

REFINITIV

DELTA REPORT

10-Q

MISSION PRODUCE, INC.

10-Q - JANUARY 31, 2024 COMPARED TO 10-Q - JULY 31, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 662

█ CHANGES 106

█ DELETIONS 303

█ ADDITIONS 253

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended **July 31, 2023** **January 31, 2024**
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: 001-39561

MISSION PRODUCE, INC.

(Exact name of Registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

2710 Camino Del Sol
Oxnard, California
(Address of Principal Executive Offices)

95-3847744
(I.R.S. Employer
Identification No.)

93030
(Zip Code)

Registrant's Telephone Number, Including Area Code: (805) 981-3650

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, par value \$0.001 per share	AVO	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
Emerging growth company

Accelerated filer
Smaller reporting 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 Act). Yes No

MISSION PRODUCE, INC.

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FORWARD LOOKING STATEMENTS

This quarterly report on Form 10-Q contains forward-looking statements within the meaning of the federal securities laws, including the Private Securities Litigation Reform Act of 1995, which statements involve substantial risks and uncertainties. Forward-looking statements generally relate to future events or our future financial or operating performance. In some cases, you can identify forward-looking statements because they contain words such as "may", "will", "should", "expects", "plans", "anticipates", "could", "intends", "target", "projects", "contemplates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of these words or other similar terms or expressions that concern our expectations, strategy, plans or intentions. Forward-looking statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. We believe that these factors include, but are not limited to, the following:

- Risks related to our business, including: limitations regarding the supply of **avocados**, **fruit**, either through purchasing or growing; fluctuations in the market price of **avocados**, **fruit**; increasing competition; risks associated with doing business internationally, including Mexican and Peruvian economic, political and/or societal conditions; inflationary pressures; **establishment of sales channels and geographic markets**; loss of one or more of our largest customers; general economic conditions or downturns; supply chain failures or disruptions; disruption to the supply of reliable and cost-effective transportation; failure to recruit or retain employees, poor employee relations, and/or ineffective organizational structure; inherent farming **risks**; **risks, including climate change**; seasonality in operating results; failures associated with information technology infrastructure, system security and cyber risks; new and changing privacy laws and our compliance with such laws; food safety events and recalls; failure to comply with **laws and regulations, including those promulgated by the USDA and FDA, health and safety laws, environmental laws, and other** laws and regulations; changes to trade policy and/or export/import laws and regulations; risks from business acquisitions, if any; lack of or failure of infrastructure; material litigation or governmental inquiries/actions; failure to maintain or protect our brand; changes in tax rates or international tax legislation; and risks associated with the ongoing conflict in **Russia** **global conflicts**; and **Ukraine**, **inability to accurately forecast future performance**.
- Risks related to our common stock, including: the viability of an active, liquid, and orderly market for our common stock; volatility in the trading price of our common stock; concentration of control in our executive officers, **directors** and **principal stockholders** **directors** over matters submitted to stockholders for approval; limited sources of capital appreciation; significant costs associated with being a public company and the allocation of significant management resources thereto; reliance on analyst reports; failure to maintain proper and effective internal control over financial reporting; restrictions on takeover attempts in our charter documents and under Delaware law; and the selection of Delaware as the exclusive forum for substantially all disputes between us and our stockholders.
- Risks related to restrictive covenants under our credit facility, which could affect our flexibility to fund ongoing operations, uses of capital and strategic initiatives, and, if we are unable to maintain compliance with such covenants, lead to significant challenges in meeting our liquidity requirements and acceleration of our debt.
- Other risks and factors listed under "Item 1A. Risk Factors" in our most recent Annual Report on Form 10-K for the year ended **October 31, 2022** **October 31, 2023** and elsewhere in this report.

We have based the forward-looking statements contained in this report primarily on our current expectations and projections about future events and trends that we believe may affect our business, financial condition, results of operations, prospects, business strategy and financial needs. The outcome of the events described in these forward-looking statements is subject to risks, uncertainties, assumptions and other factors described in "Item 1A. Risk Factors" in our most recent Annual Report on Form 10-K for the year ended **October 31, 2022** **October 31, 2023** and elsewhere in this report. These risks are not exhaustive. Other sections of this report include additional factors that could adversely impact our business and financial performance. Furthermore, new risks and uncertainties emerge from time to time and it is not possible for us to predict all risks and uncertainties that could have an impact on the forward-looking statements contained in this report. We cannot assure you that the results, events and circumstances reflected in the forward-looking statements will be achieved or occur, and actual results, events or circumstances could differ materially from those described in the forward-looking statements.

In addition, statements that "we believe" and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this report, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

You should read this report, including documents that we reference and exhibits that have been filed, in this report and have filed as exhibits to this report, with the understanding that our actual future results, levels of activity, performance and achievements may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements.

The forward-looking statements made in this report relate only to events as of the date on which such statements are made. We undertake no obligation to update any forward-looking statements after the date of this report or to conform such statements to actual results or revised expectations, except as required by law.

This quarterly report may also include trademarks, tradenames and service marks that are the property of the Company and also certain trademarks, tradenames and service marks that are the property of other organizations. Solely for convenience, trademarks and tradenames referred to in this quarterly report appear without the ® and ™ symbols, but those references are not

intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights, or that the applicable owner will not assert its rights, to these trademarks and tradenames.

We maintain a website at www.missionproduce.com, to which we regularly post copies of our press releases as well as additional information about us. Our filings with the Securities and Exchange Commission ("SEC"), are available free of charge through our website as soon as reasonably practicable after being electronically filed with or furnished to the SEC. Information contained in our website does not constitute a part of this report or our other filings with the SEC.

PART I- FINANCIAL INFORMATION

Item 1. Financial Statements

MISSION PRODUCE, INC. CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(In millions, except for shares)	(In millions, except for shares)	July 31, October		(In millions, except for shares)	January 31, 2024	October 31, 2023
		2023	2022			
Assets	Assets					
Current Assets:	Current Assets:					
Current Assets:						
Cash and cash equivalents						
Cash and cash equivalents						
Cash and cash equivalents	Cash and cash equivalents	\$ 23.0	\$ 52.8			
Restricted cash	Restricted cash	2.1	1.1			
Accounts receivable	Accounts receivable					
Trade, net of allowances of \$0.9 and \$0.3, respectively	Trade, net of allowances of \$0.9 and \$0.3, respectively	88.6	62.9			
Trade, net of allowances of \$0.8 and \$0.9, respectively	Trade, net of allowances of \$0.8 and \$0.9, respectively					
Trade, net of allowances of \$0.8 and \$0.9, respectively	Trade, net of allowances of \$0.8 and \$0.9, respectively					
Grower and fruit advances	Grower and fruit advances	2.6	1.8			
Other	Other	18.9	17.3			
Inventory	Inventory	87.8	73.1			
Prepaid expenses and other current assets	Prepaid expenses and other current assets	8.6	11.1			
Income taxes receivable	Income taxes receivable	12.3	8.0			
Total current assets	Total current assets	243.9	228.1			
Property, plant and equipment, net	Property, plant and equipment, net	528.0	489.7			
Operating lease right-of-use assets	Operating lease right-of-use assets	74.4	65.4			

Equity method investees	Equity method investees	29.4	27.1
Deferred income tax assets, net	Deferred income tax assets, net	8.9	8.1
Goodwill	Goodwill	39.4	39.4
Intangible asset, net	Intangible asset, net	0.8	2.0
Other assets	Other assets	19.6	19.7
Total assets	Total assets	\$944.4	\$ 879.5
Liabilities and Equity	Liabilities and Equity		
Liabilities and Equity			
Liabilities	Liabilities		
Liabilities			
Accounts payable			
Accounts payable			
Accounts payable	Accounts payable	\$ 43.4	\$ 34.4
Accrued expenses	Accrued expenses	26.1	30.1
Income taxes payable	Income taxes payable	1.3	1.0
Grower payables	Grower payables	28.5	24.3
Short-term borrowings	Short-term borrowings	2.8	2.5
Notes payable			
Loans from noncontrolling interest holders—current portion	Loans from noncontrolling interest holders—current portion	0.5	—
Long-term debt—current portion	Long-term debt—current portion	3.6	3.5
Operating leases—current portion	Operating leases—current portion	6.4	4.7
Finance leases—current portion	Finance leases—current portion	2.2	1.2
Total current liabilities	Total current liabilities	114.8	101.7
Long-term debt, net of current portion	Long-term debt, net of current portion	164.3	136.9
Loans from noncontrolling interest holders, net of current portion	Loans from noncontrolling interest holders, net of current portion	2.5	1.0
Operating leases, net of current portion	Operating leases, net of current portion	72.7	63.9
Finance leases, net of current portion	Finance leases, net of current portion	14.8	1.4
Income taxes payable	Income taxes payable	2.3	3.1
Deferred income tax liabilities, net	Deferred income tax liabilities, net	28.9	29.4
Other long-term liabilities	Other long-term liabilities	23.7	19.2
Total liabilities	Total liabilities	424.0	356.6
Commitments and contingencies (Note 6)			
Commitments and contingencies (Note 7)			
Shareholders' Equity	Shareholders' Equity		
Common stock (\$0.001 par value, 1,000,000,000 shares authorized; 70,791,225 and 70,669,535 shares issued and outstanding as of July 31, 2023 and October 31, 2022, respectively)		0.1	0.1

Common stock (\$0.001 par value, 1,000,000,000 shares authorized; 70,841,303 and 70,728,404 shares issued and outstanding as of January 31, 2024 and October 31, 2023, respectively)			
Common stock (\$0.001 par value, 1,000,000,000 shares authorized; 70,841,303 and 70,728,404 shares issued and outstanding as of January 31, 2024 and October 31, 2023, respectively)			
Common stock (\$0.001 par value, 1,000,000,000 shares authorized; 70,841,303 and 70,728,404 shares issued and outstanding as of January 31, 2024 and October 31, 2023, respectively)			
Additional paid-in capital	Additional paid-in capital	232.2	229.3
Accumulated other	Accumulated other		
comprehensive loss	comprehensive loss	(0.2)	(1.7)
Retained earnings	Retained earnings	267.6	274.4
Mission	Mission		
Produce	Produce		
shareholders'	shareholders'		
equity	equity	499.7	502.1
Noncontrolling interest	Noncontrolling interest	20.7	20.8
Total equity	Total equity	520.4	522.9
Total liabilities and equity	Total liabilities and equity	\$944.4	\$ 879.5

See accompanying notes to unaudited condensed consolidated financial statements.

MISSION PRODUCE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS) (UNAUDITED)

		Three Months Ended		Nine Months Ended					
		July 31,		July 31,					
Three Months Ended									
January 31,									
Three Months Ended									
January 31,									
Three Months Ended									
January 31,									
(In millions, except for per share amounts)									
(In millions, except for per share amounts)									
(In millions, except for per share amounts)	(In millions, except for per share amounts)								
		2023		2023					
Net sales	Net sales	\$ 261.4	\$ 313.2	\$ 696.0	\$ 807.9				
Net sales									
Net sales									
Cost of sales									
Cost of sales									

Cost of sales	Cost of sales	233.0	270.6	640.5	745.0
Gross profit	Gross profit	28.4	42.6	55.5	62.9
Gross profit					
Gross profit					
Selling, general and administrative expenses					
Selling, general and administrative expenses	Selling, general and administrative expenses	17.4	20.6	55.8	58.0
Operating income (loss)	Operating income (loss)	11.0	22.0	(0.3)	4.9
Operating income (loss)					
Operating income (loss)					
Interest expense					
Interest expense	Interest expense	(3.2)	(1.5)	(8.3)	(3.5)
Equity method income	Equity method income	1.8	1.7	3.2	3.6
Equity method income					
Equity method income					
Other expense, net					
Other expense, net	Other expense, net				
Other expense, net	Other expense, net				
Income (loss) before income taxes					
Income (loss) before income taxes					
Income (loss) before income taxes					
Provision (benefit) for income taxes					
Provision (benefit) for income taxes	Provision (benefit) for income taxes				
Provision (benefit) for income taxes	Provision (benefit) for income taxes				
Net income (loss)					
Net income (loss)					
Net income (loss)	Net income (loss)				
Less:					
Net income (loss) attributable to noncontrolling interest	Net income (loss) attributable to noncontrolling interest				
Less:					
Net income (loss) attributable to noncontrolling interest	Net income (loss) attributable to noncontrolling interest				
Less:					
Net income (loss) attributable to noncontrolling interest	Net income (loss) attributable to noncontrolling interest				
Net loss attributable to Mission Produce					
Net loss attributable to Mission Produce					
Net loss attributable to Mission Produce					
Remeasurement gain on business combination with Moruga	—	2.0	—	2.0	
Other (expense) income, net	(1.1)	(0.9)	(1.3)	3.6	
Income (loss) before income taxes	8.5	23.3	(6.7)	10.6	
Provision for income taxes	2.3	5.4	2.4	3.7	

Net income (loss)	\$	6.2	\$	17.9	\$	(9.1)	\$	6.9	
Less:									
Net loss attributable to noncontrolling interest		(0.4)		(0.5)		(2.3)		(0.5)	
Net income (loss) attributable to Mission Produce	\$	6.6	\$	18.4	\$	(6.8)	\$	7.4	
Net loss per share attributable to Mission Produce:									
Net income (loss) per share attributable to Mission Produce:									
Net loss per share attributable to Mission Produce:									
Net loss per share attributable to Mission Produce:									
Basic									
Basic									
Basic	Basic	\$	0.09	\$	0.26	\$	(0.10)	\$	0.10
Diluted	Diluted	\$	0.09	\$	0.26	\$	(0.10)	\$	0.10
Diluted									
Diluted									

See accompanying notes to unaudited condensed consolidated financial statements.

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MISSION PRODUCE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)

		Three Months Ended July 31,		Nine Months Ended July 31,	
		Three Months Ended January 31,			
		Three Months Ended January 31,			
		Three Months Ended January 31,			
		Three Months Ended January 31,			
(In millions)					
(In millions)					
(In millions)	(In millions)	2023	2022	2023	2022
Net income (loss)	Net income (loss)	\$ 6.2	\$ 17.9	\$ (9.1)	\$ 6.9
Net income (loss)					

Net income (loss)							
Other comprehensive income (loss), net of tax							
Other comprehensive income (loss), net of tax							
Other comprehensive income (loss), net of tax	Other comprehensive income (loss), net of tax						
Foreign currency translation adjustments	Foreign currency translation adjustments	0.7		(0.5)		1.5	(0.6)
Foreign currency translation adjustments							
Foreign currency translation adjustments							
Total comprehensive income (loss), net of tax	Total comprehensive income (loss), net of tax	6.9		17.4		(7.6)	6.3
Less:							
Comprehensive loss attributable to noncontrolling interest		(0.4)		(0.5)		(2.3)	(0.5)
Comprehensive income (loss) attributable to							
Mission Produce	\$	7.3	\$	17.9	\$	(5.3)	\$
Total comprehensive income (loss), net of tax							
Total comprehensive income (loss), net of tax							
Less:							
Comprehensive income (loss) attributable to noncontrolling interest							
Less:							
Comprehensive income (loss) attributable to noncontrolling interest							
Less:							
Comprehensive income (loss) attributable to noncontrolling interest							
Comprehensive income (loss)							
Comprehensive income (loss)							
Comprehensive income (loss)							

See accompanying notes to unaudited condensed consolidated financial statements.

MISSION PRODUCE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

(In millions, except for shares)	(In millions, except for shares)	Accumulated						(In millions, except for shares)	Common stock	Additional paid-in capital	Accumulated other comprehensive loss	Retained earnings	Noncontrolling interest	Total equity	
		Common stock	Additional paid-in capital	comprehensive loss	Retained earnings	Noncontrolling interest	Total								
Balance at October 31, 2021	70,631,525	\$ 0.1	\$ 225.6	\$ (0.5)	\$ 309.0	\$ —	\$ 534.2								

Stock-based compensation	—	—	0.8	—	—	—	0.8
Net loss	—	—	—	—	(13.4)	—	(13.4)
Other comprehensive loss	—	—	—	(0.3)	—	—	(0.3)
Balance at January 31, 2022	70,631,525	\$ 0.1	\$ 226.4	\$ (0.8)	\$ 295.6	\$ —	\$ 521.3
Stock-based compensation	—	—	0.9	—	—	—	0.9
Issuance of common stock for equity awards	22,516	—	—	—	—	—	—
Net income	—	—	—	—	2.4	—	2.4
Other comprehensive income	—	—	—	0.2	—	—	0.2
Balance at April 30, 2022	70,654,041	\$ 0.1	\$ 227.3	\$ (0.6)	\$ 298.0	\$ —	\$ 524.8
Stock-based compensation	—	—	0.9	—	—	—	0.9
Issuance of common stock for equity awards	5,163	—	—	—	—	—	—
Acquired noncontrolling interest	—	—	—	—	—	20.2	20.2
Net income	—	—	—	—	18.4	(0.5)	17.9
Other comprehensive loss	—	—	—	(0.5)	—	—	(0.5)
Balance at July 31, 2022	70,659,204	\$ 0.1	\$ 228.2	\$ (1.1)	\$ 316.4	\$ 19.7	\$ 563.3

Balance at October 31, 2022

Balance at October 31, 2022

Balance at	Balance at	70,669,535	\$ 0.1	\$ 229.3	\$ (1.7)	\$ 274.4	\$ 20.8	\$ 522.9
October 31,	October 31,							
2022	2022							
Stock-based compensation	Stock-based compensation	—	—	0.7	—	—	—	0.7
Exercise of stock options	Exercise of stock options	8,500	—	—	—	—	—	—
Issuance of common stock for equity awards, net of shares withheld for the settlement of taxes	Issuance of common stock for equity awards, net of shares withheld for the settlement of taxes	55,055	—	(0.4)	—	—	—	(0.4)
Contributions from noncontrolling interest holders	Contributions from noncontrolling interest holders	—	—	—	—	—	1.0	1.0
Net loss	Net loss	—	—	—	—	(8.8)	(1.8)	(10.6)
Other comprehensive income	Other comprehensive income	—	—	—	0.5	—	—	0.5
Balance at	Balance at	70,733,090	\$ 0.1	\$ 229.6	\$ (1.2)	\$ 265.6	\$ 20.0	\$ 514.1
January 31,	January 31,							
2023	2023							

Balance at October 31, 2023

Balance at October 31, 2023							
Balance at October 31, 2023							
Stock-based compensation	Stock-based compensation	—	—	1.3	—	—	— 1.3
Exercise of stock options		5,000	—	—	—	—	—
Issuance of common stock for equity awards, net of shares withheld for the settlement of taxes	Issuance of common stock for equity awards, net of shares withheld for the settlement of taxes	47,592	—	—	—	—	—
Contributions from noncontrolling interest holders		—	—	—	—	0.4	0.4
Net loss		—	—	—	—	(4.6)	(0.1) (4.7)
Issuance of common stock for equity awards, net of shares withheld for the settlement of taxes							
Issuance of common stock for equity awards, net of shares withheld for the settlement of taxes							
Net income							
Net income							
Net income							
Other comprehensive income	Other comprehensive income	—	—	—	0.3	—	— 0.3
Balance at April 30, 2023							
Stock-based compensation		—	—	1.2	—	—	— 1.2
Exercise of stock options		5,543	—	0.1	—	—	— 0.1
Contributions from noncontrolling interest holders		—	—	—	—	—	0.8 0.8
Net income (loss)		—	—	—	—	6.6	(0.4) 6.2
Other comprehensive income		—	—	—	0.7	—	— 0.7
Balance at July 31, 2023							
Balance at							
January 31,							
2024							

See accompanying notes to unaudited condensed consolidated financial statements.

MISSION PRODUCE, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW (UNAUDITED)

(In millions)	Nine Months Ended July 31,		
	2023	2022	
Operating Activities			
Net (loss) income	\$ (9.1)	\$ 6.9	
Adjustments to reconcile net (loss) income to net cash used in operating activities			
Provision for losses on accounts receivable	0.1	0.1	
Depreciation and amortization	22.8	17.2	
Amortization of debt issuance costs	0.2	0.3	
Equity method income	(3.2)	(3.6)	
Noncash lease expense	4.4	3.9	
Stock-based compensation	3.2	2.6	
Dividends received from equity method investees	2.7	2.2	
Losses on asset impairment, disposals and sales, net of insurance recoveries	1.2	0.2	
Deferred income taxes	(1.2)	(0.7)	
Remeasurement gain on business combination with Moruga	—	(2.0)	
Unrealized losses on foreign currency transactions	2.9	—	
Unrealized gains on derivative financial instruments	(0.1)	(3.1)	
Other	—	0.1	
Effect on cash of changes in operating assets and liabilities:			
Trade accounts receivable	(23.8)	(18.1)	
Grower fruit advances	(0.7)	(2.5)	
Other receivables	(1.4)	(0.8)	
Inventory	(13.1)	(35.0)	
Prepaid expenses and other current assets	2.5	1.4	
Income taxes receivable	(4.3)	(0.4)	
Other assets	2.3	1.1	
Accounts payable and accrued expenses	5.7	10.1	
Income taxes payable	(0.5)	0.9	
Grower payables	4.2	20.9	
Operating lease liabilities	(2.8)	(3.3)	
Other long-term liabilities	0.7	(1.4)	
Net cash used in operating activities	\$ (7.3)	\$ (3.0)	
Investing Activities			
Purchases of property, plant and equipment	(47.0)	(42.0)	
Proceeds from sale of property, plant and equipment	0.1	2.9	
Cash acquired in consolidation of Moruga	—	4.3	
Investment in equity method investees	(1.4)	(0.4)	
Purchase of other investment	(2.3)	—	
Loan repayments from equity method investees	—	1.0	

Other		(0.1)	—
Net cash used in investing activities	\$ (50.7)	\$ (34.2)	
Financing Activities			
Borrowings on revolving credit facility	145.0	40.0	
Payments on revolving credit facility	(115.0)	(40.0)	
Proceeds from short-term borrowings	2.8	—	
Repayment of short-term borrowings	(2.5)	—	
Principal payments on long-term debt obligations	(2.7)	(6.6)	
Principal payments on finance lease obligations	(2.4)	(1.0)	
Taxes paid related to shares withheld from the settlement of equity awards	(0.4)	—	

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Three Months Ended		Three Months Ended	
January 31,		January 31,	
(In millions)	(In millions)	2024	2023
Operating Activities			
Net income (loss)			
Adjustments to			
reconcile net income			
(loss) to net cash			
provided by (used in)			
operating activities			
Depreciation and amortization			
Depreciation and amortization			
Depreciation and amortization			
Amortization			
of debt			
issuance			
costs			
Equity			
method			
income			
Noncash			
lease			
expense			
Stock-based			
compensation			

Dividends received from equity method investees		
Losses on asset impairment, disposals and sales, net of insurance recoveries		
Deferred income taxes		
	Nine Months Ended July 31,	
(In millions)	2023	2022
Exercise of stock options	0.1	—
Proceeds from loan from noncontrolling interest holder	2.0	—
Other		
Other		
Other		
Effect on cash changes in operating assets and liabilities:		
Trade accounts receivable		
Trade accounts receivable		
Trade accounts receivable		
Grower fruit advances		
Other receivables		
Inventory		
Prepaid expenses and other current assets		
Income taxes receivable		
Other assets		
Accounts payable and accrued expenses		
Income taxes payable		

Grower payables	
Operating lease	
liabilities	
Other long- term liabilities	
Net cash provided by (used in) operating activities	
Investing Activities	
Purchases of property, plant and equipment	
Purchases of property, plant and equipment	
Purchases of property, plant and equipment	
Investment in equity method investees	
Investment in equity method investees	
Investment in equity method investees	
Net cash used in investing activities	
Net cash used in investing activities	
Net cash used in investing activities	
Financing Activities	
Borrowings on revolving credit facility	
Borrowings on revolving credit facility	
Borrowings on revolving credit facility	
Payments on revolving credit facility	
Repayment of short-term borrowings	
Repayment of short-term borrowings	
Repayment of short-term borrowings	
Principal payments on long-term debt obligations	
Principal payments on long-term debt obligations	
Principal payments on long-term debt obligations	
Principal payments on finance lease obligations	
Payments for long- term supplier financing	

Principal payments on loans due to noncontrolling interest holder			
Payments of minimum withholding taxes on net share settlement of equity awards			
Equity contributions from noncontrolling interest holders	Equity contributions from noncontrolling interest holders	2.2	—
Net cash provided by (used in) financing activities		\$ 29.1	\$ (7.6)
Equity contributions from noncontrolling interest holders			
Equity contributions from noncontrolling interest holders			
Net cash (used in) provided by financing activities			
Effect of exchange rate changes on cash	Effect of exchange rate changes on cash	0.1	(0.5)
Net decrease in cash, cash equivalents and restricted cash	Net decrease in cash, cash equivalents and restricted cash	(28.8)	(45.3)
Cash, cash equivalents and restricted cash, beginning of period	Cash, cash equivalents and restricted cash, beginning of period	53.9	92.2
Cash, cash equivalents and restricted cash, end of period	Cash, cash equivalents and restricted cash, end of period	\$ 25.1	\$ 46.9

Summary of cash, cash equivalents and restricted cash reported within the condensed consolidated balance sheets:	Summary of cash, cash equivalents and restricted cash reported within the condensed consolidated balance sheets:
Summary of cash, cash equivalents and restricted cash reported within the condensed consolidated balance sheets:	Summary of cash, cash equivalents and restricted cash reported within the condensed consolidated balance sheets:
Cash and cash equivalents	Cash and cash equivalents
Cash and cash equivalents	Cash and cash equivalents
Cash and cash equivalents	Cash and cash equivalents \$23.0 \$43.8
Restricted cash	Restricted cash 2.1 3.1
Total cash, cash equivalents, and restricted cash shown in the condensed consolidated statements of cash flows	Total cash, cash equivalents, and restricted cash shown in the condensed consolidated statements of cash flows
Total cash, cash equivalents, and restricted cash shown in the condensed consolidated statements of cash flows	Total cash, cash equivalents, and restricted cash shown in the condensed consolidated statements of cash flows

See accompanying notes to unaudited condensed consolidated financial statements.

MISSION PRODUCE, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General

Business

Mission Produce, Inc. together with its consolidated subsidiaries ("Mission," "the Company," "we," "us" or "our"), is a global leader in the avocado industry. The Company's expertise lies in the farming, packaging, marketing and distribution of avocados to food retailers, distributors and produce wholesalers worldwide. The Company procures avocados principally from California, Mexico and Peru. Through our various operating facilities, we grow, sort, pack, bag and ripen avocados and a small amount of other fruits for distribution to domestic and international markets. We report our results of operations in three operating segments: Marketing and Distribution, International Farming and Blueberries (see Note 11 12).

Basis of presentation and consolidation

The unaudited interim condensed consolidated financial statements are presented in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information and include the Company's consolidated domestic and international subsidiaries and variable interest entity ("VIE") for which we are the primary beneficiary and have a controlling interest. Certain information and disclosures normally included in annual consolidated financial statements prepared in accordance with U.S. GAAP have been condensed or omitted. Accordingly, these unaudited interim condensed consolidated financial statements and accompanying footnotes should be read in conjunction with the Company's Annual Report for the year ended **October 31, 2022** **October 31, 2023**. In the opinion of management, all adjustments, of a normal recurring nature, considered necessary for a fair statement have been included in the unaudited condensed consolidated financial statements. Interim results of operations are not necessarily indicative of future results, including results that may be expected for the twelve months ended **October 31, 2023**.

Certain reclassifications have been made to previously reported balances in the unaudited condensed consolidated balance sheets in order to conform to current period presentation.

Consolidation of VIE

On May 1, 2022, a reconsideration event occurred related to Moruga S.A.C., an entity for which we have a 60% equity ownership interest. Moruga S.A.C. is a holding company with one wholly owned subsidiary Blueberries Peru, S.A.C. (collectively referred to as "Moruga"). Moruga was previously accounted for under the equity method of accounting, where investments are stated at initial cost and adjusted for subsequent additional investments and our proportionate share of earnings or losses and distributions. As a result of the reconsideration event, we concluded that Moruga is a VIE, and that the Company is the primary beneficiary with a controlling financial interest. Based on this conclusion, Moruga was prospectively consolidated on May 1, 2022 **October 31, 2024**.

Recently issued accounting standards

In September 2022, December 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2022-04, Liabilities—Supplier Finance Programs 2023-09, Income Taxes (Topic 405), which among other things, 740—Improvements to Income Tax Disclosures. The ASU requires that an entity disclose specific categories in the effective tax rate reconciliation as well as provide additional information for reconciling items that meet a quantitative threshold. Further, the ASU requires certain disclosures for a buyer in a supplier finance program. Some of the state versus federal income tax expense and taxes paid. The amendments in this ASU are required to be adopted for fiscal years beginning after December 15, 2022, including interim December 15, 2024. Early adoption is permitted for annual financial statements that have not yet been issued. The amendments should be applied on a prospective basis although retrospective application is permitted. We are currently evaluating the impact of adoption on our financial disclosures.

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280)—Improvements to Reportable Segment Disclosures. The ASU requires that an entity disclose significant segment expenses impacting profit and loss that are regularly provided to the chief operating decision maker. The update is required to be applied retrospectively to prior periods within those fiscal years, presented, based on the significant segment expense categories identified and others disclosed in the period of adoption. The amendments in this ASU are required to be adopted for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. We are currently evaluating the impact of adoption on our financial disclosures.

In March 2022, the FASB issued ASU, Financial Instruments—Credit Losses (Topic 326) Troubled Debt Restructurings and Vintage Disclosures, which among other things, requires that entities disclose current-period gross write-offs by year

2. Inventory

Major classes of origination for financing receivables. The amendments in this ASU are required to be adopted for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The impact of ASU 2022-02 is not expected to be material on our financial condition, results of operations and cash flows. inventory were as follows:

(In millions)	January 31, 2024	October 31, 2023
Finished goods	\$ 42.6	\$ 29.5
Crop growing costs	24.8	21.5
Packaging and supplies	18.5	19.8
Inventory	\$ 85.9	\$ 70.8

MISSION PRODUCE, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. Inventory

Major classes of inventory were as follows:

(In millions)	July 31, 2023	October 31, 2022
Finished goods	\$ 46.2	\$ 33.8
Crop growing costs	20.2	19.5
Packaging and supplies	21.4	19.8
Inventory	\$ 87.8	\$ 73.1

Inventory at October 31, 2022 included a \$0.7 million adjustment to increase inventories recognized in the business combination with Moruga to their fair value as of May 1, 2022. These inventories, including the fair value adjustment, were recognized in cost of sales as the underlying inventories were sold.

3. Goodwill and Intangible Asset, net

Goodwill

(In millions)	(In millions)	International	(In millions)	International	Farming	Blueberries	Total
Goodwill as of July 31, 2023 and October 31, 2022	\$ 26.9	\$ 12.5	\$ 39.4				
Goodwill as of January 31, 2024 and October 31, 2023							

The carrying amounts of goodwill as of January 31, 2024 and October 31, 2023 were net of accumulated impairment losses of \$49.5 million, attributable to the International Farming segment. Goodwill is tested for impairment on an annual basis in the fourth quarter, or when an event or changes in circumstances indicate that its carrying value may not be recoverable.

Intangible asset, net

(In millions)	(In millions)	July 31, 2023	October 31, 2022	(In millions)	January 31, 2024	October 31, 2023
Intangible asset, gross	\$ 2.8	\$ 2.8				
Accumulated amortization	(2.0)	(0.8)				

Intangible asset, net	Intangible asset, net	\$0.8	\$ 2.0
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The intangible asset, net consists of a distributor relationship entirely attributed to the business combination with Moruga on May 1, 2022. The intangible asset has an amortizable life of 2 years, to be recognized in selling, general and administrative expenses coinciding with the timing of the estimated revenues. Amortization expense was ~~less than \$0.1~~ \$0.3 million and \$1.2 million for both the three months ended **July 31, 2023** January 31, 2024 and 2022, respectively, and \$1.2 million and \$0.1 million for the nine months ended July 31, 2023 and 2022, 2023, respectively. The remaining amortization expense of \$0.2 million is expected to be recognized as follows. ~~during the year ended October 31, 2024.~~

(In millions)	Year Ending October 31,	
	Remaining 2023	2024
Estimated annual amortization expense	\$ 0.2	\$ 0.6

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MISSION PRODUCE, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

4. Details of Certain Account Balances

Accrued expenses

		July 31, 2023	October 31, 2022	(In millions)	January 31, 2024	October 31, 2023
Employee-related	Employee-related	\$ 9.8	\$ 16.3			
Freight	Freight	4.4	6.2			
Outside fruit purchase	Outside fruit purchase	1.4	1.0			
VAT and local taxes payable						
Legal settlement	Legal settlement	0.8	0.8			
Other	Other	9.7	5.8			
Accrued expenses	Accrued expenses	\$26.1	\$ 30.1			

Other long-term liabilities

		July 31, 2023	October 31, 2022	(In millions)	January 31, 2024	October 31, 2023
Uncertain tax positions ⁽¹⁾	Uncertain tax positions ⁽¹⁾	\$ 20.7	\$ 17.1			

Employee-related	Employee-related	1.6	1.2
Trade payables to noncontrolling interest holders			
Other	Other	1.4	0.9
Other long-term liabilities	Other long-term liabilities	\$23.7	\$ 19.2

(1)Includes uncertain tax positions related to both income taxes and other statutory tax reserves, plus related penalties and interest.

Other expense (income), net

(In millions)	Three Months Ended		Nine Months Ended	
	July 31,		July 31,	
	2023	2022	2023	2022
Gains on derivative financial instruments	\$ (0.1)	\$ (0.1)	\$ (0.1)	\$ (3.1)
Foreign currency transaction loss	1.3	1.2	2.6	1.1
Interest income	(0.2)	(0.3)	(1.3)	(1.5)
Other	0.1	0.1	0.1	(0.1)
Other expense (income), net	\$ 1.1	\$ 0.9	\$ 1.3	\$ (3.6)

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MISSION PRODUCE, INC. NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Other expense, net

(In millions)	Three Months Ended	
	January 31,	
	2024	2023
Gains on derivative financial instruments	\$ —	\$ 0.1
Foreign currency transaction loss	1.4	0.9
Interest income	(0.3)	(0.2)
Other expense, net	\$ 1.0	\$ 0.8

Other amounts attributable to noncontrolling interest holders

Amounts included in trade accounts receivable due from noncontrolling interest holders were \$6.7 million and \$5.7 million as of January 31, 2024 and October 31, 2023, respectively. Amounts included in trade accounts payable due to noncontrolling interest holders were \$3.0 million and \$3.2 million as of January 31, 2024 and October 31, 2023, respectively.

5. Variable Interest Entity

Assets of our variable interest in Moruga may only be used to settle its own liabilities and creditors of Moruga only have recourse for the liabilities of Moruga. A summary of these balances, which are wholly included in our condensed consolidated balance sheets, is as follows:

(In millions)	January 31, 2024	October 31, 2023
Current assets	\$ 27.2	\$ 30.0
Long-term assets	71.4	69.9
Current liabilities	12.8	17.0
Long-term liabilities	29.7	25.4

6. Debt

Credit facility

Long-term debt under our syndicated credit facility with Bank of America ("BoA") Merrill Lynch consisted of the following:

(In millions)	July 31, 2023		October 31, 2022		January 31, 2024	October 31, 2023
	2023	2022	(In millions)	2022		
Revolving line of credit. The interest rate is variable, based on SOFR plus a spread that varies with the Company's leverage ratio. As of July 31, 2023 and October 31, 2022, the interest rate was 7.33% and 5.34%, respectively. Interest is payable monthly and principal is due in full in October 2027	\$ 70.0	\$ 40.0				
Senior term loan (A-1). The interest rate is variable, based on SOFR plus a spread that varies with the Company's leverage ratio. As of July 31, 2023 and October 31, 2022, the interest rate was 7.42% and 5.58%, respectively. Interest is payable monthly, principal is payable quarterly and due in full in October 2027.	48.1	50.0				

Senior term loan (A-2). The interest rate is variable, based on SOFR plus a spread that varies with the Company's leverage ratio. As of July 31, 2023 and October 31, 2022, the interest rate was 7.67% and 5.83% respectively. Interest is payable monthly, principal is payable quarterly and due in full in October 2029.	49.6	50.0
Note payable to BoA. Payable in monthly installments including interest at a rate of 3.96% as of both July 31, 2023 and October 31, 2022. Principal is due July 2024.	0.6	1.0
Revolving line of credit. The interest rate is variable, based on SOFR plus a spread that varies with the Company's leverage ratio. As of January 31, 2024 and October 31, 2023, the interest rate was 7.43% and 7.42%, respectively. Interest is payable monthly and principal is due in full in October 2027		

Senior term loan (A-1). The interest rate is variable, based on SOFR plus a spread that varies with the Company's leverage ratio. As of January 31, 2024 and October 31, 2023, the interest rate was 7.43% and 7.42%, respectively. Interest is payable monthly, principal is payable quarterly and due in full in October 2027.

Senior term loan (A-2). The interest rate is variable, based on SOFR plus a spread that varies with the Company's leverage ratio. As of January 31, 2024 and October 31, 2023, the interest rate was 7.68% and 7.67%, respectively. Interest is payable monthly, principal is payable quarterly and due in full in October 2029.

<p>Note payable to BoA. Payable in monthly installments including interest at a rate of 3.96% as of both January 31, 2024 and October 31, 2023. Principal is due July 2024.</p>			
Total long-term debt	Total long-term debt	168.3	141.0
Less debt issuance costs	Less debt issuance costs	(0.4)	(0.6)
Long-term debt, net of issuance costs	Long-term debt, net of issuance costs	167.9	140.4
Less current portion of long-term debt	Less current portion of long-term debt	(3.6)	(3.5)
Long-term debt, net of current portion	Long-term debt, net of current portion	\$164.3	\$136.9

MISSION PRODUCE, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The credit facility requires the Company to comply with financial and other covenants, including limitations on investments, capital expenditures, dividend payments, amounts and types of liens and indebtedness, and material asset sales. The Company is also required to maintain certain leverage and fixed charge coverage ratios. As of **July 31, 2023** **January 31, 2024**, the Company was in compliance with all **financial** covenants of the credit facility.

Other

The Company may issue standby letters of credit through banking institutions. As of July 31, 2023, total letters of credit outstanding were \$0.7 million.

Certain of our consolidated subsidiaries may also enter into short-term bank borrowings from time to time. Short-term As of January 31, 2024, no short-term borrowings were outstanding were as the \$2.8 million and \$2.5 million as of July 31, 2023 and October 31, 2022, respectively, with balance outstanding at October 31, 2023 had been repaid in full. The weighted average variable interest rates of rate on the borrowings were 10.46% and 6.65%, respectively. Our Blueberries business also obtains loans from shareholders from time to time, which accrue interest at rates ranging from 5.0 to 6.5%. Amounts outstanding as of July 31, 2023 January 31, 2024 are expected to be repaid by the end of fiscal 2026.

The Company may issue standby letters of credit through banking institutions. As of January 31, 2024, total letters of credit outstanding were \$0.7 million.

Interest rate swaps

The Company has four separate interest rate swaps with a total notional amount of \$100 million to hedge changes in variable interest rates on the principal value of the Company's term loans. The interest rate swaps carry carried fixed LIBOR rates ranging from 1.75% to 2.57%. The Three of the four interest rate swaps expire at various dates through matured during fiscal year 2023. As of January 31, 2024, the remaining interest swap notional amount of \$25 million carries a fixed rate of 2.30% and matures in the second quarter of fiscal year 2024. We account for the interest rate swaps in accordance with ASC 815, Derivatives and Hedging, as amended, which requires the recognition of all derivative instruments as either assets or liabilities in the consolidated balance sheets and measurement of those instruments at fair value. The Company has not designated the interest rate swaps as cash flow hedges, and as a result under the accounting guidance, changes in the fair value of the interest rate swaps have been recorded in other (expense) income, expense, net in the condensed consolidated statements of income (loss) and changes in the asset are presented in net cash used in provided by (used in) operating activities in the condensed consolidated statements of cash flow. Refer to Note 8 for more details.

MISSION PRODUCE, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6.7. Commitments and Contingencies

Litigation

The Company is involved from time to time in claims, proceedings, and litigation, including the following:

On April 23, 2020, former Mission Produce, Inc. employees filed a class action lawsuit in the Superior Court of the State of California for the County of Los Angeles against us alleging violation of certain wage and labor laws in California, including failure to pay all overtime wages, minimum wage violations, and meal and rest period violations, among others. Additionally, on June 10, 2020, former Mission Produce, Inc. employees filed a class action lawsuit in the Superior Court of the State of California for the County of Ventura against us alleging similar violations of certain wage and labor laws. The plaintiffs in both cases seek damages primarily consisting of class certification and payment of wages earned and owed, plus other consequential and special damages. While the Company believes that it did not violate any wage or labor laws, it nevertheless decided to settle these class action lawsuits. In May 2021, the plaintiffs in both class action lawsuits and the Company agreed preliminarily to a comprehensive settlement to resolve both class action cases for a total of \$0.8 million, which the Company recorded as a loss contingency in selling, general and administrative expenses in the consolidated statements of income during the three months ended April 30, 2021. The parties executed a stipulation of settlement agreement on such terms in November 2021. This preliminary settlement was approved by the applicable courts in October 2022. In

As a result of a dispute over the course size of preparing to send out notices to the settlement class, issues arose regarding the nature Company recorded an additional reserve of \$0.2 million in selling, general and scope of the settlement, specifically with respect to the universe of participants administrative expenses in the settlement class, which condensed consolidated statements of income (loss) during the parties were unable to resolve. Plaintiffs filed a motion to enforce compliance with the settlement agreement and the Company filed a cross motion to reform the stipulation of settlement, or in the alternative, to vacate the order of preliminary approval. A hearing before the court was held on this matter in July 2023. The court granted Plaintiff's motion and directed the parties to proceed with the notice procedures to a class that includes a number of participants that the Company does not feel are appropriate to include. The court did not rule on the fairness of the settlement agreement between the parties and stated that this determination would be made at final approval and that the issues raised in the Company's motion would be considered at that time. The Company requested an appeal of the ruling and a delay of the mailing of notice to settlement class members, but such request was denied. three months ended January 31, 2024. A final approval hearing date has been set is scheduled for January 30, 2024, June 2024.

The outcomes of our legal proceedings and other contingencies are inherently unpredictable, subject to significant uncertainties, and if one or more legal matters were resolved against the Company in a reporting period for amounts above management's expectations, the Company's financial condition and operating results for that period could be materially adversely affected.

7.8. Income Taxes

The provision for income tax recorded for the three and nine months ended July 31, 2023 January 31, 2024 and 2022 2023 differs from the income taxes expected at the U.S. federal statutory tax rate of 21.0%, primarily due to income attributable to foreign jurisdictions which is

MISSION PRODUCE, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

taxed at different rates, changes in foreign exchange rates taxable in foreign jurisdictions, state taxes, nondeductible tax items, changes in uncertain tax positions ("UTP"), and changes in tax law affecting the rate in future years.

As of **July 31, 2023** **January 31, 2024**, the Company had **\$20.1** **\$18.1** million accrued in UTP on income taxes, of which \$10.0 million relates to interest and penalties, inclusive of inflationary adjustments. The period for assessing interest and penalties has expired. However, the Company continues to record certain statutory adjustments related to inflation. Changes in the UTP related to changes in foreign exchange rates during the period are included in other **(expense) income, expense**, net in the condensed consolidated statements of income (loss).

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MISSION PRODUCE, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8.9. Fair Value Measurements

Financial assets measured and recorded at fair value on a recurring basis included in the condensed consolidated balance sheets were as follows:

	July 31, 2023				October 31, 2022				January 31, 2024				October 31, 2023			
	Quoted Prices in Active Markets (Level 1)		Significant Other Observable Inputs (Level 2)		Quoted Prices in Active Markets (Level 1)		Significant Other Observable Inputs (Level 2)		Quoted Prices in Active Markets (Level 1)		Significant Other Observable Inputs (Level 2)		Quoted Prices in Active Markets (Level 1)		Significant Other Observable Inputs (Level 2)	
	(In millions)	(In millions)	Total	1)	(In millions)	Total	(In millions)	Total	(In millions)	Total	(In millions)	Total	(In millions)	Total	(In millions)	Total
Assets																
Assets																
Mutual funds																
Mutual funds																
Interest rate swap																
Mutual funds	Mutual funds	\$ 1.6	\$ 1.6	—	\$ —	—	\$ 1.2	\$ 1.2	—	\$ —	—	\$ —	—	\$ —	—	
Interest rate swap	Interest rate swap	0.9	—	0.9	—	2.6	—	2.6	—	—	—	—	—	—	—	

Our mutual fund investments relate to our deferred compensation plan, which are held in a Rabbi trust which is included in other assets in our condensed consolidated balance sheets. The funds are measured at quoted prices in active markets, which is equivalent to their fair value.

The fair value of interest rate swaps is determined using widely accepted valuation techniques, including the discounted cash flow method. The analysis reflects the contractual terms of the swaps, including the period to maturity, and uses observable market-based inputs, including interest rate curves ("significant other observable inputs"). The fair value calculation also includes an amount for risk of non-performance using "significant unobservable inputs" such as estimates of current credit spreads to evaluate the likelihood of default. The Company has concluded, as of **July 31, 2023** **January 31, 2024** and **October 31, 2022** **October 31, 2023**, the fair value associated with the "significant unobservable inputs" relating to the Company's risk of non-performance was insignificant to the overall fair value of the interest rate swap agreements and, as a result, the Company has determined that the relevant inputs for purposes of calculating the fair value of the interest rate swap agreements, in their entirety, were based upon "significant other observable inputs". The assets associated with the interest rate swaps have been included in prepaid expenses and other current assets and other assets in the condensed consolidated balance sheets and gains and losses for the interest rate swaps have been included in other **(expense) income, expense**, net in the condensed consolidated statements of income (loss).

9.10. Earnings Per Share

	Three Months Ended				Nine Months Ended			
	July 31,				July 31,			
	2023	2022	2023	2022				
Three Months Ended								
January 31,								

		Three Months Ended January 31,			
		Three Months Ended January 31,			
		2024			
		2024			
		2024			
Numerator:	Numerator:				
Net income (loss) attributable to Mission Produce (in millions)		\$ 6.6	\$ 18.4	\$ (6.8)	\$ 7.4
Numerator:					
Net loss attributable to Mission Produce (in millions)					
Net loss attributable to Mission Produce (in millions)					
Net loss attributable to Mission Produce (in millions)					
Denominator:					
Denominator:					
Denominator:	Denominator:				
Weighted average shares of common stock outstanding, used in computing basic earnings per share	Weighted average shares of common stock outstanding, used in computing basic earnings per share	70,788,574	70,656,976	70,740,638	70,641,669
Weighted average shares of common stock outstanding, used in computing basic earnings per share	Weighted average shares of common stock outstanding, used in computing basic earnings per share				
Effect of dilutive stock options	Effect of dilutive stock options				
Effect of dilutive stock options	Effect of dilutive stock options	203	57,066	—	121,383
Effect of dilutive RSUs	Effect of dilutive RSUs	129,253	65,865	—	21,720
Effect of dilutive RSUs	Effect of dilutive RSUs				
Weighted average shares of common stock outstanding, used in computing diluted earnings per share	Weighted average shares of common stock outstanding, used in computing diluted earnings per share				
Weighted average shares of common stock outstanding, used in computing diluted earnings per share	Weighted average shares of common stock outstanding, used in computing diluted earnings per share				

Weighted average shares of common stock outstanding, used in computing diluted earnings per share	Weighted average shares of common stock outstanding, used in computing diluted earnings per share	70,918,030	70,779,907	70,740,638	70,784,772
<hr/>					
Earnings per share					
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Earnings per share					
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Earnings per share					
<hr/>					
Basic	Basic	\$ 0.09	\$ 0.26	\$ (0.10)	\$ 0.10
Diluted	Diluted	\$ 0.09	\$ 0.26	\$ (0.10)	\$ 0.10
<hr/>					
Diluted					
<hr/>					
Diluted					

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Equity awards representing shares of common stock outstanding that were excluded in the computation of diluted earnings per share because their effect would have been anti-dilutive as a result of applying the treasury stock method, were as follows:

		Three Months Ended		Nine Months Ended	
		July 31,		July 31,	
		2023	2022	2023	2022
		Three Months Ended		Three Months Ended	
		January 31,		January 31,	
		Three Months Ended		Three Months Ended	
		January 31,		January 31,	
		Three Months Ended		Three Months Ended	
		January 31,		January 31,	
		2024		2024	
		2024		2024	
		2024			
<hr/>					
Anti-dilutive stock options					
<hr/>					
Anti-dilutive stock options					
<hr/>					
Anti-dilutive stock options	Anti-dilutive stock options	1,897,256	729,660	2,103,633	732,066
Anti-dilutive RSUs	Anti-dilutive RSUs	120,214	193,896	571,640	252,883
<hr/>					
Anti-dilutive RSUs					

10.11. Related Party Transactions

Transactions with related parties included in the condensed consolidated financial statements were as follows:

Equity method investees:	Equity method investees:						Equity method investees:
Henry Avocado	\$1.1 \$ — \$ — \$2.7 \$ — \$ —						
Mr. Avocado	Mr. Avocado	4.9	—	—	1.2	—	—
Other:							
Directors/Officers ⁽¹⁾	0.3 1.6 0.3 0.2 3.5 —						
Employees ⁽²⁾	— 2.0 — — 0.6 —						
	Nine Months Ended			Nine Months Ended			
	July 31, 2023			July 31, 2022			
Equity method investees:							
Henry Avocado	\$1.1 \$ — \$ — \$2.7 \$0.5 \$ —						
Mr. Avocado	Mr. Avocado	6.7	—	—	1.7	—	—
Moruga ⁽³⁾	— — — 4.1 — 0.4						
Copaltas ⁽⁴⁾	— — — — — 0.1						
Mr. Avocado							
Other:	Other:						
Directors/Officers ⁽¹⁾	Directors/Officers ⁽¹⁾	0.9	2.7	1.0	0.9	5.8	—
Directors/Officers ⁽¹⁾							
Directors/Officers ⁽¹⁾							
Employees ⁽²⁾	Employees ⁽²⁾	—	7.3	—	—	4.7	—

(1)The Company purchases from and sells **avocados** to, and provides logistics services to, a small number of entities having full or partial ownership by some of our directors/officers. These transactions are made under substantially similar terms as with other growers and customers. In November 2022, Moruga entered into Our **blueberries** business leases land under a long-term **land** lease with a company owned by one of our directors. The rental rate in the lease was comparable to market rates and reflective of an arms-length transaction. The lease was accounted for as a finance lease right-of-use asset and is included in property, plant and equipment, net in the **condensed** consolidated balance sheets, with amortization and interest expense recognized in cost of sales and interest expense, respectively, in the condensed consolidated statements of income (loss). The portion of lease costs attributable to noncontrolling interest, net of income taxes, was \$0.2 million and \$0.5 million for both the three and nine months ended July 31, 2023, respectively, January 31, 2024 and 2023, and included as part of net **loss** income (loss) attributable to noncontrolling interest in the condensed consolidated statements of income (loss). During the second quarter of 2023, we purchased 20 hectares of land in Peru from the same company owned by this same director for \$0.2 million, which was comparable to market rates and reflective of an arms-length transaction.

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(2)The Company utilizes a small number of transportation vendors in Mexico having full or partial ownership by some of our employees. The Company also purchases avocados from a small number of entities having full or partial ownership by some employees. These transactions are made under substantially similar terms as with other transportation carriers and growers.

(3)Effective May 1, 2022, Moruga was prospectively consolidated into the Company's financial statements, at which time transactions between parties were prospectively eliminated in the consolidation of our financial statements. Transactions prior to consolidation are presented the same as in prior periods. The Company provides packing and cooling services for blueberries and leases owned land to Moruga. The Company has also provided loans to Moruga to support growth and expansion projects, bearing interest at 6.5%, due December 31, 2024.

(4)The Company has provided loans to Copaltas to support expansion projects, bearing interest at 6.66%. The loans have been repaid in full as of October 31, 2022.

11.12. Segment and Revenue Information

We have three operating segments which are also reportable segments. Our reportable segments are presented based on how information is used by our CEO, who is the chief operating decision maker, to measure performance and allocate resources. After the consolidation of Moruga on May 1, 2022 (refer to Note 1 for more information), the information used by the

CEO changed to include the results of Moruga, and as such, we determined our reportable segments to be:

- *Marketing and Distribution.* Our Marketing and Distribution reportable segment sources fruit from growers and then distributes the fruit through our global distribution network.
- *International Farming.* International Farming owns and operates orchards from which substantially all the vast majority of fruit produced is sold to our Marketing and Distribution segment. Its The segment's farming activities range from cultivating early-stage

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

plantings to harvesting from mature trees, and it trees. It also earns service revenues for packing and processing fruit for both our Blueberries segment, as well as for third-party producers of other crops during the avocado off-harvest season crops. Operations are principally located in Peru, with smaller operations emerging in other areas of Latin America.

- *Blueberries.* The Blueberries segment represents the results of Moruga, subsequent to its consolidation on May 1, 2022, Moruga. Moruga's farming activities include cultivating early-stage blueberry plantings and harvesting mature bushes. Substantially all of blueberries produced are sold to a single distributor under an exclusive marketing agreement.

The CEO evaluates and monitors segment performance primarily through segment sales and segment adjusted EBITDA. Adjusted EBITDA refers to net income (loss), before interest expense, income taxes, depreciation and amortization expense, stock-based compensation expense, other income (expense), and income (loss) from equity method investees, further adjusted by asset impairment and disposals, net of insurance recoveries, farming costs for nonproductive orchards (which represents land lease costs), certain noncash and nonrecurring ERP costs, transaction costs, amortization of inventory adjustments recognized from business combinations, and any special, non-recurring, or one-time items such as remeasurements or impairments, and any portion of these items attributable to the noncontrolling interest, all of which are excluded from the results the CEO reviews uses to assess segment performance and results. We believe that adjusted EBITDA by segment provides useful information for analyzing the underlying business results as well as allowing investors a means to evaluate the financial results of each reportable segment in relation to the Company as a whole. These measures are not in accordance with, nor are they a substitute for or superior to, the comparable GAAP financial measures.

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Net sales from each of our reportable segments were as follows.

Marketing and Distribution		Marketing and International			Marketing and International					
		Distribution	Farming	Blueberries	Total	Distribution	Farming	Blueberries	Total	
		Three Months Ended						Three Months Ended		
		January 31,						January 31,		
(In millions)										
		Marketing and International								
		Distribution	Farming	Blueberries	Total	Distribution	Farming	Blueberries	Total	
		Three Months Ended								
		July 31,								
(In millions)										
		2023						2024		
Third party sales		Third party sales	\$ 256.6	\$ 3.4	\$ 1.4	\$ 261.4	\$ 308.9	\$ 4.0	\$ 0.3	\$ 313.2
Affiliated sales		—	34.8	—	34.8	—	60.6	—	60.6	

Total segment sales	256.6	38.2	1.4	296.2	308.9	64.6	0.3	373.8
Intercompany eliminations	—	(34.8)	—	(34.8)	—	(60.6)	—	(60.6)
Total net sales	\$ 256.6	\$ 3.4	\$ 1.4	\$ 261.4	\$ 308.9	\$ 4.0	\$ 0.3	\$ 313.2
Third party sales								
Nine Months Ended								
July 31,								
	2023				2022			
Third party sales	Third party sales	\$ 653.7	\$ 9.4	\$ 32.9	\$ 696.0	\$ 794.9	\$ 12.7	\$ 0.3
Affiliated sales	Affiliated sales	—	40.5	—	40.5	—	62.2	—
Total segment sales	Total segment sales	653.7	49.9	32.9	736.5	794.9	74.9	0.3
Intercompany eliminations	Intercompany eliminations	—	(40.5)	—	(40.5)	—	(62.2)	—
Total net sales	Total net sales	\$ 653.7	\$ 9.4	\$ 32.9	\$ 696.0	\$ 794.9	\$ 12.7	\$ 0.3

Supplemental sales information is as follows.

(In millions)	Three Months Ended				Nine Months Ended			
	July 31,				July 31,			
	2023	2022	2023	2022				
<i>By type</i>								
Avocado	\$	249.2	\$	303.9	\$	626.1	\$	781.5
Blueberry		1.4		0.3		32.9		0.3 ⁽¹⁾
Mango		6.9		3.5		27.2		13.1
Other		3.9		5.5		9.8		13.0
Total net sales	\$	261.4	\$	313.2	\$	696.0	\$	807.9
<i>By customer location</i>								
United States	\$	202.4	\$	264.4	\$	560.3	\$	678.0
Rest of world		59.0		48.8		135.7		129.9
Total net sales	\$	261.4	\$	313.2	\$	696.0	\$	807.9

(1) Blueberry sales are generated entirely by our Blueberries segment and are therefore reported prospectively from May 1, 2022.

(In millions)	Three Months Ended			
	January 31,			
	2024	2023	2024	2023
<i>By type</i>				
Avocado	\$	212.3	\$	174.0
Blueberry		32.5		29.8
Mango		10.9		7.3
Other		3.0		2.4
Total net sales	\$	258.7	\$	213.5
<i>By customer location</i>				
United States	\$	211.8	\$	174.6
Rest of world		46.9		38.9
Total net sales	\$	258.7	\$	213.5

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Adjusted EBITDA (as defined above) for each of our reportable segments was as follows:

		Three Months Ended July 31,		Nine Months Ended July 31,	
		Three Months Ended January 31,			
(In millions)					
(In millions)	(In millions)	2023	2022	2023	2022
Marketing and Distribution adjusted EBITDA	Marketing and Distribution adjusted EBITDA	\$ 16.1	\$ 15.5	\$ 29.3	\$ 19.5
<hr/> Marketing and Distribution adjusted EBITDA					
Marketing and Distribution adjusted EBITDA					
International Farming adjusted EBITDA					
International Farming adjusted EBITDA	International Farming adjusted EBITDA	4.9	16.3	2.0	11.1
Blueberries adjusted EBITDA	Blueberries adjusted EBITDA	0.2	(0.2)	(0.2)	(0.2)
<hr/> Blueberries adjusted EBITDA					
Blueberries adjusted EBITDA					
<hr/> Total reportable segment adjusted EBITDA					
Total reportable segment adjusted EBITDA					
Total reportable segment adjusted EBITDA	Total reportable segment adjusted EBITDA	21.2	31.6	\$ 31.1	\$ 30.4
Net income (loss)	Net income (loss)	6.2	17.9	(9.1)	6.9
<hr/> Net income (loss)					
Net income (loss)					
Interest expense	Interest expense	3.2	1.5	8.3	3.5
<hr/> Provision for income taxes					
Provision for income taxes					
Interest expense	Interest expense	2.3	5.4	2.4	3.7
<hr/> Interest expense					
Interest expense					

Provision (benefit) for income taxes					
Provision (benefit) for income taxes					
Provision (benefit) for income taxes					
Depreciation and amortization ⁽¹⁾					
Depreciation and amortization ⁽¹⁾					
Depreciation and amortization ⁽¹⁾	Depreciation and amortization ⁽¹⁾	7.6	7.1	22.8	17.2
Equity method income	Equity method income	(1.8)	(1.7)	(3.2)	(3.6)
Equity method income					
Equity method income					
Stock-based compensation					
Stock-based compensation					
Stock-based compensation	Stock-based compensation	1.2	0.9	3.2	2.6
Asset impairment and disposals, net of insurance recoveries	Asset impairment and disposals, net of insurance recoveries	0.4	0.2	1.2	0.2
Asset impairment and disposals, net of insurance recoveries					
Asset impairment and disposals, net of insurance recoveries					
Farming costs for nonproductive orchards					
Farming costs for nonproductive orchards					
Farming costs for nonproductive orchards	Farming costs for nonproductive orchards	0.5	0.3	1.3	1.1
ERP costs ⁽²⁾	ERP costs ⁽²⁾	0.6	1.0	1.7	3.8
ERP costs ⁽²⁾					
ERP costs ⁽²⁾					
Severance					
Severance					
Severance					
Legal settlement					
Legal settlement					
Legal settlement					
Transaction costs					
Transaction costs					
Transaction costs	Transaction costs	—	—	0.3	0.5
Amortization of inventory adjustment recognized from business combination	Amortization of inventory adjustment recognized from business combination	—	—	0.7	—
Remeasurement gain on business combination with Moruga		—	(2.0)	—	(2.0)
Other expense (income)		1.1	0.9	1.3	(3.6)

Amortization of inventory adjustment recognized from business combination							
Amortization of inventory adjustment recognized from business combination							
Other expense, net							
Other expense, net							
Other expense, net							
Noncontrolling interest ⁽³⁾							
Noncontrolling interest ⁽³⁾	Noncontrolling interest ⁽³⁾	(0.1)	0.1	0.2	0.1		
Total adjusted EBITDA	Total adjusted EBITDA	\$ 21.2	\$ 31.6	\$ 31.1	\$ 30.4		
Total adjusted EBITDA							
Total adjusted EBITDA							

(1)Includes depreciation and amortization of purchase accounting assets of \$0.1 \$2.9 million and \$1.8 \$1.6 million for the three and nine months ended July 31, 2023, respectively, January 31, 2024 and \$0.4 million and \$0.5 million for the 2023, respectively. The three and nine months ended July 31, 2022, respectively, January 31, 2024 include \$4.1 million of accelerated depreciation expense for certain blueberry plants determined to have no remaining useful life.

(2)Includes recognition Recognition of deferred ERP implementation costs for both periods, and for the three and nine months ended July 31, 2022, non-recurring post-implementation process reengineering costs are also included. costs.

(3)Represents net loss income (loss) attributable to noncontrolling interest plus the impact of non-GAAP adjustments, allocable to the noncontrolling owner based on their percentage of ownership interest.

12. Subsequent Event

On September 6, 2023, the Board of Directors approved a stock repurchase program, which permits the Company to repurchase up to \$20 million of shares of the Company's common stock over the next 36 months. The shares may be repurchased from time to time in open market or privately negotiated transactions in such quantities and at such prices as may be authorized by certain designated officers of the Company. No shares were repurchased following approval through September 11, 2023.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion and analysis of our financial condition and results of operations together with our unaudited financial statements and related notes included elsewhere in this quarterly report. This discussion and analysis contains forward-looking statements based upon our current beliefs, plans and expectations that involve risks, uncertainties and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors. Please refer to the section of this report under the heading "Forward Looking Statements."

Overview

We are a world leader in sourcing, producing and distributing fresh Hass avocados, serving retail, wholesale and foodservice customers. We source, produce, pack and distribute avocados and a small amount of other fruits to our customers and provide value-added services including ripening, bagging, custom packaging and logistical management. In addition, we provide our customers with merchandising and promotional support, insights on market trends and training designed to increase their retail avocado sales.

We have three operating segments which are also reportable segments:

- *Marketing and Distribution.* Our Marketing and Distribution reportable segment sources fruit from growers and then distributes the fruit through our global distribution network.
- *International Farming.* International Farming owns and operates orchards from which substantially all the vast majority of fruit produced is sold to our Marketing and Distribution segment. Its The segment's farming activities range from cultivating early-stage plantings to harvesting from mature trees, and it trees. It also earns service revenues for packing and processing fruit for both our Blueberries segment, as well as for third-party producers of other crops during the avocado off-harvest season. crops. Operations are principally located in Peru, with smaller operations emerging in other areas of Latin America.
- *Blueberries.* The Blueberries segment represents the results of Moruga, subsequent to its consolidation on May 1, 2022. Moruga. Moruga's farming activities include cultivating early-stage blueberry plantings and harvesting mature bushes. Substantially all of blueberries produced are sold to a single distributor under an exclusive marketing agreement.

Results of Operations

The operating results of our businesses are significantly impacted by the price and volume of fruit we farm, source and distribute. In addition, our results have been, and will continue to be, affected by quarterly and annual fluctuations due to a number of factors, including but not limited to pests and disease, weather patterns, changes in demand by consumers, food safety advisories, the timing of the receipt, reduction or cancellation of significant customer orders, the gain or loss of significant customers, the availability, quality and price of raw materials, the utilization of capacity at our various locations, and general economic conditions.

Our financial reporting currency is the U.S. dollar. The functional currency of substantially all of our most significant subsidiaries is the U.S. dollar and substantially all the majority of our sales are denominated in U.S. dollars. A significant portion of our purchases of avocados are denominated in the Mexican Peso and a significant portion of our growing and harvesting costs are denominated in Peruvian Soles. Fluctuations in the exchange rates between the U.S. dollar and these local currencies usually do not have a significant impact on our gross margin because the impact affects our pricing by comparable amounts. Our margin exposure to exchange rate fluctuations is short-term in nature, as our sales price commitments are generally limited to less than one month and orders can primarily be serviced with procured inventory. Over longer periods of time, we believe that the impact exchange rate fluctuations will have on our cost of goods sold will largely be passed on to our customers in the form of higher or lower prices.

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		Three Months Ended				Nine Months Ended			
		July 31,				July 31,			
		2023		2022		2023		2022	
		Three Months Ended							
		January 31,							
		Three Months Ended							
		January 31,							
		Three Months Ended							
		January 31,							
		2024							
		2024							
		2024							
(In millions, except for percentages)									
(In millions, except for percentages)									
(In millions, except for percentages)	(In millions, except for percentages)	Dollars	%	Dollars	%	Dollars	%	Dollars	%
Net sales	Net sales	\$ 261.4	100 %	\$ 313.2	100 %	\$ 696.0	100 %	\$ 807.9	100 %
Net sales									
Net sales									

Cost of sales										
Cost of sales										
Cost of sales	Cost of sales	233.0	89	%	270.6	86	%	640.5	92	%
Gross profit	Gross profit	28.4	11	%	42.6	14	%	55.5	8	%
Gross profit										
Gross profit										
Selling, general and administrative expenses										
Selling, general and administrative expenses										
Selling, general and administrative expenses	Selling, general and administrative expenses	17.4	7	%	20.6	7	%	55.8	8	%
Operating income (loss)	Operating income (loss)	11.0	4	%	22.0	7	%	(0.3)	—	%
Operating income (loss)										
Operating income (loss)										
Interest expense										
Interest expense										
Interest expense	Interest expense	(3.2)	(1)	%	(1.5)	—	%	(8.3)	(1)	%
Equity method income	Equity method income	1.8	1	%	1.7	1	%	3.2	—	%
Remeasurement gain on business combination with Moruga										
Other (expense) income, net										
Other (expense) income, net	Other (expense) income, net	(1.1)	—	%	(0.9)	—	%	(1.3)	—	%
Equity method income										
Equity method income										
Other expense, net										
Other expense, net										
Other expense, net										
Income (loss) before income taxes	Income (loss) before income taxes	8.5	3	%	23.3	7	%	(6.7)	(1)	%
Provision for income taxes	Provision for income taxes	2.3	1	%	5.4	2	%	2.4	—	%
Income (loss) before income taxes										
Income (loss) before income taxes										
Provision (benefit) for income taxes										
Provision (benefit) for income taxes										
Provision (benefit) for income taxes										
Net income (loss)	Net income (loss)	6.2	2	%	17.9	6	%	(9.1)	(1)	%
Less: Net loss attributable to noncontrolling interest	Less: Net loss attributable to noncontrolling interest	(0.4)	—	%	(0.5)	—	%	(2.3)	—	%
Net income (loss) attributable to Mission Produce										
Net income (loss)	Net income (loss)	\$ 6.6	3	%	\$ 18.4	6	%	\$ (6.8)	(1)	%

Net income (loss)
Less:
Net income (loss) attributable to noncontrolling interest
Less:
Net income (loss) attributable to noncontrolling interest
Less:
Net income (loss) attributable to noncontrolling interest
Net loss attributable to Mission Produce
Net loss attributable to Mission Produce
Net loss attributable to Mission Produce

Net sales

Our net sales are generated predominantly from the shipment of fresh avocados to retail, wholesale and foodservice customers worldwide. Our net sales are affected by numerous factors, including the balance between the supply of and demand for our produce and competition from other fresh produce companies. Our net sales are also dependent on our ability to supply a consistent volume and quality of fresh produce to the markets we serve.

		Three Months Ended July 31,			Nine Months Ended July 31,		
		Three Months Ended January 31,					
		Three Months Ended January 31,					
		Three Months Ended January 31,					
(In millions)	(In millions)	2023	2022		2023	2022	2022
Net sales:							
(In millions)							
(In millions)							
Net sales by segment:							
Net sales by segment:							
Net sales by segment:							
Marketing and Distribution							
Marketing and Distribution							
Marketing and Distribution							
Marketing and Distribution							
International	International						
Farming	Farming						
International Farming							
International Farming							
Blueberries							
Blueberries							
Blueberries	Blueberries	1.4	0.3		32.9		0.3
Total net sales	Total net sales	\$ 261.4	\$ 313.2		\$ 696.0		\$ 807.9
Total net sales							
Total net sales							

Net sales decreased \$51.8 million increased \$45.2 million or 17% 21% in the three months ended July 31, 2023 January 31, 2024 compared to the same period last year, driven by our Marketing and Distribution segment. A 33% decrease in higher average per-unit avocado sales prices, was partially offset by an increase by 23% despite flat volume sold compared to the same period last year. Blueberry revenue also increased \$2.7 million or 9%, primarily due to a 90% increase in average per-unit sales price, substantially offset by an increase a 43% decrease in avocado volume sold, of 23%, both of which were driven by higher significant reductions in industry blueberry supply out of Mexico from Peru during the current quarter as compared to limited supply out of Mexico in the same period last year.

Net sales decreased \$111.9 million or 14% in the nine months ended July 31, 2023 compared to the same period last year, primarily attributed to our Marketing and Distribution segment, partially offset by the consolidation of revenue 2023/2024 harvest season resulting from our Blueberries segment. A 32% decrease in average per-unit avocado sales prices was partially offset by an increase in avocado volume sold of 19%, both of which were driven by higher industry supply out of Mexico in the current year as compared to limited supply out of Mexico in the previous year.

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regional weather conditions.

Gross profit

Cost of sales is composed primarily of avocado procurement costs from independent growers and packers, logistics costs, packaging costs, labor, costs associated with cultivation (the cost of growing crops), harvesting and depreciation. Avocado procurement costs from third-party suppliers can vary significantly between and within fiscal years and correlate closely with market prices for avocados. While we have long-standing relationships with our growers and packers, we predominantly purchase fruit on a daily basis at market rates. As such, the cost to procure products from independent growers can have a significant impact on our costs.

Logistics costs include land and sea transportation and expenses related to port facilities and distribution centers. Land transportation costs consist primarily of third-party trucking services to support North American distribution, while sea transportation cost consists primarily of third-party shipping of refrigerated containers from supply markets in South and Central America to demand markets in North America, Europe and Asia. Fuel prices as well as variations in containerboard prices, which affect the cost of boxes and other packaging materials, impact our product cost and our profit margins. Variations in the production yields and other input costs also affect our cost of sales.

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In general, changes in our volume of products sold can have a disproportionate effect on our gross profit. Within any particular year, a significant portion of our cost of products are fixed. Accordingly, higher volumes produced on company-owned farms directly reduce the average cost per pound of fruit grown on company owned orchards, while lower volumes directly increase the average cost per pound of fruit grown on company owned orchards. Likewise, higher volumes processed through packing and distribution facilities directly reduce the average overhead cost per unit of fruit handled, while lower volumes directly increase the average overhead cost per unit of fruit handled.

Gross profit percentage will fluctuate based upon per-unit sales price levels in relation to per-unit costs. Margin is primarily managed on a per-unit basis in our Marketing and Distribution segment, which can lead to movement in gross profit percentage when sales prices fluctuate.

Three Months Ended		Nine Months Ended	
July 31,		July 31,	
2023	2022	2023	2022
Three Months Ended			
January 31,			
Three Months Ended			
January 31,			
Three Months Ended			
January 31,			

	2024			
	2024			
	2024			
Gross profit (in millions)				
Gross profit (in millions)				
Gross profit (in millions)	Gross profit (in millions)	\$ 28.4		
Gross profit as a percentage of sales	Gross profit as a percentage of sales	10.9 %		
Gross profit as a percentage of sales				
Gross profit as a percentage of sales				

Gross profit decreased \$14.2 million increased \$19.7 million or 33% 219% in the three months ended July 31, 2023 January 31, 2024 compared to the same period last year to \$28.4 million \$28.7 million and gross profit percentage decreased 270 increased 690 basis points to 10.9% 11.1% of revenue, compared to the same period last year. The decreases increases were concentrated in our International Farming segment and driven by lower pricing in our Marketing and Distribution segment, where per-unit margins on avocados sold from Company-owned farms. Lower pricing resulted improved, and our Blueberries segment, where we benefited significantly from higher industry supply in the current period relative to the prior period.

Gross profit decreased \$7.4 million or 12%, in the nine months ended July 31, 2023 compared to the same period last year to \$55.5 million and gross profit percentage increased 20 basis points to 8.0% of revenue in the nine months ended July 31, 2023, primarily due to the same factors impacting the current quarter, partially offset by the impact of higher volume of avocados sold in our Marketing & Distribution segment. per-unit sales pricing.

Selling, general and administrative expenses

Selling, general and administrative ("SG&A") expenses primarily include the costs associated with selling, professional fees, general corporate overhead and other related administrative functions.

		Three Months Ended		Nine Months Ended	
		July 31,		July 31,	
		Three Months Ended		Three Months Ended	
		January 31,		January 31,	
		Three Months Ended		Three Months Ended	
		January 31,		January 31,	
		Three Months Ended		Three Months Ended	
		January 31,		January 31,	
(In millions)					
(In millions)					
(In millions)	(In millions)	2023	2022	2023	2022
Selling, general and administrative expenses	Selling, general and administrative expenses	\$ 17.4	\$ 20.6	\$ 55.8	\$ 58.0
Selling, general and administrative expenses					
Selling, general and administrative expenses					

SG&A expenses decreased \$3.2 million increased \$1.6 million or 16% 8% in the three months ended July 31, 2023 January 31, 2024 compared to the same period last year, primarily due to lower employee-related higher employee related costs, including performance-based incentive compensation accruals, lower ERP process reengineering and stock-based compensation expense. These costs and lower professional fees.

SG&A expenses decreased \$2.2 million or 4% in the nine months ended July 31, 2023 compared to the same period last year, primarily due to lower ERP costs and lower employee-related incentive compensation as described above. Offsetting these factors was the consolidation **were partially offset by a reduction** of approximately \$2.0 million of expenses from the Blueberries segment \$1.0 million in the current year, a large portion of which was attributed to amortization of an intangible asset **recognized in the business combination.** general corporate expenses.

Interest expense

Interest expense consists primarily of interest on borrowings under working capital facilities that we maintain and interest on other long-term debt used to make capital and equity investments. We also incur interest expense on finance leases, computed using each **leases' lease's** explicit or implicit borrowing rate.

		Three Months Ended		Nine Months Ended	
		July 31,	January 31,	July 31,	January 31,
		Three Months Ended	January 31,	Three Months Ended	January 31,
(In millions)	(In millions)	2023	2022	2023	2022
Interest expense	Interest expense \$	3.2	\$ 1.5	\$ 8.3	\$ 3.5
Interest expense					
Interest expense					

Interest expense increased \$1.7 million \$0.9 million or 113% and \$4.8 million or 137% 38% in the three and nine months ended July 31, 2023 January 31, 2024, respectively, compared to the same periods period last year. The increases were year, driven primarily related to by the effect of rising interest rates on rise in SOFR. Interest expense incurred from a significant financing lease in our credit facility, which is subject to variable rates, as well as higher average outstanding debt balances. Additionally, the Blueberries segment incurred interest expense of \$0.7 million was \$0.5 million and \$1.6 million \$0.3 million in the three and nine months ended July 31, 2023, respectively, related to a long-term finance lease of land as well as short-term bank borrowings. January 31, 2024 and 2023, respectively.

To reduce interest rate risk on our long-term debt, we have interest rate swaps with a total notional amount of \$100 million to hedge changes in the variable rates applicable to our term loan principal. Gains or losses generated from the swaps are recognized in other (expense) income, net in the consolidated financial statements.

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Equity method income

Our material equity method investees include Henry Avocado ("HAC"), Mr. Avocado Copaltas, and up until May 1, 2022, Moruga. On May 1, 2022, Moruga became a variable interest entity and prospectively consolidated into our financial statements. Copaltas.

		Three Months Ended		Nine Months Ended	
		July 31,	July 31,	July 31,	July 31,

		Three Months Ended	
		January 31,	
		Three Months Ended	
		January 31,	
		Three Months Ended	
		January 31,	
(In millions)			
(In millions)			
(In millions)	(In millions)	2023	2022
Equity method income	Equity method income	\$ 1.8	\$ 1.7
		\$ 3.2	\$ 3.6
Equity method income			
Equity method income			

Equity method income was nearly flat decreased \$0.6 million or 60% in the three months ended **July 31, 2023** January 31, 2024 compared to the same period last year, as income from primarily due to weak results at Mr. Avocado was largely offset by lower income at HAC.

Equity method income decreased \$0.4 million or 11% in the nine months ended July 31, 2023 compared to the same period last year, as lower income at HAC was partially offset by income at Mr. Avocado. Equity method income was also generated resulting from Moruga in the prior year before its consolidation, low margins on fruit sold.

Other expense, (income), net

Other expense, (income), net consists of interest income, currency exchange gains or losses, interest rate derivative gains or losses and other miscellaneous income and expense items.

(In millions)	Three Months Ended		Nine Months Ended	
	July 31,	2023	July 31,	2023
Other expense (income), net	\$ 1.1	\$ 0.9	\$ 1.3	\$ (3.6)

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(In millions)	Three Months Ended	
	January 31,	2024
Other expense, net	\$ 1.0	\$ 0.8

Other expense increased \$0.2 million or 22% 25% in three months ended **July 31, 2023** January 31, 2024 compared to the same period last year, with the majority of the expense being driven by foreign currency transaction losses primarily due to the weakening of the U.S. dollar relative to the Mexican peso during both periods.

Other expense was \$1.3 million for the nine months ended July 31, 2023, compared to other income of \$3.6 million in the same period last year. Current year expense is primarily attributed to foreign currency transaction losses as described above. In the prior year, gains were generated on interest rate swaps as a result of rising interest rates during the period. peso.

Income taxes

The provision for income taxes consists of the consolidation of tax provisions, computed on a separate entity basis, in each country in which we have operations. We recognize the effects of tax legislation in the period in which the law is enacted. Our deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years we estimate the related temporary differences to reverse. Realization of deferred tax assets is dependent upon future earnings, the timing and amount of which are uncertain.

We recognize a tax benefit from an uncertain tax position only if it is more likely than not the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized from such positions are then measured based on the largest benefit that has a greater than 50% likelihood of being realized upon settlement. Interest and penalties related to unrecognized tax benefits are recognized within provision for income taxes.

Our effective tax rate is impacted by income attributable to foreign jurisdictions which is taxed at different rates from the U.S. federal statutory tax rate of 21%, changes in foreign exchange rates taxable in foreign jurisdictions and nondeductible tax items.

	Three Months Ended				Nine Months Ended				
	July 31,				July 31,				
	2023	2022			2023	2022			
Provision for income taxes (in millions)	\$ 2.3	\$ 5.4			\$ 2.4	\$ 3.7			
Three Months Ended									
	January 31,								
Three Months Ended									
	January 31,								
Three Months Ended									
	January 31,								
	2024								
	2024								
	2024								
Provision (benefit) for income taxes (in millions)									
Provision (benefit) for income taxes (in millions)									
Provision (benefit) for income taxes (in millions)									
Effective tax rate	Effective tax rate	27.1	%	23.2	%	(35.8)	%	34.9	%
Effective tax rate									
Effective tax rate									

The provision for income tax decreased \$3.1 million or 57% and \$1.3 million or 35% was \$2.1 million in the three and nine months ended July 31, 2023, January 31, 2024 compared to a benefit of \$1.7 million in the same periods period last year, respectively. The decreases were primarily due to lower pretax income. Additionally, we experienced year. Our effective tax rate was impacted by book losses in jurisdictions where either a full valuation allowance has been recorded or where loss carryforward is disallowed.

Additionally, the provision for income tax in the nine months ended July 31, 2023 contained a \$1.7 million discrete charge related to an uncertain tax position in Mexico.

Segment Results of Operations

Our CEO evaluates and monitors segment performance primarily through segment sales and segment adjusted earnings before interest expense, income taxes and depreciation and amortization ("adjusted EBITDA"). We believe that adjusted EBITDA by segment provides useful information for analyzing the underlying business results as well as allowing investors a means to evaluate

the financial results of each reportable segment in relation to the Company as a whole. These measures are not in accordance with, nor are they a substitute for or superior to, the comparable GAAP financial measures.

Adjusted EBITDA refers to net income (loss), before interest expense, income taxes, depreciation and amortization expense, stock-based compensation expense, other income (expense), and income (loss) from equity method investees, further adjusted by asset impairment and disposals, net of insurance recoveries, farming costs for nonproductive orchards (which represents land lease costs), certain noncash and nonrecurring ERP costs, transaction costs, amortization of inventory adjustments recognized from business combinations, and any special, non-recurring, or one-time items such as remeasurements or impairments, and any portion of these items

attributable to the noncontrolling interest, all of which are excluded from the results the CEO reviews uses to assess segment performance and results.

Net sales

Marketing and Distribution		Marketing			Marketing									
		and	International	Distribution	and	International	Distribution	Farming	Blueberries	Total	Farming	Blueberries	Total	
Three Months Ended												Three Months Ended		
January 31,												January 31,		
(In millions)												(In millions)		
												2024		
												2023		
												Three Months Ended		
												July 31,		
(In millions)														

		Three Months Ended July 31,		Nine Months Ended July 31,	
		Three Months Ended January 31,			
		Three Months Ended January 31,			
		Three Months Ended January 31,			
(In millions)	(In millions)	2023	2022	2023	2022
(In millions)	(In millions)				
Marketing and Distribution adjusted EBITDA	Marketing and Distribution adjusted EBITDA	\$ 16.1	\$ 15.5	\$ 29.3	\$ 19.5
Marketing and Distribution adjusted EBITDA					
Marketing and Distribution adjusted EBITDA					
International Farming adjusted EBITDA					
International Farming adjusted EBITDA	International Farming adjusted EBITDA	4.9	16.3	2.0	11.1
Blueberries adjusted EBITDA	Blueberries adjusted EBITDA	0.2	(0.2)	(0.2)	(0.2)
Blueberries adjusted EBITDA					
Blueberries adjusted EBITDA					
Total reportable segment adjusted EBITDA					
Total reportable segment adjusted EBITDA					
Total reportable segment adjusted EBITDA	Total reportable segment adjusted EBITDA	21.2	31.6	\$ 31.1	\$ 30.4
Net income (loss)	Net income (loss)	6.2	17.9	(9.1)	6.9
Net income (loss)					
Net income (loss)					
Interest expense	Interest expense	3.2	1.5	8.3	3.5
Provision for income taxes					
Interest expense		2.3	5.4	2.4	3.7
Provision (benefit) for income taxes					
Provision (benefit) for income taxes					
Provision (benefit) for income taxes					
Depreciation and amortization ⁽¹⁾					
Depreciation and amortization ⁽¹⁾					
Depreciation and amortization ⁽¹⁾	Depreciation and amortization ⁽¹⁾	7.6	7.1	22.8	17.2
Equity method income	Equity method income	(1.8)	(1.7)	(3.2)	(3.6)
Equity method income					

Equity method income					
Stock-based compensation					
Stock-based compensation					
Stock-based compensation	Stock-based compensation	1.2	0.9	3.2	2.6
Asset impairment and disposals, net of insurance recoveries	Asset impairment and disposals, net of insurance recoveries	0.4	0.2	1.2	0.2
Asset impairment and disposals, net of insurance recoveries					
Asset impairment and disposals, net of insurance recoveries					
Farming costs for nonproductive orchards					
Farming costs for nonproductive orchards					
Farming costs for nonproductive orchards	Farming costs for nonproductive orchards	0.5	0.3	1.3	1.1
ERP costs ⁽²⁾	ERP costs ⁽²⁾	0.6	1.0	1.7	3.8
ERP costs ⁽²⁾					
ERP costs ⁽²⁾					
Severance					
Severance					
Severance					
Legal settlement					
Legal settlement					
Legal settlement					
Transaction costs					
Transaction costs					
Transaction costs	Transaction costs	—	—	0.3	0.5
Amortization of inventory adjustment recognized from business combination	Amortization of inventory adjustment recognized from business combination	—	—	0.7	—
Remeasurement gain on business combination with Moruga		—	(2.0)	—	(2.0)
Other expense (income)	1.1	0.9	1.3	(3.6)	
Amortization of inventory adjustment recognized from business combination					
Amortization of inventory adjustment recognized from business combination					
Other expense, net					
Other expense, net					
Other expense, net					
Noncontrolling interest ⁽³⁾					
Noncontrolling interest ⁽³⁾					

Noncontrolling interest ⁽³⁾	Noncontrolling interest ⁽³⁾	(0.1)	0.1	0.2	0.1
Total adjusted EBITDA	Total adjusted EBITDA	\$ 21.2	\$ 31.6	\$ 31.1	\$ 30.4
Total adjusted EBITDA					
Total adjusted EBITDA					

(1)Includes depreciation and amortization of purchase accounting assets of \$0.1 \$2.9 million and \$1.8 \$1.6 million for the three and nine months ended July 31, 2023, respectively January 31, 2024 and \$0.4 million and \$0.5 million for the 2023, respectively. The three and nine months ended July 31, 2022, respectively, January 31, 2024 include \$4.1 million of accelerated depreciation expense for certain blueberry plants determined to have no remaining useful life.

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(2)Includes recognition of deferred ERP implementation costs for both periods, and for the three and nine months ended July 31, 2022, non-recurring post-implementation process reengineering costs are also included costs.

(3)Represents net loss income (loss) attributable to noncontrolling interest plus the impact of non-GAAP adjustments, allocable to the noncontrolling owner based on their percentage of ownership interest.

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Marketing and Distribution

Net sales in our Marketing and Distribution segment decreased \$52.3 million increased \$42.8 million or 17% and \$141.2 million or 18% 24% in the three and nine months ended July 31, 2023 January 31, 2024 compared to the same periods period last year. The decreases were year, driven by avocado pricing and volume dynamics increases as described above, which were driven by higher industry supply out of Mexico relative to the same periods last year, above.

Segment adjusted EBITDA increased \$0.6 million \$6.4 million or 4% 139% in the three months ended July 31, 2023 January 31, 2024 compared to the same period last year primarily due to lower SG&A. The impact of lower improved per-unit gross margin was largely offset by higher avocado volume sold.

Segment adjusted EBITDA increased \$9.8 million or 50% in the nine months ended July 31, 2023 compared to the same period last year, primarily due to higher avocado volume on avocados sold.

International Farming

Substantially all sales The vast majority of fruit sales from our International Farming segment are made to the Marketing and Distribution segment, with the remainder of revenue largely derived from services provided to third parties and our Blueberries segment. Affiliated sales are concentrated in the second half of the fiscal year in alignment with the Peruvian avocado harvest season, which typically runs from April through August September of each year. As a result, adjusted EBITDA for the International Farming segment is generally concentrated in the third and fourth quarters of the fiscal year in alignment with the timing of sales. The In addition, the Company operates approximately 700 acres of mangoes in Peru that are largely in an early stage of production. The timing of the mango harvest is generally concentrated in the fiscal second quarter and, as a result, mangoes have a more pronounced impact on segment financial performance during this timeframe. quarter. However, in the current fiscal year, the harvest has largely concluded in the fiscal first quarter.

Total segment sales in our International Farming segment decreased \$26.4 million or 41% and \$25.0 million, or 33% were flat in the three and nine months ended July 31, 2023 January 31, 2024, compared to the same periods period last year, respectively. The decreases were primarily due to lower pricing on avocados sold from company-owned farms, brought about by higher industry supply, year.

Segment adjusted EBITDA decreased increased by \$11.4 million \$1.3 million or 70% and decreased \$9.1 million or 82% 72% in the three and nine months ended July 31, 2023 January 31, 2024, compared to the same periods period last year, respectively. The decreases were primarily due to lower gross profit resulting from lower pricing, driven by cost savings measures in our mango farms, packing operations, and SG&A in Peru.

Blueberries

Sales in our Blueberries segment are have been concentrated in the first and fourth quarters of our fiscal year in alignment with the Peruvian blueberry harvest season, which typically runs from July through January February.

Net sales in our Blueberries segment increased \$1.1 million \$2.7 million or 367% 9% in the three months ended July 31, 2023 January 31, 2024 compared to the same period last year, primarily due to an earlier start of the blueberry harvest relative to the prior year, price and volume dynamics described above.

Segment adjusted EBITDA increased \$0.4 million \$9.2 million or 200% 1840% for the three months ended July 31, 2023 January 31, 2024 compared to the same period last year, primarily due to higher volume harvested.

Net sales in our Blueberries segment were \$32.9 million and segment adjusted EBITDA was \$(0.2) million for the nine months ended July 31, 2023. Negative segment adjusted EBITDA was primarily due to weak blueberry sales prices within the European and U.S. markets in the first quarter of the year, gross margin improvement driven by strong industry supply, elevated sales pricing.

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Liquidity and Capital Resources

Operating activities

Operating cash flows are seasonal in nature. We typically see increases in working capital during the first half of our fiscal year as our supply is predominantly sourced from Mexico under payment terms that are shorter than terms established for other source markets. In addition, we are building our growing crops inventory in our International Farming segment during the first half of the year for ultimate harvest and sale that will occur during the second half of the fiscal year. While these increases in working capital can cause operating cash flows to be unfavorable in individual quarters, it is not indicative of operating cash performance that we expect to realize for the full year.

(In millions)	Nine Months Ended		
	July 31,	2023	2022
Net (loss) income	\$ (9.1)	\$ 6.9	6.9
<i>Depreciation and amortization</i>			
Net cash used in operating activities was \$7.3 million for the nine months ended July 31, 2023, a decrease of \$4.3 million compared to the same period last year. ^{1,2} The change was primarily driven by weaker operating performance within our International Farming segment. Within working capital, unfavorable changes in grower payables and accounts receivable were largely offset by favorable changes in inventory. Changes in grower payables were driven by higher outstanding payable balances to California growers in the prior year due to harvest timing and higher pricing. Unfavorable changes in trade accounts receivable were impacted by sales prices peaking towards the end of the quarter in the current period, including balances outstanding at our new U.K. entity which commenced operations this fiscal year. Changes in inventory were favorably impacted by lower field pricing for third-party fruit purchases and less Company-owned fruit on-hand relative to the prior period end. Dividends received from equity method investees	(3.6)	3.9	2.6
Investing activities	(1.2)	(0.7)	(0.7)
Taxes	2.9	—	—
Unrealized losses on foreign currency transactions	—	(2.0)	(2.0)
Remeasurement gain on business combination with Moruga	—	—	—
Other	1.4	(2.4)	(2.4)
(In millions)	2023	2022	2022
<i>Changes in working capital</i>			
Purchases of property, plant and equipment	\$ (47.0)	\$ (42.0)	(27.1)
Net cash used in operating activities	\$ (7.3)	\$ (3.0)	(3.0)
Proceeds from sale of property, plant and equipment	0.1	2.9	2.9
Investment in equity method investees	(1.4)	(0.4)	(0.4)
Purchase of other investment	(2.3)	—	—
Cash acquired in consolidation of Moruga	—	4.3	4.3
Loan repayments from equity method investees	—	1.0	1.0
Other	(0.1)	—	—

Net cash used in investing activities	\$ (50.7)	\$ (34.2)
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Capital expenditures

(In millions)	Three Months Ended		
	January 31,		2023
Net income (loss)	\$ 2.0	\$ (10.6)	
Depreciation and amortization	12.9	9.3	
Equity method income	(0.4)	(1.0)	
Noncash lease expense	1.5	1.4	
Stock-based compensation	1.4	0.7	
Dividends received from equity method investees	3.2	2.7	
Deferred income taxes	(0.8)	(0.5)	
Other	1.2	0.5	
Changes in working capital	(11.5)	(3.8)	
Net cash provided by (used in) operating activities	\$ 9.5	\$ (1.3)	

Net cash provided by operating activities was \$9.5 million for the three months ended January 31, 2024, compared to cash used of \$1.3 million in the same period last year, driven by improved operating performance partially offset by working capital growth. Within working capital, unfavorable changes in inventory and accounts receivable were partially offset by favorable changes in grower payables. Changes in inventory were driven by higher per-unit cost of Mexican fruit on-hand and higher blueberry growing crop inventory in Peru due to extension of the harvest season compared to prior year. Changes in accounts receivable and grower payables were correlated with the higher avocado pricing/cost factors previously discussed.

Investing activities

(In millions)	Three Months Ended		
	January 31,		2023
Purchases of property, plant and equipment	\$ (9.9)	\$ (17.6)	
Investment in equity method investees	—	(0.3)	
Net cash used in investing activities	\$ (9.9)	\$ (17.9)	

Property, plant and equipment

(In millions)	Three Months Ended		
	January 31,		2023
Purchases of property, plant and equipment by segment:			
Marketing and Distribution	\$ 3.0	\$ 3.7	
International Farming	3.9	9.5	

Blueberries	3.0	4.4
Total purchases of property, plant and equipment	\$ 9.9	\$ 17.6

In the nine three months ended July 31, 2023, January 31, 2024 and 2023, capital expenditures in our Marketing and Distribution segment were concentrated comprised of construction costs at our UK distribution facility; in pre-production our International Farming segment, expenditures were for avocado orchard maintenance in Guatemala development and Peru and construction costs on our new UK distribution facility. Capital expenditures also included spend related to irrigation installation and early-stage plant cultivation for the Blueberries operation of \$11.1 million in the current year, compared to \$3.7 million in the prior year.

In the nine months ended July 31, 2022, capital expenditures were concentrated in avocado orchard development, pre-production orchard maintenance and land improvements in Peru and Guatemala. Capital Guatemala; and at our Blueberries segment, capital expenditures in the Blueberries operation were \$3.7 million related to early-stage plant cultivation.

Proceeds from the sale of property, plant and equipment in the nine months ended July 31, 2022 were for land that had been originally intended for use as our corporate headquarters.

Equity method investees

From time to time, we may make capital contributions or loans to equity method investees to support capital expansion or working capital needs.

Other investment

In Capital contributions made in the nine three months ended July 31, 2023, we acquired a 5.1% equity interest in shares of common stock of a private entity in South Africa. January 31, 2023 were to Mr. Avocado.

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Financing activities

		Nine Months Ended July 31,		Three Months Ended January 31, 2024		Three Months Ended January 31, 2023
(In millions)		(In millions)	2023	2022	(In millions)	
Borrowings	Borrowings					
on revolving	on revolving					
credit facility	credit facility	\$145.0		\$40.0		
Payments on	Payments on					
revolving	revolving					
credit facility	credit facility	(115.0)		(40.0)		
Proceeds from short-term						
borrowings		2.8		—		
Repayment of short-term						
borrowings						
Repayment of short-term						
borrowings						

Repayment of short-term borrowings	Repayment of short-term borrowings	(2.5)	—
Principal payments on long-term debt obligations	Principal payments on long-term debt obligations	(2.7)	(6.6)
Principal payments on finance lease obligations	Principal payments on finance lease obligations	(2.4)	(1.0)
Proceeds from loan from noncontrolling interest holder		2.0	—
Taxes paid related to shares withheld from the settlement of equity awards		(0.4)	—
Exercise of stock options		0.1	—
Payments for long-term supplier financing			
Payments for long-term supplier financing			
Payments for long-term supplier financing			
Principal payments on loans due to noncontrolling interest holder			
Payments of minimum withholding taxes on net share settlement of equity awards			
Equity contributions from noncontrolling interest holders			
Equity contributions from noncontrolling interest holders			
Equity contributions from noncontrolling interest holders	Equity contributions from noncontrolling interest holders	2.2	—

Net cash provided by (used in) financing activities	\$ 29.1	\$ (7.6)
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Net cash (used in) provided by financing activities

Net cash (used in) provided by financing activities

Net cash (used in) provided by financing activities

Borrowings and repayments of debt

We utilize a revolving line of credit for short-term working capital purposes. Principal payments on our term loans and other notes payable credit facility are made in accordance with debt maturity schedules. The financing cash flow for fiscal 2022 reflects the modification of principal amounts on our term-loans and increased borrowing capacity on our revolver.

Blueberries

Our Financing of our Blueberries segment is funded by consists of shareholder loans and contributions and loans, as well as short-term bank borrowings, borrowings, as needed. Principal payments on finance lease obligations increased during 2023 primarily due relate to a long-term land lease, by our Blueberries segment, which for accounting purposes has been classified as a finance lease.

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Capital resources

		July 31, 2023	October 31, 2022	January 31, 2024	October 31, 2023
(In millions)	(In millions)				
Cash and cash equivalents	Cash and cash equivalents	\$ 23.0	\$ 52.8		
Working capital ⁽¹⁾	Working capital ⁽¹⁾	129.1	126.4		

(1) includes cash and cash equivalents Current assets minus current liabilities.

Capital resources include cash flows from operations, cash and cash equivalents, and debt financing. Our Blueberries segment may also receive capital contributions or loans from shareholders from time to time, shareholders.

Our syndicated credit facility with Bank of America has a total borrowing capacity of \$250 million. The credit facility is comprised of two senior term loans totaling \$100 million and a revolving credit agreement of \$150 million. The loans are secured by assets of the Company, including certain real property, personal property and capital stock of the Company's subsidiaries. Borrowings under the credit facility bear interest at a spread over SOFR ranging from 1.5% to 2.5% depending on the Company's consolidated total net leverage ratio. We pay fees on unused commitments on the credit facility.

As of July 31, 2023 January 31, 2024, we were required to comply with the following financial covenants: (a) a quarterly consolidated leverage ratio of not more than 3.5 to 1.00 and (b) a quarterly consolidated fixed charge coverage ratio of not less than 1.25 to 1.00. As of July 31, 2023 January 31, 2024, our consolidated leverage ratio was 2.97 2.43 to 1.00 and our consolidated fixed charge coverage ratio was 1.68 1.96 to 1.00 and we were in compliance with all such covenants of the credit facility.

Material cash requirements

Capital expenditures

We have various capital projects in progress for farming expansion and facility improvements which we intend to fund through our operating cash flow as well as cash and cash equivalents on hand. For fiscal 2023, 2024, we expect capital expenditures excluding the Moruga Blueberry Project (described below) to be lower than fiscal 2022. Cash paid for capital expenditures for the year ended October 31, 2022 was \$61.2 million between \$30 million to \$35 million.

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Moruga Blueberry Project

On May 1, 2022, the shareholders of In fiscal year 2023, Moruga approved commenced a new capital long-term project to farm approximately 1,500 additional acres of blueberries in the Olmos region of Peru. The project is anticipated to require a total investment of approximately \$50 million, which will be funded by cash flow generated by Moruga and supplemented by pro-rata shareholder contributions based on each shareholders' respective ownership interest. The project began in fiscal year 2023 and is expected to be carried out in phases. For fiscal 2023, As of January 31, 2024, the estimated remaining capital expenditures related to the project are expected to be were approximately \$13.0 million, depending on timing and other factors. \$35 million.

Leases

We are party to various leases, the most material of which are for facilities land, and equipment, for which our land. Our undiscounted cash liabilities were approximately \$182.5 million \$177.2 million as of July 31, 2023. Of that amount, January 31, 2024, of which, approximately \$60.0 million \$109.0 million was related to a for long-term land lease agreement leases in our International Farming and Blueberries segment. segments.

Long-term Debt

As of July 31, 2023 January 31, 2024, remaining maturities on our term loans and notes were \$168.3 million \$156.5 million. See Note 5 6 to the consolidated financial statements for more information.

Critical accounting estimates

For a discussion of our critical accounting estimates, see "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Operations" in our Annual Report on Form 10-K for the year ended October 31.

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2022, October 31, 2023, filed with the SEC on December 22, 2022 December 21, 2023. There have been no material changes to the critical accounting estimates disclosed in such Annual Report on Form 10-K.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes to "Part II, Item 7A. Quantitative and Qualitative Disclosures About Market Risk" in our Annual Report on Form 10-K for the year ended October 31, 2022 October 31, 2023.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation and supervision of our Chief Executive Officer and our Chief Financial Officer, have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e)) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that, as of the end of the period covered by this Quarterly Report on Form 10-Q, our disclosure controls and procedures were effective to provide reasonable assurance that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in SEC rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There were no other changes in our internal control over financial reporting during the quarter ended **July 31, 2023** **January 31, 2024** that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on Effectiveness of Controls and Procedures

Our management does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within our Company have been detected.

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PART II- OTHER INFORMATION

Item 1. Legal Proceedings

We are from time to time involved in legal proceedings and investigations arising in the ordinary course of business, including those relating to employment matters, relationships with clients and contractors, intellectual property disputes and other business matters.

The following updates the matter discussed in "Part I, Item 3. Legal Proceedings" in our Annual Report on Form 10-K for the year ended **October 31, 2022** **October 31, 2023**:

On April 23, 2020, former Mission Produce, Inc. employees filed a class action lawsuit in the Superior Court of the State of California for the County of Los Angeles against us alleging violation of certain wage and labor laws in California, including failure to pay all overtime wages, minimum wage violations, and meal and rest period violations, among others. Additionally, on June 10, 2020, former Mission Produce, Inc. employees filed a class action lawsuit in the Superior Court of the State of California for the County of Ventura against us alleging similar violations of certain wage and labor laws. The plaintiffs in both cases seek damages primarily consisting of class

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certification and payment of wages earned and owed, plus other consequential and special damages. While the Company believes that it did not violate any wage or labor laws, it nevertheless decided to settle these class action lawsuits. In May 2021, the plaintiffs in both class action lawsuits and the Company agreed preliminarily to a comprehensive settlement to resolve both class action cases for a total of \$0.8 million, which the Company recorded as a loss contingency in selling, general and administrative expenses in the consolidated statements of income during the three months ended April 30, 2021. The parties executed a stipulation of settlement agreement on such terms in November 2021. This preliminary settlement was approved by the applicable courts in October 2022. In

As a result of a dispute over the course size of preparing to send out notices to the settlement class, issues arose regarding the nature Company recorded an additional reserve of \$0.2 million in selling, general and scope of the settlement, specifically with respect to the universe of participants administrative expenses in the settlement class, which condensed consolidated statements of income (loss) during the parties were unable to resolve. Plaintiffs filed a motion to enforce compliance with the settlement agreement and the Company filed a cross motion to reform the stipulation of settlement, or in the alternative, to vacate the order of preliminary approval. A hearing before the court was held on this matter in July 2023. The court granted Plaintiff's motion and directed the parties to proceed with the notice procedures to a class that includes a number of participants that the Company does not feel are appropriate to include. The court did not rule on the fairness of the settlement agreement between the parties and stated that this determination would be made at final approval and that the issues raised in the Company's motion would be considered at that time. The Company requested an appeal of the ruling and a delay of the mailing of notice to settlement class members, but such request was denied. three months ended January 31, 2024. A final approval hearing date has been set is scheduled for January 30, 2024. June 2024.

The outcomes of our legal proceedings and other contingencies are inherently unpredictable, subject to significant uncertainties, and if one or more legal matters were resolved against the Company in a reporting period for amounts above management's expectations, the Company's financial condition and operating results for that period could be materially adversely affected.

Item 1A. Risk Factors

For a discussion of our risk factors, see "Part I, Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended **October 31, 2022** **October 31, 2023**, filed with the SEC on **December 22, 2022** **December 21, 2023**. There have been no material changes from the risk factors previously disclosed in such Annual Report on Form 10-K, except as set forth below. The risks and uncertainties that we face are not limited to those set forth in the **2022** **2023** Form 10-K and in this quarterly report. You should carefully consider the risk factors in the **2022** **2023** Form 10-K, together with the other information contained in this quarterly report on Form 10-Q, including our financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations," before making a decision to purchase or sell shares of our common stock. 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 2. Unregistered Sales of Equity Securities and Use of Proceeds

None. Stock repurchase program

On September 6, 2023, the Board of Directors approved a stock repurchase program, which permits the Company to repurchase up to \$20 million of shares of the Company's common stock within 36 months from adoption. Share repurchases may be made from time to time in open market or privately negotiated transactions and/or pursuant to Rule 10b5-1 trading plans in such quantities and at such prices as may be authorized by certain designated officers of the Company and are subject to market conditions, applicable legal requirements, trading restrictions under the Company's insider trading policy and other relevant factors.

No repurchases were made by us or our "affiliated purchasers" (as defined in Rule 10b-18(a)(3) of the Exchange Act) of registered equity securities during the first quarter of 2024. As of January 31, 2024, the approximate dollar value of shares that may yet be purchased as part of our stock repurchase program was \$19.4 million.

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Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

10b-5(1) Trading Plan Plans

Luis A. Gonzales, one During the fiscal quarter ended January 31, 2024, no director or officer of the Company's directors, and his spouse, Rosario Del Pilar Vallejos Hinojosa, have Company adopted or terminated a "Rule 10b5-1 trading plan that is intended to satisfy the affirmative defense arrangement" or a "non-Rule 10b5-1 trading arrangement" (in each case, as defined in Item 408 of Rule 10b5-1(c) (the "Sales Plan") to sell

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an aggregate of 1,651,500 shares they hold indirectly through Beldar Enterprises S.A., and through Corp SA1, Corp SA2, Corp SA3, and Corp SA4, which are abbreviations for four affiliate corporations that are organized under the laws of Panama. The Sales Plan was adopted on July 14, 2023, with sales commencing under the Sales Plan on October 16, 2023 Regulation S-K). The Sales Plan terminates on the earliest to occur of (a) the close of business on October 16, 2024 ; (b) the date on which the total shares subject to the Sales Plan have been sold; and (c) the date the Sales Plan is terminated in connection with certain extraordinary transactions as specified by the terms of the Sales Plan.

Item 6. Exhibits

The documents set forth are filed herewith or incorporated herein by reference.

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Incorporated by Reference				
Exhibit No.	Exhibit Description	Form	Date	Number
3.1#	Amended and Restated Certificate of Incorporation	8-K	10/7/2020	3.1
3.2#	Amended and Restated Bylaws	8-K	10/7/2020	3.2
31.1*	Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002			>
31.2*	Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002			>
32.1*	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002			>
32.2*	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002			>
101	The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended July 31, 2023 January 31, 2024 formatted in Inline XBRL: (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Income (Loss), (iii) Condensed Consolidated Statements of Income (Loss) (iv) Condensed Consolidated Statements of Changes in Equity, (v) Condensed Consolidated Statements of Cash Flows, and (vi) Notes to Consolidated Financial Statements, tagged as blocks of text and including detailed tags.			>
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)			>

Previously filed

* These certifications are being furnished solely to accompany this quarterly report pursuant to 18 U.S.C. Section 1350, and are not being filed for purposes of Section 18 of the Securities Exchange Act of 1934 and are not to be incorporated by reference into any filing of the Registrant, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this quarterly report to be signed on its behalf by the undersigned, thereunto duly authorized, on [September 11, 2023](#) [March 11, 2024](#).

MISSION PRODUCE, INC.

/s/ Stephen J. Barnard

Stephen J. Barnard

Chief Executive Officer

/s/ Bryan E. Giles

Bryan E. Giles

Chief Financial Officer

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Exhibit 31.1

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Stephen J. Barnard, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Mission Produce, 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(s) 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 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 (the registrant's fourth fiscal quarter in the case of an annual report) 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(s) 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 (or persons performing the equivalent functions):

- (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.

/s/ Stephen J. Barnard

Stephen J. Barnard

Chief Executive Officer and Director

Date: **September 11, 2023** March 11, 2024

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Bryan E. Giles, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Mission Produce, 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(s) 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 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 (the registrant's fourth fiscal quarter in the case of an annual report) 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(s) 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 (or persons performing the equivalent functions):

- (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.

/s/ Bryan E. Giles

Bryan E. Giles

Chief Financial Officer

Date: **September 11, 2023** March 11, 2024

Exhibit 32.1

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Mission Produce, Inc. (the "Company") hereby certifies, to the best of his knowledge, that:

- (i) the Quarterly Report on Form 10-Q of the Company for the quarter ended **July 31, 2023** January 31, 2024 (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Stephen J. Barnard

Stephen J. Barnard

Chief Executive Officer and Director

Date: **September 11, 2023** March 11, 2024

Exhibit 32.2

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C. Section 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Mission Produce, Inc. (the "Company") hereby certifies, to the best of his knowledge, that:

- (i) the Quarterly Report on Form 10-Q of the Company for the quarter ended **July 31, 2023** **January 31, 2024** (the "Report") fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
- (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Bryan E. Giles

Bryan E. Giles

Chief Financial Officer

Date: **September 11, 2023** **March 11, 2024**

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