Table of Contents

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 April 30, 2020

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)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	CVGW	Nasdaq Global Market

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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 April 30, 2020 was 17,638,513

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, including “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Item 2, contains statements relating to future events and results of Calavo Growers, Inc. and its consolidated subsidiaries (Calavo, the Company, we, us or our), including certain projections and business trends, that are "forward-looking statements," as defined in the Private Securities Litigation and Reform Act of 1995, that involve risks, uncertainties and assumptions. These statements are based on our current expectations and are not promises or guarantees. If any of the risks or uncertainties ever materialize or the assumptions prove incorrect, the results of Calavo may differ materially from those expressed or implied by such forward-looking statements and assumptions. 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 and currency exchange rates; the impact of COVID-19 on our business, results of operations and financial condition; the impact of acquisitions or debt 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; any risks associated with doing business internationally (including possible restrictive U.S. and foreign governmental actions, such as restrictions on transfers of funds and COVID-19 and trade protection measures such as import/export/customs duties, tariffs and/or quotas); any risks associated with receivables from and/or equity investments in unconsolidated entities; system security risk and cyber-attacks and any statements of assumptions underlying any of the foregoing.

Risks and uncertainties that may cause our actual results to be materially different from any future results expressed or implied by the forward-looking statements include, but are not limited to, the following: the impact of COVID-19 on our business, results of operations and financial condition, including, but not limited to, disruptions in the manufacturing of our products and the operations of the related supply chains supporting our ability to deliver our products to consumers, impacts on our employees and uncertainty regarding our ability to implement health and safety measures for our employees, uncertainties regarding consumer demand for our products in light of COVID-19, increased costs that we must incur as a result of COVID-19, the impact of governmental trade restrictions imposed as a result of COVID-19 and the possible adverse impact of COVID-19 on our goodwill and other intangible assets; the impact of macroeconomic trends and events; the competitive pressures faced by Calavo's business; 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 acquisitions of other businesses; our ability to hire and retain key employees; the resolution of pending investigations, legal claims and tax disputes; the risks associated with doing business internationally (including possible restrictive U.S. and foreign governmental actions, such as restrictions on transfers of funds and COVID-19 and trade protection measures such as import/export/customs duties, tariffs and/or quotas); any risks associated with receivables from and/or equity investments in unconsolidated entities; and potential cyber-attacks on our information technology systems or on the information technology systems of our suppliers or customers.

For a further discussion of these risks and uncertainties and other risks and uncertainties that we face, please see the risk factors described in our most recent Annual Report on Form 10-K for the fiscal year ended October 31, 2019 filed with the Securities and Exchange Commission and any subsequent updates that may be contained in our Quarterly Reports on Form 10-Q (including this Quarterly Report on Form 10-Q) and other filings with the Securities and Exchange Commission. Forward-looking statements contained in this Quarterly Report on Form 10-Q are made only as of the date of this report, and we undertake no obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.

CALAVO GROWERS, INC.

INDEX

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	April 30, 2020	October 31, 2019
Assets		
Current assets:		
Cash and cash equivalents	$ 3,284	$ 7,973
Accounts receivable, net of allowances of $3,679 (2020) $3,366 (2019)	76,261	63,423
Inventories, net	46,908	36,889
Prepaid expenses and other current assets	11,118	9,027
Advances to suppliers	9	7,338
Income taxes receivable	8,850	2,865
Total current assets	146,430	127,515
Property, plant, and equipment, net	131,414	132,098
Operating lease right-of-use assets	63,678	—
Investment in Limoneira Company	22,392	31,734
Investments in unconsolidated entities	9,755	10,722
Deferred income taxes	556	3,447
Goodwill	28,077	18,262
Notes receivable from FreshRealm	33,970	35,241
Other assets	39,230	31,341
	$ 475,502	$ 390,360
Liabilities and shareholders' equity		
Current liabilities:		
Payable to growers	$ 28,037	$ 13,463
Trade accounts payable	7,555	17,421
Accrued expenses	33,358	39,629
Short-term borrowings	45,000	—
Dividend payable	—	19,354
Current portion of operating leases	6,218	—
Current portion of long-term obligations and finance leases	847	762
Total current liabilities	121,015	90,629
Long-term liabilities:		
Long-term operating leases, less current portion	61,443	—
Long-term obligations and finance leases, less current portion	5,219	5,412
Deferred rent	—	3,681
Other long-term liabilities	3,575	4,769
Total long-term liabilities	70,237	13,862
Commitments and contingencies		
Shareholders' equity:		
Common stock ($0.001 par value, 100,000 shares authorized; 17,639 (2020) and 17,595 (2019) shares issued and outstanding)	18	18
Additional paid-in capital	163,230	161,606
Noncontrolling interest	1,496	1,688
Retained earnings	119,506	122,557
Total shareholders' equity	284,250	285,869
	$ 475,502	$ 390,360

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

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

	Three months ended April 30,		Six months ended April 30,	
	2020	2019	2020	2019
Net sales	$ 281,166	$ 286,236	$ 554,516	$ 544,268
Cost of sales	259,091	249,399	516,633	476,594
Gross profit	22,075	36,837	37,883	67,674
Selling, general and administrative	14,504	15,657	30,802	29,933
Gain on sale of Temecula packinghouse	54	1,927	108	1,927
Operating income	7,625	23,107	7,189	39,668
Interest expense	(342)	(365)	(529)	(619)
Other income, net	628	886	1,622	1,396
Unrealized and realized net gain (loss) on Limoneira shares	(10,349)	1,359	(9,343)	(3,146)
Income (loss) before provision (benefit) for income taxes and loss from unconsolidated entities	(2,438)	24,987	(1,061)	37,299
Provision (benefit) for income taxes	(1,208)	5,573	(1,858)	7,106
Net loss from unconsolidated entities	(2,177)	(3,136)	(5,205)	(9,434)
Net income (loss)	(3,407)	16,278	(4,408)	20,759
Less: Net loss attributable to noncontrolling interest	129	67	192	73
Net income (loss) attributable to Calavo Growers, Inc.	$ (3,278)	$ 16,345	$ (4,216)	$ 20,832
Calavo Growers, Inc.'s net income (loss) per share:				
Basic	$ (0.19)	$ 0.93	$ (0.24)	$ 1.19
Diluted	$ (0.19)	$ 0.93	$ (0.24)	$ 1.18
Number of shares used in per share computation:				
Basic	17,550	17,530	17,543	17,514
Diluted	17,550	17,609	17,543	17,582

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)

	Six months ended April 30,	
	2020	2019
Cash Flows from Operating Activities:		
Net income (loss)	$ (4,408)	$ 20,759
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation and amortization	7,646	6,770
Non-cash operating lease expense	104	—
Provision for losses on accounts receivable	—	83
Net loss from unconsolidated entities	5,205	9,435
Unrealized and realized net gain (loss) on Limoneira shares	9,343	3,146
Interest income on notes to FreshRealm	(1,489)	(980)
Stock-based compensation expense	2,717	1,826
Gain on sale of Temecula packinghouse	(108)	(1,927)
Loss on disposal of property, plant, and equipment	230	—
Effect on cash of changes in operating assets and liabilities:		
Accounts receivable, net	(10,388)	(17,332)
Inventories, net	(9,327)	(14,572)
Prepaid expenses and other current assets	(1,755)	(367)
Advances to suppliers	7,329	1,419
Income taxes receivable/payable	(5,985)	3,942
Other assets	2,844	(3,657)
Payable to growers	14,574	11,631
Deferred rent	—	547
Trade accounts payable, accrued expenses and other long-term liabilities	(19,554)	5,880
Net cash provided by (used in) operating activities	(3,022)	26,603
Cash Flows from Investing Activities:		
Acquisitions of and deposits on property, plant, and equipment	(5,937)	(7,467)
Acquisition of SFFI, net of cash acquired of $623	(18,396)	—
Proceeds received for repayment of San Rafael note	—	225
Proceeds received from Limoneira stock sales	—	1,154
Proceeds from sale of Temecula packinghouse	—	7,100
Investment in FreshRealm	(1,477)	—
Notes receivables advanced to FreshRealm	—	(14,700)
Net cash used in investing activities	(25,810)	(13,688)
Cash Flows from Financing Activities:		
Payment of dividend to shareholders	(19,354)	(17,568)
Proceeds from revolving credit facility	126,000	140,500
Payments on revolving credit facility	(81,000)	(129,000)
Payments of minimum withholding taxes on net share settlement of equity awards	(1,179)	(1,008)
Payments on long-term obligations and finance leases	(410)	(83)
Proceeds from stock option exercises	86	85
Net cash provided by (used in) financing activities	24,143	(7,074)
Net increase (decrease) in cash and cash equivalents	(4,689)	5,841
Cash and cash equivalents, beginning of period	7,973	1,520
Cash and cash equivalents, end of period	$ 3,284	$ 7,361
Noncash Investing and Financing Activities:		
Right of use assets obtained in exchange for new financing lease obligations	$ 390	$ —
Notes receivable from FreshRealm converted to investment in FreshRealm	$ 2,761	$ —
Capital lease related to Temecula packinghouse	$ —	$ 3,306
Property, plant, and equipment included in trade accounts payable and accrued expenses	$ 1,056	$ 598

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

CALAVO GROWERS, INC.
CONSOLIDATED CONDENSED STATEMENTS OF SHAREHOLDERS' EQUITY
(in thousands)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Income	Retained Earnings	Noncontrolling Interest	Total
Balance, October 31, 2018	17,567	18	157,928	12,141	93,124	1,748	264,959
Exercise of stock options and income tax benefit	2	—	47	—	—	—	47
Stock compensation expense	—	—	966	—	—	—	966
Restricted stock issued	29	—	—	—	—	—	—
Unrealized gains on Limoneira investment reclassed to retained earnings	—	—	—	(12,141)	12,141	—	—
Avocados de Jalisco noncontrolling interest contribution	—	—	—	—	—	(6)	(6)
Net income attributable to Calavo Growers, Inc.	—	—	—	—	4,487	—	4,487
Balance, January 31, 2019	17,598	18	158,941	—	109,752	1,742	270,453
Exercise of stock options and income tax benefit	2	—	37	—	—	—	37
Stock compensation expense	—	—	860	—	—	—	860
Avocados de Jalisco noncontrolling interest contribution	—	—	—	—	—	(67)	(67)
Net income attributable to Calavo Growers, Inc.	—	—	—	—	16,345	—	16,345
Balance, April 30, 2019	17,600	18	159,838	—	126,097	1,675	287,628

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Other Comprehensive Income	Retained Earnings	Noncontrolling Interest	Total
Balance, October 31, 2019	17,595	18	161,606	—	122,557	1,688	285,869
Cumulative effect adjustment on ASC 842 related to leases	—	—	—	—	1,165	—	1,165
Exercise of stock options and income tax benefit	2	—	47	—	—	—	47
Stock compensation expense	—	—	931	—	—	—	931
Restricted stock issued	17	—	—	—	—	—	—
Avocados de Jalisco noncontrolling interest contribution	—	—	—	—	—	(63)	(63)
Net loss attributable to Calavo Growers, Inc.	—	—	—	—	(938)	—	(938)
Balance, January 31, 2020	17,614	18	162,584	—	122,784	1,625	287,011
Exercise of stock options and income tax benefit	2	—	39	—	—	—	39
Stock compensation expense	—	—	667	—	—	—	667
Restricted stock issued	23	—	1,119	—	—	—	1,119
Payments of minimum withholding taxes on net share settlement of equity awards	—	—	(1,179)	—	—	—	(1,179)
Avocados de Jalisco noncontrolling interest contribution	—	—	—	—	—	(129)	(129)
Net loss attributable to Calavo Growers, Inc.	—	—	—	—	(3,278)	—	(3,278)
Balance, April 30, 2020	17,639	18	163,230	—	119,506	1,496	284,250

See accompanying notes to consolidated 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 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, 2019.

Recently Adopted Accounting Pronouncements

In June 2018, the FASB issued an ASU, *Improvements to Nonemployee Share-Based Payment Accounting*. The FASB is issuing 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 was effective for us beginning the first day of our 2020 fiscal year. The adoption of the amendment did not have an impact on the Company's consolidated 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 was effective for us beginning the first day of our 2020 fiscal year. The adoption of the amendment did not have an impact on the Company's consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases, and has subsequently issued several supplemental and/or clarifying ASU's (collectively, "Topic 842"), which requires a dual approach for lease accounting under which a lessee would account for leases as finance leases or operating leases. Both finance leases and operating leases 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 lease expense on a straight-line basis. See Note 14.

Recently Issued Accounting Standards

In October 2018, the FASB issued ASU 2018-17, *Targeted Improvements to Related Party Guidance for Variable Interest Entities*. This ASU provides that indirect interests held through related parties in common control arrangements should be considered on a proportional basis for determining whether fees paid to decision makers and service providers are variable interests. The new guidance is effective for fiscal years beginning after December 15, 2019. This ASU will be effective for us beginning the first day of our 2021 fiscal year. We are evaluating the impact of the 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 September 2018, the FASB issued an ASU, *Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40), Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract.* This ASU requires implementation costs incurred by customers in cloud computing arrangements (i.e., hosting arrangements) to be capitalized under the same premises of authoritative guidance for internal-use software and deferred over the non-cancellable term of the cloud computing arrangements plus any option renewal periods that are reasonably certain to be exercised by the customer or for which the exercise is controlled by the service provider. This ASU will be effective for us beginning the first day of our 2021 fiscal year. We are evaluating the impact of the 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 June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Measurement of Credit Losses on Financial Instruments, and subsequent amendments to the guidance*, ASU 2018-19 in November 2018 and ASU 2019-05 in May 2019 including codification improvements to Topic 326 in ASU 2019-04. The standard significantly changes how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The standard will replace today's "incurred loss" approach with an "expected loss" model for instruments measured at amortized cost. For available-for-sale debt securities, entities will be required to record allowances rather than reduce the carrying amount, as they do today under the other-than-temporary impairment model. It also simplifies the accounting model for purchased credit-impaired debt securities and loans. The amendment will affect loans, debt securities, trade receivables, net investments in leases, off balance sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash. ASU 2018-19 clarifies that receivables arising from operating leases are accounted for using lease guidance and not as financial instruments. ASU 2019-05 provides entities that have certain instruments with an option to irrevocably elect the fair value option. The amendments should be applied on either a prospective transition or modified-retrospective approach depending on the subtopic. This ASU will be effective for us beginning the first day of our 2021 fiscal year. Early adoption is permitted. We are evaluating the impact of the 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.

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 operations that involve the distribution of avocados and other fresh produce products. The Calavo Foods segment represents operations related to the purchase, manufacturing, and distribution of prepared avocado products, including guacamole, and salsa. The RFG

segment represents operations related to the manufacturing and distribution of fresh-cut fruit, fresh-cut 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 April 30, 2020				Three months ended April 30, 2019			
	Fresh products	Calavo Foods	RFG	Total	Fresh products	Calavo Foods	RFG	Total
Avocados	$ 149,865	$ —	$ —	$ 149,865	$ 134,892	$ —	$ —	$ 134,892
Tomatoes	19,331	—	—	19,331	14,515	—	—	14,515
Papayas	2,363	—	—	2,363	1,809	—	—	1,809
Other fresh products	112	—	—	112	108	—	—	108
Prepared avocado products	—	19,118	—	19,118	—	23,631	—	23,631
Salsa	—	609	—	609	—	669	—	669
Fresh-cut fruit & veg. and prepared foods	—	—	94,186	94,186	—	—	114,641	114,641
Total gross sales	171,671	19,727	94,186	285,584	151,324	24,300	114,641	290,265
Less sales incentives	(803)	(1,874)	(657)	(3,334)	(112)	(2,259)	(649)	(3,020)
Less inter-company eliminations	(234)	(850)	—	(1,084)	(277)	(732)	—	(1,009)
Net sales	$ 170,634	$ 17,003	$ 93,529	$ 281,166	$ 150,935	$ 21,309	$ 113,992	$ 286,236

	Six months ended April 30, 2020				Six months ended April 30, 2019			
	Fresh products	Calavo Foods	RFG	Total	Fresh products	Calavo Foods	RFG	Total
Avocados	$ 267,749	$ —	$ —	$ 267,749	$ 238,886	$ —	$ —	$ 238,886
Tomatoes	32,324	—	—	32,324	25,907	—	—	25,907
Papayas	5,007	—	—	5,007	4,748	—	—	4,748
Other fresh products	237	—	—	237	189	—	—	189
Prepared avocado products	—	40,919	—	40,919	—	47,883	—	47,883
Salsa	—	1,328	—	1,328	—	1,522	—	1,522
Fresh-cut fruit & veg. and prepared foods	—	—	215,653	215,653	—	—	234,182	234,182
Total gross sales	305,317	42,247	215,653	563,217	269,730	49,405	234,182	553,317
Less sales incentives	(1,259)	(3,910)	(1,190)	(6,359)	(1,069)	(4,293)	(1,126)	(6,488)
Less inter-company eliminations	(700)	(1,642)	—	(2,342)	(872)	(1,689)	—	(2,561)
Net sales	$ 303,358	$ 36,695	$ 214,463	$ 554,516	$ 267,789	$ 43,423	$ 233,056	$ 544,268

	Fresh products	Calavo Foods	RFG	Interco. Elimins.	Total
	(All amounts are presented in thousands)				
Three months ended April 30, 2020					
Net sales	$ 170,868	$ 17,853	$ 93,529	$ (1,084)	$ 281,166
Cost of sales	156,463	12,919	90,793	(1,084)	259,091
Gross profit	$ 14,405	$ 4,934	$ 2,736	$ —	$ 22,075
Three months ended April 30, 2019					
Net sales	$ 151,212	$ 22,041	$ 113,992	$ (1,009)	$ 286,236
Cost of sales	123,388	15,495	111,525	(1,009)	249,399
Gross profit	$ 27,824	$ 6,546	$ 2,467	$ —	$ 36,837
Six months ended April 30, 2020					
Net sales	$ 304,058	$ 38,337	$ 214,463	$ (2,342)	$ 554,516
Cost of sales	283,071	27,051	208,853	(2,342)	516,633
Net sales	$ 20,987	$ 11,286	$ 5,610	$ —	$ 37,883
Six months ended April 30, 2019					
Net sales	$ 268,661	$ 45,112	$ 233,056	$ (2,561)	$ 544,268
Cost of sales	219,979	31,823	227,353	(2,561)	476,594
Gross profit	$ 48,682	$ 13,289	$ 5,703	$ —	$ 67,674

For the three months ended April 30, 2020 and 2019, intercompany sales and cost of sales of $0.2 million and $0.4 million between Fresh products and RFG were eliminated. For the six months ended April 30, 2020 and 2019, intercompany sales and cost of sales of $0.7 million and $0.9 million between Fresh products and RFG were eliminated. For the three months ended April 30, 2020 and 2019, intercompany sales and cost of sales of $0.8 million and $0.7 million between Calavo Foods and RFG were eliminated. For the six months ended April 30, 2020 and 2019, intercompany sales and cost of sales of $1.6 million and $1.7 million between Calavo Foods and RFG were eliminated.

Sales to customers outside the U.S. were approximately $5.8 million, and $10.1 million for the three months ended April 30, 2020 and 2019. Sales to customers outside the U.S. were approximately $15.4 million, and $19.2 million for the six months ended April 30, 2020 and 2019.

Our foreign operations in Mexico are subject to exchange rate fluctuations and foreign currency transaction costs. The functional currency of our foreign subsidiaries in Mexico is the United States dollar (U.S. dollar). As a result, monetary assets and liabilities are translated into U.S. dollars at exchange rates as of the balance sheet date and non-monetary assets, liabilities and equity are translated at historical rates. Sales and expenses are translated using a weighted-average exchange rate for the period. Gains and losses resulting from those remeasurements and foreign currency transactions are recognized within cost of sales. Due to the extraordinary foreign exchange market volatility of the Mexican peso caused primarily by the COVID-19 pandemic, we recognized significant foreign currency remeasurement losses in the current quarter. These losses were due primarily to certain significant long-term net peso receivables for which hedging is not economically feasible. The Mexican peso weakened significantly compared to the U.S. dollar from 18.91 (MX peso to U.S. dollar) at January 31, 2020 to 23.93 (MX peso to U.S. dollar) at April 30, 2020. Foreign currency remeasurement losses, net of gains, for the three months ended April 30, 2020 and 2019 were $3.4 million and $0.2 million. For the six months ended April 30, 2020, foreign currency remeasurement losses, net of gains were $3.3 million. For the six months ended April 30, 2019, foreign currency remeasurement gains, net of losses was insignificant.

Long-lived assets attributed to geographic areas as of April 30, 2020 and October 31, 2019, are as follows (in thousands):

	United States	Mexico	Consolidated
April 30, 2020	$ 100,247	$ 31,167	$ 131,414
October 31, 2019	$ 98,224	$ 33,874	$ 132,098

3. Inventories

Inventories consist of the following (in thousands):

	April 30, 2020	October 31, 2019
Fresh fruit	$ 19,419	$ 15,874
Packing supplies and ingredients	11,366	11,370
Finished prepared foods	16,123	9,645
	$ 46,908	$ 36,889

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. Inventory includes reserves of $0.3 million in slow moving and obsolete packing supply inventory as of April 30, 2020 and October 31, 2019. No additional inventory reserve was considered necessary as of April 30, 2020 and October 31, 2019.

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 April 30, 2020 and 2019, the aggregate amount of avocados procured from entities owned or controlled by members of our Board of Directors was $5.9 million and $2.1 million. For the six months ended April 30, 2020 and 2019, the aggregate amount of avocados procured from entities owned or controlled by members of our Board of Directors was $6.1 million and $2.1 million. Amounts payable to these Board members were $2.1 million as of April 30, 2020. We did not have any amounts payable to these Board members as of October 31, 2019.

During the three and six months ended April 30, 2020 and 2019, 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 rent expense to Limoneira totaling $0.1 million for the three months ended April 30, 2020 and 2019. We paid rent expense to Limoneira totaling $0.2 million for the six months ended April 30, 2020 and 2019. Harold Edwards, who is a member of our Board of Directors, is the Chief Executive Officer of Limoneira Company. As of April 30, 2020, we own less than 10% of Limoneira’s outstanding shares.

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 the three months ended April 30, 2020 and 2019, Calavo Growers, Inc. paid fees totaling $0.1 million to TroyGould PC. During the six months ended April 30, 2020 and 2019, Calavo Growers, Inc. paid fees totaling $0.2 million to TroyGould PC.

As of April 30, 2020, and October 31, 2019, we had an investment of $5.2 million and $4.9 million, representing Calavo Sub’s 50% ownership in Agricola Don Memo, S.A. de C.V. (“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 April 30, 2020 and October 31, 2019, we had outstanding advances of $3.3 million and $3.7 million to Don Memo. During the three months ended April 30, 2020 and 2019, we recorded $0.6 million and $0.2 million of cost of sales to Don Memo pursuant to our

consignment agreement. During the six months ended April 30, 2020 and 2019, we recorded $4.6 million and $5.9 million of cost of sales to Don Memo pursuant to our consignment agreement.

We make advances to Agricola Belher ("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 $4.5 million as of April 30, 2020 and October 31, 2019, which are netted against the grower payable. In addition, we had infrastructure advances due from Belher of $2.6 million as of April 30, 2020 and October 31, 2019. $0.8 million of these infrastructure advances were recorded as a receivable in prepaid and other current assets. The remaining $1.8 million of these infrastructure advances were recorded in other assets. During the three months ended April 30, 2020 and 2019, we recorded $15.7 million and $12.4 million of cost of sales to Belher pursuant to our consignment agreement. During the six months ended April 30, 2020 and 2019, we recorded $19.6 million and $17.6 million of cost of sales to Belher pursuant to our consignment agreement.

In August 2015, we entered into Shareholder's Agreement with various Mexican 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 April 30, 2020, 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. During the three months ended April 30, 2020 and 2019, we purchased approximately $1.5 million and $1.0 million of avocados from the partners of Avocados de Jalisco. During the six months ended April 30, 2020 and 2019, we purchased approximately $1.9 million and $2.0 million of avocados from the partners of Avocados de Jalisco.

As of April 30, 2020, and October 31, 2019, we have an equity investment of $4.6 million and $5.8 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) from unconsolidated entities" in our Consolidated Condensed Statement of Income. See Note 12 for additional information. As of April 30, 2020, our ownership percentage in FreshRealm was approximately 37%.

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 to FreshRealm, subject to certain terms and conditions. Pursuant to the NMUPA, we entered into a $12 million Senior Promissory Note and corresponding Security Agreement 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 the second quarter of fiscal 2019, we amended the note related to this loan, 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.

During our first quarter of fiscal 2019, we loaned FreshRealm $7.5 million in unsecured notes receivable. During our second quarter of fiscal 2019, we loaned an additional $4.2 million on an unsecured basis to FreshRealm under similar terms. During our third quarter of fiscal 2019, we loaned an additional $5.4 million on an unsecured basis to FreshRealm under similar terms. During our fourth quarter of fiscal 2019, we loaned an additional $3.7 million to FreshRealm. At such time, we entered into an agreement with FreshRealm wherein all of the outstanding loan amount owed by FreshRealm to us would be secured by substantially all of the assets of FreshRealm.

As of November 25, 2019, we modified approximately $2.7 million of the outstanding secured loan to FreshRealm and applied it to unsecured debt as part of a convertible note round offered by FreshRealm to its existing equity holders. Such convertible note bears interest at the rate of 10% up to the time of conversion. Such $2.7 million unsecured note, along with the related accrued interest amount, was converted into additional equity of FreshRealm as of February 3, 2020. As a result of the convertible note round offered by FreshRealm our ownership percentage in FreshRealm (upon conversion on February 3, 2020) decreased to approximately 37%.

On April 1, 2020, we entered into another Unit Purchase and Subscription Agreement with FreshRealm, where FreshRealm raised $4.0 million of additional equity from existing members. As part of that round, we invested $0.5

million in cash and additionally converted the $1.0 million short-term advanced in February 2020 into equity. Our ownership percentage in FreshRealm remained unchanged at 37%.

As of April 30, 2020, and October 31, 2019, we have $34.0 million and $35.2 million in note receivables (including interest) from FreshRealm.

On April 1, 2020, in connection with the $4.0 million capital raise previously mentioned, we entered into the 10th amendment to the FreshRealm promissory note which adjusted the interest rate on the notes receivable from 10% to 3% effective April 1, 2020. This interest rate reduction was meant to serve as inducement for other investors to participate in FreshRealm's on-going capital raise and was contingent on FreshRealm completing that equity round. They successfully raised the full $4 million equity round by the May 15, 2020 deadline. The entire principal balance of these notes shall be due and payable in full on April 1, 2022. If FreshRealm fails to make monthly interest payments beginning October 31, 2020, then the maturity date shall be reverted to November 1, 2020. Calavo has the option for up to two additional and separate one-year extensions of April 1, 2023 and April 1, 2024. At April 30, 2020 and October 31, 2019 we have a receivable of $3.9 million and $2.4 million related to accrued interest that we have recorded with note receivables from FreshRealm on the balance sheet.

Three officers and five members of our board of directors have investments in FreshRealm as of April 30, 2020. In addition, as of April 30, 2020 and October 31, 2019, we have a loan to FreshRealm members of approximately $0.2 million. In October and December 2017, our former 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 October 2019, our former Chairman and Chief Executive Officer invested $0.5 million in FreshRealm. In October 2019, one of our non-executive directors invested $0.2 million into FreshRealm. In April 2020, our former Chairman and Chief Executive Officer invested $0.4 million in FreshRealm, and two other members of the board of directors invested an additional $0.1 million.

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 select Value-Added Depots and RFG facilities. We have received $0.1 million and $0.1 million in storage services revenue from FreshRealm in the three months ended April 30, 2020 and 2019. We have received $0.3 million and $0.2 million in storage services revenue from FreshRealm in the six months ended April 30, 2020 and 2019. For the three months ended April 30, 2020 and 2019, RFG has sold $0.1 million and $0.3 million of products to FreshRealm. For the six months ended April 30, 2020 and 2019, RFG has sold $0.3 million and $1.9 million of products to FreshRealm.

The previous owners of RFG, one of which is currently the CEO of Calavo, have a majority ownership of certain entities that historically provided various services to RFG, specifically LIG Partners, LLC and THNC, LLC who leased property to certain RFG operating entities. In the first quarter of fiscal 2020, these facilities were sold to an unaffiliated third party and our lease has transferred to those new owners. See the following tables for the related party activity for fiscal years 2020 and 2019:

	Three months ended April 30,	
(in thousands)	**2020**	**2019**
Rent paid to LIG	$ 80	$ 122
Rent paid to THNC, LLC	$ 132	$ 198

	Six months ended April 30,	
(in thousands)	**2020**	**2019**
Rent paid to LIG	$ 80	$ 261
Rent paid to THNC, LLC	$ 132	$ 397

5. Other assets

Other assets consist of the following (in thousands):

	April 30, 2020	October 31, 2019
Mexican IVA (i.e. value-added) taxes receivable (see note 11)	$ 24,720	$ 27,592
Infrastructure advance to Agricola Belher	1,800	1,800
Intangibles, net (see note 15)	11,090	435
Other	1,620	1,514
	$ 39,230	$ 31,341

Intangible assets consist of the following (in thousands):

		April 30, 2020			October 31, 2019		
	Weighted-Average Useful Life	Gross Carrying Value	Accum. Amortization	Net Book Value	Gross Carrying Value	Accum. Amortization	Net Book Value
Customer list/relationships	7 years	$ 17,340	$ (7,929)	$ 9,411	$ 7,640	$ (7,640)	$ —
Trade names	10 years	4,060	(2,784)	1,276	2,760	(2,760)	—
Trade secrets/recipes	9.3 years	630	(502)	128	630	(470)	160
Brand name intangibles	indefinite	275	—	275	275	—	275
Intangibles, net		$ 22,305	$ (11,215)	$ 11,090	$ 11,305	$ (10,870)	$ 435

We anticipate recording amortization expense of $0.8 million for the remainder of fiscal 2020, $1.6 million for fiscal year 2021, $1.6 million for fiscal year 2022, $1.5 million for fiscal year 2023, and $5.4 million thereafter.

On February 14, 2020, we completed the acquisition of SFFI. As part of this acquisition, $9.7 million has been assigned to customer relationships with a life of 7 years and $1.3 million has been assigned to trade names with a life of 10 years. Amortization recorded in fiscal 2020 related to this acquisition was $0.3 million.

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

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 April 22, 2020, three of our former officers were granted a total 18,324 unrestricted shares, as part of their past services. The closing price of our stock on such date was $61.09. These shares were granted pursuant to our 2011 Plan. The total recognized stock-based compensation expense for these grants was $1.1 million for the three and six months ended April 30, 2020.

On January 2, 2020, all 12 of our non-employee directors were granted 1,500 restricted shares, as part of their annual compensation, each (total of 18,000 shares). These shares have full voting rights and participate in dividends as if unrestricted. The closing price of our stock on such date was $87.21. On January 2, 2021, 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 $0.4 million for the three months ended April 30, 2020. The total recognized stock-based compensation expense for these grants was $0.5 million for the six months ended April 30, 2020.

On December 18, 2019, our executive officers were granted a total of 31,158 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 $87.63. These shares vest in one-third increments, on an annual basis, beginning December 18, 2020. 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 April 30, 2020. The total recognized stock-based compensation expense for these grants was $0.3 million for the six months ended April 30, 2020.

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, 2019	69	$ 71.74	
Vested	(51)	$ 70.48	
Forfeited	(14)	$ 84.54	
Granted	49	$ 87.48	
Outstanding at April 30, 2020	53	$ 86.02	$ 3,086

The total recognized stock-based compensation expense for restricted stock was $1.8 million and $0.9 million for the three months ended April 30, 2020 and 2019. The total recognized stock-based compensation expense for restricted stock was $2.7 million and $1.8 million for the six months ended April 30, 2020 and 2019. Total unrecognized stock-based compensation expense totaled $3.4 million as of April 30, 2020 and will be amortized through fiscal year 2023.

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, 2019	2	$ 19.20	
Exercised	(2)	$ 19.20	
Outstanding at April 30, 2020	—	$ —	$ —
Exercisable at April 30, 2020	—	$ —	$ —

The total recognized and unrecognized stock-based compensation expense was insignificant for the three and six months ended April 30, 2020. The total recognized and unrecognized stock-based compensation expense was insignificant for the three and six months ended April 30, 2020.

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, 2019	18	$ 41.91	
Exercised	(2)	$ 23.48	
Outstanding at April 30, 2020	16	$ 44.21	$ 215
Exercisable at April 30, 2020	12	$ 45.59	$ 145

At April 30, 2020, outstanding and exercisable stock options had a weighted-average remaining contractual term of 3.6 years and 2.6 years. The total recognized and unrecognized stock-based compensation expense was insignificant for the three and six months ended April 30, 2020 and 2019.

7. Other events

Dividend payment

On December 6, 2019, we paid a $1.10 per share dividend in the aggregate amount of $19.4 million to shareholders of record on November 15, 2019.

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 (IVA). During the period from our fourth fiscal quarter of 2016 through our first fiscal quarter of 2019, we attempted to resolve our case with the MFM through working meetings attended by representatives of the MFM, CDM and PRODECON (Local Tax Ombudsman). However, we were unable to materially resolve our case with the MFM through the PRODECON process.

As a result, in April 2019, the MFM issued a final tax assessment to CDM (the "2011 Assessment") totaling approximately $2.2 billion Mexican pesos (approx. $91.9 million USD at April 30, 2020) related to Income Tax, Flat Rate Business Tax and Value Added Tax, corresponding to the fiscal year 2011 tax audit. We have consulted with an internationally recognized tax advisor and continue to believe this tax assessment is without merit. Therefore, we filed an administrative appeal challenging the MFM's 2011 assessment on June 12, 2019. 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 MFM 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. Furthermore, in August 2018, we received a favorable ruling from Mexico's Federal Tax Administration Service, Servicio de Administracion Tributaria's (the "SAT") central legal department in Mexico City on another tax matter (see footnote 11 regarding IVA refunds) indicating that they believe that our legal interpretation is accurate on a matter that is also central to the 2011 Assessment. We believe this recent ruling undermines the Assessment we received in April 2019. We believe we have the legal arguments and documentation to sustain the positions challenged by the MFM.

Additionally, we also received notice from the SAT, that CDM 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. During the period from our third fiscal quarter of 2017 through our third fiscal quarter of 2018, we attempted to resolve our case with the SAT through working meetings attended by representatives of the SAT, CDM and the PRODECON. However, we were unable to materially resolve our case with the SAT through the PRODECON process.

As a result, in July 2018, the SAT's local office in Uruapan issued to CDM a final tax assessment (the "2013 Assessment") totaling approximately $2.6 billion Mexican pesos (approx. $108.7 million USD at April 30, 2020) 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 that we owe an employee's profit-sharing liability, totaling approximately $118 million Mexican pesos (approx. $4.9 million USD at April 30, 2020).

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 that this tax assessment is without merit. In August 2018, we filed an administrative appeal on the 2013 Assessment. CDM has appealed our case to the SAT's central legal department in Mexico City. Furthermore, and as noted in the preceding paragraphs, 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 IVA 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 believe we have the legal arguments and documentation to sustain the positions challenged by the SAT.

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 April 30, 2020 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)]	$ 22,392	-	-	$ 22,392
Total assets at fair value	$ 22,392	-	-	$ 22,392

(1) The investment in Limoneira Company consists of marketable securities in the Limoneira Company common 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 April 30, 2020 and 2019, we recognized losses of $10.3 million and gains of $1.4 million on the consolidated condensed statement of income. For the six months ended April 30, 2020 and 2019, we recognized losses of $9.3 million and $3.1 million on the consolidated condensed statement of income.

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 April 30, 2020	2019
Noncontrolling interest, beginning	$ 1,625	$ 1,742
Net loss attributable to noncontrolling interest of Avocados de Jalisco	(129)	(67)
Noncontrolling interest, ending	$ 1,496	$ 1,675

Avocados de Jalisco noncontrolling interest	Six months ended April 30, 2020	2019
Noncontrolling interest, beginning	$ 1,688	$ 1,748
Net income attributable to noncontrolling interest of Avocados de Jalisco	(192)	(73)
Noncontrolling interest, ending	$ 1,496	$ 1,675

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 April 30, 2020	2019	Six months ended April 30, 2020	2019
Numerator:				
Net income (loss) attributable to Calavo Growers, Inc.	$ (3,278)	$ 16,345	$ (4,216)	$ 20,832
Denominator:				
Weighted average shares – Basic	17,550	17,530	17,543	17,514
Effect of dilutive securities – Restricted stock/options	—	79	—	68
Weighted average shares – Diluted	17,550	17,609	17,543	17,582
Net income (loss) per share attributable to Calavo Growers, Inc:				
Basic	$ (0.19)	$ 0.93	$ (0.24)	$ 1.19
Diluted	$ (0.19)	$ 0.93	$ (0.24)	$ 1.18

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 April 30, 2020, and October 31, 2019, CDM IVA receivables totaled $24.7 million (591.5 million Mexican pesos) and $27.6 million (529.6 million Mexican pesos). Historically, CDM received IVA refund payments from the Mexican tax authorities on a timely basis. Beginning in fiscal 2014 and continuing into fiscal 2020, 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 and/or administrative appeals.

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, 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 CDM's 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, in October 2018, CDM filed a substance-over-form annulment suit in the Federal Tax Court to recover its full refund for IVA over the subject period, which is currently pending resolution.

In spite of the favorable ruling from the SAT's central legal department in Mexico City, as discussed above, the local SAT office 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 regarding our IVA refunds related to January through December of 2013, 2014, and 2015, and January 2017. CDM has strong arguments and supporting documentation to sustain its declared tax structure for IVA and income tax purposes. With assistance of our internationally recognized tax advisory firm, as of April 30, 2020, CDM has filed (or has plans to file) administrative appeals for the IVA related to the preceding months. A response to these administrative appeals is currently pending resolution.

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. FreshRealm

A VIE refers to a legal business structure in which an investor has a controlling interest, 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 April 30, 2020 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, subsequent to the provision for income taxes for all periods presented.

We record the amount of our investment in FreshRealm, totaling $4.6 million at April 30, 2020, in "Investment in unconsolidated entities" on our Consolidated Condensed Balance Sheets and recognize losses in FreshRealm in "Income/(loss) from unconsolidated entities" on our Consolidated Condensed Statement of Income.

For the three months ended April 30, 2020 and 2019, FreshRealm incurred losses totaling $5.1 million and $7.4 million. For the six months ended April 30, 2020 and 2019, FreshRealm incurred losses totaling $14.4 million and $18.7 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 which totaled $2.7 million. As a result, we realized total losses of $6.9 million in our first fiscal quarter of 2019. During our first fiscal quarter of 2020, we recorded losses of approximately $3.5 million, reflecting our proportionate share of FreshRealm losses. During our three and six months ended April 30, 2020, we recorded losses of approximately $1.9 million and $5.4 million, reflecting our proportionate share of FreshRealm losses. 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 April 30, 2020, and October 31, 2019, we have note receivables from FreshRealm totaling $34.0 million and $35.2 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 notes to it, which totaled $4.6 million and $34.0 million, as of April 30, 2020. See Note 4 for more information. Our maximum exposure to loss could increase in the future if FreshRealm receives additional financing (i.e. equity or debt) from Calavo. We are under no obligation to provide FreshRealm additional financing.

Unconsolidated Significant Subsidiary

As described in Note 4, we own approximately 37% of FreshRealm as of April 30, 2020 and October 31, 2019. 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.

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

Income Statement:

	Three months ended April 30,		Six months ended April 30,	
	2020	2019	2020	2019
Net sales	$ 5,754	$ 3,701	$ 13,709	$ 12,589
Gross loss	(507)	(1,480)	(1,759)	(4,371)
Selling, general and administrative	(3,875)	(4,525)	(8,214)	(10,528)
Other	(713)	(1,366)	(4,452)	(3,850)
Net loss	$ (5,095)	$ (7,371)	$ (14,425)	$ (18,749)

13. 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 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.

Principal vs. Agent Considerations

The Company frequently enters 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 that such revenues should be reported on a gross basis.

14. Leases

The impact of applying ASC 842 effective as of November 1, 2019, to the Company’s condensed consolidated statements of operations and cash flows was not significant. The major impacts to the balance sheet at the effective date were 1) the addition of $65.7 million in operating lease assets and $69.6 million of operating lease liabilities, 2) the removal of approximately $3.7 million and $1.2 million of deferred rent and other long-term obligations, respectively, and 3) a cumulative-effect adjustment for the adoption of ASC 842 of $1.2 million was recorded to retained earnings, which relates to the gain previously recognized in accordance with ASC 840 on its sale and operating leaseback of the Temecula facility.

ASC 842 made changes to sale-leaseback accounting to result in the recognition of the gain on the transaction at the time of the sale instead of recognizing over the leaseback period, when the transaction is deemed to be a sale instead of a financing arrangement. ASC 842 further changes the assessment of sale accounting from a transfer of risk and rewards assessment to a transfer of control assessment.

We utilized the modified retrospective adoption method. Therefore, the Consolidated Financial Statements for 2020 are presented under the new standard, while the comparative periods presented are not adjusted and continue to be reported in accordance with the Company's historical accounting policy.

The standard provides a number of optional practical expedients and policy elections in transition. We have elected to apply the package of practical expedients under which we will not reassess under the standard our prior conclusions about lease classification and initial direct costs. We have elected the short-term lease recognition exemption for all leases that qualify (under one year term), meaning we will recognize expense on a straight-line basis and will not include the recognition of a right-of-use asset or lease liability. We will account for lease and non-lease components as a single-lease component for all leases except building leases. Lease and non-lease components will be accounted for separately for building leases.

We lease property and equipment under finance and operating leases. For leases with terms greater than 12 months, we record the related asset and obligation at the present value of lease payments over the term. Many of our leases include rental escalation clauses, renewal options and/or termination options that are factored into our determination of lease payments when appropriate. As an accounting policy election, the Company will account for lease and non-lease components as a single-lease component for all leases except building leases. Lease and non-lease components will be accounted for separately for building leases.

Right-of-use assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Right-of-use assets and liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term. When available, we use the rate implicit in the lease to discount lease payments to present value; however, most of our leases do not provide a readily determinable implicit rate. Therefore, we must estimate our incremental borrowing rate to discount the lease payments based on information available at lease commencement.

We lease certain property, plant and equipment, including office facilities, under operating leases. The lease term consists of the noncancellable period of the lease and the periods covered by options to extend or terminate the lease when it is reasonably certain that the Company will exercise such options. The Company's lease agreements do not contain any residual value guarantees.

Lease Position

The following table presents the lease-related assets and liabilities recorded on the balance sheet as of April 30, 2020 (in thousands):

		April 30, 2020
Assets		
Current assets:		
Operating lease assets	Operating lease right-of-use assets	$ 63,678
Finance lease assets	Property, plant and equipment, net	5,900
		$ 69,578
Liabilities		
Current liabilities:		
Operating	Current portion of operating leases	$ 6,218
Finance	Current portion of long-term debt and finance leases	847
Long-term obligations		
Operating	Long-term operating leases, less current portion	61,443
Finance	Long-term debt and finance leases, less current portion	5,219
		$ 73,727

Weighted-average remaining lease term:	
Operating leases	10.4 years
Finance leases	9.0 years
Weighted-average discount rate:	
Operating leases	2.84 %
Finance leases	3.51 %

Lease Costs

The following table presents certain information related to the lease costs for finance and operating leases for the three and six months ended April 30, 2020 (in thousands):

	Three months ended April 30, 2020	Six months ended April 30, 2020
Amortization of financing lease assets	$ 251	$ 469
Operating lease cost	2,063	4,125
Short-term lease cost	1,022	1,649
Interest on financing lease liabilities	57	113
Total lease cost	$ 3,393	$ 6,356

Other Information

The following table presents supplemental cash flow information related to the leases for the three and six months ended April 30, 2020 (in thousands):

Cash paid for amounts included in the measurement of lease liabilities	Three months ended April 30, 2020	Six months ended April 30, 2020
Operating cash flows for operating leases	$ 2,019	$ 3,931
Financing cash flows for finance leases	212	410
Operating cash flows for finance leases	57	94

Undiscounted Cash Flows

The following table reconciles the undiscounted cash flows for each of the first five years and total remaining years to the finance lease liabilities and operating lease liabilities recorded on the balance sheet as of April 30, 2020 (in thousands):

	Operating Leases	Finance Leases
Remainder of 2020	$ 4,064	$ 478
2021	8,114	957
2022	8,000	948
2023	7,816	942
2024	7,448	666
Thereafter	43,317	3,246
Total lease payments	78,759	7,237
Less: imputed interest	11,098	1,171
Total lease liability	$ 67,661	$ 6,066

Prior to the adoption of ASC 842, as of October 31, 2019, we were committed to make minimum cash payments under these agreements, as follows (in thousands):

2020	$ 9,534
2021	9,007
2022	8,672
2023	8,603
2024	8,203
Thereafter	50,796
	$ 94,815

Total rent expense amounted to approximately $10.7 million for the year ended October 31, 2019.

Prior to the adoption of ASC 842, as of October 31, 2019, capital lease payments are scheduled as follows (in thousands):

	Total
Year ending October 31:	
2020	$ 907
2021	915
2022	908
2023	900
2024	548
Thereafter	3,162
Minimum lease payments	7,340
Less interest	(1,166)
Present value of future minimum lease payments	$ 6,174

Present value of future minimum lease payments as of October 31, 2019 consist of $5.4 million included in long-term obligations and finance leases and $0.8 million included in current portion of long-term obligations and finance leases.

15. Acquisition of Simply Fresh Fruit

On January 21, 2020, we announced that our Renaissance Food Group (RFG) subsidiary has signed a definitive agreement to acquire SFFI Company, Inc. doing business as Simply Fresh Fruit (SFFI). In February 2020, we completed our acquisition of SFFI. We paid $18.4 million in cash for 100% of SFFI (net of cash acquired). Founded in 1999 and based in Vernon, Calif., privately held SFFI is a processor and supplier of a broad line of fresh-cut fruit, principally serving the foodservice and hospitality markets. Its focus in those industries is anticipated to be highly complementary to the retail-grocery expertise of Calavo's RFG business segment and will be included in the RFG segment going forward.

The acquisition was accounted for as a business combination using the acquisition method of accounting. The preliminary allocation of the purchase price is based on management's analysis, including preliminary work performed by third party valuation specialists as of the acquisition date. We have determined the estimated fair values using Level 3 inputs after review and consideration of relevant information, including the projected cash flows, discount rates, customer attrition rates and other estimates made by management. The purchase price exceeded the estimated fair value of the net identifiable tangible and intangible assets acquired, and the excess was recognized as goodwill. We are in the process of completing the purchase price allocation and expect to have it finalized within the 12 month measurement period.

The following table summarizes the preliminary fair values of the assets acquired and liabilities assumed at the date of acquisition (in thousands):

At February 14, 2020

	2020
Current assets (including cash of $623)	$ 4,101
Property, plant, and equipment	1,413
Goodwill	9,815
Intangible assets	11,000
Total assets acquired	26,329
Current liabilities	(4,419)
Deferred taxes	(2,891)
Total liabilities acquired	(7,310)
Net assets acquired	$ 19,019

Of the $11.0 million of intangible assets, $9.7 million was assigned to customer relationships with a life of 7 years, and $1.3 million to trade names with a life of 10 years. We incurred $0.3 million in transaction costs related to the acquisition, which is included in selling, general and administrative expenses in our consolidated statements of operations for the three months ended April 30, 2020.

The financial effect of this acquisition was not material to our statement of operations, and we have not presented pro forma results of operations for the acquisition because it is not significant to our consolidated statements of operations.

Note 16. Credit Facility

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 2.5% and 3.8% at April 30, 2020 and October 31, 2019. Under these credit facilities, we had $45.0 million outstanding as April 30, 2020. There was nothing outstanding as of October 31, 2019.

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 financial covenants.

17. COVID-19 Pandemic Impact

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The COVID-19 pandemic has created challenging and unprecedented conditions for our business, and we are committed to taking action in support of a Company-wide response to the crisis. The COVID-19 pandemic has negatively impacted the global economy, disrupted global supply chains and created significant volatility and disruption of financial markets. We believe we are well positioned for the future as we continue to navigate the crisis and prepare for an eventual return to a more normal operating environment. We have successfully implemented contingency plans

overseen by our management teams in the U.S. and in Mexico to monitor the evolving needs of our businesses in those countries, as well as those related to our Peru partner in consignment avocado sales.

The COVID-19 pandemic began to have an adverse impact on our results of operations in the month of March, resulting in cancelled orders, altered customer buying patterns, delays in potential new business opportunities, losses on product unable to be sold, reductions in margins related to lower manufacturing throughput, and changes to integration plans for an acquired entity. The effects of the pandemic were more pronounced in the portions of our business servicing foodservice customers business and to a lesser extent certain segments of our retail business, including behind-the-glass deli and grab-and-go convenience items. While we have managed the pandemic well, with improving results in April and minimal disruption to our overall business thus far, the continuing impact of the pandemic on our future consolidated results of operations is uncertain.

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, 2019 of Calavo Growers, Inc. (we, Calavo, or the Company).

Recent Developments

COVID-19 Pandemic Impact

The COVID-19 pandemic has created challenging and unprecedented conditions for our business, and we are committed to taking action in support of a Company-wide response to the crisis. The COVID-19 pandemic has negatively impacted the global economy, disrupted global supply chains and created significant volatility and disruption of financial markets. We believe we are well positioned for the future as we continue to navigate the crisis and prepare for an eventual return to a more normal operating environment. We have successfully implemented contingency plans overseen by our management teams in the U.S. and in Mexico to monitor the evolving needs of our businesses in those countries, as well as those related to our Peru partner in consignment avocado sales.

The COVID-19 pandemic began to have an adverse impact on our results of operations in the month of March, resulting in cancelled orders, altered customer buying patterns, delays in potential new business opportunities, losses on product unable to be sold, reductions in margins related to lower manufacturing throughput, and changes to integration plans for an acquired entity. The effects of the pandemic were more pronounced in the portions of our business servicing foodservice customers business and to a lesser extent certain segments of our retail business, including behind-the-glass deli and grab-and-go convenience items. While we have managed the pandemic well, with improving results in April and minimal disruption to our overall business thus far, the continuing impact of the pandemic on our future consolidated results of operations is uncertain.

Organizational changes

On February 1, 2020, James Gibson became Chief Executive Officer, succeeding Lecil Cole, who retired on January 31, 2020. Mr. Gibson has served as President of Calavo’s RFG division since October 26, 2017 and previously served as Chief Operating Officer and a founding member of RFG since 2003.

On March 10, 2020, Joel Silva was promoted to Corporate Controller and Chief Accounting Officer, succeeding James Snyder, who resigned on March 6, 2020, to join a company in the financial services sector. Previously Mr. Silva was Division Controller for our Fresh and Foods divisions.

On May 11, 2020, Kevin Manion became Chief Financial Officer, succeeding John Lindeman, who resigned on March 11, 2020. Mr. Manion held financial leadership positions with companies including Century Snacks, Young’s Market Company, Bolthouse Farms, Hostess Brands, Nestle USA and Kraft General Foods.

On February 26, 2020, Lecil Cole retired as Chairman of the Board of Directors, although he remains a director of Calavo. On February 27, 2020, Mr. Link Leavens was appointed Chairman of the Board of Directors.

Dividend payment

On December 6, 2019, we paid a $1.10 per share dividend in the aggregate amount of $19.4 million to shareholders of record on November 15, 2019.

Litigation

From time to time, we are 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.

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 (IVA). During the period from our fourth fiscal quarter of 2016 through our first fiscal quarter of 2019, we attempted to resolve our case with the MFM through working meetings attended by representatives of the MFM, CDM and PRODECON (Local Tax Ombudsman). However, we were unable to materially resolve our case with the MFM through the PRODECON process.

As a result, in April 2019, the MFM issued a final tax assessment to CDM (the "2011 Assessment") totaling approximately $2.2 billion Mexican pesos (approx. $91.9 million USD at April 30, 2020) related to Income Tax, Flat Rate Business Tax and Value Added Tax, corresponding to the fiscal year 2011 tax audit. We have consulted with an internationally recognized tax advisor and continue to believe this tax assessment is without merit. Therefore, we filed an administrative appeal challenging the MFM's 2011 assessment on June 12, 2019. 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 MFM 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. Furthermore, in August 2018, we received a favorable ruling from Mexico's Federal Tax Administration Service, Servicio de Administracion Tributaria's (the "SAT") central legal department in Mexico City on another tax matter (see footnote 11 regarding IVA refunds) indicating that they believe that our legal interpretation is accurate on a matter that is also central to the 2011 Assessment. We believe this recent ruling undermines the Assessment we received in April 2019. We believe we have the legal arguments and documentation to sustain the positions challenged by the MFM.

Additionally, we also received notice from the SAT, that CDM 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. During the period from our third fiscal quarter of 2017 through our third fiscal quarter of 2018, we attempted to resolve our case with the SAT through working meetings attended by representatives of the SAT, CDM and the PRODECON. However, we were unable to materially resolve our case with the SAT through the PRODECON process.

As a result, in July 2018, the SAT's local office in Uruapan issued to CDM a final tax assessment (the "2013 Assessment") totaling approximately $2.6 billion Mexican pesos (approx. $108.7 million USD at April 30, 2020) 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 that we owe an employee's profit-sharing liability, totaling approximately $118 million Mexican pesos (approx. $4.9 million USD at April 30, 2020).

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 that this tax assessment is without merit. In August 2018, we filed an administrative appeal on the 2013 Assessment. CDM has appealed our case to the SAT's central legal department in Mexico City. Furthermore, and as noted in the preceding paragraphs, 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 IVA 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 believe we have the legal arguments and documentation to sustain the positions challenged by the SAT.

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.

Net Sales

The following table summarizes our net sales by business segment for each of the three and six months ended April 30, 2020 and 2019:

	Three months ended April 30,			Six months ended April 30,		
	2020	Change	2019	2020	Change	2019
Gross sales:						
Fresh products	$ 170,868	13 %	$ 151,212	$ 304,058	13 %	$ 268,661
Calavo Foods	17,853	(19)%	22,041	38,337	(15)%	45,112
RFG	93,529	(18)%	113,992	214,463	(8)%	233,056
Less intercompany eliminations	(1,084)	7 %	(1,009)	(2,342)	(9)%	(2,561)
Total net sales	$ 281,166	(2)%	$ 286,236	$ 554,516	2 %	$ 544,268
As a percentage of sales:						
Fresh products	60.5 %		52.6 %	54.6 %		49.1 %
Calavo Foods	6.3 %		7.7 %	6.9 %		8.2 %
RFG	33.1 %		39.7 %	38.5 %		42.6 %
	100.0 %		100.0 %	100.0 %		100.0 %

Summary

Net sales for the three months ended April 30, 2020, compared to the corresponding period in fiscal 2019, decreased by $5.1 million, or approximately 2%. The decrease in sales, when compared to the same corresponding prior year period, was primarily related to declines in the Calavo Foods and RFG segments, partially offset by an increase in Fresh products segment. Net sales for the six months ended April 30, 2020, compared to the corresponding period in fiscal 2019, increased by $10.3 million, or approximately 2%. This increase in sales was primarily related to gains in the Fresh products segment, partially offset by decreases in the Calavo Foods and RFG segments.

For the three and six months ended April 30, 2020, our Fresh products segment had our largest percentage increase in sales. The increase in Fresh products sales was due primarily to an increase in sales of avocados and tomatoes. The decrease in RFG sales was due primarily to decreased sales from fresh-cut fruit & vegetables and prepared foods products. The decrease in Calavo Foods was due primarily to a decrease in the sales of prepared avocado products. 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 raw materials sourced in any particular quarter. All intercompany sales are eliminated in our consolidated results of operations.

Fresh products

Second Quarter 2020 vs. Second Quarter 2019

Sales for the Fresh products business increased by approximately $19.7 million, or 13%, for the second quarter of fiscal 2020, when compared to the same period for fiscal 2019. This increase in Fresh product sales during the second quarter of fiscal 2020 was primarily related to increased sales of avocados and tomatoes.

Sales of avocados increased $14.3 million, or 11%, for the second quarter of 2020, when compared to the same prior year period. The average avocado sales price per carton increased 15% compared to the same prior year period. The volume of avocados sold declined 4% during the period, primarily driven by a 5% lower overall industry volume of avocados sold in the US. Additionally, lower avocado demand among foodservice customers related to COVID-19, particularly in the period immediately following the implementation of stay-at-home orders, impacted avocado sales during the quarter.

Sales of tomatoes increased $4.8 million, or 33%, for the second quarter of 2020, when compared to the same prior year period. This increase in tomato sales was primarily due to a 37% increase in the average sales price per carton compared to the same prior year period, partially offset by a decrease of 3% of the number of tomato cartons sold.

Six Months Ended 2020 vs. Six Months Ended 2019

Sales for the Fresh products business increased by approximately $35.4 million, or 13%, for the six months ended April 30, 2020, when compared to the same period for fiscal 2019. This increase in Fresh product sales during the six months ended April 30, 2020 was primarily related to increased sales of avocados and tomatoes.

Sales of avocados increased $28.7 million, or 12%, for the six months ended April 30, 2020, when compared to the same prior year period. The average avocado sales price per carton increased 7% compared to the same prior year period. In addition, the volume of avocados sold during the six months ended April 30, 2020 increased 5% compared to the prior year period.

Sales of tomatoes increased $6.4 million, or 25%, for the six months ended April 30, 2020, when compared to the same prior year period. This increase in tomato sales was primarily due to a 33% increase in the average sales price per carton compared to the same prior year period, partially offset by a decrease of 6% of the number of tomato cartons sold.

Calavo Foods

Second Quarter 2020 vs. Second Quarter 2019

Sales for Calavo Foods for the quarter ended April 30, 2020, when compared to the same period for fiscal 2019, decreased $4.2 million, or 19%. Sales of prepared avocado products decreased by approximately $4.1 million, or 19%, primarily related to a decrease in the total volume of pounds sold. Sales of prepared avocado products were impacted primarily by a decline in demand from foodservice customers related to COVID-19 during the quarter.

Six Months Ended 2020 vs. Six Months Ended 2019

Sales for Calavo Foods for the six months ended April 30, 2020, when compared to the same period for fiscal 2019, decreased $6.8 million, or 15%. Sales of prepared avocado products decreased by approximately $6.6 million, or 15%, primarily related to a decrease in the total volume of pounds sold.

RFG

Second Quarter 2020 vs. Second Quarter 2019

Sales for RFG for the quarter ended April 30, 2020, when compared to the same period for fiscal 2019, decreased $20.5 million, or 18%. The decrease was primarily due to lower sales out of the Midwest, relating to the closure of RFG's co-packing partner in that region. This was partially offset by additional sales in regions where RFG has added manufacturing capacity, most notably the Georgia facility which opened in April 2019, and from the Simply Fresh Fruit acquisition completed in February 2020. Additionally, changing consumer demand and buying patterns related to COVID-19 adversely impacted RFG's sales during the quarter.

Six Months Ended 2020 vs. Six Months Ended 2019

Sales for RFG for the six months ended April 30, 2020, when compared to the same period for fiscal 2019, decreased $18.6 million, or 8%. The decrease was primarily due to lower sales out of the Midwest, relating to the closure of RFG's co-packing partner in that region. This was partially offset by additional sales in regions where RFG has added manufacturing capacity, most notably the Georgia facility which opened in April 2019, and from the Simply Fresh Fruit acquisition completed in February 2020.

Gross Profit

The following table summarizes our gross profit and gross profit percentages by business segment for the three and six months ended April 30, 2020 and 2019:

	Three months ended April 30,			Six months ended April 30,		
	2020	Change	2019	2020	Change	2019
Gross Profit:						
Fresh products	$ 14,405	(48)%	$ 27,824	$ 20,987	(57)%	$ 48,682
Calavo Foods	4,934	(25)%	6,546	11,286	(15)%	13,289
RFG	2,736	11 %	2,467	5,610	(2)%	5,703
Total gross profit	$ 22,075	(40)%	$ 36,837	$ 37,883	(44)%	$ 67,674
Gross profit percentages:						
Fresh products	8.4 %		18.4 %	6.9 %		18.1 %
Calavo Foods	27.6 %		29.7 %	29.4 %		29.5 %
RFG	2.9 %		2.2 %	2.6 %		2.4 %
Consolidated	7.9 %		12.9 %	6.8 %		12.4 %

Summary

Our cost of goods sold consists predominantly of ingredient costs (fruit, vegetables and other food products), 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 decreased by approximately $14.8 million, or 40%, for the second quarter of fiscal 2020, when compared to the same period for fiscal 2019. Gross profit decreased by approximately $29.8 million, or 44%, for the six months ended April 30, 2020, when compared to the same period for fiscal 2019. The decrease was primarily attributable to gross profit decreases across the Fresh products and Calavo Foods segments.

Fresh products

During our three months ended April 30, 2020, as compared to the same prior year period, the decrease in our Fresh products segment gross profit percentage was the result of decreased profit for avocados. For the second quarter ended April 30, 2020, the gross profit percentage for avocados was 8.4% compared to 18.4% in the second quarter of 2019. This decrease was primarily related to our strong performance during favorable market conditions in last year's second quarter. In the current year quarter, we also experienced losses related to the COVID-19 crisis stemming from cancelled orders and returned shipments in late-March.

In addition, the strengthening of the U.S. Dollar in relation to the Mexican Peso during the quarter resulted in a $3.4 million loss related the remeasurement of peso dominated net assets at our Mexican subsidiaries. During the same period last year this remeasurement loss totaled only $0.2 million.

During our six months ended April 30, 2020, as compared to the same prior year period, the decrease in our Fresh products segment gross profit percentage was the result of decreased profit for avocados. For the six months ended April 30, 2020, the gross profit percentage for avocados was 6.9% compared to 18.1% in the same prior year period of fiscal

2019. This decrease was related to both the COVID-19 related impacts noted above during Q2 and the poor fruit quality issues described during our first quarter.

In addition, remeasurement losses related to the Mexican peso for our Mexican subsidiaries during the period totaled $3.3 million compared to de minimis losses during the year ago period.

Note that any additional 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

Calavo Foods' gross profit percentage for the quarter ended April 30, 2020 was 27.6%, compared to 29.7% in the same prior year period. The decrease in Calavo Foods gross profit percentage was due primarily to an increase in fruit input costs, partially offset by lower manufacturing costs relating to both the facility process improvements completed last year and the weaker Mexican Peso.

Calavo Foods' gross profit percentage for the six months ended April 30, 2020 was 29.4%, compared to 29.5% in the same prior year period. 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 April 30, 2020 was 2.9%, compared to 2.2% in the same prior year period. Gross profit and gross profit percentage generated by RFG's pre-existing manufacturing operations (facilities opened more than one year) both increased compared to the same prior year period driven by better raw material costs and improved labor efficiency, partially offset by weaker overhead absorption as a result of COVID-19 related volume declines. New production facilities generated fewer losses on both a year-over-year and sequential period basis compared to the first quarter of 2020. Sales and gross profit in one specific geographic region served by RFG were constrained during our second fiscal quarter as a result of the previously discussed closure of RFG's co-packer servicing that region.

RFG's gross profit percentage for the six months ended April 30, 2020 was 2.6%, compared to 2.4% in the same prior year period. Gross profit increases at company operated facilities, were partially offset by lower profits out of regions served by co-pack partners during the period.

Selling, General and Administrative

	Three months ended April 30,			Six months ended April 30,		
	2020	Change	2019	2020	Change	2019
	(Dollars in thousands)			(Dollars in thousands)		
Selling, general and administrative	$ 14,504	(7)%	$ 15,657	$ 30,802	3 %	$ 29,933
Percentage of net sales	5.2 %		5.5 %	5.6 %		5.5 %

Selling, general and administrative expenses of $14.5 million for the three months ended April 30, 2020 include costs of marketing and advertising, sales expenses (including broker commissions) and other general and administrative costs. Selling, general and administrative expenses decreased by $1.2 million, or 7%, for the three months ended April 30, 2020, when compared to the same period for fiscal 2019. This was primarily related to a decrease in the accrual for performance-based senior management bonuses ($1.8 million), and a reduction in real estate commission expense related to the sale of the Temecula packinghouse last year ($0.4 million). These impacts were offset by certain management transition expenses incurred during the quarter ($1.1 million), an increase in salary & benefit expense ($0.7 million) and an increase in accrued severance ($0.3 million).

Selling, general and administrative expenses of $30.8 million for the six months ended April 30, 2020 include costs of marketing and advertising, sales expenses (including broker commissions) and other general and administrative costs. Selling, general and administrative expenses increased by $0.9 million, or 3%, for the six months ended April 30, 2020,

when compared to the same period for fiscal 2019. This was primarily related to certain management transition expenses incurred during the quarter ($1.1 million), an increase in professional service fees ($0.6 million), an increase in salary & benefit expense ($0.5 million), and approximately $0.3 million in transaction fees related to the acquisition of Simply Fresh Fruit. Partially offsetting these increases, is a decrease in the accrual for performance-based senior management bonuses ($1.7 million).

Loss from unconsolidated entities

	Three months ended April 30,			Six months ended April 30,		
	2020	Change	2019	2019	Change	2018
	(Dollars in thousands)			(Dollars in thousands)		
Loss from unconsolidated entities	$ (2,177)	(31)%	$ (3,136)	$ (5,205)	(45)%	$ (9,434)

Losses from unconsolidated entities includes our allocation of earnings or losses from our investments in FreshRealm and Don Memo. For the three months ended April 30, 2020, we recognized $0.3 million of losses related to Don Memo compared to $0.5 million of losses in the three months ended April 30, 2019. For the six months ended April 30, 2020, we recognized $0.2 million of income related to Don Memo compared to $0.1 million of income in the six months ended April 30, 2019. For the three months ended April 30, 2020 and 2019, we recognized $1.9 million and $2.6 million of losses related to FreshRealm. For the six months ended April 30, 2020 and 2019, we recognized $5.4 million and $9.5 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 2020. As a result of FreshRealm's change in tax status on December 16, 2018, prior year results include a 100% allocation of FreshRealm losses prior to that date, with losses allocated to its owners based on ownership percentage thereafter. As has been the case since December 16, 2018, we expect that future operating results for FreshRealm will be allocated to its owners based on ownership percentage. As of April 30, 2020 our ownership was approximately 37%, and our total equity investment in and loan balance to FreshRealm were approximately $4.6 million, and $34.0 million, respectively. See Note 12 in our consolidated financial statements for more information.

Provision (benefit) for Income Taxes

	Three months ended April 30,			Six months ended April 30,		
	2020	Change	2019	2020	Change	2019
Provision (benefit) for income taxes	$ (1,208)	NA	$ 5,573	$ (1,858)	NA	$ 7,106
Effective tax rate	26.2 %		25.5 %	29.7 %		25.5 %

Our tax provision is determined using an estimated annual effective tax rate and adjusted for discrete taxable events that may occur during the quarter. For the six months ended April 30, 2020, we recorded a discrete income tax benefit of approximately $0.2 million, pursuant to ASU 2016-09, Improvements to Employee Share-based Payment Accounting. Our effective tax rate was higher for the six months ended April 30, 2020, as a result of discrete excess tax benefits on vesting share-based compensation in addition to the tax benefit associated with the year-to-date loss. 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.

Liquidity and Capital Resources

Cash used by operating activities was $3.0 million for the six months ended April 30, 2020, compared to cash provided by operating activities of $26.6 million for the similar period in fiscal 2019. Cash used by operating activities for the six months ended April 30, 2020 reflect primarily our net loss of $4.4 million, plus add-backs for non-cash activities (depreciation and amortization, stock-based compensation expense, deferred taxes, losses from unconsolidated entities, net losses on Limoneira shares, interest income on Notes to FreshRealm, loss on disposal of property, plant and equipment and gain on the sale of the Temecula packinghouse) of $23.6 million and a net decrease in the components of our working capital of approximately $22.3 million.

Decreases in operating cash flows, caused by working capital changes, includes a net decrease in accounts payable and accrued expenses of $19.6 million, an increase in accounts receivable of $10.4 million, an increase in inventory of $9.3 million, an increase in income taxes receivable/payable of $6.0 million, and an increase in prepaid expenses and other current assets of $1.8 million, partially offset by, an increase in payable to growers of $14.6 million, and a decrease in advances to suppliers of $7.3 million and an decrease in other assets of $2.8 million.

The decrease in accounts payable and accrued expenses is primarily related to a decrease in payables to RFG co-packers and a reduction in discretionary spending. The increase in our accounts receivable, as of April 30, 2020 when compared to October 31, 2019, primarily reflects higher sales recorded in the month of April 2020 (due to higher avocado volumes and pricing). The increase in inventory is related to increases in both the volume and value of avocados on hand at April 30, 2020 when compared to October 31, 2019, as well as an increase in the volume of prepared guacamole products held in inventory. The increase in payable to growers primarily reflects an increase in our avocado grower liability related to California avocado volumes and Mexican avocado costs. The decrease in advances to suppliers primarily reflects the re-payment of preseason advances as a result of increased tomato sales. The decrease in other assets is due to a decrease in long-term Mexican IVA tax receivables from remeasurement due to the weakening of the Mexican peso (see Note 11 to our consolidated condensed financial statements).

Cash used in investing activities was $25.8 million for the six months ended April 30, 2020, which primarily related to the purchase of SFFI for $18.4 million net of cash received, purchases of property, plant and equipment of $5.9 million and additional investments in FreshRealm of $1.5 million.

Cash provided by financing activities was $24.1 million for the six months ended April 30, 2020, which related principally to net proceeds on our credit facilities totaling $45.0 million, partially offset by, the payment of our $19.4 million dividend, the payment of minimum withholding taxes on net share settlement of equity awards of $1.2 million, and payments of $0.4 million on our long-term debt obligations.

Our principal sources of liquidity are our existing cash balances, cash generated from operations and amounts available for borrowing under our existing Credit Facility, and our investment in Limoneira shares. Cash and cash equivalents as of April 30, 2020 and October 31, 2019 totaled $3.3 million and $8.0 million. Our working capital at April 30, 2020 was $25.4 million, compared to $36.9 million at October 31, 2019.

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 pursue 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 2.5% and 3.8% at April 30, 2020 and October 31, 2019. Under these credit facilities, we had $45.0 million outstanding as April 30, 2020. There was nothing outstanding as of October 31, 2019.

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, 2019. For a summary of the contractual commitments at October 31, 2019, see Part II, Item 7, in our 2019 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 April 30, 2020.

(All amounts in thousands)	Expected maturity date April 30,							
	2021	2022	2023	2024	2025	Thereafter	Total	Fair Value
Assets								
Cash and cash equivalents (1)	$ 3,284	$ —	$ —	$ —	$ —	$ —	$ 3,284	$ 3,284
Accounts receivable (1)	76,261	—	—	—	—	—	76,261	76,261
Notes receivable from FreshRealm (2)	—	33,970	—	—	—	—	33,970	33,970
Liabilities								
Payable to growers (1)	$ 28,037	$ —	$ —	$ —	$ —	$ —	$ 28,037	$ 28,037
Accounts payable (1)	7,555	—	—	—	—	—	7,555	7,555
Current borrowings pursuant to credit facilities (1)	45,000	—	—	—	—	—	45,000	45,000

(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) On April 1, 2020, we entered into the 10th amendment to the FreshRealm promissory note which adjusted the interest rate on the notes receivable from 10% to 3% effective April 1, 2020. The entire principal balance of these notes shall be due and payable in full on April 1, 2022. If FreshRealm fails to make monthly interest payments beginning October 31, 2020, then the maturity date shall be reverted to November 1, 2020. Calavo has the option for up to two additional and separate one-year extensions of April 1, 2023 and April 1, 2024.

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 remeasurement losses for the three months ended April 30, 2020 and 2019, net of gains, was $3.4 million and $0.2 million. Total foreign currency remeasurement losses for the six months ended April 30, 2020, net of gains, was $3.3 million. Total foreign currency remeasurement gains for the six months ended April 30, 2019, net of losses, was insignificant.

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.

During the three months ended January 31, 2020, we implemented a new lease accounting system and process in response to the adoption of ASU No. 2016- 02, "Leases (Topic 842)". These implementations resulted in a material change in a component of our internal control over financial reporting. The operating effectiveness of these changes to our internal control over financial reporting will be evaluated as part of our annual assessment of the effectiveness of internal control over financial reporting for our 2020 fiscal year end.

During the second quarter of fiscal 2020, we appointed a new Corporate Controller and CFO. These appointments resulted in a material change in our disclosure controls and procedures, but we have determined that these controls and procedures remained effective for the three months ended April 30, 2020.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we are 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

The risk factors set forth below update the risk factors in our Annual Report on Form 10-K for the year ended October 31, 2019. In addition to the risk factors below, you should carefully consider the risk factors discussed in our most recent Form 10-K report, which could materially affect our business, financial position, results of operations and the trading price of our common stock. Further note, that the risks and uncertainties that we face are not limited to those set forth below and/or in the 2019 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.

The COVID-19 pandemic and resulting worldwide economic conditions are adversely affecting, and will likely continue to adversely affect, our business operations, financial condition, results of operations, and cash flows until such time as a vaccine and/or effective medical treatment is developed.

Manufacturing and Supply Chain Disruption—

We are experiencing operational challenges in the manufacturing of our products and the operation of the related supply chains supporting our ability to deliver our products to the consumer. These challenges include the implementation of health and safety measures to protect our employees, supplementing our workforce to compensate for employees disabled or temporarily unable to perform their duties, and temporary disruptions at certain of our manufacturing facilities. These conditions could lead to more prolonged disruptions and adverse financial impact in the future.
The mandated shelter in place and social distancing measures which are we are required to follow create challenges for the successful operation of our facilities. These same measures also impact the ability of our vendors, suppliers, logistics providers, distributors, and customers, to ultimately support the delivery of our products to consumers.

Uncertain Future Consumer Demand –

While we have not experienced a significant loss of demand for our products during this pandemic, continued economic deterioration in the markets in which our products are sold, including unemployment, reductions in disposable income, declining consumer confidence, and perception of our products as non-essential, could result in future declines in the demand for our products.

Costs to confront the Pandemic –

We have incurred, and may be required to continue to incur for an indeterminable period, increased costs related to overtime and sick pay, government mandated employee leave related to pandemic conditions, incremental pay for working under challenging conditions, temporary employees, temporary facility closures, sanitizing the work environment, and overall increased safety measures. Our operating results may be adversely affected if we fail to adequately manage these costs or if we experience significant unexpected costs in the future.

The ultimate impact of the COVID-19 pandemic on our operations and financial performance depends on many factors that are not within our control. If we are unable to successfully manage our business through the challenges and

uncertainty created by the COVID-19 pandemic, our business and operating results could be materially adversely affected.

If the COVID-19 pandemic results in a prolonged adverse impact on our operating results, our goodwill and other intangibles assets may be at risk of future impairment.

We have significant goodwill and intangibles balances recorded with respect to our RFG segment and the recently acquired Simply Fresh operations, which we periodically review for impairment. These assets are sensitive to any significant changes in related results of operations of the underlying businesses. The pandemic has had adverse effects on the RFG and Simply Fresh operations, although no impairment of the related goodwill and intangibles balances has occurred during the quarter ended April 30, 2020. However, we cannot predict the effects that any continued adverse conditions from the pandemic may have on the future impairment of these assets.

ITEM 6. EXHIBITS

10.1	Seventh Amended and Restated Limited Liability Agreement, dated February 27, 2019.
10.2	Sixth Amended and Restated Senior Promissory Note, dated as of September 18, 2019, between Calavo Growers, Inc. and FreshRealm, LLC.
10.3	Seventh Amendment to Senior Promissory Note, dated as of October 8, 2019, between Calavo Growers, Inc. and FreshRealm, LLC.
10.4	Eighth Amendment to Senior Promissory Note, dated as of November 25, 2019, between Calavo Growers, Inc. and FreshRealm, LLC.
10.5	Ninth Amendment to Senior Promissory Note, dated as of December 17, 2019, between Calavo Growers, Inc. and FreshRealm, LLC.
10.6	Tenth Amendment to Senior Promissory Note, dated as of April 1, 2020, between Calavo Growers, Inc. and FreshRealm, LLC.
10.7	Eleventh Amendment to Senior Promissory Note, dated as of April 17, 2020, between Calavo Growers, Inc. and FreshRealm, LLC.
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 April 30, 2020, formatted in Inline XBRL (Extensible Business Reporting Language): (1) Consolidated Condensed Balance Sheets as of April 30, 2020 and October 31, 2019; (2) Consolidated Condensed Statements of Income for the three and six months ended April 30, 2020 and 2019; (3) Consolidated Condensed Statements of Cash Flows for the three and six months ended April 30, 2020 and 2019; (4) Consolidated Statements of Shareholders Equity for the three and six months ended April 30, 2020 and 2019; and (5) Notes to Unaudited Condensed Consolidated Financial Statements.
104	Cover Page Interactive Data File (formatted as Inline XBRL).

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: June 9, 2020

By /s/ James Gibson
James Gibson
Chief Executive Officer
(Principal Executive Officer)

Date: June 9, 2020

By /s/ Kevin Manion
Kevin Manion
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 10.1

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.

TABLE OF CONTENTS

TABLE OF CONTENTS (cont.)

TABLE OF CONTENTS (cont.)

TABLE OF CONTENTS (cont.)

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,
(i) 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: /s/ Lecil E. Cole
Name : Lecil E. Cole
Title: Chief Executive Officer and President

/s/ Lecil E. Cole
Lecil E. Cole, Individually

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

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

IMPERMANENCE LLC

By: /s/ Michael R. Lippold
Name: Michael R. Lippold
Title: Managing Member

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

APPROVING MEMBERS

CALAVO GROWERS, INC.

By: /s/ Lecil E.C ole
Name
: Lecil E. Cole
Title: Chief Executive Officer and President

/s/ Lecil E. Cole
Lecil E. Cole, Individually

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

/s/ Kethleen Holmgren
Kathleen Holmgren, Individually and on behalf
of THE HOLMGREN FAMILTY TRUST OF 1996

IMPERMANENCE LLC

By: /s/ Michael R. Lippold
Name: Michael R. Lippold
Title: Managing Member

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

APPROVING MEMBERS

CALAVO GROWERS, INC.

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

/s/ Lecil E. Cole
Lecil E. Cole, Individually

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

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

IMPERMANENCE LLC

By: /s/ Michael R. Lippold
Name: Michael R. Lippold
Title: Managing Member

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

APPROVING MEMBERS

CALAVO GROWERS, INC.

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

/s/ Lecil E. Cole
Lecil E. Cole, Individually

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

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

IMPERMANENCE LLC

By: /s/ Michael R. Lippold
Name: Michael R. Lippold
Title: Managing Member

/s/ Peter S. Hajas
Peter S. Hajas, Individually

/s/ Michael R. Lippold
Michael R. Lippold, Individually

COMPANY

FRESHREALM, LLC

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

/s/ Peter S. Hajas
Peter S. Hajas, Individually

/s/ Michael R. Lippold
Michael R. Lippold, Individually

COMPANY

FRESHREALM, LLC

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

/s/ Peter S. Hajas
Peter S. Hajas, Individually

/s/ Michael R. Lippold
Michael R. Lippold, Individually

COMPANY

FRESHREALM, LLC

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

/s/ Steven Hollister
Steven Hollister, Individually and on behalf of
Rocking Spade, LLC, As Marketing Manager

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 10.2

SIXTH AMENDED AND RESTATED SENIOR PROMISSORY NOTE

$33,742,013.70 September 18, 2019

THIS SIXTH AMENDED AND RESTATED SENIOR PROMISSORY NOTE ("Note") is entered into and made effective as of September 18, 2019 ("Effective Date"), by and between CALAVO GROWERS, INC., a California corporation ("Lender"), located at 1141-A Cummings Road, Santa Paula, CA 93060, and FRESHREALM, LLC, a Delaware limited liability company ("Borrower"), located at 34 N Palm St Suite 100, Ventura, CA 93001.

RECITALS

WHEREAS, on August 10, 2018, Borrower and Lender previously entered into that certain Senior Promissory Note, as amended (collectively, the "Original Note") wherein Lender initially loaned to Borrower a total of Twelve Million Dollars ($12,000,000), and in connection with such loan, Lender received a first-priority security interest in all of the assets and collateral of Borrower pursuant to a Security Agreement by and between Lender and Borrower, dated August 10, 2018 ("Original Security Agreement"). Such Original Note has subsequently been amended five (5) times, and under the most recent amendment, dated as of September 11, 2019, Lender loaned to Borrower an additional Five Hundred Thousand Dollars ($500,000) (the "Third Tranche"), which increased the total principal due under the Original Note to Twelve Million Five Hundred Thousand Dollars ($12,500,000);

WHEREAS, subsequent to the Original Note and prior to the Effective Date, pursuant to a series of separate promissory notes ("Unsecured Notes"), the individual principal amounts and dates of which are listed on the attached Exhibit A, Borrower borrowed from Lender the total principal sum of Eighteen Million One Hundred Thousand Dollars ($18,100,000) (the "Unsecured Debt");

WHEREAS, collectively, the principal sum of the Original Note and the Unsecured Debt, plus total accrued interest thereon, as of the Effective Date, is in the total amount of Thirty-Two Million Six Hundred Forty-Two Thousand Thirteen Dollars and Seventy Cents ($32,642,013.70) (the "Outstanding Loan Amount"), and Borrower has requested from Lender an additional loan of One Million One Hundred Thousand Dollars ($1,100,000) (the "Additional Loan Amount");

WHEREAS, in addition to the Outstanding Loan Amount, Lender desires to loan Borrower the Additional Loan Amount only if Lender is granted a security interest in all of the assets of Borrower in connection with the Unsecured Debt and the Additional Loan Amount; and

WHEREAS, pursuant hereto, Borrower and Lender desire to amend and restate the Original Note collectively with its subsequent Five (5) amendments, to: (i) include and maintain the principal, interest and security loaned and provided in connection with the Original Note; (ii) evidence the prior Unsecured Debt and incorporate herein into one secured loan; and (iii) provide for the borrowing and loan of funds for the Additional Loan Amount under this Note in accordance with the terms and conditions hereof.

TERMS AND CONDITIONS

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual promises, covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

FOR VALUE RECEIVED, Borrower hereby unconditionally promises to pay to the order of Lender, the principal sum of Thirty-Three Million Seven Hundred Forty-Two Thousand Thirteen Dollars and

Seventy Cents ($33,742,013.70) ("Loan Amount") together with interest thereon as specified below, upon the terms and conditions set forth in this Note.

1. FUNDING AND LOAN AMOUNT.

Lender shall fund to Borrower the Additional Loan Amount of One Million One Hundred Thousand Dollars ($1,100,000) upon Lender's receipt of this fully executed Note and the accompanying Restated and Amended Security Agreement ("Security Agreement"), a copy of which is attached hereto as Exhibit B. The Additional Loan Amount shall be used by Borrower for its working capital requirements. Without the prior written consent of Lender, no other amounts or sums shall be advanced to Borrower by Lender under this Note other than the Additional Loan Amount. This Note does not extinguish the outstanding indebtedness evidenced by Original Note or the Unsecured Debt and is not intended to be a substitution or novation of the original indebtedness or instruments evidencing the Original Note, which shall continue in full force and effect, except as specifically amended and restated hereby. Additionally, this Note does not extinguish or modify Lender's security interest in the assets of Borrower pursuant to the Original Note and Original Security Agreement. Notwithstanding the foregoing, the terms and conditions of the Unsecured Notes related to the Unsecured Debt shall be cancelled and replaced in their entirety by the terms and conditions of this Note, and after the Effective Date, Lender shall promptly deliver such cancelled Unsecured Notes to Borrower. As of the Effective Date, Borrower's indebtedness as evidenced by this Note is the Loan Amount of Thirty-Three Million Seven Hundred Forty-Two Thousand Thirteen Dollars and Seventy Cents ($33,742,013.70), together with interest thereon as hereinafter provided. Borrower and Lender agree that the principal indebtedness of the Original Note is hereby amended, restated and replaced in its entirety with respect to the principal indebtedness evidenced by this Note with the Loan Amount.

2. PRIORITY, SECURITY, AND ADDITIONAL LOANS.

(a) Borrower confirms and agrees that it has previously granted a security interest to Lender in all of Borrower's assets, and any payments and obligations under this Note are secured by all of the assets of Borrower on a first-priority basis as further described in the Security Agreement between Lender and Borrower of even date herewith, and as evidenced by a UCC-1 filed with the applicable governmental authorities.

(b) Without the prior consent of Lender, and so long as there is no event of Default, as defined below, hereunder or under the Security Agreement or other documents signed by Borrower in connection with this Note, Borrower shall be permitted to take on additional reasonable unsecured debt on a basis that is subordinated to this Note that is not in excess of the sum of One Hundred Thousand Dollars ($100,000)("Unsecured Debt Limit") in the aggregate on an annual basis (otherwise, the prior written approval of Lender shall be required), issue additional investor and/or employee equity, manage its supply chain and customer cash flows in accordance with prudent standards, and otherwise operate its business in accordance with its limited liability company operating agreement, so long as such actions are reasonably expected to be serviced by Borrower's business operations and individually or in the aggregate are not reasonably expected to interfere with Borrower's ability to perform its obligations hereunder. The actions of Borrower permitted pursuant to this paragraph must be approved in advance by Borrower's board of directors.

(c) In the event Lender loans any additional amounts ("Additional Amounts") to Borrower in the future, which shall be in Lender's sole and absolute discretion, the terms and conditions of such loan or indebtedness shall be the same, substantially similar to, or more favorable to Lender than, the applicable terms and conditions of this Note, and for all such new or additional indebtedness, Lender shall be granted a security interest in the assets of Borrower pursuant to the Security Agreement.

(d) In addition to being a creditor of Borrower, Lender is also currently a limited liability company member and has an equity ownership interest in Borrower. As of the date hereof, the parties are contemplating,

in Lender's sole and absolute discretion, that Lender make an additional capital investment in Borrower (the "Capital Investment") for a to-be-determined amount along with other existing limited liability company members ("Members") in Borrower wherein Borrower will attempt to raise up to Seven Million Dollars ($7,000,000) from the Members, collectively, referred to herein as the "Capital Call Round". In the event Lender decides to make such Capital Investment in its discretion, the (i) Third Tranche amount of Five Hundred Thousand Dollars ($500,000); (ii) the Additional Loan Amount hereunder; (iii) or any other Additional Amounts loaned by Lender to Borrower in its discretion subsequent to the Effective Date; or (iv) any portion of any of the aforementioned three items (collectively, the "Eligible Funds"), at the option of Lender, may be applied and credited towards the total Capital Investment to be made by Lender, if any, in or to Borrower pursuant to the Capital Call Round. Some or all of such Eligible Funds, in the sole and absolute discretion of Lender, may be converted into additional equity ownership in Borrower and limited liability company Units (as defined in Borrower's Limited Liability Company Agreement) based on the determined price per Unit pursuant to the Capital Call Round, in which case, the principal amount due under the Loan Amount, if applicable, shall be reduced proportionately as a result of such conversion of debt into equity; however, regardless of whether or not the Eligible Funds are converted into equity Units of Borrower or remain as debt, Lender, in its sole and absolute discretion, may apply and credit the Eligible Funds already loaned to Borrower towards any amounts to be provided by Lender to Borrower pursuant to the Capital Call Round. For example purposes only and for clarification and avoidance of doubt, in the event Lender intended to make a Capital Investment in Borrower of Nine Hundred Thousand Dollars ($900,000) pursuant to the Capital Call Round, and Lender decided to apply and credit the Third Tranche amount to such Capital Investment, but the amount of the Third Tranche was to remain as debt pursuant to this Note and the Loan Amount, Lender would then only provide additional funds to Borrower of Four Hundred Thousand Dollars ($400,000) for the remaining portion under the Capital Investment, and under such example, Lender would receive Member Units representing equity interests in Borrower for only the Four Hundred Dollars ($400,000) and not the total Capital Investment amount of Nine Hundred Thousand Dollars ($900,000). In the event some or all of the Eligible Funds remain as a loan from Lender to Borrower, whether or not Lender decides to apply and credit such Eligible Funds to the Capital Investment under the Capital Call Round, Borrower shall continue to be obligated to Lender under the terms and conditions of this Note or under any other applicable debt instrument or evidence of indebtedness. For purposes of clarification and avoidance of doubt, under no circumstances shall Lender be obligated or required to make a Capital Investment or any other type of investment or commitment of funds to Borrower under the proposed Capital Call Round, and any such Capital Investment, other type of investment or commitment of funds by Lender to Borrower in connection with such proposed Capital Call Round or otherwise, shall be in Lender's sole and absolute discretion.

(e) Any default under any other loan undertaken by Borrower shall constitute a Default under this Note and allow Lender to take all actions and remedies permitted under this Note and under law and equity for such Default under this Note, including, without limitation, acceleration of the amount due hereunder.

(f) For purposes of clarification, as described in the Original Note under the Section entitled "Priority, Security, and Additional Loans", as a result of and pursuant to the terms hereof, Borrower shall no longer be permitted to incur additional indebtedness up to an aggregate of Two Million ($2,000,000) of additional debt that is senior to the Original Note; rather, with respect to Borrower incurring additional debt, Borrower shall be subject to the terms hereof and the Unsecured Debt Limit.

3. INTEREST.

Interest shall accrue on the principal balance of this Note beginning from the date of this Note first stated above until this Note is fully paid at the rate of ten percent (10%) per annum. Accrued, but unpaid interest, shall be due and payable on the Maturity Date (defined below). In the event of any failure to pay any installment of principal or interest under this Note when due, or after the occurrence of any other Default, as

defined below, until this Note is paid in accordance with its terms, interest shall continue to accrue on the principal balance of this Note.

4. PAYMENT OF PRINCIPAL; MATURITY DATE

(a) Except as otherwise provided in Section 4(b) below, the entire principal balance of this Note, including all interest thereon, shall be due and payable and paid in full on October 31, 2019 (the "Maturity Date") and no payments shall be due hereunder until the Maturity Date; provided, however, that at its sole and absolute discretion, Lender may elect in writing to extend the Maturity Date until a date specified in writing by Lender, but no later than November 1, 2020, with interest continuing to accrue at the rate described herein.

(b) As discussed herein, Borrower is contemplating pursuing a Capital Call Round where in addition to Lender making a potential Capital Investment in Borrower, whether as debt or equity, the other Members of Borrower may make a capital contribution to Borrower on the terms of the Capital Call Round in the sole discretion of the individual Members. The following Members in Borrower own a majority of the equity interests and Member Units in Borrower: Lender, Lee Cole, Ken Catchot, and Stephen Hollister (collectively, the "Majority Equity Holders"), and may also participate in such Capital Call Round in their respective and individual discretion. In the event the Borrower offers the Capital Call Round to the Members on terms to be determined in the future, the Majority Equity Holders, if they decide to do so in their sole and absolute discretion, will make their own individual capital contributions by October 23, 2019, and the remaining Members, if they decided to do so in their discretion, will make their own individual capital contributions by December 15, 2019. In the event all of the Majority Equity Holders make a capital contribution under the Capital Call Round in an amount equal to or greater than their respective limited liability company equity ownership percentages in Borrower with respect to the total amount of the Capital Call Round (such ownership percentages to be determined as of the date such Majority Equity Holders make their capital contributions), then the Maturity Date defined hereunder shall be extended to and become November 1, 2020.

5. PREPAYMENT.

Borrower may prepay this Note in full or in part, without premium or penalty, upon not less than ten (10) days' prior written notice to Lender. All payments received hereunder shall be applied first to any accrued but unpaid interest and the remainder to the unpaid principal balance. No prepayment permitted hereunder shall affect the obligation of Borrower to pay any amounts still owing as provided hereunder.

6. 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.

7. DEFAULT.

(a) Each of the following shall constitute an event of default (referred to herein as an "Event of Default" or "Default") under this Note by Borrower:

(i) Failure to make any payment of principal or interest when due under this Note or any breach by Borrower of any other covenant contained in this Note, which failure is not cured within five (5) business days after written notice thereof from Lender to Borrower;

(ii) Any breach by Borrower of any of the terms or provisions of this Note or the Security Agreement or any breach by Borrower of any of the representations, warranties or covenants contained in this Note or the Security Agreement;

(iii) Any default under the Security Agreement executed by Borrower in connection with this Note and any default under any additional promissory note, security agreement, or other loan agreement executed by Borrower in favor of Lender;

(iv) Any default under any other loan or note made by Borrower to any third party;

(v) The bankruptcy of Borrower or the filing of any bankruptcy petition by Borrower or the insolvency of Borrower or the making by Borrower of an assignment for the benefit of creditors or the admission by Borrower in writing of its inability to pay its debts generally as they become due, or the taking of action by Borrower in furtherance of any such action, provided, however, that in the case of an involuntary bankruptcy petition filed against Borrower, the same is not dismissed within thirty (30) calendar days; or the appointment of a receiver, custodian or trustee with respect to all or any part of Borrower's property or assets, where possession is not restored to Borrower within thirty (30) calendar days;

(vi) Borrower commences any proceeding for the reorganization, arrangement or readjustment of its debts in any jurisdiction; and

(vii) Commencement of the dissolution or liquidation of Borrower.

(b) 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 or the bankruptcy code of any state.

8. REMEDIES UPON DEFAULT

Upon the occurrence of any Default or Event of Default, without limitation and in addition to any other rights or remedies available to Lender under applicable law, this Note or otherwise: (i) the entire principal balance and all accrued interest shall, at the option of Lender, become due and payable upon demand; (ii) Borrower shall also pay all reasonable costs of collection incurred by Lender and/or any other reasonable costs incurred by Lender in connection with the enforcement of this Note, including, without limitation, reasonable attorneys' fees, whether or not suit is filed or legal proceedings are commenced; and (iii) Lender shall also be entitled to exercise its right and remedies under the Security Agreement upon the occurrence of any Default or Event of Default. Failure by Lender to enforce any remedy granted to it hereunder shall not excuse any Default under this Note.

9. ADDITIONAL COVENANTS.

(a) Without Lender’s prior written consent, Borrower shall not, and shall not permit any wholly-owned subsidiary of Borrower, to incur after the Effective Date any indebtedness or other obligation or grant any lien or security interest on any of its property, except, in each case, as specifically permitted under the terms of this Note and the following (each a “Permitted Item”):

(i) liens granted to Lender pursuant to the Original Security Agreement or to be granted pursuant to the Security Agreement referenced herein;

(ii) the Wells Fargo Liens (as defined below;

(iii) unsecured corporate credit cards issued to Borrower’s employees for travel, entertainment and corporate purchases, and in the aggregate, the credit balances of such cards not to exceed Twenty-Five Thousand Dollars ($25,000);

(iv) the letter of credit ("Letter of Credit") in the approximate amount of Three Hundred Thirty Nine Thousand Dollars ($339,000) in lieu of a real estate deposit currently issued to the landlord of Borrower's New Jersey plant secured by a restricted money market fund at Chase Bank, but such Letter of Credit shall not exceed the total amount of Three Hundred Fifty Thousand Dollars ($350,000) without the prior written consent of Lender; and

(v) unsecured debt associated with the financing of insurance premiums not to exceed in the aggregate One Hundred Twenty Thousand Dollars ($120,000); however, such debt financing shall not become secured debt in the assets of Borrower without the consent of Lender.

(b) In addition, Borrower shall not, without Lender's prior written consent, pay any dividend or other amount (excluding any mandatory payments related to tax obligations required under the limited liability company operating agreement of Borrower, if applicable) 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.

(c) Borrower additionally agrees that it shall not enter into any merger or sale of substantially all of its assets or equity interests in any case in which the consideration for such transaction does not provide immediate cash proceeds that are sufficient to pay off the remaining principal and accrued interest on this Note without Lender's prior written consent, which consent may be withheld in the sole and absolute discretion of Lender and which consent shall be in addition to and separate from Lender's vote as a member of Borrower's board of directors. Borrower shall, upon the closing of any such transaction, immediately pay to Lender all of the remaining principal and interest (and all costs of collection) then due and owing, and such payment shall be a condition of the closing of the transaction.

(d) Borrower shall use the proceeds of this Note for the operation of its business in accordance with its limited liability company operating agreement.

(e) Borrower acknowledges and agrees that Lender was specifically asked by Borrower to make the loan and amounts due under this Note, and with respect to this Note and the repayment thereof, Borrower, for itself and its successors and assigns, and each endorser, co-obligor, surety and guarantor thereof, waives any claim, cause of action, liability, loss or damages (including but not limited to, any claims for breach of any fiduciary duties, rescission or setoff) the Borrower may claim or have against Lender in connection with Lender's enforcement for repayment of the Note by the Borrower, including, but not limited to, any claims resulting from the Lender's position as a limited liability company member in Borrower. Lender's right for repayment of the Note by Borrower, and all remedies related thereto, are absolute and unconditional.

10. BORROWER'S REPRESENTATIONS AND WARRANTIES.

Borrower hereby represents and warrants to Lender as follows, which representations and warranties shall survive the execution and delivery of this Note:

(i) Borrower is a limited liability company duly formed and validly existing under the laws of the State of Delaware and qualified to do business in the State of California, and Borrower has the requisite power to own its properties and assets and to enter into and perform its obligations under this Note;

(ii) This Note has been duly authorized by all necessary action on the part of Borrower;

(iii) This Note constitutes the legally valid and binding obligation of Borrower, enforceable against Borrower in accordance with its terms;

(iv) The execution and delivery by Borrower of this Note, the consummation of the transactions contemplated hereby, and the performance of the terms and conditions hereof by Borrower, do not conflict with, result in a breach of or constitute a default under, any of the terms, conditions or provisions of (i) the organizational documents of Borrower; (ii) any order, writ, judgment or decree by which Borrower is bound or to which it is a party; (iii) any law, rule, regulation or restriction of any governmental authority or agency applicable to Borrower; or (iv) any contract, commitment, indenture, instrument or other agreement by which Borrower is bound or to which Borrower is a party;

(v) No consent or authorization of, filing with or other act by or in respect of any governmental authority, bureau or agency is required to be obtained or made by Borrower in connection with the execution, delivery and performance of this Note;

(vi) Borrower has not granted a security interest in any of its assets or Collateral (as defined in the Security) to any person or entity other than Lender, and Wells Fargo Vendor Financial Services, LLC (UCC Financing Statement Nos. 20172560644 and 20172560685) for the equipment lease of two floor scrubbers each with an approximate value of Twenty-Eight Thousand Dollars ($28,000) to Thirty Three Thousand Dollars ($33,000) (collectively referred to herein as the "Wells Fargo Liens").

11. RELEASE OF ANY KNOWN OR UNKNOWN CLAIMS

In consideration for Lender providing the Loan Amount to Borrower, Borrower hereby releases Lender and its employees, officers, directors, shareholders, managers, partners, members, attorneys, accountants, agents, representatives, trustees, successors, assigns, and affiliated persons or entities from any and all claims or legal actions Borrower has or may have against Lender of any type up to and including the Effective Date, whether known or unknown, suspected or unsuspected. As a result of this release intended to cover any and all claims whether known or unknown, Borrower waives all rights under California Civil Code § 1542 which provides:

> "A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party."

12. COST OF LITIGATION

In addition to and aside from any remedies in an Event of Default described under Section 8, if any legal proceeding is brought arising out of or in connection with this Note or as to the meaning, effect, performance, enforcement or any other issue in connection with this Note, the successful or prevailing party shall be entitled to recover its reasonable attorneys' fees and other costs incurred in such proceeding(s), in addition to any other relief to which it may be entitled.

13. UNCONDITIONAL OBLIGATION.

All payments under this Note shall be made without setoff, counterclaim or deduction of any kind. 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. Borrower shall, upon any request by Lender, cooperate fully in the preparation, execution, acknowledgment, delivery and recording of any agreements, instruments, memoranda or documents reflecting or in furtherance of any of the transactions contemplated by this Note or the Security Agreement. All amounts due under this Note shall be payable to Lender, in lawful

money of the United States of America, in currently available funds at the address for Lender set forth above (or to such other person or at such other place as Lender may from time to time designate in writing), without notice, demand, offset, deduction or setoff. In no event shall any such amounts be reduced by any other provision of this Note or otherwise for sums payable by Lender to Borrower or to any affiliate of Borrower.

14. TIMING.

Time is of the essence in the payment of this Note.

15. GOVERNING LAW.

This Note shall be governed by, interpreted under, and construed and enforced in accordance with the internal laws, and not the laws pertaining to conflicts or choice of laws, of the State of California considered to be made and performed wholly within the State of California.

16. NOTICES.

All notices, requests, demands and other communications called for or contemplated hereunder shall be in writing and shall be deemed to have been duly given when: (a) personally delivered; (b) seven (7) days after having been mailed by United States certified mail, postage prepaid, return receipt requested; (c) two (2) days following delivery by an overnight courier service properly addressed to the receiving party and confirmed as having been delivered by such overnight courier service; or (d) upon acknowledgment of facsimile transmission immediately following correct dispatch. All notices, requests, demands and other communications provided for hereunder shall be in writing and, if to Borrower, addressed to it at the address specified on the first page of this Note, or if to Lender, addressed to the address of Lender specified on the first page 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 Section.

17. BINDING EFFECT; NO ASSIGNMENT

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. Borrower may not assign this Note, or assign or delegate any of its rights or obligations, without Lender's prior written consent in each instance. Lender in its sole discretion may transfer this Note, and may sell or assign participations or other interests in all or any part of this Note, all without notice to or the consent of Borrower.

18. AMENDMENT; SEVERABILITY; REPRODUCTION OF NOTE.

Any amendment of this Note 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, and any provision determined by a court of competent jurisdiction to be invalid or unenforceable shall be limited to the extent required to make it valid and enforceable, or, if required, severed from this Note, and all other provisions shall remain in full force and effect. 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.

19. NO WAIVER BY LENDER.

No waiver by Lender of any of the provisions hereof shall be effective unless explicitly set forth in writing and signed by Lender. No acceptance by Lender of one or more late or partial payments hereunder from Borrower, nor any failure to exercise, or delay in exercising, any right, remedy, power, or privilege arising from

this Note by Lender shall operate or be construed as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power, or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power, or privilege of Lender. A waiver on any one occasion by Lender shall not be construed as a waiver of any right or remedy on any future occasion.

20. WAIVERS BY BORROWER.

Borrower hereby waives 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.

21. FACSIMILES; COUNTERPARTS

This Note may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. The reproduction of signatures to this Note by means of a facsimile or e-mail scanning device shall be treated as though such reproductions are executed originals.

22. INJUNCTIVE RELIEF

Borrower acknowledges that a breach by Borrower of any of the provisions of this Note will cause Lender great and irreparable harm and that Lender shall be entitled to injunctive and other equitable relief to prevent a breach or threatened breach of any such provision, in addition to any other remedies Lender may have, and that the provisions of this Note shall be specifically enforceable against Borrower in accordance with their terms.

23. FURTHER ASSURANCES

Borrower, at its sole cost and expense, will execute and deliver such further documents or instruments, and provide such additional or updated information as, in each case, Lender may reasonably require to obtain the full benefits of this Note, including, without limitation, all remedies described herein.

24. EXCESSIVE CHARGES

Interest may not accrue under this Note in excess of the maximum interest rate allowed by applicable law. If Lender receives interest payments at an interest rate in excess of the maximum interest rate allowed by applicable law, then the excess amount will be treated as being received on account of, and will automatically reduce, the principal amount then-outstanding under this Note, and if such excess amount exceeds the principal amount then-outstanding under this Note, then Lender will refund to Borrower the amount by which such excess exceeds the principal amount then-outstanding under this Note.

25. 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.

(Please Proceed to Next Page for Signatures)

IN WITNESS WHEREOF, Borrower and Lender have caused this Sixth Amended and Restated Senior Promissory Note to be executed as of the date first written above.

BORROWER:

FRESHREALM, LLC

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

LENDER:

CALAVO GROWERS, INC.

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

EXHIBIT A

UNSECURED NOTES

Immediately prior to the Effective Date, the following is a list of the Unsecured Debt and corresponding Unsecured Notes by and between Borrower and Lender wherein Lender did not have a security interest in favor of Lender in the assets and collateral of Borrower with respect to the principal amounts and interest accrued thereon for such Unsecured Debt

1. Promissory Note dated February 2019, in the amount of $7,500,000.
2. Promissory Note dated March 4 2019, in the amount of $1,500,000.
3. Promissory Note dated March 22 2019, in the amount of $1,700,000.
4. Promissory Note dated April 29, 2019, in the amount of $1,000,000.
5. Promissory Note dated May 17,2019, in the amount of $1,250,000.
6. Promissory Note dated May 31, 2019, in the amount of $900,000.
7. Promissory Note dated June 11, 2019, in the amount of $1,000,000.
8. Promissory Note dated June 28, 2019, in the amount of $850,000.
9. Promissory Note dated July 17, 2019, in the amount of $700,000.
10. Promissory Note dated July 31, 2019, in the amount of $700,000.
11. Promissory Note dated August 14, 2019, in the amount of $500,000.
12. Promissory Note dated August 29, 2019, in the amount of $500,000.

TOTAL PRINCIPAL: $18,100,000 (*not including interest accrued thereon).

EXHIBIT B

RESTATED AND AMENDED SECURITY AGREEMENT

BY AND BETWEEN CALAVO GROWERS, INC. AND FRESHREALM, LLC

DATED SEPTEMBER 18, 2019

(Please See Attached Document)

Exhibit 10.3

SEVENTH AMENDMENT TO SENIOR PROMISSORY NOTE

THIS SEVENTH AMENDMENT TO SENIOR PROMISSORY NOTE ("Seventh Amendment" or "Amendment") is entered into and effective as of October 8, 2019, by and between CALAVO GROWERS, INC., a California corporation ("Lender"), located at 1141-A Cummings Road, Santa Paula, CA 93060, and FRESHREALM, LLC, a Delaware limited liability company ("Borrower"), located at 34 N Palm St Suite 100, Ventura, CA 93001. Lender and Borrower are sometimes collectively referred to herein as the "Parties." Capitalized terms not otherwise defined herein shall have the same meaning as those capitalized terms defined in that certain Sixth Amended and Restated Senior Promissory Note (the "Note") dated September 18, 2019, by and between the Parties.

RECITALS

WHEREAS, Borrower and Lender previously entered into the Note evidencing Lender's then total outstanding amount loaned to Borrower of Thirty-Three Million Seven Hundred Forty-Two Thousand Thirteen Dollars and Seventy Cents ($33,742,013.70) (the "Loan Amount", as defined in the Note);

WHEREAS, in connection with such Loan Amount, Lender has a first-priority security interest in all of the assets and collateral of Borrower pursuant to an amended Security Agreement by and between Lender and Borrower, dated September 18, 2019 ("Security Agreement");

WHEREAS, in addition to the Loan Amount, Borrower has requested from Lender an additional loan of One Million One Hundred Thousand Dollars ($1,100,000) (the "Additional Loan Amount"), and Lender desires to loan Borrower the Additional Loan Amount by amending the Note, pursuant to this Seventh Amendment, wherein such Additional Loan Amount shall also be secured, on a first priority basis, in all of the assets and collateral of Borrower pursuant to the Security Agreement; and

WHEREAS, the Parties now desire to enter into this Seventh Amendment to account for the Additional Loan Amount, and to amend and modify the Note on the terms and conditions set forth in this Seventh Amendment; however, except for as provided herein, the Note and its terms shall continue in full force and effect.

TERMS AND CONDITIONS

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual promises, covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. Additional Loan Amount. In addition to the previous total and original Loan Amount of Thirty-Three Million Seven Hundred Forty-Two Thousand Thirteen Dollars and Seventy Cents ($33,742,013.70) stated and owed by Borrower to Lender under the Note, as

of the date hereof, Lender shall loan and advance to Borrower the Additional Loan Amount of One Million One Hundred Thousand Dollars ($1,100,000), pursuant to the loan terms of the Note (including, but not limited to, interest rate, Maturity Date, Events of Default, and all other terms and conditions therein), and the Additional Loan Amount pursuant hereto shall become a part of the total principal amount due to Lender by Borrower under the Note for a total of Thirty-Four Million Eight Hundred Forty-Two Thousand Thirteen Dollars and Seventy Cents ($34,842,013.70), wherein such total principal amount due by Borrower to Lender, as a result hereof, shall be referred to as the Loan Amount under the Note.

2. Principal Due and Loan Amount. As a result of the advance by Lender to Borrower of the Additional Loan Amount pursuant hereto, all references to the "Loan Amount" as stated in the Note shall mean the principal amount due by Borrower to Lender in the amount of Thirty-Four Million Eight Hundred Forty-Two Thousand Thirteen Dollars and Seventy Cents ($34,842,013.70). For purposes of clarification, such principal and revised Loan Amount does not include interest accrued to date on the original Loan Amount under the Note, and nothing herein shall relieve or cancel Borrower's obligation and responsibility to pay to Lender such accrued interest pursuant to the terms of the Note.

3. Security Interest. As stated in the Note and in the Security Agreement, Borrower has previously granted a security interest to Lender in all of Borrower's assets, and any payments and obligations of the total Loan Amount (including, but not limited to the Additional Loan Amount) are secured by all of the assets of Borrower on a first-priority basis as further described in the Security Agreement between Lender and Borrower.

4. Eligible Funds and Capital Call Round. Due to the advance by Lender to Borrower of the Additional Loan Amount hereunder, such Additional Loan Amount shall be considered "Additional Amounts", as defined in Section 2(c) of the Note. As a result, as defined and described under Section 2(d) of the Note, the Additional Loan Amount under this Seventh Amendment shall be considered "Eligible Funds", and in its sole discretion, but without any obligation to do so, Lender if it desires and at its option, may apply and credit the Additional Loan Amount hereunder towards the total Capital Investment to be made by Lender, if any, in or to Borrower pursuant to the Capital Call Round, as defined and as further described in the Note.

5. No Other Amendments. Except as specifically amended herein, each of the provisions of the Note shall remain in full force and effect. This Seventh Amendment does not extinguish the outstanding indebtedness evidenced by the Note prior to the date hereof and is not intended to be a substitution or novation of the original indebtedness under the Note or any of the other terms of the Note, which shall continue in full force and effect, except as specifically amended and restated hereby. Additionally, this Seventh Amendment does not extinguish or modify Lender's security interest in the assets of Borrower pursuant to the Security Agreement.

6. Counterparts; Delivery. This Seventh 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 Seventh Amendment to produce or account for more than one such counterpart. Delivery of an executed counterpart of this Seventh Amendment by facsimile or other electronic imaging means shall be effective as an original.

7. Governing Law. This Seventh Amendment shall be governed by, interpreted under, and construed and enforced in accordance with the internal laws, and not the laws pertaining to conflicts or choice of laws, of the State of California applicable to agreements made and to be performed wholly within the State of California.

(Please Proceed to Next Page for Signatures)

IN WITNESS WHEREOF, Borrower and Lender have caused this Seventh Amendment to Senior Promissory Note to be executed as of the date first written above.

BORROWER:

FRESHREALM, LLC

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

LENDER:

CALAVO GROWERS, INC.

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

(Signature Page to Seventh Amendment to Senior Promissory Note)

Exhibit 10.4

EIGHTH AMENDMENT TO SENIOR PROMISSORY NOTE

THIS EIGHTH AMENDMENT TO SENIOR PROMISSORY NOTE ("Eighth Amendment" or "Amendment") is entered into and effective as of November 25, 2019, by and between CALAVO GROWERS, INC., a California corporation ("Lender"), located at 1141-A Cummings Road, Santa Paula, CA 93060, and FRESHREALM, LLC, a Delaware limited liability company ("Borrower"), located at 34 N Palm St Suite 100, Ventura, CA 93001. Lender and Borrower are sometimes collectively referred to herein as the "Parties." Capitalized terms not otherwise defined herein shall have the same meaning as those capitalized terms defined in that certain Sixth Amended and Restated Senior Promissory Note (the "Note") dated September 18, 2019, by and between the Parties.

RECITALS

WHEREAS, Borrower and Lender previously entered into the Note evidencing Lender's then total outstanding amount loaned to Borrower of Thirty-Three Million Seven Hundred Forty-Two Thousand Thirteen Dollars and Seventy Cents ($33,742,013.70) (the "Loan Amount", as defined in the Note);

WHEREAS, as of October 8, 2019, the Note was amended pursuant to that certain Seventh Amended and Restated Senior Promissory Note ("Seventh Amendment"), which, among other terms, increased the Loan Amount by One Million One Hundred Thousand Dollars ($1,100,000) to an amended and total current principal Loan Amount of Thirty-Four Million Eight Hundred Forty-Two Thousand Thirteen Dollars and Seventy Cents ($34,842,013.70); and

WHEREAS, in connection with that certain Convertible Note Offering, described further below, the Parties desire to extend the Maturity Date of the Note, and any amendments thereto, and Lender desires to convert Two Million Seven Hundred Nine Thousand Eight Hundred Eight Dollars ($2,709,808) of the existing Loan Amount and utilize it as its subscription funds pursuant to the Convertible Note Offering on the terms and conditions set forth in this Eighth Amendment.

TERMS AND CONDITIONS

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual promises, covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. Maturity Date. Contingent upon: (i) the acceptance and full execution by both Parties of Lender's Convertible Promissory Note Subscription Agreement (attached hereto as Exhibit A and referred to as the "Subscription Agreement"); and (ii) the consummation of the First Round Closing (as defined in the attached Subscription Agreement) under the Convertible Note Offering (both referred to herein collectively as the "Closing Conditions"), pursuant to Section 4(a) of the Note, the Maturity Date of the Note is hereby extended from October 31, 2019 to November 1, 2020, and Lender shall have the option, in its sole discretion, to extend such amended Maturity Date of November 1, 2020, for up to three (3) additional and separate

one (1) year extension periods of November 1, 2021, November 1, 2022, and November 1, 2023, respectively, by Lender electing in writing and giving notice to Borrower to extend the applicable Maturity Date under the Note. In the event the two Closing Conditions stated above are not consummated in connection with the Convertible Note Offering, then the Maturity Date shall remain October 31, 2019.

2. Convertible Note Offering and Amended Loan Amount. Pursuant to Section 2(d) of the Note and the referenced Capital Call Round, Lender has the right, but not the obligation, to use its Eligible Funds as its Capital Investment to be applied towards the Capital Call Round of Borrower. As part of such Capital Call Round, Borrower is currently undertaking that certain Convertible Promissory Note Offering ("Convertible Note Offering"), pursuant to the attached Subscription Agreement. Contingent upon consummation of the two Closing Conditions above and pursuant to the Subscription Agreement, Lender shall utilize and convert Two Million Seven Hundred Nine Thousand Eight Hundred Eight Dollars ($2,709,808) ("Applied Funds") from the existing Loan Amount, which includes the Eligible Funds, to be applied towards the Convertible Note Offering as Lender's Capital Investment and subscription funds in the Convertible Note Offering. In the event of the utilization of such Applied Funds, subject to the consummation of the Closing Conditions, the Loan Amount, pursuant to the Note and the Seventh Amendment, with interest accrued thereon, shall be reduced from the current amount of Thirty-Five Million Four Hundred Seventy-Three Thousand Two Hundred Sixty-Two Dollars and Sixty-Five Cents ($35,473,262.65) to Thirty-Two Million Seven Hundred Sixty-Three Thousand Four Hundred Fifty-Four Dollars and Sixty-Five Cents ($32,763,454.65) owed by Borrower to Lender under the Note, and all amendments thereto. In the event the two Closing Conditions stated above are not consummated in connection with the Convertible Note Offering, then the Loan Amount shall remain its current amount due of Thirty-Five Million Four Hundred Seventy-Three Thousand Two Hundred Sixty-Two Dollars and Sixty-Five Cents ($35,473,262.65).

3. No Other Amendments. Except as specifically amended herein, each of the provisions of the Note, and all amendments thereto, shall remain in full force and effect.

4. Counterparts; Delivery. This Eighth Amendment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery of an executed counterpart of this Eighth Amendment by facsimile or other electronic imaging means shall be effective as an original.

5. Governing Law. This Eighth Amendment shall be governed by, interpreted under, and construed and enforced in accordance with the internal laws, and not the laws pertaining to conflicts or choice of laws, of the State of California applicable to agreements made and to be performed wholly within the State of California.

(Please Proceed to Next Page for Signatures)

IN WITNESS WHEREOF, Borrower and Lender have caused this Eighth Amendment to Senior Promissory Note to be executed as of the date first written above.

BORROWER:

FRESHREALM, LLC

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

LENDER:

CALAVO GROWERS, INC.

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

(Signature Page to Eighth Amendment to Senior Promissory Note)

EXHIBIT A

CONVERTIBLE PROMISSORY NOTE SUBSCRIPTION AGREEMENT
DATED NOVEMBER 25, 2019

(Please See Attached Document)

Exhibit 10.5

NINTH AMENDMENT TO SENIOR PROMISSORY NOTE

THIS NINTH AMENDMENT TO SENIOR PROMISSORY NOTE ("Ninth Amendment") is entered into and effective as of December 17, 2019, by and between CALAVO GROWERS, INC., a California corporation ("Lender"), located at 1141-A Cummings Road, Santa Paula, CA 93060, and FRESHREALM, LLC, a Delaware limited liability company ("Borrower"), located at 34 N Palm St Suite 100, Ventura, CA 93001. Lender and Borrower are sometimes collectively referred to herein as the "Parties." Capitalized terms not otherwise defined herein shall have the same meaning as those capitalized terms defined in that certain Sixth Amended and Restated Senior Promissory Note, dated September 18, 2019, by and between the Parties, as amended by the Seventh and Eighth amendments thereto (collectively, the "Note").

RECITALS

WHEREAS, the Parties desire to extend the Maturity Date of the Note, as amended by that certain Eighth Amendment to Senior Promissory Note, dated November 25, 2019 ("Eighth Amendment"), and in connection with the Note, Lender has requested that Borrower begin to make monthly interest payments on the Note beginning on October 31, 2020, on the terms and conditions set forth in this Ninth Amendment.

TERMS AND CONDITIONS

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual promises, covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

1. Maturity Date. Pursuant to Section 4(a) of the Note, as amended by the Eighth Amendment, the Maturity Date of the Note is hereby extended and amended from the date of November 1, 2020 to November 1, 2021, and Lender shall have the option, in its sole and absolute discretion, to extend such amended Maturity Date of November 1, 2021, for up to two (2) additional and separate one (1) year extension periods of November 1, 2022, and November 1, 2023, respectively, by Lender electing in writing and giving notice to Borrower to extend the applicable Maturity Date under the Note.

2. Monthly Interest Payments. Beginning on October 31, 2020, and on the last day of each and every calendar month thereafter (the "Monthly Payment Dates" and each a "Monthly Payment Date") throughout the term of this Note and while any principal is outstanding, Borrower shall make monthly interest payments under this Note to Lender (the "Monthly Interest Payments" and each a "Monthly Interest Payment"), as described below. The Monthly Interest Payment amount for the interest payment due on each Monthly Payment Date shall consist of the interest accrued on the unpaid principal Loan Amount due under the Note during the calendar month ending on the applicable Monthly Payment Date, calculated on a daily basis using a 365 day year (the "Monthly Interest Amount"). For example purposes only and for clarification and avoidance of doubt, the initial Monthly Interest Amount shall be the interest accrued on the unpaid principal Loan Amount due under the Note during the 31 days of October

2020. In addition to calculation of the Monthly Interest Amount (described above), interest on the principal balance of the Note, as further described in Section 3 of the Note, shall also be calculated on a daily basis using a 365 day year. If Borrower fails to make the initial Monthly Interest Payment on October 31, 2020, which failure is not cured within five (5) business days after written notice thereof from Lender to Borrower, then, notwithstanding anything to the contrary stated in Section 1 of this Ninth Amendment, the Maturity Date shall revert to November 1, 2020. Any failure by Borrower to make Monthly Interest Payments on the applicable Monthly Payment Dates thereafter shall be a Default pursuant to Section 7 of the Note.

3. No Other Amendments. Except as specifically amended herein, each of the provisions of the Note, and all subsequent amendments thereto, shall remain in full force and effect.

4. Counterparts; Delivery. This Ninth Amendment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery of an executed counterpart of this Ninth Amendment by facsimile or other electronic imaging means shall be effective as an original.

5. Governing Law. This Ninth Amendment shall be governed by, interpreted under, and construed and enforced in accordance with the internal laws, and not the laws pertaining to conflicts or choice of laws, of the State of California applicable to agreements made and to be performed wholly within the State of California.

(Please Proceed to Next Page for Signatures)

IN WITNESS WHEREOF, Borrower and Lender have caused this Ninth Amendment to Senior Promissory Note to be executed as of the date first written above.

BORROWER:

FRESHREALM, LLC

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

LENDER:

CALAVO GROWERS, INC.

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

(Signature Page to Ninth Amendment to Senior Promissory Note)

Exhibit 10.6

TENTH AMENDMENT TO SENIOR PROMISSORY NOTE

THIS TENTH AMENDMENT TO SENIOR PROMISSORY NOTE ("Tenth Amendment") is entered into and effective as of April 1, 2020 (the "Tenth Amendment Effective Date"), by and between CALAVO GROWERS, INC., a California corporation ("Lender"), located at 1141-A Cummings Road, Santa Paula, CA 93060, and FRESHREALM, LLC, a Delaware limited liability company ("Borrower"), located at 34 N Palm St Suite 100, Ventura, CA 93001. Lender and Borrower are sometimes collectively referred to herein as the "Parties." Capitalized terms not otherwise defined herein shall have the same meaning as those capitalized terms defined in that certain Sixth Amended and Restated Senior Promissory Note, dated September 18, 2019 ("Sixth Amendment"), by and between the Parties, as amended by the Seventh, Eighth and Ninth amendments thereto (collectively, the "Note").

RECITALS

WHEREAS, the Parties desire to modify the Note by amending the terms of the interest rate of the Note stated in that certain Sixth Amendment, conditioned upon the happening of certain future events, as well as amend the terms of the Maturity Date of the Note as most recently restated in that certain Ninth Amendment to Senior Promissory Note, dated December 17, 2019 ("Ninth Amendment"), conditioned upon the happening of certain future events, subject to the terms and conditions set forth in this Tenth Amendment.

WHEREAS, the Parties acknowledge that Borrower is currently raising additional equity capital in the amount of Four Million Dollars ($4,000,000) (the "Finance Amount") pursuant to the offering and sale of Six Million Six Hundred Sixty-Six Thousand Six Hundred Sixty Seven (6,666,667) limited liability company membership units in Borrower at a purchase price of Sixty Cents ($0.60) per unit (the "Equity Offering") to its existing limited liability company members and unit holders. Borrower's anticipated successful ability to conduct the Equity Offering and raise the Finance Amount is a material inducement to Lender entering into this Tenth Amendment and making the amendments herein. In the event such Finance Amount is not raised by Borrower from its existing limited liability company members, the interest rate and Maturity Date amendments to the Note, stated herein, shall revert to the previously existing interest rate and Maturity Date from prior Amendments to the Note, as described below.

TERMS AND CONDITIONS

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual promises, covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows, wherein this Tenth Amendment and its terms include the above Recitals:

1. Amendment to the Sixth Amendment – Section 3 - Interest. Section 3 of the Sixth Amendment regarding interest on the outstanding amount due under the Note is amended and replaced, in its entirety, as follows:

> "Section 3(a) Interest shall accrue on the principal balance of this Note beginning from the original commencement date of the Note on August 10, 2018, until this Note is fully paid at the rate of ten percent (10%) per annum; however, in the event

pursuant to the Equity Offering, Borrower raises the Finance Amount by May 15, 2020, from the issuance and sale of limited liability company membership units from existing limited liability company members, then beginning April 1, 2020, the interest rate shall change and decrease with effect from such date and interest shall accrue thereafter on the principal balance of this Note until this Note is fully paid at the rate of three percent (3%) per annum; otherwise, if the Finance Amount is not raised by Borrower, the interest rate of this Note shall remain at ten percent (10%) per annum until this Note is fully paid. For purposes of clarification and avoidance of doubt, nothing herein shall affect the accrual of interest at the rate of ten percent (10%) per annum for the time period prior and up to April 1, 2020. Beginning on October 31, 2020, Borrower shall pay Monthly Interest Payments to Lender, as described in Section 3(b) below, on the principal balance of this Note. In the event of any failure to pay any installment of principal or interest under this Note when due, or after the occurrence of any other Default (as defined in the Sixth Amendment), until this Note is paid in accordance with its terms, interest shall continue to accrue on the principal balance of this Note. Interest on the principal balance of this Note shall be calculated on a daily basis using a Three Hundred Sixty-Five (365) day year.

Section 3(b) Beginning on October 31, 2020, and on the last day of each and every calendar month thereafter (the "Monthly Payment Dates" and each a "Monthly Payment Date") throughout the duration and term of this Note and while any principal is outstanding, Borrower shall make monthly interest payments accrued on and under the Note to Lender (the "Monthly Interest Payments" and each a "Monthly Interest Payment"), as described below. The Monthly Interest Payment amount for the interest payment due on each Monthly Payment Date shall consist of the interest accrued on the unpaid principal and total Loan Amount (as amended and increased from time to time under the amendments to the Note or otherwise) due under the Note during the calendar month ending on the applicable Monthly Payment Date, calculated on a daily basis using a 365 day year. For example purposes only and for clarification and avoidance of doubt, the initial Monthly Interest Payment for the month of October 2020 shall be the interest accrued on the unpaid principal and total Loan Amount due under the Note during the 31 days of October 2020. If Borrower fails to make the initial Monthly Interest Payment on October 31, 2020, and such failure is not cured within five (5) business days after written notice thereof from Lender to Borrower, then the Maturity Date shall be and revert to November 1, 2020 (as previously contemplated in prior amendments to the Note). Any failure by Borrower to make a Monthly Interest Payment shall be a Default event pursuant to Section 7 of the Note."

2. Amendment to the Ninth Amendment – Section 1, and Sixth Amendment -Section 4 with respect to Payment of Principal; Maturity Date. Section 1 of the Ninth Amendment and as it relates to Section 4 of the Sixth Amendment regarding payment of principal and the Maturity Date are amended and replaced, in their entirety, and such Section 4 of the Sixth Amendment entitled "Payment of Principal; Maturity Date", shall read as follows:

"The entire principal balance of this Note, including any remaining interest thereon,

shall be due and payable in full on April 1, 2022 (the "Maturity Date"), however: (i) if Borrower fails to raise the Finance Amount by May 15, 2020, pursuant to the Equity Offering, from the issuance and sale of limited liability company membership units, then the Maturity Date shall be and revert to November 1, 2021 (as previously contemplated in prior amendments to the Note); or (ii) in the case where Borrower fails to make the initial Monthly Interest Payment on October 31, 2020 (as described in Section 1 of this Tenth Amendment and as applicable to Section 3 of the Sixth Amendment), and such failure to pay is not cured within five (5) business days after written notice thereof from Lender to Borrower, then the Maturity Date shall be and revert to November 1, 2020 (as previously contemplated in prior amendments to the Note) regardless of in the event Borrower fails to raise the Finance Amount referenced in item (i) of this Section as well. Lender shall have the option, in its sole and absolute discretion, to extend the Maturity Date of April 1, 2022 (unless such date is not applicable as described herein and above), for up to two (2) additional and separate one (1) year extension periods of April 1, 2023, and April 1, 2024, respectively, by Lender electing in writing and giving notice to Borrower to extend the applicable Maturity Date under the Note."

3. Amendment to the Ninth Amendment – Section 2 – Monthly Interest Payments. Section 2 of the Ninth Amendment regarding Monthly Interest Payments of the Note is amended and replaced, in its entirety, by Section 1 of this Tenth Amendment with reference to "Section 3(b)".

4. No Other Amendments. Except as specifically amended herein, each of the provisions of the Note, and all subsequent amendments thereto, shall remain in full force and effect.

5. Counterparts; Delivery. This Tenth Amendment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery of an executed counterpart of this Tenth Amendment by facsimile or other electronic imaging means shall be effective as an original.

6. Governing Law. This Tenth Amendment shall be governed by, interpreted under, and construed and enforced in accordance with the internal laws, and not the laws pertaining to conflicts or choice of laws, of the State of California applicable to agreements made and to be performed wholly within the State of California.

(Please Proceed to Next Page for Signatures)

IN WITNESS WHEREOF, Borrower and Lender have caused this Tenth Amendment to Senior Promissory Note to be executed as of the date first written above.

BORROWER:
FRESHREALM, LLC
By: /s/ Michael Lippold
Name: Michael Lippold
Title: Chief Executive Officer

LENDER:
CALAVO GROWERS, INC.
By: /s/ James Gibson
Name: James Gibson
Title: Chief Executive Officer

Exhibit 10.7

ELEVENTH AMENDMENT TO SENIOR PROMISSORY NOTE

THIS ELEVENTH AMENDMENT TO SENIOR PROMISSORY NOTE ("Eleventh Amendment") is entered into and effective as of April 17, 2020 (the "Eleventh Amendment Effective Date"), by and between CALAVO GROWERS, INC., a California corporation ("Lender"), located at 1141-A Cummings Road, Santa Paula, CA 93060, and FRESHREALM, LLC, a Delaware limited liability company ("Borrower"), located at 34 N Palm St Suite 100, Ventura, CA 93001. Lender and Borrower are sometimes collectively referred to herein as the "Parties." Capitalized terms not otherwise defined herein shall have the same meaning as those capitalized terms defined in that certain Sixth Amended and Restated Senior Promissory Note, dated September 18, 2019 ("Sixth Amendment"), by and between the Parties, as amended by the Seventh, Eighth, Ninth and Tenth amendments thereto (collectively, the "Note").

RECITALS

WHEREAS, in order to enable Borrower to procure additional capital for the operation of its business, the Parties desire to amend the Note to permit Borrower to obtain additional debt financing unsecured in the assets of Borrower, without prior consent from Lender, pursuant to the terms and conditions provided in this Eleventh Amendment.

TERMS AND CONDITIONS

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual promises, covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows, wherein this Eleventh Amendment and its terms shall also include the above Recitals:

1. Amendment to the Sixth Amendment – Section 2(b) – Priority, Security and Additional Loans. Section 2(b) of the Sixth Amendment shall be amended as follows:

> With reference to the first sentence and phrase therein, which currently reads: "….,issue additional investor and/or employee equity,…", shall be amended and supplemented to provide the following: "…..issue additional investor and/or employee equity (subject to the terms of the Borrower's LLC Agreement),….", and
>
> With reference to the first sentence and the term therein referenced as: "limited liability company operating agreement" shall be amended and replaced with the term "Seventh Amended and Restated Limited Liability Company Agreement, as amended from time to time (the "LLC Agreement"),….

Except as amended above and herein, each of the other existing terms and provisions of Section 2(b) of the Sixth Amendment shall remain in their entirety and shall not be amended.

2. Amendment to the Sixth Amendment – Section 9(a) – Additional Covenants. Section 9(a) of the Sixth Amendment regarding Permitted Items shall be amended to include the following additional sub-section (vi), which shall supplement the existing subsections 9(a)(i) through (v):

"(vi) in addition to the Unsecured Debt Limit described in Section 2(b) herein, solely from the period beginning on April 2, 2020, and ending at midnight on December 31, 2020 (the "Unsecured Debt Finance Period"), and so long as there is no Default or Event of Default under the Note, as defined hereunder, and/or under the Security Agreement or other documents signed by Borrower in connection with this Note, Borrower shall be permitted to procure, and enter into on reasonable terms, additional unsecured debt in a principal amount up to and not in excess of Two Million Nine Hundred Thousand Dollars ($2,900,000) in the aggregate at any time during the Unsecured Debt Finance Period, provided that: (i) the maturity date on any and all such additional unsecured debt may not be earlier than April 2, 2022, and (ii) such additional unsecured debt is subordinate to the Note and any amounts due hereunder (as amended from time to time), as well as subordinate to Lender's first priority security interest in the assets and Collateral of Borrower pursuant to the Security Agreement."

3. Amendment to the Sixth Amendment – Section 10 – Borrower's Representations and Warranties. Section 10, subsection (vi) of the Sixth Amendment shall be amended as follows:

With reference to the definition of Collateral, which currently reads "….Collateral (as defined in the Security)…", shall be amended and supplemented to include the following: "…..Collateral (as defined in the Security Agreement)…."

Except as amended above and herein, each of the other existing terms and provisions of Section 10, subsection (vi) of the Sixth Amendment shall remain in their entirety and shall not be amended.

4. No Other Amendments. Except as specifically amended herein, each of the provisions of the Note, and all subsequent amendments thereto, shall remain in full force and effect.

5. Counterparts; Delivery. This Eleventh Amendment may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery of an executed counterpart of this Eleventh Amendment by facsimile or other electronic imaging means shall be effective as an original.

6. Governing Law. This Eleventh Amendment shall be governed by, interpreted under, and construed and enforced in accordance with the internal laws, and not the laws pertaining to conflicts or choice of laws, of the State of California applicable to agreements made and to be performed wholly within the State of California.

(Please Proceed to Next Page for Signatures)

IN WITNESS WHEREOF, Borrower and Lender have caused this Eleventh Amendment to Senior Promissory Note to be executed as of the date first written above.

BORROWER:

FRESHREALM, LLC

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

LENDER:

CALAVO GROWERS, INC.

By: /s/ James Gibson
Name: James Gibson
Title: Chief Executive Officer

(Signature Page to Eleventh Amendment to Senior Promissory Note)

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, James Gibson, 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: June 9, 2020

/s/ James Gibson
James Gibson
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, Kevin Manion, 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: June 9, 2020

/s/ Kevin Manion
Kevin Manion
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

WRITTEN STATEMENT OF CHIEF EXECUTIVE OFFICER
AND CHIEF FINANCIAL OFFICER

Each of the undersigned, the Chief Executive Officer, and Chief Financial Officer 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 April 30, 2020, 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: June 9, 2020

/s/ James Gibson
James Gibson
Chief Executive Officer

/s/ Kevin Manion
Kevin Manion
Chief Financial Officer