

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

FORM 10-K

(Mark One)

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

For the fiscal year ended October 31, 2021
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(g) of the Act: None

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 if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. Yes No

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

As of April 30, 2021, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was approximately \$798 million, based on the closing price of the registrant's common stock on the Nasdaq Global Select Market of \$20.20 per share.

As of December 1, 2021, the registrant had 70,631,525 shares of common stock at \$0.001 par value outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Certain sections of the registrant's definitive proxy statement for the 2022 annual meeting of stockholders to be filed with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this Form 10-K are incorporated by reference into Part III of this Form 10-K.

MISSION PRODUCE, INC.
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FISCAL YEAR 2021

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FORWARD LOOKING STATEMENTS

This annual report on Form 10-K 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, either through purchasing or growing; the loss of one or more of our largest customers or a reduction in the level of purchases by customers; doing business internationally, including Mexican and Peruvian economic, political and/or societal conditions; fluctuations in market prices of avocados; increasing competition; inherent farming risks; variations in operating results due to the seasonality of the business; general economic conditions; the effects of the COVID-19 pandemic, including resulting economic conditions; inflationary pressures and increases in costs of commodities or other products used in our business; food safety events and recalls of our products; changes to USDA and FDA regulations, U.S. trade policy, and/or tariff and import/export regulations; restrictions due to health and safety laws; significant costs associated with compliance with environmental laws and regulations; acquisitions of other businesses; the ability of our infrastructure to handle our business needs; supply chain failures or disruptions; disruption to the supply of reliable and cost-effective transportation; failure to recruit and retain key personnel and an adequate labor supply and lack of good employee relations; information system security risks, data protection breaches and systems integration issues; changes in privacy and/or information security laws, policies and/or contractual arrangements; material litigation or adverse governmental actions; failure to maintain or protect our brand; changes in tax rates or international tax legislation; and risks associated with our indebtedness.
- 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 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.

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" 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 annual 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 annual 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

Item 1. Business

Overview

Mission Produce, Inc. ("Mission Produce" or the "Company," "Registrant," or "Issuer," and generally referred to as "we" or "us") is a world leader in sourcing, producing and distributing fresh avocados, serving retail, wholesale and foodservice customers.

We have two operating segments which are also reporting segments:

- **Marketing and Distribution** sources fruit primarily from growers and then distributes fruit through our global distribution network;
- **International Farming** owns and operates orchards from which substantially all fruit produced is sold to our Marketing and Distribution segment. The segment's farming activities range from cultivating early-stage plantings to harvesting from mature trees. The segment also earns service revenues for packing and processing for producers of other crops during the avocado off-harvest season. The International Farming segment is principally located in Peru, with smaller operations emerging in other areas of Latin America.

Products and services

We source, produce, pack and distribute avocados. The avocados we sell are primarily of the Hass variety. We sort and pack avocados and match their specifications to respective customer requirements. We sell both pre-ripe and ripened avocados, and with our network of ripening facilities, we can adjust the level of ripeness to the needs of our customers. Our custom ripening programs provide customers with the option of ordering avocados at five different stages of ripeness – hard, preconditioned, breaking, firm-ripe and ripe – which are delivered on specifically tailored schedules according to stage of ripeness.

We also provide value-added services including ripening, bagging, custom packing and logistical management. In addition, we provide our customers with merchandising and promotional support, insights on market trends and hands-on training to assist with their retail sales of our avocados. For example, we operate category management, merchandising and packaging programs, such as our "Avocado Intel," "Minis," "Emeralds in the Rough," "Ready," "Size Minded," "small but mighty," "Jumbos—more to eat, more to love" and shelf-life extension programs, to promote the sale of avocados that might otherwise be underutilized, to identify ready-to-eat and various size avocados for consumers and to increase shelf life.

Customers

We primarily serve retail, wholesale and foodservice customers. We focus on delivering quality avocados on time and within customer specifications. Owning and farming our own avocado orchards also helps to mitigate potential disruptions across our third-party grower supply relationships. We forecast avocado sourcing costs for the season for our own production, which enables us to enter into fixed price contracts with customers for a season without bearing pricing risk from spot market purchases. We do not have long-term contracts with our customers and focus instead on building strong, long-term relationships based on product quality and specifications, on-time delivery and customer support and service.

Supply chain and distribution network

Our global distribution network includes twelve forward distribution centers in North America, China and Europe that offer value-added services such as ripening, bagging, custom packing and logistical management. In fiscal 2021, we opened a mega distribution center in Laredo, Texas, improving our ability to efficiently distribute Mexican avocados throughout North America. Its strategic position near the Mexican border fosters enhanced customer service, increased flexibility and expanded capabilities for our customer base. Our network of distribution facilities puts us in close proximity to our customers, allowing us to better provide fruit on time and to specification, and to adapt to changing customer volume and ripeness needs. Within the United States, our distribution network enables the delivery of avocados within approximately eight hours or less. Internationally, we have distribution centers and investments in other distributors in Europe and Asia to serve the growing retail demand outside of the United States.

Before being forwarded to distribution centers, avocados are sorted and packed at one of our four state-of-art packing facilities in Mexico, Peru, and California, or by co-packers in various locations. Transportation logistics are managed across truck, ocean, air and rail platforms to bring product from their source to end markets. Proximity to growers enables us to develop stronger relationships, control the logistics of the supply chain from tree to packing, and export fruit from the country of origin faster.

Competition

We compete based on a variety of factors, including the appearance, taste, size, shelf life and overall quality of our products, price and distribution terms, the timeliness of our deliveries to customers and the availability of our products. The avocado and fresh produce business is

highly competitive, and the effect of competition is intensified because our products are perishable. Competition over marketing fruit comes from competing producers and distributors. We also compete with smaller packers and marketers.

Resources

We source avocados primarily from Mexico, Peru, and California, as well as Colombia, Guatemala, South Africa, and Chile. Our diverse sourcing network mitigates the impact of potential geographical or grower-specific supply disruptions and optimizes our ability to fulfill year-round global demand. We do not have exclusive sourcing contracts with growers.

Third-party growers

We have relationships with thousands of third-party growers. Our large scale and long track record of working with growers contributes to strong existing relationships and facilitates new relationships with third-party growers.

Farming

In addition to purchasing avocados from third-party growers, we grow avocados on owned or leased land to further diversify our sourcing network and provide additional control over our supply. In Peru, we own farmland with developed orchards that are in various stages of maturity as well as undeveloped land that we intend to plant in future years. In fiscal 2020, we secured farmland under long term leases in Guatemala that we have begun to develop. We also invest in a joint venture in Colombia that owns land that is under development. After planting, our avocado trees begin to produce avocados in approximately three years and reach full production in approximately five to seven years, depending on location.

We are also involved in the farming of other products on a limited scale. We have planted mango orchards in Peru to enable us to realize synergies from labor and facility management during the avocado off-season. We have also invested in a blueberry farming joint venture, Moruga. While we do not market blueberries, our investment in Moruga further allows us to leverage labor and facility investments in Peru.

Research and development

We have a dedicated research and development department focused on finding new ways to innovate across our value chain. In 2021, we focused on the reduction of food waste and extending overall fruit-quality, tailored to our customers' needs. Our International Farming segment also performs studies to innovate our farming practices, such as soil-analysis, test plots, and seed research. Total research and development expense was \$0.4 million, \$0.5 million, and \$0.3 million for the years ended October 31, 2021, 2020, and 2019, respectively.

Intellectual property

We have registered or submitted registrations for certain trademarks with the United States Patent and Trademark Office and with the appropriate bodies in international jurisdictions, including the Mission tower logo design. In addition we have several issued patents that are not material to our business at this time.

Seasonality

The total sales and sales price of avocados fluctuates throughout the year due to variations in supply of avocados based on geographic location. For example, in California and Peru, the production of avocados peaks between April and August. In Mexico, avocados are harvested year-round, but production peaks between December through March. Although these geographical differences may lead to fluctuations in the purchase price of avocados, our diverse geographical avocado growth and production capabilities help us mitigate volatility in our access to supply of avocados. As a result of the volumes sourced from our farming operations in Peru, we realize a greater portion of our gross profit during the third and fourth quarters of our fiscal year.

Human Capital

As of October 31, 2021, we had approximately 2,800 employees located worldwide, 1,500 of which were located in Peru, 700 of which were located in Mexico, 400 of which were located in the U.S., and 200 in other regions such as Guatemala, Europe, and Canada. Due to the cyclical nature of avocado production, we also hire temporary and seasonal workers on our farms in Peru and packing houses in the U.S. to meet our needs.

For nearly four decades, we have remained rooted in honesty, respect, and loyalty. Globally, we support our people in the distinct ways needed according to their respective regions and environment and commit to treating every individual with dignity and respect by following our human rights declaration. We've made actionable goals to address the incorporation of Diversity, Equity, and Inclusion ("DE&I") in our organization and industry by sponsoring and participating in certifications and trainings. Appointed teams continually work to improve the working conditions of our people through our Health and Safety program. Additionally, in fiscal year 2021, we reported a 93% global employee retention rate. Our social initiatives embody our core values: Fun, Innovative, Reliable, Successful, and Trustworthy. Our corporate culture embodies these values and, as a result, we believe we have a highly motivated and skilled workforce that is committed to the success of our business.

Regulation and Industry Associations

Our business is impacted by environmental, health and safety, government procurement, anti-bribery and other government regulations and requirements. Below is a summary of some of the significant regulations that impact our business.

As an agricultural producer and marketer of consumable products, our operations are subject to extensive regulation by various federal government agencies, including the FDA, the USDA and the Federal Trade Commission ("FTC"), as well as state and local agencies, with respect to product attributes, packing, labeling, storage and distribution. Under various statutes and regulations, these agencies prescribe requirements and establish standards for safety, purity and labeling. In addition, advertising of our products is subject to regulation by the FTC, and our operations are subject to health and safety regulations, including those issued under the Occupational Safety and Health Act ("OSHA"). Our packing facilities and products are subject to periodic inspection by federal, state and local authorities, including the California State Department of Food and Agriculture ("CFDA"), which oversees weights & measures compliance at our California packing facilities. All of our US facilities are also in compliance with the FDA's Food Safety Modernization Act ("FSMA"). In addition, our operations in Mexico are subject to Mexican regulations and our operations in Peru are subject to Peruvian regulations.

The agricultural products sold and marketed by us are subject to additional specific government acts or regulations, including the Hass Avocado Promotion, Research and Information Act of 2000 for our avocados.

We are subject to numerous federal, state, local and foreign environmental laws and regulations. These laws and regulations govern, among other matters, the treatment, handling, storage, use and disposal of, and exposure to, hazardous materials and waste, including herbicides, fertilizers, pesticides and other agricultural products, the remediation of contaminated properties and climate change.

In the U.S., the Hass Avocado Board was established by the USDA to promote the sale of Hass variety avocados. This board provides a basis for unified funding of promotional activities based on an assessment on all avocados sold in the U.S. marketplace. The California Avocado Commission, which receives its funding from California avocado growers, has historically shouldered the promotional and advertising costs supporting avocado sales. We believe that the incremental funding of promotional and advertising programs in the U.S. will, in the long term, positively impact average selling prices and will favorably impact our avocado businesses. Similarly, Avocados from Mexico ("AFM") was formed in 2013 as the marketing arm of the Mexican Hass Avocados Importers Association ("MHAIA") and the Association of Growers and Packers of Avocados From Mexico ("APEAM").

We seek to comply at all times with all such laws and regulations and to obtain any necessary permits and licenses, and we are not aware of any instances of material non-compliance.

Available Information

Our corporate headquarters are located at 2710 Camino Del Sol, Oxnard, California, and our telephone number is (805) 981-3650. Our internet address is www.missionproduce.com. The information on or that can be accessed through our website is not incorporated by reference in this report.

We make available free of charge certain reports and amendments that we file with the SEC, such as our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, our directors' and officers' Section 16 reports, as soon as reasonably practicable after filing or furnishing such materials to the SEC on the "Investor relations" section of our website. They are also available free of charge on the SEC's website at www.sec.gov.

Item 1A. Risk Factors

You should carefully consider the following risk factors, together with the other information contained in this annual report on Form 10-K, 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. We cannot assure you that any of the events discussed in the risk factors below will not occur. These risks could have a material and adverse impact on our business, results of operations, financial condition and growth prospects. If that were to happen, the trading price of our common stock could decline. Additional risks and uncertainties not presently known to us or that we currently deem immaterial also may impair our business operations or financial condition.

Risks Related to Our Business

Our ability to generate revenues is limited by the supply of avocados and our ability to purchase or grow additional avocados.

Our ability to distribute avocados is limited by our ability to acquire supply from third-party growers and to produce on our own farms. With a limited number of avocado trees on our farms and on the farms from which we purchase, our ability to obtain supply from third parties and adapt to any changes in demand of our product is constrained. If we are unable to purchase sufficient volumes from third-party growers at acceptable prices or demand for our products were to increase in the future, we would need additional production capacity, which may take time, whether by purchasing additional fruit from third-party suppliers or by waiting for our younger avocado trees to bear fruit. These purchases may expose us to increases in short-term costs and additional production may expose us to additional long-term operating costs. If supply were to

decrease dramatically in the future, whether as a result of damage to farms, inclement weather, drought, labor issues, or other problems, we may not be able to purchase sufficient fruit or prices could dramatically increase. The impact of the limited supply and increased prices could decrease our revenues or increase our costs of goods sold, which would harm our business and financial results.

The loss of one or more of our largest customers, or a reduction in the level of purchases made by these customers, could negatively impact our sales and profits.

Sales to our top 10 customers amounted to approximately 59%, 64%, and 60% of our net sales for the years ended October 31, 2021, 2020 and 2019, respectively. We expect that a significant portion of our revenues will continue to be derived from a relatively small number of customers. We believe these customers make purchase decisions based on a combination of price, product quality, consumer demand, customer service performance, desired inventory levels and other factors that may be important to them at the time the purchase decisions are made. Changes in our customers' strategies or purchasing patterns, including a reduction or increase in the number of suppliers from which they purchase, may adversely affect our sales. Additionally, our customers may face financial or other difficulties which may impact their operations and cause them to reduce their level of purchases from us, which could adversely affect the results of operations. Customers also may respond to any price increase that we may implement by reducing their purchases from us, resulting in reduced sales of our products. If sales of our products to one or more of our largest customers are reduced, this reduction may have a material adverse effect on our business, financial condition, and results of operations. Any bankruptcy or other business disruption involving one of our significant customers also could adversely affect our results of operations.

We are subject to the risks of doing business internationally and our current international operations are subject to a number of inherent risks.

We conduct a substantial amount of business internationally, including: doing business with growers and customers who are located outside the United States; purchasing fruit from growers and packers in Mexico and other countries; owning or leasing thousands of acres of farms in other countries, operating packing facilities in Peru and Mexico, having farming joint ventures in Colombia and South Africa, operating sales and distribution offices in China and in Europe, and selling products to foreign customers. We also continually explore sourcing, distribution and sales opportunities in additional countries. Conducting business internationally exposes us to a variety of risks, including:

- Changes in legal or regulatory requirements affecting foreign investment, taxes, imports and exports or changes in or interpretations of foreign regulations that may adversely affect our ability to sell our products, repatriate profits to the United States or operate our foreign-located facilities;
- increased demands on our limited resources created by our operations may constrain the capabilities of our administrative and operational resources and restrict our ability to attract, train, manage and retain qualified management, technicians, scientists and other personnel;
- difficulties associated with staffing and managing foreign operations;
- multiple, conflicting and changing laws and regulations such as tariffs and tax laws, export and import restrictions, employment laws, regulatory requirements and other governmental approvals, permits and licenses;
- potential failure by us or third parties we rely on to obtain and/or maintain regulatory approvals for the sale or use of our products in various countries;
- difficulties in managing global operations;
- logistics and regulations associated with shipping products, including infrastructure conditions and transportation delays;
- financial risks, such as longer payment cycles, difficulty enforcing contracts and collecting accounts receivable, and exposure to currency exchange rate fluctuations;
- reduced protection for intellectual property rights, or lack of them in certain jurisdictions;
- economic weakness or instability, economic recessions, political and economic instability, including corruption, wars, terrorism and political unrest, outbreak of disease, boycotts, curtailment of trade and other business restrictions;
- failure to comply with the Foreign Corrupt Practices Act, including its books and records provisions and its anti-bribery provisions, by maintaining accurate information and control over sales activities and distributors' activities;
- failure to comply with restrictions on the ability of companies to do business in foreign countries;
- restrictive U.S. and foreign governmental actions, such as restrictions on transfers of funds and trade protection measures, including import/export duties and quotas and customs duties and tariffs, or unexpected changes in tariffs, trade barriers and regulatory requirements;
- compliance with tax, employment, immigration and labor laws;
- taxes, including withholding of payroll taxes;
- currency fluctuations, which could result in increased operating expenses and reduced revenue, and other obligations incident to doing business in another country;

- workforce uncertainty in countries where labor unrest is more common than in the United States;
- production shortages or disruptions in supply, labor, transportation and trading; and
- business and shipping interruptions resulting from pandemics and natural or other disasters including earthquakes, volcanic activity, hurricanes, floods and fires.

Any of these risks, if encountered, could harm our international expansion and operations and, consequently, have an adverse effect on our financial condition, results of operations and cash flows.

Our business is also impacted by the negotiation and implementation of free trade agreements between the United States and other countries, particularly in Mexico, which is the largest source of our supply of avocados. Such agreements can reduce or increase barriers to international trade and thus affect the cost of conducting business internationally, including the cost of purchasing avocados.

Mexican economic, political and societal conditions may have an adverse impact on our business.

Mexico is the largest source of our supply of avocados, and our business is affected by developments in that country. Shipments from Mexico to the United States are dependent on the border remaining open to imports, which has closed from time to time. In addition, security institutions in Mexico are under significant stress as a result of organized crime and gang and drug-related violence, which also could affect avocado production and shipments. This situation creates potential risks that could affect a large part of our sourcing in Mexico and would harm our operations if it impacts our facilities or personnel. In addition, Mexican growers strike from time to time to obtain higher prices for their avocados. We cannot provide any assurance that economic conditions or political developments, including any changes to economic policies or the adoption of other reforms proposed by existing or future administrations, in or affecting Mexico will not have a material adverse effect on market conditions or our business, results of operations or financial condition.

Peruvian economic and political conditions may have an adverse impact on our business.

A significant part of our farming operations are conducted in Peru. Accordingly, our business, financial condition or results of operations could be affected by changes in economic or other policies of the Peruvian government or other political, regulatory or economic developments in the country. During the past several decades, Peru has had a succession of regimes with differing policies and programs. Past governments have frequently intervened in the nation's economy and social structure, and also faced money laundering and corruption issues. Among other actions, past governments have imposed controls on prices, exchange rates and local and foreign investments, as well as limitations on imports, have restricted the ability of companies to dismiss employees and have prohibited the remittance of profits to foreign investors.

Because we have significant operations in Peru, we cannot provide any assurance that political developments and economic conditions, including any changes to economic policies or the adoption of other reforms proposed by existing or future administrations, in Peru and/or other factors will not have a material adverse effect on market conditions, prices of our securities, our ability to obtain financing and our results of operations and financial condition.

Our earnings are sensitive to fluctuations in market prices of avocados.

The pricing of avocados depends on supply, and excess supply can lead to price competition in our industry. Growing conditions in various parts of the world, particularly weather conditions such as windstorms, floods, droughts, wildfires and freezes, as well as diseases and pests, are primary factors affecting market prices because of their influence on the supply and quality of product.

Pricing also depends on quality. Fresh produce is highly perishable and generally must be brought to market and sold soon after harvest. The selling price received depends on the availability and quality offered by us to customers and available in the market generally.

Pricing also depends on demand, and consumer preferences for particular food products are subject to fluctuations over time. Shifts in consumer preferences that can impact demand at any given time can result from a number of factors, including dietary trends, attention to particular nutritional aspects, concerns regarding the health effects of particular products, attention given to product sourcing practices and general public perception of food safety risks. Consumer demand for our products also may be impacted by any public commentary that consumers may make regarding our products, as well as by changes in the level of advertising or promotional support that we employ or that are employed by relevant industry groups or third parties. If consumer preferences trend negatively with respect to avocados, our sales volumes may decline as a result.

We are subject to increasing competition that may adversely affect our operating results.

The market for avocados and processed avocado products is highly competitive. Competition for the purchase of avocados from suppliers and the sale of avocados to distributors primarily comes from other avocado distributors. If we are unable to consistently pay growers a competitive price for their avocados, these growers may choose to have their avocados marketed by alternate distributors. If we are unable to offer attractive prices or consistent supply to retail and wholesale customers, they may choose to purchase from other companies. Such competition may adversely affect our volumes and prices, which would harm our business and results of operations.

We and our growers are subject to the risks that are inherent in farming.

Our results of operations may be adversely affected by numerous factors over which we have little or no control and that are inherent in farming, including reductions in the market prices for our products, adverse weather including drought, high winds, earthquakes and wildfires. Growing conditions, pest and disease problems and new government regulations regarding farming and the marketing of agricultural products can impose additional costs on, or make it more difficult to conduct, our business.

Due to the seasonality of the business, our revenue and operating results may vary from quarter to quarter and year to year.

Our earnings may be affected by seasonal factors, including:

- the availability, quality and price of fruit;
- the timing and effects of ripening and perishability;
- the ability to process perishable raw materials in a timely manner;
- fixed overhead costs during off-season months at our farms; and
- the impacts on consumer demand based on seasonal and holiday timing.

In particular, our farming operations in Peru are affected by seasonal factors, as the harvest in Peru is generally concentrated in the third and fourth fiscal quarters.

Our performance may be impacted by general economic conditions or an economic downturn.

An overall decline in economic activity could adversely impact our business and financial results. Economic uncertainty or inflationary pressures may reduce consumer spending as consumers make decisions on what to include in their food budgets. This could also result in a shift in consumer preference. Shifts in consumer spending could result in increased pressure from competitors or customers that may require us to increase promotional spending or reduce the prices of some of our products and/or limit our ability to increase or maintain prices, which could lower our revenue and profitability. Instability in financial markets may impact our ability, or increase the cost, to enter into new credit agreements in the future. Additionally, it may weaken the ability of our customers, suppliers, third-party distributors, banks, insurance companies and other business partners to perform their obligations in the normal course of business, which could expose us to losses or disrupt the supply of inputs we rely upon to conduct our business. If one or more of our key business partners fail to perform as expected or contracted for any reason, our business could be negatively impacted.

The ongoing COVID-19 pandemic, restrictions intended to prevent its spread and resulting worldwide economic conditions could adversely impact our business, financial condition and results of operations.

The ongoing COVID-19 pandemic, and restrictions intended to prevent its spread, have had a significant adverse impact on economic conditions around the world, including the United States and the geographic markets in which we operate or sell our products. The impact of the COVID-19 pandemic continues to evolve. Continued economic deterioration in the markets in which our products are sold, including unemployment, reductions in disposable income, declining consumer confidence, and perception of our products as non-essential, could result in future declines in the demand for our products. Going forward, the extent to which COVID-19 may impact our business will depend on future developments, which are highly uncertain and cannot be predicted with confidence, such as the emergence of variants, the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, mask and vaccine mandates, and social distancing in the United States and other countries, business closures or business disruptions and the effectiveness of actions taken in the United States and other countries to contain and treat the disease.

Should the coronavirus pandemic continue, our business operations could be further delayed or interrupted. For instance, if we experience a COVID-19 outbreak at our headquarters in Oxnard, California, the domestic or international farms from which we source fruit or our shipping and packing facilities, we may experience a decrease in labor availability from our employees. Government-imposed travel restrictions could also affect our supply and distribution chain. The spread of COVID-19 throughout the world has also created global economic uncertainty, which may cause potential customers and avocado consumers to closely monitor their costs and reduce their spending budget. Any of the foregoing could materially adversely affect our results of operations.

Inflationary pressures and increases in costs of commodities or other products we use in our business, such as fuel, packing, and paper, could adversely affect our operating results.

The price of various products that we use in shipping or distributing avocados can significantly affect our costs. Fuel and transportation costs are a significant cost component and make up a meaningful portion of the price of much of the fruit that we purchase from growers, and such costs have recently been increasing. There can be no assurance that we will be able to, or to what extent we can, pass on to our customers the increased costs we incur in these respects.

The cost of paper is also significant to us because most of our products are packed in cardboard boxes. If the price of paper increases and we are not able to effectively pass these price increases along to our customers, then our operating income will decrease.

Food safety events, including instances of food-borne illness involving avocados, could create negative publicity for our customers and adversely affect sales and operating results.

Food safety is a top priority, and we dedicate substantial resources to ensure that our customers enjoy safe, quality products. However, food safety events, including instances of food-borne illness, have occurred with avocados in the past, and could occur in the future. Food safety events at customers, whether or not they involve avocados, could adversely affect sales to those customers. In addition, customers who purchase our avocados for their food products could experience negative publicity, or experience a significant increase in food costs if there are food safety events. If such customers experience a decline in sales as a result of such food safety event, our results of operations would be adversely affected.

A recall of our products could have a material adverse effect on our business. In addition, we may be subject to significant liability claims should the consumption of any of our products cause injury, illness or death.

The sale of food products for human consumption involves the risk of injury to consumers. Such injuries may result from tampering by unauthorized third parties, product contamination or spoilage, including the presence of foreign objects, substances, chemicals, or residues introduced during the growing, storage, handling or transportation phases. While we are subject to governmental inspection and regulations and believe our facilities comply in all material respects with all applicable laws and regulations, we cannot be sure that consumption of our products will not cause a health-related illness in the future or that we will not be subject to claims or lawsuits relating to such matters. Even if a product liability claim is unsuccessful or is not fully pursued, the negative publicity surrounding any assertion that our products caused illness or injury could adversely affect our reputation with existing and potential customers and our corporate and brand image.

We are subject to possible changing United States Department of Agriculture and Food and Drug Administration regulations that govern the importation of foreign avocados into the United States.

The USDA has established, and continues to modify, regulations governing the importation of avocados into the United States, and also limits the countries from which avocados may be imported. Our permits that allow us to import foreign-sourced avocados into the United States generally are contingent on our compliance with these regulations. Our results of operations may be adversely affected if we are unable to comply with existing and modified regulations and are unable to secure avocado import permits in the future.

The FDA establishes, and continues to modify, regulations governing the distribution of avocado products, such as the new Food Safety Modernization Act, which implements mandatory preventive controls for food facilities and compliance with mandatory produce safety standards. Our results of operations may be adversely affected if we are unable to comply with these existing and modified regulations.

Changes to U.S. trade policy, tariff and import/export regulations may adversely affect our operating results.

Changes in U.S. or international social, political, regulatory and economic conditions or in laws and policies governing foreign trade, development and investment in the territories or countries where we currently conduct our business, as well as any negative sentiment toward the U.S. as a result of such changes, could adversely affect our business. The U.S. presidential administration has instituted or proposed changes in trade policies that include the negotiation or termination of trade agreements, the imposition of higher tariffs on imports into the U.S., economic sanctions on individuals, corporations or countries, and other government regulations affecting trade between the U.S. and other countries where we conduct our business.

As a result of policy changes and government proposals of the U.S. presidential administration, there may be greater restrictions and economic disincentives on international trade. The new tariffs and other changes in U.S. trade policy could trigger retaliatory actions by affected countries, and foreign governments have instituted or are considering imposing trade sanctions on U.S. goods. Such changes have the potential to adversely impact the U.S. economy or sectors thereof, our industry and the global demand for our products, and as a result, could have a negative impact on our business, financial condition and results of operations.

We are subject to health and safety laws, which may restrict our operations, result in operational delays or increase our operating costs and adversely affect our financial results of operations.

We are required to comply with health and safety laws and regulations in the United States, and in other countries where we do business and/or conduct our operations, including Peru and Mexico, and are subject to periodic inspections by the relevant governmental authorities. These laws and regulations govern, among others, health and safety work place conditions, including high risk labor and the handling, storage and disposal of chemical and other hazardous substances. Compliance with these laws and regulations and new or existing regulations that may be applicable to us in the future could increase our operating costs and adversely affect our financial results of operations and cash flows.

Compliance with environmental laws and regulations, including laws pertaining to the use of herbicides, fertilizers and pesticides or climate change, or liabilities thereunder, could result in significant costs that adversely impact our business, results of operations, financial position, cash flows and reputation.

We are subject to a variety of federal, state, local and foreign laws and regulations relating to environmental matters. In particular, our business depends on the use of herbicides, fertilizers, pesticides and other agricultural products and the use and disposal of these products in some jurisdictions are subject to regulation by various agencies. These laws and regulations may require that only certified or professional users apply the product or that certain products only be used in certain types of locations. These laws and regulations may also require users to post notices on properties at which products have been or will be applied, notification to individuals in the vicinity that products will be applied in the future, or labeling of certain products or may restrict or ban the use of certain products. We can give no assurance that we can prevent violations of these or

other laws and regulations from occurring. If we fail to comply with these laws and regulations, we could be subject to, among other things, substantial penalties or fines, partial or complete cessation of our operations or a ban on the sale of part or all of our products in a jurisdiction. Even if we are able to comply with all such laws and regulations and obtain all necessary registrations and licenses, we cannot assure you that the herbicides, fertilizers, pesticides or other products we apply, or the manner in which we apply them, will not be alleged to cause injury to the environment, people or animals, or that such products will not be restricted or banned in certain circumstances. A decision by a regulatory agency to significantly restrict the use of or ban such products that have traditionally been used in the cultivation of one of our principal products could have an adverse impact on us. Under the Federal Insecticide, Fungicide and Rodenticide Act, the Federal Food, Drug and Cosmetic Act and the Food Quality Protection Act of 1996, the U.S. Environmental Protection Agency, or EPA, undertakes a series of regulatory actions relating to the evaluation and use of pesticides in the food industry. Similarly, in the EU, Regulation (EC) No. 1107/2009, which became effective on June 14, 2011, fundamentally changed the pesticide approval process from the current risk base to hazard criteria based on the intrinsic properties of the substance. Actions regarding the availability and use of herbicides, fertilizers, pesticides and other agricultural products, the costs of compliance, consequences of non-compliance, remediation costs and liabilities, unfavorable public perceptions of such products or products liability lawsuits could have a material adverse effect on our business, results of operations, financial position, cash flows and reputation.

There has been a broad range of proposed and promulgated state, national, local and international regulation aimed at reducing the effects of climate change. Such regulations apply or could apply in countries where we conduct operations or have interests or could conduct operations or have interests in the future. In the United States, there is a significant possibility that some form of regulation will be enacted at the federal level to address the effects of climate change. Such regulation could take several forms that could result in additional costs in the form of taxes, the restriction of output, investments of capital to maintain compliance with laws and regulations, or required acquisition or trading of emission allowances. Climate change regulation continues to evolve, and while it is not possible to accurately estimate either a timetable for implementation or our future compliance costs relating to implementation, such regulation could have a material effect on our business, results of operations, financial position or capital expenditures.

The acquisition of other businesses could pose risks to our financial condition and results.

We intend to review acquisition and investment prospects that would complement our business. Future acquisitions by us could result in accounting charges, potentially dilutive issuances of equity securities, and increased debt and contingent liabilities, any of which could have a material adverse effect on our business and the market price of our common stock. Acquisitions entail numerous risks, including the integration of the acquired operations, diversion of management's attention to other business concerns, risks of entering markets in which we have limited prior experience, assumption of liabilities and the potential loss of key employees of acquired organizations. We may be unable to successfully integrate businesses or the personnel of any business that might be acquired in the future, and our failure to do so could have a material adverse effect on our business and on the market price of our common stock. We may also not be able to achieve an attractive return on our investments.

We depend on our infrastructure to have sufficient capacity to handle our business needs.

We have an infrastructure that supports our production and distribution, but if we lose machinery or facilities due to natural disasters, mechanical failures, or other reasons, we may not be able to operate at a sufficient capacity to meet our needs. We will also continue to make investments in existing and new facilities to meet our needs. Any inability to have sufficient facilities, or loss or failure of facilities, could have a material adverse effect on our business, which could impact our results of operations and our financial condition.

Failure to optimize our supply chain or disruption of our supply chain could have an adverse effect on our business, financial condition and results of operations.

Our ability to make, move and sell products in coordination with our suppliers is critical to our success. Our inability to maintain sufficient internal production capacity or our inability to enter into co-packing arrangements on terms that are beneficial to the Company could have an adverse effect on our business. Failure to adequately handle increasing production costs and complexity, turnover of personnel, or production capability and efficiency issues could materially impact our ability to cost effectively produce our products and meet customer demand.

Additionally, damage or disruption to our collective production or distribution capabilities resulting from weather, any potential effects of climate change, natural disaster, disease, crop spoilage, fire or explosion, terrorism, pandemics, strikes, repairs or enhancements at our facilities, or other reasons, could impair our ability to produce or sell our products. Failure to take adequate steps to mitigate the likelihood or potential impact of such events, or to effectively manage such events if they occur, could adversely affect our business, financial condition and results of operations, and may require additional resources to restore our supply chain.

Our ability to serve our customers is a function of reliable and cost-effective transportation. Disruption of the supply of these services and/or significant increases in the cost of these services could impact our operating income.

We use multiple forms of transportation to bring our products to market. They include sea, truck and air-cargo. Transportation costs include ship and truck operating expenses, using chartered refrigerated ships and trucks and container equipment related costs. Disruption to the timely supply of these services or dramatic increases in the cost of these services for any reason including availability of fuel or labor for such services, labor disputes, governmental regulation, or governmental restrictions limiting specific forms of transportation could have an adverse effect on our ability to serve our customers and consumers and could have an adverse effect on our financial performance.

In particular, as a result of increased shipping demand as economies and markets reopen and recover from the COVID-19 pandemic, the Company has experienced increases in transportation costs, decreases in the availability of shipping, and other global supply chain complexities, including labor shortages. Such complexities have and could continue to result in delays in customer shipments which may negatively impact our

ability to recover costs, retain or attract customers, and/or sell our product effectively. It is possible that significant disruptions could occur and continue to put pressure on transportation and shipping infrastructure which could in turn cause continued increases in costs that we are unable to recover fully. The duration and magnitude of the increased transportation costs cannot be predicted at this time and there can be no assurances that such costs and/or shipping disruptions will not continue to increase.

To the extent that we experience increased costs, we may increase our prices, pass the increase along to customers, or otherwise take actions to offset the impacts. Further, competitive pressures and other factors may also limit our ability to quickly raise prices in response to increased costs. Accordingly, we may not be able to offset increased costs fully or at all, and there can be no assurances that increasing prices will fully mitigate the impact of these increases, which could adversely impact our results.

We depend on our key personnel and if we lose the services of any of these individuals, or fail to attract and retain additional key personnel, we may not be able to implement our business strategy or operate our business effectively.

Our future success largely depends on the contributions of our management team, including Stephen Barnard, our CEO. We believe that these individuals' expertise and knowledge about our industry and their respective fields and their relationships with other individuals in our industry are critical factors to our continued growth and success. We have had departures of members of senior management and other members of senior management could depart the Company. This could have a material adverse effect on our business and prospects. Our success also depends upon our ability to attract and retain additional qualified sales, marketing and other personnel.

The operation of our facilities depends on adequate and affordable supply of labor and good labor relations with our employees.

Our employees are essential to our operations and our ability to farm, package and/or deliver our products. If we are unable to attract and retain enough skilled personnel at a reasonable cost, our results may be negatively affected.

System security risks, data protection breaches, cyber-attacks and systems integration issues could disrupt our internal operations or services provided to customers, and any such disruption could reduce our expected revenue, increase our expenses, damage our reputation and adversely affect our stock price.

Our internal computer systems and those of our current and any future partners, contractors and consultants are vulnerable to damage from cyber-attacks, computer viruses, unauthorized access, natural disasters, terrorism, war and telecommunication and electrical failures. System failures, accidents or security breaches can cause interruptions in our operations and can result in a material disruption of our business operations. Experienced computer programmers and hackers may be able to penetrate our information technology security and misappropriate or compromise our confidential information or that of third parties, create system disruptions or cause shutdowns, or develop and deploy viruses, worms, and other malicious software programs that attack our programs or otherwise exploit any security vulnerabilities of our products. In addition, sophisticated hardware and operating system software and applications that we produce or procure from third parties may contain defects in design or manufacture, including "bugs" and other problems that could unexpectedly interfere with the operation of the system. The costs to us to eliminate or alleviate cyber or other security problems, bugs, viruses, worms, malicious software programs and security vulnerabilities could be significant, and our efforts to address these problems may not be successful and could result in interruptions, delays, cessation of service and loss of existing or potential customers that may impede our sales, production, distribution or other critical functions.

Portions of our information technology infrastructure may also experience interruptions, delays or cessations of service or produce errors in connection with systems integration or migration work that takes place from time to time. We have experienced difficulties, and may not be successful in the future, with implementing new systems and transitioning data, which have and could cause business disruptions. These difficulties have resulted in and may result in increased costs, time consuming and resource-intensive remediation efforts to address issues, and disruption to the business. Such disruptions have and could adversely impact our ability to fulfill orders and interrupt other key business processes. Any delayed sales, lower profit or lost customers resulting from these disruptions could adversely affect our financial results, stock price and reputation.

We are subject to stringent privacy laws, information security laws, regulations, policies and contractual obligations related to data privacy and security and changes in such laws, regulations, policies and contractual obligations could adversely affect our business.

In the ordinary course of business, we collect, store, process and transmit confidential business information and certain personal information relating to customers, employees and suppliers. We are subject to data privacy and protection laws and regulations that apply to the collection, transmission, storage and use of personally-identifying information, which among other things, impose certain requirements relating to the privacy, security and transmission of personal information. The legislative and regulatory landscape for privacy and data protection continues to evolve in jurisdictions worldwide, and there has been an increasing focus on privacy and data protection issues with the potential to affect our business. Failure to comply with any of these laws and regulations could result in enforcement action against us, including fines, imprisonment of company officials and public censure, claims for damages by affected individuals, damage to our reputation and loss of goodwill, any of which could have a material adverse effect on our business, financial condition, results of operations or prospects. Ongoing efforts to comply with evolving laws and regulations may be costly and require ongoing modifications to our policies, procedures and systems.

Data privacy remains an evolving landscape at both the domestic and international level, with new regulations coming into effect. For example, in June 2018 the State of California enacted the California Consumer Privacy Act of 2018 ("CCPA"), which went into effect on January 1, 2020 and requires companies that process information on California residents to make new disclosures to consumers about their data collection, use and sharing practices, allow consumers to opt out of certain data sharing with third parties and provide a new cause of action for data breaches. In addition, in the European Economic Area, or EEA, and the United Kingdom we are subject to the General Data Protection Regulation, or GDPR, which went into effect in May 2018 and which imposes stringent data privacy and security requirements on companies in relation to the

processing of personal data. In particular, the GDPR includes obligations and restrictions concerning the consent and rights of individuals to whom the personal data relates, the transfer of personal data out of the EEA or the United Kingdom, security breach notifications and the security and confidentiality of personal data. If our or our partners' or service providers' privacy or data security measures fail to comply with the GDPR requirements, we may be subject to litigation, regulatory investigations, enforcement notices requiring us to change the way we use personal data and/or fines of up to 20 million Euros or up to 4% of the total worldwide annual turnover of the preceding financial year, whichever is higher, as well as compensation claims by affected individuals, negative publicity, reputational harm and a potential loss of business and goodwill.

It is possible that these laws may be interpreted and applied in a manner that is inconsistent with our practices and our efforts to comply with the evolving data protection rules may be unsuccessful. We must devote significant resources to understanding and complying with this changing landscape. Failure to comply with federal, state and international laws regarding privacy and security of personal information could expose us to penalties under such laws. Any such failure to comply with data protection and privacy laws could result in government-imposed fines or orders requiring that we change our practices, claims for damages or other liabilities, regulatory investigations and enforcement action, litigation and significant costs for remediation, any of which could adversely affect our business. Even if we are not determined to have violated these laws, government investigations into these issues typically require the expenditure of significant resources and generate negative publicity, which could harm our business, financial condition, results of operations or prospects.

Adverse results in material litigation or governmental inquiries and actions could have an adverse financial impact and an adverse impact on our business and financial condition.

We are involved in various legal proceedings arising in the ordinary course of business including, among other things, disputes related to employee matters such as our pending class action lawsuits, disputes with respect to vendors or business partners and clients, as well as inquiries or investigations from governmental agencies. Some proceedings against us involve claims that are substantial in amount and could divert management's attention from operations. These proceedings also may result in substantial monetary damages. Further, the legal actions and government investigations could damage our reputation with investors and adversely affect the trading prices of our securities.

Our business depends on a strong and trusted brand, and any failure to maintain, protect, and enhance our brand would have an adverse impact on our business.

Consumer and institutional recognition of the Mission Produce trademark and related brands and the association of these brands with our sourcing, production and distribution of fresh avocados, and mangos are an integral part of our business. The occurrence of any events or rumors that cause consumers and/or institutions to no longer associate these brands with our products and services may materially adversely affect the value of our brand names and demand for our products and services.

In addition, one registered trademark that we own has been opposed and the registered or unregistered trademarks or trade names that we own or may own in the future may be challenged, infringed, declared generic, or determined to be infringing on or dilutive of other marks. We may not be able to protect our rights in these trademarks and trade names, which we need in order to build name recognition with potential customers. Moreover, third parties have and others may file for registration of trademarks similar or identical to our trademarks; if they succeed in registering or developing common law rights in such trademarks, and if we are not successful in challenging such third-party rights, we may not be able to use these trademarks to develop brand recognition of our technologies and products. Furthermore, there could be potential trade name or trademark infringement claims brought by owners of other registered trademarks or trademarks that incorporate variations of our registered or unregistered trademarks or trade names. If we are unable to establish name recognition based on our trademarks and trade names, we may not be able to compete effectively, which could have a material adverse effect on our business, financial condition, and results of operations.

We could be subject to changes in tax rates, the adoption of new U.S. or international tax legislation or exposure to additional tax liabilities.

We are subject to taxes in the U.S., Mexico, Peru and other countries. Due to economic and political conditions, tax rates in various jurisdictions may be subject to significant change. Our effective tax rates could be affected by changes in the mix of earnings in countries with differing statutory tax rates, changes in the valuation of deferred tax assets and liabilities, or changes in tax laws or their interpretation. On December 30, 2020, Peru enacted tax law repealing current tax law which provided benefits to agribusiness entities. The new law will subject us to higher Peruvian corporate income tax rates than our current rate of 15% as follows: 20% for calendar years 2023 to 2024, 25% for calendar years 2025 to 2027, and 29.5% thereafter.

We are also subject to the examination of our tax returns and other tax matters by the U.S. Internal Revenue Service ("IRS"), the Servicio de Administración Tributaria in Mexico ("SAT"), the Superintendencia Nacional de Administración Tributaria in Peru ("SUNAT") and other tax authorities. We regularly assess the likelihood of an adverse outcome resulting from these examinations to determine the adequacy of its provision for taxes. There can be no assurance as to the outcome of these examinations. If our effective tax rates were to increase, or if the ultimate determination of our taxes owed is for an amount in excess of amounts previously accrued, our financial condition, operating results and cash flows could be adversely affected.

Risks Related to Our Common Stock

An active, liquid and orderly market for our common stock may not be maintained.

Prior to our IPO in October 2020, there had been no public market for our common stock. Our common stock began trading on Nasdaq in October 2020, but we can provide no assurance that we will be able to maintain an active trading market for our common stock. Even if an active

trading market is developed, it may not be sustained. The lack of an active market may impair your ability to sell your shares at the time you wish to sell them or at a price that you consider reasonable. An inactive market may also impair our ability to raise capital by selling shares and may impair our ability to acquire other businesses or technologies using our shares as consideration, which, in turn, could materially adversely affect our business. We may fail to comply with Nasdaq listing standards which could cause our stock to be delisted.

The trading price of the shares of our common stock has been, and is likely to continue to be, highly volatile, and purchasers of our common stock could incur substantial losses.

Our stock price has been and is likely to continue to be volatile. The stock market has experienced extreme volatility that has often been unrelated to the operating performance of particular companies. As a result of this volatility, investors may not be able to sell their common stock at or above the price at which they paid. The market price for our common stock may be influenced by those factors discussed in this "Risk Factors" section and many others.

Our executive officers, directors and principal stockholders, if they choose to act together, have the ability to control or significantly influence all matters submitted to stockholders for approval. Furthermore, many of our current directors were appointed by our principal stockholders.

Our executive officers, directors and greater than 5% stockholders, in the aggregate, own approximately 43% of our outstanding common stock as of October 31, 2021. Furthermore, many of our current directors were appointed by our principal stockholders. As a result, such persons or their appointees to our Board of Directors, acting together, have the ability to control or significantly influence all matters submitted to our Board of Directors or stockholders for approval, including the appointment of our management, the election and removal of directors and approval of any significant transaction, as well as our management and business affairs. This concentration of ownership may have the effect of delaying, deferring or preventing a change in control, impeding a merger, consolidation, takeover or other business combination involving us, or discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of our business, even if such a transaction would benefit other stockholders.

Because we may not pay any cash dividends on our capital stock in the foreseeable future, capital appreciation, if any, may be your sole source of gain.

We have paid cash dividends on our capital stock in the past but cannot guarantee that we will continue to do so in the future. Any determination to pay dividends in the future will be at the discretion of our Board of Directors and will depend upon results of operations, financial condition, any contractual restrictions, our indebtedness, restrictions imposed by applicable law and other factors our Board of Directors deems relevant. Any return to stockholders will therefore be limited to the appreciation of their stock. Shares of our common stock may not appreciate in value or even maintain the price at which stockholders have purchased their shares.

We incur significant costs as a result of operating as a public company, and our management will be required to devote substantial time to new compliance initiatives.

As a public company, we incur significant legal, accounting and other expenses that we did not incur as a private company. We are subject to the reporting requirements of the Exchange Act, which require, among other things, that we file with the SEC, annual, quarterly and current reports with respect to our business and financial condition. In addition, the Sarbanes-Oxley Act, as well as rules subsequently adopted by the SEC and Nasdaq to implement provisions of the Sarbanes-Oxley Act, impose significant requirements on public companies, including requiring establishment and maintenance of effective disclosure and financial controls and changes in corporate governance practices. Further, pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, the SEC has adopted additional rules and regulations in these areas, such as mandatory "say on pay" voting requirements. Stockholder activism, the current political environment and the current high level of government intervention and regulatory reform may lead to substantial new regulations and disclosure obligations, including with respect to environmental, social and governance ("ESG") matters, which may lead to additional compliance costs and impact the manner in which we operate our business in ways we cannot currently anticipate.

We expect the rules and regulations applicable to public companies to substantially increase our legal and financial compliance costs and to make some activities more time consuming. If these requirements divert the attention of our management and personnel from other business concerns, they could have a material adverse effect on our business, financial condition and results of operations. The increased costs will decrease our net income or increase our net loss, and may require us to reduce costs in other areas of our business. For example, these rules and regulations have made it more difficult and more expensive for us to obtain director and officer liability insurance, requiring us to incur substantial costs to maintain the same or similar coverage. We cannot predict or estimate the amount or timing of additional costs we may incur to respond to these requirements. The impact of these requirements could also make it more difficult for us to attract and retain qualified persons to serve on our Board of Directors, our board committees or as executive officers.

If securities or industry analysts do not publish research or reports or publish unfavorable research or reports about our business, our stock price and trading volume could decline.

The trading market for our common stock depends in part on the research and reports that securities or industry analysts publish about us, our business, our market or our competitors. If no securities or industry analysts commence or continue coverage of our company, the trading price for our stock would be negatively impacted. In the event we obtain securities or industry analyst coverage, if one or more of the analysts who

covers us downgrades our stock, our stock price would likely decline. If one or more of these analysts ceases to cover us or fails to regularly publish reports on us, interest in our stock could decrease, which could cause our stock price or trading volume to decline.

If we fail to maintain proper and effective internal control over financial reporting, our ability to produce accurate and timely financial statements could be impaired, investors may lose confidence in our financial reporting and the trading price of our common stock may decline.

Pursuant to Section 404 of Sarbanes-Oxley, our management is required to report upon the effectiveness of our internal control over financial reporting beginning with the annual report for our fiscal year ending October 31, 2021. Our independent registered public accounting firm is required to attest to the effectiveness of our internal control over financial reporting. The rules governing the standards that must be met for management to assess our internal control over financial reporting are complex and require significant documentation, testing and possible remediation. To comply with the requirements of being a reporting company under the Exchange Act, we have implemented additional financial and management controls, reporting systems and procedures; and hired additional accounting and finance staff. If we or, if required, our auditors are unable to conclude that our internal control over financial reporting is effective, investors may lose confidence in our financial reporting and the trading price of our common stock may decline.

There could be material weaknesses in our internal control over financial reporting in the future. Any failure to maintain internal control over financial reporting could severely inhibit our ability to accurately report our financial condition, results of operations or cash flows. If we are unable to conclude that our internal control over financial reporting is effective, or if our independent registered public accounting firm determines we have a material weakness in our internal control over financial reporting, investors may lose confidence in the accuracy and completeness of our financial reports, the market price of our common stock could decline, and we could be subject to sanctions or investigations by Nasdaq, the SEC or other regulatory authorities. Failure to remedy any material weakness in our internal control over financial reporting, or to implement or maintain other effective control systems required of public companies, could also restrict our future access to the capital markets.

Provisions in our charter documents and under Delaware law could discourage a takeover that stockholders may consider favorable and may lead to entrenchment of management.

Provisions in our amended and restated certificate of incorporation and our amended and restated bylaws may discourage, delay or prevent a merger, acquisition or other change in control of us that stockholders may consider favorable, including transactions in which stockholders might otherwise receive a premium for their shares. These provisions could also limit the price that investors might be willing to pay in the future for shares of our common stock, thereby depressing the market price of our common stock. In addition, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our Board of Directors. Because our Board of Directors is responsible for appointing the members of our management team, these provisions could in turn affect any attempt by our stockholders to replace current members of our management team. These provisions provide, among other things, that:

- our Board of Directors has the exclusive right to expand the size of our Board of Directors and to elect directors to fill a vacancy created by the expansion of the Board of Directors or the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies on our Board of Directors;
- our Board of Directors is divided into three classes, Class I, Class II and Class III, with each class serving staggered three-year terms, which may delay the ability of stockholders to change the membership of a majority of our Board of Directors;
- our stockholders may not act by written consent, which forces stockholder action to be taken at an annual or special meeting of our stockholders;
- a special meeting of stockholders may be called only by the chairperson of our Board of Directors, our chief executive officer, president or our Board of Directors, which may delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors;
- our amended and restated certificate of incorporation prohibits cumulative voting in the election of directors, which limits the ability of minority stockholders to elect director candidates;
- our Board of Directors may alter provisions of our bylaws without obtaining stockholder approval;
- the approval of the holders of at least two-thirds of the shares entitled to vote at an election of directors is required to adopt, amend or repeal our bylaws or repeal the provisions of our amended and restated certificate of incorporation regarding the election and removal of directors;
- stockholders must provide advance notice and additional disclosures in order to nominate individuals for election to the Board of Directors or to propose matters that can be acted upon at a stockholders' meeting, which may discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of our company; and
- our Board of Directors is authorized to issue shares of preferred stock and to determine the terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer.

Moreover, because we are incorporated in Delaware, we are governed by the provisions of Section 203 of the Delaware General Corporation Law, which prohibits a person who owns in excess of 15% of our outstanding voting stock from merging or combining with us for a

period of three years after the date of the transaction in which the person acquired in excess of 15% of our outstanding voting stock, unless the merger or combination is approved in a prescribed manner.

Our amended and restated certificate of incorporation provides that the Chancery Court of the State of Delaware is the exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our amended and restated certificate of incorporation provides that, unless we consent in writing to the selection of an alternative form, the Chancery Court of the State of Delaware (or, in the event that the Chancery Court does not have jurisdiction, the federal district court for the District of Delaware or other state courts of the State of Delaware) shall, to the fullest extent permitted by law, be the sole and exclusive forum for: (i) any derivative action, suit or proceeding brought on our behalf; (ii) any action, suit or proceeding asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or stockholders owed to us or our stockholders; (iii) any action, suit or proceeding asserting a claim against us arising pursuant to any provision of the Delaware General Corporation Law, our amended and restated certificate of incorporation or our bylaws (as either may be amended from time to time); or (iv) any action, suit or proceeding asserting a claim against us governed by the internal affairs doctrine. We believe this provision benefits us by providing increased consistency in the application of Delaware law by chancellors particularly experienced in resolving corporate disputes, efficient administration of cases on a more expedited schedule relative to other forums and protection against the burdens of multi-forum litigation.

Notwithstanding the foregoing, the exclusive forum provision does not apply to suits brought to enforce any liability or duty created by the Exchange Act, the Securities Act or any claim for which the federal courts have exclusive jurisdiction. Our amended and restated certificate of incorporation provides that the federal district courts of the United States of America will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. If any such action is filed in a court other than a court located within the State of Delaware (a "foreign action") in the name of any stockholder, such stockholder will be deemed to have consented to (a) the personal jurisdiction of the state and federal courts located within the State of Delaware in connection with any action brought in any such court to enforce such actions and (b) having service of process made upon such stockholder in any such action by service upon such stockholder's counsel in the foreign action as agent for such stockholder.

This choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and other employees. Alternatively, if a court were to find the choice of forum provision contained in our amended and restated certificate of incorporation to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions.

Risks Related to Our Indebtedness

We are subject to a number of 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, it could lead to significant challenges in meeting our liquidity requirements and acceleration of our debt.

The terms of our credit facility contain a number of restrictive covenants, including customary operating restrictions that limit our ability to engage in such activities as borrowing and making investments, capital expenditures and distributions on our capital stock, and engaging in mergers, acquisitions and asset sales. We are also subject to customary financial covenants, including a leverage ratio and a fixed coverage ratio. These covenants restrict the amount of our borrowings, reducing our flexibility to fund ongoing operations and strategic initiatives. These borrowing arrangements are described in more detail in "Liquidity and Capital Resources" under Part II, Item 7 and in Note 5 to the Consolidated Financial Statements under Part II, Item 8 of this Annual Report. Compliance with some of these covenants is based on financial measures derived from our operating results. If economic conditions deteriorate, we may experience material adverse impacts to our business and operating results, such as through reduced customer demand and inflation. A decline in our business could make us unable to maintain compliance with these financial covenants, in which case we may be restricted in how we manage our business and deploy capital, including by limiting our ability to make acquisitions and dispositions and pay dividends. In addition, if we are unable to maintain compliance with our financial covenants or otherwise breach the covenants that we are subject to under our credit facility, our lenders could demand immediate payment of amounts outstanding and we would need to seek alternate financing sources to pay off such debts and to fund our ongoing operations. Such financing may not be available on favorable terms, if at all. In addition, our term loans are secured by real property, personal property and the capital stock of our subsidiaries. If we cannot repay all amounts that we have borrowed under our term loans, our lenders could proceed against our assets.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our principal operating, distribution and packing facilities as of October 31, 2021 were as follows:

Location	Type	Reportable Segment	Owned or Leased
North America:			
Laredo, Texas	Distribution	Marketing & Distribution	Owned
Oxnard, California	Distribution, packing	Marketing & Distribution	Owned
Swedesboro, New Jersey	Distribution	Marketing & Distribution	Leased
Portland, Oregon	Distribution	Marketing & Distribution	Leased
Atlanta, Georgia	Distribution	Marketing & Distribution	Leased
Denver, Colorado	Distribution	Marketing & Distribution	Leased
Chicago, Illinois	Distribution	Marketing & Distribution	Leased
Calgary, Alberta, Canada	Distribution	Marketing & Distribution	Leased
Dallas, Texas	Distribution	Marketing & Distribution	Leased
Toronto, Ontario, Canada	Distribution	Marketing & Distribution	Leased
Oxnard, California	Corporate headquarters	Marketing & Distribution	Leased
Other:			
Breda, the Netherlands	Distribution	Marketing & Distribution	Leased
Virú, Peru	Packing	International Farming	Owned
Uruapan, Mexico	Packing	Marketing & Distribution	Owned
Zamora, Mexico	Packing	Marketing & Distribution	Owned
Trujillo, Peru	Administrative	International Farming	Leased
Lima, Peru	Administrative, sales	International Farming	Leased

We own/lease approximately 12,000 acres of land under our farming operations. Our principal farming properties as of October 31, 2021 were as follows:

Location	Type	Reportable Segment	Owned or Leased
Olmos, Peru	Land	International Farming	Owned
Virú, Peru	Land	International Farming	Owned
Santa Rosa, Guatemala	Land	International Farming	Leased

We believe that our facilities are adequate to meet our current needs, and that suitable additional alternative spaces will be available in the future on commercially reasonable terms, if required. For additional information, see Note 6 of this annual report on Form 10-K.

Item 3. 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.

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 comprehensive 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 is subject to approval by the applicable courts.

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 4. Mine Safety Disclosures

None.

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock has been publicly traded on the Nasdaq Global Select Market under the symbol “AVO” since our IPO on October 1, 2020, which was completed at a price to the public of \$12.00 per share. Prior to our IPO, there was no public market for our common stock.

Holders of Common Stock

We had 34 shareholders of record of our common stock as of December 1, 2021. This number was derived from our shareholder records and does not include holders of our common stock whose shares are held in the name of various dealers, clearing agencies, banks, brokers and other fiduciaries.

Dividend Policy

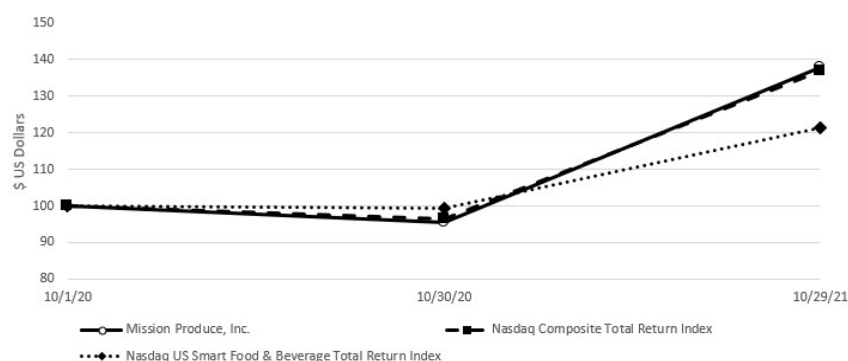
We have paid cash dividends on our capital stock in the past but cannot guarantee that we will continue to do so in the future. Any determination to pay dividends in the future will be at the discretion of our Board of Directors and will depend upon results of operations, financial condition, capital requirements, business prospects, restrictions imposed by applicable law and other factors our Board of Directors deems relevant.

Securities Authorized for Issuance Under Equity Compensation Plans

See Item 12 of Part III of this annual report on Form 10-K for information about our equity compensation plans which is incorporated by reference herein.

Comparative Stock Performance Graph

The following performance graph shows a comparison from October 1, 2020 (the date our common stock commenced trading on the Nasdaq Global Market) through October 29, 2021, of the cumulative total return for our common stock, the Nasdaq Composite Total Return Index, and the Nasdaq US Smart Food & Beverage Total Return Index. The graph assumes \$100 was invested on October 1, 2020 in Mission Produce common stock, or the respective indices, with the associated plots indicating the relative performance as of the last day of trading prior to the fiscal year end date.



	10/1/2020	10/30/2020	10/29/2021
Mission Produce, Inc.	100.0	95.6	137.6
Nasdaq Composite Total Return Index	100.0	96.3	136.8
Nasdaq US Smart Food & Beverage Total Return Index	100.0	99.2	121.2

Unregistered Sales of Equity Securities

None.

Use of Proceeds from IPO

On September 30, 2020, our registration statement on Form S-1 (File No. 333-248596) was declared effective by the SEC for our IPO. At the closing of the offering on October 5, 2020, we sold 8,000,000 shares of common stock, including 1,750,000 shares sold by certain selling stockholders, at a public offering price of \$12.00 per share. Also in October 2020, we sold an additional 1,200,000 shares at \$12.00 per share to underwriters at their option, under the provision of the offering. We received gross proceeds of \$89.4 million, which resulted in net proceeds to us of \$78.1 million, after deducting underwriting discounts and commissions of \$6.3 million and offering-related transaction costs of \$5.0 million. The selling stockholders received gross proceeds of \$21 million. None of the expenses associated with the IPO were paid to directors, officers, persons owning 10% or more of any class of equity securities, or to their associates, or to our affiliates. BofA Securities, Inc., J.P. Morgan Securities LLC and Citigroup Global Markets Inc. acted as joint book-running managers for the offering. There has been no change in our planned use of proceeds from our IPO contained in our registration statement on Form S-1/A.

Issuer Repurchases of Equity Securities

None.

Item 6. Selected Financial Data

Not applicable.

Item 7. 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 financial statements and related notes included elsewhere in this annual 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 avocados, serving retail, wholesale and foodservice customers. We source, produce, pack and distribute avocados to our customers and provide value-added services including ripening, bagging, custom packing 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 two operating segments, which are also reporting segments. These reporting segments are Marketing and Distribution and International Farming. Our Marketing and Distribution reporting segment primarily sources fruit from growers and then distributes the fruit through our global distribution network. Our International Farming segment owns and operates orchards from which substantially all fruit produced is sold to our Marketing and Distribution segment. The segment's farming activities range from cultivating early-stage plantings to harvesting from mature trees. The segment also earns service revenues for packing and processing for producers of other crops during the avocado off-harvest season. The International Farming segment is principally located in Peru, with smaller operations emerging in other areas of Latin America.

Recent developments

In fiscal 2021, we completed one of our major capital projects, a new mega-distribution center in Laredo, Texas. Serving as a major hub for avocados coming from Mexico into the United States, the 262,000-square-foot facility is positioned to funnel product into the rest of the distribution centers in Mission's advanced network. The facility is designed with state-of-the-art refrigeration, ripening rooms and pallet cooling capabilities, and has the capability to provide logistics support and transportation services, in addition to cold storage, bagging operations and packing for external enterprises, which we anticipate will generate additional revenue and value for the Company. Mission's Laredo mega center is positioned to strengthen the Company's advantage in the avocado sector and is expected to increase its third-party storage and distribution

capabilities for others in the produce industry, improve ability to efficiently distribute Mexican avocados throughout North America and expedite transportation times.

In our International Farming segment, we have made significant investments this year in orchard development and land improvements in Guatemala and Peru. Our expansion into Guatemala will diversify our sourcing mix on owned fruit. After planting, our avocado trees begin to produce avocados in approximately three years and reach full production in approximately five to seven years, depending on location.

Results of Operations

The operating results of our businesses are significantly impacted by the price and volume of avocados 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 subsidiaries is the U.S. dollar and substantially all 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.

(In millions, except percentages)	Year Ended October 31,					
	2021		2020		2019	
	Dollar	%	Dollar	%	Dollar	%
Net sales	\$ 891.7	100.0 %	\$ 862.3	100.0 %	\$ 883.3	100.0 %
Cost of sales	767.2	86.0 %	737.7	85.6 %	728.6	82.5 %
Gross profit	124.5	14.0 %	124.6	14.4 %	154.7	17.5 %
Selling, general and administrative expenses	63.6	7.1 %	56.2	6.5 %	48.2	5.5 %
Operating income	60.9	6.8 %	68.4	7.9 %	106.5	12.1 %
Interest expense	(3.7)	(0.4)%	(6.7)	(0.8)%	(10.3)	(1.2)%
Equity method income	7.5	0.8 %	4.0	0.5 %	3.4	0.4 %
Impairment on equity method investment	—	— %	(21.2)	(2.5)%	—	— %
Other income (expense), net	1.3	0.1 %	(0.7)	(0.1)%	(3.6)	(0.4)%
Income before income taxes	66.0	7.4 %	43.8	5.1 %	96.0	10.9 %
Provision for income taxes	21.1	2.4 %	15.0	1.7 %	24.3	2.8 %
Net income	\$ 44.9	5.0 %	\$ 28.8	3.3 %	\$ 71.7	8.1 %

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 mainly 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.

(In millions)	Year Ended October 31,		
	2021	2020	2019
Net sales:			
Marketing and Distribution	\$ 872.0	\$ 846.9	\$ 873.7
International Farming	19.7	15.4	9.6
Total net sales	\$ 891.7	\$ 862.3	\$ 883.3

Net sales increased \$29.4 million or 3% in fiscal year 2021 compared to fiscal year 2020, primarily due to a 5% increase in avocado volume sold, partially offset by a 2% decrease in average per-unit avocado sales prices, both of which were driven by increased supply from Mexico and Peru. Higher volumes and lower pricing were concentrated in the first half of the fiscal year when Mexico was the country of origin for the majority of the fruit sold.

Net sales decreased \$21.0 million or 2% in fiscal year 2020 compared to fiscal year 2019 primarily due to a 12% decrease in average per unit sales prices partially offset by an 11% increase in volume. Average price decreases were concentrated in the second half of fiscal year 2020 primarily due to strong industry supply relative to prior year in California and Peru related to 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. Variations in containerboard prices, which affect the cost of boxes and other packaging materials, and fuel prices can have an impact on our product cost and our profit margins. Variations in the production yields, and other input costs also affect our cost of sales.

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, particularly in our International Farming segment. Accordingly, higher volumes processed through packing and distribution facilities or 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.

	Year Ended October 31,		
	2021	2020	2019
Gross profit (in millions)	\$ 124.5	\$ 124.6	\$ 154.7
Gross profit as a percentage of net sales	14.0 %	14.4 %	17.5 %

Gross profit was nearly flat in fiscal year 2021 compared to fiscal year 2020 at \$124.5 million, and gross profit percentage decreased by 40 basis points to 14.0% of revenue. The declines were due to lower per-unit margins related to sourcing of Californian and Mexican fruit, which were exacerbated by lower industry volumes from the California market as well as smaller fruit sizes from the Mexican market. Additionally, gross margin was impacted by incremental infrastructure costs related to our new Laredo facility within the Marketing & Distribution segment, which is still in the process of ramping up utilization. Gross margin was also negatively impacted by widespread port delays in the fourth quarter, which created quality issues related to the extended age of inventory on late-season fruit which impacted sales returns. These impacts were substantially offset by higher volume of avocados sold from Company-owned farms within our International Farming segment compared to prior year, which had lower per-unit cost than fruit purchased from third-party growers. Gross profit percentage will fluctuate based upon per-unit sales price levels.

Gross profit decreased fiscal year 2020 over fiscal year 2019 as a result of lower gross margin percentage partially offset by higher sales volumes. Our gross margin percentage decreased 310 basis points primarily due to higher third-party fruit costs during first quarter of fiscal year 2020 compared to the same period of last year. The market conditions experienced during the early part of fiscal year 2019 were non-recurring in nature, as customer prices remained steady despite significant declines in fruit costs incurred due to the instability of supply from Mexico. In addition, gross profit in the International Farming segment was negatively impacted by lower sales pricing during the second half of fiscal year 2020 due to larger industry volumes from California and Peru relative to prior year.

Selling, general and administrative expenses

Selling, general and administrative expenses primarily include the costs associated with selling, professional fees, general corporate overhead and other related administrative functions.

(In millions)	Year Ended October 31,		
	2021	2020	2019
Selling, general and administrative expenses	\$ 63.6	\$ 56.2	\$ 48.2

Selling, general and administrative expenses increased \$7.4 million or 13% in fiscal year 2021 compared to fiscal year 2020 due primarily to higher professional fees and higher liability insurance premiums associated with being a public company and the change in SEC filer status from an emerging growth company to a large accelerated filer on October 31, 2021. Other factors included an increase in rent expense in conjunction with our move to our new corporate headquarters in February 2021, and a legal settlement contingency of \$0.8 million, partially offset by a \$0.9 million gain from an insurance settlement, net of asset impairment and disposals.

Selling, general and administrative expenses increased \$8.0 million or 17% in fiscal year 2020 compared to fiscal year 2019 primarily due to higher stock-based compensation expense due to an award that vested during the fourth quarter of fiscal year 2020 in connection with the successful completion of our IPO.

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.

(In millions)	Year Ended October 31,		
	2021	2020	2019
Interest expense	\$ 3.7	\$ 6.7	\$ 10.3

Interest expense decreased \$3.0 million or 45% in fiscal year 2021 compared to fiscal year 2020 due to a combination of lower interest rates and lower average principal balances. A substantial portion of our debt has variable interest rates that are based on LIBOR, which has declined significantly since the first half of fiscal year 2020.

Interest expense decreased \$3.6 million or 35% in fiscal year 2020 compared to fiscal year 2019 due to a combination of lower interest rates and lower average debt balances. A substantial portion of our debt has variable interest rates that are based on LIBOR, which has declined significantly since fiscal year 2019. Average debt balances were lower reflecting principal payments of existing long-term debt as well as prepayments of term debt that were made in fiscal year 2019.

Equity method income

Our material equity method investees include Henry Avocado ("HAC"), Mr. Avocado, Moruga, and Copaltas.

(In millions)	Year Ended October 31,		
	2021	2020	2019
Equity method income	\$ 7.5	\$ 4.0	\$ 3.4
Impairment on equity method investment	—	(21.2)	—

Equity method income increased \$3.5 million or 88% in fiscal year 2021 compared to fiscal year 2020, driven by higher earnings from investments in Moruga and HAC. Moruga's earnings increased due to higher blueberry volume attributed to improved yields and better pricing returns. HAC's earnings increased due to higher per-unit margins. The impact of COVID-19 related stay at-home orders that went into effect in March 2020 were more profound to HAC due to their heavier concentration of foodservice customers.

Equity method income increased \$0.6 million or 18% in fiscal year 2020 compared to fiscal year 2019 due to earnings increases from Moruga due to the timing of blueberry harvests in Peru, partially offset by a decrease in earnings from Henry Avocado.

During the second quarter of fiscal 2020, industry wide production information regarding the 2019-2020 blueberry harvest in Peru became available, indicating that there is greater competition and expansion by competitors than what we were previously expecting. We believed that the increase in supply due to expansion would result in a reduction in pricing over the long-term. As a result of this factor, among others, we lowered our long-term revenue and profitability forecasts of Moruga during the second quarter of fiscal 2020, and concluded that the reduction in the forecasted revenues was an indicator of impairment. As a result, we tested our investment in Moruga for impairment and concluded that the estimated fair value of the investment in Moruga was less than the carrying value of the investment. Due to the change in long-term pricing and revenue expectations, we concluded that the impairment is other-than-temporary. We recorded an impairment charge of \$21.2 million to reduce the carrying balance of the investment to its estimated fair value of \$22.2 million during the second quarter of fiscal 2020.

Other income (expense), net

Other income (expense), 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)	Year Ended October 31,		
	2021	2020	2019
Other income (expense), net	1.3	(0.7)	(3.6)

Other income in fiscal year 2021 was \$1.3 million, compared to other expense of \$0.7 million in fiscal year 2020. The \$2.0 million change was primarily due to losses on interest rate swaps in the prior year, driven by market movements in short-term interest rates, partially offset by the effect of foreign currency loss in the current year compared to gains in the previous year. The significant weakening of the Mexican peso relative to the U.S. dollar and the substantial reduction in LIBOR in fiscal 2020 were correlated with the COVID-19 pandemic.

Other expense decreased \$2.9 million or 81% in fiscal year 2020 compared to fiscal year 2019 primarily due to foreign currency gains resulting from the weakening of the Mexican peso exchange rate relative to the US dollar and higher interest income due to higher average cash balances, partially offset by higher losses on interest rate contracts driven by market movements in short-term interest rates during fiscal year 2020.

Provision for 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.

	Year Ended October 31,		
	2021	2020	2019
Provision for income taxes (in millions)	\$ 21.1	\$ 15.0	\$ 24.3
Effective tax rate	32.0 %	34.2 %	25.3 %

The provision for income taxes increased \$6.1 million or 41% in fiscal year 2021 compared to fiscal year 2020, primarily due to remeasurement of our deferred tax balances in Peru due to the enactment of tax rate changes for future years. The effective tax rate decreased by 2.2% in fiscal year 2021 over fiscal year 2020. The decrease was primarily due to the nondeductible impairment of Moruga in fiscal year 2020, partially offset by increases in the Peruvian tax rates. On December 30, 2020, Peru enacted tax law repealing current tax law which provided benefits to agribusiness entities. The new law will subject us to higher Peruvian corporate income tax rates than our current rate of 15% as follows: 20% for calendar years 2023 to 2024, 25% for calendar years 2025 to 2027, and 29.5% thereafter. We remeasured our deferred tax balances based on the applicable tax rate in the year the deferred balances are expected to reverse. The increase to the net deferred tax liability for the change in Peruvian tax rate resulted in a \$5.4 million increase to tax expense in fiscal year 2021.

The provision for income taxes decreased \$9.3 million or 38% in fiscal year 2020 compared to fiscal year 2019. The effective tax rate increased by 8.9% in fiscal year 2020 over fiscal year 2019. The higher effective tax rate was primarily due to the (i) nondeductible impairment of Moruga in fiscal year 2020, (ii) nondeductible executive compensation incurred as a result of the IPO in fiscal year 2020, and (iii) tax benefit related to net operating loss ("NOL") carryback provisions of the Coronavirus Aid, Relief and Economic Security ("CARES Act") enacted in March 2020. The NOL carryback provisions allow the Company to carryback its fiscal year 2018 NOL to offset taxable income on a previously filed tax return. The result is a revaluation of deferred tax assets due to the utilization of NOLs at a higher tax rate in the carryback period.

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, legal settlement, farming costs for nonproductive orchards (which represents land lease costs), and any special, non-recurring, or one-time items such as impairments that are excluded from the results the CEO reviews uses to assess segment performance and results.

Net sales

(In millions)	Year Ended October 31,								
	2021			2020			2019		
	Marketing & Distribution	International Farming	Total	Marketing & Distribution	International Farming	Total	Marketing & Distribution	International Farming	Total
Third party sales	\$ 872.0	\$ 19.7	\$ 891.7	\$ 846.9	\$ 15.4	\$ 862.3	\$ 873.7	\$ 9.6	\$ 883.3
Affiliated sales	—	84.9	84.9	—	66.4	66.4	—	80.7	80.7
Total segment sales	\$ 872.0	\$ 104.6	\$ 976.6	\$ 846.9	\$ 81.8	\$ 928.7	\$ 873.7	\$ 90.3	\$ 964.0
Intercompany eliminations	—	(84.9)	(84.9)	—	(66.4)	(66.4)	—	(80.7)	(80.7)
Total net sales	\$ 872.0	\$ 19.7	\$ 891.7	\$ 846.9	\$ 15.4	\$ 862.3	\$ 873.7	\$ 9.6	\$ 883.3

Adjusted EBITDA

(In millions)	Year Ended October 31,		
	2021	2020	2019
Marketing & Distribution adjusted EBITDA	\$ 51.4	\$ 68.2	\$ 88.0
International Farming adjusted EBITDA	33.9	23.3	35.0
Total reportable segment adjusted EBITDA	85.3	91.5	123.0
Net income	44.9	28.8	71.7
Interest expense	3.7	6.7	10.3
Provision for income taxes	21.1	15.0	24.3
Depreciation and amortization	20.4	18.1	16.5
Equity method income	(7.5)	(4.0)	(3.4)
Stock-based compensation	2.6	5.0	—
Other (income) expense, net	(1.3)	0.7	3.6
Impairment on equity method investment	—	21.2	—
Legal settlement	0.8	—	—
Asset impairment and disposals, net of insurance recoveries	(0.2)	—	—
Farming costs for nonproductive orchards	0.8	—	—
Total adjusted EBITDA	85.3	91.5	123.0

Marketing and Distribution

Net sales in our Marketing and Distribution segment increased \$25.1 million or 3% in fiscal year 2021 compared to fiscal year 2020, due to the same drivers impacting consolidated revenue.

Segment adjusted EBITDA decreased \$16.8 million or 25% in fiscal year 2021 compared to fiscal year 2020 due to lower gross margins and higher selling, general and administrative expenses. Gross margin was impacted by tighter per-unit margins related to the sourcing of Californian and Mexican fruit, which were exacerbated by smaller industry volumes within the California market as well as smaller fruit sizes within the Mexican market. Additionally, gross margin was pressured by incremental infrastructure costs related to our new Laredo facility, which is still in the process of ramping up utilization. Selling, general and administrative expenses increased due to the same factors as described above.

Net sales decreased \$26.8 million or 3% in fiscal year 2020 compared to fiscal year 2019 primarily due to a 12% decrease in average per unit sales prices partially offset by an 11% increase in volume. Average price decreases were concentrated in the second half of fiscal year 2020 primarily due to strong industry supply in California and Peru, relative to prior year.

Adjusted EBITDA decreased \$19.8 million or 23% in fiscal year 2020 over fiscal year 2019 primarily due to lower gross profit per pound of avocados sold. The decrease in gross margin was due primarily to the benefit of lower third-party fruit costs during the first quarter of fiscal year 2019. The market conditions experienced in the prior year period were non-recurring in nature, as customer prices remained steady despite significant declines in fruit costs due to the instability of supply from Mexico.

International Farming

Substantially all sales of fruit from our International Farming segment are to the Marketing and Distribution segment, with the remainder of revenue largely derived from services provided to third parties. 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 of each year. As a result, adjusted EBITDA for International Farming is generally concentrated in the third and fourth quarters of the fiscal year in alignment with sales.

Total segment sales in our International Farming segment increased \$22.8 million or 28% in fiscal year 2021 compared to fiscal year 2020, due to a 33% increase in fruit volumes resulting from improved harvest yields at our maturing orchards, partially offset by a 3% decrease in average

sales prices. Net sales increased \$4.3 million or 28% in fiscal year 2021 compared to fiscal year 2020, primarily due to higher packing and processing service revenue for third-party growers.

Segment adjusted EBITDA increased \$10.6 million or 45% in fiscal year 2021 compared to fiscal year 2020, primarily due to the revenue drivers noted above.

Total segment sales decreased \$8.5 million or 9% in fiscal year 2020 compared to fiscal year 2019 primarily due to lower per unit sales pricing on the sale of avocados. Average sales prices declined by 24%, driven by strong industry supply during the harvest window which was concentrated in the second half of the fiscal year. The impact of lower sales pricing was partially offset by a 20% increase in volume harvested during fiscal year 2020. Volume increases were driven by improved production yields resulting from maturity of our avocado orchards. Net sales in our International Farming segment increased \$5.8 million or 60% in fiscal year 2020 compared to fiscal year 2019 primarily due to higher packing and processing service revenues provided to third-party growers driven by their higher volumes.

Adjusted EBITDA decreased \$11.7 million or 33% in fiscal year 2020 compared to fiscal year 2019 primarily due to lower sales which was driven by lower pricing during the second half of fiscal year 2020. Adjusted EBITDA for International Farming is generally concentrated in the third and fourth quarters of our fiscal year in alignment with the harvest season for avocados in Peru.

Liquidity and Capital Resources

Operating activities

(In millions)	Year Ended October 31,		
	2021	2020	2019
Net income	\$ 44.9	\$ 28.8	\$ 71.7
Depreciation and amortization	20.4	18.1	16.5
Equity method income	(7.5)	(4.0)	(3.4)
Noncash lease expense	4.3	—	—
Impairment on equity method investment	—	21.2	—
Stock-based compensation	2.6	5.0	—
Dividends received from equity method investees	1.7	1.7	1.4
Deferred income taxes	8.8	(1.0)	0.6
Other	(0.5)	1.2	4.0
Change in working capital	(27.7)	7.9	1.8
Net cash provided by operating activities	\$ 47.0	\$ 78.9	\$ 92.6

Net cash provided by operating activities decreased \$31.9 million for fiscal year 2021 compared to fiscal year 2020, reflecting unfavorable net change in working capital. Within working capital, unfavorable changes in accounts receivable and inventory, were partially offset by favorable changes in grower payables. Accounts receivable increases were due to rising per-unit sales prices during the year. Changes in inventory were driven by a combination of higher farm related inventory in Peru, as well as higher per-unit cost of Mexican fruit on-hand compared to prior year. The increases in farm related inventory were due primarily to growth in productive acreage and higher on-hand quantities of fruit at the end of the year due to the extension of the harvest season combined with port delays. Favorable changes in grower payables were correlated with the pricing increases experienced with Mexican inventory.

Net cash provided by operating activities decreased \$13.7 million in fiscal year 2020 compared to fiscal year 2019, reflecting lower net income, favorable net change in working capital, and higher stock-based compensation expense. Within working capital, favorable changes in inventory and trade accounts receivables were partially offset by unfavorable changes in grower payables and miscellaneous receivables. The decrease in pricing on third-party fruit during the second half of fiscal year 2020 resulted in lower revenue and lower cost-basis, resulting in lower trade accounts receivable and inventory balances, as well as lower grower payables balances as of October 31, 2020. Changes in miscellaneous receivables were largely due to change in value-added tax ("VAT") receivable, which is correlated with the timing of material purchases and claim activity. We also experienced an increase in other assets attributable to implementation costs associated with cloud-based computing software solutions.

Investing activities

(In millions)	Year Ended October 31,		
	2021	2020	2019
Purchases of property and equipment	\$ (73.4)	\$ (67.3)	\$ (29.7)
Proceeds from sale of property, plant and equipment	2.4	3.0	0.1
Insurance proceeds for the replacement of property, plant and equipment	1.1	—	—
Investment in equity method investees	(0.2)	(3.4)	(1.9)
Loans to equity method investees	(2.0)	—	—
Loan repayments from equity method investees	1.5	—	—
Other	0.3	—	0.8
Net cash used in investing activities	\$ (70.3)	\$ (67.7)	\$ (30.7)

Property, plant and equipment

In both fiscal years 2021 and 2020, capital expenditures were primarily for the construction of the Laredo facility, which was completed in mid-fiscal 2021, and land improvements and orchard development in Peru and Guatemala.

In both fiscal years 2021 and 2020, proceeds from the sale of property, plant and equipment were primarily from the sale of multi-unit housing properties in California that had been used for housing seasonal avocado labor contractors.

In fiscal year 2021, we received insurance proceeds for property, plant and equipment damage sustained in our Dallas facility from a cold weather storm in February 2021. The proceeds have been invested in the rebuilding of the equipment.

Equity method investees

In fiscal years 2021 and 2020, capital contributions to equity method investees were to our joint venture, Copaltas S.A.S., to support the purchase of additional farmland in Colombia. In fiscal year 2021, we issued \$2.0 million in loans to Copaltas to support the working capital needs of the entity. In addition, we received an installment payment of \$1.5 million on our outstanding loan to Moruga during fiscal year 2021.

Financing activities

(In millions)	Year Ended October 31,		
	2021	2020	2019
Proceeds from issuance of common stock in public offering, net of issuance costs	\$ —	\$ 78.1	\$ —
Borrowings on revolving credit facility	—	14.0	45.0
Payments on revolving credit facility	—	(14.0)	(51.0)
Principal payments on long-term debt obligations	(10.5)	(6.3)	(14.2)
Principal payments on finance lease obligations	(1.2)	(0.9)	(0.4)
Payment for debt extinguishment costs	(0.1)	—	—
Payments for long-term supplier financing	—	(5.8)	—
Dividends paid	—	(13.0)	(5.6)
Proceeds from exercise of stock options	0.2	—	—
Repayment of stock option notes receivable	0.1	0.1	0.3
Debt issuance costs	—	(0.2)	—
Purchase and retirement of stock	—	(1.9)	(0.9)
Net cash (used in) provided by financing activities	\$ (11.5)	\$ 50.1	\$ (26.8)

IPO

Net proceeds from our IPO in October 2020 were \$78.1 million, after deducting underwriting discounts and issuance costs. We intend to use the proceeds for growth-related capital expenditures, working capital and other general corporate purposes, which may include the repayment of indebtedness, and funding future acquisitions (if any).

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 are made in accordance with debt maturity schedules. During the year ended October 31, 2021, we repaid outstanding principal of \$3.0 million on a note payable earlier than its scheduled maturity.

Shareholders' equity

No dividends were paid in fiscal year 2021. We paid dividends of \$0.21 per share in fiscal year 2020 compared to \$0.09 per share in fiscal year 2019.

Capital resources

(In millions)	October 31,	
	2021	2020
Cash and cash equivalents	\$ 84.5	\$ 124.0
Working capital	157.9	170.2

Capital resources include cash flows from operations, cash and cash equivalents, and debt financing.

We have a syndicated credit facility with Bank of America, N.A., comprised of two term loans and a revolving credit facility ("revolver") that provides up to \$100 million in borrowings that will expire in October 2023. The credit facility also includes a swing line facility and an accordion feature which allows us to increase the borrowings by up to \$125 million, with bank approval. We did not have any outstanding borrowings under the revolver as of October 31, 2021 and 2020. Interest on the revolver bears rates at a spread over LIBOR that varies with our leverage ratio. As of October 31, 2021 and 2020, interest rates on the revolver were 1.84% and 1.90%, respectively.

As of October 31, 2021, we were required to comply with the following financial covenants: (a) a quarterly consolidated leverage ratio of not more than 2.75 to 1.00 and (b) a quarterly consolidated fixed charge coverage ratio of not less than 1.50 to 1.00. As of October 31, 2021, our consolidated leverage ratio was 1.26 to 1.00 and our consolidated fixed charge coverage ratio was 2.52 to 1.00 and we were in compliance with all such covenants of the credit facility. The loans are secured by real property, personal property and the capital stock of our subsidiaries. We pay fees on unused commitments on 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.

Leases

We are party to various operating leases for facilities, land, and equipment. As of October 31, 2021, our undiscounted cash liabilities for operating leases were \$74.9 million, with maturities ranging up through fiscal 2048. We also have a small number of finance leases, with undiscounted cash liabilities of \$3.9 million, due up through 2024. See Note 6 "Leases," to the consolidated financial statements for more information.

Long-term Debt

As of October 31, 2021, remaining maturities on our term loans and notes were \$164.3 million. See Note 5 "Debt," to the consolidated financial statements for more information.

Critical Accounting Estimates

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with U.S. GAAP. U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Additionally, we frequently engage third party valuation experts to assist us with estimates described below. Actual results could differ from those estimates.

Investments. We maintain investments in other fruit growers, packers and distributors. These investments are accounted for under the equity method of accounting when we have the ability to exercise significant influence, but not control, over the investee. Significant influence generally exists when we have an ownership interest representing between 20% and 50% of the voting stock of the investee. Under the equity method of accounting, investments are stated at initial cost and are adjusted for subsequent additional investments and our proportionate share of earnings or losses and distributions. We review our investments for other-than temporary-impairment ("OTTI") on a quarterly basis, or earlier if indicators of impairment arise. If an impairment of an equity method investment is determined to be other than temporary, we would record OTTI sufficient to reduce the investment's carrying value to its fair value, which results in a new cost basis in the investment. The primary factors we consider in our determination of whether declines in fair value are other-than-temporary are the length of time that the fair value of the investment is below our carrying value; the severity of the decline; and the financial condition, operating performance and near term prospects of

the investee. In addition, we consider the reason for the decline in fair value, be it general market conditions, industry specific or investee specific; and our intent and ability to hold the investment for a period of time sufficient to allow for a recovery in fair value. As our assessment of the fair value of our investments and any resulting impairment losses and the timing of when to recognize such charges requires judgment and includes estimates and assumptions, actual results could differ materially from our estimates and assumptions.

Goodwill. Our goodwill represents the excess of the purchase price of business combinations over the fair value of the net assets acquired. Goodwill impairment testing requires significant judgment and management estimates, including, but not limited to, the determination of (i) the number of reporting units, (ii) the goodwill and other assets and liabilities to be allocated to the reporting units and (iii) the fair values of the reporting units. The estimates and assumptions described above, along with other factors such as discount rates, will significantly affect the outcome of the impairment tests and the amounts of any resulting impairment losses. We perform a qualitative assessment of goodwill for impairment on an annual basis during the fourth quarter of each year, and between annual tests whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If qualitative factors were to indicate that it is more-likely-than-not that the fair value of the reporting unit is less than its carrying value, we would then perform a quantitative assessment, which would consist primarily of a discounted cash flow ("DCF") analysis to determine the fair value of the reporting unit's goodwill. To the extent the carrying amount of the reporting unit's allocated goodwill exceeds the unit's fair value, we recognize an impairment of goodwill for the excess up to the amount of goodwill of that reporting unit.

Income taxes. As a multinational corporation, we are subject to taxation in many jurisdictions, and the calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations in various taxing jurisdictions. If we ultimately determine that the payment of these liabilities will be unnecessary, the liability will be reversed, and we will recognize a tax benefit during the period in which it is determined the liability no longer applies. Conversely, we record additional tax charges in a period in which it is determined that a recorded tax liability is less than the ultimate assessment is expected to be.

We recognize the 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.

The application of tax laws and regulations is subject to legal and factual interpretation, judgment and uncertainty. Tax laws and regulations themselves are subject to change as a result of changes in fiscal policy, changes in legislation, the evolution of regulations and court rulings. Therefore, the actual liability for U.S. or foreign taxes may be materially different from management's estimates, which could result in the need to record additional tax liabilities or potentially reverse previously recorded tax liabilities.

Recently Issued Accounting Standards

Refer to Note 2 to the consolidated financial statements included herein for information on recently issued accounting standards.

JOBS Act

The Company previously qualified as an emerging growth company ("EGC") until October 31, 2021, when it no longer qualified based on its status as a Large Accelerated Filer and accordingly, must comply with all financial disclosure and governance requirements applicable to Large Accelerated Filers.

Off-Balance Sheet Arrangements

During the periods presented we did not have, nor do we currently have, any off-balance sheet arrangements as defined under SEC rules.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

Our cash and cash equivalents consist of cash in readily available checking accounts and money market funds. As a result, the fair value of our portfolio is relatively insensitive to interest rate changes. Our long-term debt bears interest at a variable rate. A 10% increase or decrease in the interest rate on our long-term debt would not have a material effect on our financial position, results of operations or cash flows.

Foreign Currency Risk

The majority of our sales are currently conducted in U.S. dollars, while a significant portion of our input costs are denominated in foreign currencies. Due to our short inventory turn-time and short-term pricing, transactions that may be conducted in foreign currencies are not expected

to have a material effect on our results of operations, financial position or cash flows because of the short-term on-hand time of the fruit, and the sales price increases passed through.

Effects of Inflation

Inflation generally affects us by increasing our cost of labor, material, transportation, and general overhead costs, which we have historically been able to recover through sales price increases. However, we cannot reasonably estimate our ability to successfully recover any impact of inflation through price increases in the future.

Item 8. Financial Statements and Supplementary Data

The financial statements required pursuant to this item are incorporated by reference herein from the applicable information included in Item 15 of this annual report and are presented beginning on page F-1.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

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 Annual Report on Form 10-K.

Disclosure controls and procedures are controls and other procedures that are designed to ensure that information required to be disclosed in our reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives, and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures, our Chief Executive Officer and our Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of October 31, 2021.

Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act). Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework set forth in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that evaluation, our management concluded that our internal control over financial reporting was effective as of October 31, 2021.

The effectiveness of our internal control over financial reporting as of October 31, 2021 has been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in its report which is included below.

Attestation Report of the Registered Public Accounting Firm

The attestation report of the independent registered public accounting firm, Deloitte & Touche LLP, on the Company's internal control over financial reporting is included below under the heading "Report of Independent Registered Public Accounting Firm."

Changes in Internal Control Over Financial Reporting

Other than described below, there have been no changes in our internal control over financial reporting during the year ended October 31, 2021 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.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item will be contained in our definitive proxy statement to be filed with the SEC in connection with our 2022 Annual Meeting of Stockholders, or the Definitive Proxy Statement, which is expected to be filed not later than 120 days after the end of our fiscal year ended October 31, 2021, under the headings "Election of Directors," "Executive Officers," and "Delinquent Section 16(a) Reports," and is incorporated herein by reference.

Code of Conduct and Ethics

We have adopted a Code of Conduct and Ethics that applies to our officers, directors and employees, which is available on our website at www.missionproduce.com. The Code of Conduct and Ethics contains general guidelines for conducting the business of our company consistent with the highest standards of business ethics and is intended to qualify as a "code of ethics" within the meaning of Section 406 of the Sarbanes-Oxley Act of 2002 and Item 406 of Regulation S-K. In addition, we intend to promptly disclose (1) the nature of any amendment to our Code of Business Conduct and Ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or controller or persons performing similar functions and (2) the nature of any waiver, including an implicit waiver, from a provision of our code of ethics that is granted to one of these specified officers, the name of such person who is granted the waiver and the date of the waiver on our website in the future.

Item 11. Executive Compensation

The information required by this item will be set forth in the section headed "Executive Compensation" in our Definitive Proxy Statement and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item will be set forth in the section headed "Security Ownership of Certain Beneficial Owners and Management" in our Definitive Proxy Statement and is incorporated herein by reference.

The information required by Item 201(d) of Regulation S-K will be set forth in the section headed "Executive Compensation" in our Definitive Proxy Statement and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item will be set forth in the section headed "Certain Relationships and Related Party Transactions," "Director Independence" and "Board Committees and Charters" in our Definitive Proxy Statement and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

The information required by this item will be set forth in the section headed "Fees Billed by Deloitte for 2020 and 2021" in our Definitive Proxy Statement and is incorporated herein by reference.

PART IV- OTHER INFORMATION

Item 15. Exhibits, Financial Statement Schedules

A. All financial statements

The financial statements of Mission Produce, Inc., together with the report thereon of Deloitte & Touche LLP, an independent registered public accounting firm, are included in this annual report on Form 10-K beginning on page F-1.

B. Financial statement schedules

All schedules have been omitted because the required information is not present or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the consolidated financial statements and notes thereto.

C. Exhibits

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

INDEX

Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herewith
		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	
4.1#	Form of Common Stock Certificate	S-1/A	9/22/2020	4.1	
4.2	Description of Capital Stock				X
10.1#+	Mission Produce, Inc. Amended and Restated 2003 Stock Incentive Plan	S-1/A	9/22/2020	10.1	
10.2#+	Form of Stock Option Agreement pursuant to the Mission Produce, Inc. Amended and Restated 2003 Stock Incentive Plan	S-8	10/5/2020	10.2	
10.3#+	Mission Produce, Inc. 2020 Incentive Award Plan	S-1	9/4/2020	10.3	
10.4#+	Non-Employee Director Compensation Program	S-1	9/4/2020	10.4	
10.5#+	Form of Stock Option Agreement pursuant to the Mission Produce, Inc. 2020 Incentive Award Plan	S-1	9/4/2020	10.5	
10.6#+	Form of RSU Agreement pursuant to the Mission Produce, Inc. 2020 Incentive Award Plan	S-1	9/4/2020	10.6	
10.7#	Form of Indemnification Agreement between Mission Produce, Inc. and certain of its directors and officers	S-1	9/4/2020	10.7	
10.8#	Credit Agreement, dated as of October 11, 2018, by and among Mission Produce, Inc., as Borrower, certain subsidiaries of the Borrower party thereto as guarantors, Bank of America, N.A. as administrative agent, Swingline Lender and L/C Issuer, Farm Credit West, PCA as Syndication Agent, City National Bank and J.P. Morgan Chase Bank, N.A. as co-documentation agents, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Farm Credit West, PCA as joint lead arrangers and joint bookrunners, and other lenders party thereto	S-1	9/4/2020	10.8	
10.9#	First Amendment to Credit Agreement and Consent, dated September 18, 2020, by and among Mission Produce, Inc., as Borrower, certain subsidiaries of the Borrower party thereto as guarantors, Bank of America, N.A. as administrative agent, Swingline Lender and L/C Issuer, Farm Credit West, PCA as Syndication Agent, City National Bank and J.P. Morgan Chase Bank, N.A. as co-documentation agents, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Farm Credit West, PCA as joint lead arrangers and joint bookrunners, and other lenders party thereto	S-1/A	9/22/2020	10.9	
10.10#	Form of Amended and Restated Stockholder Agreement, by and among Mission Produce, Inc. and the stockholder party thereto	S-1/A	9/22/2020	10.10	
10.11#	Lease Agreement	10-K	1/19/2021	10.11	
10.12#+	Offer letter dated January 29, 2020 to Michael A. Browne	10-Q	3/11/2021	10.12	
10.13+	Mission Produce Deferred Compensation Plan				X
10.14+	Director Equity Deferral Plan				X
10.15+	Form of Performance Stock Unit Agreement pursuant to the Mission Produce, Inc. 2020 Incentive Award Plan				X
10.16+	Offer letter dated March 8, 2021 to Joanne Wu				X
21.1#	List of Subsidiaries of Registrant				X
23.1	Consent of Deloitte & Touche LLP				X

Exhibit No.	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	Date	Number	
24.1#	Power of Attorney	10-K	1/19/2021	24.1	
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				X
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				X
32.1*	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				X
32.2*	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002				X
101	The following financial statements from the Company's Annual Report on Form 10-K for the year ended October 31, 2021 formatted in Inline XBRL: (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Comprehensive Income, (iv) Consolidated Statements of Stockholders' Equity, (v) Consolidated Statements of Cash Flows, and (vi) Notes to Consolidated Financial Statements, tagged as blocks of text and including detailed tags.				X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)				X

Previously filed

* Indicates management contract or compensatory plan.

* These certifications are being furnished solely to accompany this annual 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.

Item 16. Form 10-K Summary

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized, on December 22, 2021.

MISSION PRODUCE, INC.

/s/ Stephen J. Barnard

Stephen J. Barnard

Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Stephen J. Barnard and Bryan E. Giles, or either of them, his or her attorneys-in-fact, each with the power of substitution, for him or her in any and all capacities, to sign any amendments to this Annual Report on Form 10-K and to file the same, with Exhibits thereto and other documents in connection therewith with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or substitute or substitutes may do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this annual report has been signed below on December 22, 2021, by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title
<u>/s/ Stephen J. Barnard</u> Stephen J. Barnard	President, Chief Executive Officer and Director (Principal Executive Officer)
<u>/s/ Bryan E. Giles</u> Bryan E. Giles	Chief Financial Officer (Principal Financial and Accounting Officer)
<u>/s/ Steve A. Beebe</u> Steve A. Beebe	Director
<u>/s/ Stephen W. Bershada</u> Stephen W. Bershada	Director
<u>/s/ Luis A. Gonzalez</u> Luis A. Gonzalez	Director
<u>/s/ Bonnie C. Lind</u> Bonnie C. Lind	Director
<u>/s/ Jay A. Pack</u> Jay A. Pack	Director
<u>/s/ Bruce C. Taylor</u> Bruce C. Taylor	Director
<u>/s/ Linda B. Segre</u> Linda B. Segre	Director
<u>/s/ Shaunte Mears-Watkins</u> Shaunte Mears-Watkins	Director

MISSION PRODUCE, INC.
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Mission Produce, Inc.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Mission Produce, Inc and subsidiaries (the "Company") as of October 31, 2021, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of October 31, 2021, based on criteria established in Internal Control — Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended October 31, 2021, of the Company and our report dated December 22, 2021, expressed an unqualified opinion on those financial statements and included an explanatory paragraph regarding the Company's adoption new accounting standards.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

Los Angeles, California
December 22, 2021

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Mission Produce, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Mission Produce, Inc. and subsidiaries (the "Company") as of October 31, 2021 and 2020, the related consolidated statements of comprehensive income, shareholders' equity, and cash flows, for each of the three years in the period ended October 31, 2021, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of October 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended October 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of October 31, 2021, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated December 22, 2021, expressed an unqualified opinion on the Company's internal control over financial reporting.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, the Company has changed its method of accounting for leases effective November 1, 2020 due to the adoption of FASB ASC Topic 842, Leases, using the modified retrospective approach. Additionally, as discussed in Note 2 to the consolidated financial statements, the Company has changed its method of accounting for income taxes effective November 1, 2020 due to the adoption of FASB ASU 2019-12, Simplifying the Accounting for Income Taxes.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Uncertain tax positions — Refer to Notes 3 and 8 to the financial statements

Critical Audit Matter Description

As a multinational corporation, the Company is subject to taxation in many jurisdictions, and the calculation of tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations in various taxing jurisdictions. The Company's wholly owned subsidiary in Mexico is currently under audit for the fiscal year 2013 and received certain proposed adjustments during fiscal year 2018 from the Mexican taxing authorities. During June 2018, the Company filed an administrative appeal challenging the 2013 tax assessment. The Company is currently waiting for the resolution of the appeal to be issued.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements for such a position is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. As of October 31, 2021, uncertain tax positions were \$15.7 million.

Given the determination of whether it is more likely than not that the tax positions challenged by Mexican taxing authorities will be sustained on examination requires management to make significant judgments related to the application of tax laws and regulations, performing audit procedures to evaluate the Company's interpretation and compliance with tax laws involved a high degree of auditor judgment and an increased extent of effort, including the need to involve our income tax specialists.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the determination of whether it is more likely than not that the Company's uncertain tax positions challenged by Mexican taxing authorities will be realized included the following, among others:

- We tested the effectiveness of the control over the evaluation of uncertain tax positions as it relates to the period subject to audit by the Mexican taxing authorities, along with the review of related disclosures.
- We obtained the evaluation from the Company's tax advisors related to understanding the advisor's current assessment of whether it is more likely than not that the Company's uncertain tax positions challenged by the Mexican taxing authorities will be sustained on examination.
- We obtained communications between the Company and the Mexican taxing authorities to evaluate management's assertions regarding the status of the tax assessment.
- With the assistance of our tax specialists, we evaluated whether management properly applied the relevant tax laws and regulations in their determination of whether it is more likely than not that the uncertain tax positions challenged by the Mexican taxing authorities will be sustained on examination.

/s/ Deloitte & Touche LLP

Los Angeles, California
December 22, 2021

We have served as the Company's auditor since 2019.

MISSION PRODUCE, INC.
CONSOLIDATED BALANCE SHEETS

(In millions, except for shares)	October 31,	
	2021	2020
Assets		
Current Assets:		
Cash and cash equivalents	\$ 84.5	\$ 124.0
Restricted cash	6.1	1.4
Accounts receivable		
Trade, net of allowances of \$0.2 and \$0.3, respectively	73.8	57.5
Grower and fruit advances	0.6	1.5
Miscellaneous receivables	12.3	13.4
Inventory	48.2	38.6
Prepaid expenses and other current assets	11.6	8.8
Loans to equity method investees	3.3	—
Income taxes receivable	6.7	2.9
Total current assets	247.1	248.1
Property, plant and equipment, net	424.2	379.1
Operating lease right-of-use assets	43.9	—
Equity method investees	52.7	46.7
Loans to equity method investees	1.8	4.5
Deferred income tax assets, net	7.6	4.4
Goodwill	76.4	76.4
Other assets	19.8	18.1
Total assets	\$ 873.5	\$ 777.3
Liabilities and Shareholders' Equity		
Liabilities:		
Accounts payable	\$ 22.8	\$ 20.5
Accrued expenses	28.8	28.3
Income taxes payable	1.9	1.7
Grower payables	22.2	18.8
Long-term debt—current portion	8.8	7.4
Operating leases—current portion	3.6	—
Finance leases—current portion	1.1	1.2
Total current liabilities	89.2	77.9
Long-term debt, net of current portion	155.1	166.7
Operating leases, net of current portion	42.5	—
Finance leases, net of current portion	2.2	3.3
Income taxes payable	3.5	3.8
Deferred income tax liabilities, net	26.8	27.8
Other long-term liabilities	20.0	24.3
Total liabilities	339.3	303.8
Commitments and contingencies (Note 7)		
Shareholders' Equity		
Common stock (\$0.001 par value, 1,000,000,000 shares authorized; 70,631,525 and 70,550,922 shares issued and outstanding as of October 31, 2021 and 2020, respectively)	0.1	0.1
Additional paid-in capital	225.6	222.8
Notes receivable from shareholders	—	(0.1)
Accumulated other comprehensive loss	(0.5)	(0.5)
Retained earnings	309.0	251.2
Total shareholders' equity	534.2	473.5
Total liabilities and shareholders' equity	\$ 873.5	\$ 777.3

See accompanying notes to consolidated financial statements.

MISSION PRODUCE, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In millions, except for per share amounts)	Year Ended October 31,		
	2021	2020	2019
Net sales	\$ 891.7	\$ 862.3	\$ 883.3
Cost of sales	767.2	737.7	728.6
Gross profit	124.5	124.6	154.7
Selling, general and administrative expenses	63.6	56.2	48.2
Operating income	60.9	68.4	106.5
Interest expense	(3.7)	(6.7)	(10.3)
Equity method income	7.5	4.0	3.4
Impairment on equity method investment	—	(21.2)	—
Other income (expense), net	1.3	(0.7)	(3.6)
Income before income taxes	66.0	43.8	96.0
Provision for income taxes	21.1	15.0	24.3
Net income	\$ 44.9	\$ 28.8	\$ 71.7
Net income per share:			
Basic	\$ 0.64	\$ 0.45	\$ 1.13
Diluted	\$ 0.63	\$ 0.45	\$ 1.13
Other comprehensive income, net of tax			
Foreign currency translation adjustments	—	(0.5)	—
Comprehensive income	\$ 44.9	\$ 28.3	\$ 71.7

See accompanying notes to consolidated financial statements.

MISSION PRODUCE, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(In millions, except for shares and per share data)	Common stock		Additional paid-in capital	Notes receivable from shareholders	Accumulated other comprehensive loss	Retained earnings	Total shareholders' equity
	Shares	Amount					
Balance at October 31, 2018	63,491,651	\$ 0.1	\$ 139.7	\$ (0.4)	\$ —	\$ 174.1	\$ 313.5
Dividends declared (\$0.09 per share)	—	—	—	—	—	(5.6)	(5.6)
Repayment of stock option notes receivable	—	—	—	0.3	—	—	0.3
Purchase and retirement of stock	(105,400)	—	—	—	—	(0.9)	(0.9)
Net income	—	—	—	—	—	71.7	71.7
Balance at October 31, 2019	63,386,251	\$ 0.1	\$ 139.7	\$ (0.1)	\$ —	\$ 239.3	\$ 379.0
Dividends declared (\$0.21 per share)	—	—	—	—	—	(13.0)	(13.0)
Issuance of common stock in public offering, net of issuance costs	7,450,000	—	78.1	—	—	—	78.1
Issuance of common stock	7,921	—	0.1	—	—	—	0.1
Stock-based compensation	—	—	4.6	—	—	—	4.6
Reclassification of liability-based awards	—	—	0.3	—	—	—	0.3
Exercise of stock options	17,000	—	—	—	—	—	—
Purchase and retirement of stock	(310,250)	—	—	—	—	(3.9)	(3.9)
Net income	—	—	—	—	—	28.8	28.8
Other comprehensive loss	—	—	—	—	(0.5)	—	(0.5)
Balance at October 31, 2020	70,550,922	\$ 0.1	\$ 222.8	\$ (0.1)	\$ (0.5)	\$ 251.2	\$ 473.5
Exercise of stock options	22,272	—	0.2	—	—	—	0.2
Issuance of common stock for equity awards	58,331	—	—	—	—	—	—
Stock-based compensation	—	—	2.6	—	—	—	2.6
Repayment of stock option notes receivable	—	—	—	0.1	—	—	0.1
Net income	—	—	—	—	—	44.9	44.9
Cumulative effect of change in tax accounting principle (Note 2)	—	—	—	—	—	12.9	12.9
Balance at October 31, 2021	70,631,525	\$ 0.1	\$ 225.6	\$ —	\$ (0.5)	\$ 309.0	\$ 534.2

See accompanying notes to consolidated financial statements.

MISSION PRODUCE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)	Year Ended October 31,		
	2021	2020	2019
Operating Activities			
Net income	\$ 44.9	\$ 28.8	\$ 71.7
Adjustments to reconcile net income to net cash provided by operating activities			
Provision for losses on accounts receivable	—	0.2	0.1
Depreciation and amortization	20.4	18.1	16.5
Amortization of debt issuance costs	0.3	0.3	0.2
Equity method income	(7.5)	(4.0)	(3.4)
Noncash lease expense	4.3	—	—
Impairment on equity method investment	—	21.2	—
Stock-based compensation	2.6	5.0	—
Dividends received from equity method investees	1.7	1.7	1.4
Losses (gains) on asset impairment, disposals and sales, net of insurance recoveries	0.1	0.5	—
Deferred income taxes	8.8	(1.0)	0.6
Unrealized (gains) losses on derivative financial instruments	(0.8)	2.8	3.7
Other	(0.1)	(2.6)	—
Effect on cash of changes in operating assets and liabilities:			
Trade accounts receivable	(16.4)	10.3	(2.7)
Grower fruit advances	0.8	2.3	(2.7)
Miscellaneous receivables	2.6	(3.8)	5.5
Inventory	(11.2)	5.9	(12.3)
Prepaid expenses and other current assets	(2.5)	(2.0)	(1.3)
Income taxes receivable	(3.8)	(0.4)	(0.4)
Other assets	(3.5)	(4.2)	0.2
Accounts payable and accrued expenses	8.9	8.2	5.2
Operating lease liabilities	(3.2)	—	—
Income taxes payable	(0.1)	(1.9)	2.9
Grower payables	3.4	(8.6)	4.3
Other long-term liabilities	(2.7)	2.1	3.1
Net cash provided by operating activities	\$ 47.0	\$ 78.9	\$ 92.6
Investing Activities			
Purchases of property and equipment	(73.4)	(67.3)	(29.7)
Proceeds from sale of property, plant and equipment	2.4	3.0	0.1
Insurance proceeds for the replacement of property, plant and equipment	1.1	—	—
Investment in equity method investees	(0.2)	(3.4)	(1.9)
Loans to equity method investees	(2.0)	—	—
Loan repayments from equity method investees	1.5	—	—
Other	0.3	—	0.8
Net cash used in investing activities	\$ (70.3)	\$ (67.7)	\$ (30.7)
Financing Activities			
Proceeds from issuance of common stock in public offering, net of issuance costs	—	78.1	—
Borrowings on revolving credit facility	—	14.0	45.0
Payments on revolving credit facility	—	(14.0)	(51.0)
Principal payments on long-term debt obligations	(10.5)	(6.3)	(14.2)
Principal payments on finance lease obligations	(1.2)	(0.9)	(0.4)
Payments for long-term supplier financing	—	(5.8)	—
Payment for debt extinguishment costs	(0.1)	—	—
Dividends paid	—	(13.0)	(5.6)
Proceeds from exercise of stock options	0.2	—	—
Repayment of stock option notes receivable	0.1	0.1	0.3
Debt issuance costs	—	(0.2)	—
Purchase and retirement of stock	—	(1.9)	(0.9)

(In millions)	Year Ended October 31,		
	2021	2020	2019
Net cash (used in) provided by financing activities	\$ (11.5)	\$ 50.1	\$ (26.8)
Effect of exchange rate changes on cash	—	0.1	—
Net (decrease) increase in cash, cash equivalents and restricted cash	(34.8)	61.4	35.1
Cash, cash equivalents and restricted cash, beginning of period	127.0	65.6	30.5
Cash, cash equivalents and restricted cash, end of period	\$ 92.2	\$ 127.0	\$ 65.6
Summary of cash, cash equivalents and restricted cash reported within the consolidated balance sheets:			
Cash and cash equivalents	\$ 84.5	\$ 124.0	\$ 64.0
Restricted cash	6.1	1.4	1.6
Restricted cash included in other assets	1.6	1.6	—
Total cash, cash equivalents, and restricted cash shown in the consolidated statements of cash flows	\$ 92.2	\$ 127.0	\$ 65.6
Cash paid during the year for:			
Interest	\$ 4.3	\$ 6.3	\$ 10.5
Income taxes	14.8	18.5	21.5
Non-cash investing and financing activities:			
Property, plant and equipment included in accounts payable and accrued expenses	\$ 3.4	\$ 4.0	\$ 0.3
Advances for property, plant and equipment included in prepaid and other current assets and other assets	1.4	—	—
Common stock issued in lieu of compensation (7,921 shares issued in 2020)	—	0.1	—
Finance leases for equipment and machinery	—	—	2.8

See accompanying notes to consolidated financial statements.

MISSION PRODUCE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of 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 for distribution to domestic and international markets. We report our results of operations in two operating segments: Marketing and Distribution and International Farming (see Note 13).

2. Summary of Significant Accounting Policies

Basis of presentation and consolidation

The accompanying consolidated financial statements include the accounts of the Company and its consolidated subsidiaries and have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP"). All intercompany balances have been eliminated in consolidation.

The Company previously qualified as an emerging growth company ("EGC") until October 31, 2021, when it no longer qualified based on its status as a Large Accelerated Filer and accordingly, complies with all financial disclosure and governance requirements applicable to Large Accelerated Filers.

IPO

In October 2020, we completed our initial public offering ("IPO") of common stock, in which we sold 7,450,000 shares at a public offering price of \$12.00 per share. Net proceeds were \$78.1 million, after deducting underwriting discounts and commissions of \$6.3 million and issuance costs of \$5.0 million, which were paid by the Company.

Use of estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash, cash equivalents and restricted cash

The Company considers all highly liquid instruments with an original maturity of three months or less and money market mutual funds to be cash equivalents. The carrying amounts of cash and cash equivalents approximate their fair values.

Restricted cash represents cash and cash equivalents that are restricted to withdrawal or use as of the reporting date under contractual terms or regulatory requirements. As of October 31, 2021 and 2020, the restricted cash balance related to statutory requirements to support various programs at the Company's farms. Restricted cash is included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statements of cash flows.

Accounts receivable

Trade accounts receivable are reported at amounts due from customers, net of an allowance for doubtful accounts. The Company maintains an allowance for doubtful accounts to reflect its estimate of the uncollectability of the trade accounts receivable based on past collection history, the identification of specific potential customer risks, and other factors.

Grower and fruit advances

The Company makes advances to growers and foreign suppliers who supply fruit to the Company. Such advances reduce amounts otherwise due to the growers or suppliers for fruit sales.

Miscellaneous receivables

Miscellaneous receivables represent non-trade receivables and primarily consist of value-added taxes ("VAT") collected on behalf of the tax authorities. VAT included in miscellaneous receivables were \$11.0 million and \$10.6 million as of October 31, 2021 and 2020, respectively.

MISSION PRODUCE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Inventory

Inventories are recorded at the lower of cost or net realizable value using the first-in, first-out method for finished goods and raw materials. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation.

Crop growing costs are valued at the lower of cost or net realizable value and are deferred and charged to cost of goods sold when the related crop is harvested and sold. The deferred crop growing costs included in inventory consist primarily of orchard maintenance costs such as cultivation, irrigation, fertilization, soil amendments, pest control and pruning.

We assess the recoverability of inventories through an ongoing review of inventory levels in relation to sales and forecasts and product marketing plans. When the inventory on hand, at the time of review, exceeds the foreseeable demand, the value of inventory that is not expected to be sold is written down. The amount of the write-down is the excess of historical cost over estimated net realizable value. Once established, these write-downs are considered permanent adjustments to the cost basis of the excess inventory.

The assessment of the recoverability of inventories and the amounts of any write-downs are based on currently available information and assumptions about future demand and market conditions. Demand for avocado products may fluctuate significantly over time, and actual demand and market conditions may be more or less favorable than our projections. In the event that actual demand is lower than originally projected, additional inventory write-downs may be required.

During the year ended October 31, 2019, inventories included \$2.0 million of fair value adjustments which were recognized in cost of sales as the underlying inventories were sold.

Property, plant and equipment, net

Property, plant and equipment, net is stated at cost, net of accumulated depreciation. Depreciation is computed using the straight-line method using rates based upon the estimated useful lives of the related assets. Property, plant and equipment includes the costs of planting and developing orchards that are capitalized until the orchards become commercially productive. Net proceeds from the sales of fruit before commercial production begins is applied to the capitalized cost of the trees. Planting costs consist primarily of the costs to purchase and plant nursery stock. Orchard development costs consist primarily of maintenance costs of orchards such as cultivation, pruning, irrigation, labor, spraying and fertilization, and interest costs during the development period. The Company ceases the capitalization of costs and commences depreciation when the orchards become commercially productive and once productive, the orchard maintenance costs are accounted for as crop growing costs.

Useful lives are as follows: orchard costs—20 to 25 years; buildings and improvements—20 to 40 years; and plant and office equipment—3 to 20 years. Within plant and office equipment, which contains a variety of assets, useful lives are as follows: reservoirs, wells, and irrigation equipment—20 years; bagging, packing, and refrigeration and ripening equipment—10-20 years; industrial vehicles—3 years; and office and computer equipment—5 to 7 years. Leased equipment and leasehold improvements meeting certain criteria are capitalized and amortized over the shorter of the expected lease term or the useful life of the asset using the straight-line method.

Farming costs for nonproductive orchards

We lease land for the development of new orchards. During the development period, these costs are referred to as farming costs for nonproductive orchards and are expensed as incurred in the consolidated statements of comprehensive income.

Leases

We determine if an arrangement is or contains a lease at inception or modification of the arrangement. An arrangement is or contains a lease if there are identified assets and the right to control the use of an identified asset is conveyed for a period in exchange for consideration. Control over the use of the identified assets means the lessee has both the right to obtain substantially all of the economic benefits from the use of the asset and the right to direct the use of the asset.

For leases where we are the lessee, we recognize the right-of-use ("ROU") assets and lease liabilities for all leases other than those with a term of 12 months or less, as we have elected to apply the short-term lease recognition exemption. ROU assets represent our right to use an underlying asset for the lease term. Lease liabilities represent our obligation to make lease payments arising from the lease. ROU assets and lease liabilities are classified and recognized at the commencement date of a lease. Lease liabilities are measured based on the present value of fixed lease payments over the lease term. ROU assets consist of: (i) initial measurement of the lease liability; (ii) lease payments made to the lessor at or before the commencement date less any lease incentives received; and (iii) initial direct costs incurred by us. Lease payments may vary because of changes in facts or circumstances occurring after the commencement, including changes in inflation indices. Variable lease payments are excluded from the measurement of ROU assets and lease liabilities and are recognized in the period in which the obligation for those payments is incurred.

The discount rate used to determine the present value of the lease payments is the rate of interest that the Company would have to pay to borrow on a collateralized basis over a similar term for an amount equal to the lease payments in a similar economic environment.

MISSION PRODUCE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For income statement purposes, we recognize straight-line rent expense for operating leases. For finance leases, we recognize interest expense associated with the lease liability and depreciation expense associated with the ROU asset. For ROU assets held under finance leases and leasehold improvements, the estimated useful lives are limited to the shorter of the useful life of the asset or the term of the lease.

Many of our lease arrangements include options to extend the lease, which we do not include in the lease term unless we are reasonably certain to exercise it. We have lease arrangements with lease and non-lease components. From a lessee perspective, we have elected to apply the practical expedient to combine lease and related non-lease components, for all classes of underlying assets, and account for the combined contract as a lease component.

Equity method investees

We maintain investments in other fruit growers, packers and distributors. These investments are accounted for under the equity method of accounting when we have the ability to exercise significant influence, but not control, over the investee. Significant influence generally exists when we have an ownership interest representing between 20% and 50% of the voting stock of the investee. Under the equity method of accounting, investments are stated at initial cost and are adjusted for subsequent additional investments and our proportionate share of earnings or losses and distributions.

We review our investments for other-than temporary-impairment ("OTTI") on a quarterly basis, or earlier if indicators of impairment arise. If an impairment of an equity method investment is determined to be other than temporary, we would record OTTI sufficient to reduce the investment's carrying value to its fair value, which results in a new cost basis in the investment. There was no OTTI identified in the year ended October 31, 2021 that would have required us to test for impairment.

During the second quarter of fiscal year 2020, industry-wide production information regarding the 2019-2020 blueberry harvest in Peru became available, indicating that there is greater competition and expansion by competitors than what we were previously expecting. We believed that the increase in supply due to expansion would result in a reduction in pricing over the long-term. As a result of this factor, among others, management lowered its long-term revenue and profitability forecasts of Moruga during the second quarter of 2020 and concluded that the reduction in the forecasted revenues was an indicator of impairment. As a result, management tested its investment in Moruga for impairment and concluded that the estimated fair value of the investment in Moruga was less than the carrying value of the investment. Due to the change in long-term pricing and revenue expectations, management concluded that the impairment is other-than-temporary and recorded an impairment charge of \$21.2 million during the second quarter of fiscal year 2020 (see Note 4 for more details).

Long-lived assets

The Company evaluates its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of any such asset may not be recoverable. Long-lived assets are assessed for impairment by comparing the carrying amount of an asset to future undiscounted net cash flows expected to be generated from the use of the asset and its eventual disposition. If the future undiscounted net cash flows are less than the carrying amount of the asset being tested, an impairment is recorded for the difference between the carrying amount of the asset and the estimated fair value of the asset. The estimate of undiscounted cash flows is based upon, among other things, certain assumptions about future operating performance, growth rates and other factors. Estimates of undiscounted cash flows may differ from actual cash flows due to, among other things, technological changes, economic conditions, changes to the business model or changes in operating performance. For fiscal years 2021 and 2020, we did not identify any indicators of impairment that would have required the Company to test its long-lived assets for impairment.

Goodwill

Our goodwill represents the excess of the purchase price of business combinations over the fair value of the net assets acquired. Goodwill impairment testing requires significant judgment and management estimates, including, but not limited to, the determination of (i) the number of reporting units, (ii) the goodwill and other assets and liabilities to be allocated to the reporting units and (iii) the fair values of the reporting units. The estimates and assumptions described above, along with other factors such as discount rates, will significantly affect the outcome of the impairment tests and the amounts of any resulting impairment losses. We perform a qualitative assessment of goodwill for impairment on an annual basis during the fourth quarter of each year, and between annual tests whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If qualitative factors were to indicate that it is more-likely-than-not that the fair value of the reporting unit is less than its carrying value, we would then perform a quantitative assessment, which would consist primarily of a discounted cash flow ("DCF") analysis to determine the fair value of the reporting unit's goodwill. To the extent the carrying amount of the reporting unit's allocated goodwill exceeds the unit's fair value, we recognize an impairment of goodwill for the excess up to the amount of goodwill of that reporting unit.

As of October 31, 2021 and 2020, we had goodwill of \$76.4 million. The results of our annual goodwill impairment assessments indicated that it was more likely than not that the fair value of our reporting unit's goodwill had exceeded its carrying value. As a result, we concluded that there were no impairments for the years ended October 31, 2021 and 2020.

Fair value of financial instruments

The Company applies the provisions of Accounting Standards Codification ("ASC") 820, Fair Value Measurements, for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at

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fair value in the financial statements. ASC 820 establishes a framework for measuring fair value and expands disclosures about fair value measurements.

Fair value is defined as the price that would be received when selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining the fair value for the assets and liabilities required or permitted to be recorded, the Company considers the principal or most advantageous market in which it would transact, and it considers assumptions that market participants would use when pricing the asset or liability.

ASC 820 establishes a fair value hierarchy that requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC 820 establishes three levels of inputs that may be used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2: Quoted prices, other than those in Level 1, in markets that are not active or for similar assets and liabilities, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability;

Level 3: Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

There were no transfers between level 1, level 2 or level 3 measurements during the years ended October 31, 2021 and 2020.

We believe that the carrying amounts of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses and short-term borrowings approximates fair value based on either their short-term nature or on terms currently available to the Company in financial markets. Due to current market rates, we believe that our long-term obligations have fair values that approximate carrying values. Refer to Note 10 for further information.

Interest rate swaps

The Company has four separate interest rate swaps with a total notional amount of \$100 million to hedge changes in the variable interest rate on \$100 million of principal value of the Company's term loans. As of October 31, 2021, the interest rate swaps carried fixed-rates ranging from 1.75% to 2.57%. 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 income (expense), net in the consolidated statements of comprehensive income and changes in the liability are presented in net cash provided by operating activities in the consolidated statements of cash flow. Refer to Note 10 for more details.

Revenue recognition

We recognize revenue according to the model under ASC 606, which requires the recognition of revenue when performance obligations to customers have been satisfied in amounts equal to the consideration to which we expect to be entitled.

For our customer contracts, we identify the performance obligations (products or services), determine the transaction price, allocate the contract transaction price to the performance obligations, and recognize the revenue when the performance obligation is fulfilled, which is when the product is shipped to or received by the customer, depending on the specific terms of the arrangement. Our revenues are recorded at a point in time. Revenue recognized from product sales is based primarily on purchase orders issued by customers which specify shipping terms and details of the transaction. The performance obligations in a given transaction are determined by the individual purchase orders with revenue recognized at the time that the performance obligations have been satisfied. Shipping and handling activities that occur prior to the transfer of control of goods to the customer are treated as fulfillment activities related to the promise to transfer goods, rather than as performance obligations. Amounts collected from customers for sales and other similar taxes are excluded from the transaction price.

Most performance obligations are subject to customer acceptance. However, our customers have an implicit and explicit right to return products following acceptance, if they are found not to conform to the specifications generally agreed upon or detailed in the individual purchase orders. We evaluate the need for provisions related to product return allowances based on estimates and record such provisions as a reduction in revenue in the same period that revenue for the related transactions is recognized.

We offer rebate programs to certain customers. These programs are not significant, and the amounts paid to customers related to rebate programs are recorded as a reduction of the sales price and revenue recognized as a result of the transaction. The Company maintains liabilities for the rebate amounts that remain unremitted to customers as of each period end and are included in accrued expenses.

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We routinely enter into consignment arrangements to purchase avocados from foreign suppliers in which we do not take legal title of the good prior to selling those goods to customers. The Company has evaluated its role in such transactions and has concluded that it has control of the products due to our ability to determine the sales price and our role as the primary obligor in the transactions with the end customer. As a result, we are deemed to act as the principle rather than the agent, and therefore recognize and report revenue on a gross basis for its consignment arrangements.

Stock-based compensation

The Company uses the fair value recognition method for accounting for stock-based compensation. Under the fair value recognition method, cost is measured at the grant date based on the fair value of the award and is recognized as expense on the straight-line basis over the requisite service period, which is generally the vesting period. When vesting is based on the occurrence of certain defined liquidity events, expense relative to such awards is measured based on the grant date fair value of the award and is recorded when the event occurs. Forfeitures are recognized in the period they occur.

The fair value of stock options is estimated as of the date of grant using the Black-Scholes option model, which requires various inputs, including volatility, risk-free interest rate, and the estimated life of the option term. See Note 9 for more information. The fair value of restricted stock units ("RSUs") is determined based on the market price of our common stock on the date of grant.

Advertising costs

Advertising costs are expensed when incurred and are included as a component of selling, general and administrative expense. Such costs were \$0.3 million, \$0.4 million, and \$0.3 million for the years ended October 31, 2021, 2020 and 2019, respectively.

Employee benefits

Eligible employees of the Company may participate in a 401(k)-retirement plan, whereby employees may elect to make contributions pursuant to a salary reduction agreement upon meeting age and length-of-service requirements. Employees can defer up to 60% of their compensation subject to fixed annual limits. The Company makes a 100% matching contribution on deferrals up to 3%, and 50% on deferrals over 3% up to 5%. Total contributions made by the Company were \$0.9 million for the year ended October 31, 2021 and \$0.7 million for both the years ended October 31, 2020 and 2019.

Income taxes

The Company uses the liability method to account for income taxes as prescribed by ASC 740. Deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities as measured by the enacted tax rates which will be in effect when these differences reverse. Deferred tax expense (benefit) is the result of changes in deferred tax assets and liabilities. Deferred income tax assets and liabilities are adjusted to recognize the effects of changes in tax laws or enacted tax rates in the period during which they are signed into law. The factors used to assess the Company's ability to realize its deferred tax assets are the Company's forecast of future taxable income and available tax planning strategies that could be implemented. Under ASC 740 a valuation allowance is required when it is more likely than not that all or some portion of the deferred tax assets will not be realized due to the inability to generate sufficient future taxable income of the correct character. Failure to achieve previous forecasted taxable income could affect the ultimate realization of deferred tax assets and could negatively impact the Company's effective tax rate on future earnings.

We recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

As a multinational corporation, we are subject to taxation in many jurisdictions, and the calculation of our tax liabilities involves dealing with uncertainties in the application of complex tax laws and regulations in various taxing jurisdictions. If we ultimately determine that the payment of these liabilities will be unnecessary, the liability will be reversed, and we will recognize a tax benefit during the period in which it is determined the liability no longer applies. Conversely, we record additional tax charges in a period in which it is determined that a recorded tax liability is less than the ultimate assessment is expected to be.

The application of tax laws and regulations is subject to legal and factual interpretation, judgment and uncertainty. Tax laws and regulations themselves are subject to change as a result of changes in fiscal policy, changes in legislation, the evolution of regulations and court rulings. Therefore, the actual liability for U.S. or foreign taxes may be materially different from management's estimates, which could result in the need to record additional tax liabilities or potentially reverse previously recorded tax liabilities.

Foreign currency translation and remeasurement

Our foreign operations are subject to exchange rate fluctuations and foreign currency transaction costs. The functional currency for substantially all of our foreign subsidiaries is the United States dollar. When remeasuring from a local currency to the functional currency, monetary assets and liabilities are remeasured into U.S. dollars at exchange rates in effect at the balance sheet dates and non-monetary assets, liabilities and equity are remeasured at historical rates when remeasuring from a local currency to the functional currency. Sales and expenses are remeasured

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using weighted-average exchange rates for each period. Gains and losses resulting from foreign currency transactions are recognized in other (expense) income, net in the consolidated statements of comprehensive income.

Earnings per share

We compute earnings per share ("EPS") in accordance with ASC 260, which requires companies with complex capital structures to present basic and diluted EPS. Basic EPS is measured as net income divided by the weighted average shares outstanding during the period. Diluted EPS is similar to basic EPS but presents the dilutive effect on a per share basis of contracts to issue shares (e.g., equity awards) as if they had been converted at the beginning of the periods presented, or issuance date, if later. The computation of diluted EPS includes the estimated impact of the exercise of contracts to purchase common stock using the treasury stock method. Potential shares that have an anti-dilutive effect (i.e., those that increase earnings per share or decrease loss per share) are excluded from the calculation of diluted EPS.

Risk concentration

Accounts receivable from one single customer represented 13% and 11% of trade accounts receivables, net of allowance, as of October 31, 2021 and 2020, respectively.

Sales to our top 10 customers amounted to approximately 59%, 64%, and 60% of our net sales for the years ended October 31, 2021, 2020 and 2019, respectively. For the year ended October 31, 2021, no single customer represented more than 10% of net sales. For the year ended October 31, 2020, two single customers represented 12% and 10% of net sales, respectively. For the year ended October 31, 2019, one single customer represented 15% of net sales. All of these customers were from our Marketing and Distribution segment.

Recently adopted accounting standards

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standard Update ("ASU") 2016-02, Leases (ASC 842), and subsequent updates following, which requires a dual approach for lessee accounting under which a lessee would account for leases as finance leases or operating leases. Both finance leases and operating leases will result in the lessee recognizing a right-of use asset ("ROU asset") and a corresponding lease liability. For operating leases, the lessee would recognize a straight-line total lease expense, and for finance leases, the lessee would recognize interest expense and amortization of the ROU asset.

We adopted ASC 842 effective November 1, 2020 using the modified retrospective approach and elected to apply the new guidance at the adoption date without adjusting prior periods presented. In adopting the new guidance, we elected to apply the package of transition practical expedients, which allows us not to reassess (1) whether any expired or existing contracts contain leases under the new definition of a lease; (2) lease classification for any expired or existing leases; and (3) whether previously capitalized initial direct costs would qualify for capitalization under ASC 842. In transition, we did not elect to apply the hindsight practical expedient, which permits entities to use hindsight in determining the lease term and assessing impairment of ROU assets.

Upon adoption, we recognized operating ROU assets of \$36.9 million, adjusted for \$1.4 million of deferred rent and \$0.3 million recorded as prepaid rent on the Company's consolidated balance sheets. We also recognized \$38.0 million in operating lease liabilities, of which \$2.8 million was classified as current. Adoption of this standard did not have a material impact on our consolidated statements of comprehensive income or cash flows. See Note 6 for more details.

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments—Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments. This guidance requires financial assets measured at amortized cost basis to be presented at the net amount expected to be collected. It also requires credit losses on available-for-sale debt securities to be presented as an allowance, rather than reducing the carrying amount. We adopted Topic 326 on October 31, 2021 as of November 1, 2020, using the modified-retrospective method. The impact of the adoption of this ASU did not have a material impact on our financial condition, results of operations, and cash flows.

In December 2019, the FASB issued ASU 2019-12, Simplifying the Accounting for Income Taxes, as part of its Simplification Initiative to reduce the cost and complexity in accounting for income taxes. ASU 2019-12 removes certain exceptions related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. ASU 2019-12 also amends other aspects of the guidance to help simplify and promote consistent application of GAAP. This ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. We early-adopted ASU 2019-12 effective November 1, 2020. The adoption of this ASU resulted in the derecognition of a deferred tax liability of approximately \$12.9 million and a corresponding adjustment to retained earnings.

Recently issued accounting standards

In March 2020, the FASB issued ASU 2020-04, Reference Rate Reform, and a subsequent update following, which provides optional expedients and exceptions for applying GAAP principles to contracts, hedging relationships, and other transactions affected by reference rate reform if certain criteria are met. The amendments in this ASU apply only to contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued as a result of reference rate reform. The optional expedients in this ASU are available for adoption as of March 12, 2020 through December 31, 2022. The Company is evaluating the impact of electing the adoption of this ASU on our financial condition, results of operations and cash flows.

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3. Details of Certain Account Balances

Details of certain of our significant account balances in our consolidated financial statements are included below.

Inventory

(In millions)	October 31,	
	2021	2020
Finished goods	\$ 22.5	\$ 16.3
Crop growing costs	11.9	11.9
Packaging and supplies	13.8	10.4
Inventory	\$ 48.2	\$ 38.6

Property, plant and equipment, net

(In millions)	October 31,	
	2021	2020
Land	\$ 128.8	\$ 131.0
Orchard costs	62.6	50.2
Buildings and improvements	110.9	73.3
Plant and office equipment	177.2	150.7
Construction-in-progress	43.2	55.0
Property, plant and equipment	\$ 522.8	\$ 460.2
Accumulated depreciation	(98.6)	(81.1)
Property, plant and equipment, net	\$ 424.2	\$ 379.1

Depreciation expense was \$20.4 million, \$18.1 million, and \$16.5 million for the years ended October 31, 2021, 2020 and 2019.

As of October 31, 2021 and 2020, respectively, \$2.7 million and \$2.1 million of property, plant and equipment, net was held for sale and classified in prepaid and other current assets in the consolidated balance sheets.

Accrued expenses

(In millions)	October 31,	
	2021	2020
Employee-related	\$ 14.6	\$ 15.3
Freight	3.9	4.4
Construction-in-progress	0.2	1.8
Interest rate swaps	2.1	2.2
Outside fruit purchase	2.2	0.8
VAT and local taxes payable	1.0	0.9
Legal settlement	0.8	—
Other	4.0	2.9
Accrued expenses	\$ 28.8	\$ 28.3

Other long-term liabilities

(In millions)	October 31,	
	2021	2020
Uncertain tax positions	15.7	13.9
Interest rate swaps	1.4	4.3
Employee-related	1.6	1.8
Deferred rent	—	1.4
Other	1.3	2.9
Other long-term liabilities	\$ 20.0	\$ 24.3

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Other income (expense), net

(In millions)	Year Ended October 31,		
	2021	2020	2019
Gains (losses) on derivative financial instruments	\$ 0.8	\$ (4.2)	\$ (3.7)
Foreign currency transaction (loss) gain	(1.6)	1.3	(1.3)
Interest income	1.7	2.4	1.7
Debt extinguishment costs	(0.1)	—	—
Other	0.5	(0.2)	(0.3)
Other income (expense), net	\$ 1.3	\$ (0.7)	\$ (3.6)

4. Equity Method Investees

Henry Avocado

The Company owns a 49% interest in Henry Avocado Corporation ("Henry Avocado"), based in Escondido, California. Henry Avocado packs, distributes and sells fresh avocados in the domestic market from California growers and also imports packed Chilean and Mexican avocados. Henry Avocado also operates a farm management and orchard leasing business where it performs various farming functions on behalf of growers. There is a basis difference between the Company's historical investment in Henry Avocado and the amount recorded in members' capital by the investee of \$4.0 million as of October 31, 2021 and 2020, comprised solely of goodwill.

Mr. Avocado

The Company owns a 33% interest in Shanghai Mr. Avocado Limited ("Mr. Avocado"), a Chinese joint venture enterprise, through its Mission Produce Asia Ltd. subsidiary. The primary business operations include the marketing, ripening and distribution of fresh avocados within China.

Moruga

The Company owns a 60% interest in Moruga. Moruga's primary business activity is to develop and operate blueberry farms. There is a basis difference between the our historical investment in Moruga and the amount of underlying equity in net assets of \$10.3 million as of October 31, 2021 and 2020.

During the second quarter of fiscal year 2020, industry-wide production information regarding the 2019-2020 blueberry harvest in Peru became available, indicating that there is greater competition and expansion by competitors than what we were previously expecting. We believed that the increase in supply due to expansion would result in a reduction in pricing over the long-term. As a result of this factor, among others, management lowered its long-term revenue and profitability forecasts of Moruga during the second quarter of 2020 and concluded that the reduction in the forecasted revenues was an indicator of impairment. As a result, management tested its investment in Moruga for impairment and concluded that the estimated fair value of the investment in Moruga was less than the carrying value of the investment. Due to the change in long-term pricing and revenue expectations, management concluded that the impairment is other-than-temporary.

The Company recorded an impairment charge of \$21.2 million to reduce the carrying balance of the investment to its estimated fair value of \$22.2 million during the second quarter of fiscal year 2020. The fair value of the investment is a Level 3 measurement in the fair value hierarchy and management estimated the fair value of the investment, with the assistance of a third-party valuation specialist, using a combination of the guideline publicly-traded companies ("GPC") method under the market approach and the discounted cash flow ("DCF") method under the income approach. We applied an equal weighting to the value conclusions resulting from the two employed approaches, because there was sufficient information available to estimate the fair value of the investment under both methods.

Under the GPC method, valuation multiples are calculated from the operating data and market metrics of the guideline publicly traded companies and the selected multiples are evaluated and adjusted based on the strengths and weaknesses of the entity relative to the comparable guideline publicly-traded companies. The most significant input used to estimate the fair value of the investment under the GPC method is the selected Business Enterprise Value ("BEV") to EBITDA multiple. We utilized the derived BEV to EBITDA multiples of the guideline publicly traded companies to select a multiple of 10.5x for the first forecast year and 10.0x for the second forecast year. The median and mean BEV to EBITDA multiple of the comparable publicly traded entities that we evaluated was 12.3x and 12.8x, respectively.

Under the DCF method, the most significant inputs used to estimate the fair value of the investment are the cash flow projections, which are most sensitive to the revenue projections, and the weighted average cost of capital (or discount rate) which is used to discount and present value the projected cash flows. For our revenue projections, we assumed a compounded annual growth rate of 4.8% for the discrete forecast period from 2020 to 2030, prior to reaching the terminal period. The weighted average cost of capital was estimated using a capital asset pricing model and the discount rate used to present value the future cash flows was 9.0%.

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Copaltas

The Company owns a 50% interest in Copaltas S.A.S. ("Copaltas"), a Colombian joint venture enterprise. The primary business operations include the development and operation of avocado farms within Colombia.

Financial information for our equity method investees as of October 31 was as follows:

(In millions)	Henry Avocado		Mr. Avocado		Moruga		Copaltas	
2021								
Current assets	\$	45.1	\$	4.4	\$	24.8	\$	1.5
Long-term assets		16.6		0.5		21.5		16.6
Current liabilities		22.7		3.1		13.6		2.5
Long-term liabilities		6.8		—		3.8		6.5
Sales		261.7		20.1		37.3		0.1
Gross profit		24.6		3.4		10.5		—
Net income (loss)		7.5		0.5		6.4		(0.2)
2020								
Current assets	\$	35.3	\$	2.6	\$	19.9	\$	0.3
Long-term assets		17.9		0.6		20.1		10.9
Current liabilities		14.3		1.9		9.8		2.2
Long-term liabilities		10.6		—		7.6		—
Sales		254.1		11.7		28.7		0.2
Gross profit		22.8		1.9		7.7		—
Net income (loss)		4.4		(0.2)		3.8		0.1

The Company's investments in its equity method investees have been impacted by the following:

(In millions)	Henry Avocado		Mr. Avocado		Moruga		Copaltas		Total
Investment balance October 31, 2018	\$	15.3	\$	0.2	\$	42.8	\$	0.4	\$ 58.7
Equity method income (losses)		3.4		(0.4)		0.4 ⁽¹⁾		—	3.4
Dividends received		(1.3)		—		—		—	(1.3)
Investment contributions		—		0.7		—		1.2	1.9
Investment balance October 31, 2019	\$	17.4	\$	0.5	\$	43.2	\$	1.6	\$ 62.7
Equity method income (losses)		2.2		(0.1)		1.9 ⁽¹⁾		—	4.0
Translation		—		—		—		(0.5)	(0.5)
Dividends received		(1.7)		—		—		—	(1.7)
Investment contributions		—		—		—		3.4	3.4
Impairment		—		—		(21.2)		—	(21.2)
Investment balance October 31, 2020	\$	17.9	\$	0.4	\$	23.9	\$	4.5	\$ 46.7
Equity method income (losses)		3.7		0.2		3.8		(0.2)	7.5
Translation		—		—		—		—	—
Dividends received		(1.7)		—		—		—	(1.7)
Investment contributions		—		—		—		0.2	0.2
Investment balance October 31, 2021	\$	19.9	\$	0.6	\$	27.7	\$	4.5	\$ 52.7

⁽¹⁾ Included amortization of customer relationship intangible of \$0.4 million and \$0.6 million during the years ended October 31, 2020 and 2019, respectively. The customer relationship intangible was fully amortized as of October 31, 2020.

There was no OTTI identified in the year ended October 31, 2021 that would have required us to test for impairment on any of our equity method investments.

5. Debt

Credit facility

In October 2018 the Company entered into a \$275 million syndicated credit facility with Bank of America ("BoA") Merrill Lynch. The credit facility is comprised of two senior term loans totaling \$175 million (Term A-1 and Term A-2) and a revolving credit agreement providing up to \$100 million in borrowings. The loans are secured by real property, personal property and the capital stock of the Company's subsidiaries. Borrowings under the credit facility bear interest at a spread over LIBOR ranging from 1.50% to 2.75% depending on the Company's leverage ratio.

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The credit facility also includes a swing line facility and an accordion feature which allows the Company to increase the borrowings by up to \$125 million, with bank approval. We pay fees on unused commitments on the credit facility that accrue at rates ranging from 0.18% to 0.3% depending upon the Company's leverage ratio.

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 October 31, 2021, the Company was in compliance with all covenants of the credit facility.

Long-term debt under our credit facility with BoA Merrill Lynch consisted of the following:

(In millions)	October 31,	
	2021	2020
Revolving line of credit. The interest rate is variable, based on LIBOR plus a spread that varies with the Company's leverage ratio. As of October 31, 2021 and 2020, the interest rate was 1.84% and 1.90%, respectively. Interest is payable monthly and principal is due in full in October 2023.	\$ —	\$ —
Senior term loan (A-1). The interest rate is variable, based on LIBOR plus a spread that varies with the Company's leverage ratio. As of October 31, 2021 and 2020, the interest rate was 1.84% and 1.90%, respectively. Interest is payable monthly, principal is payable quarterly and due in full in October 2023.	90.0	95.0
Senior term loan (A-2). The interest rate is variable, based on LIBOR plus a spread that varies with the Company's leverage ratio. As of October 31, 2021 and 2020, the interest rate was 2.34% and 2.40% respectively. Interest is payable monthly, principal is payable quarterly and due in full in October 2025.	72.8	73.5
Notes payable to BoA. Payable in monthly installments including interest at a weighted average rate of 4.41% and 4.52% as of October 31, 2021 and 2020, respectively. Principal is due July 2024.	1.5	6.2
Total long-term debt	164.3	174.7
Less debt issuance costs	(0.4)	(0.6)
Long-term debt, net of debt issuance costs	163.9	174.1
Less current portion of long-term debt	(8.8)	(7.4)
Long-term debt, net of current portion	\$ 155.1	\$ 166.7

As of October 31, 2021, future principal payments for our total debt were as follows:

Year Ending October 31,	(In millions)
2022	\$ 8.8
2023	83.8
2024	13.6
2025	58.1
2026	—
Thereafter	—
	\$ 164.3

6. Leases

We lease facilities, land, fleet and other industrial equipment under operating leases, expiring at various dates through 2048. We also lease equipment under finance leases, expiring at various dates through 2025. Certain of these leases have clauses such as extension options, stipulated escalation provisions, early termination, and payment obligations for property taxes, insurance, maintenance and other costs.

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Lease-related assets and liabilities on our consolidated balance sheets as of October 31, 2021 were as follows:

(in millions)	Location on Consolidated Balance Sheets	October 31, 2021
Assets		
Operating	Operating lease right-of-use assets	\$ 43.9
Finance	Property, plant and equipment, net	4.4
Total lease assets		\$ 48.3
Liabilities		
Current		
Operating	Operating leases—current portion	\$ 3.6
Finance	Finance leases—current portion	1.1
Noncurrent		
Operating	Operating leases, net of current portion	42.5
Finance	Finance leases, net of current portion	2.2
Total lease liabilities		\$ 49.4

Most lease costs are recognized in the consolidated statements of comprehensive income, however, costs qualifying for capitalization, such as lease costs for equipment used in the development of orchards, are recognized into property, plant and equipment or inventory. A summary of lease costs for the year ended October 31, 2021 is as follows:

(in millions)	Year Ended October 31, 2021					Total
	Inventory	Property, plant and equipment	Cost of sales	Selling, general and administrative expenses	Interest Expense	
Operating leases						
Lease cost	\$ —	\$ —	\$ 3.9	\$ 2.6	\$ —	\$ 6.5
Variable lease cost	—	—	0.8	0.1	—	0.9
Short-term lease cost	1.3	2.7	13.2	0.8	—	18.0
Finance leases						
Amortization of right-of-use assets	—	—	0.7	0.4	—	1.1
Interest on lease liabilities	—	—	—	—	0.3	0.3
Total lease cost	\$ 1.3	\$ 2.7	\$ 18.6	\$ 3.9	\$ 0.3	\$ 26.8

Supplemental cash flow information related to leases is set forth below:

(In millions)	Year ended October 31, 2021
Cash paid for amounts included in the measurement of lease liabilities for operating cash flows for operating lease liabilities	\$ 5.5
Right-of-use assets obtained in exchange for new operating lease liabilities	11.3

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As of October 31, 2021, future maturities of lease liabilities with original terms in excess of one year were as follows:

Year Ending October 31,	(In millions)	
	Operating Leases	Finance Leases
2022	\$ 6.2	\$ 1.4
2023	5.8	1.3
2024	5.3	1.0
2025	4.8	0.2
2026	4.6	—
Thereafter	48.2	—
Total undiscounted future minimum lease payments	\$ 74.9	\$ 3.9
Less imputed interest	\$ (28.8)	(0.6)
Total discounted future minimum lease payments	\$ 46.1	\$ 3.3

Weighted average remaining lease terms and weighted average discount rates as of October 31, 2021 were as follows:

	Operating Leases	Finance Leases
Weighted average remaining lease term (in years)	15.2	2.8
Weighted average discount rate	5.5 %	7.5 %

As of October 31, 2020 (prior to the adoption of ASC 842), future minimum lease payments under noncancelable agreements in accordance with ASC 840 were as follows:

Year Ending October 31,	(In millions)	
	Operating Leases	Capital Leases
2021	\$ 5.5	\$ 1.8
2022	4.7	1.6
2023	4.2	1.4
2024	3.6	1.2
2025	3.2	0.2
Thereafter	32.3	—
Minimum lease payments	\$ 53.5	\$ 6.2
Less interest		(1.7)
Present value of future lease payments	\$	4.5

As of October 31, 2020, finance leases totaled \$5.7 million less accumulated depreciation of \$0.6 million. Depreciation expense on finance leases was \$0.3 million for both years ended October 31, 2020 and 2019.

As of October 31, 2020, we did not have material leases that had not yet commenced. Rent expense was approximately \$6.9 million and \$6.1 million for the years ended October 31, 2020 and 2019, respectively.

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 comprehensive 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 is subject to approval by the applicable courts.

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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.

8. Income Taxes

The components of the provision for income taxes were as follows:

(In millions)	Year Ended October 31,		
	2021	2020	2019
Current			
Federal	\$ 2.2	\$ 4.6	\$ 11.8
State	0.6	0.7	2.6
Foreign	9.5	10.7	9.3
Total current	12.3	16.0	23.7
Deferred			
Federal	2.6	1.1	(0.6)
State	0.3	(0.2)	0.2
Foreign	5.9	(1.9)	1.0
Total deferred	8.8	(1.0)	0.6
Provision for income taxes	\$ 21.1	\$ 15.0	\$ 24.3

U.S. and foreign components of income before income taxes were as follows:

(In millions)	Year Ended October 31,		
	2021	2020	2019
U.S.	\$ 20.8	\$ 31.0	\$ 51.7
Foreign	45.2	12.8	44.3
Income before income taxes	\$ 66.0	\$ 43.8	\$ 96.0

A reconciliation of the provision for income taxes computed at the federal statutory tax rate to income taxes as reflected in the financial statements is as follows:

	Year Ended October 31,		
	2021	2020	2019
Federal statutory rate	21.0 %	21.0 %	21.0 %
State income taxes, net of federal tax benefit	1.0 %	2.0 %	1.9 %
GILTI	2.3 %	5.6 %	3.1 %
Non-deductible executive compensation	0.5 %	3.9 %	— %
Moruga impairment	— %	10.1 %	— %
Foreign tax credits	(0.9)%	(4.6)%	(2.4)%
NOL carryback – CARES Act	— %	(2.8)%	— %
Peru income tax rate change	8.3 %	— %	— %
Unrecognized tax benefits increase	0.9 %	0.6 %	1.5 %
Other, net	(1.1)%	(1.6)%	0.2 %
Effective tax rate	32.0 %	34.2 %	25.3 %

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Deferred taxes are recognized for temporary differences between the basis of assets and liabilities for financial statement and income tax purposes. The significant components of deferred tax assets and liabilities were as follows:

(In millions)	October 31,	
	2021	2020
Accrued expenses	\$ 4.2	\$ 4.0
Net operating loss carryforward	0.8	1.8
Inventory	0.8	0.8
Interest rate swaps	0.8	1.5
Operating lease liabilities	11.2	—
Allowances, reserves, and other	0.3	0.3
Total deferred tax assets	18.1	8.5
Less: valuation allowance	(0.5)	(1.1)
Total net deferred tax assets	\$ 17.6	\$ 7.3
Equity interest in unconsolidated subsidiaries	(3.1)	(14.7)
Property, plant and equipment	(21.6)	(14.4)
Operating lease right-of-use assets	(10.7)	—
Repatriation of foreign earnings	(1.4)	(1.6)
Total deferred tax liabilities	(36.8)	(30.7)
Total net deferred tax assets/(liabilities)	\$ (19.2)	\$ (23.3)

As of October 31, 2021, the Company had foreign net operating loss carryforwards of \$4.3 million, \$3.6 million of which, carries forward indefinitely.

The net change in the valuation allowance for deferred tax assets was \$0.6 million and \$0.3 million for the years ended October 31, 2021 and 2020, respectively. The valuation allowance as of October 31, 2021 and 2020 primarily relates to deferred tax assets in jurisdictions with current and historical losses as well as deferred tax assets which would generate capital losses and can only be realizable upon generation of future capital gains.

At October 31, 2021 the Company recorded a deferred tax liability for the withholding tax that will be due upon future distribution of approximately \$28.1 million of foreign earnings from its International Farming operations in Peru. The Company has determined all other accumulated foreign earnings of \$121.6 million to be indefinitely reinvested, as it is our intent to permanently reinvest these funds outside of the United States and our current plans do not demonstrate a need to repatriate the cash to fund our U.S. operations.

The Company may recognize the tax benefit from an uncertain tax position claimed on a tax return only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

A reconciliation of the total amounts of unrecognized tax benefits (exclusive of interest and penalties) is as follows:

(In millions)	October 31,	
	2021	2020
Unrecognized tax benefits beginning of year	\$ 6.0	\$ 6.2
Increases/(decreases) related to prior year positions	\$ (0.2)	\$ —
Foreign currency remeasurement	0.3	(0.2)
Unrecognized tax benefits end of year	\$ 6.1	\$ 6.0

If recognized, the total amount of unrecognized tax benefits as of October 31, 2021 and 2020 would impact the effective tax rate. There is potential for significant changes to unrecognized tax benefits by the end of fiscal year 2021 with regards to the 2013 tax assessment as discussed below.

The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. The Company recorded \$0.9 million, \$(1.9) million, and \$1.4 million of interest and penalties in the years ended October 31, 2021, 2020 and 2019, respectively, in the consolidated statements of comprehensive income and had \$7.7 million and \$6.8 million for interest and penalties accrued as of October 31, 2021 and 2020, respectively, which have been included in other long-term liabilities in the consolidated balance sheets.

We conduct business both domestically and internationally and, as a result, one or more of our subsidiaries files income tax returns in U.S. federal, U.S. state and certain foreign jurisdictions. Accordingly, in the normal course of business, we are subject to examination by taxing

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authorities, primarily in the United States, Mexico and Peru. The Company is no longer subject to U.S. federal tax examinations for the fiscal years prior to and including October 31, 2016. The statute of limitations for the tax years ended October 31, 2017 and forward are still open as of October 31, 2021.

The Company's wholly owned subsidiary in Mexico is currently under audit for the fiscal year 2013 and received certain proposed adjustments during fiscal year 2018 from the Mexican taxing authorities pertaining to disallowed deductions. During June 2018, the Company filed an administrative appeal challenging the 2013 tax assessment, which in June 2019 the authorities issued a resolution revoking the tax assessment and ordering the tax auditors to appraise some evidence and re-issue a new assessment in connection with one of the intermediaries. The Mexican subsidiary filed a tax lawsuit since the tax auditors did not appraise the evidence offered in connection with a significant portion of the disallowed deductions, which the Company is currently waiting for the resolution of the trial. The Company believes that it has adequately provided taxes for this matter.

On December 30, 2020, Peru enacted tax law repealing current tax law which provided benefits to agribusiness entities. The new law will subject us to higher Peruvian corporate income tax rates than our current rate of 15% as follows: 20% for calendar years 2023 to 2024, 25% for calendar years 2025 to 2027, and 29.5% thereafter. We remeasured our deferred tax balances based on the applicable tax rate in the year the deferred balances are expected to reverse. The increase to the net deferred tax liability for the change in Peruvian tax rate resulted in a \$5.4 million increase to tax expense.

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security ("CARES Act") was signed into law. Among other things, the CARES Act permitted NOL carryovers and carrybacks to offset 100% of taxable income for taxable years beginning before 2021. In addition, the CARES Act allowed NOLs incurred in 2018, 2019, and 2020 to be carried back to each of the five preceding taxable years to generate a refund of previously paid income taxes. For fiscal year 2020 the Company recorded a discrete benefit of \$1.2 million due to the revaluation of deferred tax assets due to the utilization of NOLs at a higher tax rate in the carryback period. The CARES Act also contains modifications on the limitation of business interest for tax years beginning in 2019 and 2020. The modifications to Section 163(j) increased the allowable business interest deduction from 30% of adjusted taxable income to 50% of adjusted taxable income which did not have an impact to the company for fiscal year 2020 or 2021.

9. Shareholders' Equity

Stock-based compensation

During fiscal years 2021, 2020, and 2019, we maintained stock-based incentive plans (see below for more details). Stock-based compensation expense is recorded in selling, general and administrative expenses in the consolidated statements of comprehensive income. Total stock-based compensation expense under these plans and the total related recognized tax benefit were as follows:

(In millions)	Year Ended October 31,		
	2021	2020	2019
Stock options	\$ 1.5	\$ 4.8	\$ —
RSUs	1.1	0.1	—
Total stock-based compensation expense under incentive plans, pretax	\$ 2.6	\$ 4.9	\$ —
Tax benefit	0.1	0.1	—

Unrecognized stock-based compensation expense as of October 31, 2021 was \$3.9 million and is expected to be recognized over a weighted-average period of 1.7 years.

2003 Stock Incentive Plan

Our Board of Directors adopted the Mission Produce, Inc. 2003 Stock Incentive Plan in fiscal year 2004, and subsequently restated and amended the plan on July 9, 2019 (collectively, the "2003 Plan"). The 2003 Plan is a non-qualified stock option plan that allowed for the granting of a combined maximum of 10,200,000 stock option awards to key employees and directors, until the completion of our IPO in October 2020, at which time we adopted the 2020 Incentive Award Plan ("2020 Plan"), and shares of our common stock subject to awards granted under the 2003 Plan that were available for issuance were transferred to, and became available for issuance under the 2020 Plan in accordance with its terms.

2020 Incentive Award Plan

On October 1, 2020, our Board of Directors adopted the 2020 Plan, which provides for the grant of equity awards, including stock options, RSUs, and performance share units to directors, employees, consultants, and certain of our affiliates. The terms of awards may vary based on the grantee classification, or nature of the award, such as awards contingent upon discrete events, or awards related to continuing employment. A maximum of 9,880,190 shares of common stock may be issued under the 2020 Plan. As of October 31, 2021, 9,296,260 shares were available for issuance under the 2020 Plan.

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Stock options

Stock options are generally granted with exercise prices no less than the fair market value at grant date and vest based on tenure of employment or other specific events and expire 10 years after the grant date. The fair value of stock options are estimated as of the date of grant using the Black-Scholes option valuation model with the following assumptions, as required by the model:

- *Risk-free rate*- the current interest rate on five to seven-year U.S. Treasury Bonds
- *Volatility*- the average of equity implied asset volatility of publicly-traded direct competitor companies
- *Expected life*- calculated as the average of the vesting term and original contractual term, known as “the simplified method”

No stock options were granted during the year ended October 31, 2021. Assumptions used to estimate the fair value for stock options granted during the years ended October 31, 2020 and 2019 were as follows:

	Year Ended October 31,			
	2020		2019	
Risk-free interest rate	0.4	%	1.7	%
Volatility	30.0	%	25.0	%
Expected life (in years)	6.3		7.2	
Dividend rate	—		—	

The weighted-average grant-date fair value of options granted during the years ended October 31, 2020 and 2019 was \$3.61 and \$5.35, respectively. The total grant-date fair value of stock options vested during the years ended October 31, 2021 and 2020 was \$1.3 million and \$5.5 million, respectively. No stock options vested during the year ended October 31, 2019. The total intrinsic value of stock options exercised was \$0.2 million in both years ended October 31, 2021 and 2020. No stock options were exercised during the year ended October 31, 2019.

CEO Award

On July 9, 2019 our Board of Directors approved a stock option grant to the Company’s Chief Executive Officer (“CEO”), Steve Barnard, covering 1,700,000 shares of our common stock (“CEO Award”). The CEO Award had a strike price of \$9.41 per share, which the Board of Directors assumed to be the then current fair market value of the Company’s common stock on the grant date. The terms of the grant were such that the vesting of the stock option was contingent upon a successful initial public offering of the Company’s common stock. There were 471,308 shares available under the 2003 Plan as of the date the CEO Award was granted. We accounted for 471,308 shares of the CEO Award that are subject to share settlement as equity-classified awards and 1,228,692 shares as liability-classified awards. The liability-classified portion of the CEO Award represented that portion of the CEO Award that was in excess of the shareholder-approved share limit authorized under the 2003 Plan as of October 31, 2019 and thus were classified as liability awards. In the event the modified Plan was not approved by the shareholders, the liability-classified portion of the CEO Award would have been subject to cash settlement. The Company has not recognized any stock-based compensation expense prior to the modification of the CEO Award discussed below because the vesting of the award was dependent upon the occurrence of an initial public offering. At the date of grant, based on a subsequent valuation performed, the estimated fair market value of the CEO award was determined to be \$9.1 million.

On October 29, 2019, our Board of Directors, with the consent of Mr. Barnard, modified the CEO Award to amend the vesting schedule. As a result of this amendment, 850,000 shares subject to the CEO Award were modified to vest at the earlier of (i) the seventh year anniversary of the grant date, (ii) immediately prior to the consummation of a change in control (as defined in the Plan) or, (iii) upon the closing of an IPO of our common stock, in each case, subject to Mr. Barnard’s continued service with the Company as of the applicable vesting date. Of these CEO Award shares, we accounted for 235,654 shares as equity-classified awards and 614,346 CEO Award shares (i.e., the allocable portion of those CEO Award shares that were in excess of the shareholder-approved share limit authorized under the original Plan as of October 31, 2019) as liability-classified awards. The remaining 850,000 CEO Award shares were modified to vest in five equal installments on the first five anniversaries of the grant date, subject to Mr. Barnard’s continued service with the Company as of the applicable vesting date. Of these shares, we accounted for 235,654 shares as equity-classified awards and 614,346 shares as liability-classified awards (i.e., the allocable portion of those CEO Award shares that were in excess of the shareholder-approved share limit authorized under the 2003 Plan as of October 31, 2019).

Prior to the October 2019 modification, the Company determined that it was not probable that the CEO awards would vest because of the contingent nature of the CEO Award. Upon modification of the vesting terms, during October 2019, the Company determined that it was probable that the CEO Award would vest. The Company determined the fair value of the CEO Award on the date of modification to be \$11.3 million, to be recognized as stock-based compensation expense as service is provided.

During December 2019, management determined the fair value of our common stock with the support of a third-party valuation specialist as of the July 9, 2019 stock option grant date. As a result of this independent valuation, the Company determined the fair value of our common stock on the stock option grant date to be \$13.74 per share. As a result, the Board of Directors, with the consent of Mr. Barnard, modified the CEO Awards to increase the strike price to \$13.74 per share. As of the modification date, the fair value of liability-classified awards was \$5.6 million.

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On March 19, 2020, shareholders approved an amendment to the 2003 Plan that added an additional 2,550,000 shares available to be issued. Upon the approval of the amendment, the 1,228,692 awards previously accounted for as liability-classified awards were reclassified to shareholders' equity and accounted for prospectively as equity awards because of the increase in shares available to be issued under the 2003 Plan. On the date of reclassification, management determined the fair value of our common stock, with the assistance of a third-party valuation specialist, to be \$12.63 per share, resulting in an estimated fair value of \$4.6 million for the reclassified awards. As of March 19, 2020, the Company had accrued \$0.3 million in accrued expenses related to the liability-classified awards, which was reclassified to shareholders' equity as of March 19, 2020.

Stock option activity for the CEO Award during the year ended October 31, 2021 was as follows:

	Number of options (in thousands)	Weighted-average exercise price	Weighted-average remaining life (in years)	Aggregate intrinsic value (in millions)
Outstanding at October 31, 2020	1,700	\$ 13.74		
Granted	—			
Exercised ⁽⁴⁾	—	13.74		
Forfeited	—			
Outstanding at October 31, 2021	1,700	\$ 13.74	7.7	\$ 8.9
Vested and expected to vest at October 31, 2021	1,700	\$ 13.74	7.7	\$ 8.9
Exercisable at October 31, 2021	1,190	\$ 13.74	7.7	\$ 6.2

⁽⁴⁾ Less than 500 shares were exercised during the year ended October 31, 2021.

	Number of options (in thousands)	Weighted average grant-date fair value
Unvested at October 31, 2020	680	\$ 5.35
Granted	—	—
Vested	(170)	5.35
Forfeited	—	—
Unvested at October 31, 2021	510	\$ 5.35

Employees

Stock options granted to employees generally vest ratably over four years. Stock option activity for other employees during the year ended October 31, 2021 was as follows:

	Number of options (in thousands)	Weighted-average exercise price	Weighted-average remaining life (in years)	Aggregate intrinsic value (in millions)
Outstanding at October 31, 2020	698	\$ 11.62		
Granted	—	—		
Exercised	(22)	10.19		
Forfeited	(190)	12.00		
Outstanding at October 31, 2021	486	\$ 11.55	8.2	\$ 3.6
Vested and expected to vest at October 31, 2021	486	11.55	8.2	3.6
Exercisable at October 31, 2021	124	\$ 10.23	7.6	\$ 1.1

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	Number of options (in thousands)	Weighted average grant-date fair value
Unvested at October 31, 2020	664	\$ 3.61
Granted	—	—
Vested	(112)	3.61
Forfeited	(190)	3.61
Unvested at October 31, 2021	362	\$ 3.99 ⁽¹⁾

⁽¹⁾ Approximately 26,000 unvested shares outstanding were modified during the year ended October 31, 2021 in connection with the retirement of a long-tenured employee, which affected the computation of the weighted average grant-date fair value.

RSUs

RSUs are service-based awards granted under the 2020 Plan to eligible employees and non-employees. RSUs are expected to be settled with shares of the Company's common stock. Vesting and forfeiture conditions are specific to each grant as determined by the plan administrator. The fair of RSUs is determined based on the market price of our common stock on the date of grant.

Employees

RSUs are granted to employees as well as new-hires and generally vest ratably over three to four years. Activity for awards during the year ended October 31, 2021 was as follows. No awards were granted during the years ended October 31, 2020 and 2019.

	Units (in thousands)	Weighted average grant-date fair value per unit
Outstanding at October 31, 2020	—	\$ —
Granted	8	20.87
Vested	—	—
Forfeited	—	—
Outstanding at October 31, 2021	8	\$ 20.87

Board of Directors

On October 1, 2020, RSUs were granted to directors in connection with our IPO, with a vesting date in March 2021. Under our Director Compensation Plan, directors were henceforth approved for the automatic grant on the date of each Annual Shareholders' Meeting, set to cliff-vest at the earlier of one year following, or at the subsequent Annual Shareholders' Meeting. Activity for these awards during the years ended October 31, 2021 and 2020 was as follows:

	Units (in thousands)	Weighted average grant-date fair value per unit
Outstanding at October 31, 2020	58	\$ 12.00
Granted	35	19.89
Vested	(58)	12.00
Forfeited	—	—
Outstanding at October 31, 2021	35	\$ 19.89

Dividends

If we do not comply with certain covenants under our credit facility, our ability to pay dividends in the future could be limited.

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10. Fair Value Measurements

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

(In millions)	October 31, 2021				October 31, 2020			
	Total	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets								
Mutual funds	\$ 1.2	\$ 1.2	\$ —	\$ —	\$ 1.0	\$ 1.0	\$ —	\$ —
Liabilities								
Interest rate swap liability	3.5	—	3.5	—	6.5	—	6.5	—

Our mutual fund investments relate to our deferred compensation plan and held in a Rabbi trust. 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 discounted cash flow analysis, on the expected cash flows of each derivative. 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 October 31, 2021 and October 31, 2020, that 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 liabilities associated with the interest rate swaps have been included in accrued expenses and other long-term liabilities in the consolidated balance sheets and gains and losses for the interest rate swaps have been included in other income (expense), net in the consolidated statements of comprehensive income.

11. Earnings Per Share

	Year Ended October 31,		
	2021	2020	2019
Numerator:			
Net income available to shareholders (in millions)	\$ 44.9	\$ 28.8	\$ 71.7
Denominator:			
Weighted average shares of common stock outstanding, used in computing basic earnings per share	70,583,424	63,634,863	63,442,776
Effect of dilutive stock options	466,227	22,038	35,173
Effect of dilutive RSUs	18,830	3,117	—
Weighted average shares of common stock outstanding, used in computing diluted earnings per share	71,068,481	63,660,018	63,477,949
Earnings per share			
Basic	\$ 0.64	\$ 0.45	\$ 1.13
Diluted	\$ 0.63	\$ 0.45	\$ 1.13

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

	Year Ended October 31,		
	2021	2020	2019
Anti-dilutive stock options	145,735	1,289,589	1,700,000
Anti-dilutive RSUs	24,540	—	—

MISSION PRODUCE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. Related Party Transactions

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

(In millions)	Consolidated Balance Sheets			Consolidated Statements of Comprehensive Income			
	Accounts receivable	Loans to equity method investees	Accounts payable & accrued expenses	Net sales	Cost of sales	Selling, general and administrative expenses	Other income (expense), net
	October 31, 2021			Year Ended October 31, 2021			
Equity method investees:							
Henry Avocado	\$ —	\$ —	\$ —	\$ 4.4	\$ —	\$ —	\$ —
Mr. Avocado	1.3	—	—	4.3	—	—	—
Moruga ⁽¹⁾	3.9	3.0	—	6.1	—	—	0.4
Copaltas ⁽⁴⁾	—	2.1	—	—	—	—	0.1
Other:							
Directors/officers ⁽²⁾	0.1	—	—	2.5	3.5	0.1	—
Employees ⁽³⁾	—	—	0.2	—	9.6	—	—
	October 31, 2020			Year Ended October 31, 2020			
Equity method investees:							
Henry Avocado	\$ —	\$ —	\$ —	\$ 1.3	\$ —	\$ —	\$ —
Mr. Avocado	0.6	—	—	1.9	—	—	—
Moruga ⁽¹⁾	2.0	4.5	—	4.9	—	—	0.6
Other:							
Directors/officers ⁽²⁾	0.3	—	0.2	2.3	5.1	0.2	—
	Year Ended October 31, 2019						
Equity method investees:							
Henry Avocado				\$ 0.5	\$ 3.3	\$ —	\$ —
Mr. Avocado				4.5	—	—	—
Moruga				3.4	—	—	—
Other:							
Directors/officers ⁽²⁾				0.9	1.8	0.3	—

⁽¹⁾ The Company has provided loans to Moruga Inc. S.A.C. to support growth and expansion projects, bearing interest at 6.5%, due December 31, 2022. We also lease owned land to Moruga.

⁽²⁾ The Company purchases from and sells avocados 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. The Company entered into a consulting agreement with a director in 2018 to provide consulting and advice on current business operations, as well as to analyze opportunities for fresh avocado farming and packing facilities in South and Central America, which was terminated in June 2021.

⁽³⁾ The Company utilizes a transportation vendor in Mexico owned by key management employees under similar terms as other transportation vendors. The Company 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 growers.

⁽⁴⁾ The Company has provided loans to Copaltas to support growth and expansion projects, bearing interest at 6.66%, due December 31, 2021.

13. Segment Information

We have two operating segments which are also reporting segments. Our reporting 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. These reporting segments are Marketing and Distribution and International Farming. Our Marketing and Distribution reporting segment sources fruit from growers and then distributes the fruit through our global distribution network. Our International Farming segment owns and operates orchards from which substantially all fruit produced is sold to our Marketing and Distribution segment. The segment's farming activities range from cultivating early-stage plantings to harvesting from mature trees. The segment also earns service revenues for packing and processing for producers of other crops during the avocado off-harvest season. The International Farming segment is principally located in Peru, with smaller operations emerging in other areas of Latin America.

The 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, legal settlement, farming costs for nonproductive orchards (which represents land lease costs), and any special, non-recurring, or one-time items such as impairments that are excluded from the results the CEO reviews uses to assess segment performance and results.

MISSION PRODUCE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

(In millions)	Year Ended October 31,								
	2021			2020			2019		
	Marketing & Distribution	International Farming	Total	Marketing & Distribution	International Farming	Total	Marketing & Distribution	International Farming	Total
Third party sales	\$ 872.0	\$ 19.7	\$ 891.7	\$ 846.9	\$ 15.4	\$ 862.3	\$ 873.7	\$ 9.6	\$ 883.3
Affiliated sales	—	84.9	84.9	—	66.4	66.4	—	80.7	80.7
Total segment sales	\$ 872.0	\$ 104.6	\$ 976.6	\$ 846.9	\$ 81.8	\$ 928.7	\$ 873.7	\$ 90.3	\$ 964.0
Intercompany eliminations	—	(84.9)	(84.9)	—	(66.4)	(66.4)	—	(80.7)	(80.7)
Total net sales	\$ 872.0	\$ 19.7	\$ 891.7	\$ 846.9	\$ 15.4	\$ 862.3	\$ 873.7	\$ 9.6	\$ 883.3

Adjusted EBITDA for each of our reporting segments was as follows:

(In millions)	Year Ended October 31,		
	2021	2020	2019
Marketing & Distribution adjusted EBITDA	\$ 51.4	\$ 68.2	\$ 88.0
International Farming adjusted EBITDA	33.9	23.3	35.0
Total reportable segment adjusted EBITDA	85.3	91.5	123.0
Net income	44.9	28.8	71.7
Interest expense	3.7	6.7	10.3
Provision for income taxes	21.1	15.0	24.3
Depreciation and amortization	20.4	18.1	16.5
Equity method income	(7.5)	(4.0)	(3.4)
Stock-based compensation	2.6	5.0	—
Other (income) expense, net	(1.3)	0.7	3.6
Impairment on equity method investment	—	21.2	—
Legal settlement	0.8	—	—
Asset impairment and disposals, net of insurance recoveries	(0.2)	—	—
Farming costs for nonproductive orchards	0.8	—	—
Total adjusted EBITDA	\$ 85.3	\$ 91.5	\$ 123.0

Net sales to customers outside the U.S. were \$217.0 million, \$202.8 million and \$194.2 million, for the years ended October 31, 2021, 2020 and 2019, respectively.

Our goodwill balance of \$76.4 million as of October 31, 2021 and 2020 was wholly attributed to the International Farming segment.

Property, plant and equipment, net attributed to geographic areas was as follows:

(In millions)	October 31,	
	2021	2020
North America	\$ 161.7	\$ 143.3
South America	261.7	234.9
Europe	0.8	0.9
Property, plant and equipment, net	\$ 424.2	\$ 379.1

DESCRIPTION OF CAPITAL STOCK

The following description of the capital stock of Mission Produce, Inc. (the “Company,” “we,” “us,” and “our”) is not complete and may not contain all the information you should consider before investing in our capital stock. This description is summarized from, and qualified in its entirety by reference to, our amended and restated certificate of incorporation, which has been publicly filed with the Securities and Exchange Commission (“SEC”).

Our authorized capital stock consists of:

- 1,000,000,000 shares of common stock, par value \$0.001 per share; and
- 100,000,000 shares of preferred stock, par value \$0.001 par value.

Common Stock

Voting Rights

Holders of our common stock are entitled to one vote per share of common stock. Holders of shares of common stock vote together as a single class on all matters (including the election of directors) submitted to a vote of shareholders. We have not provided for cumulative voting for the election of directors in our certificate of incorporation.

Economic Rights

Dividends. Subject to preferences that may apply to shares of preferred stock outstanding at the time, the holders of outstanding shares of our common stock are entitled to receive dividends out of funds legally available if our board of directors, in its discretion, determines to issue dividends and only then at the times and in the amounts that our board of directors may determine. Any dividend or distributions paid or payable to the holders of shares of common stock shall be paid pro rata, on an equal priority, pari passu basis.

Right to Receive Liquidation Distributions. Upon our dissolution, liquidation or winding-up, the assets legally available for distribution to our shareholders shall be distributable ratably among the holders of our common stock, subject to prior satisfaction of all outstanding debt and liabilities and the preferential rights and payment of liquidation preferences, if any, on any outstanding shares of preferred stock.

Preferred Stock

Under the terms of our certificate of incorporation, our board of directors is authorized to direct us to issue shares of preferred stock in one or more series without shareholder approval. Our board of directors has the discretion to determine the rights, preferences, privileges and restrictions, including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences, of each series of preferred stock.

The purpose of authorizing our board of directors to issue preferred stock and determine its rights and preferences is to eliminate delays associated with a shareholder vote on specific issuances. The issuance of preferred stock could adversely affect the voting power of holders of our common stock and the likelihood that such holders will receive dividend payments and payments upon liquidation. The issuance of preferred stock, while providing flexibility in connection with possible acquisitions, future financings and other corporate purposes, could have the effect of making it more difficult for a third-party to acquire, or could discourage a third-party from seeking to acquire, a majority of our outstanding voting stock. There are currently no shares of preferred stock outstanding, and we have no present plans to issue any shares of preferred stock.

Anti-takeover Provisions

Classified Board of Directors and Removal of Directors

Our certificate of incorporation provides that our board of directors be comprised of three classes of directors, with each class serving three-year staggered terms. The classification of directors has the effect of making it more difficult for shareholders to change the composition of our board.

Our certificate of incorporation and our bylaws provide that a director may be removed only for cause. Any vacancy on our board of directors, including a vacancy resulting from an enlargement of our board of directors, may be filled only by vote of a majority of our directors then in office.

Shareholder Action; Special Meeting of Shareholders

Our bylaws provide that any action required or permitted to be taken by our shareholders must be effected at a duly called annual or special meeting of such shareholders and may not be effected by any consent in writing by such shareholders. Our certificate of incorporation and our bylaws also provide that, except as otherwise required by law, special meetings of our shareholders can only be called by our board of directors.

Authorized But Unissued Shares

The authorized but unissued shares of our common stock and preferred stock are available for future issuance without shareholder approval, subject to any limitations imposed by the listing standards of the Nasdaq Global Select Market. These additional shares may be used for a variety of corporate finance transactions, acquisitions and employee benefit plans. The existence of authorized but unissued and unreserved common stock and preferred stock could make more difficult or discourage an attempt to obtain control of us by means of a proxy contest, tender offer, merger or otherwise.

The foregoing provisions of our certificate of incorporation and bylaws could discourage potential acquisition proposals and could delay or prevent a change in control. These provisions are intended to enhance the likelihood of continuity and stability in the composition of our board of directors and in the policies formulated by our board of directors and to discourage transactions that may involve an actual or threatened change of control. These provisions are designed to reduce our vulnerability to an unsolicited acquisition proposal. However, such provisions could have the effect of discouraging others from making tender offers for our shares and, as a consequence, they also may inhibit fluctuations in the market price of our common stock that could result from actual or rumored takeover attempts. Such provisions also may have the effect of preventing changes in our management or delaying or preventing a transaction that might benefit you or other minority shareholders.

In addition, we are subject to Section 203 of the Delaware General Corporation Law ("DGCL"). Subject to exceptions, Section 203 prevents a publicly held Delaware corporation from engaging in a "business combination" with any "interested shareholder" for three years following the date that the person became an interested shareholder, unless the interested shareholder attained such status with the approval of our board of directors or unless the business combination is approved in a prescribed manner. A "business combination" includes, among other things, a merger or consolidation involving us and the "interested shareholder" and the sale of more than 10% of our assets. In general, an "interested shareholder" is any entity or person beneficially owning 15% or more of our outstanding voting stock and any entity or person affiliated with or controlling or controlled by such entity or person.

Registration Rights

In connection with our initial public offering (the "IPO") in October 2020, we entered into an amended and restated stockholders' agreement (the "Stockholders' Agreement") with the holders of our common stock prior to the IPO (the "Pre-IPO Shares") granting such parties specified rights to require us to register all or a portion of their Pre-IPO Shares under the Securities Act of 1933, as amended (the "Securities Act"). Pursuant to the Stockholders' Agreement, the holders of at least a majority of Pre-IPO Shares can request in writing that we register the offer and sale of all or a portion of their Pre-IPO Shares on a maximum of one effective registration statement, provided that the anticipated aggregate price to the public is at least \$50.0 million.

In addition, if we determine to register any of our securities under the Securities Act (subject to certain exceptions), either for our own account or for the account of other security holders, the holders of Pre-IPO Shares will be entitled to certain "piggyback" registration rights allowing the holders to include their Pre-IPO Shares in one such registration, subject to certain marketing and other limitations. As a result, if we propose to file a registration statement under the Securities Act, other than with respect to a registration related to employee benefit plans, convertible debt securities, or certain other transactions, the holders of these Pre-IPO Shares are entitled to notice of the registration and have the right, subject to limitations that the underwriters may impose on the number of shares included in the registration, to include their Pre-IPO Shares in the registration. In an underwritten offering, the managing underwriter, if any, has the right to limit the number of Pre-IPO Shares such holders may include.

Choice of Forum

Our amended and restated certificate of incorporation provides that, unless we consent in writing to the selection of an alternative form, the Chancery Court (or, in the event that the Chancery Court does not have jurisdiction, the federal district court for the District of Delaware or other state courts of the State of Delaware) shall, to the fullest extent permitted by law, be the sole and exclusive forum for: (1) any derivative action, suit or proceeding brought on our behalf; (2) any action, suit or proceeding asserting a claim of breach of a fiduciary duty owed by any of our directors, officers or stockholders owed to us or our stockholders; (3) any action, suit or proceeding asserting a claim against us arising pursuant to any provision of the DGCL, our amended and restated

certificate of incorporation or our bylaws (as either may be amended from time to time); or (4) any action, suit or proceeding asserting a claim against us governed by the internal affairs doctrine.

Our amended and restated certificate of incorporation provides that the federal district courts of the United States of America shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. If any such foreign action is filed in a court other than the courts in the State of Delaware in the name of any stockholder, such stockholder shall be deemed to have consented to (a) the personal jurisdiction of the state and federal courts in the State of Delaware in connection with any action brought in any such court to enforce such actions and (b) having service of process made upon such stockholder in any such action by service upon such stockholder's counsel in the foreign action as agent for such stockholder. Our amended and restated certificate of incorporation also provides that any person or entity purchasing or otherwise acquiring any interest in any of our securities shall be deemed to have notice of and consented to this choice of forum provision. It is possible that a court of law could rule that the choice of forum provision contained in our certificate of incorporation is inapplicable or unenforceable if it is challenged in a proceeding or otherwise. This choice of forum provision has important consequences for our shareholders.

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is American Stock Transfer & Trust, LLC. The address of the transfer agent and registrar is 59 Maiden Lane, Plaza Level, New York NY 10038.

Listing

Our common stock is listed on the Nasdaq Global Select Market under the symbol "AVO."



Mission Produce Deferred Compensation Plan

Effective as of September 1, 2016

IMPORTANT NOTE

This document has not been approved by the Department of Labor, Internal Revenue Service or any other governmental entity. An adopting Employer must determine whether the Plan is subject to the Federal securities laws and the securities laws of the various states. An adopting Employer may not rely on this document to ensure any particular tax consequences or to ensure that the Plan is “unfunded and maintained primarily for the purpose of providing deferred compensation to a select group of management or highly compensated employees” under Title I of the Employee Retirement Income Security Act of 1974, as amended, with respect to the Employer’s particular situation. Fidelity Employer Services Company, its affiliates and employees cannot provide you with legal advice in connection with the execution of this document. This document should be reviewed by the Employer’s attorney prior to execution.

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PREAMBLE

The Plan is intended to be a “plan which is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees” within the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of the Employee Retirement Income Security Act of 1974, as amended, or an “excess benefit plan” within the meaning of Section 3(36) of the Employee Retirement Income Security Act of 1974, as amended, or a combination of both. The Plan is further intended to conform with the requirements of Internal Revenue Code Section 409A and the final regulations issued thereunder and shall be interpreted, implemented and administered in a manner consistent therewith.

ARTICLE 1 – GENERAL

- 1.1 Plan. The Plan will be referred to by the name specified in the Adoption Agreement.
- 1.2 Effective Dates.
 - (a) Original Effective Date. The Original Effective Date is the date as of which the Plan was initially adopted.
 - (b) Amendment Effective Date. The Amendment Effective Date is the date specified in the Adoption Agreement as of which the Plan is amended and restated. Except to the extent otherwise provided herein or in the Adoption Agreement, the Plan shall apply to amounts deferred and benefit payments made on or after the Amendment Effective Date.
 - (c) Special Effective Date. A Special Effective Date may apply to any given provision if so specified in Appendix A of the Adoption Agreement. A Special Effective Date will control over the Original Effective Date or Amendment Effective Date, whichever is applicable, with respect to such provision of the Plan.

ARTICLE 2 – DEFINITIONS

Pronouns used in the Plan are in the masculine gender but include the feminine gender unless the context clearly indicates otherwise. Wherever used herein, the following terms have the meanings set forth below, unless a different meaning is clearly required by the context:

- 2.1 **“Account”** means an account established for the purpose of recording amounts credited on behalf of a Participant and any income, expenses, gains, losses or distributions included thereon. The Account shall be a bookkeeping entry only and shall be utilized solely as a device for the measurement and determination of the amounts to be paid to a Participant or to the Participant’s Beneficiary pursuant to the Plan.
- 2.2 **“Administrator”** means the person or persons designated by the Plan Sponsor in Section 1.05 of the Adoption Agreement to be responsible for the administration of the Plan. If no Administrator is designated in the Adoption Agreement, the Administrator is the Plan Sponsor.
- 2.3 **“Adoption Agreement”** means the agreement adopted by the Plan Sponsor that establishes the Plan.
- 2.4 **“Beneficiary”** means the persons, trusts, estates or other entities entitled under Section 8.2 to receive benefits under the Plan upon the death of a Participant.
- 2.5 **“Board” or “Board of Directors”** means the Board of Directors of the Plan Sponsor.
- 2.6 **“Bonus”** means an amount of incentive remuneration payable by the Employer to a Participant.
- 2.7 **“Change in Control”** means the occurrence of an event involving the Plan Sponsor that is described in Section 9.7.
- 2.8 **“Code”** means the Internal Revenue Code of 1986, as amended.
- 2.9 **“Compensation”** has the meaning specified in Section 3.01 of the Adoption Agreement.
- 2.10 **“Director”** means a non-employee member of the Board who has been designated by the Employer as eligible to participate in the Plan.

- 2.11 “**Disability**” means a determination by the Administrator that the Participant is either (a) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (b) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or last for a continuous period of not less than twelve months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Employer. A Participant will be considered to have incurred a Disability if he is determined to be totally disabled by the Social Security Administration or the Railroad Retirement Board.
- 2.12 “**Eligible Employee**” means an employee of the Employer who satisfies the requirements in Section 2.01 of the Adoption Agreement.
- 2.13 “**Employer**” means the Plan Sponsor and any other entity which is authorized by the Plan Sponsor to participate in and, in fact, does adopt the Plan.
- 2.14 “**ERISA**” means the Employee Retirement Income Security Act of 1974, as amended.
- 2.15 “**Identification Date**” means the date as of which Key Employees are determined which is specified in Section 1.06 of the Adoption Agreement.
- 2.16 “**Key Employee**” means an employee who satisfies the conditions set forth in Section 9.6.
- 2.17 “**Participant**” means an Eligible Employee or Director who commences participation in the Plan in accordance with Article 3.
- 2.18 “**Plan**” means the unfunded plan of deferred compensation set forth herein, including the Adoption Agreement and any trust agreement, as adopted by the Plan Sponsor and as amended from time to time.
- 2.19 “**Plan Sponsor**” means the entity identified in Section 1.03 of the Adoption Agreement or any successor by merger, consolidation or otherwise.
- 2.20 “**Plan Year**” means the period identified in Section 1.02 of the Adoption Agreement.
- 2.21 “**Related Employer**” means the Employer and (a) any corporation that is a member of a controlled group of corporations as defined in Code Section 414(b) that includes the Employer and (b) any trade or business that is under common control as defined in Code Section 414(c) that includes the Employer.

- 2.22 **“Retirement”** has the meaning specified in 6.01(f) of the Adoption Agreement.
- 2.23 **“Separation from Service”** means the date that the Participant dies, retires or otherwise has a termination of employment with respect to all entities comprising the Related Employer. A Separation from Service does not occur if the Participant is on military leave, sick leave or other bona fide leave of absence if the period of leave does not exceed six months or such longer period during which the Participant’s right to re-employment is provided by statute or contract. If the period of leave exceeds six months and the Participant’s right to re-employment is not provided either by statute or contract, a Separation from Service will be deemed to have occurred on the first day following the six-month period. If the period of leave is due to any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than six months, where the impairment causes the Participant to be unable to perform the duties of his or her position of employment or any substantially similar position of employment, a 29 month period of absence may be substituted for the six month period.

Whether a termination of employment has occurred is based on whether the facts and circumstances indicate that the Related Employer and the Participant reasonably anticipated that no further services would be performed after a certain date or that the level of bona fide services the Participant would perform after such date (whether as an employee or as an independent contractor) would permanently decrease to no more than 20 percent of the average level of bona fide services performed (whether as an employee or an independent contractor) over the immediately preceding 36 month period (or the full period of services to the Related Employer if the employee has been providing services to the Related Employer for less than 36 months).

An independent contractor is considered to have experienced a Separation from Service with the Related Employer upon the expiration of the contract (or, in the case of more than one contract, all contracts) under which services are performed for the Related Employer if the expiration constitutes a good-faith and complete termination of the contractual relationship.

If a Participant provides services as both an employee and an independent contractor of the Related Employer, the Participant must separate from service both as an employee and as an independent contractor to be treated as having incurred a Separation from Service. If a Participant ceases providing services as an independent contractor and begins providing services as an employee, or ceases providing services as an employee and begins providing services as an independent

contractor, the Participant will not be considered to have experienced a Separation from Service until the Participant has ceased providing services in both capacities.

If a Participant provides services both as an employee and as a member of the board of directors of a corporate Related Employer (or an analogous position with respect to a noncorporate Related Employer), the services provided as a director are not taken into account in determining whether the Participant has incurred a Separation from Service as an employee for purposes of a nonqualified deferred compensation plan in which the Participant participates as an employee that is not aggregated under Code Section 409A with any plan in which the Participant participates as a director.

If a Participant provides services both as an employee and as a member of the board of directors of a corporate related Employer (or an analogous position with respect to a noncorporate Related Employer), the services provided as an employee are not taken into account in determining whether the Participant has experienced a Separation from Service as a director for purposes of a nonqualified deferred compensation plan in which the Participant participates as a director that is not aggregated under Code Section 409A with any plan in which the Participant participates as an employee.

All determinations of whether a Separation from Service has occurred will be made in a manner consistent with Code Section 409A and the final regulations thereunder.

- 2.24 **“Unforeseeable Emergency”** means a severe financial hardship of the Participant resulting from an illness or accident of the Participant, the Participant’s spouse, the Participant’s Beneficiary, or the Participant’s dependent (as defined in Code Section 152, without regard to Code section 152(b)(1), (b)(2) and (d)(1)(B); loss of the Participant’s property due to casualty; or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant.
- 2.25 **“Valuation Date”** means each business day of the Plan Year that the New York Stock Exchange is open.
- 2.26 **“Years of Service”** means each one year period for which the Participant receives service credit in accordance with the provisions of Section 7.01(d) of the Adoption Agreement.

ARTICLE 3 – PARTICIPATION

- 3.1 Participation. The Participants in the Plan shall be those Directors and employees of the Employer who satisfy the requirements of Section 2.01 of the Adoption Agreement.
- 3.2 Termination of Participation. The Administrator may terminate a Participant's participation in the Plan in a manner consistent with Code Section 409A. If the Employer terminates a Participant's participation before the Participant experiences a Separation from Service the Participant's vested Accounts shall be paid in accordance with the provisions of Article 9.

ARTICLE 4 – PARTICIPANT ELECTIONS

- 4.1 Deferral Agreement. If permitted by the Plan Sponsor in accordance with Section 4.01 of the Adoption Agreement, each Eligible Employee and Director may elect to defer his Compensation within the meaning of Section 3.01 of the Adoption Agreement by executing in writing or electronically, a deferral agreement in accordance with rules and procedures established by the Administrator and the provisions of this Article 4.

A new deferral agreement must be timely executed for each Plan Year during which the Eligible Employee or Director desires to defer Compensation. An Eligible Employee or Director who does not timely execute a deferral agreement shall be deemed to have elected zero deferrals of Compensation for such Plan Year.

A deferral agreement may be changed or revoked during the period specified by the Administrator. Except as provided in Section 9.3 or in Section 4.01(c) of the Adoption Agreement, a deferral agreement becomes irrevocable at the close of the specified period.

- 4.2 Amount of Deferral. An Eligible Employee or Director may elect to defer Compensation in any amount permitted by Section 4.01(a) of the Adoption Agreement.
- 4.3 Timing of Election to Defer. Each Eligible Employee or Director who desires to defer Compensation otherwise payable during a Plan Year must execute a deferral agreement within the period preceding the Plan Year specified by the Administrator. Each Eligible Employee who desires to defer Compensation that is a Bonus must execute a deferral agreement within the period preceding the Plan Year during which the Bonus is earned that is specified by the Administrator, except that if the Bonus can be treated as performance based compensation as described in Code Section 409A(a)(4)(B)(iii), the deferral agreement may be executed within the period specified by the Administrator, which period, in no event, shall end after the date which is six months prior to the end of the period during which the Bonus is earned, provided the Participant has performed services continuously from the later of the beginning of the performance period or the date the performance criteria are established through the date the Participant executed the deferral agreement and provided further that the compensation has not yet become 'readily ascertainable' within the meaning of Reg. Sec 1.409A-2(a)(8). In addition, if the Compensation qualifies as 'fiscal year compensation' within the meaning of Reg. Sec. 1.409A-2(a)(6), the deferral agreement may be made not later than the

end of the Employer's taxable year immediately preceding the first taxable year of the Employer in which any services are performed for which such Compensation is payable.

Except as otherwise provided below, an employee who is classified or designated as an Eligible Employee during a Plan Year or a Director who is designated as eligible to participate during a Plan Year may elect to defer Compensation otherwise payable during the remainder of such Plan Year in accordance with the rules of this Section 4.3 by executing a deferral agreement within the thirty (30) day period beginning on the date the employee is classified or designated as an Eligible Employee or the date the Director is designated as eligible, whichever is applicable, if permitted by Section 4.01(b)(ii) of the Adoption Agreement. If Compensation is based on a specified performance period that begins before the Eligible Employee or Director executes his deferral agreement, the election will be deemed to apply to the portion of such Compensation equal to the total amount of Compensation for the performance period multiplied by the ratio of the number of days remaining in the performance period after the election becomes irrevocable and effective over the total number of days in the performance period. The rules of this paragraph shall not apply unless the Eligible Employee or Director can be treated as initially eligible in accordance with Reg. Sec. 1.409A-2(a)(7).

4.4 Election of Payment Schedule and Form of Payment.

All elections of a payment schedule and a form of payment will be made in accordance with rules and procedures established by the Administrator and the provisions of this Section 4.4.

(a) If the Plan Sponsor has elected to permit annual distribution elections in accordance with Section 6.01(h) of the Adoption Agreement the following rules apply. At the time an Eligible Employee or Director completes a deferral agreement, the Eligible Employee or Director must elect a distribution event (which includes a specified time) and a form of payment for the Compensation subject to the deferral agreement from among the options the Plan Sponsor has made available for this purpose and which are specified in 6.01(b) of the Adoption Agreement. Prior to the time required by Reg. Sec. 1.409A-2, the Eligible Employee or Director shall elect a distribution event (which includes a specified time) and a form of payment for any Employer contributions that may be credited to the Participant's Account during the Plan Year. If an Eligible Employee or Director fails to elect a distribution event, he shall be deemed to have elected Separation from Service as the distribution event. If he fails to elect a form of payment, he shall be deemed to have elected a lump sum form of payment.

(b) If the Plan Sponsor has elected not to permit annual distribution elections in accordance with Section 6.01(h) of the Adoption Agreement the following rules apply. At the time an Eligible Employee or Director first completes a deferral agreement but in no event later than the time required by Reg. Sec. 1.409A-2, the Eligible Employee or Director must elect a distribution event (which includes a specified time) and a form of payment for amounts credited to his Account from among the options the Plan Sponsor has made available for this purpose and which are specified in Section 6.01(b) of the Adoption Agreement. If an Eligible Employee or Director fails to elect a distribution event, he shall be deemed to have elected Separation from Service in the distribution event. If he fails to elect a form of payment, he shall be deemed to have elected a lump sum form of payment.

ARTICLE 5 – EMPLOYER CONTRIBUTIONS

- 5.1 Matching Contributions. If elected by the Plan Sponsor in Section 5.01(a) of the Adoption Agreement, the Employer will credit the Participant's Account with a matching contribution determined in accordance with the formula specified in Section 5.01(a) of the Adoption Agreement. The matching contribution will be treated as allocated to the Participant's Account at the time specified in Section 5.01(a)(iii) of the Adoption Agreement.
- 5.2 Other Contributions. If elected by the Plan Sponsor in Section 5.01(b) of the Adoption Agreement, the Employer will credit the Participant's Account with a contribution determined in accordance with the formula or method specified in Section 5.01(b) of the Adoption Agreement. The contribution will be treated as allocated to the Participant's Account at the time specified in Section 5.01(b)(iii) of the Adoption Agreement.

ARTICLE 6 – ACCOUNTS AND CREDITS

- 6.1 Establishment of Account. For accounting and computational purposes only, the Administrator will establish and maintain an Account on behalf of each Participant which will reflect the credits made pursuant to Section 6.2, distributions or withdrawals, along with the earnings, expenses, gains and losses allocated thereto, attributable to the hypothetical investments made with the amounts in the Account as provided in Article 7. The Administrator will establish and maintain such other records and accounts, as it decides in its discretion to be reasonably required or appropriate to discharge its duties under the Plan.
- 6.2 Credits to Account. A Participant's Account will be credited for each Plan Year with the amount of his elective deferrals under Section 4.1 at the time the amount subject to the deferral election would otherwise have been payable to the Participant and the amount of Employer contributions treated as allocated on his behalf under Article 5.

ARTICLE 7 – INVESTMENT OF CONTRIBUTIONS

- 7.1 Investment Options. The amount credited to each Account shall be treated as invested in the investment options designated for this purpose by the Administrator.
- 7.2 Adjustment of Accounts. The amount credited to each Account shall be adjusted for hypothetical investment earnings, expenses, gains or losses in an amount equal to the earnings, expenses, gains or losses attributable to the investment options selected by the party designated in Section 9.01 of the Adoption Agreement from among the investment options provided in Section 7.1. If permitted by Section 9.01 of the Adoption Agreement, a Participant (or the Participant's Beneficiary after the death of the Participant) may, in accordance with rules and procedures established by the Administrator, select the investments from among the options provided in Section 7.1 to be used for the purpose of calculating future hypothetical investment adjustments to the Account or to future credits to the Account under Section 6.2 effective as of the Valuation Date coincident with or next following notice to the Administrator. Each Account shall be adjusted as of each Valuation Date to reflect: (a) the hypothetical earnings, expenses, gains and losses described above; (b) amounts credited pursuant to Section 6.2; and (c) distributions or withdrawals. In addition, each Account may be adjusted for its allocable share of the hypothetical costs and expenses associated with the maintenance of the hypothetical investments provided in Section 7.1.

ARTICLE 8 – RIGHT TO BENEFITS

- 8.1 Vesting. A Participant, at all times, has a 100% nonforfeitable interest in the amounts credited to his Account attributable to his elective deferrals made in accordance with Section 4.1.

A Participant's right to the amounts credited to his Account attributable to Employer contributions made in accordance with Article 5 shall be determined in accordance with the relevant schedule and provisions in Section 7.01 of the Adoption Agreement. Upon a Separation from Service and after application of the provisions of Section 7.01 of the Adoption Agreement, the Participant shall forfeit the nonvested portion of his Account.

- 8.2 Death. The Plan Sponsor may elect to accelerate vesting upon the death of the Participant in accordance with Section 7.01(c) of the Adoption Agreement and/or to accelerate distributions upon Death in accordance with Section 6.01(b) or Section 6.01(d) of the Adoption Agreement. If the Plan Sponsor does not elect to accelerate distributions upon death in accordance with Section 6.01(b) or Section 6.01(d) of the Adoption Agreement, the vested amount credited to the Participant's Account will be paid in accordance with the provisions of Article 9.

A Participant may designate a Beneficiary or Beneficiaries, or change any prior designation of Beneficiary or Beneficiaries in accordance with rules and procedures established by the Administrator.

A copy of the death notice or other sufficient documentation must be filed with and approved by the Administrator. If upon the death of the Participant there is, in the opinion of the Administrator, no designated Beneficiary for part or all of the Participant's vested Account, such amount will be paid to his estate (such estate shall be deemed to be the Beneficiary for purposes of the Plan) in accordance with the provisions of Article 9.

- 8.3 Disability. If the Plan Sponsor has elected to accelerate vesting upon the occurrence of a Disability in accordance with Section 7.01(c) of the Adoption Agreement and/or to permit distributions upon Disability in accordance with Section 6.01(b) or Section 6.01(d) of the Adoption Agreement, the determination of whether a Participant has incurred a Disability shall be made by the Administrator in its sole discretion in a manner consistent with the requirements of Code Section 409A.

ARTICLE 9 – DISTRIBUTION OF BENEFITS

- 9.1 Amount of Benefits. The vested amount credited to a Participant's Account as determined under Articles 6, 7 and 8 shall determine and constitute the basis for the value of benefits payable to the Participant under the Plan.
- 9.2 Method and Timing of Distributions. Except as otherwise provided in this Article 9, distributions under the Plan shall be made in accordance with the elections made or deemed made by the Participant under Article 4. Subject to the provisions of Section 9.6 requiring a six month delay for certain distributions to Key Employees, distributions following a payment event shall commence at the time specified in Section 6.01(a) of the Adoption Agreement. If permitted by Section 6.01(g) of the Adoption Agreement, a Participant may elect, at least twelve months before a scheduled distribution event, to delay the payment date for a minimum period of sixty months from the originally scheduled date of payment, provided the election does not take effect for at least twelve months from the date on which the election is made. The distribution election change must be made in accordance with procedures and rules established by the Administrator. The Participant may, at the same time the date of payment is deferred, change the form of payment but such change in the form of payment may not effect an acceleration of payment in violation of Code Section 409A or the provisions of Reg. Sec. 1.409A-2(b). For purposes of this Section 9.2, a series of installment payments is always treated as a single payment and not as a series of separate payments.
- 9.3 Unforeseeable Emergency. A Participant may request a distribution due to an Unforeseeable Emergency if the Plan Sponsor has elected to permit Unforeseeable Emergency withdrawals under Section 8.01(a) of the Adoption Agreement. The request must be in writing and must be submitted to the Administrator along with evidence that the circumstances constitute an Unforeseeable Emergency. The Administrator has the discretion to require whatever evidence it deems necessary to determine whether a distribution is warranted, and may require the Participant to certify that the need cannot be met from other sources reasonably available to the Participant. Whether a Participant has incurred an Unforeseeable Emergency will be determined by the Administrator on the basis of the relevant facts and circumstances in its sole discretion, but, in no event, will an Unforeseeable Emergency be deemed to exist if the hardship can be relieved: (a) through reimbursement or compensation by insurance or otherwise, (b) by liquidation of the Participant's assets to the extent such liquidation would not itself cause severe financial hardship, or

(c) by cessation of deferrals under the Plan. A distribution due to an Unforeseeable Emergency must be limited to the amount reasonably necessary to satisfy the emergency need and may include any amounts necessary to pay any federal, state, foreign or local income taxes and penalties reasonably anticipated to result from the distribution. The distribution will be made in the form of a single lump sum cash payment. If permitted by Section 8.01(b) of the Adoption Agreement, a Participant's deferral elections for the remainder of the Plan Year will be cancelled upon a withdrawal due to an Unforeseeable Emergency. If the payment of all or any portion of the Participant's vested Account is being delayed in accordance with Section 9.6 at the time he experiences an Unforeseeable Emergency, the amount being delayed shall not be subject to the provisions of this Section 9.3 until the expiration of the six month period of delay required by section 9.6.

- 9.4 **Payment Election Overrides.** If the Plan Sponsor has elected one or more payment election overrides in accordance with Section 6.01(d) of the Adoption Agreement, the following provisions apply. Upon the occurrence of the first event selected by the Plan Sponsor, the remaining vested amount credited to the Participant's Account shall be paid in the form designated to the Participant or his Beneficiary regardless of whether the Participant had made different elections of time and /or form of payment or whether the Participant was receiving installment payments at the time of the event.
- 9.5 **Cashouts Of Amounts Not Exceeding Stated Limit.** If the vested amount credited to the Participant's Account does not exceed the limit established for this purpose by the Plan Sponsor in Section 6.01(e) of the Adoption Agreement at the time he incurs a Separation from Service for any reason, the Employer shall distribute such amount to the Participant at the time specified in Section 6.01(a) of the Adoption Agreement in a single lump sum cash payment following such Separation from Service regardless of whether the Participant had made different elections of time or form of payment as to the vested amount credited to his Account or whether the Participant was receiving installments at the time of such termination. A Participant's Account, for purposes of this Section 9.5, shall include any amounts described in Section 1.3.
- 9.6 **Required Delay in Payment to Key Employees.** Except as otherwise provided in this Section 9.6, a distribution made on account of Separation from Service (or Retirement, if applicable) to a Participant who is a Key Employee as of the date of his Separation from Service (or Retirement, if applicable) shall not be made before the date which is six months after the Separation from Service (or Retirement, if applicable). If payments to a

Key Employee are delayed in accordance with this Section 9.6, the payments to which the Key Employee would otherwise have been entitled during the six month period shall be accumulated and paid in a single lump sum at the time specified in Section 6.01(a) of the Adoption Agreement after the six month period elapses.

(a) A Participant is treated as a Key Employee if (i) he is employed by a Related Employer any of whose stock is publicly traded on an established securities market, and (ii) he satisfies the requirements of Code Section 416(i)(1)(A)(i), (ii) or (iii), determined without regard to Code Section 416(i)(5), at any time during the twelve month period ending on the Identification Date.

(b) A Participant who is a Key Employee on an Identification Date shall be treated as a Key Employee for purposes of the six month delay in distributions for the twelve month period beginning on the first day of a month no later than the fourth month following the Identification Date. The Identification Date and the effective date of the delay in distributions shall be determined in accordance with Section 1.06 of the Adoption Agreement.

(c) The Plan Sponsor may elect to apply an alternative method to identify Participants who will be treated as Key Employees for purposes of the six month delay in distributions if the method satisfies each of the following requirements. The alternative method is reasonably designed to include all Key Employees, is an objectively determinable standard providing no direct or indirect election to any Participant regarding its application, and results in either all Key Employees or no more than 200 Key Employees being identified in the class as of any date. Use of an alternative method that satisfies the requirements of this Section 9.6(c) will not be treated as a change in the time and form of payment for purposes of Reg. Sec. 1.409A-2(b).

(d) The six month delay does not apply to payments described in Section 9.9(a), (b) or (d) or to payments that occur after the death of the Participant. If the payment of all or any portion of the Participant's vested Account is being delayed in accordance with this Section 9.6 at the time he incurs a Disability which would otherwise require a distribution under the terms of the Plan, no amount shall be paid until the expiration of the six month period of delay required by this Section 9.6.

9.7 Change in Control. If the Plan Sponsor has elected to permit distributions upon a Change in Control, the following provisions shall apply. A distribution made upon a Change in Control will be made at the time specified in Section 6.01(a) of the Adoption Agreement in the form elected by the Participant in accordance with the procedures described in Article 4. Alternatively, if the Plan Sponsor has elected in accordance with Section 11.02 of the Adoption Agreement to require distributions upon a Change in Control, the Participant's remaining vested Account shall be paid to the Participant or the Participant's Beneficiary at the time specified in Section 6.01(a) of the Adoption Agreement as a single lump sum payment. A Change in Control, for purposes of the Plan, will occur upon a change in the ownership of the Plan Sponsor, a change in the effective control of the Plan Sponsor or a change in the ownership of a substantial portion of the assets of the Plan Sponsor, but only if elected by the Plan Sponsor in Section 11.03 of the Adoption Agreement. The Plan Sponsor, for this purpose, includes any corporation identified in this Section 9.7. All distributions made in accordance with this Section 9.7 are subject to the provisions of Section 9.6.

If a Participant continues to make deferrals in accordance with Article 4 after he has received a distribution due to a Change in Control, the residual amount payable to the Participant shall be paid at the time and in the form specified in the elections he makes in accordance with Article 4 or upon his death or Disability as provided in Article 8.

Whether a Change in Control has occurred will be determined by the Administrator in accordance with the rules and definitions set forth in this Section 9.7. A distribution to the Participant will be treated as occurring upon a Change in Control if the Plan Sponsor terminates the Plan in accordance with Section 10.2 and distributes the Participant's benefits within twelve months of a Change in Control as provided in Section 10.3.

(a) Relevant Corporations. To constitute a Change in Control for purposes of the Plan, the event must relate to (i) the corporation for whom the Participant is performing services at the time of the Change in Control, (ii) the corporation that is liable for the payment of the Participant's benefits under the Plan (or all corporations liable if more than one corporation is liable) but only if either the deferred compensation is attributable to the performance of services by the Participant for such corporation (or corporations) or there is a bona fide business purpose for such corporation (or corporations) to be liable for such payment and, in either case, no significant purpose of making such corporation (or corporations) liable for such payment is

the avoidance of federal income tax, or (iii) a corporation that is a majority shareholder of a corporation identified in (i) or (ii), or any corporation in a chain of corporations in which each corporation is a majority shareholder of another corporation in the chain, ending in a corporation identified in (i) or (ii). A majority shareholder is defined as a shareholder owning more than fifty percent (50%) of the total fair market value and voting power of such corporation.

- (b) **Stock Ownership.** Code Section 318(a) applies for purposes of determining stock ownership. Stock underlying a vested option is considered owned by the individual who owns the vested option (and the stock underlying an unvested option is not considered owned by the individual who holds the unvested option). If, however, a vested option is exercisable for stock that is not substantially vested (as defined by Treasury Regulation Section 1.83-3(b) and (j)) the stock underlying the option is not treated as owned by the individual who holds the option.

- (c) **Change in the Ownership of a Corporation.** A change in the ownership of a corporation occurs on the date that any one person or more than one person acting as a group, acquires ownership of stock of the corporation that, together with stock held by such person or group, constitutes more than fifty percent (50%) of the total fair market value or total voting power of the stock of such corporation. If any one person or more than one person acting as a group is considered to own more than fifty percent (50%) of the total fair market value or total voting power of the stock of a corporation, the acquisition of additional stock by the same person or persons is not considered to cause a change in the ownership of the corporation (or to cause a change in the effective control of the corporation as discussed below in Section 9.7(d)). An increase in the percentage of stock owned by any one person, or persons acting as a group, as a result of a transaction in which the corporation acquires its stock in exchange for property will be treated as an acquisition of stock. Section 9.7(c) applies only when there is a transfer of stock of a corporation (or issuance of stock of a corporation) and stock in such corporation remains outstanding after the transaction. For purposes of this Section 9.7(c), persons will not be considered to be acting as a group solely because they purchase or own stock of the same corporation at the same time or as a result of a public offering. Persons will, however, be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the corporation. If a person, including an entity, owns stock in both corporations that enter into a merger, consolidation, purchase or acquisition of stock, or similar transaction, such shareholder is

considered to be acting as a group with other shareholders in a corporation only with respect to ownership in that corporation prior to the transaction giving rise to the change and not with respect to the ownership interest in the other corporation.

- (d) Change in the effective control of a corporation. A change in the effective control of a corporation occurs on the date that either (i) any one person, or more than one person acting as a group, acquires (or has acquired during the twelve month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the corporation possessing thirty percent (30%) or more of the total voting power of the stock of such corporation, or (ii) a majority of members of the corporation's board of directors is replaced during any twelve month period by directors whose appointment or election is not endorsed by a majority of the members of the corporation's board of directors prior to the date of the appointment or election, provided that for purposes of this paragraph (ii), the term corporation refers solely to the relevant corporation identified in Section 9.7(a) for which no other corporation is a majority shareholder for purposes of Section 9.7(a). In the absence of an event described in Section 9.7(d)(i) or (ii), a change in the effective control of a corporation will not have occurred. A change in effective control may also occur in any transaction in which either of the two corporations involved in the transaction has a change in the ownership of such corporation as described in Section 9.7(c) or a change in the ownership of a substantial portion of the assets of such corporation as described in Section 9.7(e). If any one person, or more than one person acting as a group, is considered to effectively control a corporation within the meaning of this Section 9.7(d), the acquisition of additional control of the corporation by the same person or persons is not considered to cause a change in the effective control of the corporation or to cause a change in the ownership of the corporation within the meaning of Section 9.7(c). For purposes of this Section 9.7(d), persons will or will not be considered to be acting as a group in accordance with rules similar to those set forth in Section 9.7(c) with the following exception. If a person, including an entity, owns stock in both corporations that enter into a merger, consolidation, purchase or acquisition of stock, or similar transaction, such shareholder is considered to be acting as a group with other shareholders in a corporation only with respect to the ownership in that corporation prior to the transaction giving rise to the change and not with respect to the ownership interest in the other corporation.
- (e) Change in the ownership of a substantial portion of a **corporation's assets**. A change in the ownership of a substantial portion of a corporation's assets occurs on the date that any one

person, or more than one person acting as a group (as determined in accordance with rules similar to those set forth in Section 9.7(d)), acquires (or has acquired during the twelve month period ending on the date of the most recent acquisition by such person or persons) assets from the corporation that have a total gross fair market value equal to or more than forty percent (40%) of the total gross fair market value of all of the assets of the corporation immediately prior to such acquisition or acquisitions. For this purpose, gross fair market value means the value of the assets of the corporation or the value of the assets being disposed of determined without regard to any liabilities associated with such assets. There is no Change in Control event under this Section 9.7(e) when there is a transfer to an entity that is controlled by the shareholders of the transferring corporation immediately after the transfer. A transfer of assets by a corporation is not treated as a change in ownership of such assets if the assets are transferred to (i) a shareholder of the corporation (immediately before the asset transfer) in exchange for or with respect to its stock, (ii) an entity, fifty percent (50%) or more of the total value or voting power of which is owned, directly or indirectly, by the corporation, (iii) a person, or more than one person acting as a group, that owns, directly or indirectly, fifty percent (50%) or more of the total value or voting power of all the outstanding stock of the corporation, or (iv) an entity, at least fifty (50%) of the total value or voting power of which is owned, directly or indirectly, by a person described in Section 9.7(e)(iii). For purposes of the foregoing, and except as otherwise provided, a person's status is determined immediately after the transfer of assets.

- 9.8 Permissible Delays in Payment. Distributions may be delayed beyond the date payment would otherwise occur in accordance with the provisions of Articles 8 and 9 in any of the following circumstances as long as the Employer treats all payments to similarly situated Participants on a reasonably consistent basis.
- (a) The Employer may delay payment if it reasonably anticipates that its deduction with respect to such payment would be limited or eliminated by the application of Code Section 162(m). Payment must be made during the Participant's first taxable year in which the Employer reasonably anticipates, or should reasonably anticipate, that if the payment is made during such year the deduction of such payment will not be barred by the application of Code Section 162(m) or during the period beginning with the Participant's Separation from Service and ending on the later of the last day of the

Employer's taxable year in which the Participant separates from service or the 15th day of the third month following the Participant's Separation from Service. If a scheduled payment to a Participant is delayed in accordance with this Section 9.8(a), all scheduled payments to the Participant that could be delayed in accordance with this Section 9.8(a) will also be delayed.

- (b) The Employer may also delay payment if it reasonably anticipates that the making of the payment will violate federal securities laws or other applicable laws provided payment is made at the earliest date on which the Employer reasonably anticipates that the making of the payment will not cause such violation.
- (c) The Employer reserves the right to amend the Plan to provide for a delay in payment upon such other events and conditions as the Secretary of the Treasury may prescribe in generally applicable guidance published in the Internal Revenue Bulletin.

9.9 Permitted Acceleration of Payment. The Employer may permit acceleration of the time or schedule of any payment or amount scheduled to be paid pursuant to a payment under the Plan provided such acceleration would be permitted by the provisions of Reg. Sec. 1.409A-3(j)(4), including the following events:

- (a) Domestic Relations Order. A payment may be accelerated if such payment is made to an alternate payee pursuant to and following the receipt and qualification of a domestic relations order as defined in Code Section 414(p).
- (b) Compliance with Ethics Agreements and Legal Requirements. A payment may be accelerated as may be necessary to comply with ethics agreements with the Federal government or as may be reasonably necessary to avoid the violation of Federal, state, local or foreign ethics law or conflicts of laws, in accordance with the requirements of Code Section 409A.
- (c) De Minimis Amounts. A payment will be accelerated if (i) the amount of the payment is not greater than the applicable dollar amount under Code Section 402(g)(1)(B), (ii) at the time the payment is made the amount constitutes the Participant's entire interest under the Plan and all other plans that are aggregated with the Plan under Reg. Sec. 1.409A-1(c)(2).
- (d) FICA Tax. A payment may be accelerated to the extent required to pay the Federal Insurance Contributions Act tax imposed under Code Sections 3101, 3121(a) and 3121(v)(2) of the Code with

respect to compensation deferred under the Plan (the "FICA Amount"). Additionally, a payment may be accelerated to pay the income tax on wages imposed under Code Section 3401 of the Code on the FICA Amount and to pay the additional income tax at source on wages attributable to the pyramiding Code Section 3401 wages and taxes. The total payment under this subsection (d) may not exceed the aggregate of the FICA Amount and the income tax withholding related to the FICA Amount.

- (e) Section 409A Additional Tax. A payment may be accelerated if the Plan fails to meet the requirements of Code Section 409A; provided that such payment may not exceed the amount required to be included in income as a result of the failure to comply with the requirements of Code Section 409A.
- (f) Offset. A payment may be accelerated in the Employer's discretion as satisfaction of a debt of the Participant to the Employer, where such debt is incurred in the ordinary course of the service relationship between the Participant and the Employer, the entire amount of the reduction in any of the Employer's taxable years does not exceed \$5,000, and the reduction is made at the same time and in the same amount as the debt otherwise would have been due and collected from the Participant.
- (g) Other Events. A payment may be accelerated in the Administrator's discretion in connection with such other events and conditions as permitted by Code Section 409A.

ARTICLE 10 – AMENDMENT AND TERMINATION

- 10.1 Amendment by Plan Sponsor. The Plan Sponsor reserves the right to amend the Plan (for itself and each Employer) through action of its Board of Directors. No amendment can directly or indirectly deprive any current or former Participant or Beneficiary of all or any portion of his Account which had accrued and vested prior to the amendment.
- 10.2 Plan Termination Following Change in Control or Corporate Dissolution. If so elected by the Plan Sponsor in 11.01 of the Adoption Agreement, the Plan Sponsor reserves the right to terminate the Plan and distribute all amounts credited to all Participant Accounts within the 30 days preceding or the twelve months following a Change in Control as determined in accordance with the rules set forth in Section 9.7. For this purpose, the Plan will be treated as terminated only if all agreements, methods, programs and other arrangements sponsored by the Related Employer immediately after the Change in Control which are treated as a single plan under Reg. Sec. 1.409A-1(c)(2) are also terminated so that all participants under the Plan and all similar arrangements are required to receive all amounts deferred under the terminated arrangements within twelve months of the date the Plan Sponsor irrevocably takes all necessary action to terminate the arrangements. In addition, the Plan Sponsor reserves the right to terminate the Plan within twelve months of a corporate dissolution taxed under Code Section 331 or with the approval of a bankruptcy court pursuant to 11 U. S. C. Section 503(b)(1)(A) provided that amounts deferred under the Plan are included in the gross incomes of Participants in the latest of (a) the calendar year in which the termination and liquidation occurs, (b) the first calendar year in which the amount is no longer subject to a substantial risk of forfeiture, or (c) the first calendar year in which payment is administratively practicable.
- 10.3 Other Plan Terminations. The Plan Sponsor retains the discretion to terminate the Plan if (a) all arrangements sponsored by the Plan Sponsor that would be aggregated with any terminated arrangement under Code Section 409A and Reg. Sec. 1.409A-1(c)(2) are terminated, (b) no payments other than payments that would be payable under the terms of the arrangements if the termination had not occurred are made within twelve months of the termination of the arrangements, (c) all payments are made within twenty-four months of the date the Plan Sponsor takes all necessary action to irrevocably terminate and liquidate the arrangements, (d) the Plan Sponsor does not adopt a new arrangement that would be aggregated with any terminated arrangement under Code Section 409A and the regulations thereunder at any time within the three year period following the date of termination of the arrangement, and (e) the termination does not occur proximate to a downturn in the financial health

of the Plan sponsor. The Plan Sponsor also reserves the right to amend the Plan to provide that termination of the Plan will occur under such conditions and events as may be prescribed by the Secretary of the Treasury in generally applicable guidance published in the Internal Revenue Bulletin.

ARTICLE 11 – THE TRUST

- 11.1 Establishment of Trust. The Plan Sponsor may but is not required to establish a trust to hold amounts which the Plan Sponsor may contribute from time to time to correspond to some or all amounts credited to Participants under Section 6.2. In the event that the Plan Sponsor wishes to establish a trust to provide a source of funds for the payment of Plan benefits, any such trust shall be constructed to constitute an unfunded arrangement that does not affect the status of the Plan as an unfunded plan for purposes of Title I of ERISA and the Code. If the Plan Sponsor elects to establish a trust in accordance with Section 10.01 of the Adoption Agreement, the provisions of Sections 11.2 and 11.3 shall become operative.
- 11.2 Rabbi Trust. Any trust established by the Plan Sponsor shall be between the Plan Sponsor and a trustee pursuant to a separate written agreement under which assets are held, administered and managed, subject to the claims of the Plan Sponsor's creditors in the event of the Plan Sponsor's insolvency. The trust is intended to be treated as a rabbi trust in accordance with existing guidance of the Internal Revenue Service, and the establishment of the trust shall not cause the Participant to realize current income on amounts contributed thereto. The Plan Sponsor must notify the trustee in the event of a bankruptcy or insolvency.
- 11.3 Investment of Trust Funds. Any amounts contributed to the trust by the Plan Sponsor shall be invested by the trustee in accordance with the provisions of the trust and the instructions of the Administrator. Trust investments need not reflect the hypothetical investments selected by Participants under Section 7.1 for the purpose of adjusting Accounts and the earnings or investment results of the trust need not affect the hypothetical investment adjustments to Participant Accounts under the Plan.

ARTICLE 12 – PLAN ADMINISTRATION

12.1 Powers and Responsibilities of the Administrator. The Administrator has the full power and the full responsibility to administer the Plan in all of its details, subject, however, to the applicable requirements of ERISA. The Administrator's powers and responsibilities include, but are not limited to, the following:

- (a) To make and enforce such rules and procedures as it deems necessary or proper for the efficient administration of the Plan;
- (b) To interpret the Plan, its interpretation thereof to be final, except as provided in Section 12.2, on all persons claiming benefits under the Plan;
- (c) To decide all questions concerning the Plan and the eligibility of any person to participate in the Plan;
- (d) To administer the claims and review procedures specified in Section 12.2;
- (e) To compute the amount of benefits which will be payable to any Participant, former Participant or Beneficiary in accordance with the provisions of the Plan;
- (f) To determine the person or persons to whom such benefits will be paid;
- (g) To authorize the payment of benefits;
- (h) To comply with the reporting and disclosure requirements of Part 1 of Subtitle B of Title I of ERISA;
- (i) To appoint such agents, counsel, accountants, and consultants as may be required to assist in administering the Plan;
- (j) By written instrument, to allocate and delegate its responsibilities, including the formation of an Administrative Committee to administer the Plan.

12.2 Claims and Review Procedures.

(a) Claims Procedure.

If any person believes he is being denied any rights or benefits under the Plan, such person may file a claim in writing with the Administrator. If any such claim is wholly or partially denied, the Administrator will notify such person of its decision in writing. Such notification will contain (i) specific reasons for the denial, (ii) specific reference to pertinent Plan provisions, (iii) a description of any additional material or information necessary for such person to perfect such claim and an explanation of why such material or information is necessary, and (iv) a description of the Plan's review procedures and the time limits applicable to such procedures, including a statement of the person's right to bring a civil action following an adverse decision on review. Such notification will be given within 90 days (45 days in the case of a claim regarding Disability) after the claim is received by the Administrator. The Administrator may extend the period for providing the notification by 90 days (30 days in the case of a claim regarding Disability) if special circumstances require an extension of time for processing the claim and if written notice of such extension and circumstance is given to such person within the initial 90 day period (45 day period in the case of a claim regarding Disability). If such notification is not given within such period, the claim will be considered denied as of the last day of such period and such person may request a review of his claim.

(b) Review Procedure.

Within 60 days (180 days in the case of a claim regarding Disability) after the date on which a person receives a written notification of denial of claim (or, if written notification is not provided, within 60 days (180 days in the case of a claim regarding Disability) of the date denial is considered to have occurred), such person (or his duly authorized representative) may (i) file a written request with the Administrator for a review of his denied claim and of pertinent documents and (ii) submit written issues and comments to the Administrator. The Administrator will notify such person of its decision in writing. Such notification will be written in a manner calculated to be understood by such person and will contain specific reasons for the decision as well as specific references to pertinent Plan provisions. The notification will explain that the person is entitled to receive, upon request and free of charge, reasonable access to and copies of all pertinent documents and has the right to bring a civil action following an adverse decision on review. The decision on review will be made within 60 days (45

days in the case of a claim regarding Disability). The Administrator may extend the period for making the decision on review by 60 days (45 days in the case of a claim regarding Disability) if special circumstances require an extension of time for processing the request such as an election by the Administrator to hold a hearing, and if written notice of such extension and circumstances is given to such person within the initial 60-day period (45 days in the case of a claim regarding Disability). If the decision on review is not made within such period, the claim will be considered denied.

(c) Exhaustion of Claims Procedures and Right to Bring Legal Claim

No action at law or equity shall be brought more than one (1) year after the Administrator's affirmation of a denial of a claim, or, if earlier, more than four (4) years after the facts or events giving rising to the claimant's allegation(s) or claim(s) first occurred.

- 12.3 Plan Administrative Costs. All reasonable costs and expenses (including legal, accounting, and employee communication fees) incurred by the Administrator in administering the Plan shall be paid by the Plan to the extent not paid by the Employer.

ARTICLE 13 – MISCELLANEOUS

- 13.1 Unsecured General Creditor of the Employer. Participants and their Beneficiaries, heirs, successors and assigns shall have no legal or equitable rights, interests or claims in any property or assets of the Employer. For purposes of the payment of benefits under the Plan, any and all of the Employer's assets shall be, and shall remain, the general, unpledged, unrestricted assets of the Employer. Each Employer's obligation under the Plan shall be merely that of an unfunded and unsecured promise to pay money in the future.
- 13.2 **Employer's Liability.** Each Employer's liability for the payment of benefits under the Plan shall be defined only by the Plan and by the deferral agreements entered into between a Participant and the Employer. An Employer shall have no obligation or liability to a Participant under the Plan except as provided by the Plan and a deferral agreement or agreements. An Employer shall have no liability to Participants employed by other Employers.
- 13.3 Limitation of Rights. Neither the establishment of the Plan, nor any amendment thereof, nor the creation of any fund or account, nor the payment of any benefits, will be construed as giving to the Participant or any other person any legal or equitable right against the Employer, the Plan or the Administrator, except as provided herein; and in no event will the terms of employment or service of the Participant be modified or in any way affected hereby.
- 13.4 Anti-Assignment. Except as may be necessary to fulfill a domestic relations order within the meaning of Code Section 414(p), none of the benefits or rights of a Participant or any Beneficiary of a Participant shall be subject to the claim of any creditor. In particular, to the fullest extent permitted by law, all such benefits and rights shall be free from attachment, garnishment, or any other legal or equitable process available to any creditor of the Participant and his or her Beneficiary. Neither the Participant nor his or her Beneficiary shall have the right to alienate, anticipate, commute, pledge, encumber, or assign any of the payments which he or she may expect to receive, contingently or otherwise, under the Plan, except the right to designate a Beneficiary to receive death benefits provided hereunder. Notwithstanding the preceding, the benefit payable from a Participant's Account may be reduced, at the discretion of the administrator, to satisfy any debt or liability to the Employer.
- 13.5 Facility of Payment. If the Administrator determines, on the basis of medical reports or other evidence satisfactory to the Administrator, that the recipient of any benefit payments under the Plan is incapable of handling his affairs by reason of minority, illness, infirmity or other incapacity, the Administrator may

direct the Employer to disburse such payments to a person or institution designated by a court which has jurisdiction over such recipient or a person or institution otherwise having the legal authority under State law for the care and control of such recipient. The receipt by such person or institution of any such payments therefore, and any such payment to the extent thereof, shall discharge the liability of the Employer, the Plan and the Administrator for the payment of benefits hereunder to such recipient.

- 13.6 Notices. Any notice or other communication to the Employer or Administrator in connection with the Plan shall be deemed delivered in writing if addressed to the Plan Sponsor at the address specified in Section 1.03 of the Adoption Agreement and if either actually delivered at said address or, in the case of a letter, 5 business days shall have elapsed after the same shall have been deposited in the United States mails, first-class postage prepaid and registered or certified.
- 13.7 Tax Withholding. If the Employer concludes that tax is owed with respect to any deferral or payment hereunder, the Employer shall withhold such amounts from any payments due the Participant or from amounts deferred, as permitted by law, or otherwise make appropriate arrangements with the Participant or his Beneficiary for satisfaction of such obligation. Tax, for purposes of this Section 13.7 means any federal, state, local or any other governmental income tax, employment or payroll tax, excise tax, or any other tax or assessment owing with respect to amounts deferred, any earnings thereon, and any payments made to Participants under the Plan.
- 13.8 Indemnification. (a) Each Indemnitee (as defined in Section 13.8(e)) shall be indemnified and held harmless by the Employer for all actions taken by him and for all failures to take action (regardless of the date of any such action or failure to take action), to the fullest extent permitted by the law of the jurisdiction in which the Employer is incorporated, against all expense, liability, and loss (including, without limitation, attorneys' fees, judgments, fines, taxes, penalties, and amounts paid or to be paid in settlement) reasonably incurred or suffered by the Indemnitee in connection with any Proceeding (as defined in Subsection (e)). No indemnification pursuant to this Section shall be made, however, in any case where (1) the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness or (2) there is a settlement to which the Employer does not consent.
- (b) The right to indemnification provided in this Section shall include the right to have the expenses incurred by the Indemnitee in defending any Proceeding paid by the Employer in advance of the final disposition of the Proceeding, to the fullest extent permitted by the law of the jurisdiction in which the Employer is incorporated; provided that, if such law requires, the payment of such expenses incurred by the Indemnitee in advance of the final disposition of a Proceeding shall be made only on delivery to the Employer of

an undertaking, by or on behalf of the Indemnitee, to repay all amounts so advanced without interest if it shall ultimately be determined that the Indemnitee is not entitled to be indemnified under this Section or otherwise.

(c) Indemnification pursuant to this Section shall continue as to an Indemnitee who has ceased to be such and shall inure to the benefit of his heirs, executors, and administrators. The Employer agrees that the undertakings made in this Section shall be binding on its successors or assigns and shall survive the termination, amendment or restatement of the Plan.

(d) The foregoing right to indemnification shall be in addition to such other rights as the Indemnitee may enjoy as a matter of law or by reason of insurance coverage of any kind and is in addition to and not in lieu of any rights to indemnification to which the Indemnitee may be entitled pursuant to the by-laws of the Employer.

(e) For the purposes of this Section, the following definitions shall apply:

(1) "Indemnitee" shall mean each person serving as an Administrator (or any other person who is an employee, director, or officer of the Employer) who was or is a party to, or is threatened to be made a party to, or is otherwise involved in, any Proceeding, by reason of the fact that he is or was performing administrative functions under the Plan.

(2) "Proceeding" shall mean any threatened, pending, or completed action, suit, or proceeding (including, without limitation, an action, suit, or proceeding by or in the right of the Employer), whether civil, criminal, administrative, investigative, or through arbitration.

- 13.9 Successors. The provisions of the Plan shall bind and inure to the benefit of the Plan Sponsor, the Employer and their successors and assigns and the Participant and the Participant's designated Beneficiaries.
- 13.10 Disclaimer. It is the Plan Sponsor's intention that the Plan comply with the requirements of Code Section 409A. Neither the Plan Sponsor nor the Employer shall have any liability to any Participant should any provision of the Plan fail to satisfy the requirements of Code Section 409A.
- 13.11 Governing Law. The Plan will be construed, administered and enforced according to the laws of the State specified by the Plan Sponsor in Section 12.01 of the Adoption Agreement.

MISSION PRODUCE
DEFERRED COMPENSATION PLAN
ADOPTION AGREEMENT

1.01 PREAMBLE

By the execution of this Adoption Agreement the Plan Sponsor hereby [complete (a) or (b)]

- (a) adopts a new plan as of **September 1, 2016** [month, day, year]
- (b) amends and restates its existing plan as of _____ [month, day, year] which is the Amendment Restatement Date. Except as otherwise provided in Appendix A, all amounts deferred under the Plan prior to the Amendment Restatement Date shall be governed by the terms of the Plan as in effect on the day before the Amendment Restatement Date.

Original Effective Date: _____ [month, day, year]

Pre-409A Grandfathering: Yes No

1.02 PLAN

Plan Name: **Mission Produce Deferred Compensation Plan**

Plan Year: December 31

1.03 PLAN SPONSOR

Name: Mission Produce, Inc.
Address: 2500 E. Vineyard Ave, Suite 300, Oxnard, CA 93036
Phone #: 805-981-3650
EIN: 95-3847744
Fiscal Yr: _____

Is stock of the Plan Sponsor, any Employer or any Related Employer publicly traded on an established securities market?

Yes No

1.04 EMPLOYER

The following entities, in addition to the Plan Sponsor, have been authorized by the Plan Sponsor to participate in and have adopted the Plan (insert "Not Applicable" if none have been authorized):

<u>Entity</u>	<u>Publicly Traded on Est. Securities Market</u>	
	Yes	No
_____	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>

1.05 ADMINISTRATOR

The Plan Sponsor has designated the following party or parties to be responsible for the administration of the Plan:

Name: Mission Produce, Inc.
Address: 2500 E. Vineyard Ave, Suite 300, Oxnard, CA 93036

Note: The Administrator is the person or persons designated by the Plan Sponsor to be responsible for the administration of the Plan. Neither Fidelity Employer Services Company nor any other Fidelity affiliate can be the Administrator.

1.06 KEY EMPLOYEE DETERMINATION DATES

The Employer has designated _____ as the Identification Date for purposes of determining Key Employees.

In the absence of a designation, the Identification Date is December 31.

The Employer has designated _____ as the effective date for purposes of applying the six month delay in distributions to Key Employees.

In the absence of a designation, the effective date is the first day of the fourth month following the Identification Date.

2.01 PARTICIPATION

(a) Employees [complete (i), (ii) or (iii)]

(i) Eligible Employees are selected by the Employer.

(ii) Eligible Employees are those employees of the Employer who satisfy the following criteria:

(iii) Employees are not eligible to participate.

(b) Directors [complete (i), (ii) or (iii)]

(i) All Directors are eligible to participate.

(ii) Only Directors selected by the Employer are eligible to participate.

(iii) Directors are not eligible to participate.

3.01 COMPENSATION

For purposes of determining Participant contributions under Article 4 and Employer contributions under Article 5, Compensation shall be defined in the following manner [complete (a) or (b) and select (c) and/or (d), if applicable]:

- (a) Compensation is defined as:

3401(a) wages

- (b) Compensation as defined in _____ [insert name of qualified plan] without regard to the limitation in Section 401(a)(17) of the Code for such Plan Year.

- (c) Director Compensation is defined as:

- (d) Compensation shall, for all Plan purposes, be limited to \$_____.

- (e) Not Applicable.

3.02 BONUSES

Compensation, as defined in Section 3.01 of the Adoption Agreement, includes the following type of bonuses that will be the subject of a separate deferral election:

<u>Type</u>	<u>Will be treated as Performance Based Compensation</u>	
	<u>Yes</u>	<u>No</u>
Annual Incentive Plan	<input checked="" type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>
_____	<input type="checkbox"/>	<input type="checkbox"/>

- Not Applicable.

4.01 PARTICIPANT CONTRIBUTIONS

If Participant contributions are permitted, complete (a), (b), and (c). Otherwise complete (d).

(a) Amount of Deferrals

A Participant may elect within the period specified in Section 4.01(b) of the Adoption Agreement to defer the following amounts of remuneration. For each type of remuneration listed, complete "dollar amount" and / or "percentage amount".

(i) Compensation Other than Bonuses [do not complete if you complete (iii)]

Type of Remuneration	Dollar Amount		% Amount		Increment
	Min	Max	Min	Max	
(a) Base Salary			0%	90%	1%
(b)					
(c)					

Note: The increment is required to determine the permissible deferral amounts. For example, a minimum of 0% and maximum of 20% with a 5% increment would allow an individual to defer 0%, 5%, 10%, 15% or 20%.

(ii) Bonuses [do not complete if you complete (iii)]

Type of Bonus	Dollar Amount		% Amount		Increment
	Min	Max	Min	Max	
(a) Annual Incentive Plan			10%	100%	1%
(b)					
(c)					

(iii) Compensation [do not complete if you completed (i) and (ii)]

Dollar Amount		% Amount		Increment
Min	Max	Min	Max	

(iv) Director Compensation

Type of Compensation	Dollar Amount		% Amount		Increment
	Min	Max	Min	Max	
Annual Retainer					
Meeting Fees					
Other: Board Committee Fees					
Other:					

(b) Election Period

(i) Performance Based Compensation

A special election period

Does Does Not

apply to each eligible type of performance based compensation referenced in Section 3.02 of the Adoption Agreement.

The special election period, if applicable, will be determined by the Employer.

(ii) Newly Eligible Participants

An employee who is classified or designated as an Eligible Employee during a Plan Year

May May Not

elect to defer Compensation earned during the remainder of the Plan Year by completing a deferral agreement within the 30 day period beginning on the date he is eligible to participate in the Plan.

(c) Revocation of Deferral Agreement

A Participant's deferral agreement

Will
 Will Not

be cancelled for the remainder of any Plan Year during which he receives a hardship distribution of elective deferrals from a qualified cash or deferred arrangement maintained by the Employer to the extent necessary to satisfy the requirements of Reg. Sec. 1.401(k)-1(d)(3). If cancellation occurs, the Participant may resume participation in accordance with Article 4 of the Plan.

(d) No Participant Contributions

Participant contributions are not permitted under the Plan.

5.01 EMPLOYER CONTRIBUTIONS

If Employer contributions are permitted, complete (a) and/or (b). Otherwise complete (c).

(a) Matching Contributions

(i) Amount

For each Plan Year, the Employer shall make a Matching Contribution on behalf of each Participant who defers Compensation for the Plan Year and satisfies the requirements of Section 5.01(a)(ii) of the Adoption Agreement equal to [complete the ones that are applicable]:

- (A) _____ [insert percentage] of the Compensation the Participant has elected to defer for the Plan Year
- (B) An amount determined by the Employer in its sole discretion
- (C) Matching Contributions for each Participant shall be limited to \$_____ and/or _____% of Compensation.
- (D) Other:

- (E) Not Applicable [Proceed to Section 5.01(b)]

(ii) Eligibility for Matching Contribution

A Participant who defers Compensation for the Plan Year shall receive an allocation of Matching Contributions determined in accordance with Section 5.01(a)(i) provided he satisfies the following requirements [complete the ones that are applicable]:

- (A) Describe requirements:

- (B) Is selected by the Employer in its sole discretion to receive an allocation of Matching Contributions
- (C) No requirements

(iii) Time of Allocation

Matching Contributions, if made, shall be treated as allocated [select one]:

- (A) As of the last day of the Plan Year
- (B) At such times as the Employer shall determine in its sole discretion
- (C) At the time the Compensation on account of which the Matching Contribution is being made would otherwise have been paid to the Participant
- (D) Other:

(b) Other Contributions

(i) Amount

The Employer shall make a contribution on behalf of each Participant who satisfies the requirements of Section 5.01(b)(ii) equal to [complete the ones that are applicable]:

- (A) An amount equal to _____ [insert number] % of the Participant's Compensation
- (B) An amount determined by the Employer in its sole discretion
- (C) Contributions for each Participant shall be limited to \$ _____
- (D) Other:

- (E) Not Applicable [Proceed to Section 6.01]

(ii) Eligibility for Other Contributions

A Participant shall receive an allocation of other Employer contributions determined in accordance with Section 5.01(b)(i) for the Plan Year if he satisfies the following requirements [complete the one that is applicable]:

- (A) Describe requirements:

- (B) Is selected by the Employer in its sole discretion to receive an allocation of other Employer contributions
- (C) No requirements

(iii) Time of Allocation

Employer contributions, if made, shall be treated as allocated [select one]:

- (A) As of the last day of the Plan Year
- (B) At such time or times as the Employer shall determine in its sole discretion
- (C) Other:

(c) **No Employer Contributions**

- Employer contributions are not permitted under the Plan.

6.01 DISTRIBUTIONS

The timing and form of payment of distributions made from the Participant's vested Account shall be made in accordance with the elections made in this Section 6.01 of the Adoption Agreement except when Section 9.6 of the Plan requires a six month delay for certain distributions to Key Employees of publicly traded companies.

(a) Timing of Distributions

- (i) All distributions shall commence in accordance with the following [choose one]:
 - (A) As soon as administratively feasible following the distribution event but in no event later than the time prescribed by Treas. Reg. Sec. 1.409A-3(d).
 - (B) Monthly on specified day _____ [insert day]
 - (C) Annually on specified month and day _____ [insert month and day]
 - (D) Calendar quarter on specified month and day [____ month of quarter (insert 1,2 or 3); ____ day (insert day)]

- (ii) The timing of distributions as determined in Section 6.01(a)(i) shall be modified by the adoption of:
 - (A) Event Delay – Distribution events other than those based on Specified Date or Specified Age will be treated as not having occurred for _____ months [insert number of months].
 - (B) Hold Until Next Year – Distribution events other than those based on Specified Date or Specified Age will be treated as not having occurred for twelve months from the date of the event if payment pursuant to Section 6.01(a)(i) will thereby occur in the next calendar year or on the first payment date in the next calendar year in all other cases.
 - (C) Immediate Processing – The timing method selected by the Plan Sponsor under Section 6.01(a)(i) shall be overridden for the following distribution events [insert events]:

 - (D) Not applicable.

(b) Distribution Events

Participants may elect the following payment events and the associated form or forms of payment. The earliest event to occur will trigger payment except for Retirement, which only supersedes a Specified Date event if the Participant has also elected a Retirement distribution option for any class year account. For installments, insert the range of available periods (e.g., 5-15) or insert the periods available (e.g., 5,7,9).

	<u>Lump Sum</u>	<u>Installments</u>
(i) <input checked="" type="checkbox"/> Specified Date	<u>X</u>	<u>1-5</u> years
(ii) <input type="checkbox"/> Specified Age	_____	_____ years
(iii) <input checked="" type="checkbox"/> Separation from Service	<u>X</u>	_____ years
(iv) <input type="checkbox"/> Separation from Service plus 6 months	_____	_____ years
(v) <input type="checkbox"/> Separation from Service plus _____ months [not to exceed _____ months]	_____	_____ years
(vi) <input checked="" type="checkbox"/> Retirement	<u>X</u>	<u>1-15</u> years
(vii) <input type="checkbox"/> Retirement plus 6 months	_____	_____ years
(viii) <input type="checkbox"/> Retirement plus _____ months [not to exceed _____ months]	_____	_____ years
(ix) <input type="checkbox"/> Disability	_____	_____ years
(x) <input checked="" type="checkbox"/> Death	<u>X</u>	_____ years
(xi) <input type="checkbox"/> Change in Control	_____	__ years

The minimum deferral period for Specified Date or Specified Age event shall be two (2) years.

Installments may be paid [select each that applies]

- Monthly
- Quarterly
- Annually

(c) Specified Date and Specified Age elections may not extend beyond age Not Applicable [insert age or "Not Applicable" if no maximum age applies].

(d) Payment Election Override

Payment of the remaining vested balance of the Participant's Account will automatically occur at the time specified in Section 6.01(a) of the Adoption Agreement in the form indicated upon the earliest to occur of the following events [check each event that applies and for each event include only a single form of payment]:

<u>EVENTS</u>	<u>FORM OF PAYMENT</u>	
<input type="checkbox"/> Separation from Service	_____ Lump sum	_____ Installments
<input checked="" type="checkbox"/> Separation from Service before Retirement	X _____ Lump sum	_____ Installments
<input checked="" type="checkbox"/> Death	X _____ Lump sum	_____ Installments
<input type="checkbox"/> Disability	_____ Lump sum	_____ Installments
<input type="checkbox"/> Not Applicable		

(e) Involuntary Cashouts

- If the Participant's vested Account at the time of his Separation from Service does not exceed \$50,000 distribution of the vested Account shall automatically be made in the form of a single lump sum in accordance with Section 9.5 of the Plan.
- There are no involuntary cashouts.

(f) Retirement

- Retirement shall be defined as a Separation from Service that occurs on or after the Participant [insert description of requirements]:
- 5 years of service**
-
- No special definition of Retirement applies.

(g) Distribution Election Change

A Participant

- Shall
 Shall Not

be permitted to modify a scheduled distribution date and/or payment option in accordance with Section 9.2 of the Plan.

A Participant shall generally be permitted to elect such modification an unlimited number of times.

Administratively, allowable distribution events will be modified to reflect all options necessary to fulfill the distribution change election provision.

(h) Frequency of Elections

The Plan Sponsor

- Has
 Has Not

Elected to permit annual elections of a time and form of payment for amounts deferred under the Plan. If a single election of a time and/or form of payment is required, the Participant will make such election at the time he first completes a deferral agreement which, in all cases, will be no later than the time required by Reg. Sec. 1.409A-2.

7.01 **VESTING**

(a) Matching Contributions

The Participant's vested interest in the amount credited to his Account attributable to Matching Contributions shall be based on the following schedule:

<input checked="" type="checkbox"/>	Years of Service	Vesting %	(insert '100' if there is immediate vesting)
	0	<u>100%</u>	
	1	_____	
	2	_____	
	3	_____	
	4	_____	
	5	_____	
	6	_____	
	7	_____	
	8	_____	
	9	_____	

Class year vesting applies.

Not applicable.

(b) Other Employer Contributions

The Participant's vested interest in the amount credited to his Account attributable to Employer contributions other than Matching Contributions shall be based on the following schedule:

<input checked="" type="checkbox"/>	Years of Service	Vesting %	(insert '100' if there is immediate vesting)
	0	<u>100</u>	
	1	_____	
	2	_____	
	3	_____	
	4	_____	
	5	_____	
	6	_____	
	7	_____	
	8	_____	
	9	_____	

Other:

Class year vesting applies.

Not applicable.

(c) Acceleration of Vesting

A Participant's vested interest in his Account will automatically be 100% upon the occurrence of the following events: [select the ones that are applicable]:

- (i) Death
- (ii) Disability
- (iii) Change in Control
- (iv) Eligibility for Retirement
- (v) Other: _____

- (vi) Not applicable.

(d) Years of Service

- (i) A Participant's Years of Service shall include all service performed for the Employer and
 - Shall
 - Shall Notinclude service performed for the Related Employer.
- (ii) Years of Service shall also include service performed for the following entities:

- (iii) Years of Service shall be determined in accordance with (select one)
 - (A) The elapsed time method in Treas. Reg. Sec. 1.410(a)-7
 - (B) The general method in DOL Reg. Sec. 2530.200b-1 through b-4
 - (C) The Participant's Years of Service credited under [insert name of plan] _____

 - (D) Other: _____

- (iv) Not applicable.

8.01 UNFORESEEABLE EMERGENCY

(a) A withdrawal due to an Unforeseeable Emergency as defined in Section 2.24:

- Will
 Will Not [if Unforeseeable Emergency withdrawals are not permitted, proceed to Section 9.01]

be allowed.

(b) Upon a withdrawal due to an Unforeseeable Emergency, a Participant's deferral election for the remainder of the Plan Year:

- Will
 Will Not

be cancelled. If cancellation occurs, the Participant may resume participation in accordance with Article 4 of the Plan.

9.01 INVESTMENT DECISIONS

Investment decisions regarding the hypothetical amounts credited to a Participant's Account shall be made by [select one]:

- (a) The Participant or his Beneficiary
- (b) The Employer

10.01 TRUST

The Employer [select one]:

- Does
 Does Not

intend to establish a rabbi trust as provided in Article 11 of the Plan.

11.01 TERMINATION UPON CHANGE IN CONTROL

The Plan Sponsor

- Reserves
- Does Not Reserve

the right to terminate the Plan and distribute all vested amounts credited to Participant Accounts upon a Change in Control as described in Section 9.7.

11.02 AUTOMATIC DISTRIBUTION UPON CHANGE IN CONTROL

Distribution of the remaining vested balance of each Participant's Account

- Shall
- Shall Not

automatically be paid as a lump sum payment upon the occurrence of a Change in Control as provided in Section 9.7.

11.03 CHANGE IN CONTROL

A Change in Control for Plan purposes includes the following [select each definition that applies]:

- (a) A change in the ownership of the Employer as described in Section 9.7(c) of the Plan.
- (b) A change in the effective control of the Employer as described in Section 9.7(d) of the Plan.
- (c) A change in the ownership of a substantial portion of the assets of the Employer as described in Section 9.7(e) of the Plan.
- (d) Not Applicable.

12.01 GOVERNING STATE LAW

The laws of **California** shall apply in the administration of the Plan to the extent not preempted by ERISA.

EXECUTION PAGE

The Plan Sponsor has caused this Adoption Agreement to be executed this 30th day of August, 2016.

PLAN SPONSOR: **Mission Produce, Inc.**

By:



Title:



APPENDIX A
SPECIAL EFFECTIVE DATES

Not Applicable

DRAFTING NOTES
SPECIMEN DEFERRED COMPENSATION PLAN
(These drafting notes do not constitute part of the Plan document)

SPECIMEN FORM: *There are many possible forms that could be used to implement a nonqualified deferred compensation plan that is subject to Section 409A. The advisability of using this form and the tax implications resulting from its adoption in its existing form should be determined by each company's attorney and other tax advisers in light of circumstances, laws and regulations then applicable to the adopting company. This specimen is NOT a qualified plan for ERISA nor income tax purposes.*

General: This specimen form is intended to be used only for employees who are members of a select group of management or highly compensated employees who contribute materially to the management of the Company, so as to qualify for certain exemptions from the provisions of Title I of ERISA. Because of the limitations of these exemptions, this plan is not suitable for use for other personnel nor purposes.

Neither Deferral.com Plan Services nor any of its affiliates or personnel are practicing attorneys. Deferral.com Plan Services cannot provide you with legal or tax advice on how to design your plan to comply with Section 409A and all applicable guidance thereunder. You should consult with your counsel and professional tax advisers before deciding to adopt this specimen form as your plan document. The following draft notes, sample DOL letter and sample Board Resolution are included solely to assist you in consulting with your attorney or tax adviser. They are not intended as recommendations and do not reflect all available plan design options that a plan sponsor may want to consider in adopting this specimen form as your plan document.

Deferral Elections and Section 401(k) Plans: The following discussion relates to plan sponsors that maintain a 401(k) plan.

In light of final IRS regulations under Section 401(k) and Section 409A, the ability to coordinate employees' elective deferrals under a 401(k) plan and a nonqualified deferred compensation plan is quite complicated. Deferral.com Plan Services cannot provide you with legal nor tax advice on how to design your plans to comply with these complex rules. However, the following guidelines may be helpful:

1. If this specimen form only allows employees to defer out of a type of compensation that is not covered by your 401(k) plan (e.g., this plan allows deferrals out of employee bonuses and the 401(k) plan does not), the two plans likely can operate independently of each other.
2. If this specimen form only allows employees to defer out of compensation in excess of the statutory limit on compensation that counts for 401(k) purposes then the two plans likely can operate independently of each other.
3. However, if you intend to use this specimen form as an "excess 401(k) plan" under which amounts deferred under this specimen form will be used to make up for what cannot otherwise be contributed under the 401(k) plan due to IRS nondiscrimination tests, or you otherwise want this specimen form to operate in tandem with your 401(k) plan, you need to consult with your counsel or professional tax advisors before using this specimen form.

Notional Investment: This specimen form contemplates that benefits will be based on the amounts of certain credits, adjusted by contract formula based on the performance of certain indices (either published indices or indices that track the performance of securities or other assets). Because these are index adjustments that are applied to benefit calculations, rather than actual investments, they are referred to as "Notional Investments." The list of Notional Investments (indices) that may be used for this purpose are designated by the Plan Committee.

Change in Control: Section 409A defines Change in Control by reference to changes in ownership, board control and corporate assets. The definition is applied with reference to both the employing entity and, in certain contexts, its holding companies. Final regulations issued under Section 409A add a number of detailed provisions regarding attribution of stock ownership among related persons and entities. If a sponsor wants to have benefits payable upon a Change in Control or wants to retain discretion to terminate the plan and pay benefits upon a Change in Control, the plan document must reflect the Section 409A definition and the sponsor must apply this definition objectively, but may elect to use less than all of the three basic types of Change in Control, if desired. The specimen form uses Change in Control for the limited purposes of triggering a company's discretionary right to terminate the plan and cash out benefits (see [Section 6.10](#)) and to trigger participant rights to have legal fees paid to cover enforcement costs. A number of other approaches can be used, including a provision that makes benefit payments mandatory

upon a Change in Control. The implications of this provision should be carefully considered, bearing in mind that Section 409A imposes a number of restrictions on how particular approaches may be applied. It is your responsibility to inform *Deferral.com Plan Services* if there is a Change in Control.

Permissible Change Election: Final Regulation §1.409A-2(b)(2)(iii) allows a plan to take one of two approaches with respect to elections to change a previously elected series of payments (other than a life annuity, which is considered to be a single payment as of the first annuity payment date). As long as the payments are equal in amount (other than for Notional Investment Adjustments), a series of installment payments can be treated as a single payment scheduled on the date of the first payment in the series. For example, under this approach, if a participant first elected to receive a deferral amount in ten scheduled installments, as long as he or she elected to change that election more than a year in advance of the first payment in the series, the series of payments could be collapsed into a lump sum payable at least five years after the first originally scheduled payment. In effect, the five year postponement requirement is satisfied as long as the new payment (or series of payments) is made (or starts) at least five years after the first payment would have been made under the original schedule. Alternatively, except for an annuity (for which the previous approach is required), a plan may provide that each payment within a series of payments will be treated as a separate payment. In that case, individual payments could be changed without affecting the others, but the Permissible Change Election requirements would have to be satisfied in each case. This specimen form treats series of payments as a single payment for the foregoing purposes.

Specified Employee (Public Companies): With respect to companies having stock that is publicly traded on an established securities exchange or otherwise, Section 409A generally provides that payments under a nonqualified deferred compensation plan to a "Specified Employee" due to a separation from service be delayed for six months and a day. Final regulations under Section 409A provide detailed rules for determining who is a Specified Employee, which include optional elections that can be made by the employer. The identity of persons who are Specified Employees is determined as of a set date in each year for the twelve months then-ended (December 31 is presumed by the regulation to be the determination date, but a different date, such as a fiscal year end, may be selected by the Committee in a separate written document). The final regulations provide the employer 90 days after the determination date to compile the relevant data and decide who the Specified Employees are. Once identified, the relevant persons are treated as Specified Employees throughout the 12-month period that commences after the 90-day calculation period – *i.e.*, beginning with the 1st day of the 4th month immediately following the determination date. Section 409A final regulations impose restrictions on when and how a determination date may be changed, and provide more detailed information on how the determination is to be made (dealing with issues such as spin-offs, mergers, inclusion of foreign employees, etc.). It is your responsibility to elect which rules under Section 409A shall apply when determining who is a Specified Employee, to determine annually who the Specified Employees are, and to provide in a timely manner a list of Specified Employees to *Deferral.com Plan Services*.

Section 6.4: Treasury Regulation §1.409A-3(h)(2) requires a plan to provide how the six-month and a day delay described above will be implemented. Under this specimen form, the determination of the amount to be distributed from a Participant's Account Balance is delayed until the end of the six-month period.

Participating Affiliates: If any Affiliate other than the Company desires to have its employees' participate in the Plan it must become a "Participating Employer" by having its Board of Directors approve resolutions which adopt the plan and appoint the company and the Committee to act on its behalf in adoption and administration of the plan.

Section 457A: As part of the Emergency Economic Stabilization Act of 2008, Congress enacted additional limitations on nonqualified deferred compensation plans of a "nonqualified entity" when compensation is no longer subject to a substantial risk of forfeiture. In general, a nonqualified entity is a foreign corporation unless substantially all of the corporation's income is effectively connected with a U.S. business or is subject to a comprehensive foreign income tax. §457A applies in addition to the restrictions under Section 409A. Failure to comply with §457A results in an interest charge and a 20% penalty tax. **You should consult with your attorney and other tax advisers to evaluate whether §457A might apply to your nonqualified deferred compensation plan.**

-----End of Drafting Notes-----

ADOPTION AGREEMENT

DEFERRED COMPENSATION PLAN

The undersigned Company acting on behalf of itself and each Participating Employer, having been duly advised by its own counsel as to the legal and tax consequences of adopting this Deferred Compensation Plan, and having determined that adoption of this Plan as an unfunded, nonqualified deferred compensation plan (intending that the same comply with the applicable requirements of Section 409A of the Internal Revenue Code of 1986, as amended) would better enable the Company to attract and retain key personnel, **HEREBY ADOPTS** the attached Deferred Compensation Plan, subject to the following terms, conditions and elections, all of which are integral parts of the Plan adopted hereby:

Company Name: Mission Produce, Inc.

Company Address: 2710 Camino del Sol, Oxnard CA 93030

Plan Name: Equity Deferral Plan

Effective Date of the Plan: March 1, 2021

Additional Participating Employers: _____

Capitalized terms used in this Adoption Agreement that are defined in the Plan document attached hereto and not separately defined herein shall have the respective defined meanings set forth in the attached Plan document.

The Company acting on behalf of itself and each Participating Employer hereby elects, for purposes of this Plan, as follows (*insert check mark or "X" for each desired election and fill in appropriate blanks*):

I. Pay Types from which **Annual Deferral Amounts** may be deferred by Participants are as follows:

Pay Type	Maximum Percentage
<input type="checkbox"/> Base Salary	N/A
<input type="checkbox"/> Bonus (non-performance based)	N/A
<input type="checkbox"/> Bonus (performance based)	N/A
<input type="checkbox"/> Commissions	N/A

II. Annual Company Matching Amounts: The Company may credit Annual Company Matching Amounts for selected Participants:

Yes No

a. **Matching Contribution Formula:** *(select (i) or (ii) below)*

(i) **Percent of Participant deferrals formula**, subject to a specified limit, as follows:

(a) **Matching Contribution Rate:** _____% of *(specify paytype names)*:

(b) **Matching Contribution Limit:** _____% of each applicable Pay Type

(ii) **Other matching formula:** _____

III. Discretionary Contributions. The Company may credit Annual Company Discretionary Amounts for selected Participants. The amounts to be calculated in one of the following manners *(select one)*:

- a. No Discretionary Contributions
- b. Permissible but amount discretionary
- c. Annual contribution amount or formula: _____

IV. Vesting. TBD at time of Award

a. The following **Vesting Schedule** shall apply to all Annual Company Discretionary Amounts and to all Annual Company Matching Amounts, as follows *(select one)*:

- Immediate vesting (100%) as amounts are credited
- Cliff vesting: 100% at the end of ____ years (commencing as specified below)
- Incremental annual vesting, as follows *(complete chart below)*:

Years Completed	% of Contribution Vested
Year 0	%
Year 1	%
Year 2	%
Year 3	%
Year 4	%
Year 5	%
Year 6	%
Year 7	%
Year 8	%
Year 9	%
Year 10	%

EXAMPLE (TBD based on specs below):

- b. The **Vesting Commencement Date** – TBD at time of Award
 - Contribution Date
 - Years of participation – based on plan participation date
 - Years of service – based on date of hire
 - Age – based on date of birth
 - Class year - (all employer contributions for the same deferral year vest at the same time regardless of crediting date)

- c. The **Vesting Increase timing** – TBD at time of Award
 - Not Applicable
 - On the last day of the vesting year
 - On the first day of the vesting year (the anniversary of the Commencement Date)

- d. The **Vesting Acceleration events** that will automatically vest 100% shall be determined as follows (select all that apply):
 - Not Applicable
 - Retirement eligibility
 - Disability
 - Death
 - Change in Control
 - Other _____

- e. **Rehires:** A former Participant who is rehired following a Termination of Employment, and who is selected for participation in accordance with the terms of the Plan, shall be treated as a new employee and new participant for purposes of determining such individual's Vesting Commencement Date, without regard to earlier dates of hire or enrollment prior to such Termination of Employment.

V. Retirement Eligibility Date *(select all that apply):*

- Not Applicable
- Age _____
- Age _____ plus _____ years of cumulative service
- Age _____ plus _____ years of plan participation
- Age _____ plus _____ years of cumulative service and _____ years of plan participation

VI. Distributions.

a. In-Service Distributions Yes No

(trumped by all other distribution events)

(i) May include employer contributions:

Company Match: Yes No N/A

Company Discretionary: Yes No N/A

(ii) Type of election is *(select one)*:

Class year - each year's balance may have a different distribution election

User-created accounts (max number of accounts: _____) - each year's balance is directed to one or more date-specific accounts.

(iii) Alternative forms of distribution *(select all that apply)*:

Lump Sum

Annual installments for any whole number of years up to 5

Other: _____

(iv) The Minimum Deferral Period for vested balances, is 2 years* measured from the beginning of the Plan Year. For example: when enrolling for the 2021 plan year, the earliest allowable In-Service Distribution date is 1/1/2023

*(*Recommend no earlier than the time at which company contributions are 100% vested. Unvested portions at the time of the scheduled payments would be paid out upon separation from service.)*

b. Retirement Distribution – N/A

c. Separation from Service Distribution

(i) Type of election applies as *(select one)*:

Default only *(recommended)*

A one-time election

Class year – each year's balance may have a different distribution election
(not recommended if user-created accounts is selected for In-service distributions)

(ii) Alternative forms of distribution *(select all that apply)*:

Lump Sum *(recommended)*

Annual installments for any whole number of years up to 10

Other: _____

d. Separation from Service upon a Change in Control Distribution

(iii) Type of election applies as *(select one)*:

Default only *(recommended)*

A one-time election

Class year – each year's balance may have a different distribution election
(not recommended if user-created accounts is selected for In-service distributions)

(iv) Alternative forms of distribution *(select all that apply)*:

Lump Sum *(recommended)*

Annual installments for any whole number of years up to 10

Other: _____

e. Disability Distribution – N/A

(i) In accordance with the participant Retirement election (*recommended*),

Or if different from participant's Retirement election:

(ii) Type of distribution election applies as (*select one*):

- Default only
- A one-time election
- Class year – each year's balance may have a different distribution election
(not recommended if user-created accounts is selected for In-service distributions)

Alternative forms of distribution (*select all that apply*):

- Lump Sum
- Annual installments for any whole number of years up to _____
- Other: _____

f. Death Benefit Distribution (*pre-commencement vs. post-commencement*)

(i) Alternative forms of distribution pre-commencement of separation distribution

In accordance with Participant's separation elections, or

Or if different from Participant's separation elections (*select all that apply*):

- Lump Sum (*recommended*)
- Annual installments for any whole number of years up to _____
- Other: _____

(ii) Alternative forms of distribution post-commencement of separation distribution

Continue in accordance with Participant's elections (*recommended*)

Or if different from Participant's separation elections (*select all that apply*):

- Lump Sum
- Annual installments for any whole number of years up to _____
- An amount to be determined by the Committee
- Other: _____

g. Additional Supplemental Death Benefit (*may require consent for life insurance*)

- None
- Discretionary amount to be determined by the Committee
- Specified amount: _____

h. Change in Control Distribution Yes No

(i) Distribution is (*select one*):

- Mandatory
- Optional (declinable)

(ii) Alternative forms of distribution (*select all that apply*):

- Lump Sum
- Annual installments for any whole number of years up to _____
- Other: _____

i. Default Distribution (if none selected then the Default Distribution election for all events will be Lump Sum at separation from service)

(i) Alternative forms of distribution (select one):

- Lump Sum (**recommended**)
- Annual installments for _____ years
- Other: _____

(ii) Time of Distribution:

- Separation from service (**recommended**)
- Other: _____

j. Small Accounts payment

(NOTE: this is in addition to the default de minimis provision in Section 6.10 that allows the Company to pay the Participant's vested Account Balance at any time if it does not exceed the then applicable limit of §402(g)(1)(B) of the Code and results in the termination of the Participant's entire interest in the Plan.)

- None (**recommended**)
- Notwithstanding any payment election made by the Participant, if at the time any distribution becomes due and the vested balance of all installments associated with that distribution does not exceed \$ _____ then the balance will be paid in a single lump sum, subject to compliance with Section 409A.

k. The Plan's Identification Date for purposes of determining Specified Employee status is December 31 unless a different date is specified: _____ (for public companies only)

VII. Cause: If the definition for "Cause" is different than that specified in the Plan, specify the alternative definition that shall apply for purpose of this Plan: (if blank, Plan definition will apply):

VIII. Rabbi Trust: The Sponsor elects to establish a grantor trust (rabbi trust) under the Plan:

- Yes No

IX. Governing Law: The Plan will generally be governed by federal law but the governing state law, to the extent not preempted by federal law, and in any case subject to the choice of law rules of any court before which any suit or proceeding affecting this Plan may be heard, shall be the laws of the following state (specify state):

California
(if none specified, the state under which laws the Company was formed).

IN WITNESS WHEREOF, the Company, on behalf of itself and each Participating Employer, has caused its duly authorized representative to execute this Adoption Agreement, under seal, as of the Effective Date set forth above, intending that the Company shall be bound hereby, and that each Participant, Committee Member and Record Keeper may rely hereon.

COMPANY: Mission Produce, Inc.

DocuSigned by:
B Jeremy B. Warren
87FE5D33A86D4C4...

Print Name: Jeremy B. Warren

Title: Corporate Counsel
Duly authorized

Date: February 28, 2021 | 8:30 PM PST

SPECIMEN FORM: *There are many possible forms that could be used to implement a nonqualified deferred compensation plan that is subject to Section 409A. The advisability of using this form and the tax implications resulting from its adoption in its existing form should be determined by each company's attorney and other tax advisers in light of circumstances, laws and regulations then applicable to the adopting company. This specimen is NOT a qualified plan for ERISA nor income tax purposes.*

DEFERRED COMPENSATION PLAN

Preamble

This Plan is adopted as of the date and by the Company, on behalf of itself and any Participating Employers, as set forth in the attached Adoption Agreement, which is an integral part of this Plan. The Company, having been duly advised by its own counsel as to the legal and tax consequences of adopting this Plan, intends that the Plan shall at all times be administered and interpreted in such a manner as to constitute an unfunded plan maintained primarily for a select group of management or highly compensated employees who contribute materially to the management of the Company or Participating Employer, so as to qualify for all available exemptions from the provisions of Title I of ERISA and to fulfill the applicable requirements of Section 409A.

ARTICLE 1 DEFINITIONS

- 1.1 DEFINED TERMS. Certain words and phrases are defined when first used in later paragraphs of this Plan or in the Adoption Agreement pursuant to which this Plan was adopted. In addition, the following words and phrases when used herein, unless the context clearly requires otherwise, shall have the following respective meanings:

"Account" means, with respect to any Participant, a bookkeeping entry used as a measurement and determination of the amounts to be paid to a Participant, or his or her designated Beneficiary, pursuant to this Plan and subject to such limits, rules and procedures as the Committee from time to time may adopt under this Plan. The Committee and the Record Keeper may establish and use sub-accounts and other record keeping entries with respect to any Participant's Account, including without limitation any Deferral Account, Company Contribution Account and Company Discretionary Account applicable to such Participant.

"Account Balance" means, with respect to any Participant at any particular time, the sum at such time of such Participant's (i) Deferral Account balance, (ii) Company Matching Account balance and (iii) Company Discretionary Account balance. The Account Balance shall be a bookkeeping entry only and shall be utilized solely as a measurement and determination of the amounts to be paid to a Participant, or his or her designated Beneficiary, pursuant to this Plan.

"Adoption Agreement" means the agreement pursuant to which the Company has adopted this Plan, which Adoption Agreement is incorporated herein by reference, including without limitation any terms defined therein. Adoption Agreements may be completed and/or signed using such online systems and other electronic means as the Committee or Record Keeper from time to time may designate for such purpose.

"Affiliate" means a corporation, partnership, limited liability company or other entity that is required to be considered, together with the Company, as a single employer under §414(b) of the Code (employees of controlled group of Companies) or §414(c) of the Code (employees of partnerships or limited liability companies under common control). For purposes of determining a controlled group of Companies under §414(b) of the Code, the language "at least 50 percent" shall be used instead of "at least 80 percent" each place it appears in §1563(a)(1), (2), and (3) of the Code. For purposes of determining trades or businesses that are under common control for purposes of §414(c) of the Code, "at least 50 percent" shall be used instead of "at least 80 percent" each place it appears in Treasury Regulation §1.414(c)-2. An entity shall not be considered an "Affiliate" for any period of time prior to satisfying the controlled group or common control tests described above.

"Annual Company Discretionary Amount" means the benefit amount, if any, for any one Plan Year that is determined for a Participant in accordance with Section 3.5.

"Annual Company Matching Amount" means the benefit amount, if any, for any one Plan Year that is determined for a Participant in accordance with Section 3.4.

"Annual Deferral Amount" means that portion of a Participant's Pay Type(s) that a Participant elects to have deferred, and is deferred, in accordance with Article 3, for any one Plan Year. In the event of a Participant's Retirement, Disability, death or a Termination of Employment prior to the end of a Plan Year, such year's Annual Deferral Amount shall be the actual amount deferred in such Plan Year prior to such event.

"Base Salary" means base salary earned with respect to services performed and payable in cash, exclusive of any of the following: Bonuses, Commissions, overtime, incentive payments and other performance-based forms of compensation, director and other special fees, expense allowances and reimbursements, severance, and any other forms of compensation, earnings or payments that are not regular in frequency and form (before reductions for, contributions to or deferrals under this Plan or any other profit sharing, 401(k), pension, deferred compensation or benefit plan sponsored by the Company or any Affiliate).

"Beneficiary" means one or more persons, trusts, estates, or other entities, designated in accordance with Article 8 that are entitled to receive benefits under this Plan upon the death of a Participant.

"Beneficiary Designation Form" means the form established from time to time by the Committee that a Participant completes, signs and returns to the Company to designate one or more Beneficiaries. Beneficiary Designation Forms may be completed and/or signed using such online systems and other electronic means as the Committee or Record Keeper from time to time may designate for such purpose.

"Board of Directors" shall mean the Board of Directors, Managers, Trustees or other group having the legal authority to act as the governing body of the Company.

"Bonus" means any compensation relating to services performed that is granted or awarded apart from Base Salary and Commissions and that is identified by the applicable Company or Affiliate as a "bonus" (before reductions for, contributions to or deferrals under this Plan or any other profit sharing, 401(k), pension, deferred compensation or benefit plan sponsored by the Company or any Affiliate).

"Calendar Year" means the annual period measured from January 1 to December 31.

"Cause", unless otherwise defined in the Adoption Agreement, means: (a) with respect to each Participant who has an employment agreement containing a definition of "cause" or "for cause", said definition as set forth in his or her employment agreement; and (b) with respect to all other Participants, and as determined in good faith by the Committee, willfully engaging in misconduct which is demonstrably and materially injurious to the Company or any Affiliate, unless the act or omission giving rise to such misconduct is done, or omitted to be done, by a Participant in good faith and with a sound reason to believe that such action or omission was in the best interest of the Company and its Affiliates.

"Change in Control" means, with respect to the applicable Participating Employer, a change in the ownership or effective control of the Participating Employer, or in the ownership of a substantial portion of the assets of the Participating Employer. Unless otherwise specified in the Adoption Agreement, a Change in Control shall be defined as follows:

- (a) For purposes of this section, a change in the ownership of the Participating Employer occurs on the date on which any one person, or more than one person acting as a group, acquires ownership of stock of the Participating Employer that, together with stock held by such person or group constitutes more than 50% of the total fair market value or total voting power of the stock of the Participating Employer.
- (b) A change in the effective control of the Participating Employer occurs on the date on which either: (i) a person, or more than one person acting as a group, acquires ownership of stock of the Participating Employer possessing 30% or more of the total voting power of the stock of the Participating Employer, taking into account all such stock acquired during the 12-month period ending on the date of the most recent acquisition, or (ii) a majority of the members of the Participating Employer's Board of Directors is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of such Board of Directors prior to the date of the appointment or election, but only if no other corporation is a majority shareholder of the Participating Employer.

- (c) A change in the ownership of a substantial portion of assets occurs on the date on which any one person, or more than one person acting as a group, other than a person or group of persons that is related to the Participating Employer, acquires assets from the Participating Employer that have a total gross fair market value equal to or more than 40% of the total gross fair market value of all of the assets of the Participating Employer immediately prior to such acquisition or acquisitions, taking into account all such assets acquired during the 12-month period ending on the date of the most recent acquisition.

An event constitutes a Change in Control with respect to a Participant only if the Participant's relationship to the affected Participating Employer satisfies the requirements of Treasury Regulation §1.409A-3(i)(5)(ii).

To qualify as a Change in Control event, the occurrence of the event must be objectively determinable and any requirement that any other person or group, such as a plan administrator or compensation committee, certify the occurrence of a Change in Control must be strictly ministerial and not involve any discretionary authority. If the Adoption Agreement provides for a payment on a Change in Control, such payment shall only be made if the event specified in the Adoption Agreement also qualifies as a change in control event within the meaning of Code Section 409A (Treasury Regulation §1.409A-3(i)(5)).

To the extent permitted by the Internal Revenue Service, a Change of Control may also occur in the event of changes in ownership of a partnership and change in the ownership of a substantial portion of the assets of a partnership and the provisions set forth above respecting such changes relative to a corporation shall be applied by analogy. It is the Company's responsibility to determine whether a Change in Control has occurred and to advise the Committee and the Record Keeper accordingly.

"Change in Control Distribution" shall have the meaning set forth in Section 6.4

"Claimant" shall have the same meaning set forth in Section 10.1.

"Code" means the Internal Revenue Code of 1986, as the same may be amended from time to time.

"Commissions"

- (a) Sales Commission Compensation. A Participant earning sales commission compensation (as defined in Treasury Regulation §1.409A-2(a)(12)) is treated as providing the services to which such compensation relates only in the Company's taxable Year in which the customer remits payment to the Company or, if applied consistently to all similarly situated Participants, the Company's taxable Year in which the sale occurs.
- (b) Investment Commission Compensation. A Participant earning investment commission compensation (as defined Treasury Regulation §1.409A-2(a)(12)) is treated as providing the services to which such compensation relates over the 12 months preceding the date as of which the overall value of the assets or asset accounts is determined for purposes of the calculation of the investment commission compensation.

It is the Company's responsibility to determine whether a Pay Type qualifies as Commissions in accordance with the foregoing requirements with respect to any Participant and to advise the Record Keeper accordingly.

"Committee" means the person(s) designated as Committee members or such other persons as the Company's Board of Directors from time to time may designate to serve as members of the Committee hereunder. In the absence of any Committee, or should the Committee be unable or unwilling to serve, the Company shall perform the duties of the Committee under this Plan.

"Company" means the entity identified as the "Company" in the Adoption Agreement pursuant to which this Plan has been adopted and may include the applicable Participating Employer as the context requires.

"Company Discretionary Account" means, with respect to any Participant (but subject in the case of each Participant to Section 3.7), an Account consisting of the sum of (i) all of the Participant's Annual Company Discretionary Amounts, plus (ii) Notional Investment Adjustments in value credited or debited thereon in accordance with Article 4 of this Plan, less (iii) all distributions from such account.

"Company Matching Account" means, with respect to any Participant (but subject in the case of each Participant to Section 3.7), an Account consisting of the sum of (i) all of the Participant's Annual Company Matching Amounts, plus (ii) Notional Investment Adjustments in value credited or debited thereon in accordance with Article 4 of this Plan, less (iii) all distributions from such account.

"Day" means a calendar day or any part thereof.

"Deferral Account" means an Account consisting of the sum of (i) all of a Participant's Annual Deferral Amounts, plus (ii) Notional Investment Adjustments in value credited or debited thereon in accordance with Article 4 of this Plan, less (iii) all distributions from such account.

"Deferral Election Form" means notice filed by a Participant with the Record Keeper specifying the amount of the Participant's Pay Type(s) to be deferred, and the time and form of distribution payments as defined in the Adoption Agreement. Deferral Election Forms may be completed and/or signed using such online systems and other electronic means as the Committee or Record Keeper from time to time may designate for such purpose.

"Disability" or "Disabled" shall mean the Participant is: (i) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or (ii) is, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than 3 months under an accident and health plan covering employees of the Participant's employer. The Adoption Agreement may also provide that a Participant will be deemed to be Disabled if determined to be totally disabled by the Social Security Administration or Railroad Retirement Board. The determination of Disability shall be made by the Committee in accordance with Section 409A Requirements. The Committee may require that the Participant submit to an examination by the Company or its agent to determine the existence of a Disability.

"Disability Benefit" means the benefit set forth in Section 6.3.

"Eligible Employee" means any employee of the Company or other Participating Employer who is selected to participate herein in accordance with the provisions of Article 2 hereof, and is one of a select group of management or highly compensated employees. Eligible Employee may also include selected Independent Contractors as determined in the complete and sole discretion of the Committee.

"Employee" means any individual who is employed by or providing services to the Employer. Employee means "service provider" as used in Treasury Regulation §1.409A-1(f).

"Employer" or "Participating Employer" means the Company or Affiliate who is the legal employer of the Employee or service recipient in the case of an Independent Contractor.

"ERISA" means the Employee Retirement Income Security Act of 1974, as the same may be amended from time to time.

"First Plan Year" means the period beginning on the Effective Date set forth in the Adoption Agreement and ending on December 31 immediately following the Effective Date.

"Hardship Distribution" means any distribution or waiver of deferral granted by the Committee pursuant to Article 7.

"Identification Date" for the purpose of identifying Specified Employees means each December 31 or such other date as defined in the Adoption Agreement.

"Independent Contractor" means a non-employee director or an independent contractor for whom deferred amounts will be subject to Section 409A as provided in Treasury Regulation §1.409A-1(f)(2).

"In-Service Distribution" means a distribution made pursuant to Section 6.5.

"Matching Contribution Limit" means, with respect to each Pay Type, the Maximum Contribution Limit set forth for such Pay Type in the Adoption Agreement, to be used and calculated as a limit on Annual Company Matching Amounts pursuant to Section 3.4.

"Matching Contribution Rate" means, with respect to each Pay Type, the respective percentage rate, if any, set forth in the Adoption Agreement for such Pay Type, which rate shall be used to calculate Annual Company Matching Amounts pursuant to Section 3.4, subject to the Matching Contribution Limit, if any, applicable to such Pay Type.

"Notional Investment" means any security, fund, account, sub-account, index, formula or other instrument, asset, measure or method from time to time designated by the Committee as a means to calculate the amount of any Notional Investment Adjustment.

"Notional Investment Adjustment" means earnings, gains, losses and any other adjustments made with respect to any Annual Deferral Amount, Annual Company Matching Amount or Annual Company Discretionary Amount, which adjustments are made based on the performance of a Notional Investment pursuant to Article 4.

"Notional Investment Election Form" means notice filed with the Record Keeper by or on behalf of a Participant (or his or her Beneficiaries, as provided below) specifying the allocation of the Participant's Annual Deferral Amount and how the Participant's Annual Deferral Amount, Annual Company Matching Amount and Annual Company Discretionary Amount, if any, are to be allocated under the Plan among the Notional Investments provided under the Plan. Notional Investment Election Forms may be completed and/or signed using such online systems and other electronic means as the Committee or Record Keeper from time to time may designate for such purpose. Upon the death of a Participant, for so long as such Participant's Beneficiaries retain an interest in such Participant's Account hereunder, such Beneficiaries may file Notional Investment Election Forms with respect to such Account in accordance with such policies and procedures as the Committee from time to time may specify for such purpose.

"Participant" means any Eligible Employee (i) who is selected to participate in the Plan, (ii) who elects to participate in the Plan, (iii) who signs a Participation Agreement, a Deferral Election Form, a Notional Investment Election Form, (iv) whose signed Participation Agreement, Deferral Election Form, and Notional Investment Election Form are accepted by the Committee, and (v) who commences participation in the Plan. A spouse or former spouse (or beneficiary) of a Participant shall not be treated as a Participant in the Plan, even if he or she has an interest in the Participant's benefits under the Plan as a result of applicable law or property settlements resulting from legal separation or divorce.

"Participation Agreement" means the form established from time to time by the Committee that a Participant completes, signs and returns to the Company to become a Participant in this Plan. Participation Agreements may be completed and/or signed using such online systems and other electronic means as the Committee or Record Keeper from time to time may designate for such purpose.

"Pay Type" means the forms of compensation selected in the Adoption Agreement as eligible for deferral and for inclusion in the calculation of Annual Deferral Amounts under the Plan. References to one or more "Pay Types" with respect to any particular Calendar Year means said forms of compensation relating to services performed during such Calendar Year, whether or not paid in such Calendar Year or included on a Federal Income Tax Form W-2 for such Calendar Year (except and to the extent otherwise required under any applicable Section 409A Requirements). The Committee from time to time may adopt and amend such rules and procedures as it deems appropriate to more particularly define or classify any particular Pay Type for further clarification in the administration of this Plan.

"Permissible Change Election" means an election to change the time or form of payment of any benefit under the Plan that:

- a) does not take effect until at least 12 months after the date on which such election to delay or change is made;
- b) is made at least 12 months prior to the date previously scheduled for the payment affected thereby;
- c) postpones the payment affected thereby for a period of not less than 5 years from the date when such payment otherwise would have been made; provided, however, that this restriction shall not apply in the case of a payment on account of a Disability, death or an Unforeseeable Emergency; and
- d) does not accelerate the scheduled time for payment of any distribution, except as permitted under Section 409A Requirements.

For purposes of the foregoing, unless otherwise provided in the Adoption Agreement or otherwise required under applicable Section 409A Requirements, any distribution that a Participant elects to receive in a series of installments shall be treated as being a single payment on the date of the first installment of such series.

"Plan" means this Plan, as evidenced by the Adoption Agreement and this document, each as amended and in effect from time to time.

"Plan Year" means each Calendar Year except that the first Plan Year shall commence on the Effective Date of the Plan specified in the Adoption Agreement and end on December 31 of the same Calendar Year.

"Pre-Commencement Death Benefit" means the death benefit payable under Section 6.6.1.

"Post-Commencement Death Benefit" means the death benefit payable under Section 6.6.2.

"Record Keeper" means the party designated as the Record Keeper, as such designation may be amended from time to time in the discretion of the Committee. In the absence of any such designation, or should the Record Keeper be unable or unwilling to serve, the Company shall perform the duties of the Record Keeper under this Plan.

"Retirement" means the Termination of Employment of a Participant on or after such Participant's Retirement Eligibility Date.

"Retirement Benefit" means the benefit set forth in Section 6.1.

"Retirement Eligibility Date" means the date when the Participant satisfies the requirements of Retirement Eligibility Date as designated in the Adoption Agreement.

"Section 409A" means Section 409A of the Code, as the same may be amended from time to time, and any successor statute thereto. References to Section 409A or any requirement under Section 409A, as the same may be interpreted, construed or applied to this Plan at any particular time, shall be deemed to mean and include, to the extent then applicable and then in force and effect (but not to the extent overruled, limited or superseded), published guidance, regulations, notices, rulings and similar announcements issued by the Internal Revenue Service or by the Secretary of the Treasury under or interpreting Section 409A, decisions by any court of competent jurisdiction involving a Participant or a beneficiary and any closing agreement made under §7121 of the Code that is approved by the Internal Revenue Service and involves a Participant, all as determined by the Committee in good faith, which determination may (but shall not be required to) be made in reliance on the advice of such tax counsel or other tax professional(s) with whom the Committee from time to time may elect to consult with respect to any such matter.

"Section 409A Discretionary Payment Period" means with respect to any designated payment date, the period during which payments will be treated as having been made upon such designated payment date under Treasury Regulation §1.409A-3(d), providing for payments to be treated as timely if made no earlier than thirty (30) days prior to such designated payment date and no later than the end of the Calendar Year in which such designated payment date occurs, or if later, by the 15th day of the third calendar month following such designated payment date.

"Section 409A Requirement" means any requirement under Section 409A, the failure of which would result in the imposition or accrual of interest or additional taxes under Section 409A on or with respect to any income intended to be deferred under the Plan.

"Specified Employee" means, at any time when stock of the Company (or other Participating Employer as applicable) is publicly traded on an established securities market or otherwise (as determined in accordance with Section 409A Requirements), those service providers who are "specified employees" within the meaning of Section 409A. The determination shall be made consistent with all Section 409A Requirements as follows: (a) a key employee of the Company (within the meaning of Code Section 409A(a)(2)(B)) any stock of which is publicly traded on an established securities market or otherwise will be considered a key employee if the service provider meets the requirements of Code §416(i)(1)(A)(i),(ii) or (iii) (applied in accordance with the regulations thereunder and disregarding Code §416(i)(5)) at any time during the 12-month period ending on an Identification Date specified in the Adoption Agreement; (b) if a person is a key employee as of an Identification Date, the person is treated as a Specified Employee for the 12-month period beginning on the first day of the fourth month following the Identification Date; (c) if no alternative

Identification Date is designated in the Adoption Agreement, the Identification Date shall be December 31. Whether any stock of the Company is publicly traded on an established securities market or otherwise must be determined as of the date of the Participant's Separation from Service. The application of rules regarding "Specified Employees" to spinoffs and mergers and nonresident alien employees shall be determined pursuant to applicable guidance. It is the Company's responsibility to elect which rules under Section 409A shall apply when determining who is a Specified Employee, to annually determine who are the Specified Employees, and to timely provide a list of Specified Employees to the Record Keeper.

"**Termination Benefit**" means the benefit set forth in Section 6.2.

"**Termination**", "**Termination of Employment**" or "**Separation from Service**" shall be interpreted consistently with all Section 409A Requirements according to the following specifications:

- (a) Employee. Any absence from service that ends the employment of an individual with the employer shall be deemed to be a Termination of Employment. However, the employment relationship is treated as continuing intact while the individual is on military leave, sick leave, or other bona fide leave of absence (such as temporary employment by the government) if the period of such leave does not exceed six months, or if longer, so long as the individual's right to reemployment with the Company is provided whether by statute or by contract. If the period of leave exceeds six months and the individual's right to reemployment is not provided either by statute or by contract, the employment relationship is deemed to terminate on the first date immediately following such six month period. The determination of whether an Employee has a Termination of Employment shall be determined pursuant to the Adoption Agreement and Treasury Regulation §1.409A-1(h). If the Adoption Agreement does not specify the percentage of average level of bona fide services to constitute a Termination of Employment, a Termination of Employment will occur once an Employee's services decrease to 20% or less of the average level of bona fide services compared to services performed over the preceding 36 month period.
- (b) Independent Contractor. An Independent Contractor is considered to have a Termination or Separation from Service upon (i) retirement as a director, or (ii) the expiration of the contract (or in the case of more than one contract, all contracts) under which services are performed if the expiration constitutes a good-faith and complete termination of the contractual relationship.

It is the Company's responsibility to determine whether there is a Termination of Employment/Separation from Service in accordance with Section 409A with respect to any Participant and to advise the Record Keeper accordingly.

"**Unforeseeable Emergency**" means, with respect to any particular Participant, (i) a severe financial hardship of such Participant resulting from an illness or accident suffered by such Participant, by such Participant's spouse or by a dependent (within the meaning of §152 of the Code without regard to §152(b)(1), (b)(2) and (d)(1)(B) of the Code) of such Participant; (ii) a Participant's loss of property due to casualty; or (iii) other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. It is the Company's responsibility to determine whether there is an Unforeseeable Emergency in accordance with Section 409A with respect to any Participant and to advise the Record Keeper accordingly.

It is intended that the Plan shall conform with all applicable Section 409A Requirements. Accordingly, in interpreting, construing or applying any of the foregoing definitions or any of the terms, conditions or provisions of the Plan, the same shall be construed in such manner as shall meet and comply with Section 409A Requirements then applicable thereto, and in the event of any inconsistency with any Section 409A Requirements, the same shall be reformed so as to meet such Section 409A Requirements to the fullest extent then permitted without penalty (and without imposition or accrual of interest or additional taxes) under Section 409A.

ARTICLE 2
ELIGIBILITY AND PARTICIPATION

- 2.1 **SELECTION.** Participation in the Plan shall be limited to Eligible Employees, as determined by the Committee in its sole discretion. Any action so taken with respect to any particular Participant or group of Participants shall not imply a right on the part of any other Participant or group of Participants to enroll for or receive additional benefits or amounts of benefits. The Committee may terminate the right of any existing Participant to file additional Deferral Election Forms under this Plan, and shall terminate any such right for a Participant who ceases to be one of a select group of management or highly compensated employees, or otherwise ceases to meet any of the requirements applicable to participation in this Plan.
- 2.2 **ENROLLMENT.** As a condition to participate, each Eligible Employee shall complete, execute and return to the Record Keeper a Participation Agreement, a Deferral Election Form and a Notional Investment Election Form within 30 days after he or she is selected to participate in the Plan. The Committee may establish from time to time such other enrollment requirements as it determines in its sole discretion are necessary, convenient or appropriate to carry out any of the purposes or intent of the Plan or to better assure the Plan's compliance with Section 409A Requirements. Eligible Employees also shall submit to the Record Keeper a Beneficiary Designation Form, but receipt of the Beneficiary Designation Form within 30 days of eligibility shall not be a condition to enrollment in this Plan.
- 2.3 **ELIGIBILITY.** An Eligible Employee shall commence participation in the Plan as soon as practicable following the completion of the applicable enrollment period, assuming all enrollment requirements have been completed, including timely submission of all required enrollment documents to the Record Keeper; provided, however, that if an Eligible Employee is a former employee that has been rehired following a Termination of Employment or is a participant in another nonqualified deferred compensation plan aggregated with this Plan for purposes of Code Section 409A, such employee may not commence participation in the Plan until the first day of the following Plan Year. If an Eligible Employee fails to meet all such requirements within the period required in accordance with Section 2.2, that Eligible Employee shall not be eligible to participate in the Plan until the first day of the Plan Year following the delivery to and acceptance by the Committee (or its designee) of the required documents.
- 2.4 **REHIRED EMPLOYEES.** Except as otherwise required under Section 409A Requirements (or as otherwise approved by the Committee if permitted under Section 409A Requirements), a Participant who is rehired following a Termination of Employment will be treated as a new employee, without affecting or suspending any benefit payment resulting from any previous participation in this Plan or previous Termination of Employment, and without implying any right to participate further in this Plan as a result of his or her reemployment. Except as otherwise noted in the Adoption Agreement, if such former Participant is selected to become an Eligible Employee under the Plan following his or her rehiring, such Participant may not commence participation in the Plan until the first day of the Plan Year following his or her submission of all required enrollment documents to the Record Keeper, and for purposes of any applicable vesting, he or she shall be treated as a new employee and new enrollee based on his or her most recent date of hire and participation as a new Participant in this Plan.

ARTICLE 3
CONTRIBUTIONS AND CREDITS

- 3.1 **DEFERRAL AMOUNT.** For each Plan Year, a Participant may elect to defer amounts of those Pay Type(s) designated in the Adoption Agreement, using a Deferral Election Form. Any deferral election shall be subject to such limits, rules and procedures from time to time established by the Committee prior to the applicable Plan Year. In no event will the Annual Deferral Amount or the Matching Contribution Amount (if any) for any Pay Type, or for all Pay Types combined, for any particular Participant exceed the maximum amounts permitted under any applicable law.
- 3.2 **ELECTION TO DEFER.**
- 3.2.1 **FIRST PLAN YEAR.** When a Participant first enrolls to participate in the Plan, except as otherwise provided in Section 2.4 above, the Participant shall make an irrevocable deferral election by completing a Deferral Election Form for the remainder of the Plan Year in which the Participant first enrolls, along with such other elections as the Committee deems necessary or desirable under the Plan. For these elections to be valid, the Election Form must be completed and signed by the

Participant, timely delivered to the Record Keeper in accordance with Section 2.2 above and accepted by the Committee or its designee. Any election under this paragraph shall apply only on a prospective basis, and only with respect to compensation for services to be performed after the date when the election is made and final. To the extent that Bonus is included within the Pay Types available for deferrals under this Plan, such elections may include a pro-rata portion of the then-current Plan Year's Bonus, based on the number of days remaining in the applicable Bonus performance period after such election irrevocably takes effect, divided by the total number of days in said performance period. Despite the foregoing, if a Participant already is a participant under any other nonqualified account balance plan aggregated with this Plan under Code Section 409A, or if such Participant is subject to the terms of Section 2.4 above, then such Participant's first Deferral Election Form under this Plan shall contain elections only with respect to Plan Years after the date when such Deferral Election Form is filed, in the same manner as contemplated for subsequent Plan Years in Section 3.2.2 below.

3.2.2 SUBSEQUENT PLAN YEARS. For each succeeding Plan Year, an irrevocable deferral election shall be made by completing a new Deferral Election Form for that Plan Year, and such other elections as the Committee deems necessary or desirable under the Plan, which elections shall be made by timely filing with the Committee or its designee, in accordance with its and the Committee's rules and procedures, before the end of the Plan Year preceding the Plan Year for which the election is made.

3.2.3 PERFORMANCE-BASED COMPENSATION. Despite the foregoing, in the case of any Performance-Based Compensation (defined below) based on services performed over a period of at least 12 consecutive months, such election may be made no later than 6 months before the end of such performance period. Amounts to be treated as "Performance-Based Compensation" under Section 3.2.3 of this Plan must meet the following criteria at the time the election is made:

- (i) The performance period is at least 12 months in length
- (ii) Such compensation has not become readily ascertainable. Compensation is readily ascertainable when the amount is first both calculable and substantially certain to be paid. The performance-based compensation is bifurcated between the portion that is readily ascertainable and the amount that is not readily ascertainable. Accordingly, in general any minimum amount that is both calculable and substantially certain to be paid will be treated as readily ascertainable;
- (iii) The compensation must be contingent on the satisfaction of pre-established organizational or individual performance criteria (established no later than 90 days after the beginning of the service period);

The term Performance-Based Compensation includes payments based upon subjective performance criteria, provided that the subjective performance criteria are bona fide and relate to the performance of the Eligible Employee, a group of employees that includes the Eligible Employee, or a business unit for which the Eligible Employee provides services (which may include the entire organization), and the determination that any subjective performance criteria have been met is not made by the Eligible Employee or a family member of the Eligible Employee (as defined in §267(c)(4) of the Code applied as if the family of an individual includes the spouse or any member of the family), or a person under the effective control of the Eligible Employee or such a family member, and no amount of the compensation of the person making such determination is effectively controlled in whole or in part by the Eligible Employee or such a family member.

It is the Company's responsibility to determine whether a Pay Type qualifies as Performance-Based Compensation in accordance with the foregoing requirements with respect to any Participant and to advise the Record Keeper accordingly.

3.2.4 CHANGES. Deferral Election Forms filed prior to their applicable filing deadline hereunder may be changed, until such filing deadline occurs, by filing an updated or amended Deferral Election Form in accordance with the foregoing requirements.

3.3 WITHHOLDING OF ANNUAL DEFERRAL AMOUNTS. For each Plan Year, the Base Salary portion of the Annual Deferral Amount shall be withheld from each regularly scheduled Base Salary payroll in approximately equal amounts, as adjusted from time to time for increases and decreases in Base Salary,

unless otherwise determined in the complete and sole discretion of the Committee. Deferrals of all other Pay Types that are included in the Annual Deferral Amount shall be withheld at the time each such Pay Type is or otherwise would be paid to the Participant, as determined in the complete and sole discretion of the Committee, whether or not this occurs during the Plan Year itself, subject to compliance with all applicable Section 409A Requirements.

- 3.3.1 FINAL PAYROLL PERIOD. Compensation payable after the last day of the Plan Year solely for services performed during the payroll period containing the last day of the Plan Year (the final payroll period) is treated as compensation for services performed in the subsequent Plan Year in which the payment is made. This subsection does not apply to any Compensation paid during such period for services performed during any period other than such final payroll period, such as a payment of an annual bonus.
- 3.4 ANNUAL COMPANY MATCHING AMOUNT. If the Company shall elect in the Adoption Agreement to make Annual Company Matching Amounts, then in each Plan Year, for so long as a Participant remains actively employed by the Company or other Participating Employer and continues to be a Participant in this Plan, the Company shall credit to such Participant's Account an Annual Company Matching Amount, such amount to be calculated in the manner and on the Match Crediting Dates set forth in the Adoption Agreement, up to (and not exceeding) in each Plan Year the Matching Contribution Limit, if any, applicable thereto. Annual Company Matching Amounts shall be credited in each instance as of the applicable Match Crediting Date designated in the Adoption Agreement, such amounts to be determined by the Company as soon as practicable, but not later than 60 days after each applicable Match Crediting Date.
- 3.5 ANNUAL COMPANY DISCRETIONARY AMOUNTS. The Company, in its discretion, may credit additional amounts to the Company Discretionary Account of any Participant or group of Participants. No such contribution to a Participant or group of Participants shall imply any right on the part of other Participants to receive a similar contribution, nor are such contributions required to be uniform with respect to the Participants for whom they are made.
- 3.6 FICA/FUTA AND OTHER TAXES. For each Plan Year in which a Participant elects an Annual Deferral Amount, the Participant's Employer shall ratably withhold, from that portion of the Participant's wages, salary, bonus or other compensation that is not being deferred, the Participant's share of taxes under the Federal Insurance Contributions Act and the Federal Unemployment Tax Act ("FICA/FUTA Taxes") and any other taxes on deferred amounts which may be required or appropriate. If necessary, the Committee shall reduce the Annual Deferral Amount in order to comply with this paragraph. In addition, as balances with Company Matching Accounts and Company Discretionary Accounts, if any, become vested pursuant to Article 5, to the extent that such amounts are subject to FICA/FUTA Taxes or any other taxes, the Participant's Employer shall withhold from the Participant's wages, salary, bonus or other compensation for the year in which such vesting occurs the Participant's share of FICA/FUTA taxes and such other taxes on the amounts that have vested in such year, all to the extent necessary and appropriate to satisfy such tax obligations. If necessary, the Committee shall reduce the Annual Deferral Amount for the year in which FICA/FUTA or other taxes are due or the Participant's Account, if other payments or deferrals are insufficient, in order to comply with this paragraph.
- 3.7 FOR CAUSE TERMINATIONS. Despite anything to the contrary in this Plan, if the Committee in good faith determines that a Participant has caused or incurred a Termination of Employment for Cause, then such Participant's Company Discretionary Account and such Participant's Company Matching Account (including both vested and unvested balances thereof) automatically shall be forfeited in their entirety, subject to compliance with all applicable laws.

ARTICLE 4 ALLOCATION OF FUNDS

- 4.1 CREDITING/DEBITING OF ACCOUNT BALANCES. In accordance with, and subject to, the rules and procedures that are established from time to time by the Committee, in its sole discretion, amounts shall be credited or debited to a Participant's Account in accordance with this Article 4.
- 4.2 NOTIONAL INVESTMENT CALCULATIONS. The Committee shall designate in its sole discretion one or more Notional Investments to be used to calculate Notional Investment Adjustments to be credited or debited to Participants' Accounts, as if each Participant were making an actual investment in Notional Investments with his or her Account Balance. Notional Investments shall be used to calculate bookkeeping

entries in each Participant's respective Account, and shall be utilized solely as a means to calculate and adjust Account Balances pursuant to this Plan. The Committee from time to time may delete, modify, substitute or otherwise change any Notional Investment under the Plan for any reason with respect to any future Account Balance calculations, and the Committee may impose such limits, rules and procedures governing the frequency, timing, methods and other matters pertaining to the calculation of Notional Investment Adjustments, and the use, effectiveness and application thereof, as the Committee from time to time may deem to be necessary, convenient or appropriate for purposes of administering the Plan.

- 4.3 ELECTION OF NOTIONAL INVESTMENTS. If the Committee shall approve more than one Notional Investment to be used with respect to any Plan Year, then each Participant shall elect, on a Notional Investment Election Form duly filed with the Record Keeper for such Plan Year, one or more Notional Investment(s) to be used to calculate the Notional Investment Adjustments to be credited or debited, as the case may be, to his or her Account under this Article 4. Each Participant shall specify, on each Notional Investment Election Form, the portions of his or her Account to be allocated to one or more Notional Investments, as if the Participant was making an actual investment in that Notional Investment with that portion of his or her Account Balance. The Committee may impose such limits, rules and procedures governing the frequency of permitted changes, timing of effectiveness, minimum and maximum amounts (if any) and other matters pertaining to Notional Investments, and the use, effectiveness and application thereof, as the Committee from time to time may deem to be necessary, convenient or appropriate for purposes of administering the Plan, including the designation of a default option in the event a Participant fails to make a valid election.
- 4.4 CREDITING OR DEBITING METHOD. The Participant's Account will be credited or debited, as the case may be, with the increase or decrease in the performance of each Notional Investment selected by the Participant, as though the portion of the Participant's Account Balance then was actually invested in the Notional Investments selected by the Participant, in the percentages (if more than one Notional Investment is available under this Plan) then applicable to each portion of the Participant's Account. The value of each Notional Investment shall be calculated under the Plan as of the close of business on the business day when the published or calculated value of such Notional Investment becomes effective generally, but not more frequently than once per business day. The Committee from time to time may specify such times, frequencies, methods, rules and procedures for calculating the value of any particular Notional Investment (for example, specifying that interest on money market funds shall be calculated and credited on a monthly basis).
- 4.5 NO ACTUAL INVESTMENT. Notwithstanding any other provision of this Plan that may be interpreted to the contrary, each Notional Investment is to be used for measurement purposes only. A Participant's election of any Notional Investment(s), the allocation of any portion of his or her Account thereto and the use of any Notional Investment(s) to calculate any Notional Investment Adjustment in value to be credited or debited to his or her Account shall not be considered or construed in any manner as an actual investment of his or her Account in any such Notional Investment. In the event that the Company, in its own discretion, decides to invest funds in any or all of the Notional Investments, no Participant shall have any rights or interests in or to any such investment. Without limiting the foregoing, a Participant's Account Balance shall at all times be a bookkeeping entry only, and shall not represent any actual investment made on his or her behalf by the Company. The Participant at all times shall remain an unsecured creditor of the Company.

ARTICLE 5 VESTING

- 5.1 VESTING OF BENEFITS. The Participant's Account Balance attributable to his or her Deferral Accounts, and Notional Investment Adjustments thereto, will always be 100% vested. Subject to Section 3.7, credits to each Participant's Company Matching Accounts, and Notional Investment Adjustments thereto, and credits to each Participant's Company Discretionary Accounts, and Notional Investment Adjustments thereto, will be vested in accordance with the provisions set forth in the Adoption Agreement.

ARTICLE 6 DISTRIBUTION OF BENEFITS

- 6.1 RETIREMENT BENEFIT. If a Participant shall remain (other than for intervening authorized leaves of absence) an active employee of the Company or any Affiliate until such Participant's Retirement Eligibility Date, then upon such Participant's Retirement, the Company shall pay to such Participant a Retirement

Benefit to be calculated and paid in accordance with the Adoption Agreement and the terms and conditions of this Plan.

- 6.2 **TERMINATION BENEFIT.** In the event of a Participant's Termination of Employment, either voluntarily or involuntarily the Company shall pay to the Participant a Termination Benefit to be calculated and paid in accordance with the Adoption Agreement and the terms and conditions of this Plan.
- 6.3 **DISABILITY BENEFIT.** In the event of a Participant's Disability, then upon such Participant's Disability, the Company shall, to the extent consistent with the Participant's Deferral Election Form, pay to such Participant a Disability Benefit subject to the terms and conditions of this Plan and the Adoption Agreement. In the event of a Participant's Disability, to the extent permitted under applicable Section 409A Requirements, all deferrals following the date of Disability will cease. The Committee may require, as a condition to any right or action under this paragraph, that the Participant be examined by a duly licensed physician selected by the Company to determine or confirm the existence of such Participant's Disability.
- 6.4 **CHANGE IN CONTROL DISTRIBUTION.** If the Adoption Agreement allows for a Change in Control Distribution then in the event of a Change in Control, the Company shall, to the extent consistent with the Participant's Deferral Election Form, pay to the Participant a Change in Control Distribution to be calculated and paid in accordance with the terms and conditions of this Plan as specified in the Adoption Agreement.
- 6.5 **IN-SERVICE DISTRIBUTIONS.** If the Adoption Agreement allows for In-Service Distributions under this Plan, then a Participant may allocate in the Deferral Election Form a portion of his or her Account Balance to be paid as a scheduled In-Service Distribution, such payment to be made at a date designated on the form in accordance with the limits defined in the Adoption Agreement. The In-Service Distribution shall be calculated and paid in accordance with the Adoption Agreement and the terms and conditions of this Plan. Despite the foregoing, if another distribution event occurs that would result in the payment of any benefit prior to an In-Service Distribution, then such other form of benefit shall be paid in lieu of such In-Service Distribution. A Participant may elect to delay the scheduled time for payment of an In-Service Distribution under this paragraph, but only if such election constitutes a Permissible Change Election. If any amount of the Account Balance that has been designated for an In-Service Distribution shall be unvested at the time an In-Service Distribution is scheduled to occur, such unvested amount instead shall remain in such Participant's Account, to be included, when and if it vests, with other amounts payable by reason of the Participant's Separation from Service.
- 6.6 **DEATH BENEFIT**
- 6.6.1 **PRE-COMMENCEMENT DEATH BENEFIT.** If a Participant dies prior to the commencement of his or her Separation from Service payment then the Company shall pay the Participant's vested Account Balance as a Pre-Commencement Death Benefit to such Participant's Beneficiary subject to the terms and conditions of this Plan and the Adoption Agreement.
- 6.6.2 **POST COMMENCEMENT DEATH BENEFIT.** If a Participant dies after the commencement of his or her Separation from Service payment then the Company shall pay the Participant's vested Account Balance as a Post-Commencement Death Benefit to such Participant's Beneficiary subject to the terms and conditions of this Plan and the Adoption Agreement.
- 6.7 **SUPPLEMENTAL DEATH BENEFIT.** If specified in the Adoption Agreement, in the event that a Participant dies while actively employed by the Company or an Affiliate, in addition to the Participant's vested Account Balance, the Company may pay an extra amount (a "Supplemental Death Benefit") to such Participant's Beneficiary, provided, however, that (a) the Company subsequently may elect to amend, revoke or eliminate any such Supplemental Death Benefit at any time in its discretion prior to the Participant's death, by giving notice of such subsequent election to such Participant, (b) the Company shall have no obligation to specify any Supplemental Death Benefit with respect to any Participant, regardless of whether the Company has elected to specify any Supplemental Death Benefit with respect to any other Participant or group of participants, and (c) no Supplemental Death Benefit shall be paid with respect to a Participant if such Participant's death occurs as a result of suicide during the twenty-four (24) calendar months beginning with the calendar month following commencement of a Participant's enrollment in this Plan or if such Participant has made a material misrepresentation in any form or document provided by the Participant to or for the benefit of the Company or in connection with the administration of this Plan. The Committee may impose such conditions on its approval of any Supplemental Death Benefit as the Committee from time to time may elect, including without limitation requirements that the Participant consent to the Company's purchase and ownership of insurance on his or her life (and to the naming of the Company and/or its designees as a

beneficiary on any such policy), that the Participant complete an application for life insurance and submit to medical examinations relating to the underwriting of any such insurance policy, and that any such policy be underwritten and issued on terms satisfactory to the Committee. In the event that the service of the Participant is terminated by the applicable Employer for any reason other than his or her death, any right to a Supplemental Death Benefit shall thereupon terminate, and neither the Company nor the Participating Employer shall have any further obligation under this section.

- 6.8 PAYMENTS. A Participant's vested Account Balance shall be distributed in one or more annual installments as set forth in the Participant's Deferral Election Form, in accordance with definitions and subject to limitations set forth in the Adoption Agreement. The amount shall be calculated by taking the amount of the Participant's vested Account Balance divided by the total number of installments (in the case of a lump sum distribution, divided by one). This amount to be valued as of the end of the day (the "Valuation Date") that is the date of the event giving rise to the distribution or such other date as reasonably determined by the Committee; provided, however, that in the case of a Specified Employee's Separation from Service, to the extent required by Section 409A, the Valuation Date for payments that would have otherwise been paid during the first six months after Separation from Service shall be delayed for a minimum of six months following Separation from Service. Payments shall be made as soon as practicable, but, in any event, within 60 days after the Valuation Date (extended, in the case of Disability or Death, by such reasonable period of time as the Committee may require to confirm the existence of such Disability or Death within the Section 409A Discretionary Payment Period). If there shall be more than one installment to be paid, then each subsequent installment shall be calculated on the anniversary of the Valuation Date (not including the six month delay for Specified Employees), by taking the Participant's Account Balance as of the close of business on such anniversary, and dividing such amount by the number of installments then remaining, with payment to be made as soon as practical, but in any event within 60 days of said anniversary. The final installment payment shall be equal to the remaining Account Balance of the Participant. In no event shall the amount of any lump sum or installment payment to a Participant exceed the remaining vested Account Balance of such Participant. For purposes of the foregoing, unless otherwise provided in the Adoption Agreement or otherwise required under applicable Section 409A Requirements, any distribution that a Participant elects to receive in a series of installments shall be treated as being a single payment on the date of the first installment of such series.
- 6.9 NO ACCELERATION; CHANGES; CERTAIN DELAYS. The time or schedule for payment of any distribution under the Plan may not be accelerated, except as set forth in this Plan and as permitted under applicable Section 409A Requirements. No election may be made to change the time or form of payment of any distribution under this Plan, or any installment thereof, except for a Permissible Change Election. Despite the foregoing, to the extent consistent with applicable Section 409A Requirements, the Committee may elect to delay payment of any benefit hereunder if such benefit would be fully or partially non-deductible under §162(m) of the Code, would violate securities laws, or if there is a bona fide payment dispute (but only if the applicable Participant or Beneficiary is diligently attempting to collect the applicable benefit and does not control the Company or the Committee, or control the Company's or the Committee's decisions with respect thereto); and to the extent permitted under Section 409A Requirements, the time or schedule of payment of a benefit hereunder may be accelerated:
- 6.9.1 to the extent that such benefit (or this Plan as it pertains thereto in the case of any particular Participant) fails to meet Section 409A Requirements, but only in an amount equal to the amount required to be included in income as a result of the failure to comply with Section 409A Requirements;
- 6.9.2 for payment to an individual other than a Participant, to the extent necessary to fulfill a domestic relations order as provided in Section 11.6;
- 6.9.3 to pay Federal Insurance Contributions Act tax imposed under §3101, §3121(a) and §3121(v)(2) of the Code, where applicable, on compensation deferred under this Plan (hereinafter, the "FICA Amount"), or to pay the income tax at source on wages imposed under §3401 of the Code or the corresponding withholding provisions of applicable state, local or foreign tax laws as a result of the payment of the FICA Amount, and to pay additional income tax at source on wages attributable to the pyramiding §3401 wages and taxes, but not in excess of the FICA Amount and the income tax withholding related to such FICA Amount; or
- 6.9.4 as more particularly provided in Section 6.10, Article 7 or Section 11.8.

- 6.10 DEMINIMIS AMOUNTS. Notwithstanding any other provisions of this Plan to the contrary, the Company may distribute a Participant's vested Account Balance in a lump sum at any time if the balance does not exceed the then current limit (as indexed) under §402(g)(1)(B) of the Code and results in the termination of the Participant's entire interest in this Plan and all other similar plans in compliance with all Section 409A Requirements.
- 6.11 NO DUPLICATION OF BENEFITS. This Plan is intended to provide benefits based on a Participant's Account Balance, subject to the terms and conditions hereof. Nothing in this Plan shall be construed to express or imply the right of any Participant to receive, or to have his or her Beneficiary(ies) receive, benefits in amounts exceeding in the aggregate his or her vested Account Balance, except as may be provided in Section 6.7 as a Supplemental Death Benefit.
- 6.12 DATE OF PAYMENT. The timing of payment hereunder shall in all events comply with all Code Section 409A Requirements. All designated payment events shall be interpreted so as to be limited to permissible payment events under Code Section 409A. Any discretion exercised by the Committee with respect to the timing of payments hereunder shall come within the Section 409A Discretionary Payment Period.
- 6.13 TAX WITHHOLDING AND REPORTING. The Company shall have the right to deduct any required withholding taxes from any payment made under this Plan.

ARTICLE 7
UNFORESEEABLE EMERGENCIES

- 7.1 APPLICATION FOR HARDSHIP DISTRIBUTION OR DEFERRAL ELECTION TERMINATION. In the event that any Participant incurs an Unforeseeable Emergency, if consistent with applicable Section 409A Requirements, such Participant may apply to the Committee for a Hardship Distribution in the form of (i) cancellation of existing Annual Deferral Amount elections for Pay Types not yet earned by such Participant, and (ii) to the extent cancellation of all such elections is insufficient to satisfy the needs resulting from such Unforeseeable Emergency, an accelerated payment ("Hardship Distribution") of some or all of such Participant's vested Account Balance. The Committee shall consider the circumstances of each such case, and the best interests of the Participant and his or her family, and shall have the right, in its sole discretion, to allow such application, in full or in part, or to refuse to make a Hardship Distribution. In the event that any Participant receives a distribution from a plan due to an unforeseeable emergency or a hardship pursuant to Treasury Regulation §1.401(k)-1(d)(3) (or successor regulation thereto, to the extent recognized for these purposes under Section 409A Requirements), such Participant's existing Annual Deferral Amount elections for Pay Types not yet earned by such Participant shall be cancelled for the remainder of the Plan Year.
- 7.2 AMOUNT OF DISTRIBUTION. In no event shall the amount of any Hardship Distribution payment exceed the lesser of: (a) the Participant's vested Account Balance, or (b) the amount determined by the Committee to be necessary to alleviate the hardship, including any taxes payable by the Participant as a result of receiving such Hardship Distribution, and which is not reasonably available from other resources of the Participant, including reimbursement or compensation from insurance or otherwise, by liquidation of the Participant's assets (unless liquidation of such assets would cause severe financial hardship) or by cessation of deferrals under this Plan or other nonqualified plans in which such Participant participates, all in a manner consistent with any applicable Section 409A Requirements.
- 7.3 RULES ADOPTED BY COMMITTEE. The Committee shall have the authority to adopt additional rules and procedures relating to Hardship Distributions. The request to take a Hardship Distribution shall be made by filing a form provided by and filed with the Committee and shall be accompanied by appropriate documentation evidencing the existence and extent of the hardship consistent with Section 409A Requirements.

ARTICLE 8
BENEFICIARY DESIGNATION

- 8.1 BENEFICIARY. Each Participant shall have the right, at any time, to designate his or her Beneficiary(ies) (both primary as well as contingent) to receive any benefit under this Plan after the Participant's death. The Beneficiary designated under this Plan may be the same as or different from the beneficiary designation under any other plan of the Company in which the Participant participates.

- 8.2 **BENEFICIARY DESIGNATION; CHANGE; SPOUSAL CONSENT.** A Participant shall designate his or her Beneficiary by completing and signing the Beneficiary Designation Form and returning it to the Record Keeper. A Participant shall have the right to change a Beneficiary by completing, signing and otherwise complying with the terms of the Beneficiary Designation Form and the Committee's rules and procedures, as in effect from time to time. If the Participant names someone other than his or her spouse as a Beneficiary, then to the extent required by applicable law, a spousal consent, in the form designated by the Committee, must be signed by that Participant's spouse and returned to the Record Keeper. The Committee and the Record Keeper shall be entitled to rely on the last Beneficiary Designation Form filed by the Participant and accepted by the Committee prior to his or her death.
- 8.3 **ACKNOWLEDGEMENT.** No designation or change in designation of a Beneficiary shall be effective until received and accepted by the Committee.
- 8.4 **NO BENEFICIARY DESIGNATION.** If a Participant fails to designate a Beneficiary as provided above, or if all designated Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's benefits, then the Participant's designated Beneficiary shall be deemed to be his or her surviving spouse. If the Participant has no surviving spouse, the benefits remaining under the Plan to be paid to a Beneficiary shall be payable to the Participant's estate.
- 8.5 **DOUBT AS TO BENEFICIARY.** If the Record Keeper has any doubt as to the proper Beneficiary to receive payments pursuant to this Plan, the Committee shall have the right, exercisable in its discretion, to cause the Company to withhold such payments until this matter is resolved to the Committee's satisfaction.
- 8.6 **DISCHARGE OF OBLIGATION.** The payment of benefits under the Plan to a Beneficiary shall fully and completely discharge the Company and the Committee from all further obligations under the Plan with respect to the Participant, and that Participant's Participation Agreement shall terminate upon such full payment of benefits.

ARTICLE 9
MANAGEMENT AND ADMINISTRATION OF THIS PLAN

9.1 **THE COMMITTEE.**

9.1.1 The Committee shall be responsible for the management, operation and administration of the Plan, and for processing claims under Article 10 of this Plan. The Committee shall administer the Plan in accordance with its terms and shall have the discretion, power and authority to determine all questions arising in connection with the administration, interpretation and application of the Plan. Any such determination shall be conclusive and binding upon all persons. The Committee shall have all powers necessary or appropriate to accomplish its duties under the Plan. The Committee from time to time may employ others to render advice with regard to its responsibilities under this Plan and to perform services under this Plan, including the services contemplated to be performed by the Record Keeper. The Committee may also allocate its responsibilities to others and may exercise any other powers necessary for the discharge of its duties.

9.1.2 No member of the Committee will have any right to vote or decide upon any matter relating solely to such member under the Plan or to vote in any case in which such member's individual right to claim any benefit under the Plan is particularly involved. In any case in which a Committee member is so disqualified to act and a majority of the remaining members cannot agree, the Company's Board of Directors will appoint a temporary substitute member to exercise all the powers of the disqualified member concerning the matter in which such member is disqualified.

9.2 **INFORMATION FROM COMPANY.** The Company and each Affiliate shall supply full and timely information to the Committee and the Record Keeper on all matters as may be required properly to administer the Plan. The Committee and the Record Keeper may rely upon the correctness of all such information as is so supplied and shall have no duty or responsibility to verify such information. The Committee and the Record Keeper shall also be entitled to rely conclusively upon all tables, valuations, certifications, opinions and reports furnished by any actuary, accountant, controller, counsel or other person employed or engaged by or on behalf of the Company or the Committee with respect to the Plan.

9.3 **INDEMNIFICATION.** The Company, to the fullest extent permitted by applicable law, shall indemnify and hold harmless the members of the Committee, the Record Keeper and their respective employees, officers,

directors, partners, agents, affiliates and representatives, from and against any and all claims, losses, liabilities, costs, damages and expenses (including without limitation reasonable attorneys' fees) arising from any action or failure to act with respect to this Plan on account of such party's services hereunder, except in the case of gross negligence or willful misconduct.

- 9.4 SECTION 409A COMPLIANCE. The Company intends that this Plan will be established, construed, administered and applied in compliance with all Section 409A Requirements, but in light of uncertainty with respect to such requirements and limits, the Company reserves the right to unilaterally interpret or amend the Plan and/or any Participation Agreement or Deferral Election Form without the consent of the Participants and to take any actions that may be appropriate to comply with the Section 409A Requirements.

ARTICLE 10 CLAIMS PROCEDURES

- 10.1 PRESENTATION OF CLAIM. A Participant or a Participant's Beneficiary after a Participant's death (such Participant or Beneficiary being referred to below as a "Claimant") may deliver to the Committee a written claim for a determination under this Article with respect to the amounts distributable to such Claimant. The claim must state with particularity the determination desired by the Claimant. If the claim relates to disability benefits, the Committee shall ensure that all claims and appeals for disability benefits are adjudicated in a manner designed to ensure the independence and impartiality of the persons involved in making the decision.
- 10.2 NOTIFICATION OF DECISION. The Committee shall consider a Claimant's claim within a reasonable time, but no later than ninety (90) days after receiving the claim. If the Committee determines that special circumstances require an extension of time for processing the claim, written notice of the extension shall be furnished to the Claimant prior to the termination of the initial ninety (90) day period. In no event shall such extension exceed a period of ninety (90) days from the end of the initial period. Notwithstanding the forgoing, if the claim relates to a Disability determination the decision shall be rendered within forty-five (45) days which may be extended up to an additional thirty (30) days if due to matters beyond the control of the Plan, the Committee needs additional time to process a claim, which may be further extended up to an additional thirty (30) days if due to matters beyond the control of the Plan, the Committee needs additional time to process a claim. The extension notice shall indicate the special circumstances requiring an extension of time, the date by which the Committee expects to render the benefit determination, the standards on which entitlement to a disability benefit is based, the unresolved issues that prevent a decision on the claim and the additional information needed from the Claimant to resolve those issues, and the Claimant shall be afforded at least forty-five (45) days within which to provide the specified information. The Committee shall notify the Claimant in writing either that the Claimant's request has been allowed in full or denied in part or in full. In the case of an adverse benefit determination with respect to Disability benefits, on the basis of the Committee's independent determination of the Participant's disability status, the Committee will provide a notification in a culturally and linguistically appropriate manner (as described in Department of Labor Regulation Section 2560.503-1(o)). If the Committee has reached a conclusion contrary, in whole or in part, to the Claimant's requested determination, and such notice must set forth in a manner calculated to be understood by the Claimant:
- (i) the specific reason(s) for the denial of the claim, or any part of it;
 - (ii) specific reference(s) to pertinent provisions of this Plan upon which such denial was based;
 - (iii) a description of any additional material or information necessary for the Claimant to perfect the claim, and an explanation of why such material or information is necessary;
 - (iv) notice that the Claimant has a right to request a review of the claim denial and an explanation of the claim review procedure and the time limits applicable to such procedures set forth in Section 10.3 below;
 - (v) a statement of the Claimant's right to bring a civil action under ERISA §502(a) following an adverse benefit determination on review, and a description of any time limit that applies under the Plan for bringing such an action; and
 - (vi) in addition, with respect to a claim that related to Disability benefits:
 - (a) a discussion of the decision, including an explanation or basis for disagreeing with or not following:
 - (1) the views presented by the Claimant of health care professionals treating the Claimant and vocational professionals who evaluated the Claimant;

- (2) the views of medical or vocational experts whose advice was obtained on behalf of the Plan in connection with a Claimant's adverse benefit determination, without regard to whether the advice was relied upon in making the benefit determination; and
 - (3) a disability determination regarding the Claimant presented by the Claimant made by the Social Security Administration.
- (b) if the adverse benefit determination is based on a medical necessity or experimental treatment or similar exclusion or limit, either an explanation of the scientific or clinical judgment for the determination, applying the terms of the Plan to the Claimant's medical circumstances, or a statement that such explanation will be provided free of charge upon request;
 - (c) either the specific internal rules, guidelines, protocols, standards or other similar criteria of the Plan relied upon in making the adverse determination or, alternatively, a statement that such rules, guidelines, protocols, standards or other similar criteria of the Plan do not exist; and
 - (d) a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records, and other information relevant to the Claimant's claim for benefits. Whether a document, record, or other information is relevant to a claim for benefits shall be determined by Department of Labor Regulation Section 2560.503-1(m)(8).

10.3 REVIEW OF A DENIED CLAIM. On or before sixty (60) days after receiving a notice from the Committee that a claim has been denied, in whole or in part, (180 days in the case of a Disability claim) a Claimant (or the Claimant's duly authorized representative) may file with the Company a written request for a review of the denial of the claim. The Claimant (or the Claimant's duly authorized representative):

10.3.1 may, upon request and free of charge, have reasonable access to, and copies of, all documents, records and other information relevant to the claim for benefits;

10.3.2 may submit written comments or other documents; and/or

10.3.3 may request a hearing, which the Company, in its sole discretion, may grant.

10.3.4 If the initial claim is for disability benefits, and the claim requires an independent determination by the Committee of a Participant's Disability status, and the Committee denies the claim, in whole or in part, the Claimant shall have the opportunity for a full and fair review by the Committee of the denial, as follows:

(i) Prior to such review of the denied claim, the Claimant shall be given, free of charge, any new or additional evidence considered, relied upon, or generated by the Plan, insurer, or other person making the benefit determination in connection with the claim, or any new or additional rationale, as soon as possible and sufficiently in advance of the date on which the notice of adverse benefit determination on review is required to be provided, to give the Claimant a reasonable opportunity to respond prior to that date.

(ii) The Committee shall respond in writing to such Claimant within forty-five (45) days after receiving the request for review. If the Committee determines that special circumstances require additional time for processing the claim, the Committee can extend the response period by an additional forty-five (45) days by notifying the Claimant in writing, prior to the end of the initial 45-day period that an additional period is required. The notice of extension must set forth the special circumstances and the date by which the Committee expects to render its decision.

(iii) The Claimant shall be given the opportunity to submit issues and written comments to the Committee, as well as to review and receive, without charge, all relevant (as defined in applicable ERISA regulations) documents, records and other information relating to the claim. The reviewer shall take into account all comments, documents, records and other information submitted by the Claimant relating to the claim regardless of whether the information was submitted or considered in the initial benefit determination.

(iv) In considering the review, the Committee shall take into account all comments, documents, records and other information submitted by the Claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. Additional considerations shall be required in the case of a claim for disability benefits. For

example, the claim will be reviewed by an individual or committee who did not make the initial determination that is subject of the appeal, nor by a subordinate of the individual who made the determination, and the review shall be made without deference to the initial adverse benefit determination. If the initial adverse benefit determination was based in whole or in part on a medical judgment, the Committee will consult with a health care professional with appropriate training and experience in the field of medicine involving the medical judgment. The health care professional who is consulted on appeal will not be the same individual who was consulted during the initial determination or the subordinate of such individual. If the Committee obtained the advice of medical or vocational experts in making the initial adverse benefits determination (regardless of whether the advice was relied upon in making the adverse benefit determination).

10.4 DECISION ON REVIEW. The review committee appointed by the Company shall render a decision on review promptly, and no later than sixty (60) days after the Company receives the Claimant's written request for a review of the denial of the claim (45 days in the case of a Disability claim). If the Company determines that special circumstances require an extension of time for processing the claim, written notice of the extension shall be furnished to the Claimant prior to the termination of the initial sixty (60) day period. In no event shall such extension exceed a period of sixty (60) days from the end of the initial period (45 days in the case of a Disability claim). The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Company expects to render the benefit determination. In rendering its decision, the Company shall take into account all comments, documents, records and other information submitted by the Claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. In the case of an adverse benefit determination with respect to disability benefits, on the basis of the Committee's independent determination of the Participant's disability status, the Committee will provide a notification in a culturally and linguistically appropriate manner (as described in Department of Labor Regulation Section 2560.503-1(o)). The decision must be written in a manner calculated to be understood by the Claimant, and it must contain:

- 10.4.1 specific reasons for the decision;
- 10.4.2 specific reference(s) to the pertinent provisions of this Plan upon which the decision was based;
- 10.4.3 a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to and copies of, all documents, records and other information relevant (as defined in applicable ERISA regulations) to the Claimant's claim for benefits; and
- 10.4.4 a statement describing any voluntary appeal procedures offered by the Plan and the Claimant's right to obtain the information about such procedures;
- 10.4.5 a statement of the Claimant's right to bring a civil action under ERISA Section 502(a) which shall describe any applicable contractual limitations period that applies to the Claimant's right to bring such an action, including the calendar date on which the contractual limitations period expires for the claim;
- 10.4.6 a discussion of the decision, including an explanation of the basis for disagreeing with or not following:
 - (i) the views presented by the Claimant of health care professionals treating the Claimant and vocational professionals who evaluated the Claimant;
 - (ii) the views of medical or vocational experts whose advice was obtained on behalf of the Plan in connection with a Claimant's adverse benefit determination, without regard to whether the advice was relied upon in making the benefit determination; and
 - (iii) a disability determination regarding the Claimant presented by the Claimant made by the Social Security Administration.
- 10.4.7 If the adverse benefit determination is based on a medical necessity or experimental treatment or similar exclusion or limit, either an explanation of the scientific or clinical judgment for the determination, applying the terms of the Plan to the Claimant's medical circumstances, or a statement that such explanation will be provided free of charge upon request; and

10.4.8 Either the specific internal rules, guidelines, protocols, standards or other similar criteria of the Plan relied upon in making the adverse determination or, alternatively, a statement that such rules, guidelines, protocols, standards or other similar criteria of the Plan do not exist.

10.5 FAILURE OF PLAN TO FOLLOW PROCEDURES. In the case of a claim for Disability benefits, if the Plan fails to strictly adhere to all the requirements of this claims procedure with respect to a disability claim, the Claimant is deemed to have exhausted the administrative remedies available under the Plan, and shall be entitled to pursue any available remedies under ERISA Section 502(a) on the basis that the Plan has failed to provide a reasonable claims procedure that would yield a decision on the merits of the claim, except where the violation was: (a) de minimis; (b) non-prejudicial; (c) attributable to good cause or matters beyond the Plan's control; (d) in the context of an ongoing good-faith exchange of information; and (e) not reflective of a pattern or practice of noncompliance. The Claimant may request a written explanation of the violation from the Plan, and the Plan must provide such explanation within ten (10) days, including a specific description of its basis, if any, for asserting that the violation should not cause the administrative remedies to be deemed exhausted. If a court rejects the Claimant's request for immediate review on the basis that the Plan met the standards for the exception, the claim shall be considered as re-filed on appeal upon the Plan's receipt of the decision of the court. Within a reasonable time after the receipt of the decision, the Plan shall provide the claimant with notice of the resubmission.

ARTICLE 11 MISCELLANEOUS

11.1 TRUST. Except as set forth below, nothing contained in this Plan, nor any action taken pursuant to its provisions by any person, shall create, or be construed to create, a trust of any kind, or a fiduciary relationship between the Company and any other person. Despite the foregoing, if the Company, pursuant to the Adoption Agreement or otherwise, elects to establish a grantor trust for the purpose of holding any assets intended to fund the payment of any benefits under this Plan, the Company shall have no obligation to make any contributions or deposits into such trust and all assets of such trust shall remain subject to the claims of the Company's creditors generally in the event of any insolvency or bankruptcy of the Company, and except as permitted under applicable Section 409A Requirements, no such assets shall be located outside of the United States of America. No trust or restriction shall be imposed on any assets intended to fund the payment of any benefits under this Plan as a result of any change in Company's financial health. The creation of any trust shall not relieve the Company of its obligations under this Plan.

11.2 NO RIGHT TO COMPANY ASSETS UNSECURED CLAIM. Payments to any Participant or Beneficiary hereunder shall be made from assets which shall continue, for all purposes, to be part of the general, unrestricted assets of the Company. No person shall have any interest in any such asset by virtue of any provision of this Plan. The Company's obligation hereunder shall be an unfunded and unsecured promise to pay money in the future. To the extent that any person acquires a right to receive payments from the Company under the provisions hereof, such right shall be no greater than the right of any unsecured general creditor of the Company; no such person shall have or acquire any legal or equitable right, interest or claim in or to any property or assets of the Company.

In the event that, in its discretion, the Company purchases an insurance policy or policies insuring the life of a Participant or any other property, to allow the Company to recover or meet the cost of providing benefits, in whole or in part, hereunder, no Participant or Beneficiary shall have any rights whatsoever therein or in the proceeds therefrom. The Company shall be the sole owner and beneficiary of any such insurance policy or property and shall possess and may exercise all incidents of ownership therein.

11.3 CAPTIONS. The captions of the articles, sections and paragraphs of this Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

11.4 FURNISHING INFORMATION. Each Participant and his or her Beneficiary(ies) shall cooperate with the Committee and the Record Keeper by furnishing any and all information requested by the Committee or the Record Keeper and take such other actions as may be requested in order to facilitate the administration of the Plan and the payments of benefits hereunder, including but not limited to taking such physical examinations as the Committee may deem necessary.

11.5 NO CONTRACT OF EMPLOYMENT. Nothing contained herein shall be construed to be a contract of employment for any term of years, nor as conferring upon any Participant the right to continue to be employed by the Company or any Affiliate in his or her present capacity or in any capacity. It is expressly

understood that this Plan relates to the payment of deferred compensation for each Participant's services, and is not intended to be an employment contract.

- 11.6 **BENEFITS NOT TRANSFERABLE.** No Participant or beneficiary under this Plan shall have any power or right to transfer, assign, anticipate, hypothecate or otherwise encumber any part or all of the amounts payable hereunder. No such amounts shall be subject to seizure by any creditor of any such Participant or Beneficiary, by a proceeding at law or in equity, nor shall such amounts be transferable by operation of law in the event of bankruptcy, insolvency or death of the Participant or Beneficiary. Any such attempted assignment shall be void.

The interest in the benefits hereunder of a spouse of a Participant who predeceases the Participant shall automatically pass to the Participant and shall not be transferable by such spouse in any manner, including but not limited to such spouse's will, nor shall such interest pass under the laws of intestate succession.

Notwithstanding the foregoing, to the extent necessary to comply with the terms of a "domestic relations order" (as defined in §414(p)(1)(B) of the Code) the Committee may cause all or a portion of a Participant's Account balance to be segregated into a sub-Account for the benefit of the Participant's spouse, child or other dependent identified in such order as the alternative payee and give such alternative payee (or their legal representative if such alternative payee is incompetent or a minor), as applicable (i) the same Notional Investment alternatives as are available to the Participant under the Plan with respect to such sub-Account until distributed, and (ii) the same distribution form and timing options as are available to the Participant under the Plan or an immediate lump sum payment, all as directed by the domestic relations order and subject to compliance with Code Section 409A Requirements.

- 11.7 **SUCCESSORS.** The provisions of this Plan shall bind and inure to the benefit of the Participant's employer and its successors and assigns and the Participant and the Participant's designated Beneficiaries.
- 11.8 **AMENDMENT AND TERMINATION.** To the extent consistent with Section 409A Requirements, this Plan may be amended or terminated by the Company at any time, without notice to or consent of any person, pursuant to resolutions adopted by the Company. Any such amendment or termination shall take effect as of the date specified therein and, to the extent permitted by law and Section 409A Requirements, may have retroactive effect. However, no such amendment or termination shall reduce the vested balance then credited to the Participant's Account Balance under Article 4.

The Company and each participating Employer reserve the right to terminate its participation in this Plan. Except as otherwise provided below, the termination of the Plan shall not affect the distribution provisions in effect for the Accounts maintained under the Plan, and all amounts deferred prior to the date of any such Plan termination shall continue to become due and payable in accordance with the distribution provisions in effect immediately prior to such Plan termination. Payment of the Account Balances may be accelerated upon Plan termination and liquidation of the Plan only in compliance with all Section 409A Requirements as then in effect. Section 409A regulations currently permits acceleration of distributions under the following circumstances:

- 11.8.1 **Dissolution/Bankruptcy.** The Plan may be terminated and liquidated within 12 months of a corporate dissolution taxed under Code §331, or with the approval of a bankruptcy court pursuant to 11 U.S.C. §503(b)(1)(A), provided that the amounts deferred under the Plan are included in the Participants' gross incomes in the latest of:
- (i) The calendar year in which the plan termination and liquidation occurs
 - (ii) The calendar year in which the amount is no longer subject to a substantial risk of forfeiture; or
 - (iii) The first calendar year in which the payment is administratively practicable.
- 11.8.2 **Change in Control.** The Plan may be terminated and liquidated pursuant to irrevocable action taken by the Company within the 30 days preceding or the 12 months following a change in control event (as defined in Treasury Regulation §1.409A-3(i)(5)). For purposes of this subsection, an arrangement will be treated as terminated only if all substantially similar agreements, methods, programs, and other arrangements sponsored by the Company immediately after the time of the change in control event with respect to which deferrals of compensation are treated as having been deferred under a single plan under Treasury Regulation §1.409A-1(c)(2) are terminated and liquidated with respect to each participant that experienced the change in control event, so that

under the terms of the termination and liquidation all such participants are required to receive all amounts of compensation deferred under the terminated agreements, methods, programs, and other arrangements within 12 months of the date the Company irrevocably takes all necessary action to terminate and liquidate the agreements, methods, programs, and other arrangements.

11.8.3 Termination of All Plans. The Plan may be terminated and liquidated at any time provided that:

- (i) The termination and liquidation does not occur proximate to a downturn in the financial health of the Company or applicable Participating Employer.
- (ii) All agreements, methods, programs, and other arrangements sponsored by the Company that would be aggregated with any terminated and liquidated agreements, methods, programs, and other arrangement under Treasury Regulation §1.409A-1(c) if the same Participant had deferrals of compensation under all of the agreements, methods, programs, and other arrangements that are terminated and liquidated;
- (iii) No payments are made other than payments that would be payable under the terms of the plans if the termination and liquidation had not occurred are made within 12 months of the termination date;
- (iv) All payments are made within 24 months of the date the Company takes all necessary action to irrevocably terminate and liquidate the plan; and
- (v) The Company does not adopt a new arrangement that would be aggregated with the plan under Treasury Regulation §1.409A-1(c) provision for the deferral of compensation at any time within 3 years following the date of termination of the Plan.

11.9 **NOTICE. Either the Committee or the Record Keeper may specify that any election, form, designation, agreement or communication by a Participant under the Plan shall be made or submitted online at a site on the World Wide Web designated for such purpose, or by other reasonable electronic means.** Subject to the foregoing, any notice, consent or demand required or permitted to be given under the provisions of this Plan shall be in writing, and shall be signed by the party giving or making the same. If such notice, consent or demand is mailed, it shall be sent by United States certified mail, postage prepaid, addressed, if to the Company or the Committee, to the Company Address set forth in the Adoption Agreement, and if to the Record Keeper, to the Record Keeper Address set forth in the Adoption Agreement, and if to any Participant, to such Participant's address most recently submitted by him or her to the Record Keeper (and in the absence of such submission, as most recently appearing on the records of the Company). The date of such mailing shall be deemed the date of notice, consent or demand. Any person may change the address to which notice is to be sent by giving notice of the change of address in the manner aforesaid.

11.10 **FACILITY OF PAYMENT.** If a distribution is to be made to a minor, or to a person who is otherwise incompetent, then the Committee may, in its discretion, make such distribution (i) to the legal guardian, or if none, to a parent of a minor payee with whom the payee maintains his or her residence, or (ii) to the conservator or committee or, if none, to the person having custody of an incompetent payee. Any such distribution shall fully discharge the Committee, the Record Keeper, the Company and the Plan from further liability on account thereof.

11.11 **GOVERNING LAW.** The Plan and the right and obligations of all persons hereunder shall be governed by and construed in accordance with the laws of the state set forth in the Adoption Agreement, other than its laws regarding choice of law, to the extent that such state law is not preempted by federal law.

**SPECIMEN RESOLUTIONS TO BE ADOPTED
AT THE MEETING OF THE BOARD OF DIRECTORS
OF**

Date: _____

WHEREAS, the Board of Directors of _____, a _____ Company (the "Company"), believes that it is in the best interests of the Company to create a benefit plan for a select group of management or highly compensated employees of the Company, and the Board of Directors intends such plan to be considered an unfunded arrangement for purposes of the Employment Retirement Income Securities Act of 1974;

NOW, THEREFORE, it is hereby

RESOLVED: That the Board of Directors hereby approves and adopts the attached _____ Plan (the "Plan") and the Adoption Agreement attached thereto, and in connection therewith, that the President, the Treasurer and the _____ [insert titles of other officers, if any] of the Company hereby are, and each such officer acting singly hereby is, authorized and directed in the name and on behalf of this Company, to execute and deliver, under seal, if desired, and to acknowledge and make oath with respect to, if desired, said Adoption Agreement and Plan, together with any record keeping or other similar service agreement and such other instruments, documents, filings and agreements as any such officer, acting singly, from time to time may determine to be necessary, convenient or appropriate to carry out any of the purposes or intent of the Plan or any of the resolutions adopted hereby;

RESOLVED: That the Board of Directors hereby appoints the following individuals to serve as members of the Committee of the Plan, each such person to serve in such capacity in accordance with the Plan's terms and conditions until his or her successor shall have been duly elected by this Board and qualified, and such Committee shall have full power and authority to designate and appoint key employees and other qualified persons as participants under the Plan, and to designate and appoint such record keepers, agents and representatives, to retain such consultants and professional advisers, to incur such fees and to make and enter into (and authorize one or more of its representative to do the same) such instruments, documents, filings and agreements as a majority of such Committee from time to time may determine to be necessary, convenient or appropriate to carry out any of the purposes or intent of the Plan or any of the resolutions adopted hereby:

RESOLVED: That no executive or manager who is a Participant in the Plan and is delegated authority to act on behalf of the Company or as a member of the Committee shall vote or otherwise participate directly in any decision that may affect the amount or timing of payments of his or her own benefits made under the Plan.

RESOLVED: That any person may rely on the foregoing resolutions, appointments and authorizations until receipt of notice by the Company or Committee that any such resolution, appointment or authority has been terminated, revoked or amended, and no such termination, revocation or amendment shall serve to eliminate any benefit theretofore granted or any action theretofore taken in good faith in reliance on any such resolution, appointment or authority.

SPECIMEN DEPARTMENT OF LABOR NOTICE LETTER

[EXPLANATORY NOTE: IT IS THE EMPLOYER'S RESPONSIBILITY TO LIMIT PARTICIPATION IN THE PLAN TO A SELECT GROUP OF MANAGEMENT AND HIGHLY COMPENSATED EMPLOYEES AND TO FILE THIS LETTER WITH THE U.S. DEPARTMENT OF LABOR WITHIN 120 DAYS AFTER ESTABLISHING THE PLAN.]

OR FILE ELECTRONICALLY:

<http://www.dol.gov/ebsa/efiletophatplanfilinginstructions.html? cldee=bXJvc2NoZW5AZGVmZXJyYWwuY29t>

U.S. Department of Labor
Employee Benefits Security Administration
Top Hat Plan Exemption
200 Constitution Avenue, N.W., Suite N-1513
Washington, D.C. 20210

The following employer hereby supplies the following information pursuant to Department of Labor Regulations Section 2520.104-23:

Name and Address of Employer:

Employer Identification Number: _____

The Employer identified above maintains the following plan(s) for a select group of management or highly compensated employees:

Number of Plans _____

[Name of Plan] _____

Number of Participants: _____

[Name of Plan] _____

Number of Participants: _____

Very truly yours,
[Name of Employer]

By _____

Title _____

Date: _____

MISSION PRODUCE, INC.

2020 INCENTIVE AWARD PLAN

PERFORMANCE-VESTING RESTRICTED STOCK UNIT GRANT NOTICE (XXXX – XXXX)

Mission Produce, Inc., a Delaware corporation (the “**Company**”), has granted to the participant listed below (“**Participant**”) the performance-vesting Restricted Stock Units (the “**PSUs**”) described in this Performance-Vesting Restricted Stock Unit Grant Notice (this “**Grant Notice**”), subject to the terms and conditions of the Mission Produce, Inc. 2020 Incentive Award Plan (as amended from time to time, the “**Plan**”) and the Performance-Vesting Restricted Stock Unit Agreement attached hereto as **Exhibit A** (the “**Agreement**”), both of which are incorporated into this Grant Notice by reference. Capitalized terms not specifically defined in this Grant Notice or the Agreement have the meanings given to them in the Plan.

Participant: [Insert Participant Name]
Grant Date: [Insert Grant Date]
Target Number of PSUs: [Insert Target Number of PSUs]
Maximum Number of PSUs: [Insert 200% of Target Number of PSUs]

Vesting Schedule: The PSUs shall vest as provided in Article II of the Agreement.

By accepting (whether in writing, electronically or otherwise) the PSUs, Participant agrees to be bound by the terms of this Grant Notice, the Plan and the Agreement. Participant has reviewed the Plan, this Grant Notice and the Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of the Plan, this Grant Notice and the Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, this Grant Notice or the Agreement.

MISSION PRODUCE, INC.

PARTICIPANT

By: _____
Name: _____
Title: _____

[Participant Name]

EXHIBIT A
PERFORMANCE-VESTING RESTRICTED STOCK UNIT AGREEMENT

Capitalized terms not specifically defined in this Performance-Vesting Restricted Stock Unit Agreement (this “**Agreement**”) have the meanings specified in the Grant Notice or, if not defined in the Grant Notice, in the Plan. Except as the context may otherwise require, references to the “**Company**” shall be deemed to include its Subsidiaries and affiliates.

Article I.
GENERAL

1.1 **Award of PSUs.** The Company has granted the PSUs to Participant effective as of the Grant Date set forth in the Grant Notice (the “**Grant Date**”). Each PSU represents the right to receive one Share as set forth in this Agreement. Participant will have no right to the distribution of any Shares until the time (if ever) the PSUs have vested.

1.2 **Incorporation of Terms of Plan.** The PSUs are subject to the terms and conditions set forth in this Agreement and the Plan, which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan will control.

1.3 **Unsecured Promise.** The PSUs will at all times prior to settlement represent an unsecured Company obligation payable only from the Company’s general assets.

1.4 **Certain Definitions.**

(a) “**Adjusted Net Income per Share**” means the Company’s net income on a per share basis, as determined pursuant to U.S. Generally Accepted Accounting Principles (“**GAAP**”) issued by the Financial Accounting Standard Board, adjusted to mitigate the impact of each of the following: (i) gains or losses on interest rate swaps, (ii) foreign currency exchange rates, (iii) stock-based compensation expense, (iv) changes to tax rates, GAAP or Applicable Laws during the Performance Period, (v) settlements and expenses of non-ordinary course litigation or administrative proceedings, and (vi) other non-recurring events that are unusual or extraordinary in nature, in each case, as determined in the good faith discretion of the Board.

(b) “**Cause**” means the occurrence of any of the following events, as determined by the Board in good faith: (i) Participant’s failure to substantially perform Participant’s duties (other than a failure resulting from Participant’s Disability), including Participant’s failure to follow any lawful directive from the Board or Participant’s immediate supervisor; (ii) Participant’s material breach of any employment or other written agreement with the Company or its affiliate, or material violation of any code or standard of behavior generally applicable to Employees or executives of the Company; (iii) engaging in conduct that may reasonably result in reputational, economic or financial injury to the Company or its affiliates; (iv) Participant’s commission of, indictment for or plea of nolo contendere to a felony, any crime involving fraud or embezzlement under federal, state or local laws or a crime involving moral turpitude; (v) Participant’s failure to devote substantially all of Participant’s working time to the business of the Company and its affiliates; (vi) Participant’s unlawful use (including being under the influence) or possession of illegal drugs on the premises of the Company or any of its affiliates or while performing Participant’s duties and responsibilities for the Company or any of its affiliates; (vii) Participant’s commission of an act of fraud, willful misconduct or gross negligence with respect to the Company or its affiliates, or Participant’s material breach of fiduciary duty against the Company or any of its affiliates; (viii) Participant’s engaging in misconduct in connection with the performance of any of Participant’s duties, including by embezzlement or theft from the Company or its affiliates, misappropriating funds from the Company or its affiliates or securing or attempting to secure personally any profit in connection with any transaction entered into on behalf of the Company or its affiliates; or (ix) Participant’s disloyalty to the Company or its affiliates, including willfully aiding a competitor or improperly disclosing confidential information.

(c) “**Cumulative Adjusted Net Income per Share**” means the sum of the Company’s Adjusted Net Income per Share for each of the three years, or such shorter period due to the occurrence of a Change in Control as provided in Section 2.2 hereof, comprising the Performance Period.

(d) “**Disability**” means Participant is considered “disabled” as such term is defined in Treasury Regulation Section 1.409A-3(i)(4) and any successor provision thereto.

(e) **“Good Reason”** means any of the following actions taken without Cause by the Company and without Participant’s consent: (i) material reduction of Participant’s base compensation; or (ii) material reduction of Participant’s authority, duties, or responsibilities; provided, however, that a change in job position (including a change in title) will not be deemed a “material reduction” unless Participant’s new authority, duties, or responsibilities are materially reduced from the prior authority, duties, or responsibilities and, for clarity, in no event shall a Change in Control as a result of which the Company becomes a subsidiary or division of a larger organization and/or ceases to be a Publicly-Listed Company, in and of itself, constitute Good Reason, if Participant’s authority, duties and responsibilities within the Company (however the Company may be held following such Change in Control) are not materially reduced. In order to resign for Good Reason, Participant must notify the Company of the condition that Participant believes constitutes Good Reason no more than 60 days after the condition arose, and allow the Company 30 days to cure such condition. If the Company fails to cure the condition within such period, then Participant’s resignation from all positions Participant then holds with the Company must be effective no later than 60 days after the end of the cure period.

(f) **“Performance Period”** means the period commencing on [XX-XX-XXXX] and ending on [XX-XX-XXXX] (or, if earlier, upon the consummation of a Change in Control).

(g) **“Qualifying Termination”** means a Termination of Service by the Company without Cause or by Participant for Good Reason.

**Article II.
VESTING; FORFEITURE AND SETTLEMENT**

1.1 **Performance Vesting.** Subject to Sections 2.2 and 2.3 hereof, a number of PSUs shall vest on the Determination Date (as defined below) equal to (i) the Target Number of PSUs, multiplied by (ii) the “Earning Percentage” set forth in the table below based on the Company’s Cumulative Adjusted Net Income per Share for the Performance Period. As soon as reasonably practicable after the completion of the Performance Period, but in no event later than 90 days following the end of the Performance Period (including upon the consummation of a Change in Control, as applicable), the Administrator shall determine the Company’s Cumulative Adjusted Net Income per Share for the Performance Period (such date of determination, the **“Determination Date”**). Subject to Sections 2.2 and 2.3 hereof, the number of PSUs that are earned shall be determined and shall vest on the Determination Date, subject to Participant’s continued status as a Service Provider with the Company (**“Continuous Service”**) through the Determination Date (except as otherwise provided below). Any PSUs granted hereby which remain outstanding as of the Determination Date, but do not vest as of the Determination Date, shall automatically be cancelled and forfeited on the Determination Date without payment of any consideration therefor, and Participant shall have no further right to or interest in such PSUs.

	<i>Cumulative Adjusted Net Income per Share</i>	<i>Earning Percentage*</i>
	Below \$[_____]	0%
<i>Threshold</i>	\$[_____]	50%
<i>Target</i>	\$[_____]	100%
<i>Maximum</i>	\$[_____]	200%

* In the event that the Company’s Cumulative Adjusted Net Income per Share falls between performance ranges, the applicable Earning Percentage shall be determined by linear interpolation.

1.2 **Change in Control.** In the event of a Change in Control during the Performance Period, subject to Participant’s Continuous Service until immediately prior to such Change in Control (except as otherwise provided in Section 2.3), the date of the most recent fiscal quarter end shall be the last day of the Performance Period, and the number of PSUs vested hereunder will be determined as of immediately prior to the Change in Control and will equal the greater of (i) the number of PSUs that Participant would vest in as provided in Section 2.1 hereof based on actual performance of the Company through the most recent fiscal quarter end, as determined and certified by the Administrator and (ii) the Target Number of PSUs. No unvested PSUs as of the date of the Change in Control, after taking into account vesting that occurs in connection with such Change in Control pursuant to this Section 2.2, shall thereafter become vested.

1.3 **Effect of Termination of Service.**

(a) **Termination of Service.** Except as otherwise expressly provided in Sections 2.3(b) and 2.3(c) hereof, in the event of Participant's Termination of Service for any reason, all unvested PSUs as of the date of such Termination of Service shall automatically and without further action be cancelled and forfeited without payment of any consideration therefor, and Participant shall have no further right to or interest in such PSUs. Except as set forth in Section 2.3(b) hereof, no unvested PSUs as of the date of Participant's Termination of Service shall thereafter become vested.

(b) **Qualifying Termination.** If Participant experiences a Qualifying Termination prior to the Determination Date, Participant will vest on the Determination Date in a number of PSUs determined by multiplying (i) the number of PSUs that Participant would vest in as provided in Section 2.1 hereof had he/she not incurred a Termination of Service prior to the Determination Date, by (ii) (A) the number of full calendar months that have elapsed during the Performance Period through and including the date of termination (not to exceed 36), divided by (B) 36. Partial months shall be rounded to the nearest whole calendar month for purposes of the numerator in this calculation (rounding up for any termination occurring after the 15th day of the calendar month). If the calculation results in a fractional PSU, any fractional PSU will be rounded to the nearest whole PSU.

(c) **Death or Disability.** If Participant experiences a Termination of Service due to death or Disability, in either case, prior to the Determination Date, Participant will vest on the date of termination in a number of PSUs determined by multiplying (i) the Target Number of PSUs, by (ii) (A) the number of full calendar months that have elapsed during the Performance Period through and including the date of termination (not to exceed 36), divided by (B) 36. Partial months shall be rounded to the nearest whole calendar month for purposes of the numerator in this calculation (rounding up for any termination occurring after the 15th day of the calendar month). If the calculation results in a fractional PSU, any fractional PSU will be rounded to the nearest whole PSU.

1.4 **Settlement.**

(a) PSUs that vest and are earned on the Determination Date will be paid in Shares as soon as administratively practicable after the Determination Date, and in no event after the earlier of (i) 90 days after the Determination Date or (ii) March 15th of the calendar year following the calendar year in which the Performance Period ends. PSUs that vest and are earned upon a Termination of Service due to death or Disability will be paid in Shares as soon as administratively practicable after the date of Termination of Service, and in any event within 60 days thereafter. PSUs that vest and are earned upon a Change in Control will be paid in Shares or cash, as the Administrator may determine, as soon as administratively practicable after the Change in Control, and in any event within 30 days thereafter.

(b) Notwithstanding the foregoing, the Company may delay any payment under this Agreement that the Company reasonably determines would violate Applicable Law until the earliest date the Company reasonably determines the making of the payment will not cause such a violation (in accordance with Treasury Regulation Section 1.409A-2(b)(7)(ii)); provided the Company reasonably believes the delay will not result in the imposition of excise taxes under Section 409A.

Article III. TAXATION AND TAX WITHHOLDING

1.1 **Representation.** Participant represents to the Company that Participant has reviewed with Participant's own tax advisors the tax consequences of this Award and the transactions contemplated by the Grant Notice and this Agreement. Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents.

1.2 **Tax Withholding.**

(a) Unless the Administrator otherwise determines, the Company shall withhold, or cause to be withheld, Shares otherwise vesting or issuable under this Award (including the PSUs) in satisfaction of any applicable withholding tax obligations. The number of Shares which may be so withheld or surrendered shall be limited to the number of Shares which have a Fair Market Value on the date of withholding no greater than the aggregate amount of such liabilities based on the maximum individual statutory withholding rates in Participant's applicable jurisdictions for federal, state, local and foreign income tax and payroll tax purposes that are applicable to such taxable income.

(b) Participant acknowledges that Participant is ultimately liable and responsible for all taxes owed in connection with the PSUs, regardless of any action the Company or any Subsidiary takes with respect to any tax withholding obligations that arise in connection with the PSUs. Neither the Company nor any Subsidiary makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or payment of the PSUs or the subsequent sale of Shares. The Company and its Subsidiaries do not commit and are under no obligation to structure the PSUs to reduce or eliminate Participant's tax liability.

Article IV. OTHER PROVISIONS

1.1 Adjustments. Participant acknowledges that the PSUs and the Shares subject to the PSUs are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan.

1.2 Notices. Any notice to be given under the terms of this Agreement to the Company must be in writing and addressed to the Company in care of the Company's Secretary at the Company's principal office or the Secretary's then-current email address or facsimile number. Any notice to be given under the terms of this Agreement to Participant must be in writing and addressed to Participant (or, if Participant is then deceased, to the Designated Beneficiary) at Participant's last known mailing address, email address or facsimile number in the Company's personnel files. By a notice given pursuant to this Section, either party may designate a different address for notices to be given to that party. Any notice will be deemed duly given when actually received, when sent by email, when sent by certified mail (return receipt requested) and deposited with postage prepaid in a post office or branch post office regularly maintained by the United States Postal Service, when delivered by a nationally recognized express shipping company or upon receipt of a facsimile transmission confirmation.

1.3 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

1.4 Conformity to Securities Laws. Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all Applicable Laws and, to the extent Applicable Laws permit, will be deemed amended as necessary to conform to Applicable Laws.

1.5 Successors and Assigns. The Company may assign any of its rights under this Agreement to single or multiple assignees, and this Agreement will inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in this Agreement or the Plan, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

1.6 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the Grant Notice, this Agreement and the PSUs will be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3) that are requirements for the application of such exemptive rule. To the extent Applicable Laws permit, this Agreement will be deemed amended as necessary to conform to such applicable exemptive rule.

1.7 Entire Agreement. The Plan, the Grant Notice and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof.

1.8 Agreement Severable. In the event that any provision of the Grant Notice or this Agreement is held illegal or invalid, the provision will be severable from, and the illegality or invalidity of the provision will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

1.9 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and may not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant will have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the PSUs, and rights no greater than the right to receive cash or the Shares as a general unsecured creditor with respect to the PSUs, as and when settled pursuant to the terms of this Agreement.

1.10 Not a Contract of Employment. Nothing in the Plan, the Grant Notice or this Agreement confers upon Participant any right to continue in the employ or service of the Company or any Subsidiary or interferes with

or restricts in any way the rights of the Company and its Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in a written agreement between the Company or a Subsidiary and Participant.

1.11 Counterparts. The Grant Notice may be executed in one or more counterparts, including by way of any electronic signature, subject to Applicable Law, each of which will be deemed an original and all of which together will constitute one instrument.

1.12 Section 409A.

(a) General. This Agreement shall be interpreted in accordance with the requirements of Section 409A. Notwithstanding any provision of this Agreement, the Company may adopt such amendments to this Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Administrator determines are necessary or appropriate to avoid the imposition of taxes under Section 409A, provided, however, that this Section 4.12 shall not create an obligation on the part of the Company to adopt any such amendment, policy or procedure or take any such other action, nor shall the Company have any liability for failing to do so. To the extent that any payment window spans two calendar years, Participant shall have no discretion over or ability to control the actual year in which payment is made.

(b) Potential Six-Month Delay. Notwithstanding anything to the contrary in this Agreement, no amounts shall be paid to Participant under this Agreement during the six-month period following Participant's "separation from service" to the extent that the Administrator determines that Participant is a "specified employee" (each within the meaning of Section 409A) at the time of such separation from service and that paying such amounts at the time or times indicated in this Agreement would be a prohibited distribution under Section 409A(a)(2)(b)(i) of the Code. If the payment of any such amounts is delayed as a result of the previous sentence, then on the first business day following the end of such six-month period (or such earlier date upon which such amount can be paid under Section 409A without being subject to such additional taxes), the Company shall pay to Participant in a lump-sum all amounts that would have otherwise been payable to Participant during such six-month period under this Agreement.



MISSION PRODUCE, INC.
2710 Camino del Sol
Oxnard, California 93030

February 9, 2021

Joanne Wu
[Address]

Dear Joanne,

On behalf of Mission Produce, I am pleased to formally extend our offer of employment to you for the position of General Counsel, reporting to Stephen Barnard, Chief Executive Officer, with a start date of March 8, 2021. This offer is contingent on a successful background check. It is with great excitement to know you will exemplify our Core Values which are Fun, Innovative, Reliable, Successful and Trustworthy. The following outlines the terms of our offer:

Compensation

- Your bi-weekly salary will be \$13,462.00.00 (\$350,012.00 annually) and will be paid in accordance with our bi-weekly payroll disbursement schedule.
- You will be eligible to participate in our performance-based incentive program for fiscal year 2021 which is payable after the completion of the 2021 fiscal year. Your target bonus is 75% of your base annual salary and actual payout amounts are based on company & individual performance. The payout will be prorated to start calculating on January 1, 2021.
- You will receive a biweekly car allowance of \$881.00 (\$22,906.00 annually).
- You will receive Restricted Stock Units (RSU) in the amount of \$160,000.00, with a four year vesting period. Grant price will be based on the twenty day trailing average from start date. You will be eligible for the annual RSU grants at year-end.
- Your position includes relocation benefits. The company views relocation as part of your responsibility as an employee of the company. You will receive a relocation allowance check in the amount of \$10,000.00 (net) with your first payroll following your hire date.
- Mission Produce will pay you and your family's medical, dental and vision premiums at 100%. Our current healthcare provider is through Anthem Blue Cross.
 - a. If you elect our premium PPO \$0 deductible medical plan, the annual premium is
 - Employee: \$7,832.16
 - Employee and Spouse: \$17,230.80
 - Employee and Family: \$23,396.88
 - b. If you elect our Enhanced PPO Dental plan, the annual premium is
 - Employee: \$303.36
 - Employee and Spouse: \$600.72
 - Employee and Family: \$1,077.48
 - c. If you elect our Blue Vision plan, the annual premium is

- Employee: \$51.12
- Employee and Spouse: \$87.00
- Employee and Family: \$138.12

Benefits

As a full time employee, you are entitled to the following company provided benefits:

- a) You will earn and accrue 6.77 hours per pay period beginning with your first day of employment. You are eligible to accrue up to 176 total hours or 22 days and a maximum accrual of 352 hours or 44 days. PTO time will be available and may be used in accordance with the terms of the Company's PTO policy.
- b) You will be eligible to enroll for medical, dental, vision, and flexible spending plan effective on April 1, 2021 (first of the month following date of hire). Our current healthcare provider is through Anthem Blue Cross.
- c) You will be eligible for our Company Sponsored Plans: Life and AD & D insurance at 1.5 times your Basic Annual Earnings and Long-Term Disability with a monthly benefits equaling to 60% of monthly pre-disability pay, to a maximum of \$6,000.00 per month.
- d) You will be eligible to participate in the Company's 401(k) Plan through Fidelity Investment on July 1, 2021. We match 100% of the first 3% in eligible compensation deferred and 50% of the next 2% in eligible compensation deferred. You are 100% vested immediately on the employer match.
- e) You will be eligible for our Company's Deferred Compensation Plan through Lockton. This exclusive plan provides an opportunity to defer salary and/or incentive compensation on a pretax basis to assist with your personal tax planning and funding of future retirement income. You will be eligible to enroll the first of the month following 30 days of employment.
 - You can elect up to a maximum of 90% of your base salary.
 - You can elect 10% to 100% of your annual bonus.
- f) You are eligible for (6) paid holidays and ½ day on Christmas Eve and New Year's Eve.

Neither the policies nor practices described in this document, nor the document itself, create an express or implied contract of employment or any other contractual commitment. Mission Produce Inc. may modify the terms outlined herein at its sole discretion without notice, at any time, consistent with applicable law.

Employment with Mission Produce, Inc. is on an at-will basis, which means that either you or the company may terminate the employment relationship at any time for any or no reason, consistent with applicable law.

We believe you will find our environment to be challenging, stimulating, and rewarding. Please sign and return the offer within five (5) business days. This offer of employment will lapse at that time.

Upon execution, please return the signed letter by one of the following options:

1. Fax a signed copy to Rachel Rivas at (805) 228-4720.
2. Scan and email the signed copy to rrivas@missionproduce.com

After receiving your signed offer letter, Jenna Colitti, will contact you directly to provide you a schedule of your first day of new hire orientation and indoctrination into the Mission Produce team.

I am confident that you will undoubtedly be instrumental to our business. I look forward to working with you in this new capacity. Please feel free to contact me directly if you have questions.

Sincerely,

/s/ Rachel Rivas

Rachel Rivas
Director of Human Resources

I acknowledge receipt of this offer. I have read and understand the conditions of employment. By signing below, I have agreed and accepted the terms and conditions of your offer as stated above.

/s/ Joanne Wu

Joanne Wu

03/8/2021

Date

LIST OF SUBSIDIARIES OF THE REGISTRANT

Subsidiary	Registered Jurisdiction
Advanced Production Management LLC	California
Arato Peru S.A.	Peru
Avocado Packing Company S.A.C.	Peru
Beggie Peru S.A.	Peru
Blueberries Peru S.A.C.	Peru
Copaltas S.A.S.	Colombia
Grupo Arato Holding S.A.C.	Peru
Guatemala Avocados S.A.	Guatemala
Henry Avocado Corporation	California
Inversiones Agricolas Olmos II S.A.C.	Peru
Inversiones Agricolas Olmos S.A.C.	Peru
Mission Aguacates, Limitada	Guatemala
Mission Canada Ltd.	Canada
Mission de Mexico, S.A. de C.V.	Mexico
Mission Inversiones Agricolas Guatemala S.A.	Guatemala
Mission Produce Asia Limited	Hong Kong
Mission Produce Chile SpA	Chile
Mission Produce Europe BV	Netherlands
Mission Produce Foundation	California
Mission Produce Logistics, LLC	California
Mission Produce UK	United Kingdom
Mission South Africa (Pty) Ltd	South Africa
Moruga Inc. S.A.C.	Panama
SamLand I, LLC	California
SamLand II, LLC	California
SamLand III, LLC	California
SamLand IV, LLC	California
Shanghai Mr. Avocado Limited	China
Solar MPC, LLC	California

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-248596 on Form S-8 of our reports dated December 22, 2021, relating to the consolidated financial statements of Mission Produce, Inc. and subsidiaries (the "Company") and the effectiveness of the Company's internal control over financial reporting appearing in this Annual Report on Form 10-K of the Company for the year ended October 31, 2021.

/s/ Deloitte & Touche LLP

Los Angeles, California

December 22, 2021

**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 annual report on Form 10-K 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

President, Chief Executive Officer and Director

Date: December 22, 2021

**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 annual report on Form 10-K 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: December 22, 2021

**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 Annual Report on Form 10-K of the Company for the fiscal year ended October 31, 2021 (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

President, Chief Executive Officer and Director

Date: December 22, 2021

**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 Annual Report on Form 10-K of the Company for the fiscal year ended October 31, 2021 (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: December 22, 2021