

Mission Produce's net income remained flat in the third fiscal quarter of 2022 even as revenue experienced a strong boost.

Net income came in at \$18.4 million in the three months ended July 31, the same as what was recorded in the same period last year.

Total revenue rose by 27 percent to \$313.2 million, driven by average selling price increases of 42 percent, partially offset by a 11 percent decrease in avocado volume sold.

Steve Barnard, Founder and CEO of Mission Produce noted the company produced strong revenue growth in the third quarter due to sustained strength in pricing amid lower industry supply.

He added that it had achieved robust per-unit margins in the third quarter, demonstrating the flexibility of its diversified global sourcing platform which helps offset volatility from Mexican source markets.

"Our Peruvian farming operations are performing well this season, and we expect to produce approximately 15 percent more volume than what we achieved in fiscal 2021," he said.

"Reliable access to our owned fruit during the transitional Mexican season allows us to make long-term commitments to our retail partners, bringing confidence and stability to the program, which is a capability that Mission is uniquely able to deliver for customers.

"We are well positioned heading into our fourth quarter and expect that industry supply constraints will ease, causing some softening of the pricing environment which has historically led to improving consumption trends across the global markets that we serve."

In the fourth quarter, Mission said the industry is expecting volumes to increase sequentially and remain consistent with the prior year period, primarily due to ample Peruvian product in the supply chain, along with the transition to the new Mexican crop, which is expected to be larger than the prior year.

Pricing peaked early in third quarter and based on the expectation for sequentially improving industry volumes, Mission believes that the pricing environment should continue to soften further during fiscal fourth quarter.

Additionally, expectations for avocado production from the company's owned farms are in the range of 110 million to 120 million pounds for the full harvest season (versus 101 million

pounds in fiscal 2021), of which approximately 38 million pounds was sold through as of the end of fiscal third quarter.