

WESTPEAK RESEARCH ASSOCIATION

Calavo Growers (NASDAQ: CVGW)

Consumer Staples – Farm Products

You Have Guac' to Love Them

March 1, 2019

Calavo Growers, Inc. ("Calavo") is a global leader in the avocado industry. The Company specializes in the procurement and distribution of fresh avocados, as well as the preparation of packaged food products.

Thesis

Vertical integration of their supply chain combined with strategic acquisitions that are immediately accretive to earnings have allowed Calavo to strengthen their current procurement, distribution, and retailing capabilities. Recent investments into production facilities will increase capacity and drive more volume of sales. Industry growth in the fresh packaged foods segment is expected to continue following a trend towards healthy packaged alternatives and we believe that Calavo's Renaissance Food Group (RFG) segment will be key in driving the engine for growth moving into the the next decade.

Drivers

Industry tailwinds and avocado consumption increasing by a CAGR of 7.8% over the last 10 years remain a stable driver for the company. Calavo's acquisition of RFG has positioned the company to capitalize on the growing trend of healthier food alternatives. Investments into production and distribution capabilities have allowed Calavo to leverage economies of scale and a robust distribution network to achieve just-in-time delivery of its fresh food products cultivating an environment for organic growth.

Valuation

Based on our analysis, we determined at a target share price of US\$97.69, representing a 14.0% upside of their current share price of US\$85.58. We arrived at this implied valuation using a 40% DCF and 60% comparable companies' analysis weighting. We believe that Calavo is currently undervalued and as a result, we initiate a **Buy** rating on Calavo Growers.

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Equity Research	United States
Price Target	USD\$ 98.00
Rating	Hold
Share Price (Mar 1, 2019)	USD\$ 85.58
Total Return	14.0%

Key Statistics	
52 Week H/L	\$107.15/\$69.35
Market Capitalization	\$1268M
Average Daily Trading Volume	\$149M
Net Debt	\$15M
Enterprise Value	\$1283M
Net Debt/EBITDA	0.3x
Diluted Shares Outstanding	18M
Free Float	90%
Dividend Yield	1.4%

WestPeak's Forecast

	2018A	2019E	2020E
Revenue	\$1.1B	\$1.2B	\$1.4B
EBITDA	\$70M	\$83M	\$103M
Net Income	\$32M	\$43M	\$55M
EPS	\$1.84	\$2.47	\$3.13
P/E	47.6x	37.7x	29.8x
EV/EBITDA	23.6x	22.11x	17.8x

1-Year Price Performance



Company Analysis

Business Summary

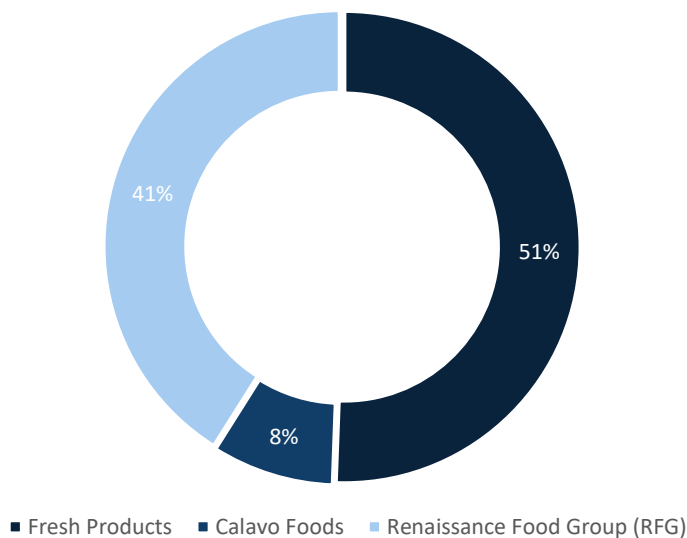
Calavo Growers, Inc. is an avocado company operating domestically and internationally in three core business segments: Fresh Products, Calavo Food and Renaissance Food Group (RFG). The company specializes in the procurement, marketing, packaging and preparation of fresh avocados and fresh food products for distribution to local retailers, mass retailers, supermarkets and convenience stores around the world. Calavo acquires avocados in addition to other produce such as tomatoes and papaya grown primarily in California, Mexico, and Peru. Founded in 1924 and headquartered in Santa Paula, California, Calavo has grown to over 2,500 employees across the United States and Mexico. Calavo's avocado industry leadership, multi-faceted business model, and seasoned management team have led the company to 25 consecutive quarters of double-digit sales growth.

Business Segments

Fresh Products

Fresh remains Calavo's primary revenue segment, focusing on the marketing, procurement, and distribution of fresh avocados. Calavo's diversified product assortment, reliable product quality, and value-added programs ensure Calavo remains a market leader in avocado distribution and provides Calavo with a competitive edge in servicing retail and food service consumers. Sales of Fresh Products are subject to seasonal fluctuations and represent 51% of Calavo's total revenue. While avocados remain the main driver of this segment, the company has focused their efforts on diversifying their fresh product offerings to include tomatoes, papayas, and other seasonal items.

Exhibit 1: Calavo Business Revenue Segments



Source: 2017 Annual Report

Calavo Foods

The Calavo Foods segment is involved in purchasing, manufacturing, and distributing prepared products, including guacamole and salsa. The Calavo Foods segment originated from the company's need to stabilize prices of California avocados by reducing the volume of fresh avocados in the market and instead developing new products such as refrigerated guacamole recipes with longer shelf-lives than the fresh avocado. Calavo Foods uses ultra-high-pressure technology equipment designed to protect foods without the need of preservatives. This process aims to destroy bacterial cells that facilitate the oxidation and spoilage of fresh food products. A key outcome of this procedure is that it ensures higher levels of food safety, longer shelf-life of packaged guacamole, and quality unchanged taste of finished packaged products. Under its Calavo family of brand labels and private labels, Calavo sells its products to major supermarket chains, wholesalers, food service and other distributors.

Exhibit 2: Calavo Foods and Fresh Products Brands



Source: Company Website

Renaissance Food Group ("RFG")

RFG sales contribute to 41% of Calavo's total revenue with products consisting of fresh-cut fruits, ready-to-eat vegetables, entrée salads, wraps, sandwiches, and various ready-to-heat entrees and deli items. Calavo acquired Renaissance Food Group in 2011 as part of the company's focus on expanding into the Packaged Fresh Food sector. The transaction was immediately accretive to earnings and allowed Calavo to capitalize on multiple synergies in sourcing, distributing, customer management, and ripening operations. The acquisition was a near-perfect fit for Calavo's growth strategy of expanding into new business segments and accelerated the company's growth in the consumer-packaged goods (CPG) sector at a CAGR of 14.3% since 2011. The deal positioned Calavo strategically to establish a market presence in the delivery of convenient, fresh, and healthy packaged retail goods. RFG utilizes its network to distribute high quality, freshly packaged foods for consumers via retail, supermarkets, club stores, convenience stores, and specialty/natural retailers. As a leader in refrigerated fresh packaged goods, RFG leverages its core network of company-operated and independently-operated food facilities across the US to deliver refrigerated fresh foods within hours of production. The access to this vast distribution network has given Calavo the advantage of improving speed-to-market and just-in-time delivery of its products.

Exhibit 3: Renaissance Food Group Products



Source: Company Website

Business Strategy

Calavo's commitment to fresh quality product, multi-platform model, and investment in capital expenditure have allowed the company to develop a sustained competitive advantage in the avocado industry through its vast distribution networks. The company's robust distribution network is comprised of hundreds of dealers and partners, allowing Calavo to maximize its coverage across North America. This decade-long strategy has allowed Calavo to increase production capabilities to capitalize on shifting consumer trends across the nation. Their investments in improving production capabilities have enabled Calavo to benefit from a strong competitive advantage by leveraging economies of scale and industry best practices in procuring avocados. This has resulted in stronger crop yields that have contributed to the company's strong growth. Calavo's business strategy focuses on its multi-platform model which focuses on investments into capital expenditure and distribution networks to maximize its coverage across North American. Calavo's robust distribution network is comprised of hundreds of dealers and partners. Further, the company has invested into new production facilities to further its processing and procurement capabilities. A key component of their all-encompassing strategy has been the vertical integration of their key business activities in order to maximize crop yields and turn their raw materials into distributable products. As a result, Calavo has been successful in developing a competitive advantage in the avocado industry by leveraging its economies of scale and industry best practices in procuring avocados.

Complimentary Business Segments and Proprietary Technology

The synergies in Calavo's three core segments, Fresh Products, RFG, and Calavo Foods allow the company to benefit from cost reduction in areas of packaging and refrigeration. Products that do not meet acceptable standards for wholesale are converted into packaged goods reducing overall food wastage. We believe that one of Calavo's strength is in their ability to develop strong long-term contracts with their customers allowing them to establish a solid foundation for their business and ensure steady cash flow generation for the next 5 years. Calavo employs field personnel to work directly with growers and farmers to forecast and time the delivery of avocado crop to meet demand nationwide. Calavo has trademarked value-added programs designed to differentiate their products and services from those of competitors. Their proprietary "Value-

Added Ripening: ProRipeVIP™ and TasteTech Near Infrared (NIR)™ technology ensure inherent qualities are maintained as well as key features such as firmness, ripeness, and size. Driven by market research, the company’s Value-Added Packaging program has generated appeal among consumers by transitioning to avocados presented in bags as opposed to conventional bulk displays.

Capital Allocation

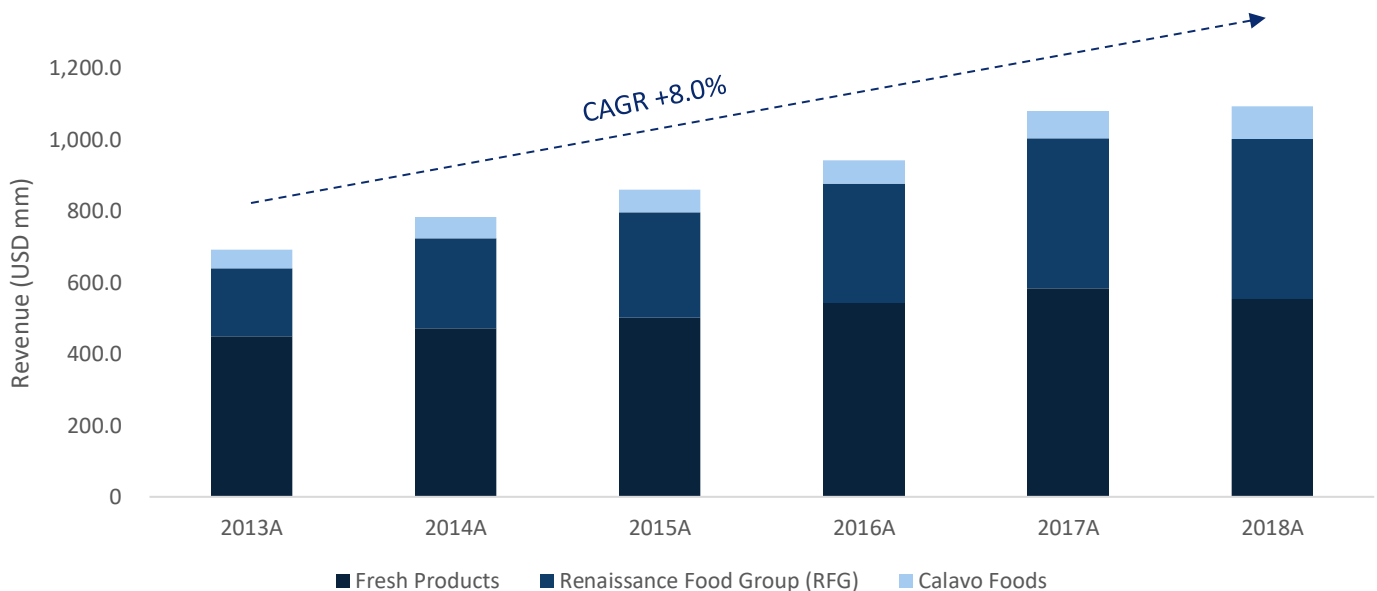
Calavo’s commitment to building value for their owners falls on three main pillars: shareholder return, wealth creation, and investment and reinvestment. First, the company maximizes shareholder value through the issuance of annual dividends and maintaining ample capital to invest in the growth of its core business segments. In 2017, Calavo increased its dividend payment for the fifth consecutive year to 95 cents per common share, resulting in a 0.54 payout ratio to shareholders at a 1.24% dividend yield. Second, Calavo’s stance on wealth creation focuses on continuing to vertically integrate its supply chain through strategic acquisitions resulting in cost synergies that have led to gradual margin expansion over the last three years. Finally, Calavo added more production facilities by investing over \$95 million into capital expenditures (CAPEX) to help strengthen their core business functions and to ensure seamless coverage of the avocado industry across the country.

Financial Performance

Core Business

The company’s expansion into CPG’s further diversified Calavo’s product offering and has resulted in consistent YoY growth at a compounded annual growth rate (CAGR) of 8.0%. This strong financial performance has led to upward revenue growth driven by double-digit revenue growth in the Calavo Foods segment while maintaining constant margins.

Exhibit 4: Calavo Revenue Growth



Source: Capital IQ, Bloomberg

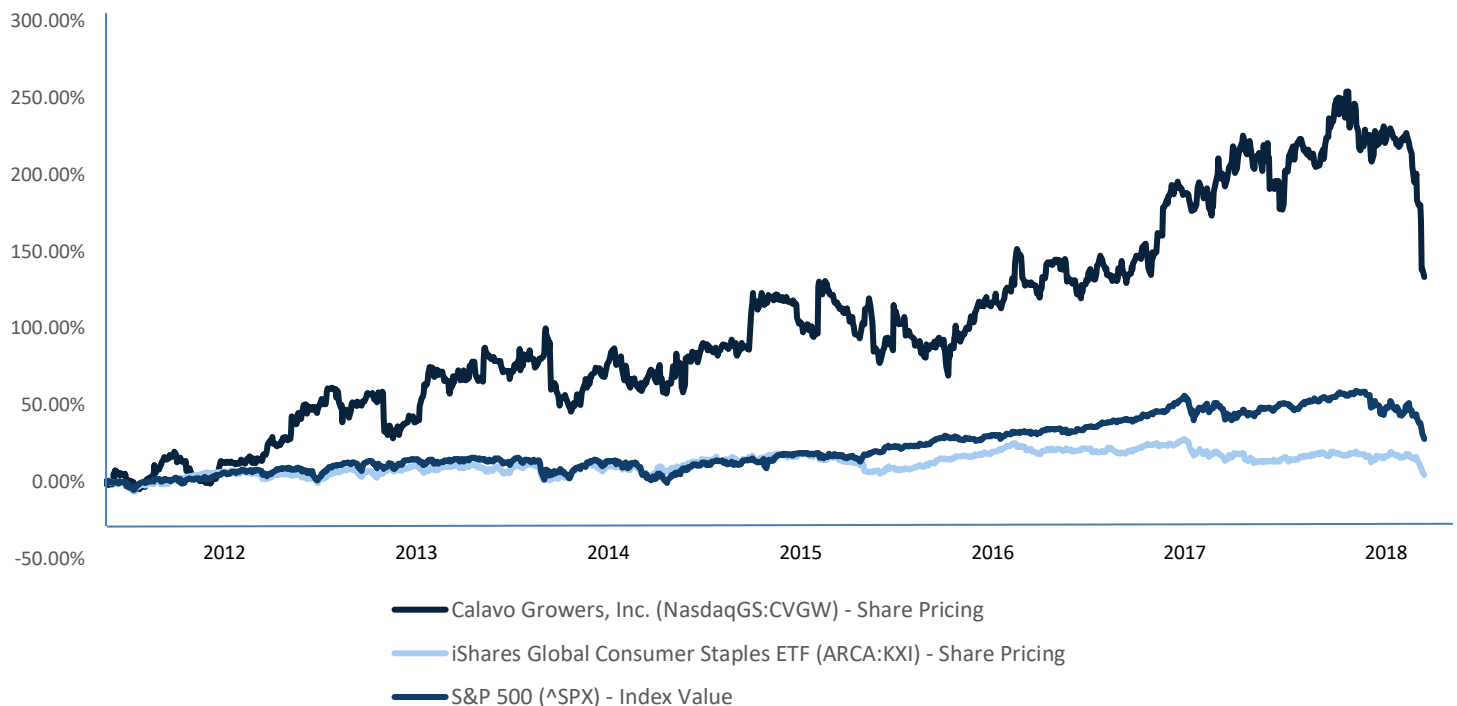
Capital Structure, Dividend Policy, and Balance Sheet Health

The company demonstrates a healthy capital structure with a 5.8% total debt-to-equity ratio and a 0.2x total debt-to-EBITDA ratio. Calavo's dividend policy aims to provide shareholders with annual dividend payments. Calavo's increasing profitability and strong financial performance have led the company to seven consecutive years of dividend increases, marking the 17th straight yearly payout by Calavo since their initial public offering in 2002. While dividend increases are not always healthy indicators, it exhibits confidence to shareholders. Calavo's impressive inventory turnover ratio of 29.6x is an industry leading average — compared to its next largest competitor Fresh Del Monte's 7.8x — and demonstrates prudent management of its supply chain activities. Relative to its peers, Calavo operates at 3.0x the asset turnover for the last five years, securing its position as a global leader in the avocado industry.

5-Year Historical Performance

Despite a volatile last-twelve-months (LTM) Calavo has consistently outperformed the Consumer Staples Index and the S&P 500 Index since 2012.

Exhibit 5: Historical Index Return Performance



Source: Capital IQ

Industry Analysis

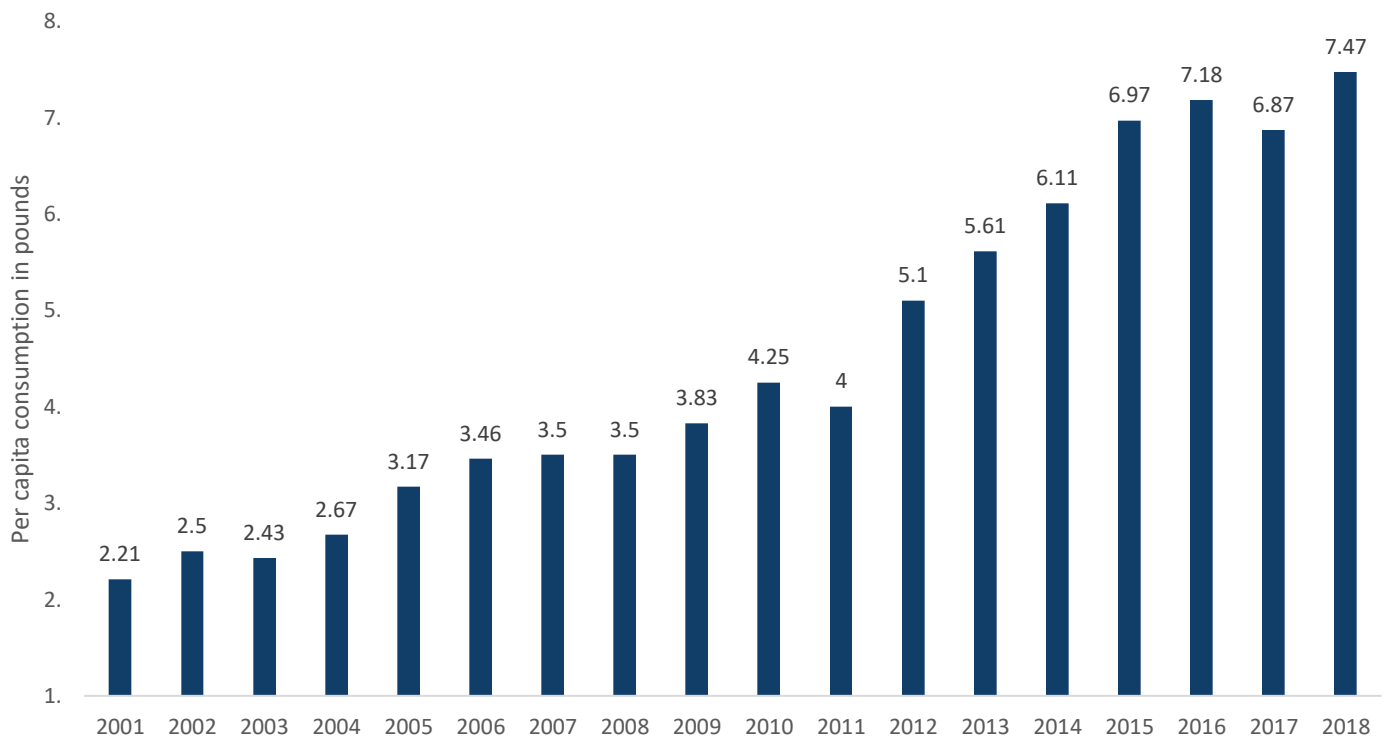
Competition

The avocado industry consists of hundreds of small avocado producers and procurers who operate in geographic regions in the world. While competition is fierce, it remains fragmented, and as a result, Calavo Growers has been able to establish a dominant foothold in the industry. Backed by superior bargaining power in the avocado industry, robust production capabilities, and top-tier sourcing, Calavo has reaped the benefits of economies of scale allowing the company to keep costs low. Vast partnerships with numerous suppliers effectively allow Calavo to diversify its supply source to multiple regions of the world.

Avocado Consumption

A recent survey conducted by the US Department of Agriculture: Economic Research Service reports that consumers are more conscious of the nutritional benefits associated with avocados when making their purchasing decision. Since 2012, US Per capita consumption (lbs) has increased from 4.0 lbs to 7.5 lbs, which equates to an additional 1 billion lbs of avocados. This demand is driven by the increasing health conscious millennial and Generation Z population who view avocados as nutritious foods in their diet. While growth has stagnated over the last three years, we believe demand will grow steadily as the generation of millinials embraces more healthier alternatives and become more health conscious.

Exhibit 6: Per Capita Consumption of Avocados



Source: Statista 2018, US Department of Agriculture; Economic Research Service

Consumer Trends and Purchase Drivers

A research conducted by Cooper Roberts Research has indicated that primary drivers for purchasing avocados is believing they contain numerous health benefits, good fats, and nutritional content. Secondary drivers include the taste, texture, and the versatility of consuming avocados. Healthy 'fats', good heart health, and weight loss have been a huge promotional focus for Calavo in their marketing campaign. Consumers have become more health conscious and have shifted away from conventional fast foods to healthier alternatives. Large multinational fast food chains and McDonalds, Burger King, and even Subway have begun to experience this trend and have adapted their menu accordingly with introduction of healthy salads, wraps, and even avocado subs. Avocados are not only consumed in households, but among many fast food chains like Subway and Chipotle, with over 45,000 locations worldwide. Healthy fast-food kits have emerged as top choices for young professionals who make up a large segment of the avocado purchasers in the United States.

Catalysts

Accretive Acquisitions

As internal growth accelerates, Calavo remains reluctant to deploying its vast financial resources. In recent years, the company has engaged in several mergers and acquisitions of various subsidiaries that complement their core business. Some examples of these investments include Fresh Realm, Agricola Don Memo, and Limoneira Co., who have provided Calavo with additional food technology and distribution capabilities. The company routinely evaluates potential transactions and opportunities that will immediately be accretive to earnings, and we believe that these continued accretive acquisitions will act as catalysts for growth moving into the future.

Exhibit 7: Historical Acquisitions Timeline and Share Price



Acquisition Timeline

- (1) Merger/Acquisition Announcement – Target: Maui Fresh International, Inc., Transaction Size 4.05MM.
- (2) Merger/Acquisition Completed – Target: Maui Fresh International, Inc., Transaction Size 4.05MM.
- (3) Merger/Acquisition Completed – Target: Limoneira Company, Transaction Size 13.04MM.
- (4) Business Expansions – Calavo doubles guacamole production and adds advanced-ripening depots in Texas.
- (5) Product Expansion – Calavo adds diversified fresh products with new greement for Calavo Brand Tomatoes.
- (6) Distribution Partnership – Maui Pineapple Company Ltd. Signs North American distribution agreement with Calavo.
- (7) Merger/Acquisition Completed – Target: Hawaiian Sweet Inc., and Hawaii Pride LLC, Transaction Size: \$12.5MM.
- (8) Merger/Acquisiton Completed – Target: Lisa's Salsa Company, Transaction Size: \$3.4MM (65% stake)
- (9) Merger/Acquisition Completed – Target: Renaissance Food Group LLC, Transaction Size: \$95.6MM

Source: Capital IQ

New Product Segments

Calavo continues to invest in new production facilities as part of their strategy to maintain control over their value chain. Vertical integration will provide Calavo the opportunity to tailor their new product offerings to consumer demands. Introduction of new products that capture the tastes and preferences of consumers have the potential impact to drive sales organically and we believe that this will be a potential catalyst for the company.

Management Team

Mr. Lecil E. Cole — Chairman, President and CEO

Calavo Growers Inc management team is led by veteran Lecil (Lee) E. Cole, who serves as President, Chairman of the Board and Chief Executive Officer. With over 40 years of experience in the consumer staples sector, Cole has served as an executive for Safeway Stores from 1964 to 1976 and was a Chairman and President of Hawaiian Sweet Inc (both entities were acquired in 2008 by Calavo). Lee owns approximately 2.87% (US\$40.8mm) of common stock in the company and his total compensation was US\$1.72 million with over half coming from stock and incentive-based compensation such as performance-based pay centralized around the superior financial results and significant growth.

Mr. B. John Lindeman – CFO and Corporate Secretary

B. John Lindeman brings over ten years of investment banking experience in the retail sector to Calavo's management team. As a Chartered Financial Analyst (CFA) holder, John was a previous co-head of retail investment banking and now serves as Calavo's Chief Financial Officer and Corporate Secretary. John owns approximately 0.82% (US\$1.17mm) of common stock, and together with Lee, the two have been able to navigate the company to consecutive years of earnings growth.

Shareholder Base, Liquidity, and Capital Structure

Shareholder Base

Calavo Grower's shareholder base consists primarily of institutional investors, with approximately 90% of shares held by institutions. Below is a breakdown of Calavo Growers, Inc., top 10 shareholders and their relative positions.

Exhibit 7: Calavo Top 10 Shareholder Base

Shareholder (Name)	Shares Owned (Equities)	% of Free Float (%)	Market Value (USD mm)	Insider? (Yes/No)
BlackRock, Inc.	2,435,811	13.87%	197.3	No
Neuberger Berman BD LLC	1,189,936	6.77%	96.4	No
The Vanguard Group, Inc.	1,174,821	6.69%	95.1	No
Dimensional Fund Advisors L.P.	667,196	3.80%	54.0	No
Stephens Investment Management LLC	649,016	3.70%	52.6	No
Cole, Lecil E. (CEO)	502,116	2.86%	40.7	Yes
State Street Global Advisors, Inc.	433,891	2.47%	35.1	No
Ranger Investment Management L.P.	420,711	2.40%	34.1	No
Riverbridge Partners, LLC	409,385	2.33%	33.2	No
BNY Mellon Asset Management	393,731	2.24%	31.9	No
Lord, Abnett & Co. LLC	379,080	2.16%	30.7	No
Top 10 shareholder base	8,655,694	49.27%	701.1	

Source: CapitalIQ

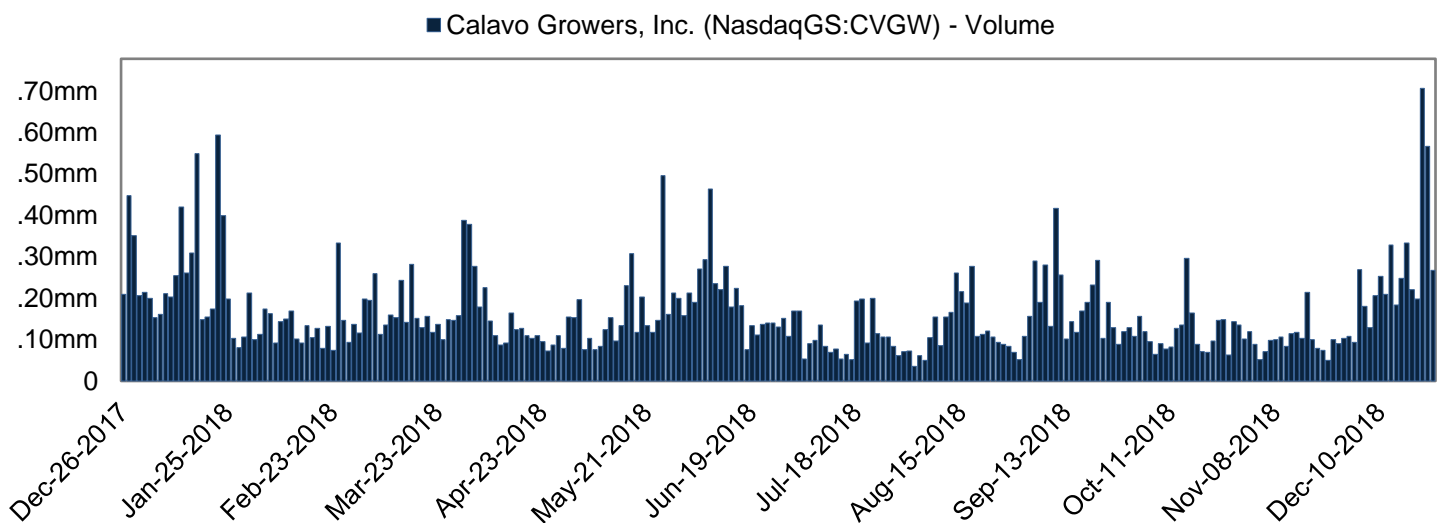
Capital Structure

Calavo has a very healthy balance sheet with a 0.28x total debt-to-total asset ratio. Management remains prudent with spending any excess cash the company retains and carefully evaluates investment opportunities to ensure it aligns with the company's core strategy and long-term vision.

Liquidity

The 90-day average daily trading volume for Calavo is 16.2MM, which suggests a healthy liquidity given its current market capitalization of \$1.4B. The company has averaged daily trading volumes of approximately 180.0K during this time with a high of 707.0K and a daily low of 50.5K

Exhibit 8: Calavo LTM Trading Volume



Source: Capital IQ

Investment Thesis

Our investment thesis rests on these four main points that we believe will move Calavo closer to its intrinsic value. We think that a bearish sentiment currently shrouds the market, and this represents a massive opportunity for investors.

High Growth in RFG Segment

Avocado consumption has historically grown at a CAGR of 7.8% over the last 10 years. Complementing this growth is an increased demand for healthier food alternatives free of preservatives and chemicals. The shift towards healthier food alternatives is representative of the growing millennial population who value variety, freshness, and quality. Calavo's RFG group is well positioned to capitalize on this opportunity as this segment has achieved critical success in catering their products and offerings to this growing market. Market research, product development, and innovative packaging have largely contributed to the success of the RFG segment, and we believe Calavo is well positioned to continue this trend moving into the future.

Vertical Integration of Value Chain

Calavo has injected US\$95 million dollars into additional production facilities across the US in order to maintain control over its supply chain. This focus on vertical integration has provided Calavo with the opportunity to continuously innovate its products and respond to the needs of a shifting consumer market. Additionally, this allows the company to maintain high quality products and keep costs low through economies of scope of complimentary product lines.

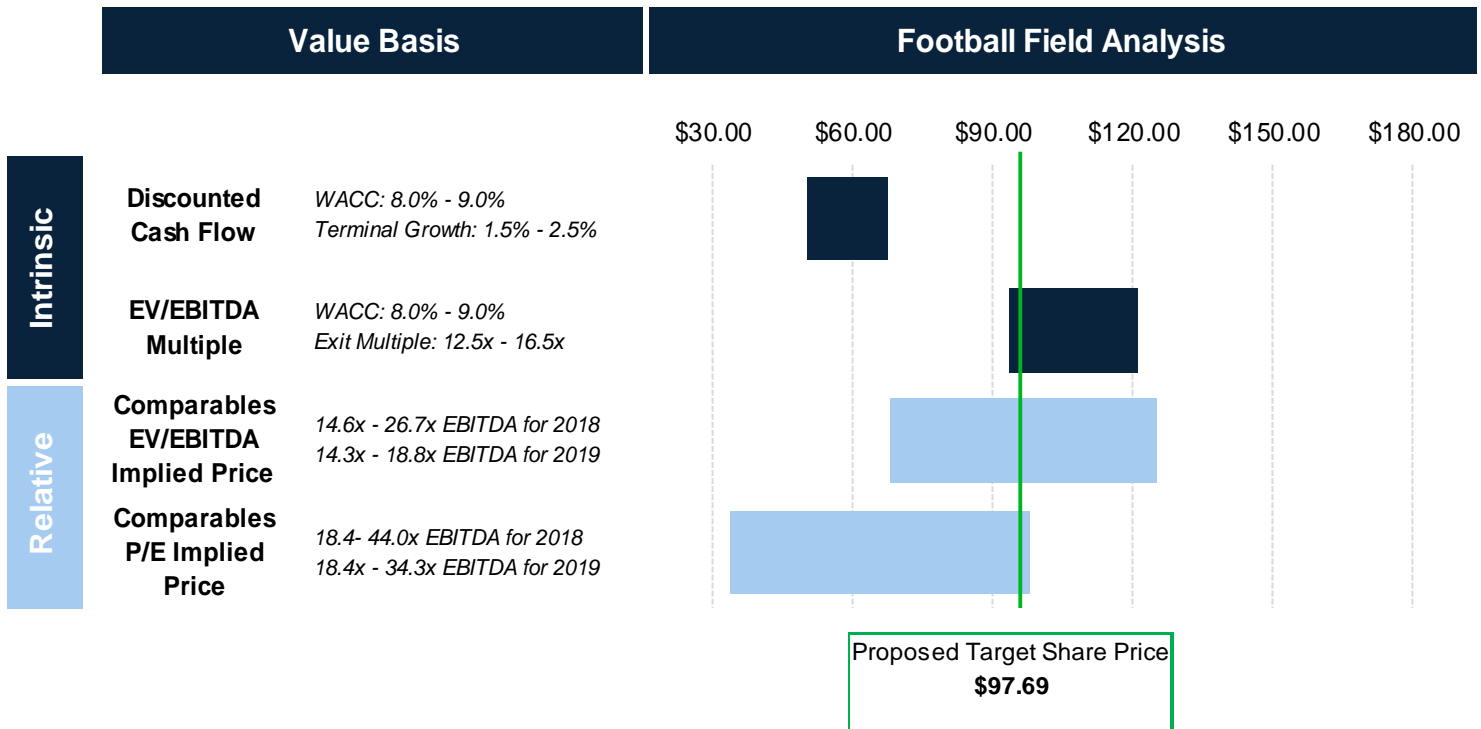
Strong Financial Performance, Clean Balance Sheet, and Attractive Valuation

Calavo has demonstrated strong financial performance in recent years and their increase in invested capital demonstrates management initiative in reinvesting into the business. We believe that this strong financial performance will continue as Calavo is prudent in managing their capital. Their clean balance sheet allows the company to lever up when needed and their core strategy has delivered impressive financial performance. Calavo’s forward P/E and EV/EBITDA are trading at a discount relative to their peers, and with baseline growth assumptions, we believe that the present value of their future free cash flows will generate moderate upside for investors.

Valuation

Our final valuation is computed using the following weighting scheme: 40% exit EV/EBITDA multiple of 16.5x, 40% mean comparable companies EV/EBITDA of 16.3x, and 20% forward P/E of 28.4x. Our DCF yielded an implied share price of US\$105.11. Our comps analysis yielded an implied share price of US\$95.73 and US\$86.80. Using these values, we arrived at a target share price of US\$97.69 representing a 14.0% upside of its current price of US\$85.58.

Exhibit 9: Football Field Analysis



Source: WestPeak Discounted Cash Flow Model

Discounted Cash Flow Assumptions

Fresh Products: Our revenue forecast for Calavo's Fresh segment remains constant annual growth rate of 12% decreasing over the next five years. We estimate this to be a conservative assumption as we have seen a decreasing trend in FY2016 and FY2017. This assumption is driven by the theory that consumers are moving towards fresh packaged goods as opposed to merely raw avocados and fruits.

Calavo Foods: Given strong double-digit financial performance from this segment in eight consecutive quarters, we projected similar double-digit growth averaging around 17% for the next five years. As Calavo Food's only represents a smaller portion of Calavo's total revenue, we believe this growth assumption to be a fair estimate as Calavo tailors its focus to push out its complementary dips, sauces, and other product brands.

Renaissance Food Group: Our revenue forecast for RFG remains optimistic with industry tailwinds showing definite signs of growth and demand in this segment. Based off management MD&A and analysts' predictions, we believe growth in this segment to be similar to FY2018, and as a result, we used a 15% growth rate decreasing from FY2019 to FY2023.

Gross Margin: Based on our revenue forecasts and CAPEX estimates, we believe gross margin to be similar to previous years holding constant between 12-13% for the next five years. As a result of economies of scale and increased production capabilities, we estimate that gross margin will gradually fluctuate by a few basis points YoY.

Capital Expenditures: Based on management's focus on increasing growth by acquiring new entities and building additional production capabilities, we held CAPEX at around 12.5% to 16.5% of beginning PP&E reflecting an industry average. We believe this assumption to stay constant as Calavo continues to invest in its production and distribution infrastructure.

Depreciation and Amortization: We used a straight-line depreciation method and estimated PP&E useful life to average around 9.4 years which we hold constant throughout our model.

Income Tax: We assumed an effective tax rate of 29.6% based off their most recent annual report and the the US corporate tax cuts.

Dividend Policy: Based on seven consecutive quarters of consistent dividend increases, we forecasted a US\$0.05 cent year over year increase from FY2019 to FY2023. We believe that the company's impressive retained earnings and strong balance sheet will allow Calavo to stick to its commitment of delivering high returns for shareholders.

Weighted Average Cost of Capital (WACC): The WACC we calculated equated to 8.7%. We used a U.S. 10 Year Treasury Bond yield of 2.75% and a market risk premium of 3.0% taken from Bloomberg. We used an effective tax rate of 29.6% and a beta of 0.86 from Bloomberg.

Terminal EV/EBITDA Multiple: Based on our analysis, we went with a 16.5x terminal EV/EBITDA exit multiple which we believe Calavo will hold constant going into perpetuity. We believe this is a fair assumption given their long history.

Comparable Company Analysis Set

Alico, Inc (NASDAQ: ALCO): Alico, Inc., and its subsidiaries operate in the agriculture business. Alico plants, cultivates, and produces citrus fruits for sale and distribution.

J & J Snack Foods Corp (NASDAQ:JJSF): J&J Snack Foods manufactures, markets, and distributes nutritional foods and beverages in North America. The company operates in food service, retail supermarket, and frozen beverages.

Limoneira Company (NASDAQ: LMNR): Limonera Company operates an agribusiness and real estate development company. The company grows lemons, avocados, oranges, speciality citrus and other crops.

Lancaster Colony Corporation (NASDAQ: LANC): Lancaser Colony Corporation manufactures and markets specialty food for retail and food service in the United States.

The Chef's Warehouse, Inc (NASDAQ: CHEF): The Chefs' Warehouse, Inc., distributes specialty food products and has a diverse product portfolio of a wide range of foods.

Recommendation

Hold

Based on our analysis, we believe that market's sentiment on Calavo represents a great opportunity to purchase Calavo at a discount. As Calavo continues to vertically integrate its supply chain and invest in further production capabilities, we believe that the company is well prepared to capitalize on the growing trend of health-conscious consumers. Calavo's potential for growth through inorganic means such as acquisitions, or organically through investment in its various business segments represent a strong foundation for future growth. With this in consideration, we recommend a **Hold** on Calavo Growers, Inc with a target share price of \$97.69 and current dividend yield of 1.23%, representing a 14.2% upside of its current share price of \$85.58.

Risks

Government Regulations

The company operates in Mexico and the US and is subject to regulations by the Federal Trade Commission, California State Department of Food and Agriculture, and the U.S. Food and Drug Administration. Regulations include tax, food safety, state taxes, and importation taxes. If Mexico imposed strict regulations on how Calavo operates internationally, this can have adverse effects on the overall production and procurement of avocados leading to a decline in sales. Calavo has attempted to mitigate this by ensuring that they are operating within the rules and regulations domestically and internationally.

US-Mexico Border Wall

Recent events and tweets from the President of the United States (POTUS) remain a constant threat over Calavo's operations. While discussions of a US-Mexico wall emerge, and risks of 20% import tax, economists have argued that given 80% of avocados are imported from Mexico into the U.S., avocados would be one of many products exempted from this tax. Further, economists have calculated that after taxes have been factored in, the cost passed onto consumers would only fluctuate between US\$0.10 to US\$0.30 cents.

Weather and Biological Contamination

Many agricultural industries are susceptible to climate change and biological contamination. These adverse effects could affect crop yields and have the potential to decrease production which will impact Calavo's finances quite heavily. While the impact of this risk may be high, technology and improved crop control techniques ensure that soil, water, and crop fields operate at an optimal state. With many advances in technology, we believe the risk of biological contamination to be relatively low as internal controls are in place to ensure quality production.

Currency Exchange Fluctuations

Foreign exchange risk may impact operations by increasing the cost to obtain products in international markets. Currently Calavo does not hedge against any foreign currency exposure and as a result, is quite susceptible to fluctuations in foreign exchange.

Appendix 1: Summary Page

	Oct-13	Oct-14	Oct-15	Oct-16	Oct-17	Oct-18	Oct-19	Oct-20	Oct-21	Oct-22	Oct-23
(Figures in mm USD)	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Income Statement											
Revenue	691.5	782.5	856.8	935.7	1,075.6	1,088.8	1,211.7	1,375.3	1,550.1	1,730.9	1,907.9
EBITDA	(0.5)	(9.5)	51.7	69.9	68.6	69.6	82.6	104.0	113.3	130.9	149.0
Net Income	(2.7)	(0.2)	27.2	38.5	37.3	32.0	44.0	57.4	63.2	74.3	85.6
Earnings Per Share	\$ (0.12)	\$ 0.01	\$ 1.57	\$ 2.18	\$ 2.13	\$ 1.84	\$ 2.50	\$ 3.27	\$ 3.60	\$ 4.23	\$ 4.87
Cash Flow Statement											
Capital Expenditures	(6.7)	(11.6)	(18.1)	(21.9)	(44.5)	(15.0)	(24.0)	(17.9)	(19.8)	(22.0)	(24.6)
Acquisitions	-	(0.1)	-	(3.9)	(9.1)	(3.5)	-	-	-	-	-
Divestitures	-	-	0.4	0.0	0.4	0.4	-	-	-	-	-
Dividend Payment	(9.6)	(11.0)	(13.0)	(13.9)	(15.7)	(16.7)	(17.5)	(19.2)	(20.1)	(21.0)	(21.8)
Dividend Per Share	\$ 0.70	\$ 0.75	\$ 0.80	\$ 0.90	\$ 0.95	\$ 1.00	\$ 1.05	\$ 1.10	\$ 1.15	\$ 1.20	\$ 1.25
Dividend Payout to Earnings	-359.4%	-5119%	47.7%	36.2%	42.1%	52.0%	39.7%	33.5%	31.8%	28.2%	25.5%
Dividend Payout to Core FCF	29.1%	24.6%	22.0%	19.0%	15.6%	20.4%	21.5%	21.5%	20.6%	18.8%	17.3%
Dividend Yield	1.8%	1.5%	1.4%	1.4%	1.1%	1.1%	1.2%	1.2%	1.3%	1.4%	1.4%
Balance Sheet											
Current Assets	109.7	123.0	116.8	135.0	119.8	128.5	227.7	272.5	329.3	394.5	467.8
Non-Current Assets	130.2	160.4	168.1	193.0	244.3	239.2	249.9	253.7	259.0	265.9	274.6
Assets	239.9	283.5	284.9	327.9	364.1	367.7	477.6	526.2	588.4	660.4	742.5
Current Liabilities	113.0	101.0	97.9	109.3	116.2	98.9	182.3	192.7	211.7	230.5	248.8
Non-Current Liabilities	7.9	2.8	0.8	2.8	3.8	3.8	3.0	3.0	3.0	3.0	3.0
Liabilities	120.9	103.8	98.7	112.1	120.0	102.8	185.3	195.7	214.7	233.5	251.7
Shareholders' Equity	119.3	179.7	185.3	214.1	243.1	263.2	289.7	327.9	371.1	424.4	488.1
Cash	8.0	6.7	7.2	13.8	6.6	1.5	17.5	38.2	66.3	102.1	146.6
Debt	120.9	103.8	98.7	112.1	100.1	102.8	185.3	195.7	214.7	233.5	251.7
Net Debt	112.9	97.0	91.5	98.3	93.5	101.3	167.8	157.5	148.4	131.4	105.1
Minority Interests	(0.2)	-	1.0	1.7	1.0	1.7	2.6	2.6	2.6	2.6	2.6
Debt/EBITDA	n/a	n/a	1.8 x	1.4 x	1.4 x	1.5 x	2.0 x	1.5 x	1.3 x	1.0 x	0.7 x
Operating Metrics											
Return on Equity (ROE)	-2.3%	-0.1%	14.7%	18.0%	15.4%	12.2%	15.2%	17.5%	17.0%	17.5%	17.5%
Return on Assets (ROA)	-1.1%	-0.1%	9.5%	11.7%	10.3%	8.7%	9.2%	10.9%	10.7%	11.2%	11.5%
Return on Invested Capital (ROIC)	-2.1%	-0.5%	15.2%	19.0%	15.5%	15.1%	16.2%	19.8%	20.7%	22.9%	24.9%
Valuation Metrics											
Stock Price (High)	\$ 48.63	\$ 60.50	\$ 69.78	\$ 76.15	\$ 107.15	\$ 107.15	\$ 107.15	\$ 107.15	\$ 107.15	\$ 107.15	\$ 107.15
Stock Price (Low)	\$ 28.30	\$ 38.83	\$ 47.64	\$ 51.20	\$ 70.57	\$ 70.57	\$ 70.57	\$ 70.57	\$ 70.57	\$ 70.57	\$ 70.57
Stock Price (Average)	\$ 38.47	\$ 49.67	\$ 58.71	\$ 63.68	\$ 88.86	\$ 88.86	\$ 88.86	\$ 88.86	\$ 88.86	\$ 88.86	\$ 88.86
Diluted Shares Outstanding (Average)	14.9	17.2	17.4	17.4	17.5	17.6	17.6	17.6	17.6	17.6	17.6
Market Capitalization (Average)	571.4	855.2	1,019.4	1,109.9	1,556.3	1,561.1	1,561.1	1,561.1	1,561.1	1,561.1	1,561.1
Enterprise Value (Average)	684.1	952.3	1,111.9	1,209.9	1,650.8	1,664.1	1,731.5	1,721.1	1,712.1	1,695.1	1,668.8
P/E	n/a	8816.8 x	37.5 x	29.2 x	41.8 x	48.4 x	35.5 x	27.2 x	24.7 x	21.0 x	18.2 x
EV/EBITDA	n/a	n/a	21.5 x	17.3 x	24.1 x	23.9 x	21.0 x	16.6 x	15.1 x	13.0 x	11.2 x
FCF Yield to Market Capitalization	-2.7%	-3.0%	1.4%	3.3%	0.6%	1.5%	2.5%	3.0%	3.5%	4.1%	4.8%
FCF Yield to Enterprise Value	-2.2%	-2.7%	1.3%	3.0%	0.6%	1.4%	2.2%	2.7%	3.2%	3.8%	4.5%
Free Cash Flow											
EBIT	(6.9)	(16.5)	43.7	61.1	57.9	56.5	69.4	89.9	98.8	115.8	133.2
Tax Expense	4.7	3.9	(16.1)	(21.9)	(20.5)	(12.7)	(20.2)	(26.1)	(28.7)	(33.6)	(38.7)
D&A	6.4	6.9	8.0	8.8	10.7	13.0	13.2	14.1	14.5	15.1	15.8
Capital Expenditures	(6.7)	(11.6)	(18.1)	(21.9)	(44.5)	(15.0)	(24.0)	(17.9)	(19.8)	(22.0)	(24.6)
Changes in NWC	(12.7)	(8.6)	(3.6)	10.5	6.2	(18.1)	0.2	(13.7)	(9.8)	(10.6)	(10.5)
Unlevered Free Cash Flow	(15.3)	(25.9)	13.9	36.7	9.8	23.8	38.7	46.3	55.0	64.6	75.3

Appendix 2: Discounted Cash Flow Analysis

Discounted Cash Flow Analysis																
(Figures in mm USD)	Oct-13 FY2014	Oct-14 FY2015	Oct-15 FY2016	Oct-16 FY2017	Oct-17 FY2018	Jan-18 Q1-2019	Apr-18 Q2-2019	Jul-18 Q3-2019	Oct-18 Q4-2019	Oct-18 FY2019	Oct-19 FY2020	Oct-20 FY2021	Oct-21 FY2022	Oct-22 FY2023	Oct-23 FY2024	
WACC Calculations																
Cost of Equity																
Risk-free rate	2.7%															
Expected market return	5.5%															
Market Risk Premium	7.0%															
Beta	0.86															
Cost of Equity	8.7%															
Cost of Debt																
Pre-tax cost of debt	4.6%															
Effective tax rate	29.1%															
Cost of Debt	3.3%															
WACC																
Market value of equity	1,464.2															
Market value of debt	15.4															
Total Capitalization	1,479.6															
Cost of equity	8.7%															
Cost of debt	3.3%															
WACC	8.6%															
Free Cash Flow																
EBIT	(6.9)	(16.5)	43.7	61.1	57.9	10.8	19.1	19.2	7.5	56.5	69.4	89.9	98.8	115.8	133.2	
Less: Tax expense	4.7	3.9	(16.1)	(21.9)	(20.5)	(3.1)	(5.5)	(5.6)	(2.2)	(12.7)	(20.2)	(26.1)	(28.7)	(33.6)	(38.7)	
Add: Depreciation and amortization	6.4	6.9	8.0	8.8	10.7	3.2	6.6	9.8	(6.5)	13.0	13.2	14.1	14.5	15.1	15.8	
Less: Capital expenditures	(6.7)	(11.6)	(18.1)	(21.9)	(44.5)	(5.4)	(3.4)	(2.7)	(3.5)	(15.0)	(24.0)	(17.9)	(19.8)	(22.0)	(24.6)	
Less: Change in net working capital	(12.7)	(8.6)	(3.6)	10.5	6.2	(5.0)	(5.3)	(3.4)	(4.4)	(18.1)	0.2	(13.7)	(9.8)	(10.6)	(10.5)	
Unlevered Free Cash Flow	(15.3)	(25.9)	13.9	36.7	9.8	0.5	11.3	17.3	(9.0)	23.8	38.7	46.3	55.0	64.6	75.3	
Discount factor						0.25	0.25	0.25	1.00	-	1.00	2.00	3.00	4.00	5.00	
Present Value of Unlevered Free Cash Flow						0.5	11.1	16.9	(8.3)	20.2	36.8	39.2	42.9	46.4	49.8	
Discounted Cash Flow Valuations																
Exit Multiple Method																
Terminal EV/EBITDA Multiple	16.5 x															
PV sum of unlevered FCF	235.2															
Terminal value	1,625.2															
Enterprise Value	1,860.4															
Add: Cash	1.5															
Less: Debt	15.4															
Less: Other EV adjustments	-															
Equity Value	1,846.5															
Shares outstanding	17.6															
Implied Share Price	\$ 105.11															
WACC																
	9.00%	8.75%	8.50%	8.25%	8.00%											
Terminal EV/EBITDA Multiple	14.5 x	\$ 92.41	\$ 93.42	\$ 94.44	\$ 95.48	\$ 96.53										
	15.5 x	\$ 97.93	\$ 99.00	\$ 100.09	\$ 101.19	\$ 102.31										
	16.5 x	\$ 103.44	\$ 104.58	\$ 105.73	\$ 106.90	\$ 108.08										
	17.5 x	\$ 108.95	\$ 110.15	\$ 111.37	\$ 112.60	\$ 113.85										
	18.5 x	\$ 114.47	\$ 115.73	\$ 117.01	\$ 118.31	\$ 119.63										
Current Price	\$ 85.58															
Implied Price	\$ 105.11															
Total Return	22.8%															

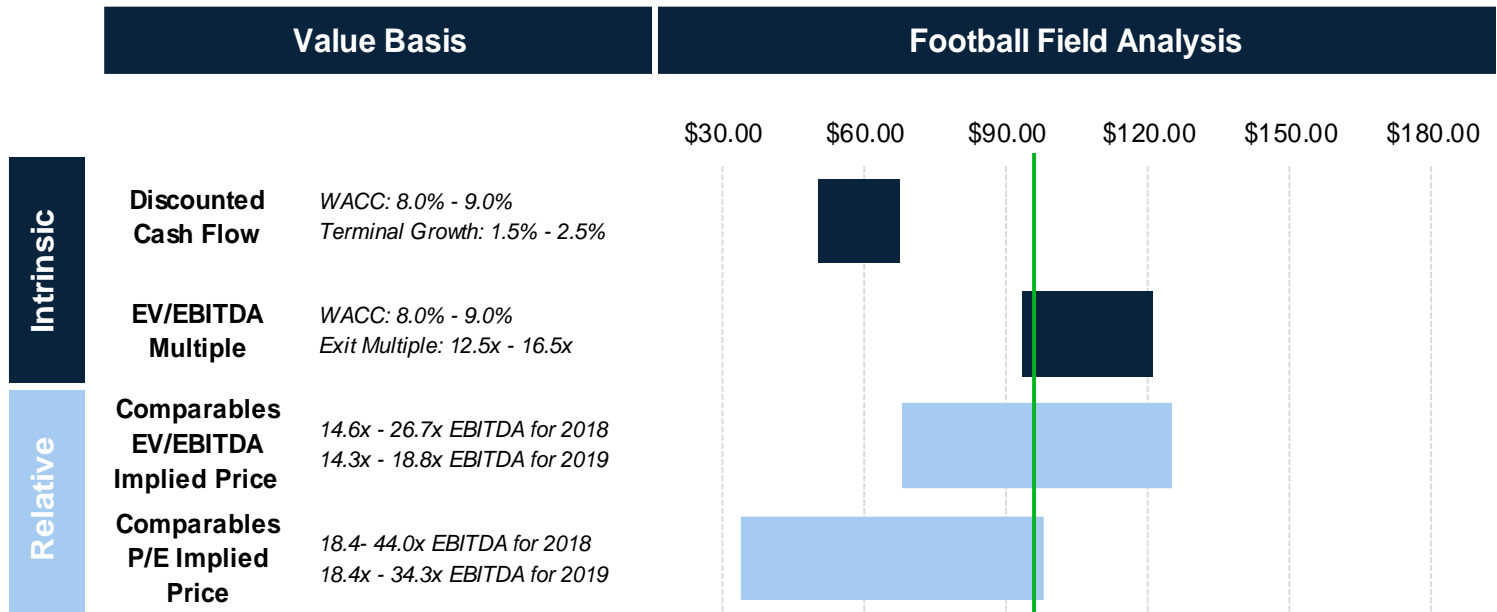
Appendix 3: Comparable Company Analysis

Comparable Company Analysis

Updated: 2019-03-01
(Figures in mm USD)

Company	Ticker	Share Price	Shares Outstanding	Equity Value	Enterprise Value	EV/EBITDA Multiple			P/E Multiple		
						2017A EV/EBITDA	2018E EV/EBITDA	2019E EV/EBITDA	2017A P/E	2018E P/E	2019E P/E
Alico, Inc.	(NASDAQ:ALCO)	\$ 30.22	7.5	226.7	382.4	11.5 x	14.4 x	16.6 x	26.5 x	19.2 x	19.2 x
J & J Snack Foods Corp.	(NASDAQ: JJSF)	\$ 155.64	18.8	2,926.0	2,794.6	17.6 x	17.8 x	16.5 x	37.0 x	28.2 x	31.0 x
Limoneira Company	(NASDAQ: LMNR)	\$ 23.51	17.8	418.5	503.2	27.2 x	27.2 x	16.5 x	56.0 x	18.8 x	29.8 x
Lancaster Colony Corporation	(NASDAQ:LANC)	\$ 157.95	27.5	4,343.6	4,125.7	18.9 x	20.5 x	18.6 x	37.6 x	32.1 x	30.0 x
The Chefs' Warehouse, Inc.	(NASDAQ: CHEF)	\$ 31.85	30.0	955.5	1,185.8	19.9 x	16.7 x	13.4 x	59.0 x	40.8 x	31.9 x
Calavo Growers	(NASDAQ: CVGW)	\$ 85.58	17.6	1,503.5	1,519.1	21.5 x	18.4 x	14.6 x	40.2 x	46.5 x	28.0 x
Median							17.8 x	16.5 x		28.2 x	30.0 x
Mean							19.3 x	16.3 x		27.8 x	28.4 x
High							27.2 x	18.6 x		40.8 x	31.9 x
Low							14.4 x	13.4 x		18.8 x	19.2 x
							EV/EBITDA Implied Price		P/E Implied Price		
Median							\$ 82.71	\$ 96.86	\$ 51.97	\$ 91.71	
Mean							\$ 89.98	\$ 95.73	\$ 51.24	\$ 86.80	
High							\$ 127.01	\$ 108.92	\$ 75.13	\$ 97.46	
Low							\$ 66.96	\$ 78.68	\$ 34.61	\$ 58.90	

Appendix 4: Football Field Analysis



DCF Valuation	
Exit Multiple Implied Price	\$ 105.11
Comps Valuation	
Comps - EV/EBITDA Implied Price	\$ 95.73
Comps - P/E Implied Price	\$ 86.80

Current Price	\$ 85.58
Target Price	\$ 97.69
Total Return	14.2%
Recommendation	HOLD

Appendix 4: Income Statement

	Operating Model																			
	Oct-13	Oct-14	Oct-15	Oct-16	Oct-17	Jan-18	Apr-18	Jul-18	Oct-18	Oct-18	Jan-19	Apr-19	Jul-19	Oct-19	Oct-19	Oct-20	Oct-21	Oct-22	Oct-23	
	(Figures in mm USD)	FY2014	FY2015	FY2016	FY2017	FY2018	Q1-2019	Q2-2019	Q3-2019	Q4-2019	FY2019	Q1-2020	Q2-2020	Q3-2020	Q4-2020	FY2020	FY2021	FY2022	FY2023	FY2024
Income Statement																				
Revenue	691.5	782.5	856.8	935.7	1,075.6	247.9	264.4	296.4	280.0	1,088.8	269.8	304.6	335.4	302.0	1,211.7	1,375.3	1,550.1	1,730.9	1,907.9	
COGS (Less D&A)	625.6	704.4	763.6	819.3	950.3	218.4	225.9	253.6	264.3	962.1	237.7	260.2	286.9	280.9	1,065.6	1,202.5	1,359.3	1,513.5	1,663.5	
Gross Profit	65.8	78.2	93.3	116.3	125.2	29.5	38.5	42.9	15.7	126.7	32.1	44.4	48.5	21.1	146.1	172.7	190.8	217.4	244.4	
SG&A	33.5	36.6	41.6	46.4	56.7	15.5	12.9	13.9	14.8	57.1	16.9	14.9	15.7	16.0	63.5	68.8	77.5	86.5	95.4	
Contingent consideration related to RFG acquisition	32.9	51.1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
EBITDA	(0.5)	(9.5)	51.7	69.9	68.6	14.0	25.7	29.0	0.9	69.6	15.2	29.5	32.8	5.1	82.6	104.0	113.3	130.9	149.0	
D&A	6.4	6.9	8.0	8.8	10.7	3.2	6.6	9.8	(6.5)	13.0	3.2	3.3	3.3	3.3	13.2	14.1	14.5	15.1	15.8	
EBIT	(6.9)	(16.5)	43.7	61.1	57.9	10.8	19.1	19.2	7.5	56.5	12.0	26.1	29.4	1.8	69.4	89.9	98.8	115.8	133.2	
Interest Expense	1.1	1.0	0.8	0.8	1.0	0.2	0.3	0.1	0.2	0.8	0.3	0.4	0.2	0.3	1.2	1.0	1.0	1.0	1.0	
Other Expenses (Income)	(0.6)	(13.3)	(0.5)	0.0	(0.9)	(0.7)	0.0	3.3	8.4	11.0	0.1	0.1	0.1	0.2	0.5	0.5	0.5	0.5	0.5	
EBT	(7.4)	(4.1)	43.3	60.3	57.8	11.3	18.8	15.8	(1.1)	44.7	11.6	25.6	29.1	1.3	67.7	88.4	97.3	114.3	131.7	
Income Tax	(4.7)	(3.9)	16.1	21.9	20.5	4.3	4.8	3.4	0.3	12.7	4.1	9.0	10.2	0.5	23.7	30.9	34.1	40.0	46.1	
Net income	(2.7)	(0.2)	27.2	38.5	37.3	7.0	14.0	12.4	(1.4)	32.0	7.5	16.7	18.9	0.8	44.0	57.4	63.2	74.3	85.6	
Add: Net loss attributable to noncontrolling interest	0.9	0.3	-	(0.4)	(0.1)	0.2	0.1	(0.0)	(3.5)	0.3	-	-	-	-	-	-	-	-	-	
Net income attributable to Calavo Growers, Inc.	(1.8)	0.1	27.2	38.0	37.3	7.1	14.1	12.4	(4.9)	32.3	7.5	16.7	18.9	0.8	44.0	57.4	63.2	74.3	85.6	
Shares Outstanding, Basic	14.9	15.8	17.3	17.3	17.4	17.4	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	17.5	
Shares Outstanding, Diluted	14.9	17.2	17.4	17.4	17.5	17.5	17.6	17.6	17.6	17.6	17.6	17.6	17.6	17.6	17.6	17.6	17.6	17.6	17.6	
Earnings Per Share, Basic	\$ (0.12)	\$ 0.01	\$ 1.57	\$ 2.19	\$ 2.14	\$ 0.41	\$ 0.81	\$ 0.71	\$ (0.28)	\$ 1.85	\$ 0.43	\$ 0.95	\$ 1.08	\$ 0.05	\$ 2.52	\$ 3.29	\$ 3.62	\$ 4.25	\$ 4.90	
Earnings Per Share, Diluted	\$ (0.12)	\$ 0.01	\$ 1.57	\$ 2.18	\$ 2.13	\$ 0.41	\$ 0.80	\$ 0.70	\$ (0.28)	\$ 1.84	\$ 0.43	\$ 0.95	\$ 1.08	\$ 0.05	\$ 2.50	\$ 3.27	\$ 3.60	\$ 4.23	\$ 4.87	

Appendix 5: Cash Flow Statement

Operating Model

	Oct-13	Oct-14	Oct-15	Oct-16	Oct-17	Jan-18	Apr-18	Jul-18	Oct-18	Oct-18	Jan-19	Apr-19	Jul-19	Oct-19	Oct-19	Oct-20	Oct-21	Oct-22	Oct-23	
(Figures in mm USD)	FY2014	FY2015	FY2016	FY2017	FY2018	Q1-2019	Q2-2019	Q3-2019	Q4-2019	FY2019	Q1-2020	Q2-2020	Q3-2020	Q4-2020	FY2020	FY2021	FY2022	FY2023	FY2024	
Cash Flow Statement																				
Operating Activities																				
Net income	(2.7)	(0.2)	27.2	38.5	37.3	7.0	14.0	12.4	(1.4)	32.0	7.5	16.7	18.9	0.8	44.0	57.4	63.2	74.3	85.6	
Depreciation and amortization	6.4	6.9	8.0	8.8	10.7	3.2	3.4	3.2	3.2	13.0	3.2	3.3	3.3	3.3	13.2	14.1	14.5	15.1	15.8	
Provision for losses on accounts receivable	0.0	0.2	0.1	0.0	1.2	-	(0.0)	(0.0)	-	(0.0)	-	-	-	-	-	-	-	-	-	
Loss on unconsolidated entities	0.1	0.0	0.1	0.6	(0.4)	(0.6)	0.3	3.7	8.5	11.9	-	-	-	-	-	-	-	-	-	
Interest on contingent consideration	0.1	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Contingent consideration and non-cash compensation re	33.8	53.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Contingent consideration to acquisition of Salsa Lisa	(0.2)	(0.5)	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Stock compensation expense	0.4	0.7	2.1	2.1	4.3	1.8	0.9	0.9	0.9	4.6	-	-	-	-	-	-	-	-	-	
Gain on deconsolidation of FreshRealm	-	(12.6)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Loss on disposal of PPE	0.0	0.1	0.1	0.2	0.1	-	-	(0.1)	0.2	0.1	-	-	-	-	-	-	-	-	-	
Intangible assets impairment on Calavo Salsa Lisa	0.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Deferred income taxes	(12.1)	(15.1)	3.2	1.2	2.7	1.5	-	2.1	1.3	4.9	-	-	-	-	-	-	-	-	-	
Cash Flow Before Working Capital	26.4	33.2	40.9	51.4	56.0	12.9	18.6	22.2	12.8	66.5	10.8	20.0	22.3	4.2	57.2	71.6	77.8	89.4	101.4	
Accounts receivable	(16.2)	(1.7)	(2.1)	(11.5)	(0.9)	(2.9)	(4.3)	3.5	7.3	3.6	44.6	(2.8)	(2.5)	2.7	42.0	(3.3)	(3.5)	(3.6)	(3.5)	
Inventories	(5.7)	(2.3)	4.7	(5.5)	1.0	(0.3)	(8.0)	3.3	0.8	(4.2)	(72.9)	(13.9)	(12.3)	13.3	(85.8)	(16.7)	(17.5)	(18.1)	(17.7)	
Prepaid expenses	(3.6)	(5.6)	(1.8)	(5.1)	(1.4)	(0.9)	0.7	0.0	(0.5)	(0.7)	(30.8)	(4.5)	(5.3)	1.2	(39.4)	(4.0)	(7.8)	(7.7)	(7.5)	
Advances to suppliers	(0.8)	(0.0)	0.4	(1.6)	0.1	2.5	(0.8)	(2.4)	(0.2)	(1.0)	-	-	-	-	-	-	-	-	-	
Income taxes receivable	0.8	(0.6)	(3.5)	6.2	(1.0)	2.7	0.5	(0.9)	(4.5)	(2.1)	-	-	-	-	-	-	-	-	-	
Other assets	0.1	0.0	0.4	0.7	(2.4)	(1.5)	(0.8)	(1.0)	0.1	(3.1)	-	-	-	-	-	-	-	-	-	
Accounts payable	7.7	(7.0)	(1.9)	18.1	(4.2)	0.8	10.1	(5.3)	(8.0)	(2.5)	90.8	9.9	11.7	(2.6)	109.8	8.7	17.2	17.0	16.5	
Accrued liabilities	5.0	8.6	0.0	9.3	15.1	(5.3)	(2.8)	(0.6)	0.7	(8.0)	(27.7)	1.4	1.2	(1.3)	(26.4)	1.7	1.7	1.8	1.8	
Net CFO	13.7	24.5	37.3	62.0	62.1	7.9	13.3	18.8	8.5	48.4	14.8	10.1	15.1	17.4	57.4	57.9	68.0	78.7	91.0	
Investing Activities																				
Acquisitions of PPE	(6.7)	(11.6)	(18.1)	(21.9)	(44.5)	(5.4)	(3.4)	(2.7)	(3.5)	(15.0)	(6.1)	(3.8)	(3.1)	(11.0)	(24.0)	(17.9)	(19.8)	(22.0)	(24.6)	
Investment in unconsolidated entities	-	(0.1)	-	(3.9)	(9.1)	0.1	(0.1)	-	(3.5)	(3.5)	-	-	-	-	-	-	-	-	-	
Proceeds from repayment of San Rafael note	-	-	0.4	0.0	0.4	-	0.2	0.1	0.1	0.4	-	-	-	-	-	-	-	-	-	
Proceeds from liquidation of Calavo Chile	-	-	0.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Decrease in cash due to deconsolidation of FreshRealm	-	(6.8)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Investment in FreshRealm	-	-	(0.8)	-	-	-	-	(3.5)	3.5	-	-	-	-	-	-	-	-	-	-	
Infrastructure advance to Agricola Belther	-	-	(1.0)	-	-	-	-	-	(3.0)	(3.0)	-	-	-	-	-	-	-	-	-	
Loan to Agricola Don Memo	-	(3.2)	(0.8)	-	-	-	-	-	(11.5)	(11.5)	-	-	-	-	-	-	-	-	-	
Investment in Agricola Don Memo	(1.0)	-	(1.0)	-	(0.5)	-	-	-	(0.1)	(0.1)	-	-	-	-	-	-	-	-	-	
Proceeds received for repayment of loan to Agricola Don	-	-	-	4.0	-	-	-	-	2.5	2.5	-	-	-	-	-	-	-	-	-	
Net CFF	(5.0)	(4.1)	(15.8)	(33.6)	(15.7)	(6.3)	(10.5)	(13.0)	6.5	(23.3)	(4.4)	(4.4)	(4.4)	(4.4)	(17.5)	(19.2)	(20.1)	(21.0)	(21.8)	
FX effect	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Net Change in Cash Balance	0.9	(1.3)	0.4	6.7	(7.2)	(3.7)	(0.6)	(0.3)	(0.5)	(5.1)	4.3	2.0	7.6	2.1	16.0	20.7	28.0	35.8	44.6	
Beginning Cash Balance	7.1	8.0	6.7	7.2	13.8	6.6	2.9	2.4	2.0	6.6	1.5	5.8	7.8	15.4	1.5	17.5	38.2	66.3	102.1	
Ending Cash Balance	8.0	6.7	7.2	13.8	6.6	2.9	2.4	2.0	1.5	1.5	5.8	7.8	15.4	17.5	17.5	38.2	66.3	102.1	146.6	

Appendix 6: Balance Sheet

Operating Model

	Oct-13	Oct-14	Oct-15	Oct-16	Oct-17	Jan-18	Apr-18	Jul-18	Oct-18	Oct-18	Jan-19	Apr-19	Jul-19	Oct-19	Oct-19	Oct-20	Oct-21	Oct-22	Oct-23
(Figures in mm USD)	FY2014	FY2015	FY2016	FY2017	FY2018	Q1-2019	Q2-2019	Q3-2019	Q4-2019	FY2019	Q1-2020	Q2-2020	Q3-2020	Q4-2020	FY2020	FY2021	FY2022	FY2023	FY2024
Current Assets																			
Cash and cash equivalents	8.0	6.7	7.2	13.8	6.6	2.9	2.4	2.0	1.5	1.5	5.8	7.8	15.4	17.5	17.5	38.2	66.3	102.1	146.6
Accounts receivable	55.1	56.6	58.6	70.1	69.8	72.7	76.9	73.4	66.1	66.1	21.6	24.4	26.8	24.2	24.2	27.5	31.0	34.6	38.2
Inventories	28.7	31.0	26.4	31.8	30.9	31.2	39.2	35.9	35.0	35.0	107.9	121.8	134.1	120.8	120.8	137.5	155.0	173.1	190.8
Prepaid expenses	10.8	19.5	15.8	14.4	6.9	7.7	7.0	6.7	16.7	16.7	47.5	52.0	57.4	56.2	56.2	60.1	68.0	75.7	83.2
Advances to suppliers	3.2	3.3	2.8	4.4	4.3	1.9	2.7	5.3	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6
Income taxes receivable	2.0	2.6	6.1	0.3	1.4	-	-	-	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Deferred income taxes	2.0	3.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	109.7	123.0	116.8	135.0	119.8	116.4	128.2	123.3	128.5	128.5	191.9	215.1	242.8	227.7	227.7	272.5	329.3	394.5	467.8
Non-Current Assets																			
Property and equipment	52.6	57.4	69.4	87.8	120.1	121.8	121.8	121.3	122.1	122.1	125.0	125.4	125.2	132.9	132.9	136.7	141.9	148.8	157.6
Investment in Limoneira Company	45.5	44.4	27.4	34.0	40.4	37.3	40.2	47.1	42.6	42.6	42.6	42.6	42.6	42.6	42.6	42.6	42.6	42.6	42.6
Investment in unconsolidated entities	1.4	18.4	19.7	24.7	33.0	33.6	33.3	33.1	24.8	24.8	24.8	24.8	24.8	24.8	24.8	24.8	24.8	24.8	24.8
Deferred income taxes	-	12.3	19.3	14.9	9.8	9.4	8.6	4.8	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4	4.4
Goodwill	18.3	18.3	18.3	18.3	18.3	18.3	18.3	18.3	18.3	18.3	18.3	18.3	18.3	18.3	18.3	18.3	18.3	18.3	18.3
Other assets	12.3	9.8	14.0	13.2	22.8	24.0	24.3	25.0	27.0	27.0	27.0	27.0	27.0	27.0	27.0	27.0	27.0	27.0	27.0
Total Non-Current Assets	130.2	160.4	168.1	193.0	244.3	244.3	246.6	249.6	239.2	239.2	242.1	242.5	242.3	249.9	249.9	253.7	259.0	265.9	274.6
Total Assets	239.9	283.5	284.9	327.9	364.1	360.6	374.8	372.9	367.7	367.7	434.0	457.6	485.1	477.6	477.6	526.2	588.4	660.4	742.5
Current Liabilities																			
Payable to growers	14.5	6.7	3.9	21.0	16.5	17.3	27.4	22.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0
Trade accounts payable	11.7	15.1	19.6	22.4	22.9	20.7	16.4	16.3	13.7	13.7	104.6	114.5	126.2	123.6	123.6	132.3	149.5	166.5	183.0
Accrued expenses	36.5	25.3	21.3	31.1	39.9	35.6	36.8	35.8	38.5	38.5	10.8	12.2	13.4	12.1	12.1	13.8	15.5	17.3	19.1
Income taxes payable	-	-	-	-	-	1.4	1.9	1.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
Short-term borrowings	34.0	35.9	36.9	19.0	20.0	31.5	21.0	8.0	17.6	17.6	17.6	17.6	17.6	17.6	17.6	17.6	17.6	17.6	17.6
Dividend payable	11.0	13.0	13.9	15.7	16.7	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Current portion of long-term obligations	5.3	5.1	2.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total Current Liabilities	113.0	101.0	97.9	109.3	116.2	106.5	103.5	83.3	98.9	98.9	162.1	173.4	186.3	182.3	182.3	192.7	211.7	230.5	248.8
Non-Current Liabilities																			
Deferred Income Taxes	0.1	-	0.6	2.3	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred rent	-	-	-	-	2.7	2.7	2.7	2.8	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7
Other long-term liabilities	-	-	-	-	-	-	-	-	0.8	0.8	-	-	-	-	-	-	-	-	-
Long-term obligations, less current portion	7.8	2.8	0.2	0.4	1.1	0.4	0.4	0.4	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Total Non-Current Liabilities	7.9	2.8	0.8	2.8	3.8	3.1	3.1	3.1	3.8	3.8	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Total Liabilities	120.9	103.8	98.7	112.1	120.0	109.7	106.6	86.4	102.8	102.8	165.0	176.4	189.3	185.3	185.3	195.7	214.7	233.5	251.7
Shareholders' Equity																			
Common stock	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Additional paid-in capital	70.8	144.5	147.1	149.7	154.2	155.1	156.1	157.0	157.9	157.9	157.9	157.9	157.9	157.9	157.9	157.9	157.9	157.9	157.9
Accumulated other comprehensive income (loss)	13.4	12.7	2.4	6.5	10.4	8.4	10.6	15.7	12.1	12.1	15.3	27.6	42.2	38.7	38.7	76.9	120.0	173.3	237.1
Retained earnings (accumulated deficit)	35.1	22.5	35.8	57.8	78.4	85.6	99.7	112.0	93.1	93.1	93.1	93.1	93.1	93.1	93.1	93.1	93.1	93.1	93.1
Total Shareholders' Equity	119.3	179.7	185.3	214.1	244.1	249.1	266.4	284.8	263.2	263.2	266.4	278.7	293.2	289.7	289.7	327.9	371.1	424.4	488.1
Noncontrolling interest	(0.2)	-	1.0	1.7	1.0	1.9	1.8	1.8	1.7	1.7	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6
Total Equity	119.0	179.7	186.3	215.8	244.1	251.0	268.1	286.5	265.0	265.0	269.0	281.3	295.8	292.3	292.3	330.5	373.7	427.0	490.7

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