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

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended January 31, 2019

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number: 000-33385

CALAVO GROWERS, INC.
(Exact name of registrant as specified in its charter)

California	**33-0945304**
(State of incorporation)	(I.R.S. Employer Identification No.)

1141-A Cummings Road
Santa Paula, California 93060
(Address of principal executive offices) (Zip code)

(805) 525-1245
(Registrant's telephone number, including area code)

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer”, “smaller reporting company” and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller Reporting Company ☐
Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act. ☐

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

Registrant's number of shares of common stock outstanding as of January 31, 2019 was 17,597,734

CAUTIONARY STATEMENT

This Quarterly Report on Form 10-Q, including "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 2, contains forward-looking statements that involve risks, uncertainties and assumptions. If the risks or uncertainties ever materialize or the assumptions prove incorrect, the results of Calavo Growers, Inc. and its consolidated subsidiaries (Calavo, the Company, we, us or our) may differ materially from those expressed or implied by such forward-looking statements and assumptions. All statements, other than statements of historical fact, are statements that could be deemed forward-looking statements, including, but not limited to, any projections of revenue, gross profit, expenses, gain/(loss) on Limoneira shares, income/(loss) from unconsolidated entities, earnings, earnings per share, tax provisions, cash flows, currency exchange rates, the impact of acquisitions or equity investments or other financial items; any statements of the plans, strategies and objectives of management for future operations, including execution of restructuring and integration (including information technology systems integration) plans; any statements regarding current or future macroeconomic trends or events and the impact of those trends and events on Calavo and its financial performance, whether attributable to Calavo or any of its unconsolidated entities; any statements regarding pending investigations, legal claims or tax disputes; any statements of expectation or belief; and any statements of assumptions underlying any of the foregoing. Risks, uncertainties and assumptions include the impact of macroeconomic trends and events; the competitive pressures faced by Calavo's businesses; the development and transition of new products and services (and the enhancement of existing products and services) to meet customer needs; integration and other risks associated with business combinations; the hiring and retention of key employees; the resolution of pending investigations, legal claims and tax disputes; and other risks that are described herein, including, but not limited to, the items discussed in Item 1A, *Risk Factors*, in our Annual Report on Form 10-K for the fiscal year ended October 31, 2018, and those detailed from time to time in our other filings with the Securities and Exchange Commission. Calavo assumes no obligation and does not intend to update these forward-looking statements.

CALAVO GROWERS, INC.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CALAVO GROWERS, INC.
CONSOLIDATED CONDENSED BALANCE SHEETS (UNAUDITED)
(in thousands, except per share amounts)

	January 31, 2019	October 31, 2018
Assets		
Current assets:		
Cash and cash equivalents	$ 4,211	$ 1,520
Accounts receivable, net of allowances of $4,528 (2019) $3,227 (2018)	73,323	66,143
Inventories, net	38,463	35,044
Prepaid expenses and other current assets	8,033	16,727
Advances to suppliers	4,332	5,555
Income taxes receivable	2,296	3,521
Total current assets	130,658	128,510
Property, plant, and equipment, net	122,522	122,143
Investment in Limoneira Company	36,951	42,609
Investment in unconsolidated entities	18,507	24,805
Deferred income taxes	4,377	4,377
Goodwill	18,262	18,262
Loans to FreshRealm	19,942	—
Other assets	29,046	27,030
	$ 380,265	$ 367,736
Liabilities and shareholders' equity		
Current liabilities:		
Payable to growers	$ 10,247	$ 14,001
Trade accounts payable	16,917	13,735
Accrued expenses	39,528	38,521
Short-term borrowings	39,000	15,000
Dividend payable	—	17,568
Current portion of long-term obligations	112	118
Total current liabilities	105,804	98,943
Long-term liabilities:		
Long-term obligations, less current portion	271	314
Deferred rent	2,895	2,678
Other long-term liabilities	842	842
Total long-term liabilities	4,008	3,834
Commitments and contingencies		
Shareholders' equity:		
Common stock ($0.001 par value, 100,000 shares authorized; 17,598 (2019) and 17,567 (2018) shares issued and outstanding)	18	18
Additional paid-in capital	158,941	157,928
Accumulated other comprehensive income	—	12,141
Noncontrolling interest	1,742	1,748
Retained earnings	109,752	93,124
Total shareholders' equity	270,453	264,959
	$ 380,265	$ 367,736

The accompanying notes are an integral part of these consolidated condensed financial statements.

CALAVO GROWERS, INC.
CONSOLIDATED CONDENSED STATEMENTS OF INCOME (UNAUDITED)
(in thousands, except per share amounts)

	Three months ended January 31,	
	2019	2018
Net sales	$ 258,032	$ 247,928
Cost of sales	227,195	221,618
Gross profit	30,837	26,310
Selling, general and administrative	14,276	15,517
Operating income	16,561	10,793
Interest expense	(254)	(231)
Other income, net	510	126
Unrealized and realized net loss on Limoneira shares	(4,505)	—
Income before provision for income taxes and income/(loss) from unconsolidated entities	12,312	10,688
Provision for income taxes	1,533	4,302
Income/(loss) from unconsolidated entities	(6,298)	603
Net income	4,481	6,989
Less: Net loss attributable to noncontrolling interest	6	150
Net income attributable to Calavo Growers, Inc.	$ 4,487	$ 7,139
Calavo Growers, Inc.'s net income per share:		
Basic	$ 0.26	$ 0.41
Diluted	$ 0.26	$ 0.41
Number of shares used in per share computation:		
Basic	17,500	17,446
Diluted	17,558	17,525

The accompanying notes are an integral part of these consolidated condensed financial statements.

CALAVO GROWERS, INC.
CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)
(in thousands)

	Three months ended January 31,	
	2019	**2018**
Net income	$ 4,481	$ 6,989
Other comprehensive income, before tax:		
Unrealized investment losses	—	(3,111)
Income tax benefit related to items of other comprehensive income	—	1,089
Other comprehensive loss, net of tax	—	(2,022)
Comprehensive income	4,481	4,967
Less: Net loss attributable to noncontrolling interest	6	150
Comprehensive income – Calavo Growers, Inc.	$ 4,487	$ 5,117

The accompanying notes are an integral part of these consolidated condensed financial statements.

CALAVO GROWERS, INC.
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS (UNAUDITED)
(in thousands)

	Three months ended January 31, 2019	2018
Cash Flows from Operating Activities:		
Net income	$ 4,481	$ 6,989
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,392	3,211
Loss (income) from unconsolidated entities	6,298	(603)
Unrealized and realized net loss on Limoneira shares	4,505	—
Stock-based compensation expense	966	1,832
Deferred income taxes	—	1,453
Effect on cash of changes in operating assets and liabilities:		
Accounts receivable, net	(7,181)	(2,905)
Inventories, net	(3,419)	(326)
Prepaid expenses and other current assets	(418)	(920)
Advances to suppliers	1,223	2,454
Income taxes receivable/payable	1,225	2,745
Other assets	(2,735)	(1,465)
Payable to growers	(3,753)	780
Deferred rent	217	(13)
Trade accounts payable, accrued expenses and other long-term liabilities	5,570	(5,335)
Net cash provided by operating activities	10,371	7,897
Cash Flows from Investing Activities:		
Acquisitions of and deposits on property, plant, and equipment	(3,867)	(5,394)
Proceeds received for repayment of San Rafael note	112	112
Proceeds received from Limoneira stock sales	1,153	—
Loan to FreshRealm	(10,500)	—
Net cash used in investing activities	(13,102)	(5,282)
Cash Flows from Financing Activities:		
Payment of dividend to shareholders	(17,568)	(16,657)
Proceeds from revolving credit facility	89,500	58,000
Payments on revolving credit facility	(65,500)	(46,500)
Payment of minimum withholding taxes on net share settlement of equity awards	(1,008)	(1,158)
Payments on long-term obligations	(49)	(36)
Proceeds from stock option exercises	47	53
Net cash provided by (used in) financing activities	5,422	(6,298)
Net increase (decrease) in cash and cash equivalents	2,691	(3,683)
Cash and cash equivalents, beginning of period	1,520	6,625
Cash and cash equivalents, end of period	$ 4,211	$ 2,942
Noncash Investing and Financing Activities:		
Property, plant, and equipment included in trade accounts payable and accrued expenses	$ 573	$ 1,063
Noncash transfer of noncontrolling interest	$ —	$ 1,001
Unrealized investment gain	$ —	$ (3,111)

The accompanying notes are an integral part of these consolidated condensed financial statements.

CALAVO GROWERS, INC.
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(UNAUDITED)

1. Description of the business

Business

Calavo Growers, Inc. (Calavo, the Company, we, us or our), is a global leader in the avocado industry and a provider of value-added fresh food. Our expertise in marketing and distributing avocados, prepared avocados, and other perishable foods allows us to deliver a wide array of fresh and prepared food products to retail grocery, foodservice, club stores, mass merchandisers, food distributors and wholesalers on a worldwide basis. We procure avocados from California, Mexico and other growing regions around the world. Through our various operating facilities, we (i) sort, pack, and/or ripen avocados, tomatoes and/or Hawaiian grown papayas, (ii) create, process and package a portfolio of healthy fresh foods including fresh-cut fruit and vegetables, and prepared foods and (iii) process and package guacamole and salsa. We distribute our products both domestically and internationally and report our operations in three different business segments: Fresh products, Calavo Foods and Renaissance Food Group (RFG).

The accompanying unaudited consolidated condensed financial statements have been prepared by the Company in accordance with accounting principles generally accepted in the United States and with the instructions to Form 10-Q and Article 10 of Regulation S-X of the Securities and Exchange Commission. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, the accompanying unaudited consolidated condensed financial statements contain all adjustments, consisting of adjustments of a normal recurring nature necessary to present fairly the Company's financial position, results of operations and cash flows. The results of operations for interim periods are not necessarily indicative of the results that may be expected for a full year. These statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended October 31, 2018.

Recently Adopted Accounting Pronouncements

In January 2016, the FASB issued an ASU, which requires equity investments (except those accounted for under the equity method of accounting) to be measured at fair value with changes in fair value recognized in net income. The guidance is effective for fiscal years and interim period within those fiscal years beginning after December 15, 2017. The Company adopted this new standard at the beginning of fiscal 2019. With the adoption of this new standard, we reclassed unrealized gains of $12.1 million in accumulated other comprehensive income to retained earnings as of November 1, 2018. Additionally, for the three months ended January 31, 2019, we sold 51,271 shares of Limoneira stock and recorded a loss of $0.1 million in our consolidated statements of income. Limoneira's stock price at January 31, 2019 and October 31, 2018 equaled $22.03 per share and $24.65 per share. Our remaining shares of Limoneira stock, totaling 1,677,299 at January 31, 2019, were revalued to $22.03 per share and, as a result, we recorded a loss of $4.4 million in our consolidated statements of income.

In May 2014, the FASB issued a comprehensive new revenue recognition standard which will supersede previous existing revenue recognition guidance. The standard is intended to clarify the principles of recognizing revenue and create common revenue recognition guidance between U.S. GAAP and International Financial Reporting Standards. The standard also requires expanded disclosures surrounding revenue recognition. During fiscal 2017, the FASB issued additional clarification guidance on the new revenue recognition standard which also included certain scope improvements and practical expedients. The Company adopted this new standard at the beginning of fiscal 2019 using the modified retrospective transition method, under which the cumulative effect of initially applying the new guidance is recognized as an adjustment to the opening balance of retained earnings on the first day of our 2019 fiscal year. The adoption of the amendment did not have an impact on the Company's consolidated financial statements. See Note 14 for further information.

Recently Issued Accounting Standards

In June 2018, the FASB issued an ASU*, Improvements to Nonemployee Share-Based Payment Accounting*. The FASB issued this update to simplify the accounting for share-based payments to nonemployees by aligning it with the accounting for share-based payments to employees, with certain exceptions. This ASU will be effective for us beginning the first day of our 2020 fiscal year. We are evaluating the impact of the update of this ASU on our financial condition, results of operations and cash flows, and, as such, we are not able to estimate the effect the adoption of the new standard will have on our financial statements.

In February 2018, the FASB issued an ASU, *Reclassification of Certain Tax Effects From Accumulated Other Comprehensive Income*, which amends Accounting Standards Codification ("ASC") 220, Income Statement — Reporting Comprehensive Income, to allow a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act, (the "Act"). In addition, under the ASU, an entity will be required to provide certain disclosures regarding stranded tax effects. This ASU is effective for us the first day of our 2020 fiscal year. Early adoption is permitted. We are evaluating the impact of adoption of this ASU on our financial condition, results of operations and cash flows, and, as such, we are not able to estimate the effect the adoption of the new standard will have on our financial statements.

In January 2017, the FASB issued an ASU, *Simplifying the Test for Goodwill Impairment,* which removes the requirement to compare the implied fair value of goodwill with its carrying amount as part of step 2 of the goodwill impairment test. The ASU permits an entity to perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and to recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit’s fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. This ASU will be effective for us beginning the first day of our 2021 fiscal year and is not expected to have a significant impact upon adoption.

In February 2016, the FASB issued an ASU, *Leases*, which requires a dual approach for lessee accounting under which a lessee would account for leases as finance leases or operating leases. Both finance leases and operating leases will result in the lessee recognizing a right-of use asset and a corresponding lease liability. For finance leases, the lessee would recognize interest expense and amortization of the right-of-use asset, and for operating leases, the lessee would recognize a straight-line total lease expense. The guidance also requires qualitative and specific quantitative disclosures to supplement the amounts recorded in the financial statements so that users can understand more about the nature of an entity’s leasing activities, including significant judgments and changes in judgments. This ASU will be effective for us beginning the first day of our 2020 fiscal year. Early adoption is permitted. Although we are in the process of evaluating the impact of adoption of ASU 2016-02 on our consolidated financial statements, we currently expect the most significant changes will be related to the recognition of material new long-term right-of-use assets and lease liabilities on our consolidated balance sheet.

2. Information regarding our operations in different segments

We report our operations in three different business segments: (1) Fresh products, (2) Calavo Foods, and (3) RFG. These three business segments are presented based on how information is used by our Chief Executive Officer to measure performance and allocate resources. The Fresh products segment includes all operations that involve the distribution of avocados and other fresh produce products. The Calavo Foods segment represents all operations related to the purchase, manufacturing, and distribution of prepared avocado products, including guacamole and salsa. The RFG segment represents all operations related to the manufacturing and distribution of fresh-cut fruit, fresh-cut vegetables, vegetables and prepared foods. Selling, general and administrative expenses, as well as other non-operating income/expense items, are evaluated by our Chief Executive Officer in the aggregate. We do not allocate assets, or specifically identify them to, our operating segments. Data in the following tables is presented in thousands:

	Three months ended January 31, 2019				Three months ended January 31, 2018			
	Fresh products	Calavo Foods	RFG	Total	Fresh products	Calavo Foods	RFG	Total
Avocados	$ 103,995	$ —	$ —	$ 103,995	$ 108,929	$ —	$ —	$ 108,929
Tomatoes	11,392	—	—	11,392	12,084	—	—	12,084
Papayas	2,939	—	—	2,939	2,805	—	—	2,805
Other fresh products	80	—	—	80	34	—	—	34
Prepared avocado products	—	24,252	—	24,252	—	21,803	—	21,803
Salsa	—	853	—	853	—	865	—	865
Fresh-cut fruit & vegetables and prepared foods	—	—	119,541	119,541	—	—	106,776	106,776
Total gross sales	118,406	25,105	119,541	263,052	123,852	22,668	106,776	253,296
Less sales incentives	(957)	(2,034)	(477)	(3,468)	(652)	(2,778)	(670)	(4,100)
Less inter-company eliminations	(595)	(957)	—	(1,552)	(415)	(853)	—	(1,268)
Net sales	$ 116,854	$ 22,114	$ 119,064	$ 258,032	$ 122,785	$ 19,037	$ 106,106	$ 247,928

	Fresh products	Calavo Foods	RFG	Total
Three months ended January 31, 2019				
Net sales before intercompany eliminations	$ 117,449	$ 23,071	$ 119,064	$ 259,584
Intercompany eliminations	(595)	(957)	—	(1,552)
Net sales	116,854	22,114	119,064	258,032
Cost of sales before intercompany eliminations	96,591	16,327	115,829	228,747
Intercompany eliminations	(527)	(645)	(380)	(1,552)
Cost of sales	96,064	15,682	115,449	227,195
Gross profit	$ 20,790	$ 6,432	$ 3,615	$ 30,837
Three months ended January 31, 2018				
Net sales before intercompany eliminations	$ 123,200	$ 19,890	$ 106,106	$ 249,196
Intercompany eliminations	(415)	(853)	—	(1,268)
Net sales	122,785	19,037	106,106	247,928
Cost of sales before intercompany eliminations	108,905	13,620	100,361	222,886
Intercompany eliminations	(377)	(558)	(333)	(1,268)
Cost of sales	108,528	13,062	100,028	221,618
Gross profit	$ 14,257	$ 5,975	$ 6,078	$ 26,310

For the three months ended January 31, 2019 and 2018, inter-segment sales and cost of sales of $0.5 million and $0.4 million between Fresh products and RFG were eliminated. For the three months ended January 31, 2019 and 2018, inter-segment sales and cost of sales of $1.0 million and $0.9 million between Calavo Foods and RFG were eliminated. For the three months ended January 31, 2019 and 2018, inter-segment sales and cost of sales of $0.1 million between Fresh products and Calavo Foods were eliminated.

3. Inventories

Inventories consist of the following (in thousands):

	January 31, 2019	October 31, 2018
Fresh fruit	$ 14,921	$ 12,902
Packing supplies and ingredients	11,871	10,889
Finished prepared foods	11,671	11,253
	$ 38,463	$ 35,044

Inventories are stated at the lower of cost or net realizable value. We periodically review the value of items in inventory and record any necessary write downs of inventory based on our assessment of market conditions. No additional inventory reserve was considered necessary as of January 31, 2019 and October 31, 2018.

4. Related party transactions

Certain members of our Board of Directors market California avocados through Calavo pursuant to marketing agreements substantially similar to the marketing agreements that we enter into with other growers. For the three months ended January 31, 2019, we did not procure any avocados from entities owned or controlled by members of our Board of Directors. During the three months ended January 31, 2018, the aggregate amount of avocados procured from entities owned or controlled by members of our Board of Directors was $0.1 million. We did not have any amounts payable to these Board members as of January 31, 2019 and October 31, 2018.

During the three months ended January 31, 2019 and 2018, we received $0.1 million as dividend income from Limoneira Company (Limoneira). In addition, we lease office space from Limoneira for our corporate office. We paid to rent expense to Limoneira totaling $0.1 million for the three months ended January 31, 2019 and 2018. Harold Edwards, who is a member of our Board of Directors, is the Chief Executive Officer of Limoneira Company. As of January 31, 2019, we own less than 10% ownership interest in Limoneira. Effective December 2018, our Chief Executive Officer retired from Limoneira's Board of Directors.

We currently have a member of our Board of Directors who also serves as a partner in the law firm of TroyGould PC, which frequently represents Calavo as legal counsel. During each of the three months ended January 31, 2019 and 2018, Calavo Growers, Inc. paid fees totaling less than $0.1 million to TroyGould PC.

In January 2016, our unconsolidated subsidiary, Agricola Don Memo, S.A. de C.V. (Don Memo), entered into a loan agreement totaling $4.5 million with Bank of America, N.A. (BoA). This entity is accounted for using the equity method. These proceeds were used by Don Memo to repay debt owed to Calavo. Also in January 2016, Calavo and BoA, entered into a Continuing and Unconditional Guaranty Agreement (the Guaranty). Under the terms of the Guaranty, Calavo unconditionally guaranteed and promised to pay BoA any and all Indebtedness, as defined, of our unconsolidated subsidiary Don Memo to BoA. Belo also entered into a similar guarantee with BoA. In December 2018, Don Memo received third party financing and repaid its loan to BoA, and as a result, we were able to remove this guarantee to BoA.

As of January 31, 2019 and October 31, 2018, we had an investment of $5.4 million and $5.2 million, representing Calavo Sub's 50% ownership in Don Memo, which was included as an investment in unconsolidated entities on our balance sheet. We make advances to Don Memo for operating purposes, provide additional advances as shipments are made during the season, and return the proceeds from tomato sales under our marketing program to Don Memo, net of our commission and aforementioned advances. As of January 31, 2019 and October 31, 2018, we had outstanding advances of $2.0 million and $2.5 million to Don Memo. During the three months ended January 31, 2019 and 2018, we recorded $5.7 million and $3.7 million of cost of sales to Don Memo pursuant to our consignment agreement.

We make advances to Belher for operating purposes, provide additional advances as shipments are made during the season, and return the proceeds from tomato sales under our marketing program to Belher, net of our commission and aforementioned advances. We had grower advances due from Belher totaling $4.0 million as of January 31, 2019 and October 31, 2018, which are netted against the grower payable. In addition, we had infrastructure advances due from Belher of $3.4 million as of January 31, 2019 and October 31, 2018. $0.8 million of these infrastructure advances were recorded as a receivable in prepaid and other current assets. The remaining $2.6 million of these infrastructure advances were recorded in other assets. During the three months ended January 31, 2019 and 2018, we recorded $5.3 million and $5.9 million of cost of sales to Belher pursuant to our consignment agreement.

In August 2015, we entered into Shareholder's Agreement with various partners and created Avocados de Jalisco, S.A.P.I. de C.V. ("Avocados de Jalisco"). Avocados de Jalisco is a Mexican corporation created to engage in procuring, packing and selling avocados. As of January 31, 2019, this entity was approximately 83% owned by Calavo and was consolidated in our financial statements. Avocados de Jalisco built a packinghouse located in Jalisco, Mexico, which began operations in June of 2017. As of January 31, 2019 and October 31, 2018, we have made preseason advances of approximately $0.1 million to various partners of Avocados de Jalisco. During the three months ended January 31, 2019 and 2018, we purchased approximately $1.0 million and $0.2 million of avocados from the partners of Avocados de Jalisco. In January 2018, we transferred $1.0 million of interest to the Avocados de Jalisco noncontrolling members.

As of January 31, 2019 and October 31, 2018, we had an investment of $13.1 million and $19.9 million in FreshRealm, LLC ("FreshRealm"). We record the amount of our investment in FreshRealm in "Investment in unconsolidated entities" on our Consolidated Condensed Balance Sheets and recognize losses in FreshRealm in "Income/ (loss) in unconsolidated entities" in our Consolidated Condensed Statement of Income. See Note 13 for additional information.

Effective July 31, 2018, we entered into a Note and Membership Unit Purchase Agreement ("NMUPA") with FreshRealm, pursuant to which we agreed to provide additional financing, subject to certain terms and conditions. Pursuant to such NMUPA, we entered into a Subscription Agreement, whereby we purchased $3.5 million of equity units in FreshRealm, on July 31, 2018. FreshRealm concurrently entered into subscription agreements with certain third-party investors for an additional $3.5 million of equity investments. As of January 31, 2019, our ownership percentage in FreshRealm was approximately 37%.

Additionally, pursuant to the NMUPA, we entered into a $12 million Senior Promissory Note and corresponding Security Agreement (collectively, the "Agreements") with FreshRealm, effective August 10, 2018. We funded $9 million of this loan commitment during the fourth quarter of fiscal 2018 and funded the remaining loan commitment amount of $3 million during the first quarter of fiscal 2019. During our second quarter of fiscal 2019, we amended this note, due October 31, 2019, and, among other things, included a provision whereby we have the option to extend repayment of this note to November 1, 2020.

We also loaned FreshRealm an additional $7.5 million, in several unsecured notes during our first quarter of fiscal 2019. During our second fiscal quarter of 2019, we consolidated those notes into one $7.5 million note receivable balance due from FreshRealm, due October 31, 2019. Similar to the amended note described above, we included a provision whereby we have the option to extend repayment of this note to November 1, 2020. Also, during our fiscal second quarter, we lent an additional $1.5 million on an unsecured basis to FreshRealm. As of January 31, 2019 and October 31, 2018, we have note receivables from FreshRealm totaling $19.9 million and $9.0 million. See Note 13 for further information.

Three officers and five members of our board of directors have investments in FreshRealm. In addition, as of January 31, 2019 and October 31, 2018, we have a loan to FreshRealm members of approximately $0.2 million and $0.3 million. In October and December 2017, our Chairman and Chief Executive Officer invested $7.0 million and $1.5 million into FreshRealm. In January 2018, one of our non-executive directors invested $1.8 million into FreshRealm. In the second quarter of fiscal 2018, two of our non-executive directors invested $1.2 million into FreshRealm.

In the first quarter of fiscal 2019, FreshRealm entered into a supply contract with a large multi-national, multi-channel retailer. Calavo co-signed an addendum to this agreement to provide assurance to the customer that Calavo will

assume responsibility for performance, in the event that FreshRealm cannot perform, provided that the customer must work in good faith to make reasonable adjustments to logistical elements in the contract, if requested by Calavo.

We provide storage services to FreshRealm from our New Jersey and Texas Value-Added Depots, and our RFG Riverside facility. We have received $0.1 million in storage services revenue from FreshRealm in the three months ended January 31, 2019 and 2018. For the three months ended January 31, 2019 and 2018, RFG has sold $1.6 million and $1.5 million of products to FreshRealm.

The previous owners of RFG, one of which is currently an officer of Calavo, have a majority ownership of certain entities that provide various services to RFG, specifically LIG Partners, LLC and THNC, LLC. One of RFG's California operating facilities leases a building from LIG Partners, LLC (LIG) pursuant to an operating lease. RFG's Texas operating facility leases a building from THNC, LLC (THNC) pursuant to an operating lease. See the following tables for the related party activity for the three months ended January 31, 2019 and 2018:

	Three months ended January 31,	
(in thousands)	2019	2018
Rent paid to LIG	$ 139	$ 139
Rent paid to THNC, LLC	$ 198	$ 199

5. Other assets

Other assets consist of the following (in thousands):

	January 31, 2019	October 31, 2018
Intangibles, net	$ 833	$ 1,109
Mexican IVA (i.e. value-added) taxes receivable (see note 11)	24,042	21,859
Infrastructure advance to Agricola Belher	2,600	2,600
Notes receivable from San Rafael	—	39
Other	1,571	1,423
	$ 29,046	$ 27,030

Intangible assets consist of the following (in thousands):

		January 31, 2019			October 31, 2018		
	Weighted-Average Useful Life	Gross Carrying Value	Accum. Amortization	Net Book Value	Gross Carrying Value	Accum. Amortization	Net Book Value
Customer list/relationships	8.0 years	$ 7,640	$ (7,336)	$ 304	$ 7,640	$ (7,106)	$ 534
Trade names	8.6 years	2,760	(2,705)	55	2,760	(2,672)	88
Trade secrets/recipes	9.3 years	630	(431)	199	630	(418)	212
Brand name intangibles	indefinite	275	—	275	275	—	275
Intangibles, net		$ 11,305	$ (10,472)	$ 833	$ 11,305	$ (10,196)	$ 1,109

We anticipate recording amortization expense of approximately $0.4 million for the remainder of fiscal 2019, $0.1 million for fiscal year 2020, $0.1 million for fiscal year 2021, $0.1 million for fiscal year 2022, and less than $0.1 million for thereafter, through fiscal year 2023.

See Note 11 for additional information related to Mexican IVA taxes.

6. Stock-Based Compensation

In April 2011, our shareholders approved the Calavo Growers, Inc. 2011 Management Incentive Plan (the "2011 Plan"). All directors, officers, employees and consultants (including prospective directors, officers, employees and consultants) of Calavo and its subsidiaries are eligible to receive awards under the 2011 Plan. Up to 1,500,000 shares of common stock may be issued by Calavo under the 2011 Plan.

On January 2, 2019, all 12 of our non-employee directors were granted 1,750 restricted shares each (total of 21,000 shares). These shares have full voting rights and participate in dividends as if unrestricted. The closing price of our stock on such date was $71.56. On January 2, 2020, as long as the directors are still serving on the board, these shares lose their restriction and become non-forfeitable and transferable. These shares were granted pursuant to our 2011 Plan. The total recognized stock-based compensation expense for these grants was $0.2 million for the three months ended January 31, 2019.

On December 14, 2018, our executive officers were granted a total of 14,522 restricted shares. These shares have full voting rights and participate in dividends as if unrestricted. The closing price of our stock on such date was $85.67. These shares vest in one-third increments, on an annual basis, beginning December 14, 2019. These shares were granted pursuant to our 2011 Plan. The total recognized stock-based compensation expense for these grants was $0.1 million for the three months ended January 31, 2019.

A summary of restricted stock activity, related to our 2011 Management Incentive Plan, is as follows (in thousands, except for per share amounts):

	Number of Shares	Weighted-Average Grant Price	Aggregate Intrinsic Value
Outstanding at October 31, 2018	85	$ 68.82	
Vested	(51)	$ 70.48	
Granted	35	$ 77.33	
Outstanding at January 31, 2019	69	$ 71.74	$ 5,321

The total recognized stock-based compensation expense for restricted stock was $1.0 million and $1.8 million for the three months ended January 31, 2019 and 2018. Total unrecognized stock-based compensation expense totaled $4.7 million as of January 31, 2019, and will be amortized through fiscal year 2021.

Stock options are granted with exercise prices of not less than the fair market value at grant date, generally vest over one to five years and generally expire two to five years after the grant date. We settle stock option exercises with newly issued shares of common stock.

We measure compensation cost for all stock-based awards at fair value on the date of grant and recognize compensation expense in our consolidated statements of operations over the service period that the awards are expected to vest. We measure the fair value of our stock based compensation awards on the date of grant.

A summary of stock option activity, related to our 2005 Stock Incentive Plan, is as follows (in thousands, except for per share amounts):

	Number of Shares	Weighted-Average Exercise Price	Aggregate Intrinsic Value
Outstanding at October 31, 2018	4	$ 19.20	
Outstanding at January 31, 2019	4	$ 19.20	$ 370
Exercisable at January 31, 2019	4	$ 19.20	$ 370

At January 31, 2019, outstanding and exercisable stock options had a weighted-average remaining contractual term of 1.1 years. The total recognized and unrecognized stock-based compensation expense was insignificant for the three months ended January 31, 2019.

A summary of stock option activity, related to our 2011 Management Incentive Plan, is as follows (in thousands, except for per share amounts):

	Number of Shares	Weighted-Average Exercise Price	Aggregate Intrinsic Value
Outstanding at October 31, 2018	20	$ 40.07	
Exercised	(2)	$ 23.48	
Outstanding at January 31, 2019	18	$ 41.91	$ 710
Exercisable at January 31, 2019	12	$ 25.10	$ 675

At January 31, 2019, outstanding and exercisable stock options had a weighted-average remaining contractual term of 4.4 years. The total recognized and unrecognized stock-based compensation expense was insignificant for the three months ended January 31, 2019.

7. Other events

Dividend payment

On December 7, 2018, we paid a $1.00 per share dividend in the aggregate amount of $17.6 million to shareholders of record on November 16, 2018.

Litigation

From time to time, we are also involved in other litigation arising in the ordinary course of our business that we do not believe will have a material adverse impact on our financial statements.

Mexico tax audits

We conduct business both domestically and internationally and, as a result, one or more of our subsidiaries files income tax returns in U.S. federal, U.S. state and certain foreign jurisdictions. Accordingly, in the normal course of business, we are subject to examination by taxing authorities, primarily in Mexico and the United States. During our third quarter of fiscal 2016, our wholly-owned subsidiary, Calavo de Mexico (CDM), received a written communication from the Ministry of Finance and Administration of the government of the State of Michoacan, Mexico (MFM) containing preliminary observations related to a fiscal 2011 tax audit of such subsidiary. MFM's preliminary observations outline certain proposed adjustments primarily related to intercompany funding, deductions for services from certain vendors/suppliers and Value Added Tax (VAT). During our fourth fiscal quarter of 2016, we provided a written rebuttal to MFM's preliminary observations and requested the adoption of a conclusive agreement before the PRODECON (Local Tax Ombudsman) so that a full discussion of the case between us, the MFM and the PRODECON, as appropriate, can lead to a reconsideration of the MFM findings. During our third and fourth fiscal quarters of 2017, several meetings between MFM, PRODECON and us took place and on November 28, 2017, the initial PRODECON process concluded. In April 2018, we filed a second formal agreement before the PRODECON, so that we can continue the discussion of the case between us, the MFM and the PRODECON. During this meeting and discussion period, the statutory period that MFM has in order to issue the tax assessment has been suspended. Currently, we are waiting for the response of the MFM and the PRODECON regarding our next meeting date. We believe we have the legal arguments and documentation to sustain the positions challenged by tax authorities.

Additionally, we also received notice from Mexico's Federal Tax Administration Service, Servicio de Administracion Tributaria (SAT), that our wholly-owned Mexican subsidiary, Calavo de Mexico, is currently under examination related to fiscal year 2013. In January 2017, we received preliminary observations from SAT outlining certain proposed adjustments primarily related to intercompany funding, deductions for services from certain vendors/suppliers, and VAT. We provided a written rebuttal to these preliminary observations during our second fiscal quarter of 2017, which the SAT is in process of analyzing. During our third fiscal quarter of 2017, we requested the adoption of a conclusive agreement before the PRODECON (Local Tax Ombudsman), so that a full discussion of the case between us, the SAT and the PRODECON, as appropriate, can lead to a reconsideration of the SATs findings. During this meeting and

discussion period, the statutory period that SAT had in order to issue the tax assessment was suspended. During our first fiscal quarter of 2018, we had an initial meeting with officials from the SAT and the PRODECON, which led to a further exchange of supporting information and documentation. Although several meetings and discussions with the PRODECON and the SAT were conducted during our fiscal third quarter of 2018, we were unable to materially resolve our case with the SAT through the PRODECON process.

As a result, on July 12, 2018, the SAT's local office in Uruapan issued to CDM a final tax assessment (the "2013 Assessment") totaling approximately $2.62 billion Mexican pesos related to Income Tax, Flat Rate Business Tax, and Value Added Tax, related to this fiscal 2013 tax audit. Additionally, the tax authorities have determined an employee's profit sharing liability, totaling approximately $118 million Mexican pesos as well.

We have consulted with both an internationally recognized tax advisor, as well as a global law firm with offices throughout Mexico, and we continue to believe this tax assessment is without merit. In August 2018, we filed an administrative appeal on the 2013 Assessment. The filing of an administrative appeal in Mexico is a process in which the taxpayer appeals to a different office within the Mexican tax authorities forcing the legal office within the SAT to rule on the matter. This process preserves the taxpayer's right to litigate in tax court if the administrative appeal process ends without a favorable or just resolution. Here, CDM has appealed our case to the SAT's central legal department in Mexico City. Furthermore, in August 2018, we received a favorable ruling from the SAT's central legal department in Mexico City on another tax matter (see footnote 11 regarding VAT refunds) indicating that they believe that our legal interpretation is accurate on a matter that is also central to the 2013 Assessment. We believe this recent ruling significantly undermines the 2013 Assessment we received in July 2018.

We continue to believe that the ultimate resolution of these matters is unlikely to have a material effect on our consolidated financial position, results of operations and cash flows.

8. Fair value measurements

A fair value measurement is determined based on the assumptions that a market participant would use in pricing an asset or liability. A three-tiered hierarchy draws distinctions between market participant assumptions based on (i) observable inputs such as quoted prices in active markets (Level 1), (ii) inputs other than quoted prices in active markets that are observable either directly or indirectly (Level 2) and (iii) unobservable inputs that require the Company to use present value and other valuation techniques in the determination of fair value (Level 3).

The following table sets forth our financial assets and liabilities as of January 31, 2019 that are measured on a recurring basis during the period, segregated by level within the fair value hierarchy:

	Level 1	Level 2	Level 3	Total
	(All amounts are presented in thousands)			
Assets at Fair Value:				
Investment in Limoneira Company[(1)]	$ 36,951	-	-	$ 36,951
Total assets at fair value	$ 36,951	-	-	$ 36,951

(1) The investment in Limoneira Company consists of marketable securities in the Limoneira Company stock. We currently own less than 10% of Limoneira's outstanding common stock. These securities are measured at fair value using quoted market prices. For the three months ended January 31, 2019 we recognized a loss of $4.5 million on the consolidated condensed statement of income. In the prior year, unrealized gains and losses were recognized through other comprehensive income. Unrealized investment holding losses arising during the three months ended January 31, 2018 were $3.1 million.

9. Noncontrolling interest

The following table reconciles shareholders' equity attributable to noncontrolling interest related to Avocados de Jalisco (in thousands).

Avocados de Jalisco noncontrolling interest	Three months ended January 31, 2019	Three months ended January 31, 2018
Noncontrolling interest, beginning	$ 1,748	$ 1,016
Noncash transfer of noncontrolling interest	—	1,001
Net loss attributable to noncontrolling interest of Avocados de Jalisco	(6)	(150)
Noncontrolling interest, ending	$ 1,742	$ 1,867

10. Earnings per share

Basic and diluted net income per share is calculated as follows (data in thousands, except per share data):

	Three months ended January 31, 2019	2018
Numerator:		
Net Income attributable to Calavo Growers, Inc.	$ 4,487	$ 7,139
Denominator:		
Weighted average shares – Basic	17,500	17,446
Effect on dilutive securities – Restricted stock/options	58	79
Weighted average shares – Diluted	17,558	17,525
Net income per share attributable to Calavo Growers, Inc:		
Basic	$ 0.26	$ 0.41
Diluted	$ 0.26	$ 0.41

11. Mexican IVA taxes receivable

Included in other assets are tax receivables due from the Mexican government for value-added taxes (IVA) paid in advance. CDM is charged IVA by vendors on certain expenditures in Mexico, which, insofar as they relate to the exportation of goods, translate into IVA amounts receivable from the Mexican government.

As of January 31, 2019 and October 31, 2018, CDM IVA receivables totaled $24.0 million and $21.9 million. Historically, CDM received IVA refund payments from the Mexican tax authorities on a timely basis. Beginning in fiscal 2014 and continuing into fiscal 2019, however, the tax authorities began carrying out more detailed reviews of our refund requests and our supporting documentation. Additionally, they are also questioning the refunds requested attributable to IVA paid to certain suppliers that allegedly did not fulfill their own tax obligations. We believe these factors and others have contributed to delays in the processing of IVA claims by the Mexican tax authorities. Currently, we are in the process of collecting such balances through regular administrative processes, but certain amounts may ultimately need to be recovered via legal means.

During the first quarter of fiscal 2017, tax authorities informed us that their internal opinion, based on the information provided by the local SAT office in Uruapan, considers that CDM is not properly documented relative to its declared tax structure and therefore CDM cannot claim the refundable IVA balance. CDM has strong arguments and supporting documentation to sustain its declared tax structure for IVA and income tax purposes. CDM started an administrative appeal for the IVA related to the request of the months of July, August and September of 2015 (the "2015 Appeal") in order to assert its argument that CDM is properly documented and to therefore change the SAT's internal assessment. In August 2018, we received a favorable ruling from the SAT's central legal department in Mexico City on the 2015 Appeal indicating that they believe CDM's legal interpretation of its declared tax structure is indeed accurate. While favorable on this central matter of CDMs declared tax structure, the ruling, however, still does not recognize the

taxpayers right to a full refund for the IVA related to the months of July, August and September 2015. Therefore, CDM may need to file a substance-over-form annulment suit in the Federal Tax Court to recover its full refund for IVA over the subject period.

In spite of the favorable ruling from the SAT's central legal department in Mexico City, as discussed above, the local SAT office in Uruapan continues to believe that CDM is not properly documented relative to its declared tax structure. As a result, they believe CDM cannot claim certain refundable IVA balances, specifically in regards to our IVA refunds related to the months of January through June of 2013. CDM has strong arguments and supporting documentation to sustain its declared tax structure for IVA and income tax purposes. CDM started an administrative appeal for the IVA related to the request of the months of January, February of March of 2013 and for the period of April, May and June of 2013 our global tax law advisory firm with offices throughout Mexico is working in the administrative appeal through which CDM will challenge the determination made by the tax authorities, which must be filed no later than March 8, 2019.

We believe that our operations in Mexico are properly documented. Furthermore, our internationally recognized tax advisors believe that there are legal grounds to prevail in the Federal Tax Court and that therefore, the Mexican tax authorities will ultimately authorize the refund of the corresponding IVA amounts.

12. Income Taxes

Our tax provision is determined using an estimated annual effective tax rate and adjusted for discrete taxable events that may occur during the quarter. We recognize the effects of tax legislation in the period in which the law is enacted. Our deferred tax assets and liabilities are remeasured using enacted tax rates expected to apply to taxable income in the years we estimate the related temporary differences to reverse.

On December 22, 2017, the President of the United States signed and enacted comprehensive tax legislation into law H.R. 1, commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act"). Except for certain provisions, the Tax Act was effective for tax years beginning on or after January 1, 2018. As a fiscal year U.S. taxpayer with an October 31 fiscal year end, the majority of the new provisions, such as eliminating the domestic manufacturing deduction, creating new taxes on certain foreign sourced income and introducing new limitations on certain business deductions, did not apply until our 2019 fiscal year. For fiscal 2018, the most significant impacts included: lowering of the U.S. federal corporate income tax rate; remeasuring certain net deferred tax assets and liabilities; and requiring the transition tax on the deemed repatriation of certain foreign earnings. In the first quarter of fiscal 2018, we recorded $1.7 million in one-time, non-cash charges related to the revaluation of our net deferred tax assets (approximately $1.4 million) and the transition tax on the deemed repatriation of foreign earnings (approximately $0.3 million).

On December 22, 2017, the SEC issued guidance under Staff Accounting Bulletin No. 118, Income Tax Accounting Implications of the Tax Cuts and Jobs Act ("SAB 118") allowing taxpayers to record a reasonable estimate of the impact of the U.S. legislation when it does not have the necessary information available, prepared or analyzed (including computations) in reasonable detail to complete its accounting for the change in tax law. In accordance with SAB 118, the estimated income tax charge of $1.7 million represents the Company's best estimate based on interpretation of the U.S. legislation. As a result, the actual impact on the net deferred tax liability may vary from the estimated amount due to uncertainties in the Company's preliminary review. At January 31, 2019, the Company has completed its accounting for the tax effects of the 2017 Tax Cuts & Jobs Act and no material adjustments have been made on the provisional amounts recorded at January 31, 2018.

13. FreshRealm

Based on the NMUPA and related Agreements, as described in Note 4, we reconsidered whether FreshRealm is a variable interest entity ("VIE"). A VIE refers to a legal business structure in which an investor has a controlling interest in, despite not having a majority of voting rights; or a structure involving equity investors that do not have sufficient resources to support the ongoing operating needs of the business. Due primarily to FreshRealm utilizing substantially more debt to finance its activities, in addition to its existing equity, we continue to believe that FreshRealm should be considered a VIE. In evaluating whether we are the primary beneficiary of FreshRealm, we considered several factors,

including whether we (a) have the power to direct the activities that most significantly impact FreshRealm's economic performance and (b) the obligation to absorb losses and the right to receive benefits that could potentially be significant to the VIE. We were not the primary beneficiary of FreshRealm at January 31, 2019 because the nature of our involvement with the activities of FreshRealm does not give us the power to direct the activities that most significantly impact its economic performance. We do not have a future obligation to fund losses or debts on behalf of FreshRealm. We may, however, voluntarily contribute funds. In the accompanying statements of income, we have presented the income (loss) from unconsolidated entities, after the provision for income taxes for all periods presented.

We record the amount of our investment in FreshRealm, totaling $13.1 million at January 31, 2019, in "Investment in unconsolidated entities" on our Consolidated Condensed Balance Sheets and recognize losses in FreshRealm in "Income/(loss) in unconsolidated entities" on our Consolidated Condensed Statement of Income.

For the three months ended January 31, 2019, FreshRealm incurred losses totaling $11.4 million. Effective December 16, 2018, FreshRealm completed a "check the box" tax election to change their entity classification for tax purposes to that of a corporation. To effect this change, FreshRealm, among other things, amended its operating agreement to eliminate the appropriate language related to the flow-through tax consequences of its prior tax status (Seventh Amended and Restated LLC Agreement) and checked the appropriate box on Form 8832 which it then filed with the Internal Revenue Service (IRS). As a result, losses incurred by FreshRealm from November 1, 2018 to December 15, 2018 were recorded in accordance with FASB Accounting Standards Codification ("ASC") 810, ASC 323, and ASC 970, which mandate that the recognition of losses for an unconsolidated subsidiary be handled in a manner consistent with cash distributions upon liquidation of the entity when such distributions are different than the investors percentage ownership. As such, we recorded 100% of FreshRealm's losses from November 1, 2018 through December 15, 2018 totaling $4.2 million. Losses incurred by FreshRealm from December 16, 2018 to January 31, 2019 (after the change in tax status was effective) were recorded to reflect our proportionate share of FreshRealm losses. From December 16, 2018 to January 31, 2019, our ownership percentage was approximately 37% and accordingly, we recorded losses from December 16, 2018 through January 31, 2019 totaling $2.7 million. As a result of FreshRealm's recent change in tax status (described above), future operating results for FreshRealm will be allocated to its owners based on ownership percentage.

As of January 31, 2019, and October 31, 2018, we have note receivables from FreshRealm totaling $19.9 million and $9.0 million. See Note 4 for further information.

In the first quarter of fiscal 2019, FreshRealm entered into a supply contract with a large multinational, multi-channel retailer. Calavo co-signed an addendum to this agreement to provide assurance to the customer that Calavo will assume responsibility for performance, in the event that FreshRealm cannot perform, provided that the customer must work in good faith to make reasonable adjustments to logistical elements in the contract, if requested by Calavo.

Except for the performance guarantee noted above (for which we are unable to quantify our current exposure, if any), our exposure to the obligations of FreshRealm is generally limited to our interests in it. We believe our maximum exposure to loss in FreshRealm is the carrying value of our investment and our loans to it, which totaled $13.1 million and $19.9 million, as of January 31, 2019. Our maximum exposure to loss could increase in the future if FreshRealm receives additional financing (i.e. equity or debt) from Calavo or any other investor/lender. We are under no obligation to provide FreshRealm additional financing.

Unconsolidated Significant Subsidiary

As described in footnote 4, we own approximately 37% of FreshRealm as of January 31, 2019 and October 31, 2018. In accordance with Rule 10-01(b)(1) of Regulation S-X, which applies for interim reports on Form 10-Q, we must determine if our unconsolidated subsidiaries are considered, "significant subsidiaries". In evaluating our investments, there are two tests utilized to determine if our subsidiaries are considered significant subsidiaries: the income test and the investment test. Rule 10-01(b)(1) of Regulation S-X requires summarized income statement information of an unconsolidated subsidiary in an interim report if either of the two tests exceed 20%. Pursuant to Rule 10-01(b)(1) of Regulation S-X, this requires summarized income statement information of FreshRealm in our first fiscal quarter Form

10-Q. As disclosed in our October 31, 2018 10-K, we still plan to file FreshRealm's financial statements by April 1, 2019 as an amendment to our Form 10-K.

The following table shows summarized financial information for FreshRealm *(in thousands)*:

Income Statement:

	Three months ended January 31,	
	2019	2018
Net sales	$ 8,888	$ 5,034
Gross loss	(2,891)	(2,157)
Selling, general and administrative	(6,003)	(3,952)
Other	(2,484)	(279)
Net loss	$ (11,378)	$ (6,388)

14. Revenue recognition

Effective at the beginning of our fiscal 2019, the Company adopted Accounting Standards Update (ASU) No. 2014-09, "Revenue from Contracts with Customers," and all the related amendments (Accounting Standards Codification (ASC) 606) using the modified retrospective method of adoption. ASC 606 consists of a comprehensive revenue recognition standard, which requires the recognition of revenue when control of promised goods are transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled.

The Company recognizes revenue when obligations under the terms of a contract with its customer are satisfied; generally, this occurs with the transfer of control of its products. Revenue is measured as the amount of net consideration expected to be received in exchange for transferring products. Revenue from product sales is governed primarily by customer pricing and related purchase orders ("contracts") which specify shipping terms and certain aspects of the transaction price including rebates, discounts and other sales incentives. Contracts are at standalone pricing. The performance obligation in these contracts is determined by each of the individual purchase orders and the respective stated quantities, with revenue being recognized at a point in time when obligations under the terms of the agreement are satisfied. This generally occurs with the transfer of control of our products to the customer and the product is delivered. The Company's customers have an implicit and explicit right to return non-conforming products. A provision for payment discounts and product return allowances, which is estimated, is recorded as a reduction of sales in the same period that the revenue is recognized.

Sales Incentives and Other Promotional Programs

The Company routinely offers sales incentives and discounts through various regional and national programs to our customers and consumers. These programs include product discounts or allowances, product rebates, product returns, one-time or ongoing trade-promotion programs with customers and consumer coupon programs that require the Company to estimate and accrue the expected costs of such programs. The costs associated with these activities are accounted for as reductions to the transaction price of the Company's products and are, therefore, recorded as reductions to gross sales at the time of sale. The Company bases its estimates of incentive costs on historical trend experience with similar programs, actual incentive terms per customer contractual obligations and expected levels of performance of trade promotions, utilizing customer and sales organization inputs. The Company maintains liabilities at the end of each period for the estimated incentive costs incurred but unpaid for these programs. Differences between estimated and actual incentive costs are generally not material and are recognized in earnings in the period such differences are determined. Reserves for product returns, accrued rebates and promotional accruals are included in the condensed consolidated balance sheets as part of accrued expenses.

Principle vs. Agent Considerations

We frequently enter into consignment arrangements with avocado and tomato growers and packers located outside of the U.S. and growers of certain perishable products in the U.S. We evaluated whether its performance obligation is a promise to transfer services to the customer (as the principal) or to arrange for services to be provided by another party (as the agent) using a control model. This evaluation determined that the Company is in control of establishing the transaction price, managing all aspects of the shipments process and taking the risk of loss for delivery, collection, and returns. Based on the Company's evaluation of the control model, it determined that all of the Company's major businesses act as the principal rather than the agent within their revenue arrangements and such revenues are reported on a gross basis.

Practical Expedients

The Company elected the following practical expedients upon its adoption of Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers* (ASC Topic 606).

•Shipping and handling costs - The company elected to account for shipping and handling activities that occur before the customer has obtained control of a good as fulfillment activities rather than as a promised service.

•Measurement of transaction price - The Company has elected to exclude from the measurement of transaction price all taxes assessed by a governmental authority that are both imposed on, and concurrent with, a specific revenue-producing transaction and collected by the Company from a customer for sales taxes.

•Contract costs - The Company has elected to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period is one year or less.

The adoption of ASC 606 did not have an impact on our consolidated results of operations for the three months ended January 31, 2019.

15. Amendment to Credit Agreement

Effective March 1, 2019, we entered into a Second Amendment to Credit Agreement (the "Second Amendment") with Farm Credit West, PCA, and Bank of America, N.A., relating to our Credit Agreement dated as of June 14, 2016 and the First Amendment to Credit Agreement dated as of August 29, 2016. The Second Amendment, among other things, excludes financial results of FreshRealm from Calavo's financial reporting requirements and covenant calculations and provides flexibility in making investments in joint ventures and non-wholly owned subsidiaries of Calavo.

16. Sale of Temecula, California Packinghouse

In January 2019, we entered into an agreement to sell our Temecula, California packinghouse for $7.1 million in cash and, concurrently, leaseback a portion of the facility representing approximately one-third of the total square footage. The contract is subject to terms that are usual and customary for real estate sales of this nature and is expected to close during our second fiscal quarter of 2019.

Included in our Property, Plant and Equipment is our Temecula, California packinghouse that is currently being held-for-sale. The Net Book Value of this held-for-sale property is approximately $0.7 million.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This information should be read in conjunction with the unaudited consolidated condensed financial statements and the notes thereto included in this Quarterly Report, and the audited consolidated financial statements and notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations contained in the Annual Report on Form 10-K for the fiscal year ended October 31, 2018 of Calavo Growers, Inc. (we, Calavo, or the Company).

Recent Developments

Dividend payment

On December 7, 2018, we paid a $1.00 per share dividend in the aggregate amount of $17.6 million to shareholders of record on November 16, 2018.

Litigation

From time to time, we are also involved in other litigation arising in the ordinary course of our business that we do not believe will have a material adverse impact on our financial statements.

Mexico tax audits

We conduct business both domestically and internationally and, as a result, one or more of our subsidiaries files income tax returns in U.S. federal, U.S. state and certain foreign jurisdictions. Accordingly, in the normal course of business, we are subject to examination by taxing authorities, primarily in Mexico and the United States. During our third quarter of fiscal 2016, our wholly-owned subsidiary, Calavo de Mexico (“CDM”), received a written communication from the Ministry of Finance and Administration of the government of the State of Michoacan, Mexico (“MFM”) containing preliminary observations related to a fiscal 2011 tax audit of such subsidiary. MFM’s preliminary observations outline certain proposed adjustments primarily related to intercompany funding, deductions for services from certain vendors/suppliers and Value Added Tax (“VAT”). During our fourth fiscal quarter of 2016, we provided a written rebuttal to MFM’s preliminary observations and requested the adoption of a conclusive agreement before the PRODECON (Local Tax Ombudsman) so that a full discussion of the case between us, the MFM and the PRODECON, as appropriate, can lead to a reconsideration of the MFM findings. During our third and fourth fiscal quarters of 2017, several meetings between MFM, PRODECON and us took place and on November 28, 2017, the initial PRODECON process concluded. In April 2018, we filed a second formal agreement before the PRODECON, so that we can continue the discussion of the case between us, the MFM and the PRODECON. During this meeting and discussion period, the statutory period that MFM has in order to issue the tax assessment has been suspended. Currently, we are waiting for the response of the MFM and the PRODECON regarding our next meeting date. We believe we have the legal arguments and documentation to sustain the positions challenged by tax authorities.

Additionally, we also received notice from Mexico's Federal Tax Administration Service, Servicio de Administracion Tributaria (SAT), that our wholly-owned Mexican subsidiary, Calavo de Mexico, is currently under examination related to fiscal year 2013. In January 2017, we received preliminary observations from SAT outlining certain proposed adjustments primarily related to intercompany funding deductions for services from certain vendors/suppliers and VAT. We provided a written rebuttal to these preliminary observation during our second fiscal quarter of 2017, which the SAT is in process of analyzing. During our third fiscal quarter of 2017, we requested the adoption of a conclusive agreement before the PRODECON (Local Tax Ombudsman), so that a full discussion of the case between us, the SAT and the PRODECON, as appropriate, can lead to a reconsideration of the SATs findings. During this meeting and discussion period, the statutory period that SAT had in order to issue the tax assessment was suspended. During our first fiscal quarter of 2018, we had an initial meeting with officials from the SAT and the PRODECON, which led to a further exchange of supporting information and documentation. Although several meetings and discussions with the PRODECON and the SAT were conducted during our fiscal third quarter, we were unable to materially resolve our case with the SAT through the PRODECON process.

As a result, on July 12, 2018, the SAT's local office in Uruapan issued to CDM a final tax assessment (the "2013 Assessment") totaling approximately $2.62 billion Mexican pesos related to Income Tax, Flat Rate Business Tax, and Value Added Tax, related to this fiscal 2013 tax audit. Additionally, the tax authorities have determined an employee's profit sharing liability totaling approximately $118 million Mexican pesos as well.

We have consulted with both an internationally recognized tax advisor, as well as a global law firm with offices throughout Mexico, and we continue to believe this tax assessment is without merit. In August 2018, we filed an administrative appeal on the 2013 Assessment. The filing of an administrative appeal in Mexico is a process in which the taxpayer appeals to a different office within the Mexican tax authorities forcing the legal office within the SAT to rule on the matter. This process preserves the taxpayer's right to litigate in tax court if the administrative appeal process ends without a favorable or just resolution. Here, CDM has appealed our case to the SAT's central legal department in Mexico City. Furthermore, in August 2018, we received a favorable ruling from the SAT's central legal department in Mexico City on another tax matter (see footnote 11 regarding VAT refunds) indicating that they believe our legal interpretation is accurate on a matter that is also central to the 2013 Assessment. We believe this recent ruling significantly undermines the 2013 Assessment we received in July 2018.

We continue to believe that the ultimate resolution of these matters is unlikely to have a material effect on our consolidated financial position, results of operations and cash flows.

Unrealized and realized net loss on Limoneira Stock

In January 2016, the FASB issued an ASU, which requires equity investments (except those accounted for under the equity method of accounting) to be measured at fair value with changes in fair value recognized in net income. The guidance is effective for fiscal years and interim period within those fiscal years beginning after December 15, 2017. We adopted this new standard at the beginning of fiscal 2019. With the adoption of this new standard, we reclassed $12.1 million in accumulated other comprehensive income to retained earnings as of November 1, 2018. Additionally, for the three months ended January 31, 2019, we sold 51,271 shares of Limoneira stock and recorded a loss of $0.1 million in our consolidated statements of income. Limoneira's stock price at January 31, 2019 and October 31, 2018 equaled $22.03 per share and $24.65 per share. Our remaining shares of Limoneira stock, totaling 1,677,299 at January 31, 2019, were revalued at $22.03 per share and we recorded a loss of $4.4 million in our consolidated statements of income.

Second Amendment to Credit Agreement

Effective March 1, 2019, we entered into a Second Amendment to Credit Agreement (the "Second Amendment") with Farm Credit West, PCA, and Bank of America, N.A., relating to our Credit Agreement dated as of June 14, 2016 and the First Amendment to Credit Agreement dated as of August 29, 2016. The Second Amendment, among other things, excludes financial results of FreshRealm from Calavo's financial reporting requirements and covenant calculations and provides flexibility in making investments in joint ventures and non-wholly owned subsidiaries of Calavo.

Sale of Temecula, California Packinghouse

In January 2019, we entered into an agreement to sell our Temecula, California packinghouse for $7.1 million in cash and, concurrently, leaseback a portion of the facility representing approximately one-third of the total square footage. The contract is subject to terms that are usual and customary for real estate sales of this nature and is expected to close during our second fiscal quarter of 2019.

Net Sales

The following table summarizes our net sales by business segment for each of the three months ended January 31, 2019 and 2018:

	Three months ended January 31,		
	2019	Change	2018
Net sales:			
Fresh products	$ 116,854	(4.8)%	$ 122,785
Calavo Foods	22,114	16.2 %	19,037
RFG	119,064	12.2 %	106,106
Total net sales	$ 258,032	4.1 %	$ 247,928
As a percentage of net sales:			
Fresh products	45.3 %		49.5 %
Calavo Foods	8.6 %		7.7 %
RFG	46.1 %		42.8 %
	100.0 %		100.0 %

Summary

Net sales for the three months ended January 31, 2019, compared to the corresponding period in fiscal 2018, increased by $10.1 million, or approximately 4%. The increase in sales, when compared to the same corresponding prior year periods, was primarily related to gains in Calavo Foods and RFG, partially offset by a decline in the Fresh products segment.

For the quarter ended January 31, 2019, Calavo Foods had our largest percentage increases in sales, followed by our RFG segment. Our Fresh product segment decreased, as shown above. The increase in Calavo Foods sales was due primarily to increased sales of our prepared avocado products. The increase in RFG sales was due primarily to increased sales from fresh-cut fruit & vegetables and prepared foods products. The decrease in Fresh products sales was due primarily to a decrease in the sales price of avocados. See discussion below for further details.

All three segments of our business are subject to seasonal trends which can impact the volume and/or quality of fruit sourced in any particular quarter. All intercompany sales are eliminated in our consolidated results of operations.

Fresh products

First Quarter 2019 vs. First Quarter 2018

Net sales delivered by the Fresh products business decreased by approximately $5.9 million, or 5%, for the first quarter of fiscal 2019, when compared to the same period for fiscal 2018. This decrease in Fresh product sales during the first quarter of fiscal 2019 was primarily related to decreased sales of avocados, as higher sales volumes were more than offset by lower sales prices.

Sales of avocados decreased $5.4 million, or 5%, for the first quarter of 2019, when compared to the same prior year period. This decrease in avocado sales was primarily due to a 11% decrease in the average sales price per carton. We attribute much of this change in price to a higher overall supply of avocados in the market during the first quarter of fiscal 2019. The decrease in sales price was partially offset by a 5.7 million pound, or 7%, increase in the volume of avocados sold during the quarter.

Calavo Foods

First Quarter 2019 vs. First Quarter 2018

Sales for Calavo Foods for the quarter ended January 31, 2019, when compared to the same period for fiscal 2018, increased $3.1 million, or 16%. Sales of prepared avocado products increased by approximately $3.1 million, or 17%, for the quarter ended January 31, 2019, when compared to the same prior year period. This increase was the result of both an increase in the total volume of pounds sold and an increase in the average sales price per pound.

RFG

First Quarter 2019 vs. First Quarter 2018

Sales for RFG for the quarter ended January 31, 2019, when compared to the same period for fiscal 2018, increased $13.0 million, or 12%. The overall increase in sales is primarily due to higher sales volume from expanded retail partnerships in multiple geographies, most notably in a few regions in which the Company has added production capacity. This increase was partially offset by impacts related to the FDA's romaine lettuce advisory in November, as well as raw material challenges that constrained output for certain key products.

Gross Profit

The following table summarizes our gross profit and gross profit percentages by business segment for the three months ended January 31, 2019 and 2018:

	Three months ended January 31,		
	2019	Change	2018
Gross Profit:			
Fresh products	$ 20,790	45.8 %	$ 14,257
Calavo Foods	6,432	7.6 %	5,975
RFG	3,615	(40.5)%	6,078
Total gross profit	$ 30,837	17.2 %	$ 26,310
Gross profit percentages:			
Fresh products	17.8 %		11.6 %
Calavo Foods	29.1 %		31.4 %
RFG	3.0 %		5.7 %
Consolidated	12.0 %		10.6 %

Summary

Our cost of goods sold consists predominantly of ingredient costs (primarily fruit and other whole foods), packing materials, freight and handling, labor and overhead (including depreciation) associated with preparing food products, and other direct expenses pertaining to products sold. Gross profit increased by approximately $4.5 million, or 17%, for the first quarter of fiscal 2019, when compared to the same period for fiscal 2018. The increase was primarily attributable to gross profit increases in our Fresh products and Calavo Foods segments, partially offset by a decrease in the RFG segment.

Fresh products

During our three months ended January 31, 2019, as compared to the same prior year period, the increase in our Fresh products segment gross profit percentage was the result of increased profit for avocados. For the first quarter ended January 31, 2019, compared to the same prior year period, the gross profit percentage for avocados increased to 18.6% in 2019 from 11.7% in 2018. The increase was primarily related to our strength in fresh avocado sourcing, production and

sales management during the unusual market supply conditions experienced in the first quarter of fiscal 2019. In addition, the U.S. Dollar to Mexican Peso exchange rate was stronger in the first quarter 2019, when compared to the same prior year period. Note that any significant fluctuations in the exchange rate between the U.S. Dollar and the Mexican Peso may have a material impact on future gross profits for our Fresh products segment.

Calavo Foods

The increase in Calavo Foods gross profit is due to increased sales volumes compared to prior year. Calavo Foods gross profit percentage decreased to 29.7% from 32.4% of net sales, during our three months ended January 31, 2019 compared to the same prior year periods. The decrease in Calavo Foods gross profit percentage was due primarily to higher production costs, mainly related to the increased use of third party copackers which management believes is necessary in order to continue to grow sales volumes. Note that any significant fluctuation in the cost of fruit used in the production process or the exchange rate between the U.S. Dollar and the Mexican Peso may have a material impact on future gross profit for our Calavo Foods segments.

RFG

RFG's gross profit percentage for the quarter ended January 31, 2019 was 3.0%, compared to 5.7% in the same prior year period. The gross profit decline in the three months ended January 31, 2019, was due primarily to raw material issues caused by inclement weather in key growing regions for several important commodities during the quarter. This resulted in higher input prices, as well as poor quality and yields, which required additional processing labor. Lower sales of certain items related to these raw material challenges, as well as the FDA's romaine lettuce advisory, also impacted total gross profit in the quarter. Further, RFG had approximately $0.3 million in pre-opening cost related to the new Pacific Northwest production facility during the quarter.

Selling, General and Administrative

	Three months ended January 31,		
	2019	Change	2018
	(Dollars in thousands)		
Selling, general and administrative	$14,276	(8.0)%	$15,517
Percentage of net sales	5.5 %		6.3 %

Selling, general and administrative expenses of $14.3 million for the three months ended January 31, 2019 include costs of marketing and advertising, sales expenses (including broker commissions) and other general and administrative costs. Selling, general and administrative expenses decreased $1.2 million, or 8.0%, for the three months ended January 31, 2019, when compared to the same period for fiscal 2018. This decrease was primarily related to $0.9 million of senior management transition expenses recognized in the first quarter of fiscal 2018 related to the stock grant issued to two officers who retired, and $0.3 million of lower broker commissions.

Income (loss) from unconsolidated entities

	Three months ended January 31,		
	2019	Change	2018
	(Dollars in thousands)		
Income (loss) from unconsolidated entities	$(6,298)	(1,144.4)%	$ 603
Percentage of net sales	(2.4) %		0.2 %

Income (loss) from unconsolidated entities includes our allocation of earnings or losses from our investments in FreshRealm and Don Memo. For the three months ended January 31, 2019 and 2018, we recognized $0.6 million of income related to Don Memo. For the three months ended January 31, 2019, we recognized $6.9 million of losses related to FreshRealm. While we are unable to determine with certainty the future operating results of FreshRealm and future non-Calavo investments, if any, we anticipate recording additional non-cash losses from FreshRealm during the remainder of fiscal 2019. As a result of FreshRealm's recent change in tax status (described earlier), we expect that future operating results for FreshRealm will be allocated to its owners based on ownership percentage, (as of January 31,

2019 our ownership was approximately 37%). As of January 31, 2019, our total investment balance of approximately $13.1 million, plus $19.9 million related to the Notes receivables. See Note 13 in our consolidated financial statements for more information.

Provision for Income Taxes

	Three months ended January 31, 2019	Change	2018
Provision for income taxes	$ 1,533	(64.4)%	$ 4,302
Effective tax rate	25.5 %		38.1 %

Our tax provision is determined using an estimated annual effective tax rate and adjusted for discrete taxable events that may occur during the quarter. In the first quarter ended in fiscal 2019 and 2018, we recorded an income tax benefit of approximately $0.1 million and $0.4 million, pursuant to ASU 2016-09, *Improvements to Employee Share-based Payment Accounting*. In addition, in the first quarter of fiscal 2018, we recorded $1.7 million in one-time, non-cash charges related to the revaluation of our net deferred tax assets (approx. $1.4 million) and the transition tax on the deemed repatriation of foreign earnings (approx. $0.3 million). We recognize the effects of tax legislation in the period in which the law is enacted. Our deferred tax assets and liabilities are remeasured using enacted tax rates expected to apply to taxable income in the years we estimate the related temporary differences to reverse based on the Tax Act and a change accelerating certain tax deductions on our 2017 federal tax return.

Liquidity and Capital Resources

Cash provided by operating activities was $10.4 million for the three months ended January 31, 2019, compared to cash provided by operating activities of $7.9 million for the similar period in fiscal 2018. Cash provided by operating activities for the three months ended January 31, 2019 reflect primarily our net income of $4.5 million, non-cash activities (depreciation and amortization, stock-based compensation expense, deferred taxes, (loss)/income from unconsolidated entities and net losses on Limoneira shares) of $15.2 million and a net decrease in the components of our operating capital of approximately $9.3 million.

The working capital decrease results from an increase in accounts receivable of $7.2 million, a decrease in payable to growers of $3.8 million, an increase in inventory of $3.4 million, an increase in other assets of $2.7 million, and an increase in prepaid expenses and other current assets of $0.4 million, partially offset by a net increase in accounts payable and accrued expenses of $5.6 million, a decrease in advances to suppliers of $1.2 million, a decrease in income taxes receivable of $1.2 million and a decrease of $0.2 million in deferred rent.

The increase in our accounts receivable, as of January 31, 2019 when compared to October 31, 2018, primarily reflects higher sales recorded in the month of January 2019, as compared to October 2018. The decrease in payable to growers primarily reflects a decrease in our Mexican avocado grower liability. The increase in inventory is primarily related to an increase in prepared guacamole products for our Foods segment, higher volumes of avocados on hand (partially offset by lower prices) and higher RFG inventories at January 31, 2019 when compared to October 31, 2018. The increase in other assets is due to an increase in Mexican IVA tax receivable (see Note 11 to our consolidated condensed financial statements). The increase in prepaids and other current assets is due primarily to increased Mexican IVA tax receivable. The increase in accounts payable and accrued expenses is primarily related to an increase in our payables related to RFG. The increase in advances to suppliers primarily reflects more pre-season advances outstanding to our tomato growers in January 2019, compared to October 2018. The decrease in income taxes receivable is primarily related to the taxes on current year earnings.

Cash used in investing activities was $13.1 million for the three months ended January 31, 2019, which primarily related to loans to FreshRealm of $10.5 million, property, plant and equipment purchases of $3.9 million, partially offset by proceeds received on the sales of Limoneira stock of $1.2 million and proceeds received from the repayment of the San Rafael note of $0.1 million.

Cash provided by financing activities was $5.4 million for the three months ended January 31, 2019, which related principally to the proceeds received on our credit facilities totaling $24.0 million, partially offset by the payment of our $17.6 million dividend and the payment of minimum withholding taxes on net share settlement of equity awards of $1.0 million.

Our principal sources of liquidity are our existing cash balances, cash generated from operations and amounts available for borrowing under our existing Credit Facility. Cash and cash equivalents as of January 31, 2019 and October 31, 2018 totaled $4.2 million and $1.5 million. Our working capital at January 31, 2019 was $24.9 million, compared to $29.6 million at October 31, 2018.

We believe that cash flows from operations and the available Credit Facility will be sufficient to satisfy our future capital expenditures, grower recruitment efforts, working capital and other financing requirements for at least the next twelve months. We will continue to evaluate grower recruitment opportunities and expand relationships with retail and/or foodservice customers to fuel growth in each of our business segments. We have a revolving credit facility with Bank of America as administrative agent and Merrill Lynch, Pierce, Fenner & Smith Inc. as joint lead arranger and sole bookrunner, and Farm Credit West, as joint lead arranger. Under the terms of this agreement, we are advanced funds for both working capital and long-term productive asset purchases. Total credit available under this agreement is $80 million, and will expire in June 2021. Upon notice to Bank of America, we may from time to time, request an increase in the Credit Facility by an amount not exceeding $50 million. For our current credit agreement the weighted-average interest rate was 3.7% and 3.4% at January 31, 2019 and October 31, 2018. Under these credit facilities, we had $39.0 million and $15.0 million outstanding as January 31, 2019 and October 31, 2018.

This Credit Facility contains customary affirmative and negative covenants for agreements of this type, including the following financial covenants applicable to the Company and its subsidiaries on a consolidated basis: (a) a quarterly consolidated leverage ratio of not more than 2.50 to 1.00 and (b) a quarterly consolidated fixed charge coverage ratio of not less than 1.15 to 1.00. We are in compliance with all such covenants.

Contractual Obligations

There have been no material changes to our contractual commitments, from those previously disclosed in our Annual Report on Form 10-K for our fiscal year ended October 31, 2018. For a summary of the contractual commitments at October 31, 2018, see Part II, Item 7, in our 2017 Annual Report on Form 10-K.

Impact of Recently Issued Accounting Pronouncements

See Note 1 to the consolidated condensed financial statements that are included in this Quarterly Report on Form 10-Q.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our financial instruments include cash and cash equivalents, accounts receivable, payable to growers, accounts payable, current and long-term borrowings pursuant to our credit facilities with financial institutions, and long-term, fixed-rate obligations. All of our financial instruments are entered into during the normal course of operations and have not been acquired for trading purposes. The table below summarizes interest rate sensitive financial instruments and presents principal cash flows in U.S. dollars, which is our reporting currency, and weighted-average interest rates by expected maturity dates, as of January 31, 2019.

(All amounts in thousands)	Expected maturity date January 31,							
	2020	2021	2022	2023	2024	Thereafter	Total	Fair Value
Assets								
Cash and cash equivalents (1)	$ 4,211	$ —	$ —	$—	$ —	$ —	$ 4,211	$ 4,211
Accounts receivable (1)	73,323	—	—	—	—	—	73,323	73,323
Liabilities								
Payable to growers (1)	$10,247	$ —	$ —	$—	$ —	$ —	$10,247	$10,247
Accounts payable (1)	16,917	—	—	—	—	—	16,917	16,917
Current borrowings pursuant to credit facilities (1)	39,000	—	—	—	—	—	39,000	39,000
Fixed-rate long-term obligations (2)	112	122	122	27	—	—	383	396

(1) We believe the carrying amounts of cash and cash equivalents, accounts receivable, advances to suppliers, payable to growers, accounts payable, and current borrowings pursuant to credit facilities approximate their fair value due to the short maturity of these financial instruments.
(2) Fixed-rate long-term obligations bear interest rates ranging from 4.0% to 4.3% with a weighted-average interest rate of 4.2%. We project the impact of an increase or decrease in interest rates of 100 basis points would result in a change of fair value of approximately $7,000.

We were not a party to any derivative instruments during the fiscal year. It is currently our intent not to use derivative instruments for speculative or trading purposes. Additionally, we do not use any hedging or forward contracts to offset market volatility.

Our Mexican-based operations transact a significant portion of business in Mexican pesos. Funds are transferred by our corporate office to Mexico on a weekly basis to satisfy domestic cash needs. We do not currently use derivative instruments to hedge fluctuations in the Mexican peso to U.S. dollar exchange rates. Management does, however, evaluate this opportunity from time to time. Total foreign currency transaction gains for the three months ended January 31, 2019, net of losses, was $0.2 million. Total foreign currency transaction losses for the three months ended January 31, 2018, net of losses, was $0.2 million.

ITEM 4. CONTROLS AND PROCEDURES

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), as of the end of the period covered by this report. Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective.

There were no changes in the Company’s internal control over financial reporting during the quarter ended January 31, 2019 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we are also involved in litigation arising in the ordinary course of our business that we do not believe will have a material adverse impact on our financial statements.

ITEM 1A. RISK FACTORS

For a discussion of our risk factors, see Part 1, item 1A "Risk Factors" of our Annual Report on Form 10-K for the year ended October 31, 2018. There have been no material changes from the risk factors set forth in such Annual Report on Form 10-K. However, the risks and uncertainties that we face are not limited to those set forth in the 2018 Form 10-K. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also adversely affect our business and the trading price of our common stock.

ITEM 6. EXHIBITS

10.1	Amended and Restated Promissory Note.
10.2	Fourth Amendment to Senior Promissory Note and Note and Membership Unit Purchase Agreement.
10.3	FreshRealm Promissory Note.
10.4	Second Amendment to Credit Agreement.
10.5	FreshRealm Seventh and Restated LLC Agreement.
31.1	Certification of Chief Executive Officer Pursuant to 15 U.S.C. § 7241, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Principal Financial Officer Pursuant to 15 U.S.C. § 7241, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification by Chief Executive Officer and Chief Financial Officer of Periodic Report Pursuant to 18 U.S.C. Section 1350.
101	The following financial information from the Quarterly Report on Form 10-Q of Calavo Growers, Inc. for the quarter ended January 31, 2019, formatted in XBRL (eXtensible Business Reporting Language): (1) Consolidated Condensed Balance Sheets as of January 31, 2019 and October 31, 2018; (2) Consolidated Condensed Statements of Income for the three months ended January 31, 2019 and 2018; (3) Consolidated Condensed Statements of Comprehensive Income for the three months ended January 31, 2019 and 2018; (4) Consolidated Condensed Statements of Cash Flows for the three months ended January 31, 2019 and 2018; and (5) Notes to Unaudited Condensed Consolidated Financial Statements.

INDEX TO EXHIBITS

Exhibit Number	Description
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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, thereunto duly authorized.

Calavo Growers, Inc.
(Registrant)

Date: March 7, 2019

By /s/ Lecil E. Cole
Lecil E. Cole
Chairman of the Board of Directors, President, and Chief Executive Officer
(Principal Executive Officer)

Date: March 7, 2019

By /s/ B. John Lindeman
B. John Lindeman
Chief Financial Officer and Corporate Secretary
(Principal Financial Officer)

Exhibit 10.1

AMENDED AND RESTATED PROMISSORY NOTE

$7,500,000 February 28, 2019

This Amended and Restated Promissory Note ("Restated Note") is entered into by and between FreshRealm, LLC, a Delaware limited liability company, with offices at 476 East Main Street, Ventura, California 93001 (“Borrower”) and Calavo Growers, Inc., with offices at 1141-A Cummings Road, Santa Paula, CA 93060 (“Lender”), to amend in their entirety the following promissory notes entered into by Borrower and Lender. The promissory notes executed by FreshRealm are as follows:

Promissory Note dated December 21, 2018 ("First Note Effective Date") in the original principal amount of One Million Dollars ($1,000,000) ("First Note").

Promissory Note dated January 8, 2019 ("Second Note Effective Date") in the original principal amount of One Million Dollars ($1,000,000) ("Second Note").

Promissory Note dated January 18, 2019 ("Third Note Effective Date") in the original principal amount of Five Hundred Thousand Dollars ($500,000) ("Third Note").

Promissory Note dated January 24, 2019 ("Fourth Note Effective Date") in the original principal amount of Three Million Dollars ($3,000,000) ("Fourth Note").

Promissory Note dated January 29, 2019 ("Fifth Note Effective Date") in the original principal amount of Two Million Dollars ($2,000,000) ("Fifth Note").

Collectively, the First Note, Second Note, Third Note, Fourth Note, and Fifth Note are referred to as the "Existing Promissory Notes".

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Calavo and Fresh Realm hereby agree that the Existing Promissory Notes are cancelled and replaced in their entirety by this Restated Note.

For value received, Borrower promises to pay to the order of Lender, at such place as the holder hereof may hereafter from time to time designate in writing, the principal sum of Seven Million, Five Hundred Thousand Million Dollars ($7,500,000), together with interest as specified below, upon the terms and conditions set forth herein.

INTEREST.

Interest in the amount of ten percent (10%) per annum is due and payable not later than the Final Maturity Date, as defined below, on each of the Existing Promissory Notes, in each case calculated from the Effective Date of such Existing Promissory Note as stated above through the date immediately prior to the date of this Restated Note (the “Accrued Interest Date").

In addition to interest payable on each of the Existing Promissory Notes from the Accrued Interest Date through the date hereof (the "Accrued Interest Amount"), interest shall accrue under this Restated Note on the principal balance of this Restated Note from the date hereof (the "Interest Commencement Date") until this Restated Note is fully paid at the rate of ten percent (10%) per annum or such higher rate as may be determined pursuant to this Restated Note. The Accrued Interest Amount plus accrued but unpaid interest payable under this Restated Note shall be due and payable on October 31, 2019 (the "Final Maturity Date"), subject to the extension option described below. In addition, upon the occurrence of any event of the type specified in the "Default" paragraph below and thereafter until each such event has been cured or waived to the written satisfaction of Lender, the outstanding principal balance of this Restated Note shall bear interest at an annual rate equal to the sum of (i) the interest rate otherwise in effect with respect to such outstanding principal, and (ii) 400 basis points (4.00%) per annum, or such lower rate as is the highest rate allowable by law (it being understood that the accrual of interest at the rate set forth in this sentence shall not be deemed a waiver or excuse of any such event).

PAYMENT OF PRINCIPAL AND INTEREST.

Borrower may prepay this Restated Note, in whole or in part, at any time without prepayment penalty or premium.

The entire remaining principal balance of this Restated Note, plus the Accrued Interest Amount and the accrued but unpaid interest payable under this Restated Note shall be due and payable and paid in full on the Final Maturity Date; provided, however, that at its sole and absolute discretion, Lender may elect to extend the Final Maturity Date in writing until November 1, 2020, with interest continuing to accrue at the rate described above.

APPLICATION OF PAYMENTS.

All payments hereunder shall be first applied to the Accrued Interest Amount and then to accrued interest payable under this Restated Note, and the remainder, if any, shall be applied to the principal balance of this Restated Note.

DEFAULT.

If Borrower fails to make any payment when due in accordance with the terms of this Restated Note; or if Borrower breaches any other provision of this Restated Note or any related document; or if a garnishment, summons or a writ of attachment is issued against or served upon Lender for the attachment of any property of Borrower or any indebtedness owing to Borrower; or if Borrower is or becomes insolvent (however defined), is dissolved or liquidated or goes out of business; then the holder hereof may, at such holder's option, by notice in writing to Borrower declare this Restated Note to be immediately due and payable, whereupon the principal balance of this Restated Note and all interest thereon shall be immediately due and payable without further notice or demand.

The principal balance of this Restated Note and all interest thereon, plus the Accrued Interest Amount, shall become automatically due and payable without notice or demand if a petition is filed by or against Borrower under the United States Bankruptcy Code.

ADDITIONAL COVENANTS.

Without Lender's prior written consent, Borrower shall not, and shall not permit any wholly-owned subsidiary of Borrower to, (i) incur any indebtedness or other obligation (except (A) the indebtedness evidenced by this Restated Note and (B) trade payables arising in the ordinary course of business), (ii) grant any lien or security interest on any of its property, (iii) sell all or any substantial part of its assets, or (iv) merge or consolidate with any other entity.

In addition, Borrower shall not pay any dividend or other amount on account of any equity interest of Borrower, including any dividend or distribution in respect thereof or any payment in purchase, redemption, retirement or other acquisition thereof.

COLLECTION COSTS.

Borrower shall pay all costs of collection, including reasonable attorneys' fees and legal expenses, if this Restated Note is not paid when due, whether or not legal proceedings are commenced.

GOVERNING LAW.

This Restated Note shall be construed under the internal law of the State of California and any applicable federal laws. Time is of the essence in the payment of this Restated Note.

UNCONDITIONAL OBLIGATION.

All payments under this Restated Note shall be made without setoff, counterclaim or deduction of any kind including, without limitation, for any applicable taxes. Any amount owing by Borrower to Lender shall not be reduced in any way by any outstanding obligations of Lender to Borrower, whether such obligations are monetary or otherwise.

NOTICES.

All notices, requests, demands and other communications provided for hereunder shall be in writing and, if to Borrower, mailed or delivered to it, addressed to it at the address specified on page one of this Restated Note, or if to Lender, mailed or delivered to it, addressed to the address of Lender specified on page one of this Restated Note; or, in each case, at such other address as may hereafter be designated by the applicable party in a notice to the other party complying with this paragraph. All notices, statements, requests, demands and other communications provided for hereunder shall be sent by US Mail, registered or certified mail, or reputable overnight delivery service, with postage prepaid, and shall be deemed to be given or made when received or when delivery is not accepted.

BINDING EFFECT.

The execution, delivery and performance of this Restated Note has been duly authorized by all requisite company actions of Borrower. This Restated Note shall be binding upon Borrower and its successors, assigns and legal representatives, and shall inure to the benefit of Lender and its heirs, legal representatives, successors, endorsees and assigns.

AMENDMENTS.

Any amendment hereof must be in writing and signed by the party against whom enforcement is sought. Unenforceability of any provision hereof shall not affect the enforceability of any other provision. A photographic or other reproduction of this Restated Note may be made by Lender, and any such reproduction shall be admissible in evidence with the same effect as the original itself in any judicial or administrative proceeding, whether or not the original is in existence.

NO WAIVER.

No acceptance of one or more late or partial payments, or delay or omission on the part of any holder hereof in exercising any right or remedy hereunder, shall operate as a waiver of any right or remedy under this Restated Note. A waiver on any one occasion shall not be construed as a waiver of any right or remedy on any future occasion.

WAIVERS.

All makers, endorsers, sureties and accommodation parties hereby waive presentment, dishonor, notice of dishonor and protest, and consent to any and all extensions, renewals, substitutions and alterations of any of the terms of this Restated Note and any other documents related hereto and to the release of or failure by Lender to exercise any rights against any party liable for or any property securing payment thereof.

JURY TRIAL; JURISDICTION.

TO THE EXTENT PERMITTED BY APPLICABLE LAW, BORROWER HEREBY IRREVOCABLY WAIVES ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF, BASED ON OR PERTAINING TO THIS RESTATED NOTE OR ANY OTHER RELATED DOCUMENT. FOR BORROWER AND ITS PROPERTY, BORROWER IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF CALIFORNIA SITTING IN VENTURA COUNTY AND OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF CALIFORNIA (AND ANY APPELLATE COURT FROM SUCH COURTS) IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS RESTATED NOTE. BORROWER HEREBY WAIVES ANY OBJECTION TO THE VENUE OF ANY SUCH SUIT OR ANY SUCH COURT OR THAT SUCH SUIT IS BROUGHT IN AN INCONVENIENT COURT.

COUNTERPARTS.

This Restated Note may be executed in any number of counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

[Signature page follows]

BORROWER:

FRESH REALM, LLC

By:/s/: Michael R Lippold
Michael R. Lippold
Chief Executive Officer

LENDER:

CALAVO GROWERS, INC.

By:/s/: Lee Cole
Lee Cole
Chief Executive Officer

Exhibit 10.2

February 28, 2019

FreshRealm, LLC
34 N. Palm St., Suite 100
Ventura, California 93001

Re: Fourth Amendment to Senior Promissory Note and Note and Membership Unit Purchase Agreement

Dear Mike:

We refer to that certain Note and Membership Unit Purchase Agreement (the "Purchase Agreement"), dated as of July 31, 2018, by and between FreshRealm, LLC, a Delaware limited liability company ("Borrower") and Calavo Growers, Inc., a California corporation ("Lender"), pursuant to which Borrower issued to Lender a Senior Promissory Note, dated August 10, 2018 (the "Note") in respect of an aggregate principal sum of $12,000,0000 and entered into a Security Agreement ("Security Agreement") and Intellectual Property Security Agreement ("IP Security Agreement"), each dated August 10, 2018 with Lender, and Borrower and Lender entered into that certain Letter Agreement ("Letter Agreement"), dated October 4, 2018, and that certain Second Letter Agreement ("Second Letter Agreement"), dated November 15, 2018, and that certain Third Letter Agreement dated November 2018 ("Third Letter Agreement"). Borrower and Lender shall be referred to herein as the "Parties" and the Purchase Agreement, Note, Security Agreement, IP Security Agreement and First, Second, Third, and Fourth Letter Agreements shall be collectively referred to as the "Secured Note Agreements". Capitalized terms used but not defined in this Fourth Letter Agreement (this "Fourth Letter Agreement") shall have the meanings assigned thereto in the Note.

WHEREAS, Lender previously funded $6,000,000 from the First Tranche to Borrower and, in three separate disbursements, funded an additional $6,000,000 from the Second Tranche to Borrower for a total of $12,000,000 borrowed, subject to the terms and conditions of the Secured Note Agreements; and

WHEREAS, Lender desires to clarify that the Second Tranche may be disbursed in separate disbursements and to provide for an extended First Tranche Maturity Date and Second Tranche Maturity Date and to provide for Lender's option to further extend the First Tranche Maturity Date and the Second Tranche Maturity Date.

NOW, THEREFORE, the Parties hereby agree, effective as of the date first written above, in conjunction with the transactions contemplated in the Purchase Agreement and the Note and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, to the terms and conditions set forth below:

1. DEFINITIONS. Notwithstanding any provision to the contrary in the Definitions Section of the Note, the following definitions are hereby revised to read as follows:

"First Tranche Maturity Date" means October 31, 2019, except as may be extended by Lender as set forth below.

"Second Tranche" means the second disbursement of principal from Lender to Borrower, which will be in the aggregate total amount of six million dollars ($6,000,000), to be disbursed by Lender to Borrower, at Borrower's option, at any time and from time to time, in separate disbursements, following the achievement of the Second Tranche conditions as described above.

"Second Tranche Interest Commencement Date" means, as to each separate disbursement from the Second Tranche, the date of that disbursement from the Second Tranche.

"Second Tranche Maturity Date" means October 31, 2019 as to all of the disbursements from the Second Tranche, except as may be extended by Lender as set forth below.

2. FUNDING. In the first sentence, the words "and from time to time, in separate disbursements" are inserted after the words "at any time".

A new sentence is added at the end of the Funding paragraph that reads as follows: Lender shall have the option, at its sole and absolute discretion, to extend the First Tranche Maturity Date and the Second Tranche Maturity Date for each disbursement from the Second Tranche Maturity Date until November 1, 2020. Lender's election to extend any maturity date shall not obligate Lender to extend any other maturity date, and an extension of the maturity date for a particular disbursement from the Second Tranche shall not entitle Borrower to an extension of the maturity date for a different disbursement from the Second Tranche. Borrower shall not make any claim as to reliance, course of dealing, or other justification or rationale if Lender elects to extend the maturity date for one payment obligation and not extend the maturity date for any other payment obligation.

3. Except as expressly set forth in this Fourth Letter Agreement and except to the extent this Fourth Letter Agreement amends the Purchase Agreement and the Note, this Fourth Letter Agreement shall not by implication or otherwise limit, impair, constitute a waiver of, or otherwise affect the rights and remedies of Lender under the Secured Note Agreements, and shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations, covenants or agreements contained in the Secured Note Agreements, all of which are ratified and confirmed in all respects and shall continue in full force and effect.

4. After the date of this Fourth Letter Agreement, any reference to the Purchase Agreement and the Note shall mean the Purchase Agreement and the Note, as modified by this Fourth Letter Agreement.

5. This Fourth Letter Agreement may be executed in any number of counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Fourth Letter Agreement by facsimile or other electronic transmission shall be effective as delivery of a manually executed counterpart of this Fourth Letter Agreement.

6. This Fourth Letter Agreement shall be construed under the internal law of the State of California and any applicable federal laws. TO THE EXTENT PERMITTED BY APPLICABLE LAW, BORROWER HEREBY IRREVOCABLY WAIVES ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF, BASED ON OR PERTAINING TO THIS NOTE OR ANY OTHER RELATED DOCUMENT. FOR BORROWER AND ITS PROPERTY, BORROWER IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF CALIFORNIA SITTING IN VENTURA COUNTY AND OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF CALIFORNIA (AND ANY APPELLATE COURT FROM SUCH COURTS) IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS NOTE. BORROWER HEREBY

WAIVES ANY OBJECTION TO THE VENUE OF ANY SUCH SUIT OR ANY SUCH COURT OR THAT SUCH SUIT IS BROUGHT IN AN INCONVENIENT COURT.

Very truly yours,

Calavo Growers, Inc.

By: /s/: Lecil Cole
Name: Lecil Cole
Title: Chief Executive Officer

Accepted and agreed to as of the date first above written:

FreshRealm, LLC

By: /s/: Michael R. Lippold
Name: Michael R. Lippold
Title: Chief Executive Officer

Exhibit 10.3

PROMISSORY NOTE

$1,500,000 March 4, 2019

For value received, **FreshRealm, LLC**, a Delaware limited liability company, with offices at 34 N. Palm Street, Suite 100, Ventura, California 93001 ("Borrower"), promises to pay to the order of **Calavo Growers, Inc.**, with offices at 1141-A Cummings Road, Santa Paula, CA 93060 ("Lender"), or at such place as the holder hereof may hereafter from time to time designate in writing, the principal sum of One Million, Five Hundred Thousand Dollars ($1,500,000), together with interest as specified below, upon the terms and conditions set forth herein.

DEFINITIONS

As used herein:

"Final Maturity Date" means October 31, 2019, subject to extension as described below.

"Interest Commencement Date" means the date hereof.

INTEREST.

Interest shall accrue on the principal balance of this Note from the Interest Commencement Date until this Note is fully paid at the rate of ten percent (10%) per annum or such higher rate as may be determined pursuant to this Note. Accrued but unpaid interest shall be due and payable on the Final Maturity Date. In addition, upon the occurrence of any event of the type specified in the "Default" paragraph below and thereafter until each such event has been cured or waived to the written satisfaction of Lender, the outstanding principal balance of this Note shall bear interest at an annual rate equal to the sum of (i) the interest rate otherwise in effect with respect to such outstanding principal, and (ii) 400 basis points (4.00%) per annum, or such lower rate as is the highest rate allowable by law (it being understood that the accrual of interest at the rate set forth in this sentence shall not be deemed a waiver or excuse of any such event).

PAYMENT OF PRINCIPAL.

Borrower may prepay this Note at any time without prepayment penalty or premium.

The entire remaining principal balance of this Note shall be due and payable and paid in full on the Final Maturity Date; provided, however, that at its sole and absolute discretion, Lender may elect to extend the Final Maturity Date in writing until November 1, 2020, with interest continuing to accrue at the rate described above.

APPLICATION OF PAYMENTS.

All payments hereunder shall be first applied to accrued but unpaid interest hereunder, and the remainder, if any, shall be applied to the principal balance of this Note.

DEFAULT.

If Borrower fails to make any payment when due in accordance with the terms of this Note; or if Borrower breaches any other provision of this Note or any related document; or if a garnishment, summons or a writ of attachment is issued against or served upon Lender for the attachment of any property of Borrower or any indebtedness owing to Borrower; or if Borrower is or becomes insolvent (however defined), is dissolved or liquidated or goes out of business; then the holder hereof may, at such holder's option, by notice in writing to

Borrower declare this Note to be immediately due and payable, whereupon the principal balance of this Note and all interest thereon shall be immediately due and payable without further notice or demand.

The principal balance of this Note and all interest thereon shall become automatically due and payable without notice or demand if a petition is filed by or against Borrower under the United States Bankruptcy Code.

ADDITIONAL COVENANTS.

Without Lender's prior written consent, Borrower shall not, and shall not permit any wholly-owned subsidiary of Borrower to, (i) incur any indebtedness or other obligation (except (A) the indebtedness evidenced by this Note and (B) trade payables arising in the ordinary course of business), (ii) grant any lien or security interest on any of its property, (iii) sell all or any substantial part of its assets, or (iv) merge or consolidate with any other entity.

In addition, Borrower shall not pay any dividend or other amount on account of any equity interest of Borrower, including any dividend or distribution in respect thereof or any payment in purchase, redemption, retirement or other acquisition thereof.

COLLECTION COSTS.

Borrower shall pay all costs of collection, including reasonable attorneys' fees and legal expenses, if this Note is not paid when due, whether or not legal proceedings are commenced.

GOVERNING LAW.

This Note shall be construed under the internal law of the State of California and any applicable federal laws. Time is of the essence in the payment of this Note.

UNCONDITIONAL OBLIGATION.

All payments under this Note shall be made without setoff, counterclaim or deduction of any kind including, without limitation, for any applicable taxes. Any amount owing by Borrower to Lender shall not be reduced in any way by any outstanding obligations of Lender to Borrower, whether such obligations are monetary or otherwise.

NOTICES.

All notices, requests, demands and other communications provided for hereunder shall be in writing and, if to Borrower, mailed or delivered to it, addressed to it at the address specified on page one of this Note, or if to Lender, mailed or delivered to it, addressed to the address of Lender specified on page one of this Note; or, in each case, at such other address as may hereafter be designated by the applicable party in a notice to the other party complying with this paragraph. All notices, statements, requests, demands and other communications provided for hereunder shall be sent by US Mail, registered or certified mail, or reputable overnight delivery service, with postage prepaid, and shall be deemed to be given or made when received.

BINDING EFFECT.

The execution, delivery and performance of this Note has been duly authorized by all requisite company actions of Borrower. This Note shall be binding upon Borrower and its successors, assigns and legal representatives, and shall inure to the benefit of Lender and its heirs, legal representatives, successors, endorsees and assigns.

AMENDMENTS.

Any amendment hereof must be in writing and signed by the party against whom enforcement is sought. Unenforceability of any provision hereof shall not affect the enforceability of any other provision. A photographic or other reproduction of this Note may be made by Lender, and any such reproduction shall be admissible in evidence with the same effect as the original itself in any judicial or administrative proceeding, whether or not the original is in existence.

NO WAIVER.

No acceptance of one or more late or partial payments, or delay or omission on the part of any holder hereof in exercising any right or remedy hereunder, shall operate as a waiver of any right or remedy under this Note. A waiver on any one occasion shall not be construed as a waiver of any right or remedy on any future occasion.

WAIVERS.

All makers, endorsers, sureties and accommodation parties hereby waive presentment, dishonor, notice of dishonor and protest, and consent to any and all extensions, renewals, substitutions and alterations of any of the terms of this Note and any other documents related hereto and to the release of or failure by Lender to exercise any rights against any party liable for or any property securing payment thereof.

JURY TRIAL; JURISDICTION.

TO THE EXTENT PERMITTED BY APPLICABLE LAW, BORROWER HEREBY IRREVOCABLY WAIVES ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF, BASED ON OR PERTAINING TO THIS NOTE OR ANY OTHER RELATED DOCUMENT. FOR BORROWER AND ITS PROPERTY, BORROWER IRREVOCABLY AND UNCONDITIONALLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF CALIFORNIA SITTING IN VENTURA COUNTY AND OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF CALIFORNIA (AND ANY APPELLATE COURT FROM SUCH COURTS) IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS NOTE. BORROWER HEREBY WAIVES ANY OBJECTION TO THE VENUE OF ANY SUCH SUIT OR ANY SUCH COURT OR THAT SUCH SUIT IS BROUGHT IN AN INCONVENIENT COURT.

[Signature page follows]

BORROWER:

FRESHREALM, LLC

By: /s/: Michael R. Lippol
Michael R. Lippold
Chief Executive Officer

LENDER:

CALAVO GROWERS, INC.

By: /s/: Lee Cole
Lee Cole
Chief Executive Officer

Exhibit 10.4

Execution Version

SECOND AMENDMENT TO CREDIT AGREEMENT

THIS SECOND AMENDMENT TO CREDIT AGREEMENT (this "Amendment") is dated as of February 28, 2019, and is entered into by and between **CALAVO GROWERS, INC.**, a California corporation (the "Borrower"), the Lenders identified on the signature pages hereto and **BANK OF AMERICA, N.A.**, as administrative agent for the Lenders (in such capacity, the "Administrative Agent").

W I T N E S S E T H

WHEREAS, pursuant to the Credit Agreement (as amended, modified, supplemented, increased and extended from time to time, the "Credit Agreement") dated as of June 14, 2016 among the Borrower, the Guarantors identified therein, the Lenders identified therein and the Administrative Agent, the Lenders have agreed to make credit extensions available to the Loan Parties; and

WHEREAS, the Borrower and the Lenders have agreed to amend the Credit Agreement subject to the terms and conditions stated herein;

NOW, THEREFORE, IN CONSIDERATION of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereto agree as follows:

1. Defined Terms. Capitalized terms used herein but not otherwise defined herein shall have the meanings provided to such terms in the Credit Agreement.

2. Amendments to Credit Agreement.

(a) Amendment to Section 1.01 – New Definitions. Section 1.01 of the Credit Agreement is hereby amended by adding the following definitions thereto in alphabetical order:

"Agricola" means Agricola Don Memo, S.A. de C.V., a Mexican corporation.

"Beneficial Ownership Certification" means a certification regarding beneficial ownership required by the Beneficial Ownership Regulation.

"Beneficial Ownership Regulation" means 31 C.F.R. § 1010.230.

"Existing Joint Ventures" means FreshRealm and Agricola.

"FreshRealm" shall mean Freshrealm, LLC, a Delaware limited liability company.

(b) Amendment to Section 1.01 – Amended Definition. The definition of "Material Subsidiary" as set forth in Section 1.01 of the Credit Agreement is hereby amended and restated in its entirety as follows:

"Material Subsidiary" means any Domestic Subsidiary of the Borrower that, together with its Subsidiaries, (a) has total assets (including equity interests in other Subsidiaries and excluding investments that are eliminated in consolidation) of equal to or greater than 20% of the total assets of the Borrower and its Subsidiaries, on a Consolidated basis as of the end of the most recent four

(4) fiscal quarters; and (b) has total gross profit of equal to or greater than 20% of the total gross profits of Borrower and its Subsidiaries, on a Consolidated basis as of the end of the most recent four (4) fiscal quarters; provided, that at no time shall any Existing Joint Venture be deemed to be a Material Subsidiary unless otherwise agreed to by Borrower and Administrative Agent.

(c) Amendment to ARTICLE V. The following is hereby added to the Credit Agreement as a new Section 5.24:

5.24 Know Your Customer. Promptly following any request therefor, provide information and documentation reasonably requested by the Administrative Agent or any Lender for purposes of compliance with applicable "know your customer" and anti-money-laundering rules and regulations, including, without limitation, the PATRIOT Act and the Beneficial Ownership Regulation.

(d) Amendment to ARTICLE VI. The following is hereby added to the Credit Agreement as a new Section 6.01(d):

Exclusion of Financial Results of FreshRealm. Notwithstanding anything else stated in this Agreement, at no time or event shall the financial statements, condition, results or otherwise the financial status of FreshRealm (collectively, the "FreshRealm Financials"), regardless of whether FreshRealm shall be considered a Subsidiary, be calculated as a part of and/or included in the financial reporting, condition, calculations or covenants (collectively, "Loan Party Reporting") set forth in this Agreement with respect to the Borrower, the Loan Parties or their respective Subsidiaries, and the parties hereto agree that any and all financial information provided to Administrative Agent (including, but not limited to, calculations set forth in the Compliance Certificate) to allow Administrative Agent to calculate any Loan Party Reporting requirements hereunder or otherwise shall be provided in the manner required by the Credit Agreement, but shall exclude the FreshRealm Financials.

(e) Amendment to Section 7.03.

(i) Clause (b) of Section 7.03 of the Credit Agreement is hereby deleted and replaced in its entirety with the following clause (b):

> (b) (i) Investments by the Borrower and its Subsidiaries in their respective Subsidiaries outstanding on the date hereof, (ii) additional Investments by the Borrower and its Subsidiaries in Loan Parties, (iii) additional Investments by Subsidiaries of the Borrower that are not Loan Parties in other Subsidiaries that are not Loan Parties (excluding any Existing Joint Venture), (iv) so long as no Default has occurred and is continuing or would result from such Investment, additional Investments in the form of loans and advances by the Loan Parties to Foreign Subsidiaries (excluding any Existing Joint Venture) to finance Capital Expenditures not exceeding $20,000,000 in the aggregate in any fiscal year of Borrower, and (v) so long as no Default has occurred and is continuing or would result from such Investment, Investments in the form of short term loans and advances by the Loan Parties to Subsidiaries of Borrower that are not Loan

Parties (excluding any Existing Joint Venture) to finance operations in an aggregate amount invested not to exceed $20,000,000 at any time;

(ii) Clause (f) of Section 7.03 of the Credit Agreement is hereby deleted and replaced in its entirety with the following clause (f):

(f) Permitted Acquisitions (other than of Foreign Subsidiaries held directly or indirectly by a Foreign Subsidiary which Investments are covered by Section 7.03(b)(iv) and Investments in any Existing Joint Venture), which Investments are covered by Section 7.03(l));

(iii) Clauses (j) and (k) of Section 7.03 of the Credit Agreement are hereby deleted and replaced in their entirety with clauses (j), (k), (l) and (m) as follows:

(j) Investments made by Borrower in Existing Joint Ventures prior to January 31, 2019;

(k) so long as no Default has occurred and is continuing or would result from such Investment, Investments in the form of advances or equity Investments in third parties, including, but not limited to, joint ventures (excluding the Existing Joint Ventures) and non-wholly owned Subsidiaries, not to exceed $10,000,000 in the aggregate at any time;

(l) so long as no Default has occurred and is continuing or would result from such Investment, Investments in the form of advances or equity Investments in Existing Joint Ventures made after January 31, 2019, not to exceed $23,000,000 in the aggregate at any time; and

(m) other Investments not contemplated by the above provisions not exceeding $5,000,000 in the aggregate at any time.

3. Conditions Precedent. This Amendment and the obligations of Administrative Agent and the Lenders hereunder will be effective only upon satisfaction of each of the following conditions precedent, each in a manner in form and substance acceptable to Administrative Agent in its sole discretion:

(a) Receipt by Administrative Agent of a fully-executed original of this Amendment;

(b) the Borrower shall have paid to Administrative Agent all costs and expenses owed to and/or incurred by the Administrative Agent arising in connection with this Amendment (including reasonable attorneys' fees and costs);

(c) if requested by any Lender, the Borrower shall have provided to such Lender, and such Lender shall be reasonably satisfied with, the documentation and other information so requested in connection with applicable "know your customer" and anti-money-laundering rules and regulations, including, without limitation, the PATRIOT Act.

(d) any Borrower that qualifies as a "legal entity customer" under the Beneficial Ownership Regulation shall deliver, to each Lender that so requests, a Beneficial Ownership Certification in relation to such Borrower and the information included in the Beneficial Ownership Certification, if applicable, is true and correct in all respects; and

(e) the Administrative Agent shall have received such other documents, certificates and information that the Administrative Agent shall require each in form and substance satisfactory to the Administrative Agent in its reasonable credit judgment.

4. Reaffirmation of Representations and Warranties. Each Loan Party represents and warrants that after giving effect to this Amendment, the representations and warranties made by each obligor set forth in the Loan Documents are true and correct in all material respects as of the date hereof (except those that expressly relate to an earlier period).

5. Reaffirmation of Obligations. Each Loan Party (a) acknowledges and consents to all of the terms and conditions of this Amendment, (b) affirms all of its obligations under the Loan Documents and (c) agrees that this Amendment and all documents executed in connection herewith do not operate to reduce or discharge such Loan Party's obligations under the Loan Documents.

6. Reaffirmation of Security Interests. Each Loan Party (i) affirms that each of the Liens granted in or pursuant to the Loan Documents are valid and subsisting and (ii) agrees that this Amendment shall in no manner impair or otherwise adversely affect any of the Liens granted in or pursuant to the Loan Documents.

7. No Other Changes. Except as modified hereby, all of the terms and provisions of the Loan Documents shall remain in full force and effect.

8. Counterparts; Delivery. This Amendment may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original and it shall not be necessary in making proof of this Amendment to produce or account for more than one such counterpart. Delivery of an executed counterpart of this Amendment by facsimile or other electronic imaging means shall be effective as an original.

9. Governing Law. This Amendment shall be deemed to be a contract made under, and for all purposes shall be construed in accordance with, the laws of the State of California (without regards to principles of conflict of laws which would defer to the laws of another jurisdiction as governing).

10. Jury Trial Waiver; California Judicial Reference. **To the fullest extent permitted by applicable law, each of the parties hereto waives its right to trial by jury in any proceeding or dispute of any kind relating to this Amendment or the other Loan Documents, Obligations or Collateral.** Without limiting the applicability of any other section of this Amendment, Section 11.16 and Section 11.17 of the Credit Agreement are hereby incorporated by this reference and shall apply to any action, proceeding, claim or controversy arising out of this Amendment.

11. Total Agreement. This Amendment, the Credit Agreement, and all other Loan Documents embody the entire understanding of the parties with respect to the subject matter thereof and supersede all prior understandings regarding the same subject matter.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this Second Amendment to be duly executed and delivered as of the date first above written.

BORROWER:

CALAVO GROWERS, INC.,
a California corporation

By: _____
Name: _____
Title: _____

[Signature Pages Continue]

ADMINISTRATIVE AGENT:

BANK OF AMERICA, N.A.,
as Administrative Agent

By: _____
Name: _____
Title: _____

BANK OF AMERICA, N.A.,
as Lender, Non-Patronage Lender, L/C Issuer and Swingline Lender

By: _____
Name: _____
Title: _____

LENDERS:

FARM CREDIT WEST, PCA
as a Lender and Patronage Lender

By: _____
Name: _____
Title: _____

GUARANTOR ACKNOWLEDGMENT AND CONSENT

Guarantor hereby expressly: (a) consents to the execution by Borrower, Administrative Agent and Lenders of this Amendment; (b) acknowledges that the "Guaranteed Obligations" (as defined in the Credit Agreement) includes all of the obligations and liabilities owing from time to time by the Borrower under and/or in connection with the "Loan Documents" including, but not limited to, the obligations and liabilities of Borrower to Lenders under and pursuant to the Credit Agreement, as amended from time to time; (c) acknowledges that the Guarantor does not have any set-off, defense, or counterclaim to the payment or performance of any of the obligations of Borrower under the Credit Agreement or the Guarantor under the Guaranty (as defined in the Credit Agreement); (d) reaffirms, assumes, and binds itself in all respects to all of the obligations, liabilities, duties, covenants, terms, and conditions that are contained in the Guaranty; and (e) agrees that all such obligations and liabilities under the Guaranty shall continue in full force and that the execution and delivery of this Amendment to, and its acceptance by, Administrative Agent shall not in any manner whatsoever (i) impair or affect the liability of the Guarantor, (i) prejudice, waive, or be construed to impair, affect, prejudice, or waive the rights and abilities of Administrative Agent at law, in equity or by statute, against the Guarantor, and/or (ii) release or discharge, nor be construed to release or discharge, any of the obligations and liabilities owing to Administrative Agent or any Lender by the Guarantor.

AGREED TO AND ACCEPTED BY:

GUARANTOR:

RENAISSANCE FOOD GROUP, LLC,
a Delaware limited liability company

By: _____
Name: _____
Title: _____

FRESHREALM, LLC

SEVENTH AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT

Effective as of February 27, 2019

THE MEMBERSHIP INTERESTS OF FRESHREALM, LLC, AND THE UNITS THEREOF REPRESENTED BY THIS LIMITED LIABILITY COMPANY AGREEMENT, HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY OTHER APPLICABLE SECURITIES LAWS. SUCH MEMBERSHIP INTERESTS AND/OR UNITS MAY NOT BE SOLD, ASSIGNED, PLEDGED OR OTHERWISE DISPOSED OF AT ANY TIME WITHOUT EFFECTIVE REGISTRATION UNDER SUCH ACT AND LAWS OR EXEMPTION THEREFROM, AND COMPLIANCE WITH THE OTHER RESTRICTIONS ON TRANSFERABILITY SET FORTH HEREIN.

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FRESHREALM, LLC

SEVENTH AMENDED AND RESTATED LIMITED LIABILITY COMPANY AGREEMENT

This Seventh Amended and Restated Limited Liability Company Agreement (as it may subsequently be amended from time to time in accordance with the terms hereof, this "Agreement," unless as to any provision it is otherwise specified) is entered into effective as of February 27, 2019 (the "Effective Date"), by and among FreshRealm, LLC, a Delaware limited liability company (the "Company"), and the Members (as defined herein) signatory hereto from time to time. This Agreement governs the internal affairs of the Company and the authority of its Members. All of the matters set forth in this Agreement are to be considered the "internal affairs" of the Company. The Members, to the fullest extent possible, waive the application of the laws of any jurisdiction other than Delaware.

RECITALS

WHEREAS, the Company and the Members entered into that certain Amended and Restated Limited Liability Company Agreement of the Company, having an effective date as of July 31, 2013, as amended by Amendment No. 1, dated as of October 30, 2013, and Amendment No. 2, dated as of March 1, 2014, as further amended by the Second Amended and Restated Limited Liability Company Agreement dated as of April 30, 2014, and as further amended by the Third Amended and Restated Limited Liability Company Agreement dated as of July 31, 2014, as further amended by the Fourth Amended and Restated Limited Liability Company Agreement, effective as of November 1, 2014, as further amended by the Fifth Amended and Restated Limited Liability Company Agreement, effective as of August 1, 2016, and as further amended by the Sixth Amended and Restated Limited Liability Company Agreement effective as of April 18, 2017, as well as the First Amendment thereto, effective as of July 31, 2018 (collectively, the "Original Agreement"); and

WHEREAS, the Company has elected to be classified as a corporation for U.S. federal income tax purposes with an effective date of December 16, 2018 (the "Conversion"); and

WHEREAS, the Company and its Members in connection with the Conversion wish to amend in certain respects and restate in its entirety the Original Agreement as set forth in this Agreement;

NOW, THEREFORE, in reliance on the foregoing recitals and for good and valuable consideration, the Members hereby amend and restate the Original Agreement in its entirety as follows:

ARTICLE I
DEFINITIONS

Capitalized terms used but not otherwise defined herein shall have the following meanings as well as any other meanings for capitalized terms that are set forth elsewhere in this Agreement:

"Action" means any action, claim, complaint, petition, investigation, suit or other proceeding, whether administrative, civil or criminal, in law or in equity, or before any arbitrator or Governmental Entity.

"Additional Member" means a Person admitted to the Company as a Member pursuant to Section 4.2.

"Affiliate" of any particular Person means any other Person controlling, controlled by or under common control with such particular Person.

"Agreement" has the meaning set forth in the above Recitals.

"Applicable ROFR Rightholders" has the meaning set forth in Section 11.2(a).

"Approved Sale" has the meaning set forth in Section 11.3(a).

"Award Agreement" has the meaning set forth in Section 3.4(a).

"Board" has the meaning set forth in Section 7.1(a).

"Business Opportunity" has the meaning set forth in Section 9.4.

"Calavo" means Calavo Growers, Inc., a California corporation.

"Calavo Director" has the meaning set forth in Section 7.1(b).

"Capital Contributions" means any cash, cash equivalents, promissory obligations or the Fair Market Value of other property which a Member contributes or is deemed to have contributed to the Company with respect to any Unit pursuant to Article V.

"Cause" means, in the context of a basis for termination of a Service Provider's employment with, or service as a non-employee to, the Company, "Cause" as defined in any employment agreement or consulting agreement between the Service Provider and the Company or, if there is no such agreement, the following:

(i) The Service Provider breaches any obligation, duty or agreement in any material respect under any employment-related or consulting-related agreement with the Company, which breach is not cured or corrected within ten days after written notice thereof from the Company; or

(ii) The Service Provider violates any provision of this Agreement; or

(iii) The Service Provider commits any act of personal dishonesty, undisclosed conflict of interest, fraud, or breach of trust involving the Company or any of its customers or suppliers; or

(iv) The Service Provider is convicted of, or pleads guilty or nolo contendere with respect to, a felony under federal or applicable state law, other than a traffic offense that does not involve serious bodily injury to a third person; or

(v) The Service Provider is grossly negligent in the performance of services to the Company, or otherwise engages in any act of willful misconduct; or

(vi) The Service Provider commits continued and repeated substantive violations of specific written directions of the Board and/or the Person to whom the Service Provider reports, which directions are consistent with the Service Provider's position and title, or continued and repeated substantive failure to perform duties assigned by the Board and/or the Person to whom the Service Provider reports; provided that no discharge shall be deemed for Cause under this subsection unless the Service Provider first receives written notice from the Company advising him of the specific acts or omissions alleged to constitute violations of written directions or a material failure to perform his duties, and such violations or material failure continue after he shall have had a reasonable opportunity to correct the acts or omissions so complained of; or

(vii) The Service Provider (A) obstructs or impedes, (B) endeavors to influence, obstruct or impede, or (C) fails to materially cooperate with, any investigation authorized by the Board or any governmental or self-regulatory entity, provided that the failure to waive attorney-client privilege relating to communications with the Service Provider's own attorney in connection with an investigation shall not constitute "Cause."

"Certificate" has the meaning set forth in Section 2.6.

"Certificated Units" has the meaning set forth in Section 11.6.

"Chief Executive Officer" has the meaning set forth in Section 7.3.

"Code" means the United States Internal Revenue Code of 1986, as amended from time to time.

"Company" has the meaning set forth in the introductory paragraph of this Agreement.

"Company Interest Rate" has the meaning set forth in Section 6.2(c).

"Company Option Period" has the meaning set forth in Section 11.2(d).

"Company ROFR Exercise Notice" has the meaning set forth in Section 11.2(d).

"Competitor" means, with respect to the Company, any Person engaged or proposing to engage in any business related to the business of selling food shipped at between 33 and 44 degrees Fahrenheit directly to consumers using overnight or expedited delivery services such as

FedEx, UPS, USPS, Uber, Instacart, Google Shopping Express, Task Rabbit and similar delivery service providers.

"Confidential Information" has the meaning set forth in Section 9.1.

"Control" means, without limitation, the possession, directly or indirectly, of the power to direct the management and policies of a Person whether through the ownership of voting securities, by contract or otherwise, and each of the terms "controlling" and "controlled by" has a correlative meaning.

"Co-Packers" means Caito Foods Service, Inc., F&S Produce Company, Inc. and Cut Fruit, LLC.

"Delaware Act" means the Delaware Limited Liability Company Act, 6 Del.L. § 18-101, *et seq.*, as it may be amended from time to time, and any successor to the Delaware Act.

"Director" means an individual designated as a member of the Board.

"Disability" means any sickness, physical or mental disability or other condition which permanently and materially impairs a Service Provider's ability to perform his duties as a Service Provider to the Company.

"Distribution" means each distribution with respect to Units made by the Company to a Member, whether in cash, property or Equity Securities of the Company and whether by liquidating distribution, redemption, repurchase or otherwise; provided that none of the following shall be a Distribution: (i) any redemption by the Company of any Equity Securities of the Company in connection with the termination of employment or service of an employee or consultant of the Company, (ii) any recapitalization or exchange of Equity Securities of the Company, and any subdivision (by split or otherwise) or any combination (by reverse split or otherwise) of any outstanding Equity Securities, or (iii) any reasonable fees, other remuneration or expense reimbursement paid to any Member in such Member's capacity as an employee, officer, consultant or other provider of services to the Company (including payments pursuant to Section 14.19).

"Effective Date" has the meaning set forth in the introductory paragraph of this Agreement.

"Equity Securities" has the meaning set forth in Section 3.5.

"Fair Market Value" of any asset as of any date means the purchase price that a willing buyer having all relevant knowledge would pay a willing seller for such asset in an arm's length transaction, as determined in good faith by the Board based on such factors as the Board, in the exercise of its reasonable business judgment, considers relevant.

"Fiscal Period" means any interim accounting period within a Taxable Year established by the Board.

"Fiscal Quarter" means each calendar quarter ending January 31, April 30, July 31 and October 31, or such other quarterly accounting period that may be established by the Board.

"Fiscal Year" has the meaning set forth in Section 8.2.

"Fresh Benefit" has the meaning set forth in Section 9.4.

"GAAP" means U.S. generally accepted accounting principles.

"Good Reason" means: (i) a material reduction in the scope of a Service Provider's duties or responsibilities, which reduction has (a) not been approved for proper business purposes by the Board, and (b) is not remedied by the Company within twenty days after notification to the Company containing a reasonably detailed description of such reduction; (ii) the Company's reduction of the Service Provider's annual base salary by more than thirty percent other than in conjunction with a termination of his employment or service for Cause; or (iii) the Company's breach of any material obligation owed to the Service Provider under any employment or consultant agreement with the Company, which breach is not cured within twenty days after written notification to the Company.

"Governmental Entity" means the United States of America or any other nation, any state or other political subdivision thereof, or any entity exercising executive, legislative, judicial, regulatory or administrative functions of government.

"Impermanence" means Impermanence, LLC, a Delaware limited liability company formed by Peter Hajas, Michael R. Lippold, and other investors and members of the Company's management.

"Impermanence Interests" has the meaning set forth in Section 11.2(a).

"Incentive Plan" has the meaning set forth in Section 3.4(a).

"Indebtedness" means at a particular time, without duplication, (i) any indebtedness for borrowed money or issued in substitution for or exchange of indebtedness for borrowed money, (ii) any indebtedness evidenced by any note, bond, debenture or other debt security, or with respect to which the assets or properties of the Company are secured, (iii) any indebtedness for the deferred purchase price of property or services with respect to which a Person is liable, contingently or otherwise, as obligor or otherwise (other than trade payables and other current liabilities incurred in the ordinary course of business), (iv) any leases capitalized or required to be capitalized in accordance with generally accepted accounting principles, (v) all indebtedness under guaranties, endorsements, assumptions, or other contractual obligations, including any letters of credit, or the obligations in respect of, or to purchase or otherwise acquire, indebtedness of others, or by which a Person assures a creditor against loss (including contingent reimbursement obligations with respect to letters of credit), and (vi) interest, penalties, fees, charges or other obligations with respect to any of the foregoing.

"Indemnified Person" has the meaning set forth in Section 4.9(a).

"Initial Member" means each Person whose name is listed on the signature pages of the Original Agreement and who previously executed and delivered the Original Agreement or a counterpart thereof.

"Inventions" has the meaning set forth in Section 9.3.

"Initial Units" has the meaning set forth in Section 3.2.

"Line of Credit Agreement" has the meaning set forth in Section 5.6(b).

"Majority Member" has the meaning set forth in Section 11.4(f).

"Member" means (i) each Initial Member, (ii) Impermanence, (iii) each Co-Packer whose name is listed on the signature pages of this Agreement as of the Effective Date, but only if such Co-Packer has executed and delivered this Agreement or a counterpart thereof, and (iv) any Person admitted to the Company as a Substituted Member or Additional Member; but only for so long as any such Person described in this sentence is shown on the Company's books and records as the owner of one or more Units.

"Member ROFR Exercise Notice" has the meaning set forth in Section 11.2(d).

"Minority Member" has the meaning set forth in Section 11.4(f).

"Non-Calavo Director" has the meaning set forth in Section 7.1(b).

"Offering Member" has the meaning set forth in Section 11.2(a).

"Offering Member Notice" has the meaning set forth in Section 11.2(c).

"Offered Units" has the meaning set forth in Section 11.2(a).

"Original Agreement" has the meaning set forth in the above Recitals.

"Other Business" has the meaning set forth in Section 9.4.

"Percentage Interest" means, with respect to any Member as of any date, the ratio (expressed as a percentage) of the number of Units held by such Member on such date to the aggregate Units held by all Members on such date. Units may or may not include Profits Interests Units depending on the terms and conditions of their Award Agreement. The Percentage Interest of each Member immediately after the Effective Date (assuming the execution and delivery of this Agreement by each Person listed on the signature pages of this Agreement) shall be set forth on Schedule A which shall be updated and attached hereto within no more than fourteen (14) business days following the Effective Date.

"Permitted Transferee" means (i) with respect to any Member who is a natural person, such Member's spouse and descendants (whether natural or adopted) and any trust that is and at all times remains solely for the benefit of the Member and/or the Member's spouse and/or descendants, (ii) with respect to any Member which is an entity, any entity controlled by such

Member, (iii) any Person who is already a Member of the Company on the date of Transfer, (iv) in connection with Calavo, the officers and directors of Calavo as of the Effective Date, and (v) in connection with Impermanence, the holders of membership interests in Impermanence as of the Effective Date.

"Person" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, association or other entity or a Governmental Entity.

"Profits Interest" has the meaning set forth in Section 3.4(a).

"Public Offering" means any sale, in an underwritten public offering registered under the Securities Act, of any class or series of the Company's (or any successor's) Equity Securities.

"Purchasing Rightholders" has the meaning set forth in Section 11.2(e).

"Restricted Period" has the meaning set forth in Section 9.2(a).

"ROFR Rightholder Option Period" has the meaning set forth in Section 11.2(d).

"Sale of the Company" means a sale of the outstanding Units or of the assets of the Company by the holder(s) thereof to any Person (other than to the Company) pursuant to which such Person or Persons acquires (i) at least two thirds of the outstanding Units of the Company (whether by merger, consolidation, sale or Transfer of Units or otherwise) or (ii) all or substantially all of the Company's assets determined on a consolidated basis.

"Schedule of Members" means the Schedule of Members, which, except as provided in Section 3.2, shall identify the Percentage Interests, the number of Units held by the Members and the Capital Contributions made by such Members for such Units, which Schedule of Members the Board shall update upon the issuance of any Units to any new Member, upon the Transfer of any Units to any new or existing Member, upon the forfeiture of any Units, or in the manner described in Section 14.20 if any proposed Member does not execute and deliver this Agreement.

"Securities Act" means the Securities Act of 1933, as amended, and applicable rules and regulations thereunder, and any successor to such statute, rules or regulations. Any reference herein to a specific section, rule or regulation of the Securities Act shall be deemed to include any corresponding provisions of future law.

"Securities Exchange Act" means the Securities Exchange Act of 1934, as amended, and applicable rules and regulations thereunder, and any successor to such statute, rules or regulations. Any reference herein to a specific section, rule or regulation of the Securities Exchange Act shall be deemed to include any corresponding provisions of future law.

"Service Provider" means officers, employees, consultants or other service providers of the Company.

"Statutory Conversion" means the conversion of the Company to a corporation pursuant to Section 265 of the Delaware General Corporation Law.

"Subsidiary" means, with respect to any Person, any corporation, limited liability company, partnership, association or business entity of which (i) if a corporation, a majority of the total voting power of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof, or (ii) if a limited liability company, partnership, association or other business entity (other than a corporation), a majority of the partnership, membership or other similar ownership interest thereof is at the time owned or controlled, directly or indirectly, by any Person or one or more Subsidiaries of that Person or a combination thereof. For purposes hereof, a Person or Persons shall be deemed to have a majority ownership interest in a limited liability company, partnership, association or other business entity (other than a corporation) if such Person or Persons shall be allocated a majority of limited liability company, partnership, association or other business entity gains or losses or shall be or control any managing director or general partner of such limited liability company, partnership, association or other business entity. For purposes hereof, references to a "Subsidiary" of any Person shall be given effect only at such times that such Person has one or more Subsidiaries, and, unless otherwise indicated, the term "Subsidiary" refers to a Subsidiary of the Company.

"Substituted Member" means a Person that is admitted as a Member to the Company pursuant to Section 4.1.

"Super-Majority Vote" means, with respect to a determination by the Members, the affirmative vote at a meeting or by written consent of the holders of at least seventy percent (70%) of the outstanding Units that are held by the Members as of the record date for the meeting or the date of the consent. All Units shall have voting rights from and after the Effective Date.

"Tax" or "Taxes" means any federal, state, local or foreign income, gross receipts, franchise, estimated, alternative minimum, add-on minimum, sales, use, transfer, registration, value added, excise, natural resources, severance, stamp, occupation, premium, windfall profit, environmental, utility, customs, duties, real property, personal property, capital stock, social security, unemployment, disability, payroll, license, employee or other withholding, or other tax, of any kind whatsoever, including any interest, penalties or additions to tax or additional amounts in respect of the foregoing, in all cases whether or not disputed.

"Taxable Year" means the Company's accounting period for federal income tax purposes determined pursuant to Section 10.2.

"Taxing Authority" has the meaning set forth in Section 6.2(b).

"Tax Representative" has the meaning set forth in Section 10.4(b).

"Transfer" means any sale, transfer, assignment, pledge, mortgage, exchange, hypothecation, grant of a security interest or other direct or indirect disposition or encumbrance of an interest whether with or without consideration, whether voluntarily or involuntarily or by operation of law) or the acts thereof. The terms "Transferee," "Transferred," and other forms of the word "Transfer" shall have correlative meanings.

"Treasury Regulations" means the income tax regulations promulgated under the Code as in effect from time to time.

"Unit" means a unit held by a Member and representing an ownership interest in the Company, and having the relative rights, powers and duties set forth in this Agreement.

"Withholding Advances" has the meaning set forth in Section 6.2(b).

ARTICLE II
ORGANIZATIONAL MATTERS

2.1 Formation of Company. The Company was formed on January 14, 2013, pursuant to the provisions of the Delaware Act.

2.2 Limited Liability Company Agreement. The Company and the Members hereby execute this Agreement for the purpose of establishing the affairs of the Company and the conduct of its business in accordance with the provisions of the Delaware Act. The rights, powers, duties, obligations and liabilities of the Members shall be determined pursuant to the Delaware Act and this Agreement. To the extent that the rights, powers, duties, obligations and liabilities of any Member are different by reason of any provision of this Agreement than they would be under the Delaware Act in the absence of such provision, this Agreement shall, unless expressly prohibited by the Delaware Act, control.

2.3 Name. The name of the Company shall be "FreshRealm, LLC." The Board in its sole discretion may change the name of the Company at any time and from time to time. Notification of any such change shall be given to all Members. The Company's business may be conducted under its name and/or any other name or names deemed advisable by the Board.

2.4 Purpose. The purpose of the Company is to engage in any lawful act or activity for which limited liability companies may be formed under the Delaware Act and to engage in any and all activities necessary or incidental thereto, including, without limitation, activities relating to the marketing of food products directly to consumers or other entities.

2.5 Principal Office. The principal office of the Company shall be located at 34 N. Palm St, Suite 100, Ventura, California 93001, or at such other place as the Board may from time to time designate, and all business and activities of the Company shall be deemed to have occurred at its principal office. The Company may maintain offices at such other place or places as the Board deems advisable. Notification of any such change shall be given to all Members.

2.6 Registered Office; Registered Agent. The registered office of the Company shall be the office of the initial registered agent named in the Certificate of Formation filed with the Secretary of State of Delaware on January 14, 2013 (the "Certificate") or such other office (which need not be a place of business of the Company) as the Board may designate from time to time in the manner provided by the Delaware Act and applicable law. The registered agent for service of process on the Company in the State of Delaware shall be the initial registered agent named in the Certificate or such other Person or Persons as the Board may designate from time to time in the manner provided by the Delaware Act and applicable law.

2.7 Term. The term of the Company commenced upon the filing of the Certificate with the Secretary of State of Delaware in accordance with the Delaware Act, and shall continue in existence until termination and dissolution thereof in accordance with the provisions of Article XIII.

2.8 No Partnership. The Members intend that the Company not be a partnership (including a limited partnership) or joint venture, and that no Member be a partner or joint venturer of any other Member by virtue of this Agreement, for any purposes and neither this Agreement nor any other document entered into by the Company or any Member relating to the subject matter hereof shall be construed to suggest otherwise. The Company has elected to be classified as a corporation for U.S. federal income tax purposes with an effective date as of December 16, 2018. Accordingly, as of December 16, 2018, the Company shall no longer be treated as a partnership for federal, state or local income tax purposes. Each Member and the Company shall file all tax returns and shall otherwise take all tax and financial reporting positions in a manner consistent with such treatment.

ARTICLE III
UNITS

3.1 Units Generally. The Members' ownership interest in the Company shall be represented by issued and outstanding Units, which may be divided into one or more types, classes or series. Each type, class or series of Units shall have the privileges, preferences, duties, liabilities, obligations and rights, including voting rights, if any, set forth in this Agreement with respect to such type, class or series. Unless otherwise determined by the Board, the Units issued hereunder will not be Certificated Units. The Board shall maintain a Schedule of Members and a record of each Member's ownership interest in the Company (which record, except for the Schedule of Members that is attached to this Agreement as of the Effective Date of this Agreement, shall not be made available to a Member who owns less than a 5.0% Percentage Interest as to any other Member's ownership interest in the Company, provided further that if a new Member is admitted which is a food service, food supplier, food maker or food packer, then such record of ownership interest shall be made available to the Co-Packers), and shall update the Schedule of Members and such record, as applicable, upon the issuance of any Units to any new Member, upon the Transfer of any Units to any new or existing Member, and upon the forfeiture of any Units. A copy of the Schedule of Members as of the Effective Date of this Agreement is attached hereto as Schedule A. As of the date hereof, the Board and the Members have determined that Article 8 of the Uniform Commercial Code of the State of Delaware (and the Uniform Commercial Code of any other applicable jurisdiction) will not govern any Equity Securities. The Board shall have the sole authority to elect in writing to have any class or series of Equity Securities be subject to Article 8 of the Uniform Commercial Code of the State of Delaware (and the Uniform Commercial Code of any other applicable jurisdiction); provided that any such election to have Article 8 of the Uniform Commercial Code of the State of Delaware (and the Uniform Commercial Code of any other applicable jurisdiction) shall not be effective until at least two days' prior written notice of the same is provided to the Members, and shall not be revocable once made, and the class or series of Equity Securities subject to such election, if Units (i.e., not derivative securities), shall thereafter be Certificated Units. The ownership by a Member of any class or series of Units shall entitle such Member to Distributions of cash and other property with respect to such Units as set forth in Article VI hereof.

3.2 Authorization and Issuance of Units. The Company is hereby authorized to issue Units. There are 3,580,379 Units (the "Initial Units") issued and outstanding to the Members in the amounts set forth on the Schedule of Members opposite the names of the Members. In any matters presented to the Members for approval or consent pursuant to this Agreement or applicable law, each Member shall be deemed to have one vote for each Unit held by such Member. The Company and the Members agree that, if any Units are intended to be issued to other investors from time-to-time as provided in Section 3.5, then the Company is authorized to sell and issue such unissued Units to such new investors selected by the Board with such Capital Contributions as determined by the Board, as provided in Section 3.5.

3.3 INTENTIONALLY DELETED.

3.4 Authorization to Issue Profits Interest Units.

(a) Rule 701 Plan. This Agreement is a Rule 701 plan pursuant to which all Initial Units held by Initial Service Providers and all Units that constitute solely an economic interest in the profits and appreciation of the Company following the date of the issuance of such Units (a "Profits Interest") shall be issued and granted in compliance with the securities registration exemption provided by Rule 701 of the Securities Act or another applicable exemption (such plan as in effect from time to time, the "Incentive Plan"). All Profits Interests that were issued prior to the Conversion were intended to constitute "profits interests" in the Company within the meaning of IRS Revenue Procedure 93-27. In addition to the Initial Units authorized to be issued under Section 3.2, the Board is hereby authorized to issue Profits Interest Units from time to time, in such amounts as it sees fit to Service Providers as may be authorized by the Board from time to time. For the avoidance of doubt, all Profits Interest Units shall be subject to the rights of the holders of Units to drag along the holders of Profits Interest Units pursuant to Section 11.3.

3.5 Issuance of Additional Units and Interests. The Board has the right and power to cause the Company to authorize and issue (a) additional Units or other interests in the Company (including to create and issue other classes or series having different rights), (b) obligations, evidences of Indebtedness or other securities or interests convertible or exchangeable into Units or other interests in the Company, and (c) warrants, options or other rights to purchase or otherwise acquire Units or other interests in the Company (collectively, "Equity Securities," which include the Units issued as of the date hereof); provided, however, that (i) Members shall have no preemptive rights, and (ii) at any time following the date hereof, the Company shall not issue Units to any Person unless such Person shall have executed and delivered a counterpart or joinder to this Agreement. In such event, (A) the rights of Members in respect of Units or interests of any class or series shall be diluted on a pro rata basis based on holdings of such Units or other interests of such class or series, including adjustments in Percentage Interests to accommodate the dilutive effect, and (B) the Board shall have the right and power to amend the Schedule of Members solely to reflect such additional issuances and dilution and to make any such other amendments as it deems necessary or desirable to reflect such additional issuances consistent with the foregoing (including the right and power to amend this Agreement to increase the authorized number of Units of any class or create a new class of Units and to add the terms of

such new class including economic and governance rights which may be different from the Initial Units or any other outstanding Equity Securities). Notwithstanding any provision in this Agreement to the contrary (including, without limitation, this Section 3.5, Section 3.4, and Section 5.2), the Percentage Interest of Calavo shall at no time and under no circumstances be reduced without the prior written consent of the Chief Executive Officer of Calavo.

3.6 Purchase of Units. Subject to the terms of this Agreement, the Board may cause the Company to purchase or otherwise acquire Units; provided that this provision shall not in and of itself obligate any Member to sell any Units to the Company. So long as any such Units are owned by or on behalf of the Company, such Units will not be considered outstanding for any purpose.

ARTICLE IV
MEMBERS; RIGHTS AND OBLIGATIONS OF MEMBERS

4.1 Substituted Members. In connection with the Transfer of Units of a Member permitted under the terms of this Agreement, the Transferee shall become a Substituted Member on the later of (a) the effective date of such Transfer, and (b) the date on which the Board approves such Transferee as a Substituted Member, and such admission shall be shown on the books and records of the Company.

4.2 Additional Members. A Person may be admitted to the Company as an Additional Member only as contemplated under Article III and only upon furnishing to the Board (a) a letter of acceptance, in form satisfactory to the Board, of all the terms and conditions of this Agreement, including the power of attorney granted in Section 14.1, and (b) such other documents or instruments as may be necessary or appropriate to effect such Person's admission as a Member. Such admission shall become effective on the date on which the Board determines in its sole discretion that such conditions have been satisfied and when any such admission is shown on the books and records of the Company.

4.3 Representations and Warranties of Members. By execution and delivery of this Agreement or a joinder to this Agreement, as applicable, except as otherwise provided in this Section 4.4, each of the Members, whether admitted as of the date hereof or otherwise, represents and warrants to the Company and the other Members and acknowledges that:

(a) The Units have not been registered under the Securities Act or the securities laws of any other jurisdiction, are issued in reliance upon federal and state exemptions for transactions not involving a public offering and cannot be disposed of unless (i) they are subsequently registered or exempted from registration under the Securities Act and (ii) the provisions of this Agreement have been complied with;

(b) Other than the Members who are Initial Service Providers, such Member is an "accredited investor" within the meaning of Rule 501 promulgated under the Securities Act, as amended by Section 413(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act, and agrees that he or it will not take any action that could have an adverse effect on the availability of the exemption from registration provided by Rule 501 promulgated under the Securities Act with respect to the offer and sale of the Units;

(c) Such Member's Units are being acquired for his or its own account solely for investment and not with a view to resale or distribution thereof;

(d) Such Member has conducted his or its own independent review and analysis of the business, operations, assets, liabilities, results of operations, financial condition and prospects of the Company and such Member acknowledges that it has been provided adequate access to the personnel, properties, premises and records of the Company for such purpose;

(e) The determination of such Member to acquire Units has been made by such Member independent of any other Member, and neither the Company nor Calavo has made any statements to such Member as to the advisability of such acquisition or as to the business, operations, assets, liabilities, results of operations, financial condition and prospects of the Company;

(f) Such Member has such knowledge and experience in financial and business matters and is capable of evaluating the merits and risks of an investment in the Company and making an informed decision with respect thereto;

(g) Such Member is able to bear the economic and financial risk of an investment in the Company for an indefinite period of time, is able to bear the economic risk and lack of liquidity of an investment in the Company, and is able to bear the risk of loss of such Member's entire investment in the Company;

(h) Such Member understands that the operations, financial condition and results of operations of the Company are subject to numerous risks and uncertainties and that there is no guarantee that an investment in the Company will be profitable;

(i) The execution, delivery and performance of this Agreement have been duly authorized by such Member and do not require such Member to obtain any consent or approval that has not been obtained and do not contravene or result in a default in any material respect under any provision of any law or regulation applicable to such Member or other governing documents or any agreement or instrument to which such Member is a party or by which such Member is bound;

(j) Neither the issuance of any Units to any Member nor any provision contained herein will entitle the Member to remain in the employment of the Company or affect the right of the Company to terminate the Member's employment at any time for any reason, other than as otherwise provided in such Member's employment agreement or other similar agreement with the Company, if applicable; and

(k) Such Member who is an Initial Service Provider is and has been providing the Company with bona fide services and was permitted to purchase his Initial Units in light of those services and not for any other reason, such as being a customer or supplier of the Company.

4.4 Limitation of Liability. Except as otherwise provided in the Delaware Act, by applicable law or expressly in this Agreement, no Member will be obligated personally for any

debt, obligation or liability of the Company or other Members, whether arising in contract, tort or otherwise, including, but not limited to, any loans to the Company from any Member, solely by reason of being a Member. Notwithstanding anything contained herein to the contrary, the failure of the Company to observe any formalities or requirements relating to the exercise of its powers or management of its business and affairs under this Agreement or the Delaware Act shall not be grounds for imposing personal liability on any of the Members for liabilities of the Company.

4.5 Lack of Authority. No Member in its capacity as such has the authority or power to act for or on behalf of the Company in any manner, to do any act that would be (or could be construed as) binding on the Company or to make any expenditures on behalf of the Company, and the Members hereby consent to the exercise by the Board of the powers conferred on it by law and this Agreement.

4.6 Members' Right to Act. For situations for which the approval of the Members (rather than the approval of the Board on behalf of the Members) is required by this Agreement or by applicable law, the Members shall act by Super-Majority Vote through meetings and written consents as described in this Section 4.6. The actions by the Members permitted hereunder may be taken at a meeting called by the Board or Members holding at least fifty percent of the aggregate number of outstanding Units on at least five days' prior written notice to the other Members, which notice shall state the purpose or purposes for which such meeting is being called. The actions taken by the Members entitled to vote or consent at any meeting (as opposed to by written consent), however called and noticed, shall be as valid as though taken at a meeting duly held after regular call and notice if (but not until), either before, at or after the meeting, the Members entitled to vote or consent as to whom the meeting was improperly held sign a written waiver of notice or a consent to the holding of such meeting or an approval of the minutes thereof. The actions by the Members entitled to vote or consent may be taken by vote of the Members entitled to vote or consent at a meeting, or by written consent (without a meeting) so long as a Super-Majority Vote is obtained. Prompt notice of the action so taken without a meeting shall be given to those Members entitled to vote or consent who have not consented in writing. Any action taken pursuant to such written consent of the Members shall have the same force and effect as if taken by the Members at a meeting thereof.

4.7 No Right of Partition. No Member shall have the right to seek or obtain partition by court decree or operation of law of any Company property, or the right to own or use particular or individual assets of the Company.

4.8 Indemnification.

(a) Indemnification of Directors. Each Person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a Director shall be indemnified and held harmless by the Company to the fullest extent authorized by the Delaware Act, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Delaware Act to provide broader indemnification rights than such law permitted the Delaware Act to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines,

and amounts paid in settlement) reasonably incurred or suffered by each Person entitled to receive indemnification hereunder (each an "Indemnified Person") in connection therewith.

(b) Right to Advancement of Expenses. The rights to indemnification conferred in Section 4.8(a) shall include the right to be paid by the Company the expenses (including attorneys' fees) incurred in defending any such proceeding in advance of its final disposition. The rights to indemnification and to the advancement of expenses conferred in Sections 4.8(a) and 4.8(b) shall be contract rights and such rights shall continue as to an Indemnified Person who has ceased to be a Director and shall inure to the benefit of the Indemnified Person's heirs, executors, administrators, successors and assigns. Any repeal or modification of any of the provisions of this Section 4.8 shall not adversely affect any right or protection of an Indemnified Person existing at the time of such repeal or modification.

(c) Indemnification of Service Providers. The Company may, to the extent authorized from time to time by the Board, grant rights of indemnification and advancement of expenses to any Service Provider or other Persons, including any Member, to the fullest extent of the provisions of this Section 4.8 with respect to the indemnification and advancement of expenses of Directors.

(d) The right to indemnification and the advancement of expenses conferred in this Section 4.8 shall not be exclusive of any other right which any Person may have or hereafter acquire under any statute, agreement, law, vote of the Board or otherwise.

(e) The Board may determine to have the Company maintain insurance, at the Company's expense, to protect any Person against any expense, liability or loss relating to the Company or its business whether or not the Company would have the power to indemnify such Person against such expense, liability or loss under the provisions of this Section 4.8.

(f) Notwithstanding anything contained herein to the contrary (including in this Section 4.8), any indemnity by the Company relating to the matters covered in this Section 4.8 shall be provided out of and to the extent of Company assets only and neither the Board nor any other Member (unless such Member otherwise agrees in writing or is found in a final decision by a court of competent jurisdiction to have personal liability on account thereof) shall have personal liability on account thereof or shall be required to make additional Capital Contributions to help satisfy such indemnity of the Company (except as expressly provided herein).

(g) Savings Clause. If this Section 4.8 or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Company shall nevertheless indemnify and hold harmless each Indemnified Person and other Person authorized by the Board to be indemnified pursuant to this Section 4.8 to the fullest extent required by any applicable portion of this Section 4.8 that shall not have been invalidated.

(h) Survival. The provisions of this Section 4.8 shall survive the dissolution, liquidation, winding up and termination of the Company.

ARTICLE V
CAPITAL CONTRIBUTIONS

5.1 Initial Cash Capital Contributions. Each Member has made a Capital Contribution in cash to the Company in the amount set forth opposite such Member's name on the Schedule of Members and has received or shall receive Units with respect to each such Member's Capital Contribution, as set forth on the Schedule of Members (as such Schedule may be amended by the Board to reflect any additional issuances of Units after the Effective Date).

5.2 Additional Capital Contributions. No Member shall make any additional Capital Contributions to the Company unless agreed to by the Board. If at any time, or from time to time, the Board determines the Company has inadequate capital to accomplish its business objectives and goals, the Board may in its sole discretion issue and sell Equity Securities, from time to time, as contemplated in Section 3.5, to existing Members or to third parties, and any such third party may be admitted to the Company as an Additional Member with a new class of Units, as applicable, in accordance with Article III, and the individual ownership interest in the Company of each of the Members shall be reduced, as applicable, on a pro rata basis to accommodate any dilutive effect.

5.3 Capital Accounts.

Capital Accounts. Prior to the effectiveness of the Conversion, the Company maintained a separate capital account for each Member according to the rules of Treasury Regulation Section 1.704-1(b)(2)(iv). From and after the effectiveness of the Conversion, the Capital Accounts will no longer be used.

5.4 No Withdrawal. No Person shall be entitled to withdraw any part of such Person's Capital Contributions or to receive any Distribution from the Company, except as expressly provided herein.

5.5 Loans from Members. The Board is authorized to permit loans from Members to the Company on such terms as it determines are appropriate. Loans by Members to the Company shall not be considered Capital Contributions. The amount of any such loans shall be a debt of the Company to such Member and shall be payable or collectible in accordance with the terms and conditions upon which such loans are made.

5.6 Distributions In-Kind. To the extent that the Company distributes property in-kind to the Members, the Company shall be treated as making a distribution equal to the Fair Market Value of such property for purposes of Section 6.1 and such property shall be treated as if it were sold for an amount equal to its Fair Market Value (or such other amount as is required to be used by the Code or applicable Treasury Regulation) and any resulting gain or loss shall be allocated to the Members' Capital Accounts in accordance with Sections 6.3 through 6.5.

ARTICLE VI
DISTRIBUTIONS

6.1 Distributions.

(a) General. Subject to the limitation set forth in the last sentence of this Section 6.1(a), Section 6.1(b) and Section 6.1(c), the Board shall have sole discretion regarding the amounts and timing of Distributions to Members, including to decide to forego payment of Distributions in order to provide for the retention and establishment of reserves of, or payment to third parties of, such funds as it deems necessary with respect to the reasonable business needs of the Company (which needs may include the payment or the making of provision for the payment when due of the Company's obligations, including, but not limited to, present and anticipated debts and obligations, capital needs and expenses, the payment of any management or administrative fees and expenses, and reasonable reserves for contingencies). Notwithstanding any provision to the contrary contained in this Agreement, the Company shall not make any Distribution to Members if such Distribution would violate § 18-607 of the Delaware Act or other applicable law.

(b) Priority of Distributions. All Distributions determined to be made by the Board pursuant to Section 6.1(a) shall be made to the Members pro rata, pari passu in accordance with their respective Percentage Interests, provided, however, that (i) Profits Interest Units shall be excluded in determining Percentage Interests unless the terms and conditions of their particular Award Agreement have been met for treatment as Units entitled to Distributions and (ii) that each Member who is an Initial Service Provider authorizes and directs the Company to first apply any and all Distributions to such Member against such Member's Promissory Note until the Promissory Note is paid in full.

(c) Acknowledgment of Tax Advances. The Members acknowledge that the Company may have made certain Tax Advances (as defined in the Original Agreement), and that, pursuant to the Original Agreement, any such Tax Advances received by a Member will continue to be treated as advances on Distributions to be received by the recipient of such Tax Advance pursuant to Section 6.1(b), and shall reduce, dollar-for-dollar, the amount otherwise distributable to such Member pursuant to Section 6.1(b) (including pursuant to Section 13.2).

(d) If the Company has loaned money to a Member or to a Member's Affiliate (including, without limitation, a corporation, limited liability company or other entity controlled by the Member), the Company shall be entitled to apply all or a portion of a Distribution that is otherwise payable to the Member to the repayment of the principal and accrued interest that is due and payable on such loan and, in such event, the Member shall not receive the portion of the Distribution that is applied to the repayment of such loan.

6.2 Tax Withholding; Withholding Advances.

(a) Tax Withholding. If requested by the Board, each Member shall, if legally able to do so, deliver to the Board:

(i) an affidavit in form satisfactory to the Board that the applicable Member (or its members, as the case may be) is not subject to withholding under the provisions of any federal, state, local, foreign or other applicable law;

(ii) any certificate that the Board may reasonably request with respect to any such laws; and/or

(iii) any other form or instrument reasonably requested by the Board relating to any Member's status under such law.

If a Member fails or is unable to deliver to the Board the affidavit described in Section 6.2(a)(i), the Board may withhold amounts from such Member in accordance with Section 6.2(b).

(b) Withholding Advances. The Company is hereby authorized at all times to make payments ("Withholding Advances") with respect to each Member in amounts required to discharge any obligation of the Company (as determined by the Board based on the advice of legal or tax counsel to the Company) to withhold or make payments to any federal, state, local or foreign taxing authority (a "Taxing Authority") with respect to any Distribution to such Member and to withhold the same from Distributions to such Member. Any funds withheld from a Distribution by reason of this Section 6.2(b) shall nonetheless be deemed Distributed to the Member in question for all purposes under this Agreement.

(c) Repayment of Withholding Advances. Any Withholding Advance made by the Company to a Taxing Authority on behalf of a Member and not simultaneously withheld from a Distribution to that Member shall, with interest thereon accruing from the date of payment at a rate equal to the prime rate published in the Wall Street Journal on the date of payment plus two percent per annum (the "Company Interest Rate"):

(i) be promptly repaid to the Company by the Member on whose behalf the Withholding Advance was made; or

(ii) with the consent of the Board, be repaid by reducing the amount of the next succeeding Distribution or Distributions to be made to such Member (which reduction amount shall be deemed to have been Distributed to the Member.

Interest shall cease to accrue from the time the Member on whose behalf the Withholding Advance was made repays such Withholding Advance (and all accrued interest) by either method of repayment described above.

(d) Indemnification. Each Member hereby agrees to indemnify and hold harmless the Company and the other Members from and against any liability with respect to taxes, interest or penalties which may be asserted by reason of the Company's failure to deduct and withhold tax on amounts Distributable or allocable to such Member. The provisions of this Section 6.2(d) and the obligations of a Member pursuant to Section 6.2(c) shall survive the termination, dissolution, liquidation and winding up of the Company and the withdrawal of such Member from the Company or Transfer of its Units. The Company may pursue and enforce all rights and remedies it may have against each Member under this Section 6.2(d), including bringing a lawsuit to collect repayment with interest of any Withholding Advances.

(e) Overwithholding. Neither the Company nor the Board shall be liable for any excess taxes withheld in respect of any Distribution. In the event of an overwithholding, a Member's sole recourse shall be to apply for a refund from the appropriate Taxing Authority.

6.3 Survival of Certain Provisions. The Members acknowledge that the provisions governing book and tax allocations contained in Sections 6.3-6.7 of the Original Agreement shall continue to apply with respect to all tax years ending on or prior to December 16, 2018.

6.4 Indemnification and Reimbursement for Payments on Behalf of a Member. Except as otherwise provided in Sections 4.5 and 7.5, if the Company is required by law to make any payment to a Governmental Entity that is specifically attributable to a Member or a Member's status as such (including federal withholding taxes, state personal property taxes, and state unincorporated business taxes), then such Member shall indemnify and contribute to the Company in full the entire amount paid (including interest, penalties and related expenses). The Board may offset Distributions to which a Person is otherwise entitled under this Agreement against such Person's obligation to indemnify the Company under this Section 6.8. A Member's obligation to indemnify and make contributions to the Company under this Section 6.8 shall survive the termination, dissolution, liquidation and winding up of the Company, and for purposes of this Section 6.8, the Company shall be treated as continuing in existence. The Company may pursue and enforce all rights and remedies it may have against each Member under this Section 6.8, including instituting a lawsuit to collect such indemnification and contribution with interest at the applicable statutory rate.

ARTICLE VII
MANAGEMENT

7.1 Board of Directors.

(a) Board's Power, Authority and Duties. The Board of Directors of the Company (the "Board") shall be the governing body of the Company and shall be responsible for the management, operation and control of the business and affairs of the Company. The Board shall constitute the "manager" of the Company for purposes of the Delaware Act, and the Board shall have, and is hereby granted, the full and complete power, authority and sole discretion for, on behalf of and in the name of the Company, to take such actions as it may in its sole discretion deem necessary or advisable to carry out any and all of the objectives and purposes of the Company, subject only to the terms of this Agreement. However, no individual member of the Board shall have the authority to act on his own as a "manager" of the Company for purposes of the Delaware Act.

(b) Authorized Number of Directors; Initial Directors; Removal of Directors; Vacancies. The authorized number of Directors shall be six, with Calavo having the right to appoint three Directors (the "Calavo Directors") and with all Members other than Calavo having the right to, collectively, appoint three Directors (the "Non-Calavo Directors"). The three initial Calavo Directors appointed by Calavo are Lecil E. Cole, Steven Hollister and Kathleen M. Holmgren. The three initial Non-Calavo Directors appointed by all other Members are Peter Hajas, Kenneth Catchot and Michael R. Lippold. Each Director shall remain in office until his death, resignation or earlier removal from office by Calavo (in the case of a Calavo Director) or

by the Members other than Calavo (in the case of a Non-Calavo Director). Calavo and the other Members shall each shall have the right and power to remove one or more of their respective designees at any time and for any reason or no specified reason and appoint a new Director(s). Any Director may resign at any time upon notice to the Board. Any vacancy occurring in the Board shall be filled at any time by the Member or Members who have the right to appoint such Director(s) in accordance with this Section 7.1(b). The Members other than Calavo shall agree among themselves upon the manner in which they may remove their designated Directors and appoint new Directors, and Calavo and the Company are authorized to rely upon written notices from Impermanence regarding the removal and replacement of such Directors. The resignation, withdrawal or removal of a Director who is also a Member shall not, itself, affect the Director's rights as a Member, if applicable, and shall not constitute a withdrawal of a Member.

(c) Chairman of the Board. The Board, by the affirmative vote or written consent of a majority of the authorized number of Directors described in Section 7.1(b), shall from time to time select a Director to serve as the Chairman of the Board. Peter Hajas shall continue to serve as the Chairman of the Board beginning as of the Effective Date, provided that the Board has the right and power to designate at any time another Director to serve as the Chairman of the Board. The Board shall from time to time determine and specify the powers, duties and responsibilities that shall be given to the Chairman of the Board.

(d) Meetings of the Board.

(i) Generally. The Board shall meet at such times and at such places (including meetings by conference calls) as are determined from time to time by the Chairman of the Board or by at least two other Directors on at least twelve hours' notice to each Director, either personally, by telephone, by facsimile, by e-mail or by mail, unless all of the Directors agree to meet on shorter notice.

(ii) Quorum; Action by the Board; Remote Participation. A majority of the authorized number of Directors specified in Section 7.1(b) shall constitute a quorum for the transaction of business of the Board. At all times when the Board is conducting business at a meeting of the Board, a quorum of the Board must be present at such meeting. The affirmative vote of a majority of the authorized number of Directors shall be required to take action at a Board meeting and shall constitute valid and binding action by the Board. One or more Directors may participate in a meeting of the Board by means of conference telephone or other electronic technology by means of which all Persons participating in the meeting can hear each other. Participation in a meeting pursuant to this subsection (ii) shall constitute presence in person at the meeting.

(e) Action by Written Consent. Notwithstanding anything herein to the contrary, any action of the Board may be taken without a meeting if a written consent of a majority of the authorized number of Directors specified in Section 7.1(b) shall approve such action. Such consent shall have the same force and effect as a vote at a meeting where a quorum was present and may be stated as such in any document or instrument filed with the Secretary of State of Delaware.

(f) Compensation; No Employment.

(i) Directors shall receive such compensation, if any, for their services in such capacity as may be designated by the Board, from time to time. In addition, each Director shall be reimbursed for his reasonable out-of-pocket expenses incurred in the performance of his duties as a Director, pursuant to such policies as from time to time are established by the Board. Nothing contained in this Section 7.1(f) shall be construed to preclude any Director from serving the Company or Calavo in any other capacity and receiving reasonable compensation for such services.

(ii) This Agreement does not, and is not intended to, confer upon any Director any rights with respect to continued employment by the Company or Calavo, and nothing herein should be construed to have created any employment agreement with any Director.

7.2 Delegation of Authority. The Board may, from time to time, delegate to one or more Persons such authority and duties as the Board may deem advisable. Any delegation pursuant to this Section 7.2 may be revoked at any time by the Board in its sole discretion.

7.3 Chief Executive Officer. The Company shall have a Chief Executive Officer (the "Chief Executive Officer"), who shall be appointed by the Board. Subject to such powers, duties and responsibilities, if any, as may be given by the Board to the Chairman of the Board, the Chief Executive Officer shall be responsible for the day-to-day management, business and affairs of the Company and shall perform all duties incidental to his office which may be required by law and all such other duties as are properly required of him by the Board. The Chief Executive Officer shall be subject to the control of the Board. Michael R. Lippold shall be the Company's Chief Executive Officer beginning as of the Effective Date and shall serve in that capacity until his death, resignation or earlier removal and replacement at any time by the Board. The Board shall approve the Chief Executive Officer's compensation and perquisites.

7.4 Other Officers, Employees and Consultants. The Company shall have such other officers, employees and consultants as the Board determines from time to time are necessary or advisable, and such officers and employees shall have any such titles as the Board determines are necessary or advisable. The Board shall approve the compensation and perquisites of each of such officers, employees and consultants or may elect to grant that authority to the Chief Executive Officer with respect to some or all of such officers, employees or consultants. Each such officer, employee and consultant shall have such power, authority and duties as are assigned to him from time to time by the Chief Executive Officer or the Board. In absence of an express statement of powers and authority of an officer, each officer shall have the power and authority normally and customarily vested in such officers of a corporation. Any number of offices may be held by the same person and no officer need be a Member. Except for the Chief Executive Officer, who shall report directly to the Board, each officer, employee and consultant shall report directly to the Chief Executive Officer or to another person or persons designated by the Chief Executive Officer, provided that the Board has the right and power to designate that any such officer, employee or consultant shall instead report directly to the Board or to the Chief Executive Officer. The Board has the right and power to remove at any time and replace any

officer, employee or consultant of the Company, and any such removal may be made by the Board for any reason or for no specified reason.

7.5 Limitation of Liability. Except as otherwise provided herein or in any agreement entered into by such Person and the Company, and to the maximum extent permitted by the Delaware Act, no present or former member of the Board shall be liable to the Company or to any other Member for any act or omission performed or omitted by such Person in good faith in his capacity as a member of the Board; provided that such limitation of liability shall not apply to the extent the act or omission was attributable to such Person's gross negligence, willful misconduct or knowing violation of law or this Agreement or any other agreement with the Company. The Board shall be entitled to rely upon the advice of legal counsel, independent public accountants and other experts, including financial advisors, and any act of or failure to act by the Board in good faith reliance on such advice shall in no event subject the Board or any of its Affiliates, employees, agents or representatives to liability to the Company or any Member.

ARTICLE VIII
BOOKS, RECORDS, ACCOUNTING AND REPORTS

8.1 Records and Accounting. The Company shall keep, or cause to be kept, appropriate books and records with respect to the Company's business, including all books and records necessary to provide any information, lists and copies of documents required to be provided pursuant to the Delaware Act and other applicable laws. Any holder of at least ten percent of the then-outstanding Units shall be entitled to full access to the Company's books and records at any time during normal business hours. All matters concerning (a) the determination of the relative amount of allocations and distributions among the Members pursuant to Articles V and VI, and (b) accounting procedures and determinations, and other determinations not specifically and expressly provided for by the terms of this Agreement, shall be determined by the Board, whose determination shall be final and conclusive as to all of the Members absent manifest clerical error.

8.2 Fiscal Year. The fiscal year (the "Fiscal Year") of the Company shall be January 1 to December 31, or such other annual accounting period as may be established by the Board.

8.3 Reports.

(a) The Company shall, upon the written request of any Member, deliver or cause to be delivered to such Member with reasonable promptness, information and financial data concerning the Company requested by the Member but only to the extent the delivery of such information and data is expressly required by the Delaware Act or is necessary for such Member to consummate a Transfer of Units permitted by this Agreement; provided further that furnishing such information and data shall not be financially burdensome on the Company or the Board, or unreasonably time consuming for the employees of the Board or the Company.

(b) Subject to the availability of information, the Company shall use reasonable efforts to deliver or cause to be delivered, within ninety days after the end of each Fiscal Year, to each Person who was a Member at any time during such Fiscal Year all

information with respect to such Person's Units which is necessary for the preparation of such Person's United States federal and state income tax returns.

(c) The Company shall deliver to each holder of at least ten percent of the then-outstanding Units monthly, quarterly and annual financial statements of the Company within fifteen days, thirty days and sixty days, respectively, after the end of each month, quarter or Fiscal Year. Upon Calavo's prior request, the annual financial statements of the Company shall be audited by an accounting firm reasonably approved by Calavo if the Company is not at such time consolidated with Calavo for accounting purposes. In addition, the Company shall deliver to every other Member financial statements of the Company for each Fiscal Year at the same time that the Company delivers such annual financial statements to Members holding at least ten percent of the then-outstanding Units. Each Member must maintain the confidentiality of the financial statements described in this paragraph, except to the extent that disclosure is required under applicable provisions of the Securities Act or the Securities Exchange Act or the rules and regulations thereunder.

ARTICLE IX
COVENANTS

9.1 Confidentiality. Each Member recognizes and acknowledges that it has and may in the future receive certain confidential and proprietary information and trade secrets of the Company and its Affiliates that are not generally known to the public, including, but not limited to, information concerning business plans, financial statements and other information provided pursuant to this Agreement, identifiable, specific and discrete business opportunities being pursued by the Company, operating practices and methods, expansion plans, strategic plans, marketing plans, contracts, customer and supplier lists or other business documents which the Company treats as confidential, in any format whatsoever (including oral, written, electronic or any other form or medium) (collectively, "Confidential Information"). Except as otherwise agreed to by the Board, each Member agrees that it will not, and shall cause each of its directors, officers, members, partners, employees and agents not to, during or after the term of this Agreement, whether directly or indirectly through an Affiliate or otherwise, take commercial or proprietary advantage of or profit from any Confidential Information or disclose Confidential Information to any Person for any reason or purpose whatsoever, except (i) to authorized Directors, officers, representatives, agents and employees of the Company and as otherwise may be proper in the course of performing such Member's obligations, or enforcing such Member's rights, under this Agreement; (ii) to any bona fide prospective purchaser of the equity or assets of such Member or its Affiliates or the Units held by such Member or of the assets or Units of the Company, or prospective merger partner of such Member or its Affiliates or of the Company, provided that such prospective purchaser or merger partner agrees to be bound by the provisions of this Section 9.1 or a comparable agreement; or (iii) as is required to be disclosed by order of a court of competent jurisdiction, administrative body or governmental body, or by subpoena, summons or legal process, or by law, rule or regulation, provided that, to the extent permitted by law, the Member required to make such disclosure shall provide to the Board prompt notice of such disclosure. For purposes of this Article IX, "Confidential Information" shall not include any information which is disclosed by the Company or Calavo in a prospectus or other documents for dissemination to the public or otherwise becomes generally available to the public other than as a result of disclosure by such Person or any other Person who receives the

information from such Person in breach of this Agreement or in breach of any other confidentiality obligation that is owed to the Company or Calavo. Neither the preceding provisions of this Section 9.1 nor any other provision of this Agreement shall be construed as prohibiting Calavo from disclosing any Confidential Information or other information that it is required to disclose under the Securities Act or the Securities Exchange Act, or the rules and regulations thereunder, in connection with a report or other document that Calavo files with the Securities and Exchange Commission.

9.2 Non-compete; Non-solicit.

(a) Non-compete. In light of each Member's access to Confidential Information and position of trust and confidence with the Company, each Member hereby agrees that, so long as such Member owns Units (the "Restricted Period"), such Member shall not (i) render services or give advice to, or affiliate with (as employee, partner, consultant or otherwise), or (ii) directly or indirectly through one or more of any of their respective Affiliates, own, manage, operate, control or participate in the ownership, management, operation or control of, any Competitor or any division or business segment of any Competitor or otherwise directly or indirectly compete with the business conducted by the Company; provided, that nothing in this Section 9.2(a) shall prohibit such Member from acquiring or owning, directly or indirectly, up to 2% of the aggregate voting securities of any Competitor that is a publicly traded Person; and provided, further, that the restrictions of this Section 9.2 shall cease to apply to a Service Provider who, within six months after a Sale of the Company (other than a Statutory Conversion or any transaction, the sole purpose of which is to change the Company's form to a corporation), ceases to be a Service Provider of the Company by reason of (i) the Company's termination of the Service Provider's employment with, or other service to, the Company without Cause, or (ii) the Service Provider's termination of his employment with, or other service to, the Company for Good Reason. With respect to the Co-Packers in their capacity as Members, if a Co-Packer should not be able to comply with this Section 9.2, such Co-Packer shall be allowed to sell or transfer its Units as provided in Article XI hereof. If such Co-Packer is unable, after using commercially reasonable efforts, to secure a bona fide purchase offer for its Units within 90 days of being notified that such Co-Packer is not in compliance with this Section 9.2, and has not otherwise taken such actions as would be necessary to permit such Co-Packer to regain compliance with this Section 9.2, then the Company shall exercise its right to acquire such Co-Packer's Units as provided in the last sentence of Section 9.5 below.

(b) Non-solicit of Employees. In light of each Member's access to Confidential Information and position of trust and confidence with the Company, each Member further agrees that, during the Restricted Period, he shall not, directly or indirectly through one or more of any of their respective Affiliates, hire or solicit, or encourage any other Person to hire or solicit, any individual who has been employed by the Company within one year prior to the date of such hiring or solicitation, or encourage any such individual to leave such employment. This Section 9.2(b) shall not prevent a Member from hiring or soliciting any employee or former employee of the Company who responds to a general solicitation that is a public solicitation of prospective employees and not directed specifically to any Company employees.

(c) Non-solicit of Customers. In light of each Member's access to Confidential Information and position of trust and confidence with the Company, each Member

further agrees that, during the Restricted Period, he shall not, directly or indirectly through one or more of any of their respective Affiliates, solicit or entice, or attempt to solicit or entice, any customers or suppliers of the Company for purposes of diverting their business from the Company.

(d) Blue Pencil. If any court of competent jurisdiction determines that any of the covenants set forth in this Article IX, or any part thereof, is unenforceable because of the duration or geographic scope of such provision, such court shall have the right and power to modify any such unenforceable provision in lieu of severing such unenforceable provision from this Agreement in its entirety, whether by rewriting the offending provision, deleting any or all of the offending provision, adding additional language to this Article IX or by making such other modifications as it deems warranted to carry out the intent and agreement of the parties as embodied herein to the maximum extent permitted by applicable law. The parties hereto expressly agree that this Agreement as so modified by the court shall be binding upon and enforceable against each of them.

9.3 Inventions. All processes, designs, technologies and inventions relating to the business of the Company (collectively, "Inventions"), including new contributions, improvements, ideas, discoveries, trademarks and trade names, conceived, developed, invented, made or found by a Service Provider, alone or with others, during his employment or consultancy with the Company, whether or not patentable and whether or not conceived, developed, invented, made or found on the Company's time or with the use of the Company's facilities or materials, shall be the property of the Company and shall be promptly and fully disclosed by the Service Provider to the Company. The Service Providers shall perform all necessary acts (including, without limitation, executing and delivering any confirmatory assignments, documents or instruments requested by the Company) to assign or otherwise to vest title to any such Inventions in the Company and to enable the Company, at its sole expense, to secure and maintain patents or any other rights for such Inventions. As used in this Article IX, the term "the business of the Company" shall mean whatever business the Company is conducting at the relevant time.

9.4 Other Business Activities. The parties hereto expressly acknowledge and agree that, notwithstanding any other provision of this Agreement: (a) each of Calavo, Fresh Benefit, Inc. ("Fresh Benefit"), of which David Ominsky and William Farrell III are officers and/or beneficial owners of equity securities, and their respective Affiliates are permitted to have, and presently have or may in the future have, investments or other business relationships, ventures, agreements or arrangements with entities engaged in business that is not directly competitive with the business of the Company (an "Other Business"); (b) none of Calavo, Fresh Benefit or their respective Affiliates will be prohibited by virtue of Calavo's and Messrs. Ominsky and Farrell III's respective investment in the Company from pursuing and engaging in any such activities; (c) none of Calavo, Fresh Benefit or their respective Affiliates will be obligated to inform the Company or any Member of any such opportunity, relationship or investment (a "Business Opportunity") or to present such Business Opportunity to the Company, and the Company hereby renounces any interest in a Business Opportunity and any expectancy that a Business Opportunity will be offered to it; (d) nothing contained herein shall limit, prohibit or restrict any Director, who is also a Calavo director, from serving on the board of directors or other governing body or committee of any Other Business; and (e) the Members will not acquire,

be provided with an option or opportunity to acquire, or be entitled to any interest or participation in any Other Business as a result of the participation therein of any of Calavo, Fresh Benefit or their respective Affiliates. The parties hereto expressly authorize and consent to the involvement of Calavo, Fresh Benefit and/or their respective Affiliates in any Other Business. The parties hereto expressly waive, to the fullest extent permitted by applicable law, any rights to assert any claim that such involvement breaches any fiduciary or other duty or obligation owed by Calavo, David Ominsky or William Farrell III to the Company or any Member or to assert that such involvement constitutes a conflict of interest by Calavo, David Ominsky or William Farrell III with respect to the Company or any Member. Notwithstanding anything to the contrary in this Section 9.4, Sections 9.1, 9.2 and 9.3 shall remain in effect.

9.5 Violations. If any Member breaches any provision of this Article IX, or in the event that any such breach is threatened by any Member, in addition to and without limiting or waiving any other remedies available to the Company at law or in equity, the Company shall be entitled to immediate injunctive relief in any court, domestic or foreign, having the capacity to grant such relief, to restrain any such breach or threatened breach and to enforce the provisions of this Article IX. The parties hereto expressly acknowledge and agree that, among the Company's other rights and remedies, the Company shall not be required to make any payments or distributions to a Member under this Agreement or under an employment agreement or consulting agreement between a Member who is a Service Provider and the Company if such Member violates any agreement or duty under this Article IX. The Company has a right to buy a breaching Member's Units for his or its cash Capital Contribution to the Company in respect of such Units.

ARTICLE X
TAX MATTERS

10.1 Preparation of Tax Returns. The Company shall arrange for the preparation and timely filing of all returns required to be filed by the Company. Each Member shall timely furnish to the Board all pertinent information in its possession relating to Company operations that is necessary to enable the Company's income tax returns to be prepared and filed.

10.2 Tax Elections. The Taxable Year shall be determined by the Board in accordance with applicable laws. The Board shall, in its sole discretion, determine whether to make or revoke any available election pursuant to the Code. Each Member will upon request supply any information necessary to give proper effect to such election.

10.3 The following provisions shall apply solely with respect to tax years ending on or prior to December 16, 2018:

(a) Tax Controversies. The Tax Representative is authorized and required to represent the Company (at the Company's expense) in connection with all examinations of the Company's affairs by tax authorities, including resulting administrative and judicial proceedings, and to expend Company funds for professional services and reasonably incurred in connection therewith. Each Member agrees to cooperate with the Company and to do or refrain from doing any or all things reasonably requested by the Company with respect to the conduct of such proceedings;

(b) Tax Representative.

(i) All references throughout this Agreement to provisions of the Code shall be to such provisions as enacted by the Bipartisan Budget Act of 2015, as such provisions may subsequently be modified.

(ii) Unless and until another Member is designated as the Company's designated "partnership representative" within the meaning of Code Section 6223 (the "Tax Representative"), the existing Tax Matters Partner shall act as the Tax Representative with sole authority to act on behalf of the Company for purposes of Subchapter C of Chapter 63 of the Code and any comparable provisions of state or local income tax laws.

(iii) If the Company qualifies to elect pursuant to Code Section 6221(b) (or any successor provision) to have Subchapter C of Chapter 63 of the Code not apply to any federal income tax audits and other proceedings, the Tax Representative shall cause the Company to make such election.

(iv) If any "partnership adjustment" (as defined in Code Section 6241(2)) is determined with respect to the Company, the Tax Representative shall promptly notify the Members upon the receipt of a notice of final partnership adjustment, and shall, within 30 days after the receipt of such notice, take such actions as it deems reasonably necessary (including whether to file a petition in Tax Court) to cause the Company to pay the amount of any such adjustment under Code Section 6225, or make the election under Code Section 6226.

(v) If any "partnership adjustment" (as defined in Code Section 6241(2)) is finally determined with respect to the Company, and the Tax Representative has not caused the Company to make the election under Code Section 6226, then (i) the Members shall take such actions requested by the Tax Representative, including filing amended tax returns and paying any tax due in accordance with Code Section 6225(c)(2); (ii) the Tax Representative shall use commercially reasonable efforts to make any modifications available under Code Section 6225(c)(3), (4) and (5); and (iii) any "imputed underpayment" (as determined in accordance with Code Section 6225) or partnership adjustment that does not give rise to an imputed underpayment shall be apportioned among the Members of the Company for the taxable year in which the adjustment is finalized in such manner as may be necessary (as determined by the Tax Representative in good faith) so that, to the maximum extent possible, the tax and economic consequences of the partnership adjustment and any associated interest and penalties are borne by the Members based upon the Units they held in the Company for the reviewed year.

(vi) If any Subsidiary of the Company (i) pays any partnership adjustment under Code Section 6225; (ii) requires the Company to file an amended tax return and pay associated taxes to reduce the amount of a partnership adjustment imposed on the Subsidiary, or (iii) makes an election under Code Section 6226, the Tax Representative shall cause the Company to make the administrative adjustment request provided for in Code Section 6227 consistent with the principles and limitations set forth in Sections 10.3(b)(iv) through 10.3(b)(v) above for partnership adjustments of the Company, and the Members shall take such actions reasonably requested by the Tax Representative in furtherance of such administrative adjustment request.

(vii) The obligations of each Member or former Member under this Section 10.3 shall survive the transfer or redemption by such Member of its Units and the termination of this Agreement or the dissolution of the Company.

ARTICLE XI
TRANSFER OF UNITS

11.1 Transfers by Members.

(a) No Member shall Transfer any interest in any Units other than (i) to a Permitted Transferee, (ii) in connection with an Approved Sale or a Public Offering, (iii) pursuant to and in compliance with this Article XI, except as set forth in Section 11.2(h), (iv) to Calavo or other Members under Section 3.3 or (v) with the prior written consent of the Board, which consent may be withheld in the Board's sole discretion Any Transfer or attempted Transfer in violation of this Section 11.1(a) shall be void.

(b) Except in connection with an Approved Sale, each Transferee of Units or other interest(s) in the Company, including any beneficiary of a deceased Service Provider whose Initial Units have vested pursuant to this Agreement, shall, as conditions precedent to such Transfer, be admitted as a Member pursuant to Section 4.1 and execute and deliver a counterpart or joinder to this Agreement pursuant to which such Transferee shall agree to be bound by the provisions of this Agreement.

11.2 Right of First Refusal.

(a) Offered Units. At any time prior to the consummation of a Public Offering or an Approved Sale, and subject to the terms and conditions specified in this Article XI (including, without limitation, Section 11.1), the Company, first, and each Member holding Units other than Calavo, second, shall have a right of first refusal if any Member other than Calavo (the "Offering Member") receives a bona fide offer that the Offering Member desires to accept to Transfer all or any portion of the Units (the "Offered Units") it or he owns, provided that the foregoing shall not apply to Transfers to Permitted Transferees. As used herein, the term "Applicable ROFR Rightholders" shall mean, in the case of a proposed Transfer of the Offered Units, all Members other than Calavo and the Offering Member holding Units, and the term "Offering Member" shall exclude Calavo. In the event that Impermanence receives a bona fide offer that Impermanence desires to accept to Transfer a majority of the ownership interests of Impermanence ("Impermanence Interests"), so long as Impermanence owns Units, the term (as used in this Section 11.2) (i) "Offered Units" shall be deemed to refer to Impermanence Interests, and (ii) "Units" shall refer to Impermanence Interests when the context requires; provided, however, that notwithstanding anything to the contrary contained herein, the right of first refusal provided under this Section 11.2 as to Impermanence Units shall extend solely to the Applicable ROFR Rightholders (and not to the Company) and the following provisions of this Section 11.2 shall be interpreted accordingly.

(b) Offering; Exceptions. Each time the Offering Member receives an offer for a Transfer of any of its or his Units, other than Transfers that (i) are to Permitted Transferees, or (ii) are proposed to be made by a dragging Member or required to be made by a Member

dragged along pursuant to Section 11.3 in connection with an Approved Sale or a Public Offering, the Offering Member shall first make an offering of the Offered Units to the Company, first, and the Applicable ROFR Rightholders, second, all in accordance with the following provisions of this Section 11.2, prior to Transferring such Offered Units to the proposed purchaser.

(c) Offer Notice.

(i) The Offering Member shall, within five business days of receipt of the Transfer offer, give written notice (the "Offering Member Notice") to the Company and the Applicable ROFR Rightholders stating that it has received a signed, bona fide offer for a Transfer of its or his Units and specifying: (A) the number of Offered Units to be Transferred by the Offering Member; (B) the proposed date, time and location of the closing of the Transfer, which shall not be less than sixty business days from the date of the Offering Member Notice; (C) the purchase price per Offered Unit (which shall be payable solely in cash) and the other material terms and conditions of the Transfer; and (D) the name of the Person who has offered to purchase such Offered Units. The Offering Member Notice shall be accompanied by a copy of the signed offer from the proposed purchaser.

(ii) The Offering Member Notice shall constitute the Offering Member's offer to Transfer the Offered Units to the Company and the Applicable ROFR Rightholders, which offer shall be irrevocable until the end of the ROFR Rightholder Option Period described in Section 11.2(d)(iii).

(iii) By delivering the Offering Member Notice, the Offering Member represents and warrants to the Company and each Applicable ROFR Rightholder that: (A) the Offering Member has full right, title and interest in and to the Offered Units; (B) the Offering Member has all the necessary power and authority and has taken all necessary action to Transfer such Offered Units as contemplated by this Section 11.2; (C) the Offered Units are free and clear of any and all liens other than those arising as a result of or under the terms of this Agreement; and (D) the Offered Units are the subject of a bona fide offer from the proposed purchaser.

(d) Exercise of Right of First Refusal.

(i) Upon receipt of the Offering Member Notice, the Company and each Applicable ROFR Rightholder shall have the right to purchase the Offered Units in the following order of priority: first, the Company shall have the right to purchase all or any portion of the Offered Units in accordance with the procedures set forth in Section 11.2(d)(ii), and thereafter, the Applicable ROFR Rightholders shall have the right to purchase the Offered Units, in accordance with the procedures set forth in Section 11.2(d)(iii), to the extent the Company does not exercise its right in full. Notwithstanding the foregoing, the Company and the Applicable ROFR Rightholders may only exercise their right to purchase the Offered Units if, after giving effect to all elections made under this Section 11.2(d), no less than all of the Offered Units will be purchased by the Company and/or the Applicable ROFR Rightholders.

(ii) The initial right of the Company to purchase any Offered Units shall be exercisable with the delivery of a written notice (the "Company ROFR Exercise Notice") by the Company to the Offering Member and the Applicable ROFR Rightholders within ten business days of receipt of the Offering Member Notice (the "Company Option Period"), stating the number (including where such number is zero) of Offered Units the Company elects irrevocably to purchase on the terms and respective purchase prices set forth in the Offering Member Notice. The Company ROFR Exercise Notice shall be binding upon delivery and irrevocable by the Company.

(iii) If the Company shall have indicated an intent to purchase any less than all of the Offered Units, the Applicable ROFR Rightholders shall have the right to purchase the remaining Offered Units not selected by the Company. For a period of fifteen business days following the receipt of a Company ROFR Exercise Notice in which the Company has elected to purchase less than all the Offered Units (such period, the "ROFR Rightholder Option Period"), each Applicable ROFR Rightholder shall have the right to elect irrevocably to purchase all or none of its Percentage Interest of the remaining Offered Units by delivering a written notice to the Company and the Offering Member (a "Member ROFR Exercise Notice") specifying its desire to purchase its Percentage Interest of the remaining Offered Units, on the terms and respective purchase prices set forth in the Offering Member Notice. In addition, each Applicable ROFR Rightholder shall include in its Member ROFR Exercise Notice the number of remaining Offered Units that it wishes to purchase if any other Applicable ROFR Rightholders do not exercise their rights to purchase their entire Percentage Interest of the remaining Offered Units. Any Member ROFR Exercise Notice shall be binding upon delivery and irrevocable by the Applicable ROFR Rightholder.

(iv) The failure of the Company or any Applicable ROFR Rightholder to deliver a Company ROFR Exercise Notice or Member ROFR Exercise Notice, respectively, by the end of the Company Option Period or ROFR Rightholder Option Period, respectively, shall constitute a waiver of their respective rights of first refusal under this Section 11.2(d)(iv) with respect to the Transfer of Offered Units, but shall not affect their respective rights with respect to any future Transfers.

(e) Allocation of Offered Units. Upon the expiration of the ROFR Rightholder Option Period, the Offered Units not selected for purchase by the Company pursuant to Section 11.2(d)(ii) shall be allocated for purchase among the Applicable ROFR Rightholders as follows:

(i) First, to each Applicable ROFR Rightholder having elected to purchase its entire Percentage Interest of such Units, such Applicable ROFR Rightholder's Percentage Interest of such Units; and

(ii) Second, the balance, if any, not allocated under clause (i) above (and not purchased by the Company pursuant to Section 11.2(d)(ii)), shall be allocated to those Applicable ROFR Rightholders who set forth in their Member ROFR Exercise Notices a number of Offered Units that exceeded their respective Percentage Interest (the "Purchasing Rightholders"), in an amount, with respect to each such Purchasing Rightholder, that is equal to the lesser of (A) the number of Offered Units that such Purchasing Rightholder elected to

purchase in excess of its Percentage Interest; or (B) the product of (x) the number of Offered Units not allocated under clause (i) (and not purchased by the Company pursuant to Section 11.2(d)(ii)), multiplied by (y) a fraction, the numerator of which is the number of Offered Units that such Purchasing Rightholder was permitted to purchase pursuant to clause (i), and the denominator of which is the aggregate number of Offered Units that all Purchasing Rightholders were permitted to purchase pursuant to clause (i).

(iii) The process described in clause (ii) shall be repeated until no Offered Units remain or until such time as all Purchasing Rightholders have been permitted to purchase all Offered Units that they desire to purchase.

(f) Consummation of Sale. In the event that the Company and/or the Applicable ROFR Rightholders shall have, in the aggregate, exercised their respective rights to purchase all and not less than all of the Offered Units, then the Offering Member shall sell such Offered Units to the Company and/or the Applicable ROFR Rightholders, and the Company and/or the Applicable ROFR Rightholders, as the case may be, shall purchase such Offered Units, within sixty days following the expiration of the ROFR Rightholder Option Period (which period may be extended for a reasonable time not to exceed ninety days to the extent reasonably necessary to obtain required approvals or consents from any Governmental Authority). Each Member shall take all actions as may be reasonably necessary to consummate the sale contemplated by this Section 11.2(f), including, without limitation, entering into agreements and delivering certificates and instruments and consents as may be deemed necessary or appropriate. At the closing of any sale and purchase pursuant to this Section 11.2(f), the Offering Member shall deliver to the Company and/or the participating Applicable ROFR Rightholders certificates (if any) representing the Offered Units to be sold, free and clear of any liens or encumbrances (other than those contained in this Agreement), accompanied by evidence of transfer and all necessary transfer taxes paid and stamps affixed, if necessary, against receipt of the purchase price therefor from the Company and/or such Applicable ROFR Rightholders by certified or official bank check or by wire transfer of immediately available funds.

(g) Sale to Proposed Purchaser. In the event that the Company and/or the Applicable ROFR Rightholders shall not have collectively elected to purchase all of the Offered Units, then the Offering Member may Transfer all of such Offered Units, at a price per Offered Unit not less than specified in the Offering Member Notice and on other terms and conditions which are not materially more favorable in the aggregate to the proposed purchaser than those specified in the Offering Member Notice, but only to the extent that such Transfer occurs within sixty days after expiration of the ROFR Rightholder Option Period. Any Offered Units not Transferred within such 60-day period will be subject to the provisions of this Section 11.2 upon subsequent Transfer.

(h) Exception to Right of First Refusal. Notwithstanding anything to the contrary in this Article XI or in any other provision of this Agreement, Calavo (i) may Transfer at any time after the Effective Date all or any portion of the Units it owns, and (ii) is not obligated to provide the Company or any other Member with the right of first refusal described in this Section 11.2 in connection with any such Transfer.

11.3 Approved Sale; Drag Along Obligations; Tag Along Rights; Public Offering.

(a) If the Board approves a Sale of the Company (an "Approved Sale") or Statutory Conversion, each Member, on ten days' written notice from the Board, shall vote for, consent to and raise no objections against such Approved Sale or Statutory Conversion. If the Approved Sale is structured as a (i) merger or consolidation, each Member holding Units shall waive any dissenters rights, appraisal rights or similar rights in connection with such merger or consolidation or (ii) sale of Units, each Member holding Units shall agree to sell all of its or his Units and rights to acquire Units on the terms and conditions approved by the Board. Each Member holding Units shall take all necessary or desirable actions in connection with the consummation of the Approved Sale or Statutory Conversion as requested by the Board.

(b) The obligations of each Member holding Units with respect to the Approved Sale are subject to the satisfaction of the following conditions: (i) the consideration payable upon consummation of such Approved Sale to all Members shall be allocated among the Members as if distributed pursuant to Section 6.1(b) (except to the extent that Tax Advances required to have been made by the Company pursuant to Section 6.1(c) have not been made, in which case such consideration shall first be distributed in respect of all Tax Advances which were not made as required by Section 6.1(c) and then in accordance with Section 6.1(b)); and (ii) upon the consummation of the Approved Sale, all of the Members holding a particular class of Units shall receive the same amount of consideration per Unit of such class (with any noncash consideration valued in good faith by the Board), as reduced for any Member by the aggregate principal amount plus all accrued and unpaid interest on any debt or other obligations of such Member to the Company.

(c) Notwithstanding anything in this Agreement to the contrary, in connection with an Approved Sale, (i) no Member will be required to make affirmative representations or warranties except as to such Member's due power and authority, non-contravention and ownership of Units, free and clear of all liens, and (ii) each Member may be severally (and not jointly) obligated to join on a pro rata basis in any customary indemnification obligation agreed to by the Board in connection with such Approved Sale, except that each Member may be fully liable for obligations that relate specifically to such Member, such as indemnification with respect to representations and warranties given by such Member regarding such Member's title to and ownership of Units; provided that no Member shall be obligated in connection with such Approved Sale to agree to indemnify or hold harmless the Transferees with respect to any amount in excess of the cash proceeds to which such Member is entitled in such Approved Sale or to make indemnity payments in excess of the net cash proceeds paid to such holder in connection with such Approved Sale; provided further that any escrow of proceeds of any such transaction shall be withheld on a pro rata basis among all Members. Each Member shall enter into any customary indemnification or contribution agreement reasonably requested by the Board to ensure compliance with this Section 11.3(c) and the provisions of this Section 11.3(c) shall be deemed complied with if the requirement for several liability is addressed through such agreement, even if the purchase and sale agreement or merger agreement related to the Approved Sale provides for joint and several liability.

(d) If the Company or holders of a majority of the Units enter into any negotiation or transaction for which Rule 506 (or any similar rule then in effect) promulgated by

the Securities and Exchange Commission under the Securities Act may be available with respect to such negotiation or transaction (including a merger, consolidation or other reorganization), any Member who is not an "accredited investor" under Rule 501 under the Securities Act shall, at the request of the holders of a majority of the Units, appoint a "purchaser representative" (as such term is defined in Rule 501 promulgated under the Securities Act) designated by the Company and reasonably acceptable to the holders of a majority of the Units. If any Member so appoints a purchaser representative, the Company shall pay the fees of such purchaser representative. However, if any Member declines to appoint the purchaser representative designated by the Company, such Member shall appoint another purchaser representative (reasonably acceptable to the holders of a majority of the Units), and such Member shall be responsible for the fees of the purchaser representative so appointed.

(e) Except as otherwise provided in Section 11.3(d), each Member Transferring Units pursuant to this Section 11.3 shall pay a share of the expenses incurred by the Members in connection with such Transfer on a pro rata basis among all Transferring Members (including by reducing the portion of the consideration to which such Member would be entitled in such Approved Sale).

(f) In the event that Members owning a majority of the outstanding Units of the Company ("Majority Members") desire or propose to sell a majority of the issued and outstanding Units of the Company for consideration but the foregoing is not an Approved Sale, the Majority Members shall first notify the remaining Members (the "Minority Members") in writing of the proposed sale within at least ten (10) business days prior to the closing of such sale and detail its principal terms, including but not limited to the proposed price and purchaser. Upon the Minority Members' receipt of such notice, each Minority Member shall have a period of fifteen (15) days within which to notify the Majority Members in writing of his desire to sell to the prospective purchaser (or, at the Majority Members' option, to the Majority Members, who hereby agree to purchase in the event they exercise such option and the proposed sale is consummated) the Minority Members' Units for the price and on the terms specified in the notice. If a Minority Member elects to sell to the prospective purchaser (and the Majority Members do not exercise the foregoing option to purchase), then the Majority Members shall assign to the Minority Members making such election as much of their interest in the agreement with the prospective purchaser as such Minority Members shall be entitled to and shall accept hereunder (allocating in accordance with each participating Member's Percentage Interest). If, within fifteen (15) days following their receipt of the notice from the Majority Members, none of the Minority Members elects to sell such Minority Members' Units to the prospective purchaser, the Majority Members shall have a period of sixty (60) days thereafter to sell their Units to the prospective purchaser, but only on terms and conditions no more favorable to the Majority Members than those contained in the notice sent to the Minority Members.

(g) In addition, if the Board approves a Public Offering, each Member shall, and shall cause its representatives to, vote for, consent to (to the extent it has any voting or consenting rights) and raise no objections against any such transaction, and the Company, the Board and each Member shall take all reasonable actions in connection with the consummation of any such transaction as requested by the Board, including without limitation executing a market stand-off agreement and lock-up agreement as may be required by the representative of the underwriters.

(h) In no manner shall this Section 11.3 be construed to grant to any Member any dissenters' rights or appraisal rights or give any Member any right to vote in any transaction structured as a merger or consolidation (it being understood that the Members have expressly waived rights under Section 18-210 of the Delaware Act and any other dissenters rights, appraisal rights or similar rights (if any) and have granted to the Board the sole right to approve or consent to a merger or consolidation of the Company without approval or consent of the Members).

11.4 Void Transfers. Any Transfer by any Member of any Units or other interest in the Company in contravention of this Agreement in any respect (including the failure of the Transferee to execute and deliver a counterpart or joinder to this Agreement) shall be void and ineffectual and shall not bind or be recognized by the Company or any other party. No purported assignee shall have any right to any distributions of the Company.

11.5 Additional Restrictions on Transfer. Notwithstanding any other provisions of this Article XI, no Transfer of Units or any other interest in the Company may be made unless in the opinion of counsel (who may be counsel for the Company), reasonably satisfactory in form and substance to the Board and counsel for the Company (which opinion may be waived, in whole or in part, at the sole discretion of the Board), such Transfer would be exempt from registration under the Securities Act. Such opinion of counsel shall be delivered in writing to the Company prior to the date of the Transfer.

11.6 Legend. In the event that certificates representing the Units are issued ("Certificated Units"), such certificates will bear the following legend:

"THE UNITS REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR APPLICABLE STATE SECURITIES LAWS ("STATE ACTS") AND MAY NOT BE SOLD, ASSIGNED, PLEDGED OR TRANSFERRED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR STATE ACTS OR AN EXEMPTION FROM REGISTRATION THEREUNDER. THE TRANSFER OF THE UNITS REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO THE CONDITIONS SPECIFIED IN A LIMITED LIABILITY COMPANY AGREEMENT, AS AMENDED AND MODIFIED FROM TIME TO TIME, GOVERNING THE ISSUER AND BY AND AMONG CERTAIN INVESTORS THEREIN. A COPY OF SUCH CONDITIONS SHALL BE FURNISHED BY THE ISSUER TO THE HOLDER HEREOF UPON WRITTEN REQUEST AND WITHOUT CHARGE."

11.7 Transfer Fees and Expenses. Except as provided in Sections 11.2 and 11.3, unless waived in writing by the Board in its sole discretion, the Transferor and Transferee of any Units or other interest in the Company shall be jointly and severally obligated to reimburse the Company for all reasonable expenses (including attorneys' fees and expenses) of any Transfer or proposed Transfer, whether or not consummated.

ARTICLE XII
WITHDRAWAL AND RESIGNATION OF MEMBERS

12.1 Withdrawal and Resignation of Member. No Member shall have the power or right to withdraw or otherwise resign as a Member prior to the dissolution and winding up of the Company pursuant to Article XIII without the prior written consent of the Board (which consent may be withheld by the Board in its sole discretion), except as otherwise expressly permitted by this Agreement. Upon a Transfer of all of a Member's Units in a Transfer permitted by this Agreement, such Member shall cease to be a Member. Notwithstanding that payment on account of a withdrawal may be made after the effective time of such withdrawal, any completely withdrawing Member will not be considered a Member for any purpose after the effective time of such complete withdrawal, and, in the case of a partial withdrawal, such Member's Capital Account (and corresponding voting and other rights) shall be reduced for all other purposes hereunder upon the effective time of such partial withdrawal.

ARTICLE XIII
DISSOLUTION AND LIQUIDATION

13.1 Dissolution. The Company shall not be dissolved by the admission of Additional Members or Substituted Members. The Company shall dissolve, and its affairs shall be wound up only upon the first to occur of the following:

(a) Upon the approval at any time of the Board; or

(b) The entry of a decree of judicial dissolution of the Company under Section 35-5 of the Delaware Act or an administrative dissolution under Section 18-802 of the Delaware Act.

Except as otherwise set forth in this Article XIII, the Company is intended to have perpetual existence. The death, retirement, resignation, expulsion, bankruptcy or dissolution of a Member or the occurrence of any other event that terminates the continued membership of a Member in the Company shall not cause a dissolution of the Company, and the Company shall continue in existence subject to the terms and conditions of this Agreement.

13.2 Liquidation and Termination. On the dissolution of the Company, the Board shall act as liquidator or may appoint one or more representatives, Members or other Persons as liquidator(s). The liquidators shall pay, satisfy or discharge from Company funds all of the debts, liabilities and obligations of the Company (including all expenses incurred in liquidation) or otherwise make adequate provision for payment and discharge thereof (including the establishment of a cash fund for contingent liabilities in such amount and for such term as the liquidators may reasonably determine) and proceed diligently to wind up the affairs of the Company and make final distributions as provided herein and in the Delaware Act. The costs of liquidation shall be borne as a Company expense. The Fair Market Value (as determined by the liquidators) of any remaining assets of the Company shall, following payment, satisfaction or discharge of all liabilities as determined by the liquidators, be distributed as liquidating Distributions to the holders of Units in the following order of priority:

(a) First, to the Members in accordance with their final positive Capital Account balances as of immediately prior to the Conversion, as set forth on Schedule 13.2; and

(b) Then, to the Members in accordance with their Percentage Interests (but for clarity, still subject to the terms of any Profits Interest Unit agreements for applicable Members).

Until final distribution, the liquidators shall continue to operate the Company properties with all of the power and authority of the Board.

13.3 Cancellation of Certificate. On completion of the distribution of Company assets as provided herein, the Company shall be terminated (and the Company shall not be terminated prior to such time), and the Board (or such other Person or Persons as the Delaware Act may require or permit) shall file a certificate of cancellation with the Secretary of State of Delaware, cancel any other filings made pursuant to this Agreement that are or should be canceled and take such other actions as may be necessary to terminate the Company. The Company shall be deemed to continue in existence for all purposes of this Agreement until it is terminated pursuant to this Section 13.3.

13.4 Reasonable Time for Winding Up. A reasonable time shall be allowed for the orderly winding up of the business and affairs of the Company and the liquidation of its assets pursuant to Section 13.2 in order to minimize any losses otherwise attendant upon such winding up.

13.5 Return of Capital. The Board, Members or other liquidators shall not be personally liable for the return of Capital Contributions or any portion thereof to the Members (it being understood that any such return shall be made solely from Company assets).

ARTICLE XIV
GENERAL PROVISIONS

14.1 Power of Attorney.

(a) Each Member hereby constitutes and appoints the Board, with full power of substitution, as its or his true and lawful agent and attorney-in-fact, with full power and authority in its name, place and stead, to execute, swear to, acknowledge, deliver, file and record in the appropriate public offices (i) this Agreement, all certificates and other instruments and all amendments thereof in accordance with the terms hereof which the Board deems appropriate or necessary to form, qualify, or continue the qualification of, the Company as a limited liability company in the State of Delaware and in all other jurisdictions in which the Company may conduct business or own property; (ii) all instruments which the Board deems appropriate or necessary to reflect any amendment, change, modification or restatement of this Agreement in accordance with its terms; (iii) all conveyances and other instruments or documents which the Board deems appropriate or necessary to reflect the dissolution and liquidation of the Company pursuant to the terms of this Agreement, including a certificate of cancellation; and (iv) all instruments relating to the admission, withdrawal or substitution of any Member pursuant to Article IV or XII.

(b) The foregoing power of attorney is irrevocable and coupled with an interest, and shall survive the death, disability, incapacity, dissolution, bankruptcy, insolvency or termination of any Member and the Transfer of all or any portion of his or its Units and shall extend to such Member's heirs, successors, assigns and personal representatives.

14.2 Amendments. Subject to the right and power of the Board to amend this Agreement to the limited extent expressly provided in the last sentence of this Section 14.2, including in connection with the issuance of new or additional Equity Securities, or any class or series thereof, this Agreement may be amended, modified, or waived only by a Super-Majority Vote of the Units; provided that: (a) if, after the Effective Date of this Agreement at least one additional class of Units is issued by the Company, any such amendment, modification, or waiver would adversely affect in any material respect the rights, preferences or privileges of any class of Units relative to another class of Units, such amendment, modification, or waiver shall also require the affirmative vote of at least two-thirds of the outstanding Units of the class of Units so adversely affected; (b) if any such amendment, modification or waiver would materially change the rights or obligations as between members of the same class of Units with respect to such Units (e.g. grant some but not all Members of a class certain material rights with respect to their Units), such amendment, modification, or waiver shall also require the approval of at least eighty percent of the outstanding Units of that class of Units and/or (c) if such amendment, modification or waiver would require a Member to make a mandatory capital contribution in the Company, or would otherwise subject a Member to increased personal liability other than as provided in Section 4.5, then such amendment, modification or waiver shall also require the approval of such Member. In connection with any amendment, modification or waiver, or other approval hereunder, the Board will have no obligation to provide any information to any Person unless the consent of such Person is required to be obtained in order to effectuate such amendment, modification or waiver; and provided that the Board shall be required to inform the holders of Units of the substance and occurrence of any amendment. Notwithstanding anything to the contrary in this Agreement, the Board may, without the consent of any Member, amend the Schedule of Members attached hereto to reflect the admission of any Member or Members, the creation or issuance of any other Units or interests in the Company and the corresponding adjustments to Percentage Interests or the making of any Capital Contributions, and may amend the Schedule of Members and this Agreement in the manner described in Section 14.20.

14.3 Title to Company Assets. Company assets shall be deemed to be owned by the Company as an entity, and no Member, individually or collectively, shall have any ownership interest in such Company assets or any portion thereof. Legal title to any or all Company assets may be held in the name of the Company or one or more nominees, as the Board may determine. The Board hereby declares and warrants that any Company assets for which legal title is held in the name of any nominee shall be held in trust by such nominee for the use and benefit of the Company in accordance with the provisions of this Agreement. All Company assets shall be recorded as the property of the Company on its books and records, irrespective of the name in which legal title to such Company assets is held.

14.4 Remedies. Any Person having any rights under any provision of this Agreement shall be entitled to enforce such rights specifically (without posting a bond or other security), to recover damages by reason of any breach of any provision of this Agreement and to exercise all other rights granted by law.

14.5 Successors and Assigns. All covenants and agreements contained in this Agreement shall bind and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors, legal representatives and permitted assigns, whether so expressed or not.

14.6 Severability. Whenever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other provision or the effectiveness or validity of any provision in any other jurisdiction, and this Agreement will be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

14.7 Execution. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

14.8 Descriptive Headings; Interpretation. The descriptive headings of this Agreement are inserted for convenience only and do not constitute a substantive part of this Agreement. Whenever required by the context, any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa. The use of the words "including" or "include" in this Agreement shall be by way of example rather than by limitation. Reference to any agreement, document or instrument means such agreement, document or instrument as amended or otherwise modified from time to time in accordance with the terms thereof, and if applicable hereof. Wherever required by the context, references to a Fiscal Year shall refer to a portion thereof. The use of the words "or," "either" and "any" shall not be exclusive. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement. Wherever a conflict exists between this Agreement and any other agreement, this Agreement shall control but solely to the extent of such conflict.

14.9 Applicable Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without giving effect to any choice of law or conflict of law rules or provisions (whether of the State of Delaware or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Delaware.

14.10 Addresses and Notices. All notices, demands or other communications to be given or delivered under or by reason of the provisions of this Agreement shall be in writing and shall be deemed to have been given or made when (a) delivered personally to the recipient, (b) telecopied to the recipient (with hard copy sent to the recipient by reputable overnight courier service (charges prepaid) that same day) if telecopied before 2:00 p.m. Los Angeles, California time on a business day, and otherwise on the next business day, or (c) one business day after being sent to the recipient by reputable overnight courier service (charges prepaid). Such notices, demands and other communications shall be sent to the address for such recipient set

forth in the Company's books and records (which shall initially be the addresses set forth on the signature pages of this Agreement), or to such other address or to the attention of such other person as the recipient party has specified by prior written notice to the sending party. Any notice to the Board or the Company shall be deemed given if received by the Board at the principal office of the Company designated pursuant to Section 2.5, with a copy delivered to Calavo's Chief Executive Officer at Calavo's address set forth below its signature on this Agreement.

14.11 Creditors. None of the provisions of this Agreement shall be for the benefit of or enforceable by any non-Member creditors of the Company or any of its Affiliates, and no creditor who makes a loan to the Company or any of its Affiliates may have or acquire (except pursuant to the terms of a separate agreement executed by the Company in favor of such creditor) at any time as a result of making the loan any direct or indirect interest in the Company other than as a secured creditor.

14.12 Waiver. No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute a waiver of any such breach or any other covenant, duty, agreement or condition.

14.13 Further Action. The parties agree to execute and deliver all documents, provide all information and take or refrain from taking such actions as may be necessary or appropriate to achieve the purposes of this Agreement.

14.14 Offset. Whenever the Company is to pay any sum to any Member, any amounts that such Member owes to the Company under this Agreement may, to the extent permitted pursuant to applicable law, be deducted from that owed sum before such payment.

14.15 Entire Agreement. This Agreement and those documents expressly referred to herein and other documents dated as of even date herewith or of the Original Agreement, including the Line of Credit Agreement, the Promissory Notes, the Units Pledge and Security Agreements between Calavo and the Initial Service Providers, and the Service Provider Agreement between the Company and David Ominsky, embody the complete agreement and understanding among the parties and supersede and preempt any prior understandings, agreements or representations by or among the parties, written or oral, which may have related to the subject matter hereof in any way.

14.16 Delivery by Facsimile or E-Mail. This Agreement, the agreements referred to herein, and each other agreement or instrument entered into in connection herewith or therewith or contemplated hereby or thereby, and any amendments hereto or thereto, to the extent signed and delivered by means of a facsimile machine or e-mail, shall be treated in all manner and respects as an original agreement or instrument and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. At the request of any party hereto or to any such agreement or instrument, each other party hereto or thereto shall re-execute original forms thereof and deliver them to all other parties. No party hereto or to any such agreement or instrument shall raise the use of a facsimile machine or e-mail to deliver a signature or the fact that any signature or agreement or instrument was transmitted or

communicated through the use of a facsimile machine or e-mail as a defense to the formation or enforceability of a contract and each such party forever waives any such defense.

14.17 Dispute Resolution. Any Action seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated by this Agreement may be brought against any of the parties only in any federal or state court located in Los Angeles, California and each of the parties hereto hereby consents to the exclusive jurisdiction of such courts (and of the appropriate appellate courts) in any such Action and waives any objection to venue laid therein. Process in any such Action may be served on any party anywhere in the world, whether within or without the State of California. Without limiting the generality of the foregoing, each party hereto agrees that service of process upon such party at the address referred to in Section 14.10, together with written notice of such service to such party, shall be deemed effective service of process upon such party.

14.18 Survival. Article IX and this Article XIV shall survive and continue in full force in accordance with its terms notwithstanding any termination of this Agreement or the dissolution of the Company.

14.19 Expenses. The Company shall pay and hold Calavo harmless against liability for the payment of the reasonable out-of-pocket expenses of Calavo (including the reasonable fees and expenses of legal counsel or other advisors) in connection with (a) start-up and organizational costs in connection with the formation of the Company and the commencement of its business and operations and (b) the preparation, negotiation and execution of this Agreement and each other agreement executed in connection herewith and the consummation of the transactions contemplated hereby. Nothing in this Agreement shall require reimbursement of expenses of any Member except as described in the preceding sentence.

14.20 Effective Date. This Agreement shall be in full force and effect, as of February 27, 2019 following its execution and approval as provided for herein. In that connection, (a) the Percentage Interests set forth in Schedule A assume that each party whose name is listed on the signature pages of this Agreement as of the Effective Date has executed and delivered this Agreement, and (b) the Board has the right and power, without the consent of any Member, to make technical changes to this Agreement and to add references to any Additional Member or Substituted Member approved for admission as provided in this Agreement.

14.21 Acknowledgements. Upon execution and delivery of a counterpart to this Agreement or a joinder to this Agreement, each Member and Additional Member shall be deemed to acknowledge to, and agree with, Calavo and every other Member as follows: (a) the determination of such Member or Additional Member to acquire Units pursuant to this Agreement and any other agreement referenced herein has been made by such Member or Additional Member independent of any other Member and independent of any statements or opinions as to the advisability of such purchase or as to the properties, business, prospects or condition (financial or otherwise) of the Company which may have been made or given by the Board or by any agent or employee of the Board; (b) the Board has not acted as an agent of such Member or Additional Member in connection with making its investment hereunder, and the Board shall not serve as an agent of such Member or Additional Member in connection with monitoring its investment hereunder; (c) TroyGould PC is not counsel to any Members other

than Calavo and is not representing and will not represent any other Member or Additional Member in connection with this Agreement or any dispute which may arise between Calavo, on the one hand, and any other Member or Additional Member, on the other hand; (d) such Member or Additional Member will, if it desires legal advice with respect to this Agreement, retain its own independent counsel; and (e) TroyGould PC may represent Calavo in connection with any and all matters contemplated hereby (including any dispute between Calavo, on the one hand, and any other Member or Additional Member, on the other hand) and each other Member or Additional Member waives any conflict of interest in connection with such representation by TroyGould PC.

* * * * *

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement as of the Effective Date.

APPROVING MEMBERS

CALAVO GROWERS, INC.

By: _____
Name: Lecil E. Cole
Title: Chief Executive Officer and President

_____
Lecil E. Cole, Individually

_____
Kenneth Catchot, Individually and on behalf of
K. Catchot 2005 Family Trust.

_____
Kathleen Holmgren, Individually and on behalf
of THE HOLMGREN FAMILTY TRUST OF 1996

IMPERMANENCE LLC

By: _____
Name: Michael R. Lippold
Title: Managing Member

Peter S. Hajas, Individually

Michael R. Lippold, Individually

COMPANY

FRESHREALM, LLC

By: _____

Name: Michael R. Lippold
Title: Chief Executive Officer

Schedule A Schedule of Members as of February 27, 2019

To be attached.

Schedule 13.2

To be attached.

[Remainder of page intentionally left blank]

Exhibit 31.1

CERTIFICATION PURSUANT TO
15 U.S.C. § 7241
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Lecil E. Cole, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Calavo Growers, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present, in all material respects, the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors:

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 7, 2019

/s/ Lecil E. Cole
Lecil E. Cole
Chairman of the Board of Directors, President
and Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO
15 U.S.C. § 7241
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, B. John Lindeman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Calavo Growers, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present, in all material respects, the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors:

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 7, 2019

/s/ B. John Lindeman
B. John Lindeman
Chief Financial Officer and Corporate Secretary
(Principal Financial Officer)

Exhibit 32.1

WRITTEN STATEMENT OF CHIEF EXECUTIVE OFFICER
AND CHIEF FINANCIAL OFFICER

Each of the undersigned, the Chairman of the Board and Chief Executive Officer, Chief Financial Officer, and Corporate Secretary of Calavo Growers, Inc. (the Company), hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge, the Company's Quarterly Report on Form 10-Q for the quarter ended January 31, 2019, as filed with the Securities and Exchange Commission on the date hereof (the Report), fully complies with the requirements of Section 13(a) or 15 (d) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 7, 2019

/s/ Lecil E. Cole
Lecil E. Cole
Chairman of the Board, President and
Chief Executive Officer

/s/ B. John Lindeman
B. John Lindeman
Chief Financial Officer and
Corporate Secretary