

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): June 26, 2023

MISSION PRODUCE, INC.

(Exact name of Registrant as specified in its charter)

Delaware

(State or Other Jurisdiction of Incorporation or Organization)

001-39561

(Commission file number)

95-3847744

(IRS Employer Identification No.)

2710 Camino Del Sol, Oxnard, CA

(Address of Principal Executive Offices)

93030

(Zip code)

Registrant's telephone number, including area code: (805) 981-3650

(Former name or former address, if changed since last report.)

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 \$0.001 per share	AVO	NASDAQ Global Select Market

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Emerging growth company   
provided pursuant to Section 13(a) of the Exchange Act.

**Item 7.01 Regulation FD Disclosure**

On June 26, 2023 and June 27, 2023, the senior leadership team of Mission Produce, Inc. (the "Company") will host an in-person Investor Day and Facilities Tour. The Company has posted an updated copy of its investor presentation which will be used as part of the investor presentation and Q&A session to its website at [www.missionproduce.com](http://www.missionproduce.com). A copy of the presentation is attached to this Current Report on Form 8-K as Exhibit 99.1.

The information contained in this Item 7.01, including the related information set forth in the presentation attached hereto as Exhibit 99.1 and incorporated by reference herein, is being "furnished" and shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934 ("Exchange Act") or otherwise. The information in this Item 7.01 shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended, or into any filing or other document pursuant to the Exchange Act, except as otherwise expressly stated in any such filing.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	<a href="#">Investor Day Presentation dated June 26, 2023</a>

**SIGNATURES**

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

**MISSION PRODUCE, INC.**

*/s/ Stephen J. Barnard*

Stephen J. Barnard

*Chief Executive Officer*

Date: June 26, 2023



Investor Day Presentation  
June 26, 2023



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# Safe Harbor Statement



## Notice to and Undertaking by Recipients

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## Forward-Looking Statements

Statements in this presentation that are not historical in nature are forward-looking statements that, within the meaning of the federal securities laws, including the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, involve known and unknown risks and uncertainties. Words such as "may", "will", "expect", "intend", "plan", "believe", "seek", "could", "estimate", "judgment", "targeting", "should", "anticipate", "goal" and variations of these words and similar expressions, are also intended to identify forward-looking statements. The forward-looking statements in this presentation address a variety of subjects, including statements about our short-term and long-term assumptions, goals and targets. Many of these assumptions relate to matters that are beyond our control and change rapidly. Although we believe the expectations reflected in such forward-looking statements are based upon reasonable assumptions, we can give no assurances that our expectations will be attained. Readers are cautioned that actual results could differ materially from those implied by such forward-looking statements due to a variety of factors, including: limitations regarding the supply of avocados, either through purchasing or growing; fluctuations in the market price of avocados; increasing competition; risks associated with doing business internationally, including Mexican and Peruvian economic, political and/or societal conditions; inflationary pressures; loss of one or more of our largest customers; general economic conditions or downturns; supply chain failures or disruptions; disruption to the supply of reliable and cost-effective transportation; failure to recruit or retain employees, poor employee relations, and/or ineffective organizational structure; inherent farming risks; seasonality in operating results; failures associated with information technology infrastructure, system security and cyber risks; new and changing privacy laws and our compliance with such laws; food safety events and recalls; failure to comply with laws and regulations, including those promulgated by the USDA and FDA, health and safety laws, environmental laws, and other laws and regulations; changes to trade policy and/or export/import laws and regulations; risks from business acquisitions, if any; lack of or failure of infrastructure; material litigation or governmental inquiries/actions; failure to maintain or protect our brand; changes in tax rates or international tax legislation; risks associated with the ongoing conflict in Russia and Ukraine; the viability of an active, liquid, and orderly market for our common stock; volatility in the trading price of our common stock; concentration of control in our executive officers, directors and principal stockholders over matters submitted to stockholders for approval; limited sources of capital appreciation; significant costs associated with being a public company and the allocation of significant management resources thereto; reliance on analyst reports; failure to maintain proper and effective internal control over financial reporting; restrictions on takeover attempts in our charter documents and under Delaware law; the selection of Delaware as the exclusive forum for substantially all disputes between us and our stockholders; risks related to restrictive covenants under our credit facility, which could affect our flexibility to fund ongoing operations, uses of capital and strategic initiatives, and, if we are unable to maintain compliance with such covenants, lead to significant challenges in meeting our liquidity requirements and acceleration of our debt; and other risks and factors discussed from time to time in our Annual and Quarterly Reports on Forms 10-K and 10-Q and in our other filings with the Securities and Exchange Commission. You can obtain copies of our SEC filings on the SEC's website at [www.sec.gov](http://www.sec.gov). The forward-looking statements contained in this presentation are made as of the date hereof and the Corporation does not intend to, nor does it assume any obligation to, update or supplement any forward-looking statements after the date hereof to reflect actual results or future events or circumstances.

## Industry Information

Market data and industry information used throughout this presentation are based on management's knowledge of the industry and the good faith estimates of management. We also relied, to the extent available, upon management's review of independent industry surveys and publications and other publicly available information prepared by a number of third-party sources. All of the market data and industry information used in this presentation involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. Although we believe that these sources are reliable, we cannot guarantee the accuracy or completeness of this information, and we have not independently verified this information. While we believe the estimated market position, market opportunity and market size information included in this presentation are generally reliable, such information, which is derived in part from management's estimates and beliefs, is inherently uncertain and imprecise. Projections, assumptions and estimates of our future performance and the future performance of the industry in which we operate are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described above. These and other factors could cause results to differ materially from those expressed in our estimates and beliefs and in the estimates prepared by independent parties.

## Non-GAAP Financial Measures

This presentation contains the non-GAAP financial measures "Adjusted EBITDA" and "Adjusted EBITDA Margin." Management believes these measures provide useful information for analyzing the underlying business results. These measures are not in accordance with GAAP and are not a substitute for or superior to, the comparable financial measures by generally accepted accounting principles ("GAAP"). Reconciliations of these non-GAAP financial measures to the most comparable GAAP measures are included in the Appendix to this presentation where possible. The Company is unable to reconcile certain forecasted non-GAAP financial measures used herein, including adjusted EBITDA, without unreasonable efforts because a forecast of certain items, including taxes, interest, stock-based compensation, depreciation and amortization, income (loss) from equity method investees, other income, and other special, non-recurring or one-time items is not practical. Adjusted EBITDA refers to net income (loss), before interest expense, income taxes, depreciation and amortization expense, stock-based compensation expense, other income (expense), and income (loss) from equity method investees, further adjusted by asset impairment and disposals, net of insurance recoveries, farming costs for nonproductive orchards (which represents land lease costs), certain noncash and nonrecurring ERP costs, transaction costs, material legal settlements, amortization of inventory adjustments recognized from business combinations, and any special, non-recurring, or one-time items such as remeasurements or impairments, and any portion of these items attributable to the noncontrolling interest, all of which are excluded from the results the CEO reviews uses to assess segment performance and results. Adjusted EBITDA Margin refers to net income (loss) before interest expense, income taxes, depreciation and amortization expense, stock-based compensation expense, other income (expense), and income (loss) from equity method investees, further adjusted by asset impairment and disposals, net of insurance recoveries, farming costs for nonproductive orchards (which represents land lease costs), certain noncash and nonrecurring ERP costs, transaction costs, material legal settlements, amortization of inventory adjustments recognized from business combinations, and any special, non-recurring, or one-time items such as remeasurements or impairments, and any portion of these items attributable to the noncontrolling interest, as a percentage of net sales.



## Today's Participants



**Steve Barnard**  
Chief Executive Officer



**Bryan Giles**  
Chief Financial Officer



**Tim Bulow**  
President & Chief  
Operating Officer



**Keith Barnard**  
Senior Vice President  
of Sourcing



**Juan Wiesner**  
President, Central and  
South America



**Cheryl Hoefs**  
Senior Vice President  
of Sales & Marketing

## Our Core Values

**FUN**  
**INNOVATIVE**  
**RELIABLE**  
**SUCCESSFUL**  
**TRUSTWORTHY**

- Seasoned industry pioneers and veterans, many of whom have 30 years of industry experience
- On-the-ground support and expertise in key locations
- Foster an entrepreneurial culture that is focused on innovation and growth



## Company History



# Mission 40-Year History





## Strategic Overview





# Mission Produce: At a Glance

A global leader in the worldwide avocado business with four decades of investments in people, technology, and infrastructure

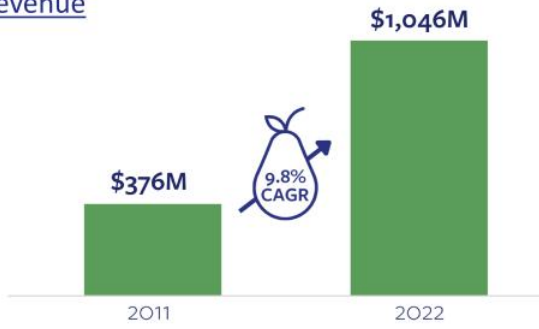
- ▶ Marketing & Distribution ▶ Year-Round Supply ▶ Vertical Integration
- ▶ 13 Forward Distribution Centers Globally ▶ Large, Addressable Market ▶ Economies of Scale



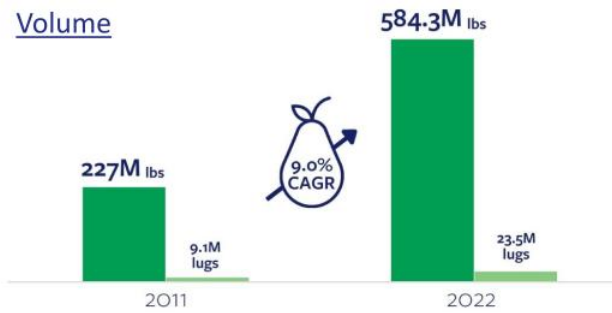
# A Long Track Record of Growth



## Revenue



## Volume

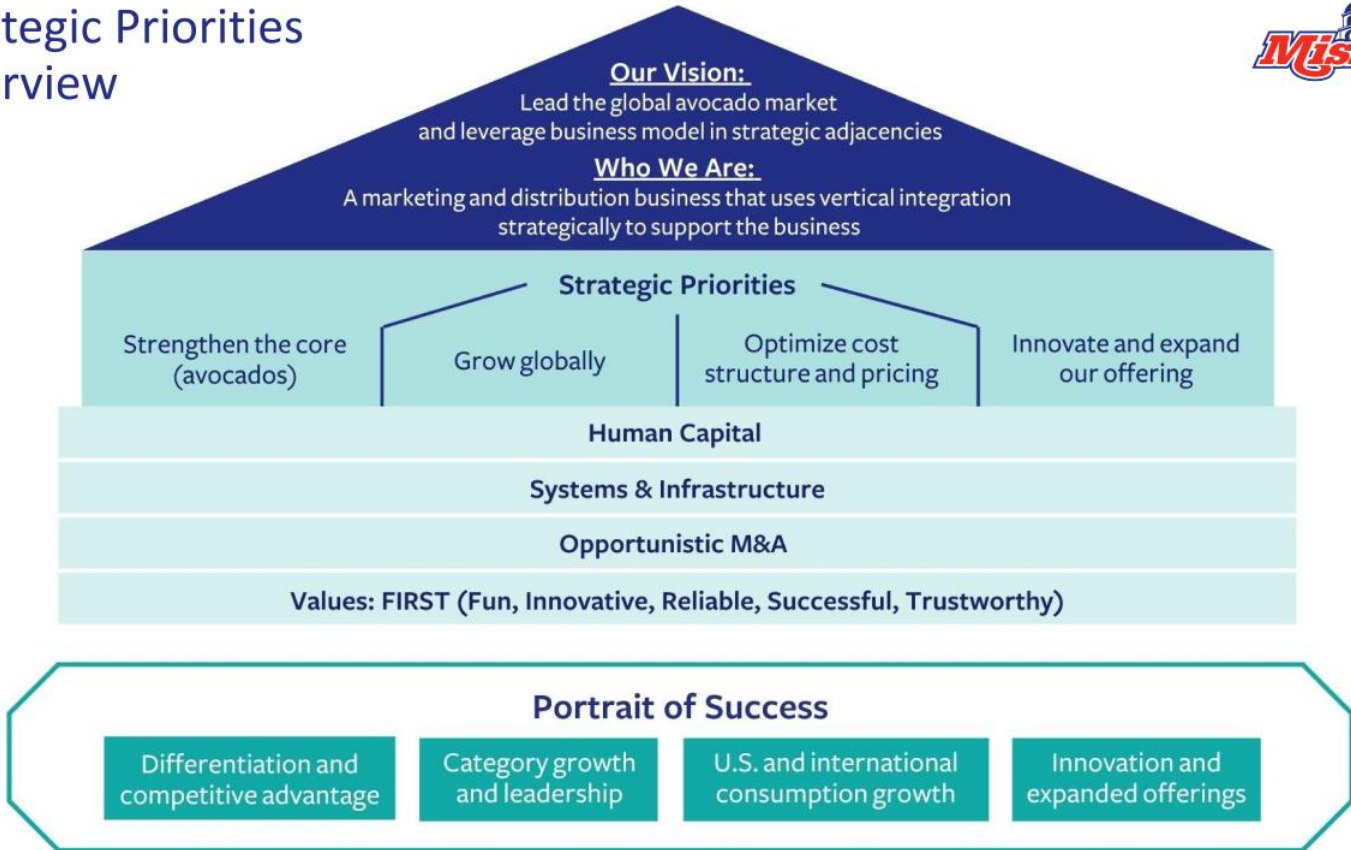


## Fiscal Year 2022

\$1.05 billion	FY 2022 Revenue
584mm lbs.	FY 2022 Avocado Volume
9.8%	'11-'22 Revenue CAGR
9.0%	'11-'22 Avocado Volume CAGR
~19%	FY 2022 Avocados Sourced from Owned Production
19	World-Class Facilities Across 9 Countries <sup>(1)</sup>

Source: Management and other publicly available information. (1) Includes our 4 global sales offices; 20<sup>th</sup> facility  
 Note: Fiscal year ended October 31. Revenue reflects Mission Produce only. 11

# Strategic Priorities Overview





# We Operate In a Large and Growing Market with Supportive Tailwinds

## Supporting Tailwinds Driving Market Growth

### 1. Consumer Interest in Healthy Eating:

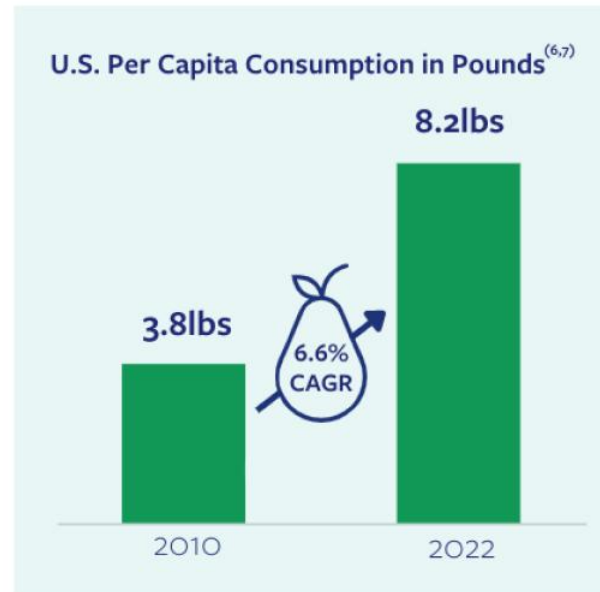
- With more than 20 vitamins and minerals, avocados are associated with heart health, weight health, and skin health. <sup>(1)</sup>
- More than half (55%) of consumers are willing to pay a premium for food that contributes to their health and wellness. <sup>(2)</sup>

### 2. Growing Hispanic Population:<sup>(3)</sup>

- 91% of Hispanic households purchase avocados, and the average annual avocado spend per Hispanic household is 73% higher than for non-Hispanic households <sup>(4)</sup>

### 3. Millennial & Gen-Z Consumption:

- 71% of millennial households purchase avocados. <sup>(4)</sup>
- About 35% of Generation Z are Hispanic, compared to 17% of millennials and 12% of Generation X. <sup>(5)</sup>



<sup>(1)</sup>Hass Avocado Board. Avocado Nutrition Facts Chart. <sup>(2)</sup> Deloitte. Healthy Eating Creates New Opportunities for Growth in Fresh Food. Sept. 26, 2022. <sup>(3)</sup> Pew Research Center. A Brief Statistical Portrait of the Hispanic Population in the United States. <sup>(4)</sup> Numerator Insights. 12 months ending May 31, 2023. <sup>(5)</sup> Rabobank. Avocado Consumption to Continue Setting Records. May 2021. <sup>(6)</sup> U.S.D.A. Per Capita Consumption Data. <sup>(7)</sup> CIRAD. Fruitrop Magazine.

# Global Avocado Consumption is Poised to Grow

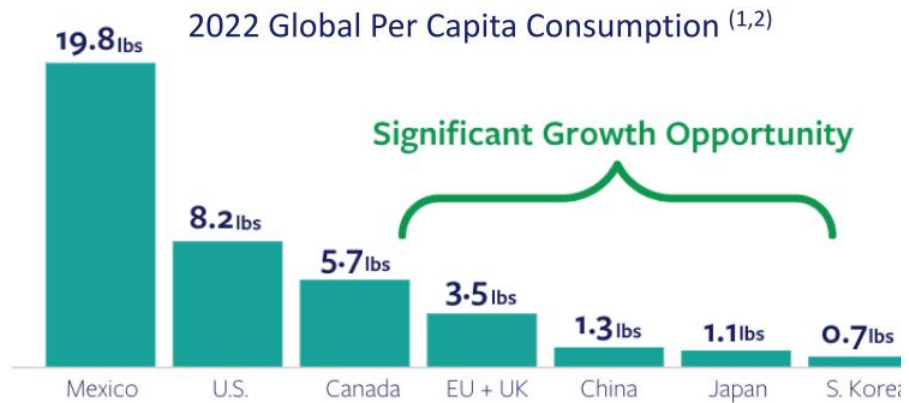
Mission is driving year-round availability in international markets to meet growing demand

## International Growth Opportunity:

- ▶ Increasing global availability
- ▶ Increasing household penetration
- ▶ Innovation & expansion of logistics & production

## Competitive International Positioning:

- ▶ Meeting gaps in supply with increasing exports
- ▶ Increasing international distribution in key markets
- ▶ Expanding international customer base in EU & Asia



# The Mission Advantage:

## Key Relationships:

Our relationships extend across thousands of avocado growers and regions globally

## Time and Capital Investments:

Capital investment, ripening and logistics expertise, and significant lead time from seed to fruit

## Cultivation and Farming Expertise:

Our staff is dedicated to progressive and biodiverse farming practices to cultivate strong yields

## Economies of Scale:

Company-owned ripening, fulfillment, and distribution network

## Vertical Integration:

Our owned farms and partnerships with key players give us enhanced control over supply and farming practices

## Customer Relations and Market Intelligence:

Market intelligence data in consumer purchasing behaviors, market trends, and POS





## Global Sourcing Overview



# Diversified Sourcing & Year-Round Supply



California



Mexico



Guatemala



Dominican Republic

Colombia



Peru



Chile



South Africa





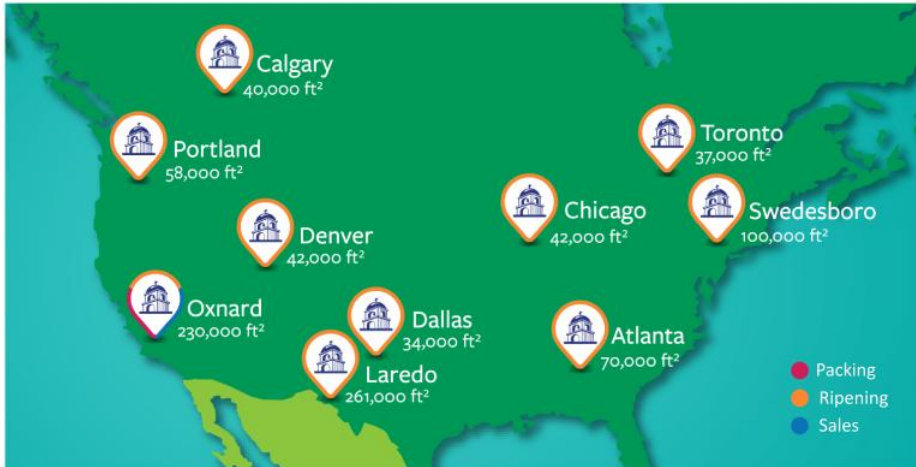


## Multiple-Source Strategy Drives Year-Round Availability to Meet Global Demand





## Extensive Infrastructure With State-of-the-Art Facilities

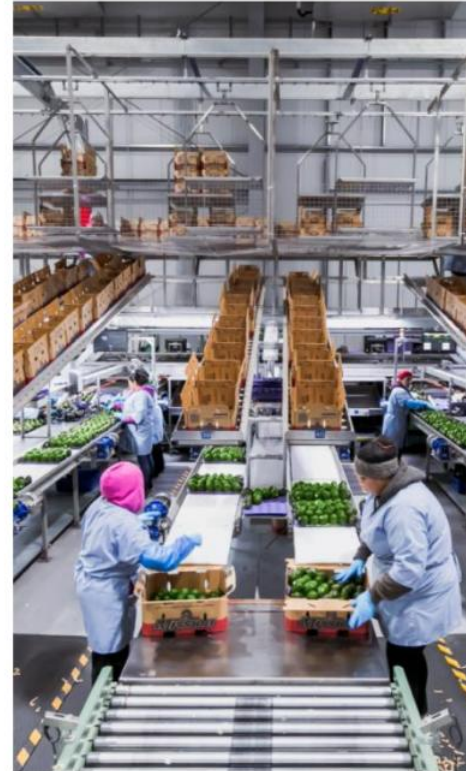


### Packhouse Advantages

- ▶ High-definition grading cameras
- ▶ State-of-the-art washing, sorting, packing, and bagging line
- ▶ Industry-leading post-harvest practices (cold chain)
- ▶ Ocean container plug-ins

### Forward Distribution and Ripening Center Advantages

- ▶ Ability to ripen to customer specification
- ▶ Ability to store and deliver volume opportunistically as customer demand evolves
- ▶ Proximity to clients





## International Farming Overview





# Peruvian Operations Overview

- ▶ >\$350M investment to-date
  - ▶ ~5,400 jobs<sup>(1)</sup>
  - ▶ 1 packing house
  - ▶ ~5,600 total hectares

Total Hectares by Region & Commodity<sup>(2)</sup>

	Peru	Guatemala	Colombia
Avocado	3,900	300	600
Blueberry	460		
Mango	300		
<b>Total</b>	<b>4,660</b>	<b>300</b>	<b>600</b>



# Owned Operations: Cultivated Farms Annual Growth





# Owned Agricultural Operations in Hectares\*





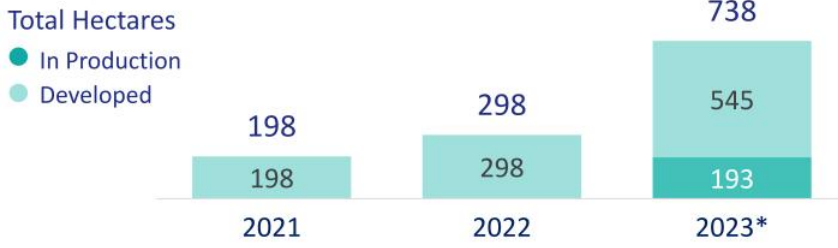
# Owned Agricultural Operations: Exportable Volume





## Guatemalan Operation: Farm Growth

**CAPEX:** ▶ 738 Hectares ▶ ~\$31.8M to-date

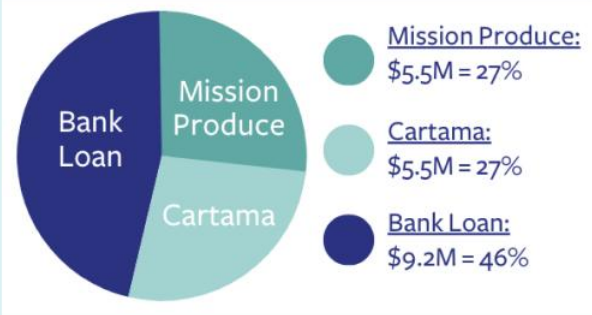






# Colombian Operation: Copaltas

- ▶ 50/50 Joint Venture between Mission Produce and Cartama
- ▶ Total Investment<sup>(1)</sup> of ~\$20M to-date



Hectares by Year

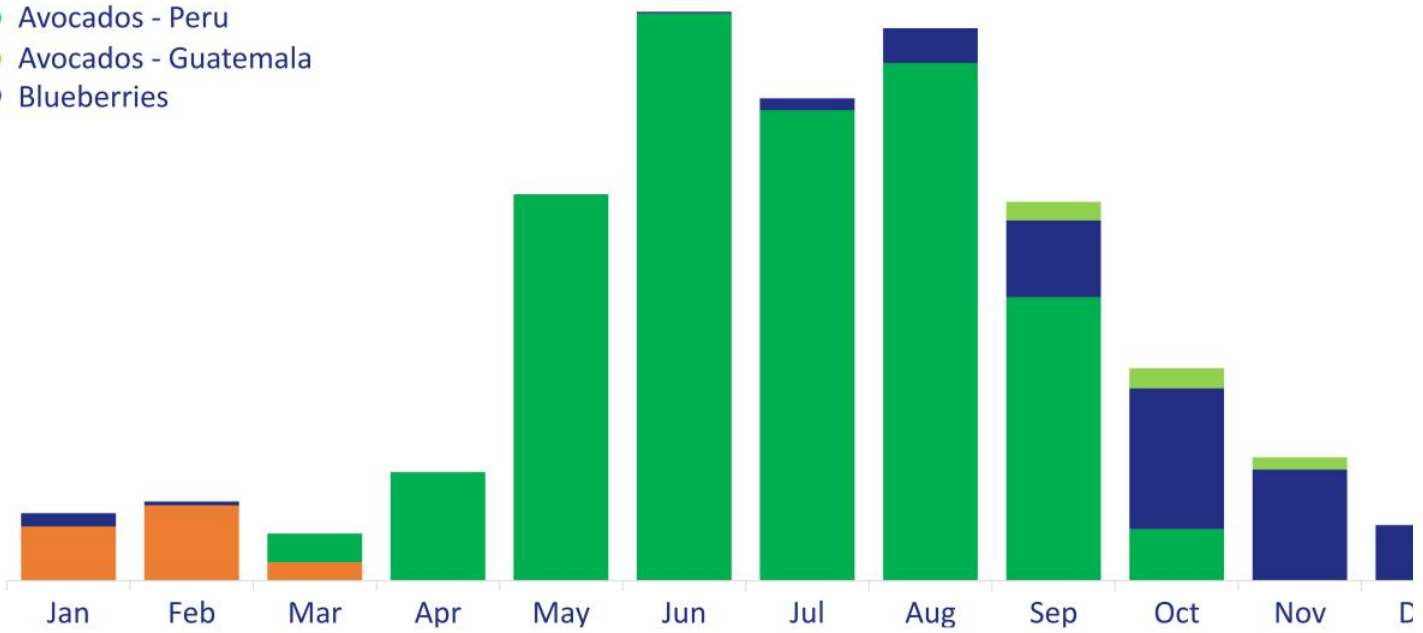


(1) The values have been re-expressed from Colombian pesos to American dollars. (\*) \* Estimated at



## Agricultural Production: General Monthly Distribution by Crop

- Mangos
- Avocados - Peru
- Avocados - Guatemala
- Blueberries

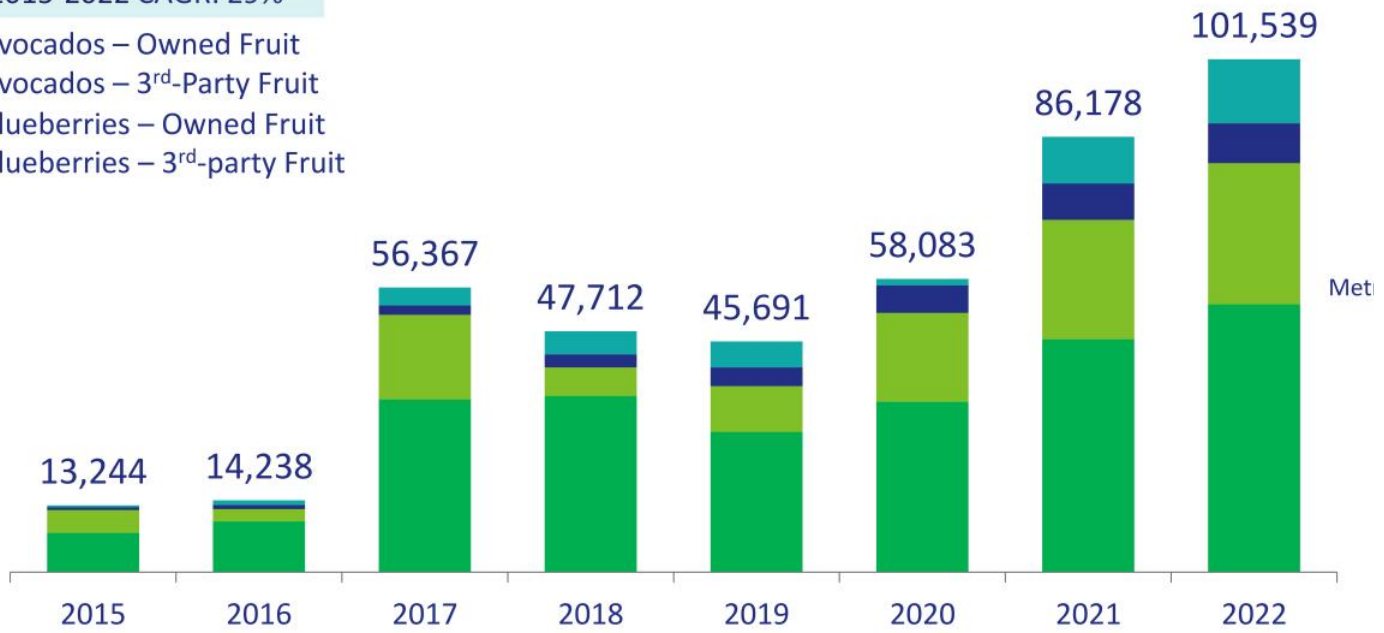




# Owned Operations: Avocado Packing Volume Growth

► 2015-2022 CAGR: 29%

- Avocados – Owned Fruit
- Avocados – 3<sup>rd</sup>-Party Fruit
- Blueberries – Owned Fruit
- Blueberries – 3<sup>rd</sup>-party Fruit





# Owned Operations: Exported Container Growth of Mission Fruit

► 2015-2022 CAGR: 31%

- Avocados
- Blueberries
- Mangos





## Market Development & Industry Demand





## Strategic Choices to Drive Profitable Growth



### **In which markets do we compete?**

Retail, Food Service, Wholesale, and International



### **How is our customer base selected?**

We are focused on growing volume with margin-accretive customers across channels



### **What differentiates us from our competitors?**

We are the preferred partner by delivering a superior product, world-class service, and innovative solutions

# Channel Segmentation Strategy Based on Growth and Profitability

We are focused on growing Retail, Food Service, Wholesale, and International Channel:

## Customer Channel Segmentation by Volume

(as of FYTD May 27, 2023)



▶ Competitively positioned in sales, sourcing and operations to serve customers year-round, growing demand across the globe

▶ Align our business with customers that hold strong market positions nationally and regionally in their respective channels

- ▶ Strategic locations in key markets
- ▶ Scalability
- ▶ Surety of supply
- ▶ Consistent quality

▶ Leading our customer & partner relationships through our core values:

FIRST (Fun, Innovative, Reliable, Successful, Trustworthy)



## Mission is Positioned as a Preferred Supplier by Offering Custom Programs & Value-Added Services

We provide customers with leading operations and industry insights geared toward driving sales

- Ripening to customer specifications
- Logistics management (especially trucking)
- Hands-on training to facilitate proper fruit handling & educational resources
- Merchandising and promotional support
- Around-the-clock customer support and availability
- Consumer-friendly bagging and custom packaging
- Category management
  - Avocado Intel Insights on market trends and consumer behavior
  - Quarterly category analysis & reviews







Our global sourcing, ripening, and distribution network combined with our value-added services promotes customer category growth

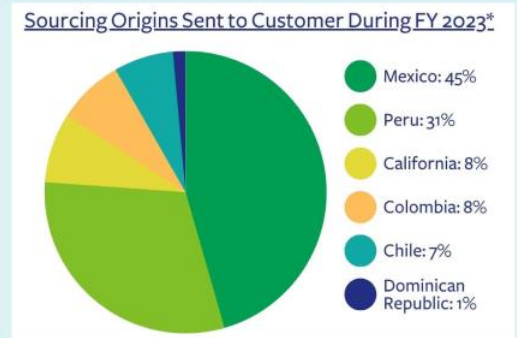
**National Retailer Case Study: Growing Volume**



**Mission is positioned to grow customer volume and distribution**

- ▶ Strategically located distribution centers
- ▶ Surety of supply
- ▶ Peruvian program benefits
- ▶ Consistent quality
- ▶ Value-added ripening, bagging, & custom programs
- ▶ Category management

**Foodservice Customer Case Study: Supply Diversification**



**Mission's continued investment in vertical integration supports year-round supply**

- ▶ Sourcing capabilities across premium growing regions
- ▶ Industry-leading food safety & quality standards
- ▶ World-class service
- ▶ Nationwide distribution
- ▶ Custom ripening programs
- ▶ Order flexibility



Financial  
Performance





## Historical Revenue / Volume Growth

Attractive industry tailwinds combined with visionary leadership driving strong long-term growth

2011 - 2022 CAGR:

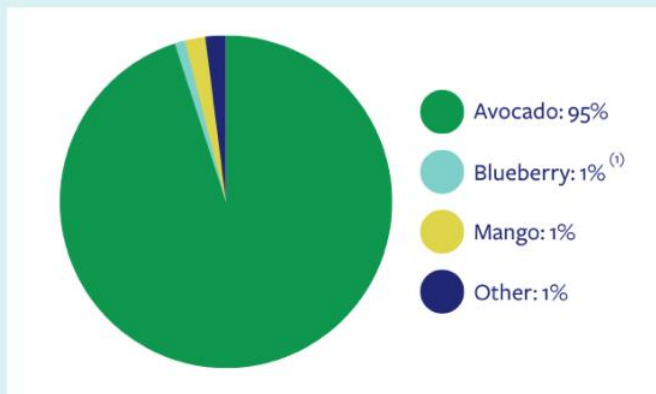
► Revenue: +9.8% ► Volume +9.0%





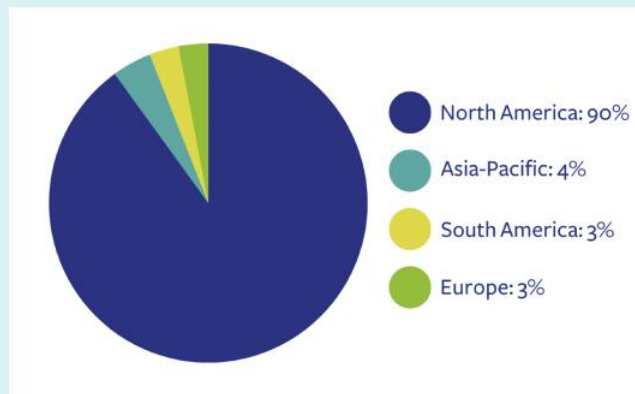
## 2022 Revenue Overview

Sales by Type



- ▶ Focus on avocados
- ▶ Ancillary revenues derived from synergistic products

Sales by End Market



- ▶ North America concentration
- ▶ FY22 international sales negatively impacted by supply constraints – significant opportunities exist with consistent supply



# Historical Quarterly Financial Performance

Fiscal third and fourth quarters typically strongest due to uplift from seasonal sales from our Peru operation

Revenue (\$mm)												
	\$197.5	\$221.6	\$236.4	\$206.8	\$173.2	\$234.7	\$246.8	\$237.0	\$216.6	\$278.1	\$313.2	\$23
	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22
% Annual contribution <sup>(1)</sup>	23%	26%	27%	24%	19%	26%	28%	27%	21%	27%	30%	23%
Avocado volume (mm lbs)	152.2	133.9	164.2	168.7	162.9	163.0	167.2	160.1	134.0	131.5	149.6	160
Price/lb avocado	\$1.28	\$1.64	\$1.41	\$1.20	\$1.04	\$1.42	\$1.43	\$1.45	\$1.56	\$2.04	\$2.03	\$1
Gross Profit (\$mm)												
	\$19.4	\$21.5	\$44.2	\$39.5	\$22.7	\$27.1	\$40.9	\$33.8	\$0.5	\$19.8	\$42.6	\$26.5
	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22
% Annual contribution <sup>(1)</sup>	16%	17%	35%	32%	18%	22%	33%	27%	1%	22%	47%	30%
Gross margin	9.8%	9.7%	18.7%	19.1%	13.1%	11.5%	16.6%	14.3%	0.2%	7.1%	13.6%	11.1%
Net income (loss) (\$mm)												
	\$1.4	\$(14.8)	\$23.4	\$18.8	\$2.2	\$7.4	\$18.4	\$16.9	\$(13.4)	\$2.4	\$17.9	\$(41)
Adjusted EBITDA <sup>(3)</sup> (\$mm)												
	\$8.4	\$14.4	\$36.6	\$32.1	\$12.5	\$16.3	\$30.1	\$26.4	-\$10.4	\$9.2	\$31.6	\$17
	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22	Q4'22
% Annual contribution <sup>(1)</sup>	9%	16%	40%	35%	15%	19%	35%	31%	-22%	19%	66%	36%

Note: Fiscal year ended October 31. (1) % Annual Contribution calculated as the respective quarter's amount/total annual amount for the respective fiscal year. (2) Blueberries segment was consolidated prospectively on May 1, 2022. (3) Non-GAAP reconciliation local



## Variables Impacting Business Segment Financial Performance

### Marketing & Distribution

- ▶ Price/Volume – supply/demand
- ▶ Per unit margins - fruit buy/sell
  - ▶ Not directly correlated with pricing
  - ▶ L/T relationships, not contracts
  - ▶ S/T pricing commitments with customers
  - ▶ Supplier pricing model
  - ▶ Fixed price – MX, CA
  - ▶ Consignment – All else
- ▶ Value-added services
- ▶ Leverage of infrastructure
- ▶ Complementary products & services

### International Farming

- ▶ Volume – production yields
  - ▶ Longer tree maturity cycle
- ▶ Pricing
  - ▶ Size curve
  - ▶ Quality
  - ▶ Harvest phasing
  - ▶ End market development
- ▶ Marketed by Mission
- ▶ Cost controls
  - ▶ Leverage resources/investments
- ▶ Seasonality – Q3/Q4 timeframe
  - ▶ Will change over time with new supply sources (Guatemala)

### Blueberries

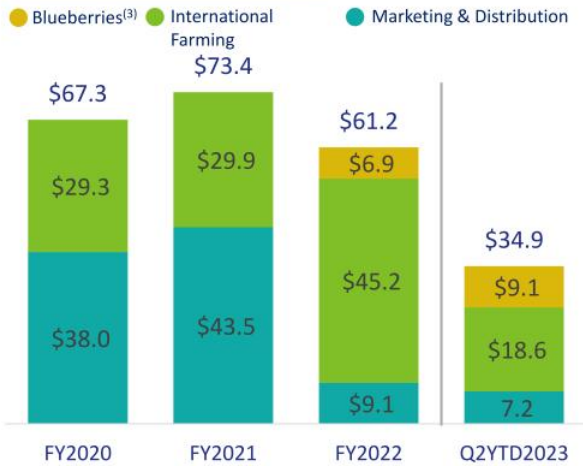
- ▶ Volume – production yields
  - ▶ Shorter plant maturity cycle
- ▶ Pricing
  - ▶ Varieties
  - ▶ Quality
  - ▶ Harvest phasing
  - ▶ End market development
- ▶ Marketed by 3<sup>rd</sup>-party partner
- ▶ Cost controls
- ▶ Seasonality – Q4/Q1 timeframe



## Recent Capital Investments

We have invested heavily in our business historically, which we believe will put us in a position to generate strong, free-cash flows in the coming years

Capital Expenditures (\$mm) <sup>(2)</sup>



► Invested >\$500mm across capital expenditures and equity investments during the past 10 years: <sup>(1)</sup>

- Mega facility in Laredo, TX supporting MX distribution throughout North America
- UK distribution facility supporting expansion to retail/food service customer base in UK market
- Avocado orchard development in Peru and Guatemala

► Modest leverage ratio despite capital-intensive mod

► Slowing investments in distribution & farming

- Distribution – focus on capacity utilization
- Farming – finish existing projects outside of Peru to fill in su calendar



## Long-term Financial Outlook

► Bullish outlook on avocado consumption driving global revenue growth, with volume and market share growth translating to improved leverage of distribution and farming investments

► Year-over-year variability to be expected in our industry – growth unlikely to come in steady, stable increments



Estimated Total Revenue Growth:  
Mid-Single Digits

Estimated Adjusted EBITDA Growth:  
High-Single Digits





## Closing Comments





Q&A





## Appendix



This presentation contains the non-GAAP financial measure “Adjusted EBITDA” and “Adjusted EBITDA Margin.” Management believes these measures provide useful information for analyzing the underlying business results. These measures are not in accordance with, nor are they a substitute for or superior to, the comparable financial measures by generally accepted accounting principles (“GAAP”). Reconciliations of these non-GAAP financial measures to the most comparable GAAP measures are included in the Appendix to this presentation where possible. The Company is unable to reconcile certain forecasted non-GAAP financial measures used herein, including adjusted EBITDA, without unreasonable efforts because a forecast of certain items, including taxes, interest, stock-based compensation, depreciation and amortization, income (loss) from equity method investees, other income, and other special, non-recurring or one-time items is not practical. Adjusted EBITDA refers to net income (loss), before interest expense, income taxes, depreciation and amortization expense, stock-based compensation expense, other income (expense), and income (loss) from equity method investees, further adjusted by asset impairment and disposals, net of insurance recoveries, farming costs for nonproductive orchards (which represents land lease costs), certain noncash and nonrecurring ERP costs, transaction costs, amortization of inventory adjustments recognized from business combinations, and any special, non-recurring, or one-time items such as remeasurements or impairments, and any portion of these items attributable to the noncontrolling interest, all of which are excluded from the results the CEO reviews uses to assess segment performance and results.

Adjusted EBITDA Margin refers to net income (loss), before interest expense, income taxes, depreciation and amortization expense, stock-based compensation expense, other income (expense), and income (loss) from equity method investees, further adjusted by asset impairment and disposals, net of insurance recoveries, farming costs for nonproductive orchards (which represents land lease costs), certain noncash and nonrecurring ERP costs, transaction costs, material legal settlements, and any special, non-recurring, or one-time items such as remeasurements or impairments, and any portion of these items attributable to the noncontrolling interest, as a percentage of net sales.

(\$mm except for percentages)	Non-GAAP Reconciliation			
	YTD Q2		LTM Q2	
	2023	2022	2023	2022
Net (loss) income	\$ (15)	\$ (11)	\$ (39)	\$ (35)
Interest expense	5	2	9	6
(Benefit) provision for income taxes	—	(2)	6	4
Depreciation and amortization <sup>(1)</sup>	15	10	30	25
Equity method income	(1)	(2)	(5)	(5)
Stock-based compensation	2	2	4	4
Legal settlement	—	—	—	—
Asset impairment and disposals, net of insurance	1	—	1	—
Farming costs for nonproductive orchards	1	1	2	2
ERP costs <sup>(2)</sup>	1	3	3	5
Amortization of inventory adjustment recognized from business combination	1	—	1	—
Transaction costs	—	1	—	1
Remeasurement gain on business combination with Moruga	—	—	(2)	(2)
Goodwill impairment	—	—	50	50
Other (income) expense	—	(5)	1	(4)
Noncontrolling interest <sup>(3)</sup>	—	—	—	(1)
<b>Adjusted EBITDA</b>	<b>\$ 10</b>	<b>\$ (1)</b>	<b>\$ 59</b>	<b>\$ 48</b>
Net sales	\$ 435	\$ 495	\$ 986	\$ 1,046
(Loss) income before income taxes	\$ (15)	\$ (13)	\$ (34)	\$ (31)
Operating margin	(3)%	(3)%	(3)%	(3)%
Interest expense	1	—	1	1
Depreciation and amortization	3	2	3	2
Equity method income	—	—	—	—
ERP costs	—	1	—	—
Goodwill impairment	—	—	5	5
Other income	—	(1)	—	—
<b>Adjusted EBITDA margin</b>	<b>2 %</b>	<b>— %</b>	<b>6 %</b>	<b>5 %</b>

Totals may not sum due to rounding.

- (1) Includes depreciation and amortization of purchase accounting assets of: \$1.7 million and \$0.1 million for the six months ended April 30, 2023 and 2022, and \$1.4 million for the twelve months ended April 30, 2023, and \$1.4 million and \$0.2 million for the years ended October 31, 2022 and 2021, respectively.
- (2) Includes recognition of deferred implementation costs during all periods. Also includes process reengineering costs for the six months ended April 30, 2023, and the year ended October 31, 2022.
- (3) Represents net loss attributable to noncontrolling interest plus the impact of non-GAAP adjustments, allocable to the noncontrolling owner based on their ownership interest.

Reconciliation of Quarterly Non-GAAP Measure												
(\$mm)	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22	Q3'22	
Net income (loss)	\$ 1.4	\$ (14.8)	\$ 23.4	\$ 18.8	\$ 2.2	\$ 7.4	\$ 18.4	\$ 16.9	\$ (13.4)	\$ 2.4	\$ 17.9	
Interest expense	2.1	2.3	1.1	1.2	0.9	0.8	1.0	1.0	0.9	1.1	1.5	
Provision (benefit) for income taxes	0.7	3.5	6.2	4.6	7.3	2.1	5.9	5.8	(2.5)	0.8	5.4	
Depreciation and amortization <sup>(1)</sup>	3.4	3.7	5.5	5.5	3.6	4.0	6.1	6.7	4.5	5.6	7.1	
Equity method income	—	(0.4)	(1.2)	(2.4)	(2.3)	0.2	(2.1)	(3.3)	(1.6)	(0.3)	(1.7)	
Stock-based compensation	0.4	0.3	0.4	3.9	0.8	0.7	0.5	0.6	0.8	0.9	0.9	
Legal settlement	—	—	—	—	—	0.8	—	—	—	—	—	
Impairment on equity method	—	21.2	—	—	—	—	—	—	—	—	—	
Asset impairment and disposals, net of insurance recoveries	—	—	—	—	—	—	(0.2)	—	0.1	(0.1)	0.2	
Farming costs	—	—	—	—	—	—	—	0.8	0.5	0.3	0.3	
ERP costs	—	—	—	—	—	—	—	—	1.5	1.3	1.0	
Goodwill impairment	—	—	—	—	—	—	—	—	—	—	—	
Remeasurement gain on business combination with Moruga	—	—	—	—	—	—	—	—	—	—	(2.0)	
Transaction costs	—	—	—	—	—	—	—	—	0.4	0.1	—	
Amortization of inventory adjustment recognized from business combination	—	—	—	—	—	—	—	—	—	—	—	
Other expense (income)	0.4	(1.4)	1.2	0.5	—	0.3	0.5	(2.1)	(1.6)	(2.9)	0.9	
Noncontrolling interest <sup>(3)</sup>	—	—	—	—	—	—	—	—	—	—	0.1	
Adjusted EBITDA	\$ 8.4	\$ 14.4	\$ 36.6	\$ 32.1	\$ 12.5	\$ 16.3	\$ 30.1	\$ 26.4	\$ (10.4)	\$ 9.2	\$ 31.6	

Totals may not sum due to rounding.

(1) Includes depreciation and amortization of purchase accounting assets.

(2) Includes recognition of deferred implementation costs and nonrecurring process reengineering costs.

(3) Represents net loss (income) attributable to noncontrolling interest plus the impact of non-GAAP adjustments, allocable to the noncontrolling owner based on their percentage of ownership interest.

