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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

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**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, 2025

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 000-33385

**CALAVO GROWERS, INC.**

(Exact name of registrant as specified in its charter)

**California**

(State or other jurisdiction of  
incorporation or organization)

**33-0945304**

(I.R.S. Employer Identification No.)

**1141-A Cummings Road, Santa Paula, California**

(Address of principal executive offices)

**93060**

(Zip Code)

**(805) 525-1245**

(Registrant's telephone number, including area code)

**Not Applicable**

(Former name, former address and former fiscal year, if changed since last report)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.001 par value per share	CVGW	Nasdaq Global Select 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

Non-accelerated filer

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 13(a) of the Exchange 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 May 31, 2025 was 17,837,172.

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## FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, including the “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”) that are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These statements involve risks, uncertainties, and assumptions, are based on current expectations, and are not guarantees of future performance. If any of these risks or uncertainties materialize, or if underlying assumptions prove incorrect, actual results may differ materially from those expressed or implied in the forward-looking statements.

All statements other than historical facts are forward-looking statements, including but not limited to:

- Projections of revenue, gross profit, expenses, income/loss from unconsolidated entities, earnings per share, tax provisions, cash flows, and exchange rates;
- The impact of acquisitions, equity investments, or other financial transactions;
- Management’s plans and objectives for future operations, including restructuring and integration efforts;
- Commentary on macroeconomic trends or global events and their impact on Calavo’s performance;
- Updates on legal matters, investigations, or tax disputes;
- Risks associated with international operations, including U.S. and foreign trade restrictions, tariffs, and quotas;
- Cybersecurity risks and system vulnerabilities;
- Risks tied to working capital timing, especially related to tariff prepayments and VAT refund collections in Mexico; and
- Potential changes in Mexico’s tax policies or enforcement actions.

The words “anticipates,” “expects,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “projects,” and similar expressions often indicate forward-looking statements.

Factors that may cause actual results to differ materially from these forward-looking statements include, but are not limited to:

- Our ability to successfully execute operating and restructuring initiatives;
- The potential long-term effects of capital expenditure reductions;
- Adverse weather impacting supply and costs;
- Seasonal fluctuations;
- Volatility in avocado and raw material prices (including packaging, paper, and fuel);
- Supply chain disruptions;
- Risks from current or future acquisitions, including integration;
- Data breaches or cybersecurity incidents;
- Dependency on large customers and key personnel;
- Labor availability and wage inflation;
- Co-packer reliance and competitive pressures;
- Product recalls or food safety issues;
- Shifting consumer preferences and sustainability trends;
- Environmental regulations and climate-related supply risk;
- Global trade complexities, including restrictions, tariffs, and currency movements;
- Exposure to unconsolidated entities and the volatility of our stock; and
- The resolution of pending matters with the Mexican Tax Administrative Service (SAT) and the risk of unfavorable legal or administrative outcomes.

Additional information about these and other risks is included in our most recent Annual Report on Form 10-K for the fiscal year ended October 31, 2024, and in our subsequent Quarterly Reports on Form 10-Q (including this one) and other filings with the Securities and Exchange Commission.

Forward-looking statements are made as of the date of this report. We undertake no obligation to update or revise them, except as required by applicable securities laws.

**CALAVO GROWERS, INC.**

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**PART I. FINANCIAL INFORMATION**  
**ITEM 1. FINANCIAL STATEMENTS**

**CALAVO GROWERS, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)**  
(in thousands)

	April 30, 2025	October 31, 2024
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 60,361	\$ 57,031
Accounts receivable, net of allowances of \$3,399 (2025) and \$3,624 (2024)	57,603	41,909
Inventories	41,625	34,157
Prepaid expenses and other current assets	9,457	9,976
Advances to suppliers	10,277	14,570
Income taxes receivable	936	936
Total current assets	<u>180,259</u>	<u>158,579</u>
Property, plant, and equipment, net	51,058	54,200
Operating lease right-of-use assets	17,610	18,316
Investments in unconsolidated entities	3,004	2,424
Deferred income tax assets	7,473	7,473
Goodwill	10,211	10,211
Other assets	51,838	49,916
	<u>\$ 321,453</u>	<u>\$ 301,119</u>
<b>Liabilities and shareholders' equity</b>		
Current liabilities:		
Payable to growers	\$ 48,568	\$ 18,377
Trade accounts payable	6,808	8,742
Accrued expenses	17,491	28,149
Income tax payable	2,002	2,767
Other current liabilities	11,000	11,000
Current portion of operating leases	3,466	3,296
Current portion of finance leases	836	874
Total current liabilities	<u>90,171</u>	<u>73,205</u>
Long-term liabilities:		
Long-term portion of operating leases	16,466	17,476
Long-term portion of finance leases	3,873	4,274
Other long-term liabilities	4,384	4,388
Total long-term liabilities	<u>24,723</u>	<u>26,138</u>
Commitments and contingencies (Note 6)		
Shareholders' equity:		
Common stock (\$0.001 par value, 100,000 shares authorized; 17,841 (2025) and 17,802 (2024) shares issued and outstanding)	18	18
Additional paid-in capital	178,522	177,973
Noncontrolling interest	1,554	1,444
Retained earnings	26,465	22,341
Total shareholders' equity	<u>206,559</u>	<u>201,776</u>
	<u>\$ 321,453</u>	<u>\$ 301,119</u>

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

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

	Three months ended April 30,		Six months ended April 30,	
	2025	2024	2025	2024
Net sales	\$ 190,546	\$ 184,383	\$ 344,931	\$ 311,989
Cost of sales	172,457	163,845	311,114	280,691
Gross profit	18,089	20,538	33,817	31,298
Selling, general and administrative	10,303	13,020	20,590	26,483
Expenses related to Mexican tax matters	156	202	551	585
Operating income	7,630	7,316	12,676	4,230
Foreign currency (loss) gain	957	(181)	(5)	1,527
Interest income	762	—	1,607	—
Interest expense	(204)	(962)	(417)	(1,786)
Other income, net	613	520	725	720
Income before income taxes and net income (loss) from unconsolidated entities	9,758	6,693	14,586	4,691
Income tax expense	(2,536)	(390)	(3,791)	(963)
Net income (loss) from unconsolidated entities	(282)	204	580	205
Net income from continuing operations	6,940	6,507	11,375	3,933
Net loss from discontinued operations (Note 10)	—	(408)	—	(4,091)
Net income (loss)	6,940	6,099	11,375	(158)
Less: Net income attributable to noncontrolling interest	(90)	(37)	(110)	(47)
Net income (loss) attributable to Calavo Growers, Inc.	<u>\$ 6,850</u>	<u>\$ 6,062</u>	<u>\$ 11,265</u>	<u>\$ (205)</u>
Calavo Growers, Inc.'s net income (loss) per share:				
Basic				
Continuing Operations	\$ 0.38	\$ 0.36	\$ 0.63	\$ 0.22
Discontinued Operations	\$ —	\$ (0.02)	\$ —	\$ (0.23)
Net income (loss) attributable to Calavo Growers, Inc.	\$ 0.38	\$ 0.34	\$ 0.63	\$ (0.01)
Diluted				
Continuing Operations	\$ 0.38	\$ 0.36	\$ 0.63	\$ 0.22
Discontinued Operations	\$ —	\$ (0.02)	\$ —	\$ (0.23)
Net income (loss) attributable to Calavo Growers, Inc.	\$ 0.38	\$ 0.34	\$ 0.63	\$ (0.01)
Number of shares used in per share computation:				
Basic	<u>17,815</u>	<u>17,800</u>	<u>17,841</u>	<u>17,800</u>
Diluted	<u>17,828</u>	<u>17,872</u>	<u>17,903</u>	<u>17,866</u>

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

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

	<b>Six months ended April 30,</b>	
	<b>2025</b>	<b>2024</b>
<b>Cash Flows from Operating Activities:</b>		
Net income (loss)	\$ 11,375	\$ (158)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	3,801	6,633
Non-cash operating lease expense	706	(720)
Net income from unconsolidated entities	(580)	(205)
Provision for uncollectible Mexican IVA taxes receivable	—	165
Stock-based compensation expense	595	1,446
Amortization of debt issuance costs	91	—
Gain on sale of Temecula packinghouse	(111)	(108)
(Gain) loss on disposal of property, plant, and equipment	(10)	56
Effect on cash of changes in operating assets and liabilities:		
Accounts receivable, net	(15,694)	(21,298)
Inventories	(7,468)	(9,609)
Prepaid expenses and other current assets	519	2,617
Advances to suppliers	4,293	4,088
Income taxes receivable/payable	(765)	(970)
Other assets	(2,013)	(5,746)
Payable to growers	30,191	22,703
Trade accounts payable, accrued expenses and other liabilities	(13,666)	3,256
Net cash provided by operating activities	<u>11,264</u>	<u>2,150</u>
<b>Cash Flows from Investing Activities:</b>		
Purchases of property, plant, and equipment	(415)	(2,377)
Net cash used in investing activities	<u>(415)</u>	<u>(2,377)</u>
<b>Cash Flows from Financing Activities:</b>		
Payment of dividend to shareholders	(7,141)	(3,561)
Proceeds from revolving credit facility	—	83,176
Payments on revolving credit facility	—	(76,175)
Payments of minimum withholding taxes on net share settlement of equity awards	(46)	(625)
Payments on term loan	—	(241)
Payments on long-term obligations and finance leases	(332)	(926)
Net cash provided by (used in) financing activities	<u>(7,519)</u>	<u>1,648</u>
Net increase in cash, cash equivalents	3,330	1,421
Cash, cash equivalents, beginning of period	57,031	2,852
Cash, cash equivalents, end of period	<u>\$ 60,361</u>	<u>\$ 4,273</u>
<b>Noncash Investing and Financing Activities:</b>		
Right of use assets obtained in exchange for new financing lease obligations	<u>\$ —</u>	<u>\$ 640</u>
Settlement of Agricola Belher infrastructure advance offset against payable to growers	<u>\$ —</u>	<u>\$ 600</u>
Declared dividends payable	<u>\$ 7</u>	<u>\$ —</u>
Property, plant, and equipment included in trade accounts payable and accrued expenses	<u>\$ 234</u>	<u>\$ 29</u>

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

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

	Common Stock		Additional Paid-in Capital	Retained Earnings	Noncontrolling Interest	Total
	Shares	Amount				
<b>Balance, January 31, 2025</b>	17,837	\$ 18	\$ 178,198	\$ 23,189	\$ 1,464	\$ 202,869
Issuance of common stock in connection with stock-based compensation, net of tax withholdings	39	—	1	—	—	1
Stock-based compensation expense	—	—	323	—	—	323
Dividend declared to shareholders (0.20 per share)	—	—	—	(3,574)	—	(3,574)
Payment of min. withholding of taxes on net share settlement of equity awards	—	—	—	—	—	—
Avocados de Jalisco noncontrolling interest	—	—	—	—	90	90
Net income attributable to Calavo Growers, Inc.	—	—	—	6,850	—	6,850
<b>Balance, April 30, 2025</b>	<u>17,876</u>	<u>\$ 18</u>	<u>\$ 178,522</u>	<u>\$ 26,465</u>	<u>\$ 1,554</u>	<u>\$ 206,559</u>
	Common Stock		Additional	Retained	Noncontrolling	Total
	Shares	Amount	Paid-in	Earnings	Interest	
<b>Balance, January 31, 2024</b>	17,800	18	176,823	24,290	1,402	202,533
Issuance of common stock in connection with stock-based compensation, net of tax withholdings	—	—	(26)	—	—	(26)
Stock compensation expense	—	—	505	—	—	505
Dividend declared to shareholders (0.10 per share)	—	—	—	(1,780)	—	(1,780)
Avocados de Jalisco noncontrolling interest	—	—	—	—	37	37
Net loss attributable to Calavo Growers, Inc.	—	—	—	6,062	—	6,062
<b>Balance, April 30, 2024</b>	<u>17,800</u>	<u>\$ 18</u>	<u>\$ 177,302</u>	<u>\$ 28,572</u>	<u>\$ 1,439</u>	<u>\$ 207,331</u>
	Common Stock		Additional	Retained	Noncontrolling	Total
	Shares	Amount	Paid-in	Earnings	Interest	
<b>Balance, October 31, 2024</b>	17,802	\$ 18	\$ 177,973	\$ 22,341	\$ 1,444	\$ 201,776
Issuance of common stock in connection with stock-based compensation, net of tax withholdings	74	—	(46)	—	—	(46)
Stock-based compensation expense	—	—	595	—	—	595
Dividend declared to shareholders (0.20 per share)	—	—	—	(7,141)	—	(7,141)
Payment of min. withholding of taxes on net share settlement of equity awards	—	—	—	—	—	—
Avocados de Jalisco noncontrolling interest	—	—	—	—	110	110
Net income attributable to Calavo Growers, Inc.	—	—	—	11,265	—	11,265
<b>Balance, April 30, 2025</b>	<u>17,876</u>	<u>\$ 18</u>	<u>\$ 178,522</u>	<u>\$ 26,465</u>	<u>\$ 1,554</u>	<u>\$ 206,559</u>
	Common Stock		Additional	Retained	Noncontrolling	Total
	Shares	Amount	Paid-in	Earnings	Interest	
<b>Balance, October 31, 2023</b>	17,761	\$ 18	\$ 176,481	\$ 32,338	\$ 1,392	\$ 210,229
Issuance of common stock in connection with stock-based compensation, net of tax withholdings	39	—	(625)	—	—	(625)
Stock-based compensation expense	—	—	1,446	—	—	1,446
Dividend declared to shareholders (0.10 per share)	—	—	—	(3,561)	—	(3,561)
Avocados de Jalisco noncontrolling interest	—	—	—	—	47	47
Net loss attributable to Calavo Growers, Inc.	—	—	—	(205)	—	(205)
<b>Balance, April 30, 2024</b>	<u>17,800</u>	<u>\$ 18</u>	<u>\$ 177,302</u>	<u>\$ 28,572</u>	<u>\$ 1,439</u>	<u>\$ 207,331</u>

See accompanying notes to unaudited condensed consolidated financial statements.

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

**1. Description of the business**

***Business***

Calavo Growers, Inc. (“Calavo,” the “Company,” “we,” “us,” or “our”) is a global leader in sourcing, packing and distribution of fresh avocados, tomatoes, papayas and processing of guacamole and other avocado products. Drawing on decades of expertise with fresh and prepared produce, we deliver a broad portfolio of products to retail grocers, club and mass-merchandise stores, foodservice operators, and wholesalers worldwide. We procure avocados from California, Mexico, and other key growing regions. Across our operating facilities, we (i) sort, pack, ripen, and ship avocados, tomatoes, and Hawaiian-grown papayas and (ii) process and package fresh and frozen guacamole. Our products are distributed both domestically and internationally.

In the first quarter of fiscal 2025, we renamed our “Grown” reportable segment to “Fresh” to better reflect its activities; the change did not affect the segment’s composition, financial results, or internal performance metrics. We report results under two segments: Fresh and Prepared.

***Basis of Presentation***

The accompanying unaudited condensed consolidated financial statements (the “interim 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 (SEC). 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 interim 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, 2024.

Prior period amounts related to foreign currency translation gains (losses) have been reclassified from cost of sales to foreign currency gain (loss) to conform to the current period presentation.

***Recently Issued Accounting Standards***

In November 2024, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2024-03 “Disaggregation of Income Statement Expenses” which expands interim and annual requirements to disclose about specific types of expenses included in the expense captions presented on the face of the income statement as well as disclosures about selling expenses. The guidance will be effective for annual periods beginning after December 15, 2026, with either retrospective or prospective application. The standard allows for early adoption of these requirements. The Company is currently evaluating the potential effect that the updated standard will have on its financial statement disclosures.

In December 2023, the FASB issued ASU 2023-09, “Income Taxes (Topic 740) - Improvements to Income Tax Disclosures”. This ASU amends ASC 740 to enhance the nature of disclosures for income taxes. Specifically, the ASU requires public business entities to disclose additional information in categories defined within the ASU within the reconciliation of the effective tax rate to the statutory rate for federal, state and foreign income taxes. Additionally, the ASU requires disclosure of taxes paid, net of refunds received, disaggregated by federal, state and foreign taxes. ASU 2023-09 is effective for years beginning after December 15, 2024 with early adoption permitted. The Company is currently evaluating the potential effect that the updated standard will have on its financial statement disclosures.

In November 2023, the FASB issued ASU 2023-07 "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures" which expands annual and interim disclosure requirements for reportable segments, primarily through enhanced disclosures about significant segment expenses. ASU 2023-07 is effective for annual periods beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the potential effect that the updated standard will have on its financial statement disclosures.

## 2. Information regarding our operations in different segments

During the first quarter of fiscal 2025, we changed the name of our 'Grown' reportable segment to 'Fresh' to more accurately represent the segment's business activities. This change in title only does not affect the segment's composition, financial results, or how we assess performance internally. We report our operations in two different business segments: Fresh and Prepared. The Fresh segment consists of fresh avocados, tomatoes and papayas. The Prepared segment comprises all our guacamole products sold at retail and food service as well as avocado pulp sold to foodservice. These two business segments are presented based on how information is used by our Chief Executive Officer to measure performance and allocate resources. 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. The sales data in the following tables is presented in thousands:

	Three months ended April 30, 2025			Three months ended April 30, 2024		
	Fresh	Prepared	Total	Fresh	Prepared	Total
Avocados	\$ 160,531	\$ —	\$ 160,531	\$ 136,055	\$ —	\$ 136,055
Tomatoes	11,952	—	11,952	28,513	—	28,513
Papayas	2,966	—	2,966	2,850	—	2,850
Other fresh income	16	—	16	22	—	22
Guacamole	—	17,159	17,159	—	19,640	19,640
Total gross sales	175,465	17,159	192,624	167,440	19,640	187,080
Less: sales allowances	(804)	(1,274)	(2,078)	(685)	(2,012)	(2,697)
Net sales	<u>\$ 174,661</u>	<u>\$ 15,885</u>	<u>\$ 190,546</u>	<u>\$ 166,755</u>	<u>\$ 17,628</u>	<u>\$ 184,383</u>

	Six months ended April 30, 2025			Six months ended April 30, 2024		
	Fresh	Prepared	Total	Fresh	Prepared	Total
Avocados	\$ 284,370	\$ —	\$ 284,370	\$ 235,686	\$ —	\$ 235,686
Tomatoes	24,999	—	24,999	39,352	—	39,352
Papayas	6,123	—	6,123	5,932	—	5,932
Other fresh income	40	—	40	48	—	48
Guacamole	—	33,142	33,142	—	35,719	35,719
Total gross sales	315,532	33,142	348,674	281,018	35,719	316,737
Less sales allowances	(1,076)	(2,667)	(3,743)	(1,237)	(3,511)	(4,748)
Net sales	<u>\$ 314,456</u>	<u>\$ 30,475</u>	<u>\$ 344,931</u>	<u>\$ 279,781</u>	<u>\$ 32,208</u>	<u>\$ 311,989</u>

	<u>Fresh</u>	<u>Prepared</u>	<u>Total</u>
<b>(All amounts are presented in thousands)</b>			
<b>Three months ended April 30, 2025</b>			
Net sales	\$ 174,661	\$ 15,885	\$ 190,546
Cost of sales	160,608	11,849	172,457
Gross profit	<u>\$ 14,053</u>	<u>\$ 4,036</u>	<u>\$ 18,089</u>
<b>Three months ended April 30, 2024</b>			
Net sales	\$ 166,755	\$ 17,628	\$ 184,383
Cost of sales	150,525	13,320	163,845
Gross profit	<u>\$ 16,230</u>	<u>\$ 4,308</u>	<u>\$ 20,538</u>
<b>(All amounts are presented in thousands)</b>			
<b>Six months ended April 30, 2025</b>			
Net sales	\$ 314,456	\$ 30,475	\$ 344,931
Cost of sales	288,266	22,848	311,114
Gross profit	<u>\$ 26,190</u>	<u>\$ 7,627</u>	<u>\$ 33,817</u>
<b>Six months ended April 30, 2024</b>			
Net sales	\$ 279,781	\$ 32,208	\$ 311,989
Cost of sales	257,121	23,570	280,691
Gross profit	<u>\$ 22,660</u>	<u>\$ 8,638</u>	<u>\$ 31,298</u>

For the three months ended April 30, 2025 and 2024, intercompany sales and cost of sales of \$0.3 million and \$0.2 million between Fresh products and Prepared products were eliminated. For the six months ended April 30, 2025 and 2024, intercompany sales and cost of sales of \$0.7 million and \$0.6 million between Grown products and Prepared products were eliminated.

Sales to customers outside the U.S. were approximately \$13.1 million and \$12.9 million for the three months ended April 30, 2025, and 2024. Sales to customers outside the U.S. were approximately \$24.8 million and \$23.8 million for the six months ended April 30, 2025 and 2024.

The net carrying value of long-lived assets attributed to geographic areas as of April 30, 2025, and October 31, 2024, are as follows (in thousands):

	<u>United States</u>	<u>Mexico</u>	<u>Consolidated</u>
April 30, 2025	\$ 22,901	\$ 28,157	\$ 51,058
October 31, 2024	\$ 24,531	\$ 29,669	\$ 54,200

### 3. Inventories

Inventories consist of the following (in thousands):

	<u>April 30, 2025</u>	<u>October 31, 2024</u>
Fresh fruit	\$ 24,953	\$ 20,002
Packing supplies and ingredients	8,958	6,936
Finished prepared foods	7,714	7,219
Total	<u>\$ 41,625</u>	<u>\$ 34,157</u>

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 inventories as of April 30, 2025 and \$0.4 million as of October 31, 2024.

#### **4. Related party transactions**

##### *Board of Directors & Chief Executive Officer*

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 and six months ended April 30, 2025, the amount of avocados procured from entities owned or controlled by members of our Board of Directors was \$0.9 million and \$1.4 million. For the three and six months ended April 30, 2024, the aggregate amount of avocados procured from entities owned or controlled by members of our Board of Directors was \$0.3 million. As of April 30, 2025, we had \$0.4 million in outstanding payables to these Board members. We did not have any amounts payable to these Board members as of October 31, 2024.

For the three and six months ended April 30, 2025, we procured \$2.3 million and \$3.4 million of avocados from entities affiliated with our Chief Executive Officer. For the three and six months ended April 30, 2024, we procured \$1.4 million of avocados from entities affiliated with our Chief Executive Officer. As of April 30, 2025, we had \$1.4 million in outstanding payables to entities affiliated with our Chief Executive Officer. There were no outstanding payables to entities affiliated with our Chief Executive Officer as of October 31, 2024.

##### *Agricola Don Memo, S.A. de C.V. (“Don Memo”)*

Calavo and Agricola Belher (“Belher”) each have an equal one-half ownership interest in Don Memo. Pursuant to a management service agreement, Belher, through its officers and employees, has day-to-day power and authority to manage the operations of Don Memo.

As of April 30, 2025, and October 31, 2024, we had an investment of \$3 million and \$2.4 million representing Calavo’s 50% ownership in Don Memo, which was included as an investment in unconsolidated entities on our balance sheet. We make advances to Don Memo for operating purposes, provide additional advances as shipments are made during the season, and return the proceeds from tomato sales under our marketing program to Don Memo, net of our commission and aforementioned advances. For the three months ended April 30, 2025 and 2024, we advanced \$1.7 million and \$3.5 million of preseason advances to Don Memo. For the six months ended April 30, 2025 and 2024, we advanced \$1.9 million and \$4.5 million of preseason advances to Don Memo. As of April 30, 2025 and October 31, 2024, we had outstanding advances of \$6.7 million and \$7.7 million to Don Memo. In October 2020, we entered into an infrastructure loan agreement with Don Memo for up to \$2.4 million secured by certain property and equipment of Don Memo. This infrastructure loan accrues interest at 7.25%. The total outstanding infrastructure loan balance at April 30, 2025 and at October 31, 2024, was \$1.6 million which is included in prepaids and other current assets. During the three months ended April 30, 2025 and 2024, we incurred \$0.4 million and \$3.1 million of cost of sales to Don Memo. During the six months ended April 30, 2025 and 2024, we incurred \$8.3 million and \$7.3 million of cost of sales to Don Memo pursuant to our purchase consignment agreement.

##### *Belher*

We make advances to Belher for operating purposes, provide additional advances as shipments are made during the season, and return the proceeds from tomato sales under our marketing program to Belher, net of our commission and aforementioned advances. For the three and six months ended April 30, 2025, we advanced \$0.2 million of preseason advances to Belher. For the three and six months ended April 30, 2024, we advanced \$0.5 million of preseason advances to Belher. We had grower advances due from Belher totaling \$5.2 million as of April 30, 2025 and \$5.1 million as of October 31, 2024, which are recorded as advances to suppliers. In July 2021, we made a bridge loan of \$3.5 million to Belher. This loan is secured by certain farmland in Mexico and accrues interest at 10%. As part of this loan agreement, we can withhold payments on both the infrastructure advances and the bridge loan through the netting against the grower payable due to Belher. As of April 30, 2025 and October 31, 2024, the remaining bridge loan of \$1.1 million has been recorded as \$0.6 million in prepaid expenses and other current assets and \$0.5 million in other assets. During the three

months ended April 30, 2025 and 2024, we incurred \$10.4 million and \$22.0 million of cost of sales to Belher pursuant to our purchase consignment agreement. During the six months ended April 30, 2025 and 2024, we incurred \$13.1 million and \$25.0 million of cost of sales to Belher pursuant to our purchase consignment agreement.

*Avocados de Jalisco, S.A.P.I. de C.V. (“Avocados de Jalisco”)*

In August 2015, we entered into a Shareholder’s Agreement with various Mexican partners and created Avocados de Jalisco. Avocados de Jalisco is a Mexican corporation created to engage in procuring, packing and selling avocados. As of April 30, 2025, this entity was approximately 83% owned by Calavo and was consolidated in our interim 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, 2025 and 2024, we purchased approximately \$1.6 million and \$1.1 million of avocados from the partners of Avocado de Jalisco. During the six months ended April 30, 2025 and 2024 we purchased approximately \$1.8 million and \$3.6 million of avocados from the partners of Avocados de Jalisco.

## 5. Other assets

Other assets consist of the following (in thousands):

	April 30, 2025	October 31, 2024
Mexican IVA (i.e., value-added) taxes receivable, net (see Note 10)	\$ 50,748	\$ 48,739
Infrastructure advances	467	467
Other	623	710
Total	<u>\$ 51,838</u>	<u>\$ 49,916</u>

## 6. Other events

### *Dividends*

On January 31, 2025, we paid a dividend of \$0.20 per share, or an aggregate of \$3.6 million, to shareholders of record on January 10, 2025. On April 29, 2025, we paid a dividend of \$0.20 per share, or an aggregate of \$3.6 million to shareholders of record on April 1, 2025.

### *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 impact on our financial position, results of operations, or cash flows.

### *Compliance matters*

We continue to cooperate fully with the SEC and the Department of Justice (DOJ) investigations relating to the Foreign Corrupt Practices Act (FCPA). On February 5, 2025, Attorney General Bondi issued a memorandum stating, in regard to the FCPA, that the DOJ “shall prioritize investigations related to foreign bribery that facilitates the criminal operations of Cartels and Transnational Criminal Organizations, and shift focus away from investigations and cases that do not involve such a connection. Examples of such cases include bribery of foreign officials to facilitate human smuggling and the trafficking of narcotics and firearms.” While the DOJ’s policy may evolve, we are currently unaware of any facts suggesting conduct of any of our employees that would fall within the examples provided in the DOJ’s February 5, 2025, memoranda.

Additionally, on February 10, 2025, President Trump issued an Executive Order “Pausing Foreign Corrupt Practices Act Enforcement to Further American Economic and National Security,” which stated that for a period of 180 days following the date of the order, “the Attorney General shall review guidelines and policies governing investigations and enforcement actions under the FCPA. During the review period, the Attorney General shall: . . . (ii) review in detail all existing FCPA investigations or enforcement actions and take appropriate action with respect to such matters to restore

proper bounds on FCPA enforcement and preserve Presidential foreign policy prerogatives; and (iii) issue updated guidelines or policies, as appropriate...”

On February 18, 2025, President Trump issued Executive Order “Ensuring Accountability for All Agencies” that stated, “it shall be the policy of the executive branch to ensure Presidential supervision and control of the entire executive branch” and that “independent regulatory agency chairmen shall regularly consult with and coordinate policies and priorities with the directors of OMB, the White House Domestic Policy Council, and the White House National Economic Council.” On February 18, 2025, the SEC notified us that activity in the investigation has been postponed, after President Trump issued Executive Orders on February 10 and February 18, 2025. Given the Attorney General’s February 5, 2025 Memo and the President’s Executive Orders, along with a potential shift in DOJ and SEC priorities, we do not currently anticipate any near-term action from the government’s FCPA inquiry that would likely have a material impact on our short-term financial outlook.

### ***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 tax authorities, primarily in Mexico and the United States.

### **2013 Assessment**

In January 2017, Calavo de Mexico (“CDM”) received preliminary observations from the Servicio de Administración Tributaria in Mexico (the “SAT”) related to an audit for fiscal year 2013 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 third fiscal quarter of 2017.

In January 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 (which includes annual adjustments for inflation, and equals approximately \$132.8 million USD at April 30, 2025) related to income tax, flat rate business tax, value added tax and fines, related to this fiscal 2013 tax audit. This amount has been adjusted for inflation as of April 30, 2025 to the amount of 3 billion Mexican pesos (approx. \$153.3 million USD). Additionally, the tax authorities have determined that we owe our employees profit-sharing liability, totaling approximately 118 million Mexican pesos (approx. \$6 million USD at April 30, 2025). In August 2018, we filed an Administrative Appeal on the 2013 Assessment, appealing our case to the SAT’s central legal department in Michoacan.

On June 25, 2021, we became aware that the Administrative Appeal had been resolved by the SAT against CDM on March 12, 2021, and that we had allegedly failed to timely respond to and challenge the SAT’s notification of such resolution, therefore rendering the 2013 Assessment as definitive. Consequently, the SAT placed liens on the fixed assets of CDM, with a net book value of approximately \$26 million USD, and on bank accounts of CDM totaling approximately \$1 million USD in order to guarantee the 2013 Assessment. Based on legal counsel from our tax advisory firm, we and our tax advisory firm have concluded that the March notification was not legally communicated.

On August 18, 2021, we filed an Administrative Reconsideration (the “Reconsideration”) before the Central Legal Department of the SAT located in Mexico City, asserting that the resolution in March of the Administrative Appeal was wrongly concluded, in particular with respect to the following matters:

- Failure to recognize CDM as a “maquiladora”;
- Considering the Company to have a permanent establishment in Mexico;
- Including fruit purchase deposits transferred by the Company to CDM as taxable;
- Application of 16% VAT tax to fruit purchase deposits; and
- Imposing double-taxation on the fruit purchase transactions.

On August 20, 2021 CDM filed an Nullity Trial (the “Nullity Trial”) with the Federal Tax Court, which among other things, strongly contends that the notifications made by the SAT to CDM and its designated advisors of the resolution of

the Administrative Appeal in March 2021 were not legally communicated. In addition, the Nullity Trial asserts the same matters central to the Reconsideration, as described above, as wrongly concluded in the resolution of the Administrative Appeal.

On October 13, 2023, the Company filed an extension of the Nullity Trial filed on August 20, 2021, as a result of the response to the lawsuit filed by the tax authority, pointing out that the tax authority's resolution is unlawful due to improper substantiation and motivation, because of the following:

- The QR Code does not allow the company to verify the veracity of the document,
- The notification of the tax assessment was not sent to the phone number indicated by the company, when the tax authority was obliged to do so, among others.

On November 14, 2023, the Tax Court acknowledged the admission of the extension to the lawsuit. Additionally, in November 2024, the Administrative Reconsideration and related Injunction action were finalized. The tax authority determined that the filing of the Administrative Reconsideration was not legally viable, citing the existence of a concurrent legal remedy—the Nullity Trial. Furthermore, the SAT noted a presumption that the Nullity Trial was filed within the required timeframe, as evidenced by its admission by the Tax Court.

These resolutions can be used as supervening evidence to support the arguments that the Nullity Petition should be admitted. The resolutions will contribute to demonstrate that the SAT considers that the Nullity Petition was filed on time. This is a statement made within a formal procedure that contradicts what the SAT had been arguing (within the reconsideration procedure).

While we continue to believe that the tax assessment for fiscal year 2013 is completely without merit, and that we will prevail on the Nullity Trial in the Tax Court, we also believe that it is in the best interest of CDM and the Company to settle the 2013 Assessment as quickly as possible. In accordance with our cumulative probability analysis on uncertain tax positions, settlements made by the SAT in other cases, the 2011 tax assessment reached by CDM with the Ministry of Finance and Administration of the government of the State of Michoacan, Mexico, and the value of CDM assets, we recorded a provision of \$11 million, in the third quarter of fiscal year 2021, as a discrete item in Income Tax Provision. The provision includes estimated fines, interest and inflationary adjustments.

We believe that this provision remains appropriate as of April 30, 2025 based on our cumulative probability analysis. We incurred \$0.2 million and \$0.6 million of related professional fees for the three and six months ended April 30, 2025 which have been recorded in Expenses related to Mexican Tax matters on the consolidated statements of operations.

#### ***Lease contingency***

In conjunction with the sale of the Fresh Cut business on August 15, 2024, the Company assigned certain leases to the buyer. As a result of these lease assignments, the buyer is the primary obligor under the leases, with the Company secondarily liable as a guarantor. If the buyer fails to perform under a lease, the Company could be responsible for fulfilling any remaining lease obligation. The leases had a remaining average term of 5.3 years as of October 31, 2024, with a maximum exposure of \$32.0 million in undiscounted future minimum lease payments, plus \$13.3 million in potential additional payments related to common area maintenance, taxes, insurance, and other obligations.

As of April 30, 2025, we have not experienced any changes related to this contingency, and there are no new developments affecting its likelihood or potential financial impact. We continue to assess this obligation, but do not believe it is probable that it will be required to fulfill any obligations under these leases.

## 7. 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,	
	2025	2024
Noncontrolling interest, beginning	\$ 1,464	\$ 1,402
Net income attributable to noncontrolling interest of Avocados de Jalisco	90	37
Noncontrolling interest, ending	<u>\$ 1,554</u>	<u>\$ 1,439</u>

Avocados de Jalisco noncontrolling interest	Six months ended April 30,	
	2025	2024
Noncontrolling interest, beginning	\$ 1,444	\$ 1,392
Net income attributable to noncontrolling interest of Avocados de Jalisco	110	47
Noncontrolling interest, ending	<u>\$ 1,554</u>	<u>\$ 1,439</u>

## 8. Earnings per share

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

	Three months ended April 30,	
	2025	2024
<b>Numerator:</b>		
Net income from continuing operations	\$ 6,940	\$ 6,507
Less: Net income attributable to noncontrolling interest	(90)	(37)
Net income from continuing operations attributable to Calavo Growers, Inc.	6,850	6,470
Net loss from discontinued operations (Note 10)	—	(408)
Net income attributable to Calavo Growers, Inc.	<u>\$ 6,850</u>	<u>\$ 6,062</u>
<b>Denominator:</b>		
Weighted average shares - Basic	17,815	17,800
Effect on dilutive securities – Restricted stock/units/options	13	72
Weighted average shares - Diluted	<u>17,828</u>	<u>17,872</u>
<b>Net income from continuing operations</b>		
Basic	\$ 0.38	\$ 0.36
Diluted	\$ 0.38	\$ 0.36
<b>Net loss from discontinued operations (Note 10)</b>		
Basic	\$ —	\$ (0.02)
Diluted	\$ —	\$ (0.02)
<b>Net income per share attributable to Calavo Growers, Inc:</b>		
Basic	\$ 0.38	\$ 0.34
Diluted	\$ 0.38	\$ 0.34

	<b>Six months ended April 30,</b>	
	<b>2025</b>	<b>2024</b>
<b>Numerator:</b>		
Net income from continuing operations	\$ 11,375	\$ 3,933
Add: Net income attributable to noncontrolling interest	(110)	(47)
Net income from continuing operations attributable to Calavo Growers, Inc.	11,265	3,886
Net loss from discontinued operations (Note 10)	—	(4,091)
Net income (loss) attributable to Calavo Growers, Inc.	\$ 11,265	\$ (205)
<b>Denominator:</b>		
Weighted average shares - Basic	17,841	17,800
Effect on dilutive securities – Restricted stock/units/options	62	66
Weighted average shares - Diluted	17,903	17,866
<b>Net income from continuing operations</b>		
Basic	\$ 0.63	\$ 0.22
Diluted	\$ 0.63	\$ 0.22
<b>Net loss from discontinued operations (Note 10)</b>		
Basic	\$ —	\$ (0.23)
Diluted	\$ —	\$ (0.23)
<b>Net income (loss) per share attributable to Calavo Growers, Inc:</b>		
Basic	\$ 0.63	\$ (0.01)
Diluted	\$ 0.63	\$ (0.01)

## 9. 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 VAT amounts recoverable from the Mexican government.

As of April 30, 2025, and October 31, 2024, CDM VAT receivables, net of our estimated provision for uncollectable amounts, totaled \$50.7 million (1.0 billion Mexican pesos) and \$48.7 million (976.0 million Mexican pesos). Historically, CDM received VAT refund payments from the Mexican tax authorities on a timely basis. Beginning in fiscal 2014 and continuing into fiscal 2025, the tax authorities began objecting to refund requests and supporting documentation that had previously been deemed acceptable to process a refund. Additionally, they are also contesting the refunds requested attributable to VAT 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 VAT claims by the Mexican tax authorities. Currently, we are in the process of collecting such balances primarily through regular administrative processes, but these amounts may ultimately need to be recovered through Administrative Appeals and/or other legal means.

During the first quarter of fiscal 2017, the tax authorities informed us that their internal opinion, based on the information provided by the local SAT office, considers that CDM was not properly documented relative to its declared tax structure and therefore CDM could not claim the refundable VAT balance. CDM has strong arguments and supporting documentation to sustain its declared tax structure for VAT and income tax purposes. CDM started an Administrative Appeal for the VAT 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 Legal Administration in Michoacan

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 taxpayer’s right to a full refund for the VAT 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 VAT over the subject period.

In April 2022, the Chamber specializing in exclusive resolution of substantial matter belonging to the Tax Court issued the ruling for the months of July, August and September 2015 through which it was declared that the following resolutions were resolved:

- It is recognized that CDM operates as a maquila under the authorization of the Ministry of Finance.
- It is recognized that all bank deposits corresponding to the purchase of avocados on behalf of Calavo, are subject to the maquila program and it is not accruable income for purposes of Income Tax nor activities subject to VAT.
- It is recognized that VAT is recoverable, since CDM demonstrated the existence of operations carried under the maquila services.
- It is resolved that certain VAT amounts attributed to the purchase of certain packing materials are not recoverable as CDM was not the buyer on record and therefore did not pay for the materials, which approximated 6.9 million Mexican pesos (approximately \$0.4 million USD).

We believe that our operations in Mexico are properly documented, and our internationally recognized tax advisors believe that there are legal grounds to prevail in collecting the corresponding VAT amounts. With assistance from our internationally recognized tax advisory firm, as of April 30, 2025, CDM filed Administrative Appeals for months for which VAT refunds have been denied by the SAT, and will continue filing such appeals for any months for which refunds are denied in the future. Therefore, we believe it is probable that the Mexican tax authorities will ultimately authorize the refund of the remaining VAT amounts.

#### 10. Assets Held for Sale and Discontinued Operations

In August 2024, we completed the sale of our Fresh Cut business and related real estate for \$83 million. The Fresh Cut business represented substantially all the Prepared segment, excluding the retained guacamole business.

As previously disclosed, the Fresh Cut business was classified as held for sale and discontinued operations in the first quarter of fiscal 2024. In connection with the sale, we recorded a \$9.3 million goodwill impairment charge in the quarter ended July 31, 2024, based on the transaction’s sale price.

The following table summarizes the results of operations of the Fresh Cut business that are being reported as discontinued operations (in thousands):

	<b>Three months ended</b>	<b>Six months ended</b>
	<b>April 30,</b>	<b>April 30,</b>
	<b>2024</b>	<b>2024</b>
Net sales	\$ 83,959	\$ 170,372
Cost of sales	80,149	165,731
Gross profit	3,810	4,641
Selling, general and administrative	4,207	8,703
Operating loss	(397)	(4,062)
Interest expense	(26)	(54)
Other income, net	15	25
Loss from discontinued operations before income taxes and gain on sale	(408)	(4,091)
Income tax benefit	—	—
Net loss from discontinued operations	<u>\$ (408)</u>	<u>\$ (4,091)</u>

Select cash flow information related to the Fresh Cut business follows (in thousands):

	<u>Six months ended</u> <u>April 30,</u> <u>2024</u>
Net cash used in operating activities	\$ (1,970)
Net cash used in investing activities	\$ (353)

## 11. Sale of Fresh Cut Business

### *Asset Purchase Agreement and Purchase and Sale Agreement*

On August 15, 2024, we completed the sale of our Fresh Cut business and related real estate for a total transaction value of \$83 million. The sale included certain assets, leasehold interests, and specified liabilities related to the Fresh Cut business, while the guacamole business was retained.

The purchase price for the business assets was \$52.0 million, subject to customary adjustments, and the real estate was sold separately for \$31.0 million. See Note 6.

### *Amendment to Credit Agreement*

On August 15, 2024, we entered into a First Amendment to Credit Agreement and Consent (as amended, the “Credit Agreement”) with Wells Fargo Bank, National Association, as agent and lender (“Agent”), whereby (i) the Credit Agreement was amended to reduce the revolving commitments thereunder from \$90,000,000 to \$75,000,000, among other minor adjustments to align the borrowing base with our current asset base excluding the Fresh Cut business, and (ii) we obtained consent from Agent for entry into the Asset Purchase Agreement and Purchase and Sale Agreement.

## 12. Subsequent Events

We have evaluated subsequent events through June 9, 2025, the date these interim financial statements were issued.

On June 3, 2025, our Board of Directors declared a quarterly cash dividend of \$0.20 per share, payable on July 30, 2025 to shareholders of record as of June 30, 2025.

We have determined that, other than the dividend declaration noted above, no other material subsequent events have occurred that would require disclosure or adjustment to the interim financial statements.

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

This information should be read in conjunction with the unaudited condensed consolidated financial statements and the notes thereto (the “interim financial statements”) 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, 2024 of Calavo Growers, Inc. (“we”, “Calavo”, or the “Company”).

### *Recent Developments*

#### *Dividends*

On April 29, 2025, we paid a dividend of \$0.20 per share, or an aggregate of \$3.6 million to shareholders of record on April 1, 2025. On June 3, 2025, our Board of Directors declared a quarterly cash dividend of \$0.20 per share, payable on July 30, 2025 to shareholders of record as of June 30, 2025.

### *Compliance matters*

We continue to cooperate fully with the Securities and Exchange Commission (SEC) and the Department of Justice (DOJ) investigations relating to the Foreign Corrupt Practices Act. On February 5, 2025, Attorney General Bondi issued a memorandum stating, in regard to the FCPA, that the DOJ “shall prioritize investigations related to foreign bribery that facilitates the criminal operations of Cartels and Transnational Criminal Organizations, and shift focus away from investigations and cases that do not involve such a connection. Examples of such cases include bribery of foreign officials to facilitate human smuggling and the trafficking of narcotics and firearms.” While the DOJ’s policy may evolve, we are currently unaware of any facts suggesting conduct of any of our employees that would fall within the examples provided in the DOJ’s February 5, 2025 memoranda.

Additionally, on February 10, 2025, President Trump issued an Executive Order “Pausing Foreign Corrupt Practices Act Enforcement to Further American Economic and National Security,” which stated that for a period of 180 days following the date of the order, “the Attorney General shall review guidelines and policies governing investigations and enforcement actions under the FCPA. During the review period, the Attorney General shall: . . . (ii) review in detail all existing FCPA investigations or enforcement actions and take appropriate action with respect to such matters to restore proper bounds on FCPA enforcement and preserve Presidential foreign policy prerogatives; and (iii) issue updated guidelines or policies, as appropriate. . . .”

On February 18, 2025, President Trump issued Executive Order “Ensuring Accountability for All Agencies” that stated, “it shall be the policy of the executive branch to ensure Presidential supervision and control of the entire executive branch” and that “independent regulatory agency chairmen shall regularly consult with and coordinate policies and priorities with the directors of OMB, the White House Domestic Policy Council, and the White House National Economic Council.” On February 18, 2025, the SEC notified us that activity in the investigation has been postponed, after President Trump issued Executive Orders on February 10 and February 18, 2025. Given the Attorney General’s February 5, 2025 Memo and the President’s Executive Orders, along with a potential shift in DOJ and SEC priorities, we do not currently anticipate any near-term action from the government’s FCPA inquiry that would likely have a material impact on our short-term financial outlook.

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 impact on our financial position, results of operations, or cash flows.

### *Mexican Tax Issues*

During the second quarter of fiscal 2025, we achieved a significant milestone in our tax strategy, as the SAT refunded 36.7 million Mexican pesos in VAT (approximately \$1.9 million USD), including inflationary adjustments, for March, April and November 2019.

We believe this favorable resolution—secured directly from the tax authority rather than through the court system—reinforces the strength of our approach and provides positive momentum as we continue working to recover additional outstanding refunds.

Additionally, while the 2013 Assessment and our ongoing VAT (IVA) refund efforts are separate matters, we believe the recent VAT refund secured directly from the SAT—rather than through the court system—provides positive momentum for our broader tax strategy and it is opening communication channels with the tax authorities to resolve the 2013 Assessment.

### *Market Trends and Uncertainties*

We continue to be impacted by macroeconomic challenges, including inflationary pressures and shifts in trade policies, which have affected our operations in the past and may continue to do so in the future. These challenges drive cost fluctuations in key areas such as fruit procurement, labor, corrugated and plastic packaging, and overall operating expenses. To manage these pressures, we implement various strategies, including adjusting selling prices and optimizing

global sourcing strategies. We anticipate that inflationary and other cost pressures will persist in fiscal 2025 and there is no assurance that we will be able to fully offset these cost increases.

In addition, ongoing uncertainty surrounding U.S. trade policy—particularly as it relates to Mexico—could adversely affect our business. On February 2, 2025, the United States announced tariffs of up to 25 percent on imports from several countries (including Mexico and Canada) and higher duties on selected Chinese goods; all of these measures were subsequently put on hold. A separate 25 percent tariff on Mexican imports was briefly in effect from March 4 to March 6, 2025, before being suspended. As of May 30, 2025, no further reciprocal tariffs are scheduled, but the situation remains fluid and additional trade actions could be announced without advance notice.

The U.S. Department of Commerce has also indicated that it may terminate the U.S.–Mexico Tomato Suspension Agreement (“TSA”) on July 14, 2025. Termination would automatically impose a 21 percent anti-dumping duty on Mexican tomatoes. Industry groups such as the Texas International Produce Association warn that ending the TSA could sharply raise tomato prices, disrupt national supply chains, and threaten roughly 46,900 U.S. jobs tied to \$3.1 billion in annual Mexican tomato imports. Because we source and distribute significant volumes of tomatoes, any resulting supply shortages or cost increases could materially affect our sales volumes, and customer relationships.

At present, it remains uncertain whether—and to what extent—any of these proposed tariffs or duties will apply to the fresh fruit and prepared products we import from Mexico. Given that a substantial portion of our produce originates there, new or increased trade barriers could raise our input costs. If we cannot pass along these extra costs to customers, renegotiate grower pricing, alter sourcing patterns, or implement other mitigation strategies, then our margins, operating results, and cash flows could be adversely affected.

Although tariffs on imports from Mexico introduce additional costs, we do not currently expect them to have a material impact on our long-term profitability. Given the evolving nature of trade policies and recent short-term financial impacts, we will continue to assess the situation, adjust our sourcing and pricing strategies as needed, and take proactive measures to mitigate potential challenges.

For additional information, see the risk factor entitled “Tariffs on Imported Goods Could Materially Impact Our Business, Financial Condition, and Results of Operations” in Part II, Item 1A. Risk Factors, in our Quarterly Report on Form 10-Q filed on March 12, 2025.

#### *Supply Chain Disruptions*

During our first fiscal quarter of 2025, one of our Mexican packinghouses temporarily paused its operations due to the detection of a small number of avocado weevils in a pre-production area. After completing remedial measures, including those described below, the affected packinghouse was re-certified by the relevant authorities and resumed normal operations. During our second fiscal quarter of 2025, we implemented enhanced monitoring protocols in our pre-production areas, which have effectively prevented any avocado weevil outbreaks. A severe outbreak of the avocado weevil in the future, however, could result in reduced avocado supply and higher procurement costs, impacting our ability to meet consumer demand and maintain product quality standards. Any sustained disruption caused by this pest could materially and adversely affect our business, financial condition, and results of operations.

Regulatory responses, such as quarantine measures or restrictions on avocado imports from affected regions, could further disrupt our supply chain, limit our sourcing options, and reduce the volume of avocados available for sale. The implementation of such measures may also increase logistical complexities, delay shipments, and introduce additional compliance costs.

For additional information, see the risk factor entitled “The Spread of the Avocado Seed Weevil Could Disrupt Our Supply Chain and Adversely Impact Our Business” in Part II, Item 1A. Risk Factors, in our Quarterly Report on Form 10-Q filed on March 12, 2025.

### Critical Accounting Estimates

In preparing our financial statements in accordance with GAAP, we are required to make estimates and assumptions that affect the amounts of assets, liabilities, revenue, and costs and expenses that are reported in the financial statements and accompanying disclosures. We evaluate our estimates and assumptions on an ongoing basis. Our estimates are based on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Our actual results may differ from these estimates and assumptions. To the extent that there are differences between our estimates and actual results, our future financial statement presentation, financial condition, results of operations and cash flows will be affected.

There have been no material changes in our critical accounting estimates during the three and six months ended April 30, 2025, as compared to those disclosed in the “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Estimates” in our Annual Report on Form 10-K for our fiscal year ended October 31, 2024.

### Results of Operations

#### Net Sales

The following table summarizes our net sales by business segment for each of the three and six months ended April 30, 2025 and 2024:

	Three months ended April 30,			Six months ended April 30,		
	2025	Change	2024	2025	Change	2024
<b>Net sales:</b>						
Fresh	\$ 174,661	4.7 %	\$ 166,755	\$ 314,456	12.4 %	\$ 279,781
Prepared	15,885	(9.9)%	17,628	30,475	(5.4)%	32,208
Total net sales	<u>\$ 190,546</u>	3.3 %	<u>\$ 184,383</u>	<u>\$ 344,931</u>	10.6 %	<u>\$ 311,989</u>
<b>As a percentage of sales:</b>						
Fresh	91.7 %		90.4 %	91.2 %		89.7 %
Prepared	8.3 %		9.6 %	8.8 %		10.3 %
	<u>100.0 %</u>		<u>100.0 %</u>	<u>100.0 %</u>		<u>100.0 %</u>

#### Summary

Net sales for the three months ended April 30, 2025, increased by \$6.2 million, or 3.3%, compared to the same period in fiscal 2024, reaching \$190.5 million. This growth was driven by a 4.7% increase in Fresh segment sales, primarily due to higher avocado pricing partially offset by decline in carton volume, while Prepared segment sales decreased by 9.9% year-over-year due primarily to decreased sales volumes. Net sales for the six months ended April 30, 2025, compared to the corresponding period in fiscal 2024, increased by \$32.9 million, or approximately 10.6. This growth was driven by a 12.4% increase in Fresh segment sales, primarily due to higher avocado pricing, partially offset by decline in carton volume, while Prepared segment sales declined by 5.4% year-over-year due primarily to decreases in sales volumes and average selling prices.

We remain focused on expanding grower partnerships and strengthening relationships with retail and foodservice customers to support long-term net sales growth across both segments. Our Fresh and Prepared businesses are subject to seasonal trends, which may impact the volume and quality of raw materials sourced in any given quarter.

*Fresh products*

Second Quarter 2025 vs. Second Quarter 2024

Net sales for the Fresh segment increased by approximately \$7.9 million, or 4.7%, for the second quarter of fiscal 2025 compared to the same period in fiscal 2024. The increase was primarily driven by higher avocado sales.

- Avocado sales increased by \$24.6 million, or 18.2%, due to a 40.6% increase in average selling price per carton, partially offset by a 16.0% decline in carton volume. The volume decline primarily reflects broader industry dynamics, including an estimated 8% reduction in overall supply, elevated pricing that likely reduced demand in certain price-sensitive channels, softer foodservice traffic, and adverse weather conditions that impacted U.S. consumption during the quarter.
- Tomato sales decreased by \$16.8 million, or 58.9%, primarily due to a 48.7% decline in carton volume and a 19.8% decrease in average selling price. The decline was primarily driven by weather-related weakness in demand, particularly in the Northeast and Midwest, as well as strong domestic supply that exerted downward pressure on pricing and limited import activity.

Six Months Ended April 30, 2025 vs. Six Months Ended April 30, 2024

Net sales for the Fresh segment increased by approximately \$34.7 million, or 12.4%, for the six months ended April 30, 2025, compared to the corresponding period in fiscal 2024. The increase was primarily due to higher average avocado selling prices, partially offset by a decline in tomato sales.

- Sales of avocados increased \$49.1 million, or 20.9%, for the six-month period, driven primarily by a 35.5% increase in average selling price per carton, partially offset by a 10.7% decline in volume. The majority of the volume decline occurred during the second quarter.
- Sales of tomatoes decreased \$14.6 million, or 37.3%, primarily due to a 35.9% decline in volume and a 2.0% decrease in average selling price per carton. The majority of the decline occurred in the second quarter.

*Prepared products*

Second Quarter 2025 vs. Second Quarter 2024

Net sales for the Prepared segment declined by \$1.7 million for the three months ended April 30, 2025, compared to the same period in fiscal 2024. The decrease was primarily driven by a 10.1% reduction in volume, reflecting macro-level headwinds in key customer channels:

- A meaningful reduction in sales to a major customer, as the brand continues to face competitive pressure and shifting consumer preferences within the fast-casual segment.
- Additional volume pressure due to increased regulatory scrutiny and customs-related uncertainty surrounding exports to China, which created disruption in certain international accounts.

The average price per pound remained essentially flat year-over-year, while gross profit per pound improved by 4.2%, supported by continued supply chain discipline and margin optimization within North American distribution. Sales of our newly introduced avocado squeeze pouches contributed modestly during the quarter. Looking ahead, we anticipate volume growth in the Prepared segment to be supported by both this product line and expanding demand across other core offerings, as customer programs scale in the second half of the fiscal year.

Six Months Ended April 30, 2025 vs. Six Months Ended April 30, 2024

Net sales for the Prepared segment decreased by \$1.7 million for the six months ended April 30, 2025, compared to the same period in fiscal 2024. As Prepared segment sales were essentially flat in the first quarter, the decline occurred in the second quarter, as discussed above.

**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, 2025, and 2024:

	Three months ended April 30,			Six months ended April 30,		
	2025	Change	2024	2025	Change	2024
<b>Gross profit:</b>						
Fresh	\$ 14,053	(13.4)%	\$ 16,230	\$ 26,190	15.6 %	\$ 22,660
Prepared	4,036	(6.3)%	4,308	7,627	(11.7)%	8,638
Total gross profit	<u>\$ 18,089</u>	<u>(11.9)%</u>	<u>\$ 20,538</u>	<u>\$ 33,817</u>	<u>8.0 %</u>	<u>\$ 31,298</u>
<b>Gross profit percentages:</b>						
Fresh	8.0 %		9.7 %	8.3 %		8.1 %
Prepared	25.4 %		24.4 %	25.0 %		26.8 %
Consolidated	9.5 %		11.1 %	9.8 %		10.0 %

*Summary*

Our cost of goods sold consists primarily of ingredient costs (including fruit and other food products), packing materials, freight and handling, labor, and overhead (including depreciation) associated with packing, distributing, and/or preparing food products, as well as other direct expenses related to products sold.

Gross profit decreased by approximately \$2.4 million, or 11.9%, for the second quarter of fiscal 2025, compared to the corresponding period in fiscal 2024. The decline was primarily driven by performance in the Fresh segment.

Gross profit increased by approximately \$2.5 million, or 8.0%, for the six months ended April 30, 2025, compared to the same period in fiscal 2024. This increase was driven by strong first-quarter performance in the Fresh segment, where higher selling prices and cost discipline lifted gross profit per carton. These gains were partially offset by second-quarter volume pressure in both avocados and tomatoes.

*Fresh products*

The decrease in Fresh products gross profit for the second quarter of fiscal 2025 was primarily driven by lower volumes for both avocados and tomatoes.

- Avocado gross profit decreased, primarily due to a decline in carton volume, partially offset by an increase in gross profit per carton. Per-carton profitability was negatively affected by \$0.9 million in tariffs expense tariffs imposed primarily on USMCA-compliant goods imported from Mexico over a three-day period (March 4, 2025 through March 6, 2025) before being lifted. Because of the abrupt and unanticipated nature of this discrete event, we were unable to pass the added cost on to customers. Although per-unit profitability improved, average selling prices increased at a faster rate than gross profit per carton — a dynamic that can result in lower margin percentages during periods of price increases.
- Tomato gross profit decreased, driven primarily by a significant reduction in volume and average selling price per carton. The volume shortfall was the dominant factor, but lower pricing further contributed to the decline. Adverse winter weather in key U.S. markets and strong domestic supply led to sales at or near contractual pricing floors, reducing per-unit profitability and driving underutilization of fixed cost infrastructure.

The increase in Fresh products gross profit for the six months ended April 30, 2025, was primarily driven by stronger performance in avocados, partially offset by lower profitability in tomatoes.

- Avocado gross profit increased, driven by higher average selling prices and improved per-carton profitability. Per-carton profitability was negatively affected by the 3-day tariff event described above. The improvement in gross margin percentage year-over-year was largely attributable to favorable pricing dynamics and disciplined cost management.
- Tomato gross profit decreased, reflecting both lower volume and modestly reduced average selling prices. Demand was pressured by adverse weather conditions and abundant domestic supply, which limited import opportunities and compressed margins during the second quarter.

*Prepared products*

Gross profit per pound for guacamole products increased slightly during the second quarter of fiscal 2025 compared to the same period last year, reflecting improved operational efficiency and stronger cost management. For the six-month period ended April 30, 2025, however, gross profit per pound declined modestly on a year-over-year basis. The decrease was primarily due to higher raw fruit input costs in the first quarter, which compressed margins early in the year, as well as a 2.3% reduction in sales volume and a 9.6% decrease in average selling price per pound for the period. These factors contributed to a decline in gross profit despite margin improvement in the second quarter.

***Selling, General and Administrative***

	Three months ended April 30,			Six months ended April 30,		
	2025	Change	2024	2025	Change	2024
	(Dollars in thousands)			(Dollars in thousands)		
Selling, general and administrative	\$ 10,303	(20.9)%	\$ 13,020	\$ 20,590	(22.3)%	\$ 26,483
Percentage of net sales	5.4 %		7.1 %	6.0 %		8.5 %

Selling, general, and administrative (SG&A) expenses totaled \$10.3 million for the three months ended April 30, 2025. These expenses include marketing and advertising costs, sales expenses (including broker commissions), and other general and administrative costs.

SG&A expenses decreased by \$2.7 million, or 20.9%, compared to the prior year period. This decline was primarily due to the following:

- \$0.8 million reduction in compensation expenses, primarily driven by lower headcount and lower severance costs in the current period.
- \$2.0 million decrease in professional and consulting fees, primarily related to lower legal costs.
- \$0.3 million reduction in information technology expenses, mainly related to leveraging internal resources.

SG&A expenses totaled \$20.6 million for the six months ended April 30, 2025. These expenses include marketing and advertising costs, sales expenses (including broker commissions) and other general and administrative costs.

SG&A expenses decreased by \$5.9 million, or 22.3%, for the six months ended April 30, 2025 compared to the prior year period. This decrease was primarily due to the following:

- \$2.0 million reduction in compensation expenses, primarily driven by lower headcount and lower severance costs in the current period.
- \$3.1 million decrease in professional and consulting fees, primarily related to lower legal costs.
- \$0.6 million reduction in information technology expenses, mainly related to leveraging internal resources.
- \$0.8 million reduction in stock-based compensation, mainly related to the CEO's compensation structure.

**Foreign currency gain (loss)**

	<u>Three months ended April 30,</u>			<u>Six months ended April 30,</u>		
	<u>2025</u>	<u>Change</u>	<u>2024</u>	<u>2025</u>	<u>Change</u>	<u>2024</u>
	<u>(Dollars in thousands)</u>			<u>(Dollars in thousands)</u>		
Foreign currency gain (loss)	\$ 957	(628.7)%	\$ (181)	\$ (5)	(100.3)%	\$ 1,527

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 remeasured into U.S. dollars at exchange rates as of the balance sheet date and non-monetary assets, liabilities and equity are remeasured at historical rates. Sales and expenses are remeasured using a weighted-average exchange rate for the period.

Due to the change in the Mexican peso to the U.S. dollar exchange rates, foreign currency remeasurement gains, net of losses, for the three and six months ended April 30, 2025, were \$1 million and less than \$(0.1) million. Net foreign currency remeasurement gains (losses), for the three and six months ended April 30, 2024, were \$0.2 million and \$1.5 million.

**Income (loss) from unconsolidated entities**

	<u>Three months ended April 30,</u>			<u>Six months ended April 30,</u>		
	<u>2025</u>	<u>Change</u>	<u>2024</u>	<u>2025</u>	<u>Change</u>	<u>2024</u>
	<u>(Dollars in thousands)</u>			<u>(Dollars in thousands)</u>		
Income (loss) from unconsolidated entities	\$ (282)	(238.2)%	\$ 204	\$ 580	182.9 %	\$ 205

Income (loss) from unconsolidated entities includes our participation in earnings or losses from our investments in Don Memo. For the three months ended April 30, 2025 and 2024 we realized income (loss) of \$(0.3) million and \$0.2 million from Agricola Don Memo. For the six months ended April 30, 2025 and 2024 we realized income of \$0.6 million and \$0.2 million from Agricola Don Memo.

**Income tax expense**

	<u>Three months ended April 30,</u>			<u>Six months ended April 30,</u>		
	<u>2025</u>	<u>Change</u>	<u>2024</u>	<u>2025</u>	<u>Change</u>	<u>2024</u>
Income tax expense	\$ (2,536)	550.3 %	\$ (390)	\$ (3,791)	293.7 %	\$ (963)
Effective tax rate	26.0 %		5.7 %	26.0 %		19.7 %

The effective tax rates for the three months ended April 30, 2025 and April 30, 2024 were 26.0% and 5.7%. The effective tax rates for the six months ended April 30, 2025 and April 30, 2024 were 26.0% and 19.7%. The Company's effective tax rate for the three and six months ended April 30, 2025 differs from the U.S. federal statutory rate of 21% due to the US state tax and foreign tax rate differential in Mexico. The Company's effective tax rate for the three and six months ended April 30, 2024 differs from the U.S. federal statutory rate of 21% due to valuation allowances on domestic deferred tax assets that are not more likely than not to be realized, and foreign exchange losses in Mexico.

**Liquidity and Capital Resources**

Cash provided in operating activities was \$11.3 million for the six months ended April 30, 2025, compared to cash provided by operating activities of \$2.2 million for the corresponding period in fiscal 2024. Cash provided in operating activities for the six months ended April 30, 2025 reflects primarily our net income of \$11.4 million, combined with non-cash activities (depreciation and amortization, non-cash operating lease expense, stock-based compensation expense,

income from unconsolidated entities, and loss on disposal of property, plant and equipment) of \$3.5 million which is offset by a net effect of changes in operating assets and liabilities of \$3.6 million.

Changes in operating assets and liabilities included an increase in accounts receivable of \$15.7 million, an increase in inventories of \$7.5 million, a decrease in prepaid expenses and other current assets of \$0.5 million, a net decrease in accounts payable, accrued expenses and other liabilities of \$12.7 million, an increase in payable to growers of \$30.2 million, and an increase in income tax payable of \$0.8 million offset by an increase in other assets of \$1.9 million, and a decrease in advances to suppliers of \$4.3 million.

The increase in our accounts receivable is due to an increase of \$36.2 million in sales for the three months ended April 30, 2025 compared to the prior quarter. The increase in our inventory as of April 30, 2025, compared to October 31, 2024, was primarily due to higher average fruit costs in inventory related to Mexican avocados. The decrease in our prepaid and other current assets is primarily due to reduced software cost additions and higher amortization of prepaid expenses compared to new additions. The increase in payable to growers is mostly due to an increase in farming activity of tomatoes as farming production for the spring/summer cycle (May-October) is scaling up. The decrease in advances to suppliers is mainly due to pre-season advances being repaid through settlement to our tomato consignment growers.

Cash used in investing activities was \$0.4 million for the six months ended April 30, 2025, compared to cash used by investing activities of \$2.4 million for the corresponding period in fiscal 2024. Cash used in investing activities relates principally to purchases of property, plant, and equipment.

Cash used in financing activities was \$7.6 million for the six months ended April 30, 2025, compared to cash provided by financing activities of \$1.6 million for the corresponding period in fiscal 2024. Cash used in financing activities relates principally to payments of \$7.1 million in dividends, payments on long-term obligations of \$0.4 million and the payment of minimum withholding of taxes on the net settling of shares of less than \$0.1 million.

Our principal sources of liquidity are our existing cash reserves, cash generated from operations and amounts available for borrowing under our credit facility. Cash and cash equivalents as of April 30, 2025, and October 31, 2024, totaled \$60.4 million and \$57.0 million. Our working capital at April 30, 2025 was \$90.1 million, compared to \$85.4 million at October 31, 2024.

We believe that our cash balance, cash flows from operations, availability under our credit facility, and other sources will be sufficient to satisfy our future capital expenditures, grower recruitment efforts, working capital and other financing requirements for the foreseeable future.

On June 26, 2023, we entered into a credit agreement (the “Credit Agreement”) with Wells Fargo Bank, National Association, as agent and lender (“Agent” or “Wells Fargo”). The Credit Agreement provided for a revolving credit facility (the “Revolving Loans”) of up to \$90.0 million, along with a capex credit facility of up to \$10.0 million (the “Term Loan”).

On August 15, 2024, we entered into a First Amendment to Credit Agreement and Consent with Wells Fargo whereby (i) the Credit Agreement was amended to reduce the revolving commitments thereunder from \$90.0 million to \$75.0 million, among other minor adjustments to align the borrowing base with our asset base excluding the Fresh Cut segment; and (ii) we obtained consent from Agent for entry into the Asset Purchase Agreement and Purchase and Sale Agreement.

Borrowings of the Revolving Loans under the Credit Agreement are asset based and are subject to a borrowing base calculation that includes a certain percentage of eligible accounts receivable, inventory and equipment, less any reserves implemented by Agent in its permitted discretion; provided that the equipment-based portion of such borrowing base calculation reduces monthly according to scheduled amortization.

Borrowings under the Credit Agreement bear interest at a rate per annum equal to an applicable margin, plus, at our option, either a base rate or a secured overnight financing rate (“SOFR”) term rate (which includes a spread adjustment of 0.10% and is subject to a floor of 0.00%). The applicable margin is (i) for Revolving Loans, 0.50% for base rate

borrowings and 1.50% for SOFR term rate borrowings, and (ii) for Term Loan, 1.00% for base rate borrowings and 2.00% for SOFR term rate borrowings. The credit facility matures on June 26, 2028.

As of April 30, 2025, we were in compliance with the financial covenants. As of April 30, 2025, approximately \$59.5 million was available for borrowing, based on our borrowing base calculation discussed above.

The weighted-average interest rate under the credit facility was 8.0% at April 30, 2025. Under the credit facility, there was less than \$0.1 million outstanding related to the Revolving Loans and Term Loan as of April 30, 2025.

In March 2025, our Board of Directors authorized a stock repurchase program of up to \$25 million. While no shares have been repurchased to date under this program, the timing and volume of repurchases will depend on market conditions, our capital allocation priorities, and other strategic considerations.

#### **Contractual Commitments**

There have been no other 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, 2024.

### **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

There have been no material changes in market risk from the information provided in *Item 7A. Quantitative and Qualitative Disclosures About Market Risk* of our Annual Report on Form 10-K for the year ended October 31, 2024.

### **ITEM 4. CONTROLS AND PROCEDURES**

We carried out an evaluation, under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of April 30, 2025. Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of such date to ensure that information required to be disclosed in the reports we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission rules and forms.

There were no changes in our internal control over financial reporting during the quarter ended April 30, 2025 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II. OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

Please refer to Note 6 to the unaudited condensed consolidated financial statements included in this Quarterly Report for further information.

### **ITEM 1A. RISK FACTORS**

For a discussion of our risk factors, see Part I, Item 1A “Risk Factors” of our Annual Report on Form 10-K for the year ended October 31, 2024, as supplemented by our Quarterly Report on Form 10-Q for the quarterly period ended January 31, 2025. There have been no material changes from the risk factors set forth in such Annual Report on Form 10-K and Quarterly Report on Form 10-Q. However, the risks and uncertainties that we face are not limited to those set forth in such Annual Report on Form 10-K and Quarterly Report on Form 10-Q. Additional risks and uncertainties not

presently known to us or that we currently believe to be immaterial may also adversely affect our business and the trading price of our common stock.

## ITEM 5. OTHER INFORMATION

### *Trading Plans*

During the quarter ended April 30, 2025, no director or officer of the Company adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement,” as each term is defined in Item 408(a) of Regulation S-K.

## ITEM 6. EXHIBITS

- 10.1 [Amended and Restated Calavo Growers, Inc. 2020 Equity Incentive Plan \(incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by the Registrant on April 28, 2025\).](#)
- 10.2 Amendment No. 4 to Lease Agreement, dated February 6, 2025, between the Company and Limoneira Company. +
- 31.1 [Certification of Chief Executive Officer Pursuant to Rule 13a-14\(a\)/15d-14\(a\), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.](#)
- 31.2 [Certification of Chief Financial Officer pursuant to Rule 13a-14\(a\)/15d-14\(a\), 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, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. \\*](#)
- 101 The following financial information from the Quarterly Report on Form 10-Q of Calavo Growers, Inc. for the quarter ended April 30, 2025, formatted in Inline XBRL (Extensible Business Reporting Language) includes: (1) Consolidated Balance Sheets as of April 30, 2025 and October 31, 2024; (2) Consolidated Statements of Operations for the three months ended April 30, 2025 and 2024; (3) Consolidated Statements of Cash Flows for the three months ended April 30, 2025 and 2024; (4) Consolidated Statements of Shareholders’ Equity for the three months ended April 30, 2025 and 2024; and (5) Notes to Consolidated Financial Statements.
- 104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

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\* This certification is deemed not filed for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act or the Exchange Act.

+ The exhibit to this agreement has been omitted pursuant to Regulation S-K Item 601(a)(5). The Company agrees to furnish supplementally a copy of such omitted exhibit to the SEC upon its request.

**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, 2025

By /s/ Lecil E. Cole  
Lecil E. Cole  
Chief Executive Officer  
(Principal Executive Officer)

Date: June 9, 2025

By /s/ James Snyder  
James Snyder  
Chief Financial Officer  
(Principal Financial Officer)

AMENDED AND RESTATED 2020 EQUITY INCENTIVE PLAN

Adopted by the Board of Directors on February 27, 2025

Approved by the Shareholders on April 23, 2025

1. GENERAL.

(a) **Eligible Award Recipients.** The persons eligible to receive Awards are Employees, Directors and Consultants.

(b) **Available Awards.** The Plan provides for the grant of the following Awards: (i) Incentive Stock Options; (ii) Nonstatutory Stock Options; (iii) Stock Appreciation Rights (SARs); (iv) Restricted Stock Awards; (v) Restricted Stock Unit Awards; (vi) Performance Stock Awards; (vii) Performance Cash Awards; and (viii) Other Stock Awards.

(c) **Purpose.** The Company, by means of the Plan, seeks to secure and retain the services of the group of persons eligible to receive Awards as set forth in Section 1(a), to provide incentives for such persons to exert maximum efforts for the success of the Company and any Affiliate and to provide a means by which such eligible recipients may be given an opportunity to benefit from increases in the value of the Common Stock through the granting of Awards.

(d) **Successor to the 2011 Management Incentive Plan.** The Plan is the successor to the Company's 2011 Management Incentive Plan. As provided in Section 1.3 of the 2011 Management Incentive Plan, no awards shall be made under the 2011 Management Incentive Plan after December 9, 2020. All awards made under the 2011 Management Incentive Plan prior to December 10, 2020 shall remain subject to the terms of that plan.

(e) **Definitions.** Section 13 sets forth the definitions of certain capitalized terms used in the Plan.

2. ADMINISTRATION.

(a) **Administration of the Plan.** The Plan shall be administered by the Administrator. To the extent that applicable laws permit, the Board may delegate administration of the Plan to a Committee or Committees, as provided in Section 2(c). Notwithstanding the foregoing, the Board (rather than a Committee) shall be responsible for granting Awards to Non-Employee Directors and for administering the provisions of the Plan that are applicable to such Awards.

(b) **Powers of the Administrator.** The Administrator shall have the power and authority, subject to, and within the limitations of, the provisions of the Plan:

(i) To determine from time to time: (A) which of the persons eligible under the Plan shall be granted Awards; (B) when and how each Award shall be granted; (C) what type or combination of types of Awards shall be granted; (D) the provisions of each Award granted (which need not be identical), including the time or times when a person shall be permitted to receive cash or Common Stock pursuant to a Stock Award; (E) the number of shares of Common Stock with respect to which a Stock Award shall be granted to each such person; and (F) the Fair Market Value applicable to a Stock Award;

(ii) To construe and interpret the Plan and Awards granted under it, and to establish, amend and revoke rules and regulations for its administration; and the Administrator, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan or in any Stock Award Agreement or in the written terms of a Performance Cash Award, in a manner and to the extent it shall deem necessary or expedient to make the Plan or Award fully effective;

(iii) To settle all controversies regarding the Plan and Awards granted under it;

(iv) To accelerate the time at which an outstanding Award may first be exercised or the time at which an outstanding Award or any part thereof will vest in accordance with the Plan, notwithstanding the provisions in

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the Award Agreement stating the time at which it may first be exercised or the time at which it shall vest, but such acceleration shall be permitted only (A) as a result of a Participant's termination of Continuous Service by reason of the Participant's death or Disability, (B) in connection with (including following) the consummation of a Change in Control or a dissolution or liquidation of the Company, or (C) pursuant to the terms of a written employment agreement between the Participant and the Company or an Affiliate in connection with the Participant's termination of Continuous Service;

(v) To amend, suspend or terminate the Plan at any time; provided that amendment, suspension or termination of the Plan shall not impair rights and obligations under any Award granted while the Plan is in effect except with the written consent of the affected Participant;

(vi) To submit any amendment to the Plan for shareholder approval, including, but not limited to, amendments to the Plan intended to satisfy the requirements of (A) Section 422 of the Code regarding "incentive stock options" or (B) Rule 16b-3 under the Exchange Act;

(vii) To approve forms of Award Agreements for use under the Plan and to amend the terms of any one or more Awards, including, but not limited to, amendments to provide terms more favorable to the Participant than previously provided in the Award Agreement, subject to any specified limits in the Plan that are not subject to the Administrator's discretion; provided, however, that a Participant's rights under any Award shall not be impaired by any such amendment unless (A) the Company requests the consent of the affected Participant and (B) such Participant consents in writing; notwithstanding the foregoing, subject to the limitations of applicable law, if any, the Administrator may amend the terms of any one or more Awards without the affected Participant's consent if necessary to maintain the qualified status of the Award as an Incentive Stock Option or to bring the Award into compliance with Section 409A of the Code;

(viii) To exercise such powers and to perform such acts as the Administrator deems necessary or expedient to promote the best interests of the Company and that are not in conflict with the provisions of the Plan or Awards; and

(ix) To adopt such procedures and sub-plans as are necessary or appropriate to permit participation in the Plan by Employees, Directors or Consultants who are foreign nationals or employed outside the United States.

**(c) Delegation to a Committee.**

(i) **General.** The Board may delegate some or all of the administration of the Plan to a Committee or Committees. If administration of the Plan is delegated to a Committee, the Committee shall have, in connection with the administration of the Plan, the powers theretofore possessed by the Board that have been delegated to the Committee. The Board may retain the authority to concurrently administer the Plan with the Committee and may, at any time, re-vest in the Board some or all of the powers previously delegated to a Committee or Committees. References in the Plan to the "Administrator" shall refer, as applicable, to the Board and/or the Committee or Committees.

(ii) **Members of the Committee.** Unless otherwise determined by the Board, the Committee shall be comprised of at least two Directors, each of whom shall be an Outside Director. The failure of the Committee to be comprised solely of Outside Directors shall not affect the validity of any action of the Committee (including the grant of any Award) that otherwise complies with the terms of the Plan.

(d) **Delegation to the Chief Executive Officer.** If and to the extent that may be permitted by the California General Corporation Law, the Board may delegate to the Company's Chief Executive Officer the authority to do one or both of the following: (i) designate Employees who are not Officers to be recipients of Options and Stock Appreciation Rights (and, to the extent permitted by applicable law, other Stock Awards) and the terms thereof, and (ii) determine the number of shares of Common Stock to be subject to such Stock Awards granted to such Employees; provided, however, that the Board resolutions regarding such delegation shall specify the total number of shares of Common Stock that may be subject to the Stock Awards granted by the Chief Executive Officer and that the Chief Executive Officer may not grant a Stock Award to himself or herself.

(e) **Effect of the Administrator's Determinations.** All determinations, interpretations and constructions made by the Administrator shall be final, binding and conclusive on all persons.

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**(f) Indemnification.** To the maximum extent permitted by applicable law and the Company's Bylaws, each Director (including, without limitation, each Committee member) shall be indemnified and held harmless by the Company from and against (i) any expense (including attorneys' fees) that may be actually and reasonably incurred by such person in connection with or resulting from any action, suit or proceeding to which such person may be a party or in which such person may be involved by reason of any action taken or omitted to be taken under the Plan or any Award Agreement and (ii) any and all amounts paid by such person, with the Company's approval, in settlement of such action, suit or proceeding, or paid by such person in satisfaction of any judgment or fine in any such action, suit or proceeding against such person. The Company shall have the right, at its own expense, to assume and defend any such action, suit or proceeding, and, once the Company gives notice of its intent to assume the defense, the Company shall have sole control over such defense with counsel of the Company's choice. The preceding right to indemnification shall be in addition to any other indemnification rights to which a Director is entitled under the Company's Bylaws, under applicable law or under an agreement entered into with the Company.

### 3. SHARES SUBJECT TO THE PLAN.

**(a) Share Reserve.** Subject to Section 9(a) relating to Capitalization Adjustments, the aggregate number of shares of Common Stock that may be issued pursuant to Stock Awards granted under the Plan from and after the Effective Date shall not exceed 1,500,000 shares (the "Share Reserve"), of which up to 1,500,000 shares may be issued pursuant to Incentive Stock Options. To the extent permitted by Nasdaq Listing Rule 5635(c)(3) or other applicable national stock exchange rule, shares of Common Stock may be issued by the Company in connection with a merger or acquisition without reducing the number of shares available for issuance under the Plan. Furthermore, if a Stock Award or any portion thereof (i) expires or otherwise terminates without all of the shares covered by such Stock Award having been issued or (ii) is settled in cash by reason of the Participant receiving cash rather than stock, the number of shares of Common Stock subject to such Stock Award that were not issued with respect to such Stock Award shall not be treated as having been issued for purposes of this Section 3(a) and the Share Reserve shall be increased by such number of shares.

#### **(b) Share Counting; Reversion of Shares to the Share Reserve.**

**(i)** A "Full Value Award" means any Restricted Stock Award, Restricted Stock Unit Award or other Stock Award settled in Common Stock, excluding, however, (A) an Option, (B) a Stock Appreciation Right, or (C) a Restricted Stock Award or an Other Stock Award under which the Company will receive monetary consideration equal to the Fair Market Value (determined on the effective date of grant) of the shares subject to such Award. Each share of Common Stock subject to an Award other than a Full Value Award shall be counted against the Share Reserve limit set forth in Section 3(a) as one share. Each share of Common Stock subject to a Full Value Award shall be counted against the Share Reserve as two shares of Common Stock; provided, however, that each share of Common Stock subject to a Full Value Award that is forfeited or repurchased pursuant to the first sentence of Section 3(b)(ii), and each share of Common Stock subject to a Full Value Award that is not issued because a Stock Award expires, terminates without issuance or is settled in cash as described in the last sentence of Section 3(a), shall be counted as two shares of Common Stock for purposes of determining the number of shares of Common Stock again becoming available for issuance under the Plan.

**(ii)** If any shares of Common Stock issued pursuant to a Stock Award are forfeited back to or repurchased by the Company because of the failure to meet a contingency or condition required to vest such shares in the Participant, then the shares that are forfeited or repurchased shall revert to and again become available for issuance under the Plan. Shares of Common Stock shall not be deemed to have been issued pursuant to the Plan with respect to any portion of an Award that is settled in cash. Shares of Common Stock that are reacquired or withheld by the Company pursuant to Section 8(f) in connection with a tax withholding obligation or as consideration for the exercise of an Option, SAR or any other Stock Award shall not again become available for issuance under the Plan. The payment of dividends and dividend equivalents in cash in conjunction with any outstanding Awards shall not be counted against the shares of Common Stock available for issuance under the Plan.

**(c) Source of Shares.** The stock issuable under the Plan shall be shares of authorized but unissued or reacquired Common Stock, including shares repurchased by the Company on the open market or otherwise.

### 4. ELIGIBILITY AND AWARD LIMITATIONS.

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**(a) Eligibility for Specific Stock Awards.** Incentive Stock Options may be granted only to employees of the Company or a “parent corporation” or “subsidiary corporation” thereof (as such terms are defined in Sections 424(e) and 424(f) of the Code). Stock Awards other than Incentive Stock Options may be granted to Employees, Directors and Consultants; provided, however, that Stock Awards may not be granted to Employees, Directors and Consultants who are providing Continuous Service only to any “parent” of the Company, as such term is defined in Rule 405 of the Securities Act, unless the stock underlying such Stock Awards is treated as “service recipient stock” under Section 409A of the Code because the Stock Awards are granted pursuant to a corporate transaction (such as a spin-off transaction) or unless such Stock Awards comply with the distribution requirements of Section 409A of the Code.

**(b) Ten Percent Shareholders.** A Ten Percent Shareholder shall not be granted an Incentive Stock Option unless the exercise price of such Option is at least 110% of the Fair Market Value on the date of grant and the Option is not exercisable after the expiration of five years from the date of grant.

**(c) Incentive Stock Option \$100,000 Limitation.** To the extent that the aggregate Fair Market Value (determined at the time of grant) of Common Stock with respect to which Incentive Stock Options are exercisable for the first time by any Optionholder during any calendar year (under all plans of the Company and any Affiliates) exceeds \$100,000, the Options or portions thereof that exceed such limit (according to the order in which they were granted) shall be treated as Nonstatutory Stock Options, notwithstanding any provision to the contrary in the applicable Option Agreements.

**(d) Vesting Condition Limitation.** Notwithstanding any other provision in the Plan to the contrary, an Award granted under the Plan shall vest no earlier than the first anniversary of the date the Award is granted; provided, however, that (i) Awards that result in the issuance of an aggregate of up to five percent of the shares of Common Stock available pursuant to Section 3(a) (as such number of shares of Common Stock may be increased from time to time in accordance with the Plan) may be granted to any one or more eligible Directors, Consultants or Employees without respect to such one-year minimum vesting condition; (ii) Awards to Non-Employee Directors may vest on the earlier of the one-year anniversary of the date of grant or the next annual meeting of shareholders (provided that such vesting period may not be less than 50 weeks after the date of grant); and (iii) Awards may vest without respect to the minimum vesting condition limitation described in this Section 4(d) above (A) as a result of a Participant’s termination of Continuous Service by reason of the Participant’s death or Disability, (B) in connection with (including following) the consummation of a Change in Control or a dissolution or liquidation of the Company, or (C) pursuant to the terms of a written employment agreement between the Participant and the Company or an Affiliate in connection with the Participant’s termination of Continuous Service.

**(e) No Repricing of Stock Awards or Cancellation and Re-Grant of Stock Awards.** Except with respect to adjustments that are made in accordance with Section 9(a) or 9(c), the Administrator shall not have the authority to (i) reduce the exercise price of any outstanding Option or SAR or take any other action that would be treated, for accounting purposes, as a “repricing” of any outstanding Stock Award under the Plan or (ii) cancel and re-grant any outstanding Stock Award under the Plan, unless the shareholders of the Company approve such reduction, cancellation, re-grant or other action.

**(f) Limitation on Annual Compensation to Non-Employee Directors.** In no event shall the compensation payable by the Company to a Non-Employee Director for services performed as a Non-Employee Director, including, without limitation, the grant date value (determined in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 or any amendment or successor to such standard) of Awards, cash retainers, Committee fees and other compensation, exceed \$450,000 in the aggregate during any fiscal year, which limit shall be increased to \$650,000 in the fiscal year of a Non-Employee Director’s initial service as a Non-Employee Director, and in no event shall the number of shares of Common Stock subject to Stock Awards (including, without limitation, Options) granted to any Non-Employee Director, subject to the provisions of Section 9(a) relating to Capitalization Adjustments, exceed 20,000 shares during any fiscal year. The limitation of 20,000 shares described in this Section 4(f) refers to the actual number of shares of Common Stock that is subject to each Stock Award and such limitation shall be calculated without regard to the provision set forth in Section 3(b)(i) that each share of Common Stock subject to a Full Value Award shall be counted against the Plan’s Share Reserve limit in Section 3(a) as two shares of Common Stock.

## 5. PROVISIONS RELATING TO OPTIONS AND STOCK APPRECIATION RIGHTS.

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Each Option or SAR shall be in such form and shall contain such terms and conditions as the Administrator shall deem appropriate. All Options shall be separately designated Incentive Stock Options or Nonstatutory Stock Options at the time of grant and, if certificates are issued, a separate certificate or certificates shall be issued for shares of Common Stock purchased on exercise of each type of Option. If an Option is not specifically designated as an Incentive Stock Option, then the Option shall be a Nonstatutory Stock Option. The provisions of separate Options or SARs need not be identical; provided, however, that each Option Agreement or Stock Appreciation Right Agreement shall conform to (through incorporation of provisions hereof by reference in the applicable Award Agreement or otherwise) the substance of each of the following provisions:

**(a) Term.** The term of each Option and SAR shall be set by the Administrator in its sole discretion; provided, however, that the term shall not be more than ten years from the date the Option or SAR is granted or five years from the date an Incentive Stock Option is granted to a Ten Percent Shareholder. The Administrator shall determine the time period, including the time period following any termination of a Participant's Continuous Service, during which the Participant has the right to exercise a vested Option or SAR, which time period may not extend beyond the expiration date of the Option or SAR term. Except as limited by the requirements of Section 409A or Section 422 of the Code, the Administrator may extend the term of any outstanding Option or SAR, and may extend the time period during which a vested Option or SAR may be exercised, in connection with any termination of the Participant's Continuous Service, and may amend any other term or condition of such Option or SAR relating to such a termination of Continuous Service, provided, however, that such term or time period shall not be extended beyond the date described in the first sentence of this paragraph.

**(b) Exercise Price.** Subject to the provisions of Section 4(b) regarding Ten Percent Shareholders, the exercise price (or strike price) of each Option or SAR shall be not less than 100% of the Fair Market Value of the Common Stock subject to the Option or SAR on the date the Option or SAR is granted. Notwithstanding the foregoing, an Option or SAR may be issued with an exercise price (or strike price) lower than 100% of the Fair Market Value of the Common Stock subject to the Option or SAR if such Option or SAR is issued pursuant to an assumption of or substitution for another option or stock appreciation right pursuant to a Change in Control and in a manner consistent with the provisions of Section 409A of the Code and, if applicable, Section 424(a) of the Code. Each SAR will be denominated in shares of Common Stock equivalents.

**(c) Purchase Price for Options.** The purchase price of Common Stock acquired pursuant to the exercise of an Option shall be paid, to the extent permitted by applicable law and as determined by the Administrator in its sole discretion, by any combination of the methods of payment set forth below. The Administrator shall have the authority to grant Options that do not permit all of the following methods of payment (or otherwise restrict the ability to use certain methods) and to grant Options that require the consent of the Company to utilize a particular method of payment. The permitted methods of payment are as follows:

**(i)** By cash, check, bank draft or money order payable to the Company;

**(ii)** Pursuant to a program developed under Regulation T as promulgated by the Federal Reserve Board that, prior to the issuance of the stock subject to the Option, results in either the receipt of cash (or check) by the Company or the receipt of irrevocable instructions to a broker to pay the aggregate exercise price to the Company from the sales proceeds;

**(iii)** By delivery to the Company of shares of Common Stock already owned by the Participant and valued at the Fair Market Value as of the date of delivery to the Company;

**(iv)** If the option is a Nonstatutory Stock Option, by a "net exercise" arrangement pursuant to which the Company will reduce the number of shares of Common Stock issuable upon exercise by the largest whole number of shares with a Fair Market Value that does not exceed the aggregate exercise price; provided, however, that the Company shall accept a cash or other payment from the Participant to the extent of any remaining balance of the aggregate exercise price not satisfied by such reduction in the number of whole shares to be issued; provided, further, that shares of Common Stock will no longer be subject to an Option and will not be exercisable thereafter to the extent that (A) shares issuable upon exercise are reduced to pay the exercise price pursuant to the "net exercise," (B) shares are delivered to the Participant as a result of such exercise, and (C) shares are withheld to satisfy tax withholding obligations; and

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(v) In any other form of legal consideration that may be acceptable to the Administrator and specified in the applicable Award Agreement.

(d) **Exercise and Payment of a SAR.** To exercise any outstanding SAR, the Participant must provide written notice of exercise to the Company in compliance with the provisions of the Stock Appreciation Right Agreement evidencing such SAR. The appreciation distribution payable on the exercise of a SAR will be not greater than an amount equal to the excess of (i) the aggregate Fair Market Value (on the date of the exercise of the SAR) of a number of shares of Common Stock equal to the number of Common Stock equivalents in which the Participant is vested under such SAR and with respect to which the Participant is exercising the SAR on such date over (ii) the strike price that will be determined by the Administrator at the time of grant of the SAR. The appreciation distribution in respect to a SAR may be paid in Common Stock, in cash, in any combination of the two or in any other form of consideration, as determined by the Administrator and contained in the Stock Appreciation Right Agreement evidencing such SAR.

(e) **Transferability of Options and SARs.** The Administrator may, in its sole discretion, impose such limitations on the transferability of Options and SARs as the Administrator shall determine. In the absence of such a determination by the Administrator to the contrary, the following restrictions on the transferability of Options and SARs shall apply:

(i) **Restrictions on Transfer.** An Option or SAR shall not be transferable except by will or by the laws of descent and distribution and shall be exercisable during the lifetime of the Participant only by the Participant; provided, however, that the Administrator may, in its sole discretion, permit transfer of the Option or SAR in a manner that is not prohibited by applicable tax and securities laws upon the Participant's request. Except as explicitly provided herein, neither an Option nor a SAR may be transferred for consideration.

(ii) **Domestic Relations Orders.** Notwithstanding the foregoing, an Option or SAR may be transferred pursuant to a domestic relations order; provided, however, that if an Option is an Incentive Stock Option, such Option may be deemed to be a Nonstatutory Stock Option as a result of such transfer.

(iii) **Beneficiary Designation.** Notwithstanding the foregoing, the Participant may, by delivering written notice to the Company, in a form provided by or otherwise satisfactory to the Company and any broker designated by the Company to effect Option exercises, designate a third party who, in the event of the death of the Participant, shall thereafter be entitled to exercise the Option or SAR and receive the Common Stock or other consideration resulting from such exercise. In the absence of such a designation, the executor or administrator of the Participant's estate shall be entitled to exercise the Option or SAR and receive the Common Stock or other consideration resulting from such exercise.

(f) **Vesting Generally.** Subject to Section 4(d), the total number of shares of Common Stock subject to an Option or SAR may vest and therefore become exercisable in periodic installments that may or may not be equal. The Option or SAR may be subject to such other terms and conditions on the time or times when it may or may not be exercised (which may be based on the satisfaction of Performance Goals or other criteria) as the Administrator may deem appropriate. The vesting provisions of individual Options or SARs may vary. The provisions of this Section 5(f) are subject to any Option or SAR provisions governing the minimum number of shares of Common Stock as to which an Option or SAR may be exercised.

(g) **Termination of Continuous Service.** Except as otherwise provided in the applicable Award Agreement or other agreement between the Participant and the Company or except as otherwise extended by the Administrator, if a Participant's Continuous Service terminates (other than for Cause or upon the Participant's death or Disability), the Participant may exercise his or her Option or SAR (to the extent that the Participant was entitled to exercise such Award as of the date of termination of Continuous Service) but only within such period of time ending on the earlier of (i) the date three months following the termination of the Participant's Continuous Service (or such longer or shorter period specified in the applicable Award Agreement) or (ii) the expiration of the term of the Option or SAR as set forth in the Award Agreement. If, after termination of Continuous Service, the Participant does not exercise his or her Option or SAR within the time specified herein or in the Award Agreement (as applicable), the Option or SAR shall terminate except as otherwise determined by the Administrator. Notwithstanding any provision in the Plan to the contrary, the Administrator may, in its sole discretion and subject to whatever terms and conditions it elects, provide in the Award Agreement for continued vesting of an Option or SAR following a termination of Continuous Service.

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**(h) Extension of Termination Date.** If the exercise of an Option or SAR following the termination of the Participant's Continuous Service (other than for Cause or upon the Participant's death or Disability) would be prohibited at any time solely because the issuance of shares of Common Stock would violate the registration requirements under the Securities Act, then the Option or SAR shall terminate on the earlier of (i) the expiration of a total period of three months (that need not be consecutive) after the termination of the Participant's Continuous Service during which the exercise of the Option or SAR would not be in violation of such registration requirements or (ii) the expiration of the term of the Option or SAR as set forth in the applicable Award Agreement or as otherwise determined by the Administrator. In addition, unless otherwise provided in a Participant's Award Agreement or as otherwise determined by the Administrator, if the sale of any Common Stock received upon exercise of an Option or SAR following the termination of the Participant's Continuous Service (other than for Cause) would violate the Company's insider trading policy, then the Option or SAR shall terminate on the earlier of (i) the expiration of a period equal to the applicable post-termination exercise period after the termination of the Participant's Continuous Service during which the sale of the Common Stock received upon exercise of the Option or SAR would not be in violation of the Company's insider trading policy or (ii) the expiration of the term of the Option or SAR as set forth in the applicable Award Agreement.

**(i) Disability of a Participant.** Except as otherwise provided in the applicable Award Agreement or other agreement between the Participant and the Company or except as otherwise extended by the Administrator, if a Participant's Continuous Service terminates as a result of the Participant's Disability, the Participant may exercise his or her Option or SAR (to the extent that the Participant was entitled to exercise such Option or SAR as of the date of termination of Continuous Service), but only within such period of time ending on the earlier of (i) the date twelve months following such termination of Continuous Service (or such longer or shorter period specified in the Award Agreement) or (ii) the expiration of the term of the Option or SAR as set forth in the Award Agreement. If, after termination of Continuous Service, the Participant does not exercise his or her Option or SAR within the time specified herein or in the Award Agreement (as applicable), the Option or SAR (as applicable) shall terminate except as otherwise determined by the Administrator.

**(j) Death of a Participant.** Except as otherwise provided in the applicable Award Agreement or other agreement between the Participant and the Company or except as otherwise extended by the Administrator, if (i) a Participant's Continuous Service terminates as a result of the Participant's death or (ii) the Participant dies within the period (if any) specified in the Award Agreement after the termination of the Participant's Continuous Service for a reason other than death, then the Option or SAR may be exercised (to the extent the Participant was entitled to exercise such Option or SAR as of the date of death) by the Participant's estate, by a person who acquired the right to exercise the Option or SAR by bequest or inheritance or by a person designated to exercise the Option or SAR upon the Participant's death, but only within the period ending on the earlier of (i) the date twelve months following the date of death (or such longer or shorter period specified in the Award Agreement) or (ii) the expiration of the term of such Option or SAR as set forth in the Award Agreement. If, after the Participant's death, the Option or SAR is not exercised within the time specified herein or in the Award Agreement (as applicable), the Option or SAR shall terminate except as otherwise determined by the Administrator.

**(k) Termination for Cause.** Except as explicitly provided otherwise in a Participant's Award Agreement or except as otherwise extended by the Administrator, if a Participant's Continuous Service is terminated for Cause, the Option or SAR shall terminate upon the date on which the Participant's Continuous Service terminated, and the Participant shall be prohibited from exercising his or her Option or SAR from and after the date of such termination of Continuous Service.

## **6. PROVISIONS OF STOCK AWARDS OTHER THAN OPTIONS AND SARS.**

**(a) Restricted Stock Awards.** Each Restricted Stock Award Agreement shall be in such form and shall contain such terms and conditions as the Administrator shall deem appropriate. To the extent consistent with the Company's Bylaws, at the Administrator's election, shares of Common Stock may be (i) held in book entry form subject to the Company's instructions until any restrictions relating to the Restricted Stock Award lapse or (ii) evidenced by a certificate, which certificate shall be held in such form and manner as determined by the Administrator. The terms and conditions of Restricted Stock Award Agreements may change from time to time, and the terms and conditions of separate Restricted Stock Award Agreements need not be identical; provided, however, that each Restricted Stock Award Agreement shall conform to (through incorporation of the provisions hereof by reference in the agreement or otherwise) the substance of each of the following provisions:

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**(i) Consideration.** A Restricted Stock Award may be awarded in consideration for (A) cash, check, bank draft or money order payable to the Company, (B) past services to the Company or an Affiliate, or (C) any other form of legal consideration that may be acceptable to the Administrator, in its sole discretion, and permissible under applicable law.

**(ii) Vesting.** Subject to Section 4(d), shares of Common Stock awarded under the Restricted Stock Award Agreement shall be subject to forfeiture to the Company in accordance with a vesting schedule to be determined by the Administrator.

**(iii) Termination of a Participant's Continuous Service.** If a Participant's Continuous Service terminates, the Company may receive through a forfeiture condition or a repurchase right any or all of the shares of Common Stock held by the Participant that have not vested as of the date of termination of Continuous Service under the terms of the Restricted Stock Award Agreement.

**(iv) Transferability.** Rights to acquire shares of Common Stock under the Restricted Stock Award Agreement shall be transferable by the Participant only upon such terms and conditions as are set forth in the Restricted Stock Award Agreement, as the Administrator shall determine in its sole discretion, so long as Common Stock awarded under the Restricted Stock Award Agreement remains subject to the terms of the Restricted Stock Award Agreement.

**(b) Restricted Stock Unit Awards.** Each Restricted Stock Unit Award Agreement shall be in such form and shall contain such terms and conditions as the Administrator shall deem appropriate. The terms and conditions of Restricted Stock Unit Award Agreements may change from time to time, and the terms and conditions of separate Restricted Stock Unit Award Agreements need not be identical; provided, however, that each Restricted Stock Unit Award Agreement shall conform to (through incorporation of the provisions hereof by reference in the agreement or otherwise) the substance of each of the following provisions:

**(i) Consideration.** At the time of grant of a Restricted Stock Unit Award, the Administrator will determine the consideration, if any, to be paid by the Participant upon delivery of each share of Common Stock subject to the Restricted Stock Unit Award. The consideration to be paid (if any) by the Participant for each share of Common Stock subject to a Restricted Stock Unit Award may be paid in any form of legal consideration that may be acceptable to the Administrator, in its sole discretion, and permissible under applicable law.

**(ii) Vesting.** Subject to Section 4(d), at the time of the grant of a Restricted Stock Unit Award, the Administrator may impose such restrictions on or conditions to the vesting of the Restricted Stock Unit Award as it, in its sole discretion, deems appropriate.

**(iii) Payment.** A Restricted Stock Unit Award may be settled by the delivery of shares of Common Stock, their cash equivalent, any combination thereof or in any other form of consideration, as determined by the Administrator and contained in the Restricted Stock Unit Award Agreement.

**(iv) Additional Restrictions.** At the time of the grant of a Restricted Stock Unit Award, the Administrator, as it deems appropriate, may impose such restrictions or conditions that delay the delivery of the shares of Common Stock (or their cash equivalent) subject to a Restricted Stock Unit Award to a time after the vesting of such Restricted Stock Unit Award.

**(v) Termination of a Participant's Continuous Service.** Except as otherwise provided in the applicable Restricted Stock Unit Award Agreement, such portion of the Restricted Stock Unit Award that has not vested will be forfeited upon the Participant's termination of Continuous Service.

**(c) Performance Awards.**

**(i) Performance Stock Awards.** A Performance Stock Award is a Stock Award that may vest or may be exercised contingent upon the attainment during a Performance Period of certain Performance Goals. A Performance Stock Award may, but need not, require the completion of a specified period of Continuous Service. The length of any Performance Period, the Performance Goals to be achieved during the Performance Period, and the measure of whether and to what degree such Performance Goals have been attained shall be conclusively determined by

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the Administrator, in its sole discretion. The Administrator may provide for or, subject to such terms and conditions as the Administrator may specify, may permit a Participant to elect for, the payment of any Performance Stock Award to be deferred to a specified date or event. In addition, to the extent permitted by applicable law and the applicable Award Agreement, the Administrator may determine that cash may be used in payment of Performance Stock Awards.

**(ii) Performance Cash Awards.** A Performance Cash Award is a cash award that may be paid contingent upon the attainment during a Performance Period of certain Performance Goals. A Performance Cash Award may also require the completion of a specified period of Continuous Service. The length of any Performance Period, the Performance Goals to be achieved during the Performance Period, and the measure of whether and to what degree such Performance Goals have been attained shall be conclusively determined by the Administrator, in its sole discretion. The Administrator may specify the form of payment of Performance Cash Awards, which may be cash or other property, or may provide for a Participant to have the option for his or her Performance Cash Award, or such portion thereof as the Administrator may specify, to be paid in whole or in part in cash or other property.

**(iii) Discretion.** The Administrator shall have the right to reduce, eliminate or increase the amount that is payable under a Performance Stock Award or Performance Cash Award by taking into account additional factors that the Administrator may deem relevant, including the assessment of individual or corporate performance for the Performance Period.

**(d) Other Stock Awards.** Other forms of Stock Awards valued in whole or in part by reference to, or otherwise based on, Common Stock, including the appreciation in value thereof may be granted either alone or in addition to Stock Awards provided for under Section 5 and the preceding provisions of this Section 6. Subject to the provisions of the Plan, the Administrator shall have sole and complete authority to determine the persons to whom and the time or times at which such Other Stock Awards will be granted, the number of shares of Common Stock (or the cash equivalent thereof) to be granted pursuant to such Other Stock Awards and all other terms and conditions of such Other Stock Awards, which shall be set forth in Other Stock Award Agreements.

**(e) Dividends and Dividend Equivalents.** Dividends or dividend equivalents may be paid or credited, as applicable, with respect to any shares of Common Stock subject to a Stock Award (other than an Option or SAR), as determined by the Administrator and contained in the applicable Stock Award Agreement; provided, however, that (i) any dividends or dividend equivalents that are paid or credited with respect to any such shares shall be subject to all of the terms and conditions applicable to such shares under the terms of such Stock Award Agreement (including, without limitation, any vesting conditions), and (ii) any dividends or dividend equivalents that are paid or credited with respect to any such shares shall be subject to forfeiture to the Company on the date, if any, such shares are forfeited to or repurchased by the Company due to a failure to meet any vesting conditions under the terms of such Stock Award Agreement.

## 7. COVENANTS OF THE COMPANY.

**(a) Availability of Shares.** During the terms of the Stock Awards, the Company shall keep available at all times the number of shares of Common Stock reasonably required to satisfy such Stock Awards.

**(b) Securities Law Compliance.** The Company shall seek to obtain from each regulatory commission or agency having jurisdiction over the Plan such authority as may be required to grant Stock Awards and to issue and sell shares of Common Stock upon exercise of the Stock Awards; provided, however, that this undertaking shall not require the Company to register under the Securities Act the Plan, any Stock Award or any Common Stock issued or issuable pursuant to any such Stock Award. If, after reasonable efforts, the Company is unable to obtain from any such regulatory commission or agency the authority that counsel for the Company deems necessary for the lawful issuance and sale of Common Stock under the Plan, the Company shall be relieved from any liability for failure to issue and sell Common Stock upon exercise of such Stock Awards unless and until such authority is obtained. A Participant shall not be eligible for the grant of a Stock Award or the subsequent issuance of Common Stock pursuant to the Stock Award if such grant or issuance would be in violation of any applicable securities law.

**(c) No Obligation to Notify or Minimize Taxes.** The Company shall have no duty or obligation to any Participant to advise such holder as to the time or manner of exercising such Stock Award. Furthermore, the Company shall have no duty or obligation to warn or otherwise advise such holder of a pending termination or expiration of a

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Stock Award or a possible period in which the Stock Award may not be exercised. The Company has no duty or obligation to minimize the tax consequences of a Stock Award to the holder of such Stock Award.

## 8. MISCELLANEOUS.

(a) **Use of Proceeds from Sales of Common Stock.** Proceeds from the sale of shares of Common Stock pursuant to Stock Awards shall constitute general funds of the Company.

(b) **Corporate Action Constituting the Grant of Stock Awards.** Corporate action constituting a grant by the Company of a Stock Award to any Participant shall be deemed completed as of the date of such corporate action, unless otherwise determined by the Administrator, regardless of when the instrument, certificate, or letter evidencing the Stock Award is communicated to, or actually received or accepted by, the Participant.

(c) **Shareholder Rights.** No Participant shall be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Common Stock subject to a Stock Award unless and until (i) such Participant has satisfied all requirements for exercise of the Stock Award pursuant to its terms, if applicable, and (ii) the issuance of the Common Stock subject to such Stock Award has been entered into the books and records of the Company.

(d) **No Employment or Other Service Rights.** Nothing in the Plan, any Award Agreement or any other instrument executed thereunder or in connection with any Award granted pursuant thereto shall confer upon any Participant any right to continue to serve the Company or an Affiliate in the capacity in effect at the time the Award was granted or shall affect the right of the Company or an Affiliate to terminate (i) the employment of an Employee with or without notice and with or without Cause, (ii) the service of a Consultant pursuant to the terms of such Consultant's agreement with the Company or an Affiliate, or (iii) the service of a Director pursuant to the Bylaws of the Company or an Affiliate, and any applicable provisions of the corporate law of the state in which the Company or the Affiliate is incorporated, as the case may be.

(e) **Investment Assurances.** The Company may require a Participant, as a condition of exercising or acquiring Common Stock under any Stock Award, (i) to give written assurances satisfactory to the Company as to the Participant's knowledge and experience in financial and business matters and/or to employ a purchaser representative reasonably satisfactory to the Company who is knowledgeable and experienced in financial and business matters and that he or she is capable of evaluating, alone or together with the purchaser representative, the merits and risks of exercising the Stock Award, and (ii) to give written assurances satisfactory to the Company stating that the Participant is acquiring Common Stock subject to the Stock Award for the Participant's own account and not with any present intention of selling or otherwise distributing the Common Stock. The foregoing requirements, and any assurances given pursuant to such requirements, shall be inoperative if (A) the issuance of the shares upon the exercise or acquisition of Common Stock under the Stock Award has been registered under a then-currently effective registration statement under the Securities Act or (B) as to any particular requirement, a determination is made by counsel for the Company that such requirement need not be met in the circumstances under the then-applicable securities laws. The Company may, upon advice of counsel to the Company, place legends on stock certificates issued under the Plan as such counsel deems necessary or appropriate in order to comply with applicable securities laws, including, but not limited to, legends restricting the transfer of the Common Stock.

(f) **Withholding Obligations.** Unless prohibited by the terms of an Award Agreement, the Company may, in its sole discretion, satisfy any federal, state or local tax withholding obligation relating to an Award by any of the following means or by a combination of such means: (i) causing the Participant to tender a cash payment; (ii) withholding shares of Common Stock from the shares of Common Stock issued or otherwise issuable to the Participant in connection with the Award; provided, however, that no shares of Common Stock are withheld with a value exceeding the minimum amount of tax required to be withheld by law (or such lesser amount as may be necessary to avoid classification of the Stock Award as a liability for financial accounting purposes); (iii) withholding cash from an Award settled in cash; (iv) withholding payment from any amounts otherwise payable to the Participant; or (v) by such other method as may be set forth in the Award Agreement.

(g) **Electronic Delivery.** Any reference herein to a "written" agreement or document shall include any agreement or document delivered electronically, filed publicly at [www.sec.gov](http://www.sec.gov) (or any successor website thereto) or posted on the Company's intranet.

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**(h) Compliance with Section 409A of the Code.**

**(i) General.** The Company intends that all Awards shall be structured to comply with, or to be exempt from, Section 409A of the Code, such that no adverse tax consequences, interest or penalties under Section 409A of the Code shall apply. To the extent that the Administrator determines that any Award granted under the Plan is subject to Section 409A of the Code, the Award Agreement evidencing such Award shall be deemed to incorporate the terms and conditions necessary to avoid the consequences specified in Section 409A(a)(1) of the Code. To the extent applicable, the Plan and Award Agreements shall be interpreted in accordance with Section 409A of the Code. In addition and notwithstanding any provision to the contrary in the Plan or any Award Agreement, the Administrator may, without a Participant's consent, amend the Plan or Awards, adopt policies and procedures, or take any other actions (including amendments, policies, procedures and retroactive actions) as are necessary or appropriate to preserve the intended tax treatment of Awards, including any such actions intended to (A) exempt the Plan or any Award from Section 409A of the Code or (B) comply with Section 409A of the Code. However, the Company makes no representations or warranties as to an Award's tax treatment under Section 409A of the Code or otherwise, and the Company has no obligation under the Plan or otherwise to avoid the taxes, penalties or interest under Section 409A of the Code with respect to any Award and shall have no liability to any Participant or any other person if any Award, compensation or other benefit under the Plan is determined to constitute nonqualified deferred compensation subject to taxes, penalties or interest under Section 409A of the Code.

**(ii) Participant's Termination of Continuous Service.** If an Award constitutes "nonqualified deferred compensation" under Section 409A of the Code, any payment or settlement of such Award upon a termination of a Participant's Continuous Service shall, to the extent necessary to avoid taxes under Section 409A of the Code, be made only upon the Participant's "separation from service" within the meaning of Section 409A of the Code, whether such "separation from service" occurs upon or after the termination of the Participant's Continuous Service.

**(iii) Payments to Specified Employees.** Notwithstanding any provision to the contrary in the Plan (and unless the Award Agreement specifically provides otherwise), if a Participant holding an Award that constitutes nonqualified deferred compensation under Section 409A of the Code is a "specified employee" for purposes of Section 409A of the Code, no distribution or payment of any amount shall be made upon a "separation from service" before a date that is six months following the date of such Participant's "separation from service" (as defined in Section 409A of the Code without regard to alternative definitions thereunder) or, if earlier, the date of the Participant's death, unless such distribution or payment can be made in a manner that complies with Section 409A of the Code.

**(iv) Deferrals.** To the extent permitted by applicable law, the Administrator, in its sole discretion, may determine that the delivery of Common Stock or the payment of cash, upon the exercise, vesting or settlement of all or a portion of any Award may be deferred and may establish programs and procedures for deferral elections to be made by Participants. Deferrals by Participants shall be made in accordance with Section 409A of the Code. Consistent with Section 409A of the Code, the Administrator may provide for distributions while a Participant is still an Employee or otherwise providing services to the Company or an Affiliate. The Administrator is authorized to make deferrals of Awards and determine when, and in what annual percentages, a Participant may receive payments, including lump sum payments, following the Participant's termination of Continuous Service, and implement such other terms and conditions consistent with the provisions of the Plan and in accordance with applicable law.

**(i) Clawback Provisions.** All Awards granted under the Plan shall be subject to recoupment in accordance with any clawback, recovery or recoupment policy that Company may adopt, including any such policy adopted pursuant to the listing standards of any national securities exchange on which the Company's securities are listed or pursuant to other requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act or other applicable law. In addition, the Administrator may impose such other clawback, recovery or recoupment provisions in an Award Agreement as the Administrator determines necessary or appropriate, including but not limited to a reacquisition right in respect of previously acquired shares of Common Stock or other cash or property upon the occurrence of an event constituting Cause. No recovery of compensation under such a clawback policy shall be an event giving rise to a right to resign for "good reason" or "constructive termination" (or similar term) under the Plan or any agreement with the Company.

**9. ADJUSTMENTS UPON CHANGES IN THE COMMON STOCK; OTHER CORPORATE EVENTS.**

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**(a) Capitalization Adjustments.** In the event of a Capitalization Adjustment, the Administrator shall appropriately and proportionately adjust (i) the class(es) and maximum number of securities subject to the Plan pursuant to Section 3(a), (ii) the class(es) and maximum number of securities that may be awarded to any person pursuant to Section 4(f), and (iii) the class(es) and number of securities and price per share of stock subject to outstanding Stock Awards. The Administrator shall make such adjustments, and its determination shall be final, binding and conclusive.

**(b) Dissolution or Liquidation.** Except as otherwise provided in the applicable Stock Award Agreement, in the event of a dissolution or liquidation of the Company, all outstanding Stock Awards (other than Stock Awards consisting of vested and outstanding shares of Common Stock not subject to a forfeiture condition or the Company's right of repurchase) shall terminate immediately prior to the completion of such dissolution or liquidation, and the shares of Common Stock subject to the Company's repurchase rights or subject to a forfeiture condition may be repurchased or reacquired by the Company notwithstanding the fact that the holder of such Stock Award is providing Continuous Service; provided, however, that the Administrator may, in its sole discretion, cause some or all Stock Awards to become fully vested, exercisable and/or no longer subject to repurchase or forfeiture (to the extent such Stock Awards have not previously expired or terminated) before the dissolution or liquidation is completed but contingent on its completion.

**(c) Change in Control.**

**(i)** In the event of a Change in Control, if a Participant's entire Award is not (A) continued in full force and effect by the Company, (B) assumed in full and continued in full force and effect by the Entity or its parent that is the surviving, purchasing or continuing corporation or other Entity in the Change in Control (the "Acquiror"), or (C) replaced by the Acquiror with a substantially equivalent award with respect to the Acquiror's capital stock, with appropriate adjustments as to the number of securities and exercise prices, the Award shall fully vest (and as to Options and SARs, become fully exercisable) effective immediately prior to, but conditioned on the consummation of, the Change in Control, and, except as otherwise provided in an Award Agreement evidencing an Award, for each such Award that vests subject to the attainment of one or more Performance Goals, the applicable Performance Goals shall be deemed achieved at the greater of target or actual performance (with the Performance Goals equitably adjusted to reflect a shortened Performance Period ending as of the Change in Control). For purposes of this Section 9(c), if so determined by the Administrator in its sole discretion, an Award denominated in shares of Common Stock shall be deemed assumed if, following the Change in Control, the Award confers the right to receive, subject to the terms and conditions of the Plan and the applicable Award Agreement, for each share of Common Stock subject to the Award immediately prior to the Change in Control, the consideration (whether stock, cash, other securities or property or a combination thereof) to which a holder of a share of Common Stock on the effective date of the Change in Control was entitled (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding shares of Common Stock); provided, however, that if such consideration is not solely common stock of the Acquiror, the Administrator may, with the consent of the Acquiror, provide for the consideration to be received upon the exercise or settlement of the Award, for each share of Common Stock subject to the Award, to consist solely of common stock of the Acquiror equal in Fair Market Value to the per share consideration received by holders of Common Stock pursuant to the Change in Control.

**(ii)** A Stock Award may be subject to additional acceleration of vesting and exercisability upon or after the termination of the Participant's Continuous Service in connection with the consummation of a Change in Control (including within a specified period following a Change in Control) as may be provided in any written employment agreement or Stock Award Agreement between the Company or any Affiliate and the Participant or as may be otherwise determined by the Administrator.

**(iii)** Notwithstanding any other provision of the Plan to the contrary, with respect to an Award that constitutes "nonqualified deferred compensation" subject to the provisions of Section 409A of the Code, an event shall not be considered to be a Change in Control under the Plan unless such event is also a "change in ownership," a "change in effective control" or a "change in the ownership of a substantial portion of the assets" of the Company, in each case within the meaning of Section 409A of the Code.

**10. AMENDMENT, TERMINATION OR SUSPENSION OF THE PLAN.**

**(a) Amendment of the Plan.** The Board has the power and authority to amend any provision of the Plan at any time; provided, however, that without the approval of the Company's shareholders given within twelve months

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before or after any such Plan amendment, the Board shall not have the right or authority (i) to increase the aggregate number of shares of Common Stock (including upon the exercise of Incentive Stock Options) that may be issued under the Plan pursuant to Section 3(a), provided that an increase that is made pursuant to Section 9(a) in connection with a Capitalization Adjustment shall not require shareholder approval and may be made by the Board, (ii) to amend Section 4(e) relating to the repricing, cancellation and re-grant of Stock Awards, (iii) to amend the Plan in any respect that requires shareholder approval under the rules of The Nasdaq Stock Market LLC (or under the rules of any other national securities exchange on which the Common Stock may subsequently be traded), or (iv) to amend the Plan in any respect that requires shareholder approval under the Code or any other applicable law.

**(b) Termination or Suspension of the Plan.** The Board may suspend or terminate the Plan at any time. Unless terminated sooner by the Board, the Plan shall automatically terminate on the tenth anniversary of the date that the Plan was adopted by the Board. No Awards may be granted under the Plan while the Plan is suspended or after it is terminated.

**(c) No Impairment of Rights upon the Plan's Amendment, Suspension or Termination.** Unless otherwise provided in the applicable Award Agreement, the amendment, suspension or termination of the Plan shall not impair rights and obligations under any Award that is granted prior to such amendment, suspension or termination, except with the written consent of the affected Participant.

#### **11. EFFECTIVE DATE OF THE PLAN.**

The Plan shall become effective on the Effective Date. The Plan shall be submitted for the approval of the Company's shareholders at the 2021 annual meeting of shareholders. Awards may be granted prior to such shareholder approval, provided that such Awards shall not be exercisable, shall not vest, the restrictions thereon shall not lapse and no shares of Common Stock shall be issued pursuant to such Awards prior to the date that the Plan is approved by the Company's shareholders. If such shareholder approval is not obtained at the 2021 annual meeting of shareholders, all Awards previously granted under the Plan shall be cancelled and become null and void.

#### **12. CHOICE OF LAW.**

The law of the State of California shall govern all questions concerning the construction, validity and interpretation of the Plan, without regard to that state's conflict of laws rules.

#### **13. DEFINITIONS.**

As used in the Plan, the following definitions shall apply to the capitalized terms indicated below:

- (a)** "Acquiror" has the meaning set forth in Section 9(c)(i).
  - (b)** "Administrator" means the Board or a Committee to the extent that the Board's power or authority under the Plan has been delegated to such Committee.
  - (c)** "Affiliate" means, at the time of determination, any "parent" or "subsidiary" of the Company as such terms are defined in Rule 405 of the Securities Act. The Administrator shall have the authority to determine the time or times at which "parent" or "subsidiary" status is determined within the foregoing definition.
  - (d)** "Award" means a Stock Award or a Performance Cash Award.
  - (e)** "Award Agreement" means a written agreement between the Company and a Participant evidencing the terms and conditions of an Award.
  - (f)** "Board" means the Board of Directors of the Company.
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(g) “Capitalization Adjustment” means any change that is made in, or other events that occur with respect to, the Common Stock subject to the Plan or subject to any Stock Award after the Effective Date without the receipt of consideration by the Company through reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, large nonrecurring cash dividend, stock split, reverse stock split, spin-off, split-off, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or any similar equity restructuring transaction, as that term is used in Statement of Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any amendment or successor to such standard). Notwithstanding the foregoing, the conversion of any convertible securities of the Company shall not be treated as a Capitalization Adjustment.

(h) “Cause” shall have the meaning ascribed to such term in any written agreement between the Participant and the Company or an Affiliate defining such term and, in the absence of such agreement, such term shall mean, with respect to a Participant, the occurrence of any of the following events: (i) the Participant’s commission of an act of fraud, embezzlement or dishonesty that has a material adverse impact on the Company or an Affiliate; (ii) the Participant’s conviction of, or plea of “guilty” or “no contest” to, a felony; (iii) the Participant’s unauthorized use or disclosure of confidential information or trade secrets of the Company or an Affiliate that has a material adverse impact on such entity; or (iv) the Participant’s intentional misconduct that has a material adverse impact on the Company or an Affiliate. Any determination by the Company that the Continuous Service of a Participant was terminated with or without Cause for the purposes of outstanding Awards held by such Participant shall have no effect upon any determination of the rights or obligations of the Company or such Participant for any other purpose.

(i) “Change in Control” means the occurrence, in a single transaction or in a series of related transactions, of any one or more of the following events:

(i) Any Exchange Act Person becomes the Owner, directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company’s then-outstanding securities other than by virtue of a merger, consolidation or similar transaction; notwithstanding the foregoing, a Change in Control shall not be deemed to occur (A) on account of the acquisition of securities of the Company directly from the Company, (B) on account of the acquisition of securities of the Company by an investor, any affiliate thereof or any other Exchange Act Person that acquires the Company’s securities in a transaction or series of related transactions the primary purpose of which is to obtain financing for the Company through the issuance of equity securities, or (C) solely because the level of Ownership held by any Exchange Act Person (the “Subject Person”) exceeds the designated percentage threshold of the outstanding voting securities as a result of a repurchase or other acquisition of voting securities by the Company reducing the number of shares outstanding, provided that if a Change in Control would occur (but for the operation of this clause) as a result of the acquisition of voting securities by the Company, and after such share acquisition, the Subject Person becomes the Owner of any additional voting securities that, assuming the repurchase or other acquisition had not occurred, increases the percentage of the then-outstanding voting securities Owned by the Subject Person over the designated percentage threshold, then a Change in Control shall be deemed to occur;

(ii) There is consummated a merger, consolidation or similar transaction involving (directly or indirectly) the Company and, immediately after the consummation of such merger, consolidation or similar transaction, the shareholders of the Company immediately prior thereto do not Own, directly or indirectly, either (A) outstanding voting securities representing more than 50% of the combined outstanding voting power of the surviving Entity in such merger, consolidation or similar transaction or (B) more than 50% of the combined outstanding voting power of the parent of the surviving Entity in such merger, consolidation or similar transaction, in each case in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such transaction;

(iii) There is consummated a sale, lease, exclusive license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries, other than a sale, lease, license or other disposition of all or substantially all of the consolidated assets of the Company and its Subsidiaries to an Entity, more than 50% of the combined voting power of the voting securities of which are Owned by shareholders of the Company in substantially the same proportions as their Ownership of the outstanding voting securities of the Company immediately prior to such sale, lease, license or other disposition; or

(iv) Individuals who, at the beginning of any twelve-month period following the Effective Date of the Plan, are members of the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the

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members of the Board on any subsequent date during such twelve-month period; provided, however, that if the appointment or election (or nomination for election) of any new Board member was approved or recommended by a majority vote of the members of the Incumbent Board then still in office, such new member shall, for purposes of the Plan, be considered as a member of the Incumbent Board.

Notwithstanding the foregoing or any other provision of the Plan, (i) the term Change in Control shall not include a sale of assets, merger or other transaction effected exclusively for the purpose of changing the domicile of the Company; and (ii) the definition of Change in Control (or any analogous term) in a written employment agreement between the Company or any Affiliate and the Participant shall supersede the foregoing definition with respect to Awards subject to such agreement; provided, however, that if no definition of Change in Control or any analogous term is set forth in such an employment agreement, the foregoing definition shall apply.

(j) “Code” means the Internal Revenue Code of 1986, as amended from time to time, and any successor thereto, the Treasury Regulations thereunder and other relevant interpretive guidance issued by the Internal Revenue Service or the Treasury Department. Reference to any specific section of the Code shall be deemed to include such regulations and guidance, as well as any successor provision of the Code.

(k) “Committee” means a committee of two or more Directors to whom authority has been delegated by the Board in accordance with Section 2(c).

(l) “Common Stock” means the common stock of the Company.

(m) “Company” means Calavo Growers, Inc., a California corporation.

(n) “Consultant” means any individual, including an advisor, who is engaged by the Company or an Affiliate to render bona fide consulting or advisory services to the Company or an Affiliate, provided that such services are not in connection with the offer or sale of the Company’s securities in a capital-raising transaction and that such services do not directly or indirectly promote or maintain a market for the Company’s securities. Service solely as a Director, or payment of a fee for such service, shall not cause a Director to be considered a “Consultant” for purposes of the Plan.

(o) “Continuous Service” means that the Participant’s service with the Company or an Affiliate, whether as an Employee, Director or Consultant, is not interrupted or terminated. A change in the capacity in which the Participant renders service to the Company or an Affiliate as an Employee, Consultant or Director or a change in the entity for which the Participant renders such service, provided that there is no interruption or termination of the Participant’s service with the Company or an Affiliate, shall not terminate a Participant’s Continuous Service; provided, however, if the Entity for which a Participant is rendering services ceases to qualify as an Affiliate, as determined by the Administrator, in its sole discretion, such Participant’s Continuous Service shall be considered to have terminated on the date such Entity ceases to qualify as an Affiliate. To the extent permitted by law, the Administrator or the Chief Executive Officer of the Company, in that party’s sole discretion, may determine whether Continuous Service shall be considered interrupted in the case of (i) any leave of absence approved by the Administrator or Chief Executive Officer, including sick leave, military leave or any other personal leave or (ii) transfers between the Company, an Affiliate, or their successors. Notwithstanding the foregoing, a leave of absence shall be treated as Continuous Service for purposes of vesting in an Award only to such extent as may be provided in the Company’s leave of absence policy, in the written terms of any leave of absence agreement or policy applicable to the Participant, or as otherwise required by law.

(p) “Director” means a member of the Board.

(q) “Disability” means, with respect to a Participant, the inability of such Participant to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve months, as provided in Sections 22(e)(3) and 409A(a)(2)(C)(i) of the Code, and shall be determined by the Administrator on the basis of such medical evidence as the Administrator deems warranted under the circumstances.

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(r) “Effective Date” means the effective date of the Plan, which is December 9, 2020 and which is the date on which the Board approved and adopted the Plan; provided, however, that the Plan is subject to approval by the Company’s shareholders at the 2021 annual meeting of shareholders.

(s) “Employee” means any person employed by the Company or an Affiliate. However, service solely as a Director, or payment of a fee for such services, shall not cause a Director to be considered an “Employee” for purposes of the Plan.

(t) “Entity” means a corporation, partnership, limited liability company or other entity.

(u) “Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

(v) “Exchange Act Person” means any natural person, Entity or “group” (within the meaning of Section 13(d) or 14(d) of the Exchange Act), except that “Exchange Act Person” shall not include (i) the Company or any Subsidiary of the Company, (ii) any employee benefit plan of the Company or any Subsidiary of the Company or any trustee or other fiduciary holding securities under an employee benefit plan of the Company or any Subsidiary of the Company, (iii) an underwriter temporarily holding securities pursuant to a registered public offering of such securities, or (iv) an Entity Owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their Ownership of stock of the Company.

(w) “Fair Market Value” means, as of any date, the value of the Common Stock determined as follows:

(i) If the Common Stock is listed on any established stock exchange or traded on any established market, the Fair Market Value of a share of Common Stock shall be, unless otherwise determined by the Administrator, the closing sales price for such stock as quoted on such exchange or market (or the exchange or market with the greatest volume of trading in the Common Stock) on the date of determination, as reported in a source the Administrator deems reliable;

(ii) Unless otherwise provided by the Administrator, if there is no closing sales price for the Common Stock on the date of determination, then the Fair Market Value shall be the closing selling price on the last preceding date for which such quotation exists; and

(iii) In the absence of such markets for the Common Stock, the Fair Market Value shall be determined by the Administrator in good faith and in a manner that complies with Sections 409A and 422 of the Code.

(x) “Full Value Award” has the meaning set forth in Section 3(b)(i).

(y) “Incentive Stock Option” means an option granted pursuant to Section 5 of the Plan that is intended to be, and qualifies as, an “incentive stock option” within the meaning of Section 422 of the Code.

(z) “Incumbent Board” has the meaning set forth in Section 13(i)(iv).

(aa) “Non-Employee Director” means a Director who not an Employee.

(bb) “Nonstatutory Stock Option” means any option granted pursuant to Section 5 of the Plan that does not qualify as an Incentive Stock Option.

(cc) “Officer” means a person who is an officer of the Company within the meaning of Section 16 of the Exchange Act.

(dd) “Option” means an Incentive Stock Option or a Nonstatutory Stock Option to purchase shares of Common Stock granted pursuant to the Plan.

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(ee) “Option Agreement” means a written agreement between the Company and an Optionholder evidencing the terms and conditions of an Option grant. Each Option Agreement shall be subject to the terms and conditions of the Plan.

(ff) “Optionholder” means a person to whom an Option is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Option.

(gg) “Other Stock Award” means an award based in whole or in part by reference to the Common Stock which is granted pursuant to the terms and conditions of Section 6(d).

(hh) “Other Stock Award Agreement” means a written agreement between the Company and a holder of an Other Stock Award evidencing the terms and conditions of an Other Stock Award grant. Each Other Stock Award Agreement shall be subject to the terms and conditions of the Plan.

(ii) “Outside Director” means a Director who is (i) a “non-employee director” within the meaning of Rule 16b-3 under the Exchange Act and (ii) an “independent director” under applicable rules of The Nasdaq Stock Market LLC (or under the rules of any other national securities exchange on which the Common Stock may subsequently be traded), including the independence rules of such stock exchange relating to compensation committee members.

(jj) “Own,” “Owned,” “Owner,” “Ownership” means that a person or Entity owns, owned, is the owner of or has acquired ownership of securities, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise and has or shares voting power, which includes the power to vote or to direct the voting, with respect to such securities.

(kk) “Participant” means a person to whom an Award is granted pursuant to the Plan or, if applicable, such other person who holds an outstanding Stock Award.

(ll) “Performance Cash Award” means an award of cash granted pursuant to the terms and conditions of Section (6)(c)(ii).

(mm) “Performance Criteria” means the one or more criteria that the Administrator shall select for purposes of establishing the Performance Goals for a Performance Period. The Performance Criteria that shall be used to establish such Performance Goals may be based on any one of, or combination of, the following as determined by the Administrator: (i) earnings (including earnings per share and net earnings); (ii) earnings before interest, taxes and depreciation; (iii) earnings before interest, taxes, depreciation and amortization; (iv) total shareholder return; (v) return on equity or average shareholders’ equity; (vi) return on assets, investment or capital employed; (vii) stock price performance; (viii) margin (including gross margin); (ix) income (before or after taxes); (x) operating income; (xi) operating income after taxes; (xii) pre-tax profit, operating profit or net operating profit; (xiii) operating cash flow; (xiv) sales or revenue targets; (xv) increases in revenue; (xvi) expenses and cost reduction goals; (xvii) improvement in or attainment of working capital levels; (xviii) economic value added (or an equivalent metric); (xix) market share (in the aggregate or by segment); (xx) cash flow; (xxi) cash flow per share; (xxii) debt levels or debt reduction; (xxiii) objective measures of productivity and operating efficiency; (xxiv) performance of business acquisitions; (xxv) measures of customer satisfaction or retention; (xxvi) success in compliance with applicable laws and regulations and applicable accounting requirements; (xxvii) investor relations activities and success; (xxviii) shareholders’ equity; (xxix) capital expenditures; (xxx) measures of workforce diversity or retention; (xxxi) growth of net income or operating income; and (xxxii) any other measures of performance selected by the Administrator.

(nn) “Performance Goals” means, for a Performance Period, the one or more goals established by the Administrator for the Performance Period based upon the Performance Criteria. Performance Goals may be based on a Company-wide basis, with respect to one or more business units, divisions, Affiliates, or business segments, and in either absolute terms or relative to the performance of one or more comparable companies or the performance of one or more relevant indices. Unless specified otherwise by the Administrator (i) in the Award Agreement at the time the Award is granted or (ii) in such other document setting forth the Performance Goals at the time the Performance Goals are established, the Administrator may, in its sole discretion, make appropriate adjustments in the method of calculating the attainment of Performance Goals for a Performance Period as follows: (A) to exclude restructuring and/or other nonrecurring charges; (B) to exclude exchange rate effects, as applicable, for non-U.S. dollar denominated Performance

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Goals; (C) to exclude the effects of changes to generally accepted accounting principles; (D) to exclude the effects of any statutory adjustments to corporate tax rates; (E) to exclude the effects of any “extraordinary items” as determined under generally accepted accounting principles; (F) to exclude the dilutive effects of acquisitions or joint ventures; (G) to assume that any business divested by the Company achieved performance objectives at targeted levels during the balance of a Performance Period following such divestiture; (H) to exclude the effect of any change in the outstanding shares of Common Stock of the Company by reason of any stock dividend or split, stock repurchase, reorganization, recapitalization, merger, consolidation, spin-off, combination or exchange of shares or other similar corporate change, or any distributions to shareholders other than regular cash dividends; (I) to exclude the effects of stock-based compensation and/or the award of bonuses under the Company’s bonus plans; (J) to exclude expenses incurred in the acquisition or disposition of businesses; and (K) to exclude the effect of any other unusual, non-recurring gain or loss or other extraordinary item. In addition, the Administrator retains the sole discretion to define the manner of calculating the Performance Criteria it selects to use for such Performance Period. Partial achievement of the specified criteria may result in the payment or vesting corresponding to the degree of achievement as specified in the Stock Award Agreement or the written terms of a Performance Cash Award.

**(oo)** “Performance Period” means the period of time selected by the Administrator over which the attainment of one or more Performance Goals will be measured for the purpose of determining a Participant’s right to and the payment of a Performance Stock Award or a Performance Cash Award. Performance Periods may be of varying and overlapping duration, at the sole discretion of the Administrator.

**(pp)** “Performance Stock Award” means a Stock Award granted under the terms and conditions of Section 6(c) (i).

**(qq)** “Plan” means this Calavo Growers, Inc. 2020 Equity Incentive Plan, as it may be amended from time to time.

**(rr)** “Restricted Stock Award” means an award of shares of Common Stock which is granted pursuant to the terms and conditions of Section 6(a).

**(ss)** “Restricted Stock Award Agreement” means a written agreement between the Company and a holder of a Restricted Stock Award evidencing the terms and conditions of a Restricted Stock Award grant. Each Restricted Stock Award Agreement shall be subject to the terms and conditions of the Plan.

**(tt)** “Restricted Stock Unit Award” means a right to receive shares of Common Stock (and/or cash or other consideration of equal value) which is granted pursuant to the terms and conditions of Section 6(b).

**(uu)** “Restricted Stock Unit Award Agreement” means a written agreement between the Company and a holder of a Restricted Stock Unit Award evidencing the terms and conditions of a Restricted Stock Unit Award grant. Each Restricted Stock Unit Award Agreement shall be subject to the terms and conditions of the Plan.

**(vv)** “Securities Act” means the Securities Act of 1933, as amended.

**(ww)** “Share Reserve” has the meaning set forth in Section 3(a).

**(xx)** “Stock Appreciation Right” or “SAR” means a right to receive the appreciation on Common Stock that is granted pursuant to the terms and conditions of Section 5.

**(yy)** “Stock Appreciation Right Agreement” means a written agreement between the Company and a holder of a Stock Appreciation Right evidencing the terms and conditions of a Stock Appreciation Right grant. Each Stock Appreciation Right Agreement shall be subject to the terms and conditions of the Plan.

**(zz)** “Stock Award” means an Incentive Stock Option, a Nonstatutory Stock Option, a Restricted Stock Award, a Restricted Stock Unit Award, a Stock Appreciation Right, a Performance Stock Award or any Other Stock Award granted under the Plan.

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**(aaa)** “Stock Award Agreement” means a written agreement between the Company and a Participant evidencing the terms and conditions of a Stock Award grant. Each Stock Award Agreement shall be subject to the terms and conditions of the Plan.

**(bbb)** “Subject Person” has the meaning set forth in Section 13(i)(i).

**(ccc)** “Subsidiary” means, with respect to the Company, (i) any corporation of which more than 50% of the outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether, at the time, stock of any other class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, Owned by the Company, and (ii) any partnership, limited liability company or other entity in which the Company has a direct or indirect interest (whether in the form of voting or participation in profits or capital contribution) of more than 50%.

**(ddd)** “Ten Percent Shareholder” means a person who Owns (or is deemed to Own pursuant to Section 424(d) of the Code) stock possessing more than ten percent of the total combined voting power of all classes of stock of the Company or any Affiliate.

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

I, Lecil E. Cole, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Calavo Growers, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present, in all material respects, the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors:
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 9, 2025

/s/ Lecil E. Cole

Lecil E. Cole

Chief Executive Officer (Principal Executive Officer)

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

I, James Snyder, 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, 2025

/s/ James Snyder

James Snyder

Chief Financial Officer (Principal Financial Officer)

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WRITTEN STATEMENT OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

The undersigned Chief Executive Officer and Chief Financial Officer of Calavo Growers, Inc. (the “Company”), each 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, 2025, 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, 2025

/s/ Lecil E Cole

Lecil E. Cole  
Chief Executive Officer

/s/ James Snyder

James Snyder  
Chief Financial Officer

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