as the Audit Committee or the Compensation Committee, as may be necessary or appropriate as to matters within the scope of such other committee's responsibility and authority. Subject to any limitation at applicable law, the Administrator may authorize and empower any officer or employee of the Company to take any and all actions necessary or appropriate to carry out the purpose and intent of this Policy (other than with respect to any recovery under this Policy involving such officer or employee).

2. Definitions

As used in this Policy, the following definitions shall apply:

(a) "**Accounting Restatement**" means an accounting restatement of the Company's financial statements due to the Company's material noncompliance with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period.

(b) "**Administrator**" has the meaning set forth in Section 1 hereof.

(c) "**Applicable Period**" means the three completed fiscal years immediately preceding the date on which the Company is required to prepare an Accounting Restatement, as well as any transition period (that results from a change in the Company's fiscal year) within or immediately following those three completed fiscal years (except that a transition period that comprises a period of at least nine months shall count as a completed fiscal year). The "**date on which the Company is required to prepare an Accounting Restatement**" is the earlier to occur of (a) the date the Board, or any Committee thereof that has authority to conclude an Accounting Restatement is required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement or (b) the date a court, regulator or other legally authorized body directs the Company to prepare an Accounting Restatement, in each case regardless of if or when the restated financial statements are filed.

(d) "**Covered Executives**" means the Company's current and former executive officers, as determined by the Administrator in accordance with the definition of executive officer set forth in Rule 10D-1 and the Listing Standards.

(e) "**Erroneously Awarded Compensation**" has the meaning set forth in Section 5 of this Policy.

(f) A "**Financial Reporting Measure**" is any measure that is determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and any measure that is derived wholly or in part from such measure. Financial Reporting Measures include but are not limited to the following (and any measures derived from the following): Company stock price; total shareholder return ("**TSR**"); revenues; net income; operating income; profitability of one or more reportable segments; financial ratios (e.g., accounts receivable turnover and inventory turnover rates); earnings before interest, taxes, depreciation and amortization ("**EBITDA**"); funds from operations and adjusted funds from operations; liquidity measures (e.g., working capital, operating cash flow); return measures (e.g., return on invested capital, return on assets); earnings measures (e.g., earnings per share); sales per square foot or same store sales, where sales is subject to an Accounting Restatement; revenue per user, or average revenue per user, where revenue is subject to an Accounting Restatement; cost per employee, where cost is subject to an Accounting Restatement; any of such financial reporting measures relative to a peer group, where the Company's financial reporting measure is subject to an Accounting Restatement; and tax basis income. A Financial Reporting Measure need not be presented within the Company's financial statements or included in a filing with the Securities Exchange Commission.

(g) "**Incentive-Based Compensation**" means any compensation that is granted, earned or vested based wholly or in part upon the attainment of a Financial Reporting Measure. Incentive-Based Compensation is "**received**" for purposes of this Policy in the Company's fiscal period during which the Financial Reporting Measure specified in the Incentive-Based Compensation award is attained, even if the payment or grant of such Incentive-Based Compensation occurs after the end of that period.

3. Covered Executives; Incentive-Based Compensation

This Policy applies to Incentive-Based Compensation received by a Covered Executive (a) after beginning services as a Covered Executive; (b) if that person served as a Covered Executive at any time during the performance period for such Incentive-Based Compensation; and (c) while the Company had a listed class of securities on a national securities exchange.

4. Required Recoupment of Erroneously Awarded Compensation in the Event of an Accounting Restatement

In the event the Company is required to prepare an Accounting Restatement, the Company shall promptly recoup the amount of any Erroneously Awarded Compensation received by any Covered Executive, as calculated pursuant to Section 5 hereof, during the Applicable Period.

5. Erroneously Awarded Compensation: Amount Subject to Recovery

The amount of "**Erroneously Awarded Compensation**" subject to recovery under the Policy, as determined by the Administrator, is the amount of Incentive-Based Compensation received by the Covered Executive that exceeds the amount of Incentive- Based Compensation that would have been received by the Covered Executive had it been determined based on the restated amounts.

Erroneously Awarded Compensation shall be computed by the Administrator without regard to any taxes paid by the Covered Executive in respect of the Erroneously Awarded Compensation.

In the case of Incentive-Based Compensation based on 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 Restatement, the amount shall reflect a reasonable estimate of the effect of the Restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was received, as determined by the Adminstrator in its sole discretion. The Administrator may determine the form and amount of Erroneously Awarded Compensation in its sole discretion.

6. Method of Recoupment

The Administrator shall determine, in its sole discretion, the timing and method for promptly recouping Erroneously Awarded Compensation hereunder, which may include without limitation (a) seeking reimbursement of all or part of any cash or equity-based award, (b) cancelling prior cash or equity-based awards, whether vested or unvested or paid or unpaid, (c) cancelling or offsetting against any planned future cash or equity-based awards, (d) forfeiture of deferred compensation, subject to compliance with Section 409A of the Internal Revenue Code and the regulations promulgated thereunder and (e) any other method authorized by applicable law or contract. Subject to compliance with any applicable law, the Administrator may affect recovery under this Policy from any amount otherwise payable to the Covered Executive, including amounts payable to such individual under any otherwise applicable Company plan or program, including base salary, bonuses or commissions and compensation previously deferred by the Covered Executive.

The Company is authorized and directed pursuant to this Policy to recoup Erroneously Awarded Compensation in compliance with this Policy unless the Compensation Committee of the Board has determined that recovery would be impracticable solely for the following limited reasons, and subject to the following procedural and disclosure requirements:

(a) The direct expense paid to a third party to assist in enforcing this Policy would exceed the recoverable amounts; provided that the Company has made a reasonable attempt to recover such Erroneously Awarded Compensation, has documented such attempt and has (to the extent required) provided that documentation to Nasdaq;

(b) Recovery would violate home country law where the law was adopted prior to November 28, 2022, and the Company provides an opinion of home country counsel to that effect to Nasdaq that is acceptable; or

(c) Recovery would likely cause an otherwise tax-qualified retirement plan to fail to meet the requirements of the Internal Revenue Code of 1986, as amended.

7. No Indemnification of Covered Executives

Notwithstanding the terms of any indemnification or insurance policy or any contractual arrangement with any Covered Executive that may be interpreted to the contrary, the Company shall not indemnify any Covered Executives against the loss of any Erroneously Awarded Compensation, including any payment or reimbursement for the cost of third-party insurance purchased by any Covered Executives to fund potential clawback obligations under this Policy.

8. Administrator Indemnification

Any members of the Administrator, and any other members of the Board who assist in the administration of this Policy, shall not be personally liable for any action, determination or interpretation made with respect to this Policy and shall be fully indemnified by the Company to the fullest extent under applicable law and Company policy with respect to any such action, determination or interpretation. The foregoing sentence shall not limit any other rights to indemnification of the members of the Board under applicable law or Company policy.

9. Effective Date; Retroactive Application

This Policy shall be effective as of October 2, 2023 (the "**Effective Date**"). The terms of this Policy shall apply to any Incentive-Based Compensation that is received by Covered Executives on or after the Effective Date, even if such Incentive-Based Compensation was approved, awarded, granted or paid to Covered Executives prior to the Effective Date.

10. Amendment; Termination

The Board may amend, modify, supplement, rescind or replace all or any portion of this Policy at any time and from time to time in its discretion, and shall amend this Policy as it deems necessary to comply with applicable law or any rules or standards adopted by a national securities exchange on which the Company's securities are listed.

11. Other Recoupment Rights; Company Claims

The Board intends that this Policy shall be applied to the fullest extent of the law. 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 under applicable law or pursuant to the terms of any similar policy in any employment agreement, equity award agreement, or similar agreement and any other legal remedies available to the Company.

Nothing contained in this Policy, and no recoupment or recovery as contemplated by this Policy, shall limit any claims, damages or other legal remedies the Company or any of its affiliates may have against a Covered Executive arising out of or resulting from any actions or omissions by the Covered Executive.

12. Successors

This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.