



# CALAVO GROWERS, INC.

## Investor Presentation

NASDAQ GS: CVGW / JUNE 23, 2022

# Safe Harbor Statement

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This presentation contains statements relating to future events and results of Calavo (including certain projections and business trends) that are “forward-looking statements,” as defined in the Private Securities Litigation Reform Act of 1995, that involve risks, uncertainties and assumptions. These statements are based on our current expectations and are not promises or guarantees. If any of the risks or uncertainties ever materialize or the assumptions prove incorrect, the results of Calavo may differ materially from those expressed or implied by such forward-looking statements and assumptions. The use of words such as “anticipates,” “estimates,” “expects,” “projects,” “intends,” “plans” and “believes,” among others, generally identify forward-looking statements.

Risks and uncertainties that may cause our actual results to be materially different from any future results expressed or implied by the forward-looking statements include, but are not limited to, the following: the impact of Project Uno initiatives on our business, results of operations, and financial condition, including uncertainty as to whether the desired effects will be achieved; the impact of the COVID-19 pandemic on our business, results of operations, and financial condition, including, but not limited to, disruptions in the manufacturing of our products and the operations of the related supply chains supporting our ability to deliver our products to consumers, impacts on our employees and uncertainty regarding our ability to implement health and safety measures for our employees, uncertainties regarding consumer demand for our products, impact on our food service customers, increased costs, the impact of governmental trade restrictions imposed as a result of COVID-19 and the possible adverse impact of COVID-19 on our goodwill and other intangible assets; our ability to raise prices, particularly in our RFG and Foods segments, to offset increases in costs of goods sold, and the impact of such price increases on future net sales; seasonality of our business; sensitivity of our business to changes in market prices of avocados and other agricultural products and other raw materials including fuel, packaging and paper; potential disruptions to our supply chain; risks associated with potential future acquisitions, including integration; potential exposure to data breaches and other cyber-attacks on our systems or those of our suppliers or customers; dependence on large customers; dependence on key personnel, including personnel that have not yet been hired, and the ability of our future management team to work together successfully; potential for labor disputes; reliance on co-packers for a portion of our production needs; competitive pressures, including from foreign growers; risks of recalls and food-related injuries to our customers; changing consumer preferences; the impact of environmental regulations, including those related to climate change; risks associated with the environment and climate change, especially as they may affect our sources of supply; our ability to develop and transition new products and services and enhance existing products and services to meet customer needs; risks associated with doing business internationally (including possible restrictive U.S. and foreign governmental actions, such as restrictions on transfers of funds and COVID-19 and trade protection measures such as import/export/customs duties, tariffs and/or quotas and currency fluctuations); risks associated with receivables from, loans to and/or equity investments in unconsolidated entities; volatility in the value of our common stock; the impact of macroeconomic trends and events; and the resolution of pending investigations, legal claims and tax disputes, including an assessment imposed by the Mexican Tax Administrative Service (the “SAT”) and our defenses against collection activities commenced by the SAT.

For a further discussion of these risks and uncertainties and other risks and uncertainties that we face, please see the risk factors described in our most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission and any subsequent updates that may be contained in our Quarterly Reports on Form 10-Q and other filings with the Securities and Exchange Commission. Forward-looking statements contained in this presentation are made only as of the date of this presentation, and we undertake no obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.



## Today's Presenters

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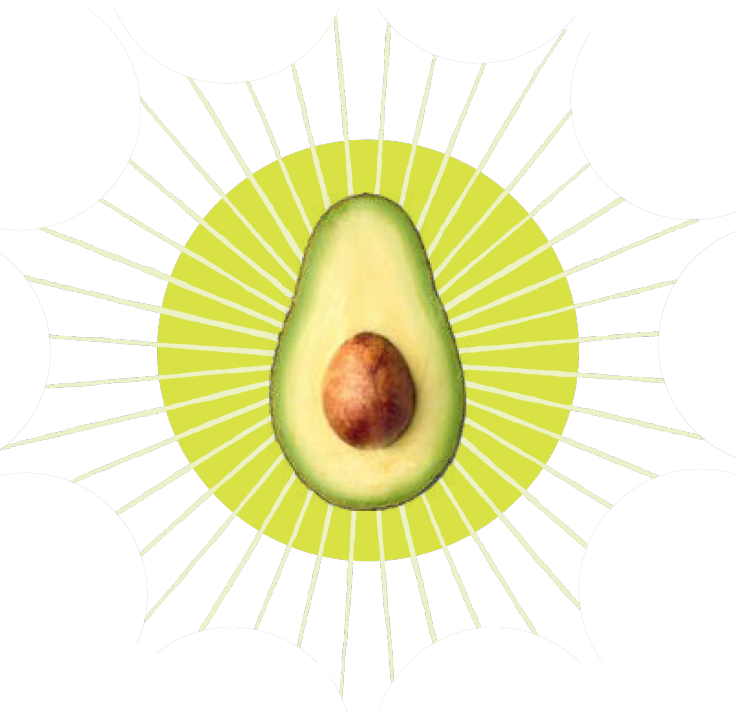
**Brian Kocher, President & Chief Executive Officer**



**Shawn Munsell, Chief Financial Officer**

## Key Takeaways

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- An industry leader in avocados and fresh prepared foods
- On-trend, healthy foods
- Convenience for consumers and labor savings for customers
- Early innings of a turnaround following COVID-related downturn

# Continuous, Sequential Improvement



Be Better Today Than  
Yesterday;

Be Better Tomorrow Than  
Today.

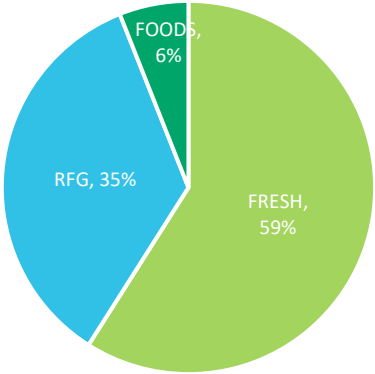
- Brian Kocher



Adjusted net income (loss) and adjusted EBITDA are non-GAAP financial measures. Reconciliations of non-GAAP financial measures to the most directly comparable GAAP financial measures are provided in our reports on file with the SEC.

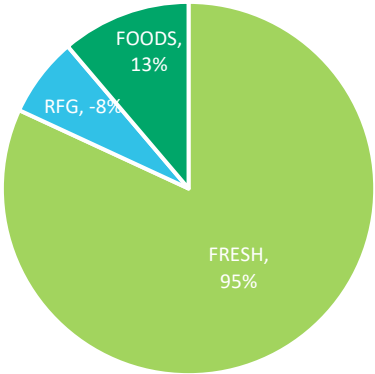
# Global Leader in Avocados and Fresh Prepared Foods

## REVENUE MIX



LTM Revenue of **\$1.2B** through Q2 2022

## GROSS PROFIT MIX



LTM Gross Profit of **\$52.0M** through Q2 2022



Note: In April 2022 Calavo announced a business segment reorganization into two segments: **Grown** and **Prepared**. Reporting as such is expected to begin with Calavo's third quarter 2022.




### FRESH SEGMENT

- Procure, sort, pack, ripen, distribute avocados, tomatoes, and papayas
- Avocados sourced primarily from Mexico, California, Peru, and Colombia



### RENAISSANCE FOOD GROUP (RFG) SEGMENT

- Create, process, package innovative fresh cut fruit and vegetables, fresh prepared foods and meals
- National, just-in-time distribution network

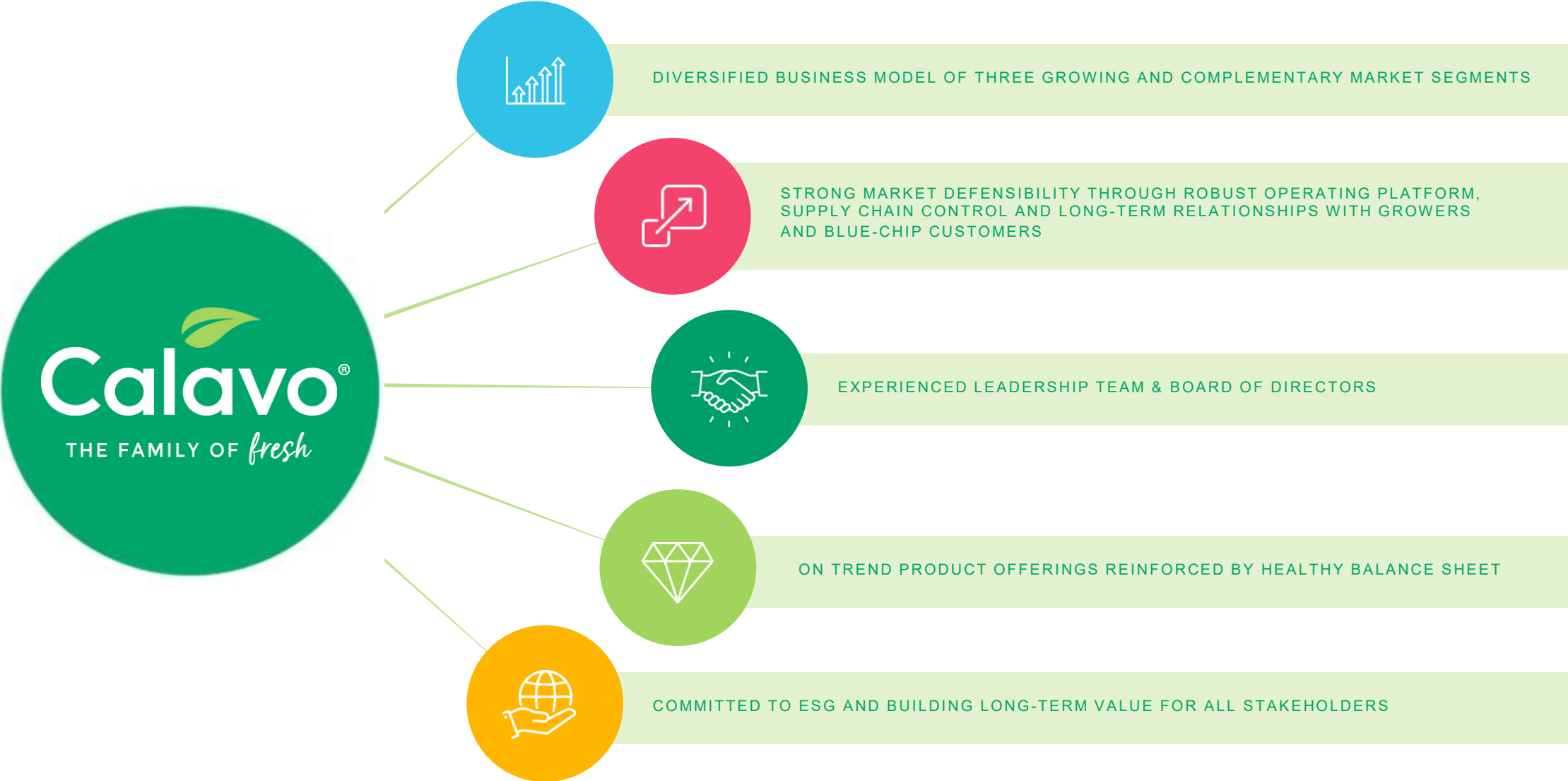


### FOODS SEGMENT

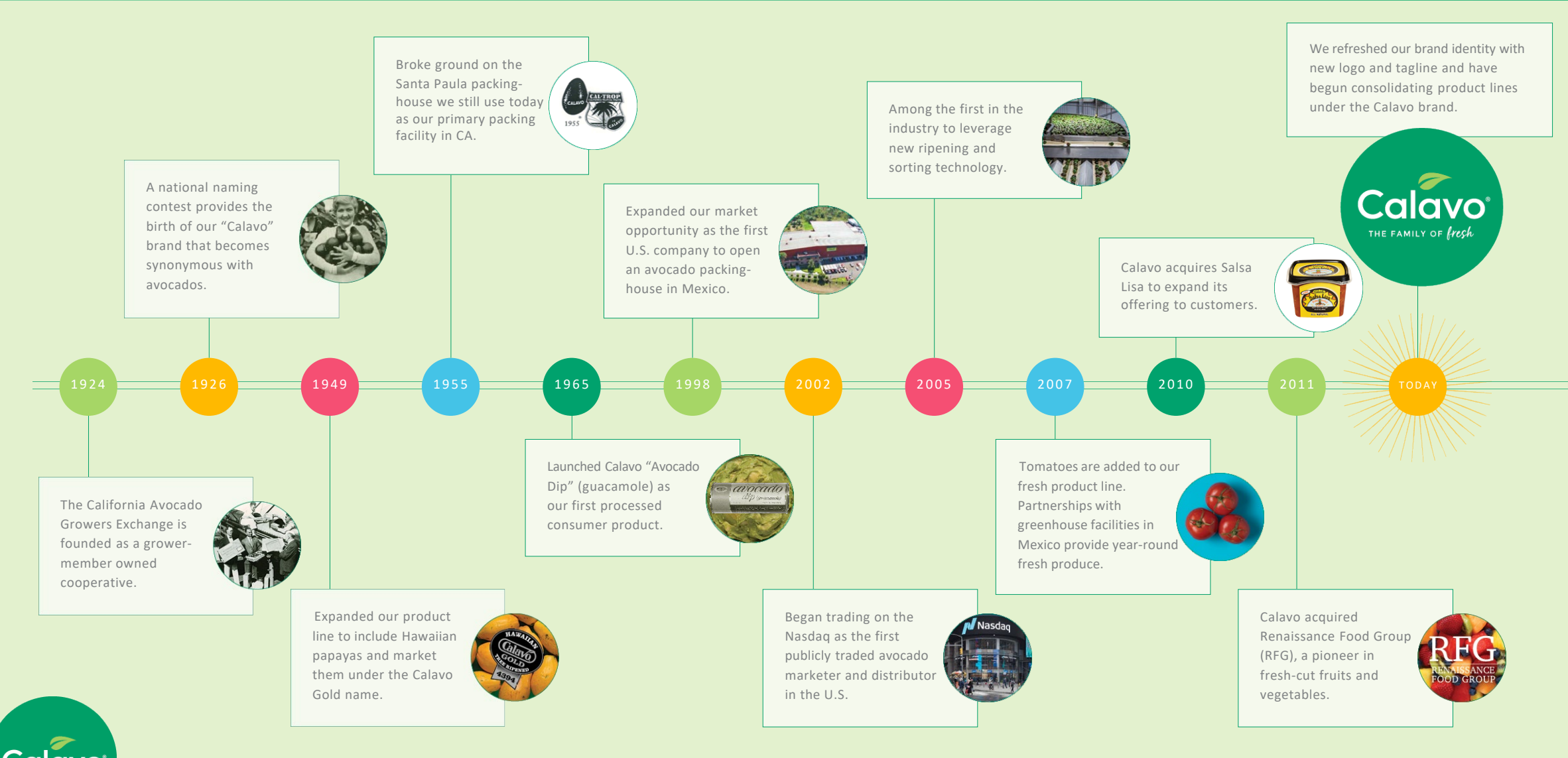
- Manufacture and distribute value-added fresh and frozen products (e.g., guacamole, avocado pulp, and salsas)



# Core Strengths



# Nearly 100 Years of Milestones





# Long-standing Relationships with Blue-chip Customers

## GROCERY RETAILERS



## MASS / CLUB STORES



## E-COMMERCE / ONLINE



## FOOD SERVICE / RESTAURANT



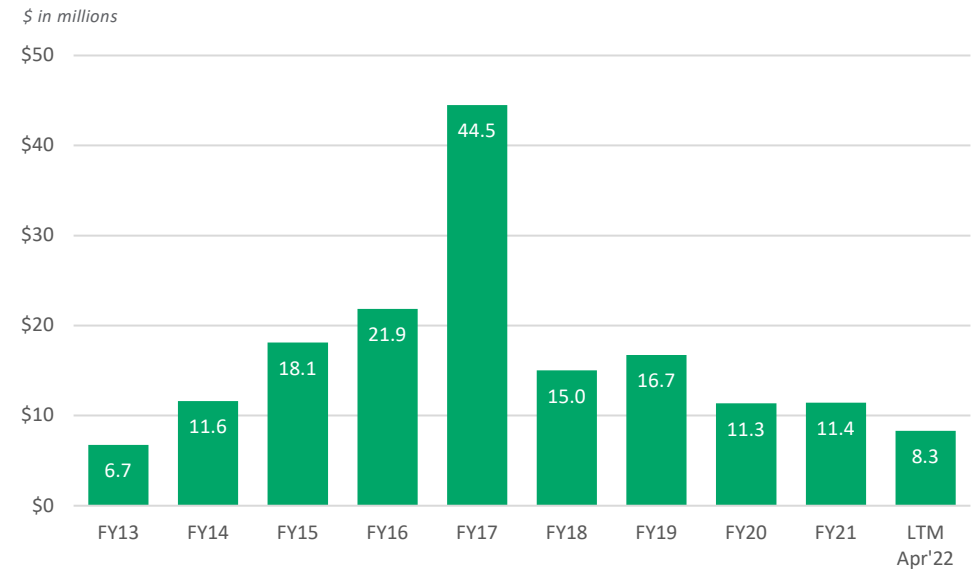
# Well-positioned for Capital-light Growth Ahead

During November 2021, consolidated RFG’s Florida operations into Georgia to enhance capacity utilization.

## EXTENSIVE MULTI-NATIONAL FOOTPRINT



## SIGNIFICANT CAPEX HAS EXPANDED CAPACITY



- 4 Avocado packinghouses (2 U.S., 2 Mexico)
- 4 Value-added distribution centers
- 6 RFG processing facilities
- Salsa production facility
- Guacamole production facility (Mexico)



# Near-term Priorities to Drive Long-term Growth

PROJECT UNO is a profit improvement program launched in Q3 2021



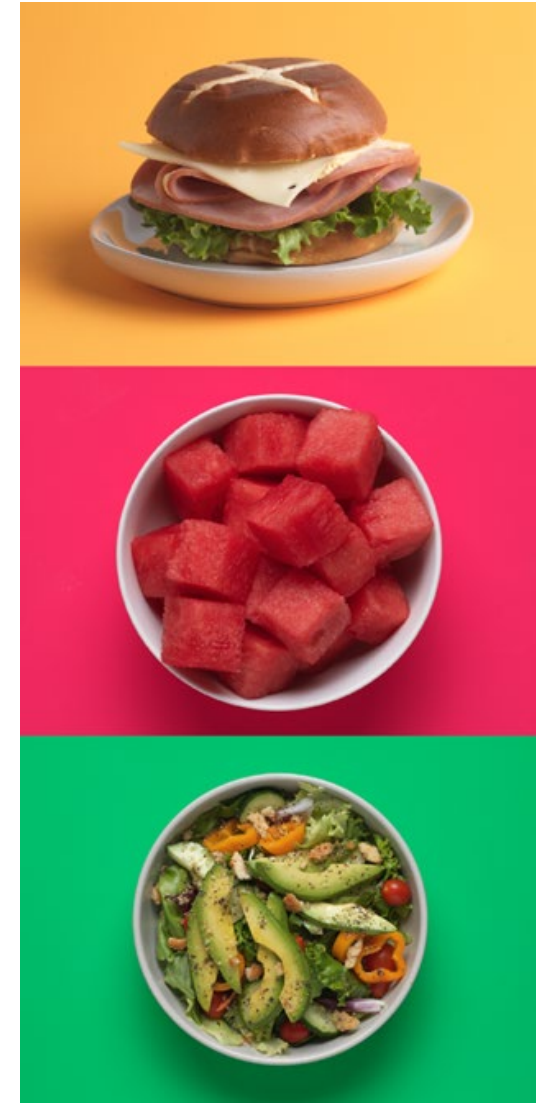
## Project Uno Accelerating Turnaround

### Initiatives:

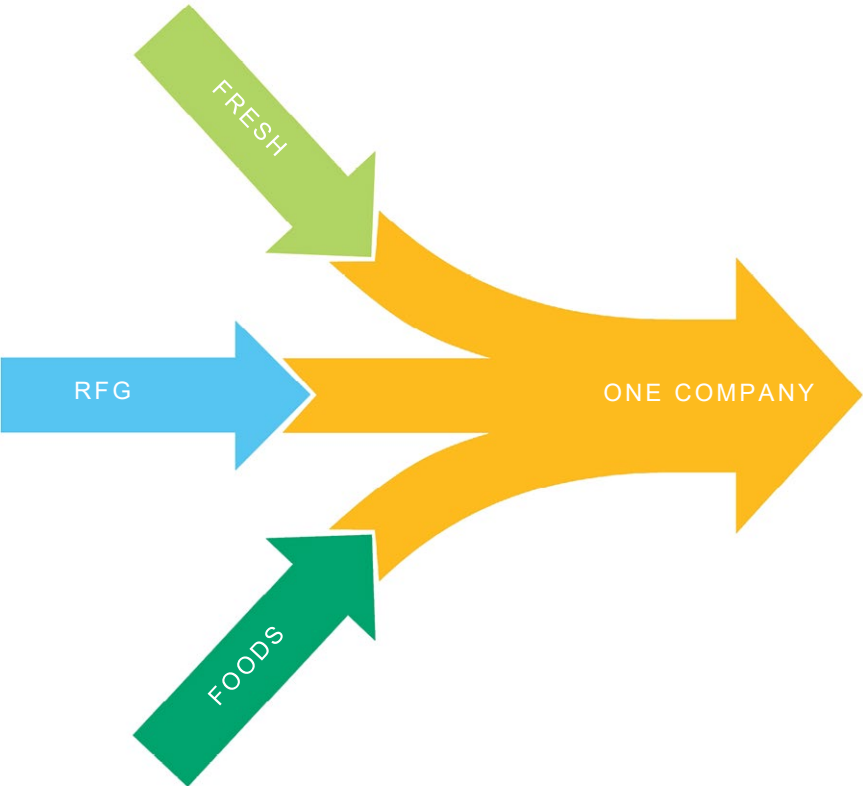
- Raising prices at a continuously increasing pace;
- Product and ingredient optimization;
- Procurement and labor effectiveness,
- Freight consolidation;
- Administrative synergies.

### Results:

- Achieved approximately \$14 million of positive impact as of Q2'22;
- Customer service and efficiency improvements.



# Stronger as “One”



## MAXIMIZE OPERATING LEVERAGE AND SYNERGIES

- Consolidate sales functions to maximize cross-selling opportunities
- Unify supply chain to drive synergies from operating as one company
- Integrate shared services and enhance systems to maximize operating efficiencies and synergies
- Streamline decision making to accelerate execution of efficiency and growth initiatives

## ENHANCE RETURN ON CAPITAL

- Product rationalization to replace slow-moving SKUs with products of similar or better commercial value for our customers
- Consolidated RFG Florida into RFG Georgia to improve capacity utilization

In April 2022 Calavo announced a business segment reorganization into two segments: Grown and Prepared. Reporting as such is expected to begin with Calavo’s third quarter 2022.



# Grown & Prepared Segments (beginning Q3 2022)

## Grown:



### Avocados

We were founded as the original avocado company in North America. For nearly 100 years, Calavo brand avocados have been recognized and respected as the finest in the world.



### Tomatoes


Our year-round supply of vine-ripened rounds & Romas are 100% greenhouse grown. Innovation with the highest food safety standards.



### Hawaiian Papayas

The gold standard of papayas. 75% of all Hawaiian Papayas are imported & marketed by Calavo.

## Prepared:



### Fresh Cut Fruits

Retail Ready  
Grab & Go  
Salad Bar



### Fresh Cut Veggies

Retail Ready  
Grab & Go  
Veggie Spirals



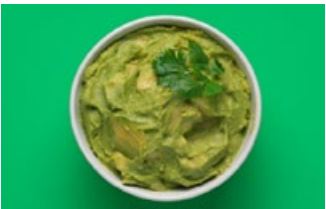
### Prepared Foods

Retail Ready  
Grab & Go  
HMR & CMS



### Party Favorites

Retail Ready  
Fresh Cut Fruit  
Fresh Cut Veggies



### Guacamole & Salsa

Retail Ready  
Bulk & BTG  
Avocado Salsas







# Fresh Segment

# Fresh Segment Value Proposition

CALAVO SERVES THE ENTIRE VALUE CHAIN BETWEEN GROWERS AND RETAILERS –  
PREMIER CAPABILITIES AND LONG-STANDING RELATIONSHIPS ENSURE CONSISTENT SUPPLY AND DEMAND



AVOCADO GROWERS



CALAVO



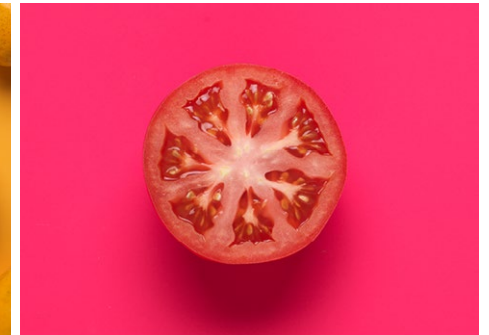
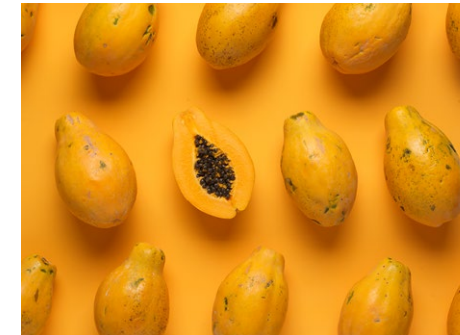
RETAILERS, CLUBS & FOODSERVICE





## Fresh Highlights

- Robust packing/value-added network in U.S. and Mexico (4 packing houses and 4 value-added distribution centers) provide year-round supply
- Long-term relationships with avocado growers worldwide
- Established customer base of blue-chip grocery retailers, club-stores, foodservice operators, food distributors and wholesalers
- Strong supply chain and inventory control counters supply/demand dynamics and strengthens profit profile
- Well-positioned to scale business domestically and abroad



### Q2 Highlights

- Supply constrained, resulting in historically high fruit costs
- Price increases covered higher input costs
- Avg. gross profit per case improved by \$1.54 sequentially
- Total gross margin dollars more than offset the 12% volume decrease while market share remained flat

ORGANIC GROWTH  
OPPORTUNITIES

Growing international  
presence

Leverage supply chain into  
U.S. to optimize sell-through  
and margin profile

Control supply chain  
to optimize inventory positions  
and control costs



# Key Trends Supporting Avocado Growth

## TASTY “SUPER FOOD”

Avocados have the highest relative nutritional value per serving compared to other fruits<sup>(1)</sup>

More consumers are becoming aware of avocado’s nutritional value, especially in emerging markets

### HEALTH BENEFITS OF AVOCADOS

- Heart health
- Digestive health
- Weight loss
- Diabetes
- Pre-natal health



## VERSATILE CONSUMPTION METHODS

Versatility of avocado consumption is evolving and growing, with expansion into broader food categories beyond guacamole and salads



## SUSTAINABLE FRUIT

No other food offers the same nutritional value per-liter of water used in growth and harvest<sup>(2)</sup>

Mexico, the biggest producer of avocados by volume, relies mostly on natural precipitation for avocado groves; second largest producer Peru is irrigated through Andes run-off



1) Source: USDA nutrition database; all stats per 100g of raw fruit.

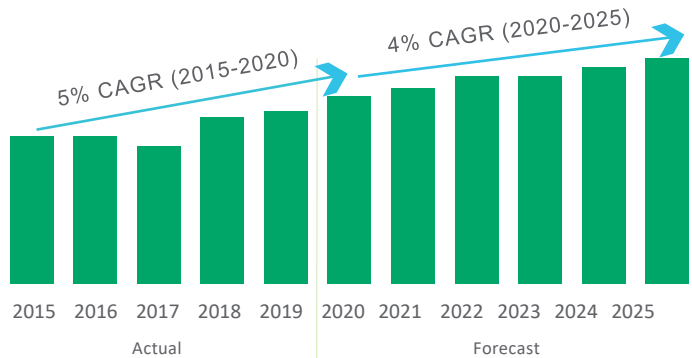
2) World Avocado Organization.

# Significant Growth Opportunity Ahead

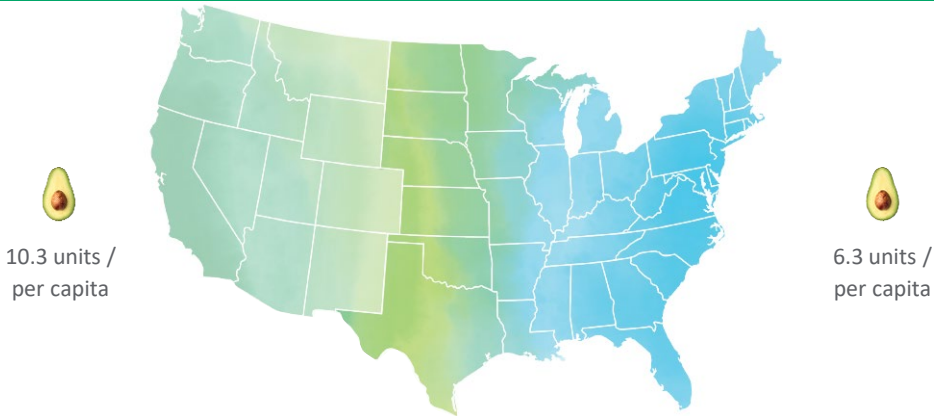
CALAVO IS WELL-POSITIONED TO MEET THE GROWING DEMAND FOR AVOCADOS DOMESTICALLY AND ABROAD

## U.S. AVOCADO CONSUMPTION<sup>(1)</sup>

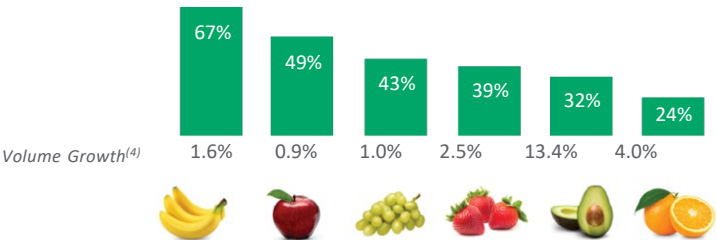
(Billion Pounds)



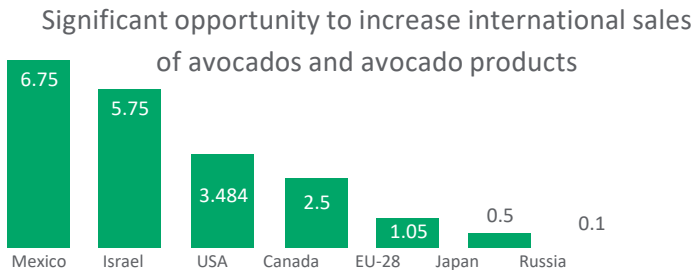
## GEOGRAPHIC PENETRATION WITHIN U.S.<sup>(2)</sup>



## U.S. HOUSEHOLD PENETRATION<sup>(3)</sup>



## CONSUMPTION PER CAPITA IN SELECTED REGIONS<sup>(5)</sup>



1) Hass Avocado Board  
2) Hass Avocado Board, IRI/Fresh Look unit sales volume for West/California Regions YTD period ending 3/25/18.  
3) United Fresh FreshFacts: average quarterly household penetration for (calendar year) Q2 2019 through Q1 2021.  
4) Million units sold CAGR for 2017 to 2020; United Fresh FreshFacts for Q4s 2018 - 2020.  
5) Hass Avocado Board 2018 World Market Review





# Renaissance Food Group

## RFG Segment



# RFG Value Proposition

TRUSTED PARTNER FOR QUALITY, INNOVATIVE FRESH AND PREPARED FOODS AMONG  
RETAILERS, FOODSERVICE AND CONVENIENCE OPERATORS

## PRODUCT ASSORTMENT

Broad portfolio of fresh and prepared foods to redefine produce and value-added convenience



## MANUFACTURING EFFICIENCY

Standardization and automation drive production efficiencies



## FOOD SAFETY

Comprehensive quality management systems ensuring only the safest, freshest, highest-quality products



## FLEXIBILITY

Just-in time, daily deliveries across the U.S.



## RFG Highlights

- Solid volume-driven top-line growth (5% CAGR 2015-2021)
- Developed innovative meal and packaging solutions to meet changing needs of consumers during COVID-19
- Expanding product capabilities in fresh and prepared grab-n-go categories supported by national just-in-time distribution network

### Q2 Highlights

- Increased pricing by 3% in Q2'22 vs. Q1'22 and by 6% vs. Q2'21
- Customer fill rate reached an industry-leading 99% by the end of Q2
- Customer and consumer complaints decreased by >17% compared to Q2'22
- Production staffing levels improved to 96% of required positions
- Labor productivity increased by 9% sequentially vs. Q1
- Eliminated more than 30 inefficient new product development projects and repurposed those resources to our product/ingredient optimization teams
- Segment gross profit improved sequentially from negative 1% to positive 2%



#### ORGANIC GROWTH OPPORTUNITIES

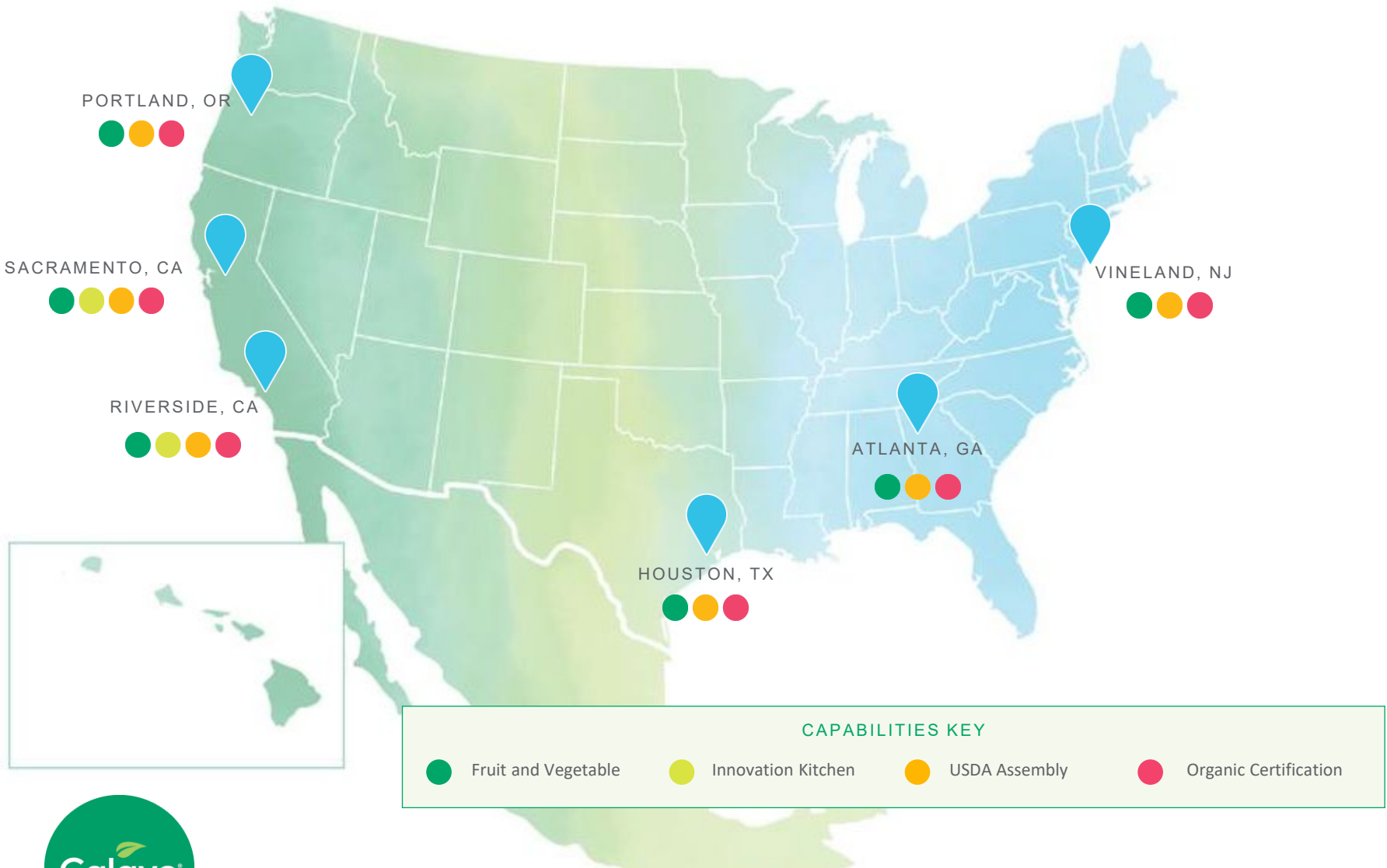
→ Increase the utilization  
and efficiency of company-  
operated facilities

→ Partner with grocery retailers  
to expand portfolio of fresh and  
prepared food offerings

→ Expand market reach in convenience  
with new product formats and  
offerings



# Robust Infrastructure for Scaled Distribution







# Foods Segment



# Foods Segment Highlights

- Top-line growth of 4% CAGR 2015 to 2021 despite significant exposure to foodservice which was constrained by COVID-19
- Significant opportunities to expand portfolio of avocado products in the U.S. and abroad, particularly in Asia
- Complementary distribution outlet for Fresh segment, providing a strategic advantage by allowing full crop purchases from growers

## Q2 Highlights

- As a result of the rapid increase in fruit costs, gross margin for the Foods segment, even after a series of price increases, decreased sequentially Q1 to Q2 of 2022 from \$2.2 million to \$1.3 million
- High priced raw materials are expected to continue into the third fiscal quarter and continue compressing Foods segment margins





# Leadership & Governance



# Executive Leadership Team



**BRIAN KOCHER**, President & Chief Executive Officer

- Formerly President and CEO of the Castellini Group of Companies, one of the largest US distributors of fresh produce
- Previous roles as CFO, COO and Interim CEO at Chiquita Brands International
- Former Chairman of the Board for the United Fresh Produce Association
- Co-Chaired industry initiatives such as GAP standard harmonization process and the joint PMA/United Fresh committee for Ethical Labor



**SHAWN MUNSELL**, Chief Financial Officer

- Formerly SVP, Finance & Accounting, Chicken Segment, Tyson Foods. Previously served as Treasurer, Tyson Foods
- Corporate Treasurer & Assistant Secretary, CF Industries
- Director, Raw Materials Procurement, CF Industries



**ROB WEDIN**, Grown SVP/General Manager

- Formerly EVP Fresh Sales, and VP of Sales and Fresh Marketing (Calavo)
- Current Chairman at Hass Avocado Board Global Data Committee and current Executive Committee member at producesupply.org
- Past Director of California Avocado Commission and past Chairman of Avocado Inspection Committee



**RON ARAIZA**, Interim Prepared SVP/General Manager

- Formerly EVP Calavo Fresh Foods overseeing Calavo's Foods division
- Previously VP Sales with Calavo's Foods division, VP of Business Development Del Rey Avocado and VP of Sales at Mission Produce
- Past Alternate Board Member of California Avocado Commission



**GRACIELA MONTGOMERY**, Chief Human Resources Officer

- Formerly led a consultancy specializing in the areas of leadership, organizational design, cultural transformation and change management.
- Previously held senior human resources positions with National Public Radio, Deckers Brands, AECOM, Nortel Networks and Citibank



**DIONISIO ORTIZ**, VP Calavo de Mexico

- Formerly Calavo de Mexico Managing Director
- Previous roles in accounting for Agrobiologic Sciences EPCA and sales for Purepecha PH Uruapan
- Former Secretary and current delegate representing Calavo in APEAM (Association of Producers and Packers of Avocados from Mexico) and UDECAM (Union of Packers and marketers of Avocados de Michoacan)



**THOMAS FEDERL**, VP Communications, Marketing & ESG

- Responsible for establishing Calavo's marketing vision and communication strategy
- More than 20 years of leadership in marketing, communications and ESG within the consumer products and produce industry



**ELOY HINTZ**, VP Jalisco Operations

- More than 20 years of professional expertise in agri-business
- Focused on growing the Calavo avocado business in the Jalisco region
- Oversees the structure of the tomato program and working with grower-partners in Mexico to optimize performance and operations



# Corporate Governance Initiatives

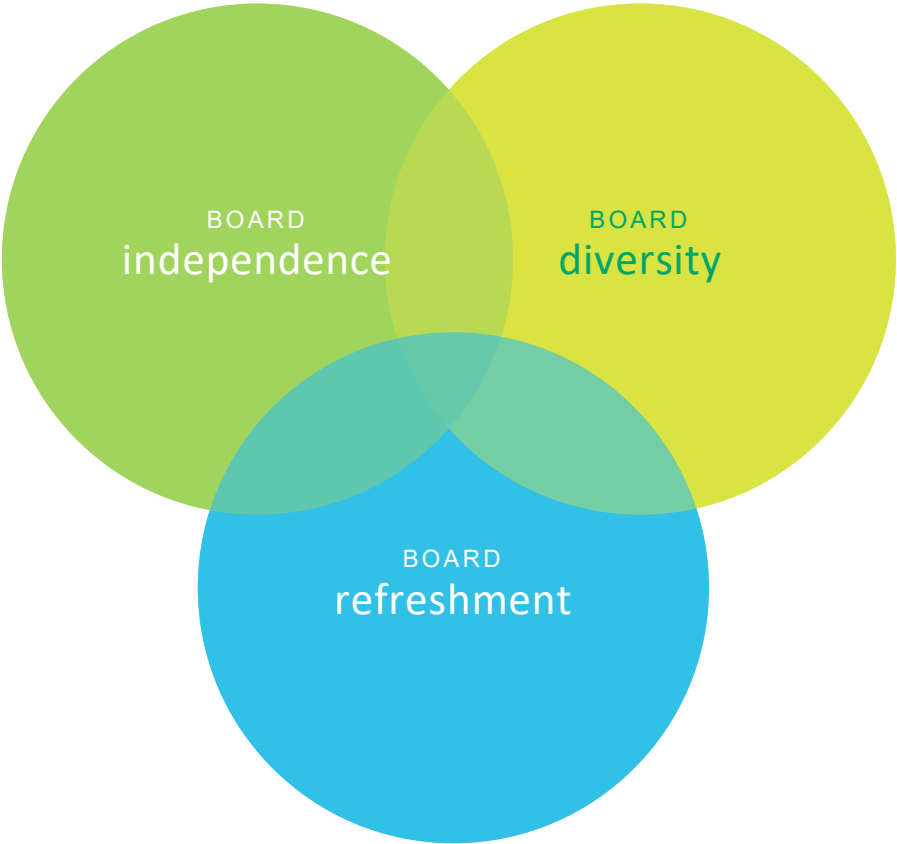
CALAVO'S BOARD IS COMMITTED TO INCREASING BOARD INDEPENDENCE AND DIVERSITY  
WHILE REDUCING THE SIZE OF THE BOARD OVER TIME

## RECENT DEVELOPMENTS

- Created Sustainability and Corporate Responsibility Committee to enhance ESG focus and initiatives
- Announced the appointment of Adriana Mendizabal, Group President for Stanley Black & Decker Latin America
- Calavo's Board is composed of 10 members<sup>(1)</sup>

*Independent* representation: 8 members

*Women and/or minority* representation: 4 members



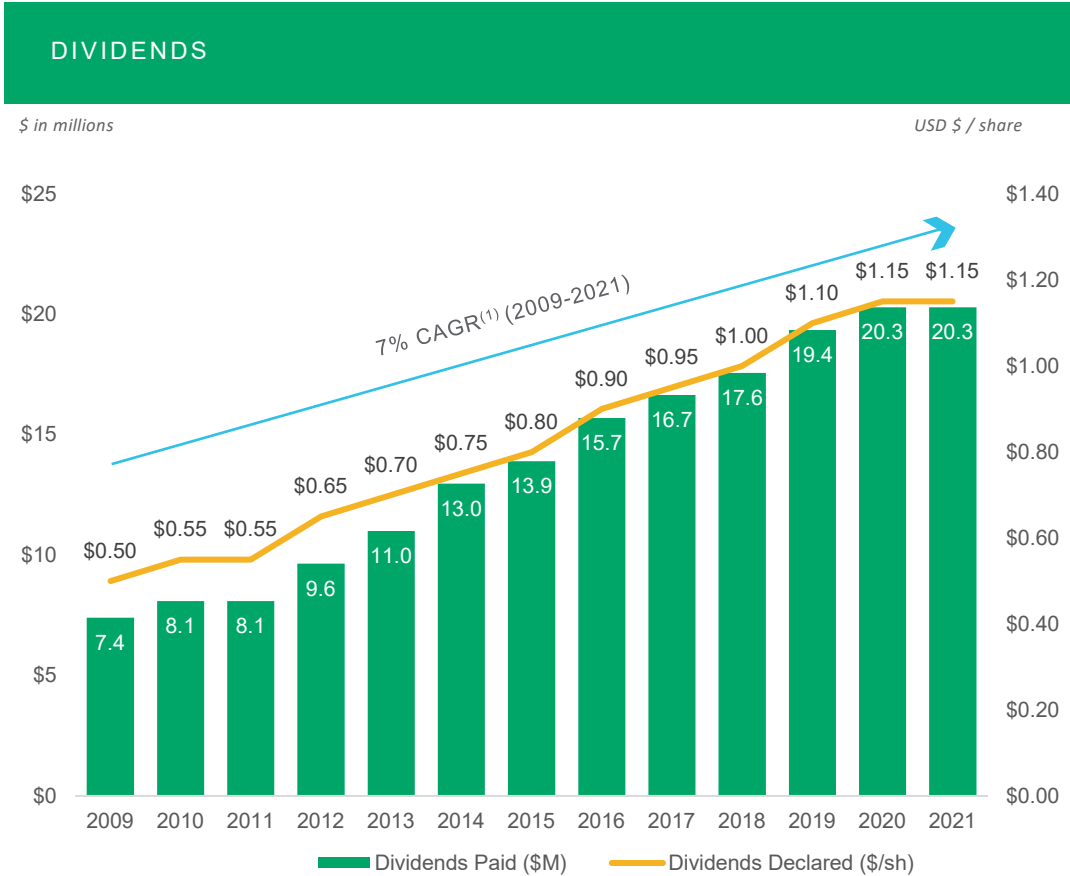
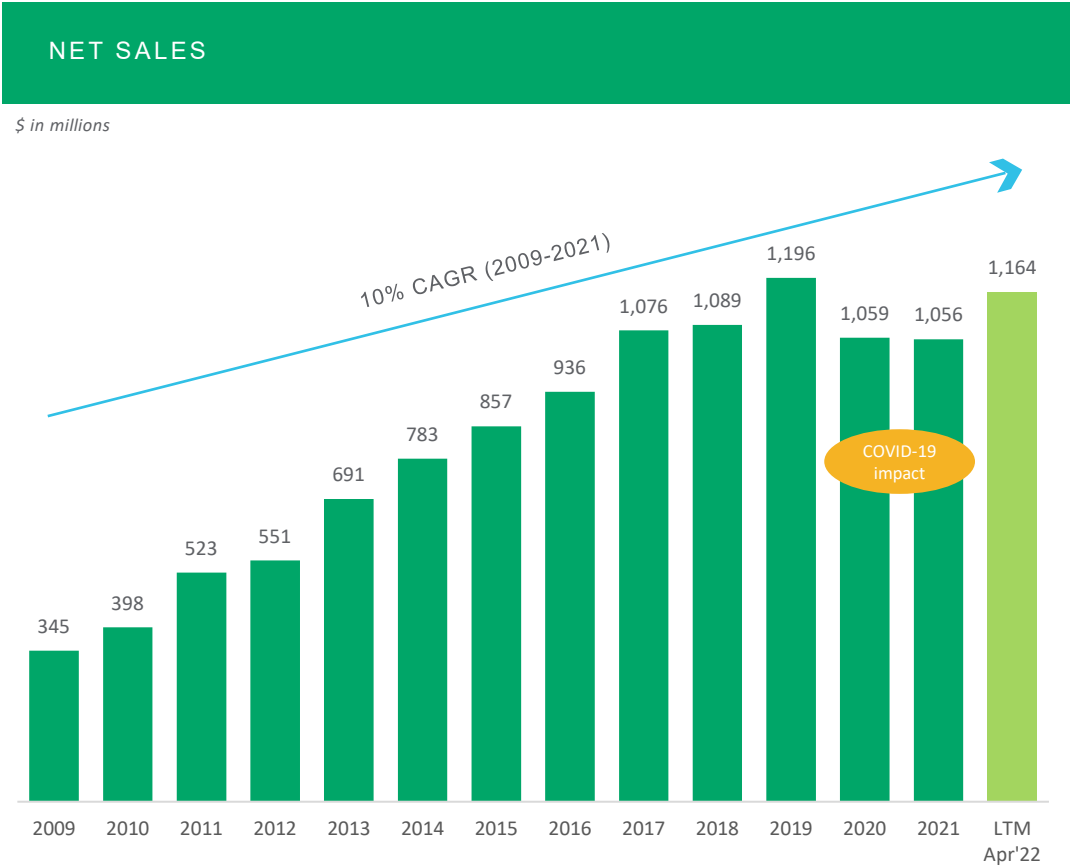
1) Calavo's Board of Directors are elected annually.



# Financial Performance

# Track Record of Sustainable Growth and Consistent Annual Dividend Payout

19 CONSECUTIVE YEARS OF DIVIDENDS, INCLUDING STRONG HISTORY OF DIVIDEND INCREASES



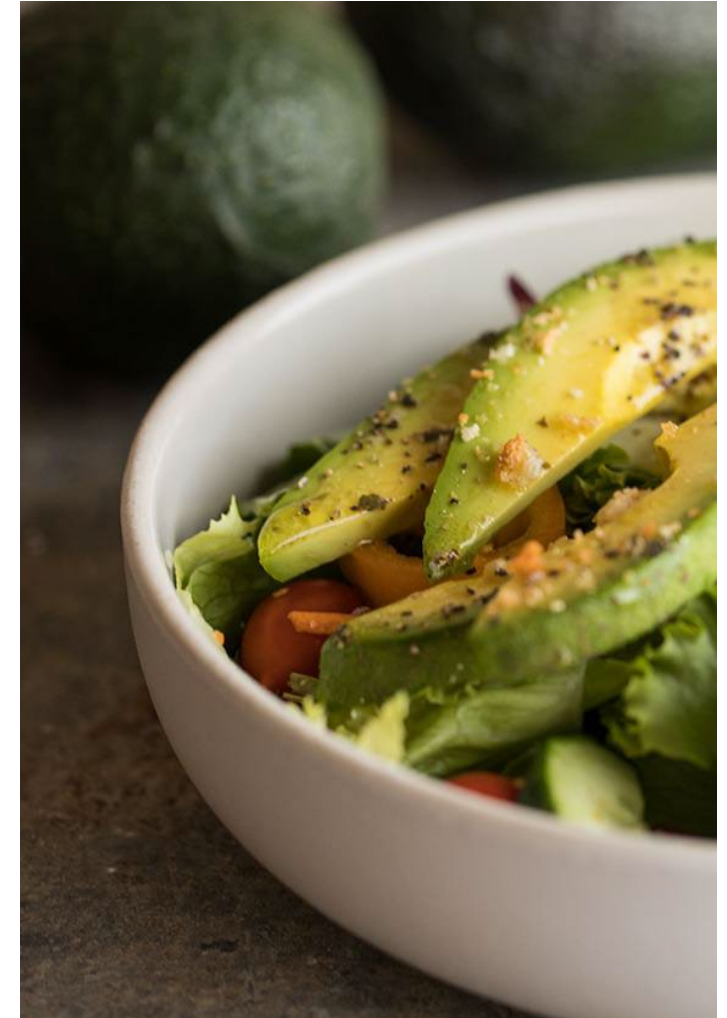
1) CAGR represents dividends declared.





## Q2 Financial Highlights

- Sequential improvement from the first quarter to the second quarter 2022:
  - Gross profit improved by \$8.5 million
  - Net loss improved by \$3.9 million, or \$0.22 per diluted share
  - Adjusted EBITDA improved by \$7.9 million
- Total revenue of \$331.4 million, a 20% increase from the year-ago quarter
- Fresh segment revenue increased 30% year-over-year to \$211.0 million, Renaissance Food Group (RFG) increased 6% year-over-year and Foods segment revenues decreased 4% year-over-year
- Gross profit of \$21.7 million, or 6.6% of revenue, compared to \$22.6 million, or 8.2% of revenue, for the year-ago quarter
- Adjusted EBITDA of \$12.7 million, or \$0.71 per diluted share compared to \$15.0 million, or \$0.85 per diluted share for the same period last year
- Paid down \$22.7 million of debt during the quarter

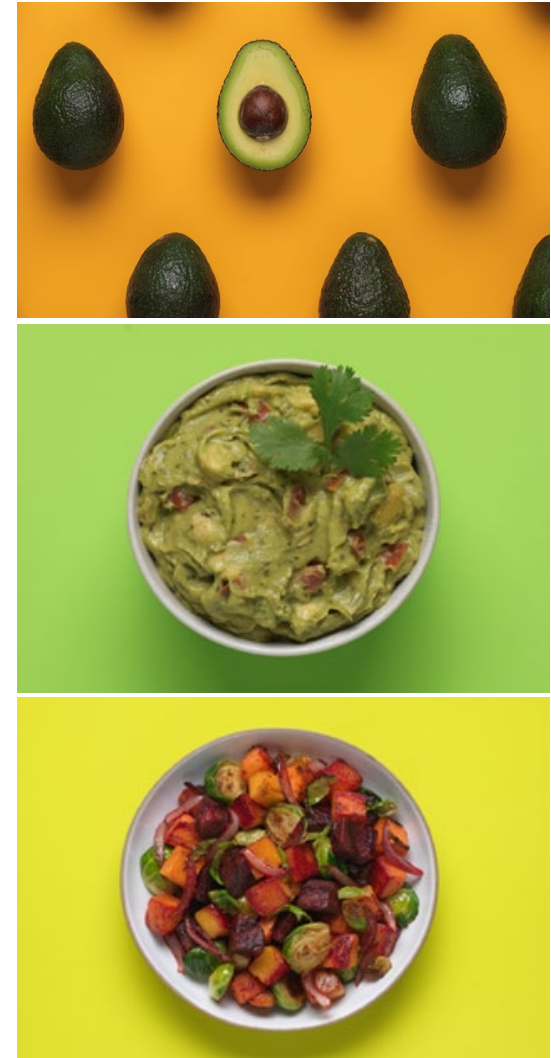


Adjusted net income (loss) and adjusted EBITDA are non-GAAP financial measures. Reconciliations of non-GAAP financial measures to the most directly comparable GAAP financial measures are provided in our reports on file with the SEC.

# Outlook

- Optimistic we will see ongoing profit improvement from our Project Uno efforts, primarily in the RFG business
- Avocado pricing should decrease as supply normalizes, and we expect margins to remain around the \$3 to \$4 per case historical average
- We expect our Foods' segment margins to remain compressed as high raw material costs linger
- We will combat higher input costs with pricing actions, efficiency initiatives, labor productivity efforts and sourcing optimization programs

Be better today than yesterday; be better tomorrow than today







# Commitment to ESG

### Calavo core values

#### DRIVE

We are motivated, engaged and passionate, which fuels our will to win.

#### RESPECT

Through a diverse and inclusive work environment, we cultivate shared goals to ensure success.

#### INNOVATION

We create a culture that embraces innovation in everything we do.

#### STEWARDSHIP

We are committed to an environment where sustainability and social equality create exceptional value for stakeholders.

#### QUALITY

Quality is our guiding principle, whether developing our people or our products.

### Passion

To provide fresh,  
high-quality,  
healthy food.

### Vision

To be a global leader in fresh  
foods – delivering nutritious  
products, utilizing  
sustainable practices, and  
cultivating relationships with  
our growers, customers, and  
consumers.

# Our Approach to Sustainability

WE BELIEVE SUSTAINABLE PRACTICES SUPPORT LONG-TERM VALUE CREATION FOR ALL STAKEHOLDERS. CALAVO STRIVES TO BE GOOD CORPORATE CITIZENS PURSUING ENVIRONMENTAL RESPONSIBILITY, SOCIAL EQUITY, AND SOUND GOVERNANCE THROUGHOUT OUR BUSINESS AND SUPPLY CHAIN.



# ESG Highlights & Accomplishments

## ENVIRONMENTAL



- Engaged SustainaBase to complete inaugural carbon footprint study to develop data for analysis and goal-setting
- 10x20x30 Project: Calavo joined a group of the world's largest food retailers and providers to eliminate food waste from the supply chain. As part of our involvement, Calavo has committed to a 50 percent reduction target within our own operations
- Joined Sustainable Packaging Coalition to take advantage of packaging stakeholder knowledge and stay up-to-date on packaging innovation
- Joined Hass Avocado Task Force on Sustainability to contribute to the industry's sustainability commitment
- LED Lighting Fixtures: At the end of 2020, 68% (942,874 SF) of our total manufacturing space was converted to LED lighting. Remaining square footage will be converted over a three-year timeline
- Delivered 3,073 metric tons of seeds and avocado skins to an avocado oil producer instead of composting these by-products

## SOCIAL



- Fair Trade Program: Provided \$220,000 in healthcare services to workers, small growers, and their families
- Supplied food donations to local food banks in communities around all our RFG facilities
- Provided assistance to production facility employees when natural disasters occurred
- Worked with USEM Ciudad de Mexico to assess quality of life of our Mexican workers and their families against UN Sustainable Development Goals. This resulted in Calavo's first financial and personnel support for infrastructure and sanitation improvements in the communities where our workers live.

## GOVERNANCE



- Formed the Sustainability and Corporate Responsibility Committee of the Board of Directors to assist the Board in fulfilling its responsibility for the oversight of relevant sustainability and corporate social responsibility policies, strategies and programs
- Sustainability Council brings together key Calavo leaders to drive sustainability and corporate responsibility initiatives
- Food safety auditing and certification: FDA, USDA, OSHA, GFSI (including BRC and SQF)
- Enhanced diversity on the Board of Directors with Farha Aslam and Adriana Mendizabal joining in 2021, and reduced the size of the board from 13 to 10 by Feb 2022 with plans to further reduce the size of the board to 9 members over time
- Strong corporate governance supports commitment to conducting business honestly and ethically around the world.





INVESTOR RELATIONS CONTACT:

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