

## Risk Factors Comparison 2023-12-21 to 2022-12-22 Form: 10-K

**Legend:** **New Text** ~~Removed Text~~ ~~Unchanged Text~~ **Moved Text** **Section**

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~~ **fruit** and our ability to purchase or grow additional ~~avocados~~ **fruit**. Our ability to distribute ~~avocados~~ **fruit** 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 ~~plants~~ **avocado trees** to bear fruit. These purchases may expose us to increases in short-term costs and additional production ~~may expose~~ **exposes** us to additional long-term operating costs. If supply decreases dramatically, whether as a result of damage to farms, inclement weather, drought, labor issues, or other problems, prices have and could dramatically increase and we may not be able to purchase sufficient fruit. 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. Our profitability is sensitive to fluctuations in market prices of ~~avocados~~ **our products** which we do not control. The pricing of ~~avocados~~ **fruit we purchase for distribution** 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, **abnormally warm or cold weather patterns**, and freezes, as well as diseases and pests, are primary factors affecting market prices because of their influence on the supply, size, 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 **what comparable offerings are** 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 impact demand at any given time can result from a number of factors, including dietary trends, price, attention to particular nutritional aspects, concerns regarding the health effects of particular products, attention given to product sourcing practices, **economic factors, sustainability and ethical issues associated with supply chain 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 products**, 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~~ **our products** is highly competitive. Competition for the purchase of ~~avocados~~ **our products** from suppliers and the sale of ~~avocados~~ **our products** to ~~distributors~~ **our customers** primarily comes from other ~~avocado~~ distributors. If we are unable to consistently pay growers a competitive price for their ~~avocados~~ **fruit**, these growers may choose to have their ~~avocados~~ **fruit** marketed by ~~alternate~~ **alternative** 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 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 ~~a~~ **venture** farming joint ~~ventures~~ **venture** in Colombia and **a minority investment in** 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 has exposed, and continues to expose, us to a variety of risks, including:

- Changes in legal or regulatory requirements affecting foreign investment, taxes, labor, 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 **and regional or global conflicts**, terrorism and political unrest, outbreak of disease, boycotts, curtailment of trade and other business restrictions; • failure to comply with the Foreign Corrupt Practices Act **, or other similar laws**, 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. We have encountered many of these risks, which has affected our international expansion and operations and, consequently, could 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. 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 packing, shipping, or distributing ~~avocados our products~~ 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. As the price of paper increases, our operating income will decrease if we are not able to effectively pass these price increases along to our customers. **We may not have sufficient and established sales channels and geographic markets for growing industry and owned supply or to meet our growth goals. We may fail to effectively develop an effective customer strategy for our existing customers, or we may fail to establish and grow emerging channels and geographic channels, which may result in reduced profitability and negatively impact financial results. We are also subject to an increasing number of customer requirements and operational requests that affect our costs. Failure to provide adequate resources or to adopt a customer satisfaction strategy may damage relationships with key customers or subject us to loss of customers.** 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 **65 % of net sales for the year ended October 31, 2023 and** 59 % of net sales for both years ended October 31, 2022 and 2021 ~~, and approximately 64 % for the year ended October 31, 2020~~. 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. 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 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. We are also subject to various legal and regulatory changes impacting labor in Mexico. In November 2020, the President of Mexico signed a reform bill on subcontracting matters to add and repeal various articles of Mexico's Federal Labor Law, Social Security Law, Law of the National Workers' Housing Fund Institute, Federal Fiscal Code, Income Tax Law, the Value Added Tax Law, and other laws and regulations. This Reform on Outsourcing bill was later approved and published in the Official Gazette of the Federation in April 2021. The bill, amongst other things, prohibits the subcontracting of personnel unless the subcontracted personnel provides services or executes specialized works that are not part of the corporate purpose of economic activity of the beneficiary of the services. In November 2022, the Secretary of Labor and Social Welfare set forth the criteria for subcontracting inspections and noted that cutting, harvesting or picking would be considered the predominant economic activity of companies who are engaged in the cultivation, packing, distribution, and export of fruit. Under this

interpretation, we may be required to directly employ the avocado harvesting and picking crews in Mexico and may no longer be able to subcontract such personnel. We are analyzing the impact of this on our business and contemplating all avenues available to us to challenge and / or comply with ~~the~~ both the bill and the criteria released in November 2022 for inspections . **We have challenged the legality of the criteria before the Tax Court which has granted a favorable suspension of enforcement. Such suspension was appealed by the defendant authorities, and the Tax Court has ruled in favor of the Company and confirmed the definitive suspension granted to the Company. The Tax Court has also ruled that the ban on subcontracting of cutters, pickers, and harvesters is illegal and does not apply to the Company. An appeal on these grounds can still be made by the defendant authorities** . If we are unsuccessful in our challenges, if any, or if we fail to comply with these regulations, we could be subject to fines, penalties, unfavorable tax and other positions, and / or we may have to employ a significant number of picking and harvesting personnel in Mexico, and we may not have the infrastructure in place to do so in the time period required. This and other impacts from this bill could have a material impact on our operations, business, financial performance, and profitability. 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 are 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 **they and businesses associated with them** 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, political developments and economic conditions, including changes to economic policies or the adoption of other reforms proposed by existing or future administrations, in Peru and / or other factors could 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 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, recessions, or inflationary pressures may reduce consumer spending as consumers make decisions on what to include in their food budgets. This could be caused by political unrest, wars or other conflicts, health pandemics or other matters beyond our control. 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. 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, **wars or regional / global conflicts**, 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 **or availability** 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, inflationary pressures, and the ~~past COVID-19 pandemic~~ , we have 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. Significant disruptions could continue to occur and put pressure on transportation and shipping infrastructure , which could in turn cause continued increases in costs that we are unable to recover fully. The **fluctuation in duration and magnitude of the increased** transportation costs cannot **always** be predicted **at this time** and there can be no assurances that such costs and / or shipping disruptions will not ~~continue to increase~~ **in the future** . 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. **We** 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 an effective organizational structure to run our business and if we lose the services of any of these individuals, fail to attract and retain additional key personnel, or fail to optimize our organization structure, 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. **Failure or inability of key management team members to deliver on the Company's strategic goals, execute on action items and plans, and / or operate the business in an effective manner may have a material adverse effect on our business and financial condition.** 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. We are subject to inflationary pressures in labor as well as a tight labor market for recruitment and retention of skilled, short- and long-term labor. If we are unable to attract and retain enough skilled personnel at a reasonable cost, our results may be negatively affected. We and our growers are subject to the risks that are inherent in farming, **including those related to climate change**. 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, **floods, abnormally high or low temperatures or weather patterns**, 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. **In addition, the timing of harvests from global sourcing regions and the distribution, including transportation, of our products is dependent upon a number of factors, including weather, natural events, and climate change. The potential impact of climate change is uncertain and may vary by geographic region. The possible effects could include changes in rainfall patterns, water shortages, changing storm patterns and intensities, and changing temperature levels that could adversely impact our costs and business operations and the supply of our products. Our operations also rely on the availability of dependable and efficient transportation services and routes. A disruption in transportation services our routes as a result of climate change may also significantly impact our results of operations. Legal, regulatory or other market measures to address climate change could negatively affect our business operations. The increasing concern over climate change may result in more regional, federal, foreign and / or global legal and regulatory requirements aimed to reduce or mitigate the effects of greenhouse gases and / or require extensive disclosure and third- party audits of climate- related data. Recent California legislation and similar or additional legislation or regulation in the future increases the requirements that we and our suppliers must undertake to monitor our emissions and improve energy and resource efficiency and will cause us to experience significant increases in costs and expenditure of resources. We may not be able to pass any resulting cost increases to our customers. Furthermore, we may be required to make additional investments of capital to maintain compliance with new laws and regulations. As a result, climate change or increased concern over climate change could negatively affect our business or operations.** 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.~~ 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 have and may in the future 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. We have experienced delays and lower profit from these disruptions and may experience such difficulties in the future. As a result,



our financial results, stock price, or reputation have and may be adversely affected. 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, including, for example, the California Consumer Privacy Act of 2018 (“ CCPA ”) and the General Data Protection Regulation, or GDPR, and others. If our or our partners’ or service providers’ privacy or data security measures fail to comply with requirements, we may be subject to litigation, regulatory investigations, enforcement notices requiring us to change the way we use personal data and / or fines, 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. Food safety events, including instances of food- borne **illness illnesses 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 experienced by our** customers, whether or not they involve **avocados-our fruit**, could adversely affect sales to those customers. In addition, customers who purchase our **avocados fruit** 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 **, pathogenic bacteria**, 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-our products** into the United States. The USDA has established, and continues to modify, regulations governing the importation of **avocados-our products** into the United States, and also limits the countries from which **avocados our products** may be imported. Our permits that allow us to import foreign- sourced **avocados- products** 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-our** products, such as the **new- Food Safety Modernization Act**, which implements mandatory preventive controls for food facilities and **compliance- growing operations to comply** 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. 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, 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~~ **and, 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 workplace 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, restrict our operations and~~ increase our operating costs and **could** 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 **guarantee 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 --~~ **Similar, regulations** in the EU **and Asia govern, Regulation (EC) No. 1107 / 2009, which became effective on June 14, 2011, fundamentally changed the pesticide approval **and use** 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. To the extent that climate change affects our farms, including their water supply, our ability to grow crops could be harmed. 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. **In addition, we have invested heavily in our distribution centers and packing facilities. Failure to utilize, manage, and operate such facilities, including preservation and maintenance of machinery and management and resource allocation related to labor, in an effective and efficient manner could cause operational and financial losses. The efficient management of our operations depends upon our ability to protect our computer systems and network infrastructure against damage from theft, casualties such as fire, power loss, telecommunications failure or other catastrophic events, as well as from internal and external security breaches, denial of service attacks, viruses, worms, malware, ransomware, breaches of the algorithms they or****

**their third- party service providers use to encrypt and protect data and other malicious or disruptive events. We employ both internal resources and external consultants to conduct auditing and testing for weaknesses in our computer systems and network infrastructure to reduce the likelihood of any cybersecurity incident and have developed a multi- discipline response plan to help ensure that our executives are fully and accurately informed and manage, with the help of content experts, the discovery, investigation and auditing of, and recovery from any cybersecurity incidents. Despite these efforts, we can provide no assurance that these measures will successfully prevent all cybersecurity incidents or mitigate losses resulting from a cybersecurity incident. Available cyber- risk insurance coverage and policy limits may not adequately cover or compensate us in the event of a cybersecurity incident. Our financial performance could be materially adversely affected if our operations are interrupted by a cybersecurity incident from which we are not able to promptly and fully recover, if any cyber- risk insurance is unable to fully address our losses and / or if we become subjected to litigation or regulatory action because of such an incident.**

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. We are subject to extensive government regulation in the jurisdictions in which we do business **which** -Regulations addressing, among other things, import / export restrictions, anti-bribery and corruption, and taxes, can negatively impact our financial condition, results of operation, and cash flows. We are subject to government regulation in the United States and in the foreign jurisdictions where we conduct business. The application of laws and regulations to our business is sometimes unclear. Compliance with laws and regulations may involve significant costs or require changes in business practices that could result in reduced profitability. If there is a determination that we have failed to comply with applicable laws or regulations, we may be subject to penalties or sanctions that could adversely impact our reputation and financial results. Compliance with changes in laws or regulations can result in increased operating costs and require additional, unplanned capital expenditures. Export controls or other regulatory restrictions could prevent us from shipping our products to and from some markets or increase the cost of doing so. Changes in tax laws and regulations and international tax treaties could affect the financial results of our businesses. Increasingly aggressive enforcement of anti- bribery and anti- corruption requirements, including the U. S. Foreign Corrupt Practices Act, the United Kingdom Bribery Act and the China Anti- Unfair Competition Law, could subject us to criminal or civil sanctions if a violation is deemed to have occurred. In addition, we are subject to laws and sanctions imposed by the U. S. and other jurisdictions where we do business that may prohibit us, or certain of our affiliates, from doing business in certain countries, or restricting the kind of business that we may conduct. Further, we cannot guarantee that our internal controls and compliance systems will always protect us from acts committed by employees, agents, business partners or that businesses that we acquire would not violate U. S. and / or non- U. S. laws, including the laws governing payments to government officials, bribery, fraud, kickbacks and false claims, pricing, sales and marketing practices, conflicts of interest, competition, export and import compliance, money laundering, and data privacy. Any such improper actions or allegations of such acts could damage our reputation and subject us to civil or criminal investigations in the U. S. and in other jurisdictions and related shareholder lawsuits, could lead to substantial civil and criminal, monetary and non- monetary penalties, and could cause us to incur significant legal and investigatory fees. In addition, the government may seek to hold us liable as a successor for violations committed by companies in which we invest or that we acquire. 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 word and design marks 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, certain of our registered trademarks 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, **the Netherlands, the United Kingdom,** 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 -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~~ **Administracion** 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. ~~In December~~ **The ongoing conflict**. On December 30, 2020, Peru enacted tax law repealing current tax law which provided benefits to agribusiness entities. The new law ~~will subject~~ **subjects** us to higher Peruvian corporate income tax rates than ~~the our current rate~~ **in effect on the date of repeal** of 15 %, as follows: 20 % for calendar years 2023 to 2024, 25 % for calendar years 2025 to 2027, and 29.5 % thereafter. **Global** ~~We are also subject to the examination.....~~ **be adversely affected. The ongoing conflict** ~~conflicts , including those~~ **conflicts , including those** between Russia and Ukraine ~~and the war in the Middle East~~ **and the war in the Middle East** may adversely affect our business and results of operations. Given the nature of our business and our global operations, political, economic, and other conditions in foreign countries and regions, including geopolitical risks such as the current ~~conflict~~ **conflicts** between Russia and Ukraine ~~and the war in the Middle East~~ **and the war in the Middle East**, may adversely affect our business and results of operations. The broader consequences of ~~this these conflict~~ **conflicts**, which may include further sanctions, embargoes, regional instability, and geopolitical shifts; transportation bans relating to certain routes, or strategic decisions to alter certain routes; potential retaliatory action by ~~the Russian government~~ **governments** against companies, including us, ~~as a result of the suspension of services in Russia, including nationalization of foreign businesses in Russia~~, increased tensions between the United States and countries in which we operate; and the extent of ~~the these conflict~~ **conflicts**' ~~s effect~~ **effects** on our business and results of operations as well as the global economy, cannot be predicted. **Our business is heavily dependent on certain factors and risks such as those we have described in Item 1A that may limit our ability to accurately forecast our future performance and increase the risk of an investment in our common stock. Our financial results may be significantly affected by variations in pricing on the purchase and sale of fruit and fluctuations in crop sizes and the volume of fruit available from owned and third- party sources. We may not be able to, or we may fail to, appropriately forecast, estimate and predict the significant inputs that impact our financial performance. Any guidance or forward-looking statement regarding future performance is subject to this uncertainty.** Risks Related to Our Common Stock An active, liquid and orderly market for our common stock may not be maintained. 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 **growth** 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, ~~and~~ **and** 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, ~~and~~ **and** directors ~~and greater than 5 % stockholders~~, in the aggregate, own approximately ~~41~~ **39** % of our outstanding common stock as of October 31, ~~2022~~ **2023**. 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. The rules and regulations applicable to public companies has and will continue 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. 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 forum, 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 or concurrent 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. Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty or liability created by the Exchange Act of the rules and regulations thereunder, and Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder, and notwithstanding the provisions of our certificate of incorporation and our bylaws, compliance with the federal securities laws and the rules and regulations thereunder may not be waived by our investors. The enforceability of similar choice of forum provisions in other companies' certificates of incorporation has been challenged in legal proceedings, and it is possible that a court could find these types of provisions to be inapplicable or unenforceable. 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 7-9 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.