UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED JANUARY 31, 2023
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: 001-34755

LIMONEIRA COMPANY

(Exact name of registrant as specified in its charter)

Delaware	**77-0260692**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
1141 Cummings Road, Santa Paula, CA	**93060**
(Address of principal executive offices)	**(Zip code)**

Registrant's telephone number, including area code: (805) 525-5541

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

Title of Each Class	Trading Symbol	Name of Each Exchange of Which Registered
Common Stock, $0.01 par value	LMNR	The NASDAQ Stock Market LLC (NASDAQ Global Select Market)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.:

☐	Large accelerated filer	☒	Accelerated filer	☐	Emerging growth company
☐	Non-accelerated filer	☐	Smaller reporting company		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

As of February 28, 2023, there were 17,830,604 shares outstanding of the registrant's common stock.

LIMONEIRA COMPANY

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CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains both historical and forward-looking statements. Forward-looking statements in this Quarterly Report on Form 10-Q are subject to a number of risks and uncertainties, some of which are beyond the Company’s control. The potential risks and uncertainties that could cause our actual financial condition, results of operations and future performance to differ materially from those expressed or implied in this quarterly report include:

- success in executing the Company's business plans and strategies and managing the risks involved in the foregoing;
- negative impacts related to the COVID-19 pandemic and our Company's responses to the pandemic;
- changes in laws, regulations, rules, quotas, tariffs, and import laws;
- adverse weather conditions, natural disasters and other adverse natural conditions, including freezes, rains, fires, winds and droughts that affect the production, transportation, storage, import and export of fresh produce;
- market responses to industry volume pressures;
- increased pressure from disease, insects and other pests;
- disruption of water supplies or changes in water allocations;
- disruption in the global supply chain;
- product and raw materials supplies and pricing;
- energy supply and pricing;
- changes in interest rates and the impact of inflation;
- availability of financing for development activities;
- general economic conditions for residential and commercial real estate development;
- political changes and economic crises;
- international conflict;
- acts of terrorism;
- labor disruptions, strikes, shortages or work stoppages;
- the impact of foreign exchange rate movements;
- ability to maintain compliance with covenants under our loan agreements;
- loss of important intellectual property rights; and
- other factors disclosed in our public filings with the Securities and Exchange Commission (the "SEC").

These forward-looking statements involve risks and uncertainties that we have identified as having the potential to cause actual results to differ materially from those contemplated herein. We have described in Part I, Item 1A Risk Factors in our Annual Report on Form 10-K for the fiscal year ended October 31, 2022 additional factors that could cause our actual results to differ from our projections or estimates.

The Company’s actual results, performance, prospects or opportunities could differ materially from those expressed in or implied by the forward-looking statements. Additional risks of which the Company is not currently aware or which the Company currently deems immaterial could also cause the Company’s actual results to differ, including those discussed in the section entitled “Risk Factors” included in our Annual Report on Form 10-K for the fiscal year ended October 31, 2022. Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements. You should not place undue reliance on these forward-looking statements, which apply only as of the date of this Quarterly Report on Form 10-Q. Except as required by law, we undertake no obligation to update these forward-looking statements, even if our situation changes in the future.

All references to “we,” "us," “our,” “our Company,” "the Company" or "Limoneira" in this Quarterly Report on Form 10-Q mean Limoneira Company, a Delaware corporation, and its consolidated subsidiaries.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

LIMONEIRA COMPANY

CONSOLIDATED BALANCE SHEETS (UNAUDITED)
($ in thousands, except share amounts)

	January 31, 2023	October 31, 2022
Assets		
Current assets:		
Cash	$ 12,464	$ 857
Accounts receivable, net	17,703	15,651
Cultural costs	2,901	8,643
Prepaid expenses and other current assets	5,434	8,496
Receivables/other from related parties	3,392	3,888
Total current assets	41,894	37,535
Property, plant and equipment, net	171,682	222,628
Real estate development	9,849	9,706
Equity in investments	73,383	72,855
Goodwill	1,529	1,506
Intangible assets, net	7,424	7,317
Other assets	15,367	16,971
Total assets	$ 321,128	$ 368,518
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 9,850	$ 10,663
Growers and suppliers payable	4,240	10,740
Accrued liabilities	11,333	11,060
Payables to related parties	5,226	4,860
Income taxes payable	7,619	219
Current portion of long-term debt	448	1,732
Total current liabilities	38,716	39,274
Long-term liabilities:		
Long-term debt, less current portion	40,919	104,076
Deferred income taxes	23,523	23,497
Other long-term liabilities	7,101	9,807
Total liabilities	110,259	176,654
Commitments and contingencies	—	—
Series B Convertible Preferred Stock – $100.00 par value (50,000 shares authorized: 14,790 shares issued and outstanding at January 31, 2023 and October 31, 2022) (8.75% coupon rate)	1,479	1,479
Series B-2 Convertible Preferred Stock – $100.00 par value (10,000 shares authorized: 9,300 shares issued and outstanding at January 31, 2023 and October 31, 2022) (4% dividend rate on liquidation value of $1,000 per share)	9,331	9,331
Stockholders' Equity:		
Series A Junior Participating Preferred Stock – $0.01 par value (20,000 shares authorized: zero issued or outstanding at January 31, 2023 and October 31, 2022)	—	—
Common Stock – $0.01 par value (39,000,000 shares authorized: 18,081,581 and 17,935,292 shares issued and 17,830,604 and 17,684,315 shares outstanding at January 31, 2023 and October 31, 2022, respectively)	178	177
Additional paid-in capital	166,232	165,169
Retained earnings	29,669	15,500
Accumulated other comprehensive loss	(3,961)	(7,908)
Treasury stock, at cost, 250,977 shares at January 31, 2023 and October 31, 2022	(3,493)	(3,493)
Noncontrolling interest	11,434	11,609
Total stockholders' equity	200,059	181,054
Total liabilities and stockholders' equity	$ 321,128	$ 368,518

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

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
($ in thousands, except share amounts)

	Three Months Ended January 31, 2023	Three Months Ended January 31, 2022
Net revenues:		
Agribusiness	$ 36,528	$ 38,083
Other operations	1,373	1,191
Total net revenues	37,901	39,274
Costs and expenses:		
Agribusiness	41,241	41,244
Other operations	1,238	1,074
Gain on disposal of assets, net	(39,742)	(85)
Selling, general and administrative	9,280	6,599
Total costs and expenses	12,017	48,832
Operating income (loss)	25,884	(9,558)
Other (expense) income:		
Interest income	8	21
Interest (expense), net of patronage dividends	(1,172)	215
Equity in earnings of investments, net	253	51
Other (expense) income, net	(2,612)	15
Total other (expense) income	(3,523)	302
Income (loss) before income tax (provision) benefit	22,361	(9,256)
Income tax (provision) benefit	(6,827)	2,650
Net income (loss)	15,534	(6,606)
Net loss attributable to noncontrolling interest	97	88
Net income (loss) attributable to Limoneira Company	15,631	(6,518)
Preferred dividends	(125)	(125)
Net income (loss) applicable to common stock	$ 15,506	$ (6,643)
Basic net income (loss) per common share	$ 0.87	$ (0.38)
Diluted net income (loss) per common share	$ 0.84	$ (0.38)
Weighted-average common shares outstanding-basic	17,573,000	17,448,000
Weighted-average common shares outstanding-diluted	18,378,000	17,448,000

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)
(In thousands)

	Three Months Ended January 31,	
	2023	**2022**
Net income (loss)	$ 15,534	$ (6,606)
Other comprehensive income, net of tax:		
Foreign currency translation adjustments	2,223	55
Minimum pension liability adjustment, net of tax of $(135) and $27 for the three months ended January 31, 2023 and 2022, respectively.	(220)	72
Pension settlement, net of tax of $756 and $0 for the three months ended January 31, 2023 and 2022, respectively.	1,944	—
Total other comprehensive income, net of tax	3,947	127
Comprehensive income (loss)	19,481	(6,479)
Comprehensive loss attributable to noncontrolling interest	97	86
Comprehensive income (loss) attributable to Limoneira Company	$ 19,578	$ (6,393)

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

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND TEMPORARY EQUITY
($ in thousands)

	Stockholders' Equity								Temporary Equity	
	Common Stock		Additional Paid-In	Retained	Accumulated Other Comprehensive	Treasury	Non-controlling	Total	Series B Preferred	Series B-2 Preferred
	Shares	Amount	Capital	Earnings	(Loss) Income	Stock	Interest	Equity	Stock	Stock
Balance at October 31, 2022	17,684,315	$ 177	$ 165,169	$ 15,500	$ (7,908)	$ (3,493)	$ 11,609	$ 181,054	$ 1,479	$ 9,331
Dividends Common ($0.075 per share)	—	—	—	(1,337)	—	—	—	(1,337)	—	—
Dividends Series B ($2.19 per share)	—	—	—	(32)	—	—	—	(32)	—	—
Dividends Series B-2 ($10 per share)	—	—	—	(93)	—	—	—	(93)	—	—
Stock compensation	146,289	1	1,063	—	—	—	—	1,064	—	—
Noncontrolling interest adjustment	—	—	—	—	—	—	(78)	(78)	—	—
Net income	—	—	—	15,631	—	—	(97)	15,534	—	—
Other comprehensive income, net of tax	—	—	—	—	3,947	—	—	3,947	—	—
Balance at January 31, 2023	17,830,604	$ 178	$ 166,232	$ 29,669	$ (3,961)	$ (3,493)	$ 11,434	$ 200,059	$ 1,479	$ 9,331

	Stockholders' Equity								Temporary Equity	
	Common Stock		Additional Paid-In	Retained	Accumulated Other Comprehensive	Treasury	Non-controlling	Total	Series B Preferred	Series B-2 Preferred
	Shares	Amount	Capital	Earnings	(Loss) Income	Stock	Interest	Equity	Stock	Stock
Balance at October 31, 2021	17,685,400	$ 179	$ 163,965	$ 21,552	$ (5,733)	$ (3,493)	$ 11,965	$ 188,435	$ 1,479	$ 9,331
Dividends Common ($0.075 per share)	—	—	—	(1,328)	—	—	—	(1,328)	—	—
Dividends Series B ($2.19 per share)	—	—	—	(32)	—	—	—	(32)	—	—
Dividends Series B-2 $10 per share)	—	—	—	(93)	—	—	—	(93)	—	—
Stock compensation	70,000	1	996	—	—	—	—	997	—	—
Exchange of common stock	(55,362)	—	(900)	—	—	—	—	(900)	—	—
Net loss	—	—	—	(6,518)	—	—	(88)	(6,606)	—	—
Other comprehensive income, net of tax	—	—	—	—	127	—	2	129	—	—
Balance at January 31, 2022	17,700,038	$ 180	$ 164,061	$ 13,581	$ (5,606)	$ (3,493)	$ 11,879	$ 180,602	$ 1,479	$ 9,331

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

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(In thousands)

	Three Months Ended January 31,	
	2023	**2022**
Operating activities		
Net income (loss)	$ 15,534	$ (6,606)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	2,447	2,480
Gain on disposal of assets, net	(39,742)	(85)
Stock compensation expense	1,064	997
Non-cash lease expense	389	152
Equity in earnings of investments, net	(253)	(51)
Deferred income taxes	6,827	(2,650)
Other, net	171	213
Changes in operating assets and liabilities:		
Accounts receivable and receivables/other from related parties	(1,676)	(2,188)
Cultural costs	1,343	2,654
Prepaid expenses and other current assets	529	(1,676)
Other assets	(10)	29
Accounts payable and growers and suppliers payable	(7,838)	(2,666)
Accrued liabilities and payables to related parties	455	1,347
Other long-term liabilities	(430)	(112)
Net cash used in operating activities	(21,190)	(8,162)
Investing activities		
Capital expenditures	(2,151)	(2,080)
Net proceeds from sales of assets	98,888	1,090
Net proceeds from sale of real estate development assets	2,577	—
Cash distribution from Trapani Fresh	82	—
Collection on notes receivable	—	250
Equity investment contributions	(275)	—
Investments in mutual water companies and water rights	(11)	—
Net cash provided by (used in) investing activities	99,110	(740)
Financing activities		
Borrowings of long-term debt	57,940	44,439
Repayments of long-term debt	(122,692)	(32,731)
Principal paid on finance lease and equipment financings	(107)	(69)
Dividends paid – common	(1,337)	(1,328)
Dividends paid – preferred	(125)	(125)
Exchange of common stock	—	(900)
Net cash (used in) provided by financing activities	(66,321)	9,286
Effect of exchange rate changes on cash	8	(7)
Net increase in cash	11,607	377
Cash at beginning of period	857	439
Cash at end of period	$ 12,464	$ 816

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED) (CONTINUED)
(In thousands)

	Three Months Ended January 31,	
	2023	**2022**
Supplemental disclosures of cash flow information		
Cash paid during the period for interest (net of amounts capitalized)	$ 1,006	$ 618
Non-cash investing and financing activities:		
Capital expenditures accrued but not paid at period-end	$ 818	$ 25
Accrued contribution obligation of investment in water company	$ —	$ 450

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

1. Organization and Basis of Presentation

Business

Limoneira Company (together with its consolidated subsidiaries, the “Company”) engages primarily in growing citrus and avocados, picking and hauling citrus, and packing, marketing and selling citrus. The Company is also engaged in residential rentals and other rental operations and real estate development activities.

The Company markets and sells citrus directly to food service, wholesale and retail customers throughout the United States, Canada, Asia, Europe and other international markets. The Company is a member of Sunkist Growers, Inc. (“Sunkist”), an agricultural marketing cooperative, and sells a portion of its oranges, specialty citrus and other crops to Sunkist-licensed and other third-party packinghouses.

Basis of Presentation and Preparation

The accompanying unaudited interim consolidated financial statements include the accounts of the Company and the accounts of all the subsidiaries and investments in which the Company holds a controlling interest. Intercompany balances and transactions have been eliminated in consolidation. In the opinion of the Company, the unaudited interim consolidated financial statements reflect all adjustments, which are normal and recurring in nature, necessary for fair financial statement presentation. The preparation of these unaudited interim consolidated financial statements and accompanying notes in conformity with U.S. generally accepted accounting principles (“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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Certain information and footnote disclosures normally included in the annual consolidated financial statements have been condensed or omitted pursuant to the rules and regulations of the SEC. Because the consolidated financial statements do not include all of the information and notes required by GAAP for a complete set of consolidated financial statements, they should be read in conjunction with the audited consolidated financial statements and notes included in the Company’s Annual Report on Form 10-K.

2. Summary of Significant Accounting Policies

Comprehensive Income (Loss)

Comprehensive income (loss) represents all changes in a company’s net assets, except changes resulting from transactions with stockholders. Other comprehensive income includes foreign currency translation items and defined benefit pension items. Accumulated other comprehensive loss is reported as a component of the Company's stockholders' equity.

The following table summarizes other comprehensive income by component (in thousands):

	Three Months Ended January 31,					
	2023			2022		
	Pre-tax Amount	Tax Benefit (Expense)	Net Amount	Pre-tax Amount	Tax Expense	Net Amount
Foreign currency translation adjustments	$ 2,223	$ —	$ 2,223	$ 55	$ —	$ 55
Minimum pension liability adjustments:						
Other comprehensive (loss) income before reclassifications	(355)	135	(220)	99	(27)	72
Amounts reclassified to earnings included in "Other (expense) income, net"	2,700	(756)	1,944	—	—	—
Other comprehensive income	$ 4,568	$ (621)	$ 3,947	$ 154	$ (27)	$ 127

2. Summary of Significant Accounting Policies (continued)

The following table summarizes the changes in accumulated other comprehensive loss by component (in thousands):

	Foreign Currency Translation (Loss) Gain	Defined Benefit Pension Plan	Accumulated Other Comprehensive Loss (Income)
Balance at October 31, 2022	$ (6,184)	$ (1,724)	$ (7,908)
Other comprehensive income	2,223	1,724	3,947
Balance at January 31, 2023	$ (3,961)	$ —	$ (3,961)

	Foreign Currency Translation (Loss) Gain	Defined Benefit Pension Plan	Accumulated Other Comprehensive Loss (Income)
Balance at October 31, 2021	$ (3,754)	$ (1,979)	$ (5,733)
Other comprehensive income	55	72	127
Balance at January 31, 2022	$ (3,699)	$ (1,907)	$ (5,606)

COVID-19 Pandemic

There is continued uncertainty around the breadth and duration of the Company's business disruptions related to the COVID-19 pandemic. The decline in demand for the Company's products beginning the second quarter of fiscal year 2020, has negatively impacted its sales and profitability for the last three years. The COVID-19 pandemic may impact its sales and profitability in future periods. The duration of these trends and the magnitude of such impacts are uncertain and therefore cannot be estimated at this time, as they are influenced by a number of factors, many of which are outside management’s control. The full impact of the COVID-19 pandemic on the Company's results of operations, financial condition, and liquidity, including its ability to comply with debt covenants, for fiscal year 2023 and beyond, is driven by estimates that contain uncertainties.

Concentrations and Geographic Information

Concentrations of credit risk with respect to revenues and accounts receivable are limited due to a large, diverse customer base. One customer represented 13% of revenue for the three months ended January 31, 2023. Two individual customers represented 15% and 12% of revenue, respectively, for the three months ended January 31, 2022. One individual customer represented 11% of accounts receivable, net as of January 31, 2023. No individual customer represented more than 10% of accounts receivable, net as of October 31, 2022.

One individual supplier represented 13% of accounts payable as of January 31, 2023. No individual supplier represented more than 10% of accounts payable as of October 31, 2022.

Lemons procured from third-party growers were 66% and 57% of the Company's lemon supply for the three months ended January 31, 2023 and 2022, respectively. One third-party grower was 17% and 20% of the lemon supply for the three months ended January 31, 2023 and 2022, respectively.

The Company maintains its cash in federally insured financial institutions. The account balances at these institutions periodically exceed Federal Deposit Insurance Corporation (“FDIC”) insurance coverage and, as a result, there is a concentration of risk related to amounts on deposit in excess of FDIC insurance coverage.

During the three months ended January 31, 2023 and 2022, the Company had approximately $252,000 and $208,000, respectively, of total sales in Chile by Fruticola Pan de Azucar S.A. ("PDA") and Agricola San Pablo SpA ("San Pablo") and approximately $74,000 and $147,000, respectively, of total sales in Argentina by Trapani Fresh Consorcio de Cooperacion ("Trapani Fresh").

Aggregate foreign exchange transaction losses realized for our foreign subsidiaries was approximately $58,000 for the three months ended January 31, 2023 and was included in selling, general and administrative expenses in the consolidated statements of operations.

3. Asset Sale

In October 2022, the Company entered into a Purchase and Sale Agreement, as amended, (the "Agreement") with PGIM Real Estate Finance, LLC ("PGIM") to sell 3,537 acres of land and citrus orchards in Tulare County, California (the "Northern Properties") for a purchase price of approximately $100,405,000. On January 25, 2023, the Board approved the Agreement creating a binding agreement of the Company to sell the Northern Properties and the transaction closed on January 31, 2023. The following is a summary of the transaction (in thousands):

	January 31, 2023
Net cash proceeds received	$ 85,891
Debt directly repaid through the transaction	12,917
Total net proceeds received	98,808
Less: net book value of assets sold	
Cultural costs	4,405
Property, plant and equipment, net	53,144
Intangible assets, net	12
Other assets	1,320
Accrued liabilities	(68)
	58,813
Gain on disposal of assets	$ 39,995

The proceeds were used to pay down all of the Company's domestic debt except the AgWest Farm Credit $40,000,000 non-revolving line of credit. The Northern Properties component, including an allocation of interest expense related to the debt directly repaid through the transaction, had a pretax loss of $1,667,000 and $2,720,000 for the three months ended January 31, 2023 and 2022, respectively.

On January 31, 2023, the Company entered into a Farm Management Agreement ("FMA") with an affiliate of PGIM to provide farming, management and operations services related to the Northern Properties. The FMA has an initial term expiring March 31, 2024, and thereafter continuing from year to year unless earlier terminated under the terms of the FMA. Further, on January 31, 2023, the Company entered into a Grower Packing and Marketing Agreement to provide packing, marketing and selling services for lemons harvested on the Northern Properties for a minimum five-year term, subject to certain benchmarking standards.

4. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist of the following (in thousands):

	January 31, 2023	October 31, 2022
Prepaid supplies and insurance	$ 3,315	$ 2,958
Real estate development held for sale	—	2,670
Sales tax receivable	752	475
Lemon supplier advances	1,019	1,188
Other	348	1,205
	$ 5,434	$ 8,496

5. Real Estate Development

Real estate development assets are comprised primarily of land and land development costs for the East Area II property in the amount of $9,849,000 and $9,706,000 at January 31, 2023 and October 31, 2022, respectively.

East Area I, Retained Property and East Area II

In fiscal year 2005, the Company began capitalizing the costs of two real estate development projects east of Santa Paula, California, for the development of 550 acres of land into residential units, commercial buildings and civic facilities. In November 2015 (the "Transaction Date"), the Company entered into a joint venture with The Lewis Group of Companies ("Lewis") for the residential development of its East Area I real estate development project. To consummate the transaction, the Company formed Limoneira Lewis Community Builders, LLC ("LLCB") as the development entity, contributed its East Area I property to LLCB and sold a 50% interest to Lewis for $20,000,000.

5. Real Estate Development (continued)

East Area I, Retained Property and East Area II (continued)

The Company and LLCB also entered into a Retained Property Development Agreement on the Transaction Date (the "Retained Property Agreement"). Under the terms of the Retained Property Agreement, LLCB transferred certain contributed East Area I property, which is entitled for commercial development, back to the Company (the "Retained Property") and arranged for the design and construction of certain improvements to the Retained Property, subject to certain reimbursements by the Company. The balance in East Area II includes estimated costs incurred by and reimbursable to LLCB of $3,444,000 at January 31, 2023 and October 31, 2022, which is included in payables to related parties.

In January 2018, LLCB entered into a $45,000,000 unsecured Line of Credit Loan Agreement and Promissory Note (the “Loan”) with Bank of America, N.A. to fund early development activities. Effective as of February 22, 2023, the Loan maturity date was extended to February 22, 2024 and the maximum borrowing amount was reduced to $35,000,000. As of February 1, 2023, the interest rate on the Loan transitioned from the London Interbank Offered Rate ("LIBOR") to the Bloomberg Short-Term Bank Yield Index rate ("BSBY") plus 2.85% and is payable monthly. The Loan contains certain customary default provisions and LLCB may prepay any amounts outstanding under the Loan without penalty. The Loan had an outstanding balance of $9,800,000 as of January 31, 2023.

In February 2018, the Company and certain principals from Lewis guaranteed the obligations under the Loan. The guarantors are jointly and severally liable for all Loan obligations in the event of default by LLCB. The guarantee continues in effect until all of the Loan obligations are fully paid. The $1,080,000 estimated value of the guarantee was recorded in the Company’s consolidated balance sheets and is included in other long-term liabilities with a corresponding value in equity in investments. Additionally, a Reimbursement Agreement was executed between the Lewis guarantors and the Company, which provides for unpaid liabilities of LLCB to be shared pro-rata by the Lewis guarantors and the Company in proportion to their percentage interest in LLCB.

In October 2022, the Company entered into a joint venture with Lewis for the development of the Retained Property. The Company formed LLCB II, LLC ("LLCB II") as the development entity, contributed the Retained Property to the joint venture and sold a 50% interest to Lewis for $7,975,000. The Company recorded a deferred gain of $465,000 on the transaction which is included in other long-term liabilities as of January 31, 2023 and October 31, 2022. The joint venture partners will share in the capital contributions to fund project costs until loan proceeds and/or revenues are sufficient to fund the project. The Company made contributions of $275,000 to LLCB II during the three months ended January 31, 2023.

Through January 31, 2023, LLCB has closed sales of initial residential lots representing 586 residential units.

Other Real Estate Development Projects

In fiscal year 2020, the Company entered into an agreement to sell its Sevilla property for $2,700,000, which closed in November 2022. After transaction and other costs, the Company received cash proceeds of approximately $2,577,000 and recorded an immaterial loss on disposal of assets during the three months ended January 31, 2023.

6. Equity in Investments

Equity in investments consist of the following (in thousands):

	January 31, 2023	October 31, 2022
Limoneira Lewis Community Builders, LLC	$ 61,250	$ 61,154
LLCB II, LLC	8,297	8,023
Limco Del Mar, Ltd.	2,176	2,024
Rosales	1,155	1,147
Romney Property Partnership	505	507
	$ 73,383	$ 72,855

Net amounts due from Rosales were $430,000 and $270,000 at January 31, 2023 and October 31, 2022, respectively, and are included in receivables/other from related parties and payables to related parties.

6. Equity in Investments (continued)

Unconsolidated Significant Subsidiary

In accordance with Rule 10-01(b)(1) of Regulation S-X, which applies to interim reports on Form 10-Q, the Company must determine if its equity method investees are considered “significant subsidiaries." In evaluating its investments, there are two tests utilized to determine if equity method investees are considered significant subsidiaries: the income test and the investment test. Summarized income statement information of an equity method investee is required in an interim report if either of the two tests exceed 20% in the interim periods presented. During the year-to-date interim periods for the three months ended January 31, 2023 and 2022, this threshold was not met for any of the Company's equity investments.

7. Goodwill and Intangible Assets, Net

A summary of the change in the carrying amount of goodwill is as follows (in thousands):

	Goodwill Carrying Amount
Balance at October 31, 2022	$ 1,506
Foreign currency translation adjustment	23
Balance at January 31, 2023	$ 1,529

Goodwill is tested for impairment on an annual basis or when an event or changes in circumstances indicate that its carrying value may not be recoverable. There have been no impairment charges recorded against goodwill as of January 31, 2023.

Intangible assets consisted of the following (in thousands):

	January 31, 2023				October 31, 2022			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted Average Useful Life in Years	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted Average Useful Life in Years
Trade names and trademarks	$ 2,108	(951)	1,157	8	$ 2,108	$ (881)	$ 1,227	8
Customer relationships	4,037	(1,772)	2,265	9	4,037	(1,660)	2,377	9
Non-competition agreement	437	(91)	346	8	437	(76)	361	8
Acquired water and mineral rights	3,656	—	3,656	Indefinite	3,352	—	3,352	Indefinite
	$ 10,238	$ (2,814)	$ 7,424		$ 9,934	$ (2,617)	$ 7,317	

Amortization expense totaled $197,000 and $181,000 for the three months ended January 31, 2023 and 2022, respectively.

Estimated future amortization expense of intangible assets as of January 31, 2023 is as follows (in thousands):

2023 (excluding the three months ended January 31, 2023)	$ 532
2024	711
2025	711
2026	711
2027	427
Thereafter	676
	$ 3,768

8. Other Assets

Investments in Mutual Water Companies

The Company's investments in various not-for-profit mutual water companies provide it with the right to receive a proportionate share of water from each of the not-for-profit mutual water companies that have been invested in and do not constitute voting shares and/or rights. In January 2023, the Company sold an investment in a mutual water company with a net book value of $1,320,000 as part of the Northern Properties sale described in Note 3. As of January 31, 2023 and October 31, 2022, $5,191,000 and $6,500,000, respectively, were included in other assets.

9. Accrued Liabilities

Accrued liabilities consist of the following (in thousands):

	January 31, 2023	October 31, 2022
Compensation	$ 3,609	$ 3,572
Property taxes	361	664
Operating expenses	3,512	2,341
Leases	2,072	2,026
Other	1,779	2,457
	$ 11,333	$ 11,060

10. Long-Term Debt

Long-term debt is comprised of the following (in thousands):

	January 31, 2023	October 31, 2022
AgWest Farm Credit revolving and non-revolving lines of credit: the interest rate of the revolving line of credit is variable based on the one-month Secured Overnight Financing Rate ("SOFR"), which was 4.33% at January 31, 2023, plus 1.85%. The interest rate for the $40.0 million outstanding balance of the non-revolving line of credit is fixed at 3.57% through July 1, 2025 and variable thereafter. Interest is payable monthly and the principal is due in full on July 1, 2026.	$ 40,000	$ 88,521
AgWest Farm Credit term loan: The interest rate was fixed at 3.24%. The loan was repaid in January 2023.	—	919
AgWest Farm Credit term loan: The interest rate was fixed at 3.24%. The loan was repaid in January 2023.	—	7,562
AgWest Farm Credit term loan: The interest rate was fixed at 2.77% until July 1, 2025, becoming variable for the remainder of the loan. The loan was repaid in January 2023.	—	5,555
AgWest Farm Credit term loan: The interest rate was fixed at 3.19%. The loan was repaid in January 2023.	—	2,003
Banco de Chile term loan: The interest rate is fixed at 6.48%. The loan is payable in annual installments through January 2025.	656	675
Banco de Chile COVID-19 loans: The interest rates are fixed at 3.48%. The loans are payable in monthly installments through September 2024.	237	233
Banco de Chile COVID-19 loans: The interest rates are fixed at 3.48% and 4.26%. The loans are payable in monthly installments through September 2026.	474	434
Subtotal	41,367	105,902
Less deferred financing costs, net of accumulated amortization	—	94
Total long-term debt, net	41,367	105,808
Less current portion	448	1,732
Long-term debt, less current portion	$ 40,919	$ 104,076

10. Long-Term Debt (continued)

The Company entered into a Master Loan Agreement (the "MLA") with AgWest Farm Credit, formerly known as Farm Credit West, (the "Lender") dated June 1, 2021, together with a revolving credit facility supplement (the "Revolving Credit Supplement"), a non-revolving credit facility supplement (the "Non-Revolving Credit Supplement," and together with the Revolving Credit Supplement, the "Supplements") and an agreement to convert to a fixed interest rate for a period of time as described in the table above ("Fixed Interest Rate Agreement"). The MLA governs the terms of the Supplements. The MLA amends and restates the previous Master Loan Agreement between the Company and the Lender, dated June 19, 2017 and extends the principal repayment to July 1, 2026.

In March 2020, the Company entered into a revolving equity line of credit promissory note and loan agreement with the Lender for a $15,000,000 Revolving Equity Line of Credit (the "RELOC") secured by a first lien on the Windfall Investors, LLC property. The RELOC matures in 2043 and features a 3-year draw period followed by 20 years of fully amortized loan payments.

The Supplements and RELOC provide aggregate borrowing capacity of $130,000,000 comprised of $75,000,000 under the Revolving Credit Supplement, $40,000,000 under the Non-Revolving Credit Supplement and $15,000,000 under the RELOC. As of January 31, 2023, the Company's outstanding borrowings under the Supplements and RELOC were $40,000,000 and it had $90,000,000 available to borrow.

In January 2023, the Company used the proceeds from the Northern Properties sale as described in Note 3 to reduce the Company's long-term debt.

The interest rate in effect under the Revolving Credit Supplement automatically adjusts on the first day of each month. The interest rate for any amount outstanding under the Revolving Credit Supplement was based on the one-month LIBOR plus or minus an applicable margin. As of January 1, 2023, the rate transitioned from LIBOR to the Secured Overnight Financing Rate ("SOFR"). The applicable margin ranges from 1.75% to 2.35% depending on the ratio of current assets, plus the remaining available commitment divided by current liabilities. On each one-year anniversary of July 1, the Company has the option to convert the interest rate in use under the Revolving Credit Supplement from the preceding SOFR-based calculation to a variable interest rate. The Company may prepay any amounts outstanding under the Revolving Credit Supplement without penalty.

The interest rate in effect under the Non-Revolving Credit Supplement is a fixed interest rate of 3.57% per year until July 1, 2025 (the "Fixed Rate Term"). Thereafter, the interest rate will convert to a variable interest rate established by the Lender corresponding to the applicable interest rate group. The Company may not prepay any amounts under the outstanding Non-Revolving Credit Supplement during the Fixed Rate Term. Thereafter, the Company may prepay any amounts outstanding under the Non-Revolving Credit Supplement, provided that a fee equal to 0.50% of the amount prepaid and any other cost or loss suffered by the Lender must be paid with any prepayment.

The interest rate in effect under the RELOC is a variable interest rate established by the Lender corresponding to the applicable interest rate group, which was 6.75% as of January 31, 2023. The interest rate may be adjusted automatically under the provisions of the Lender's variable interest rate plan. The Company may prepay any amounts outstanding under the RELOC without penalty.

All indebtedness under the MLA and RELOC, including any indebtedness under the Supplements, is secured by a first lien on Company-owned stock or participation certificates, Company funds maintained with the Lender, the Lender's unallocated surplus, and certain of the Company's agricultural properties in Ventura counties in California and certain of the Company's building fixtures and improvements and investments in mutual water companies associated with the pledged agricultural properties. The MLA includes customary default provisions that provide should an event of default occur, the Lender, at its option, may declare all or any portion of the indebtedness under the MLA to be immediately due and payable without demand, notice of nonpayment, protest or prior recourse to collateral, and terminate or suspend the Company's right to draw or request funds on any loan or line of credit.

The MLA subjects the Company to affirmative and restrictive covenants including, among other customary covenants, financial reporting requirements, requirements to maintain and repair any collateral, restrictions on the sale of assets, restrictions on the use of proceeds, prohibitions on the incurrence of additional debt and restrictions on the purchase or sale of major assets of the Company's business. The Company is also subject to a financial covenant that requires it to maintain compliance with a specific debt service coverage ratio greater than or equal to 1.25:1 when measured at October 31, 2023 and annually thereafter. The Company was in compliance as of October 31, 2022.

10. Long-Term Debt (continued)

In February 2023, the Lender declared an annual cash patronage dividend of 1.25% of average eligible loan balances and the Company received $1,413,000 in the second quarter of fiscal year 2023. In December 2021, the Lender declared an annual cash patronage dividend of 1.25% of average eligible loan balances and the Company received $1,582,000 in February 2022.

Interest is capitalized on non-bearing orchards, real estate development projects and significant construction in progress. The Company capitalized interest of $347,000 and zero during the three months ended January 31, 2023 and 2022, respectively. Capitalized interest is included in property, plant and equipment and real estate development assets in the Company’s consolidated balance sheets.

11. Other Long-Term Liabilities

Other long-term liabilities consist of the following (in thousands):

	January 31, 2023	October 31, 2022
Minimum pension liability	$ —	$ 2,272
Loan guarantee	1,080	1,080
Leases	4,703	5,062
Other	1,318	1,393
	$ 7,101	$ 9,807

12. Leases

Lessor Arrangements

The Company enters into leasing transactions in which it rents certain of its assets and the Company is the lessor. These lease contracts are typically classified as operating leases with remaining terms ranging from one month to 20 years, with various renewal terms available. All of the residential rentals have month-to-month lease terms.

The Company’s rental operations revenue consists of the following (in thousands):

	Three Months Ended January 31,	
	2023	2022
Operating lease revenue	$ 1,291	$ 1,118
Variable lease revenue	82	73
Total lease revenue	$ 1,373	$ 1,191

Lessee Arrangements

The Company enters into leasing transactions in which the Company is the lessee. These lease contracts are classified as either operating or finance leases. The Company’s lease contracts are generally for agricultural land and packinghouse facilities and equipment with remaining lease terms ranging from one to 15 years, with various term extensions available. The Company’s lease agreements do not contain any residual value guarantees or material restrictive covenants. Leases with an initial term of 12 months or less are not recorded on the balance sheet and the Company recognizes lease expense for these leases on a straight-line basis over the lease term. All lease costs are primarily included in agribusiness costs and expenses in the Company's consolidated statements of operations

Operating lease costs were $491,000 and $123,000 for the three months ended January 31, 2023 and 2022, respectively. Finance lease costs were immaterial for the three months ended January 31, 2023 and 2022. Variable and short term lease costs were $145,000 and $162,000, respectively for the three months ended January 31, 2023,and were immaterial for the three months ended January 31, 2022.

12. Leases (continued)

Supplemental balance sheet information related to leases consists of the following (in thousands):

	Classification	January 31, 2023	October 31, 2022
Assets			
Operating lease ROU assets	Other assets	$ 5,926	$ 6,190
Finance lease assets	Other assets	1,058	1,091
		$ 6,984	$ 7,281
Liabilities and Stockholders' Equity			
Current operating lease liabilities	Accrued liabilities and payables to related parties	$ 1,939	$ 1,892
Current finance lease liabilities	Accrued liabilities	268	268
Non-current operating lease liabilities	Other long-term liabilities	4,047	4,347
Non-current finance lease liabilities	Other long-term liabilities	656	715
		$ 6,910	$ 7,222

Supplemental cash flow information related to leases consists of the following (in thousands):

	Three Months Ended January 31,	
	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows from operating leases	$ 478	$ 189
Operating cash outflows from finance leases	$ 8	$ 12
Financing cash outflows from finance leases	$ 59	$ 69
ROU assets obtained in exchange for new operating lease liabilities	$ 99	$ 288
Leased assets obtained in exchange for new finance lease liabilities	$ —	$ 1,020

13. Basic and Diluted Net Income (Loss) Per Share

Basic net income (loss) per common share is calculated using the weighted-average number of common shares outstanding during the period without consideration of the dilutive effect of conversion of preferred stock. Diluted net income (loss) per common share is calculated using the weighted-average number of common shares outstanding during the period plus the dilutive effect of unvested, restricted stock and conversion of preferred stock. The computations for basic and diluted net income (loss) per common share are as follows (in thousands, except per share amounts):

	Three Months Ended January 31,	
	2023	2022
Basic net income (loss) per common share:		
Net income (loss) applicable to common stock	$ 15,506	$ (6,643)
Effect of unvested, restricted stock	(161)	(13)
Numerator: Net income (loss) for basic EPS	15,345	(6,656)
Denominator: Weighted average common shares-basic	17,573	17,448
Basic net income (loss) per common share	$ 0.87	$ (0.38)
Diluted net income (loss) per common share:		
Net income (loss) for basic EPS	$ 15,345	$ (6,656)
Effect of dilutive preferred stock	125	—
Numerator: Net income (loss) for diluted EPS	15,470	(6,656)
Weighted average common shares–basic	17,573	17,448
Effect of dilutive preferred stock	805	—
Denominator: Weighted average common shares–diluted	18,378	17,448
Diluted net income (loss) per common share	$ 0.84	$ (0.38)

Diluted net income (loss) per common share is computed using the more dilutive method of either the two-class method or the treasury stock method. Unvested stock-based compensation awards that contain non-forfeitable rights to dividends as participating shares are included in computing earnings per share. The Company’s unvested, restricted stock awards qualify as participating shares. Diluted net income per common share was calculated under the two-class method for the three months ended January 31, 2023 and 2022.

14. Related Party Transactions

The Company has transactions with equity method investments and various related parties summarized in Note 6 - Equity in Investments and in the tables below (in thousands):

		January 31, 2023				October 31, 2022			
		Balance Sheet				Balance Sheet			
Ref	Related Party	Receivable/Other from Related Parties	Other Assets	Payables to Related Parties	Other Long-Term Liabilities	Receivable/Other from Related Parties	Other Assets	Payables to Related Parties	Other Long-Term Liabilities
2	Mutual water companies	$ —	$ 11	$ 207	$ —	$ —	$ 506	$ 133	$ —
5	Cadiz / Fenner / WAM	$ —	$ 1,268	$ 722	$ 1,178	$ —	$ 1,288	$ 446	$ 1,198
8	FGF	$ 2,896	$ 2,858	$ 837	$ —	$ 2,965	$ 2,652	$ 837	$ —
9	LLCB	$ 66	$ —	$ 3,444	$ —	$ 66	$ —	$ 3,444	$ —

		Three Months Ended January 31, 2023				Three Months Ended January 31, 2022			
		Consolidated Statement of Operations				Consolidated Statement of Operations			
Ref	Related Party	Net Revenue Agribusiness	Net Revenue Other Operations	Agribusiness Expense and Other	Dividends Paid	Net Revenue Agribusiness	Net Revenue Other Operations	Agribusiness Expense and Other	Dividends Paid
1	Employees	$ —	$ 223	$ —	$ —	$ —	$ 211	$ —	$ —
2	Mutual water companies	$ —	$ —	$ 372	$ —	$ —	$ —	$ 139	$ —
3	Cooperative association	$ —	$ —	$ 393	$ —	$ —	$ —	$ 365	$ —
4	Calavo	$ —	$ —	$ —	$ —	$ —	$ 80	$ 2	$ 126
5	Cadiz / Fenner / WAM	$ —	$ —	$ 1,138	$ —	$ —	$ —	$ 717	$ —
7	YMIDD	$ 135	$ —	$ —	$ —	$ —	$ —	$ 14	$ —
8	FGF	$ 83	$ 74	$ 10	$ —	$ 229	$ —	$ 59	$ —
12	Principal owner	$ —	$ —	$ —	$ 209	$ —	$ —	$ —	$ —

(1) Employees - The Company rents certain of its residential housing assets to employees on a month-to-month basis and recorded rental income from employees. There were no material rental payments due from employees at January 31, 2023 or October 31, 2022.

(2) Mutual water companies - The Company has representation on the boards of directors of the mutual water companies in which the Company has investments, as well as other water districts. Refer to Note 8 - Other Assets. The Company recorded capital contributions, purchased water and water delivery services and had water payments due to the mutual water companies and districts.

(3) Cooperative association - The Company has representation on the board of directors of a non-profit cooperative association that provides pest control services for the agricultural industry. The Company purchased services and supplies from and had payments due to the cooperative association.

(4) Calavo - Through January 2022, the Company had representation on the board of directors of Calavo. Calavo owned common stock of the Company and the Company paid dividends on such common stock to Calavo. Additionally, the Company leases office space to Calavo. As of February 2022, Calavo is no longer a related party.

(5) Cadiz / Fenner / WAM - A member of the Company's board of directors serves as the CEO, President and a member of the board of directors of Cadiz, Inc. In 2013, the Company entered a long-term lease agreement (the "Lease") with Cadiz Real Estate, LLC ("Cadiz"), a wholly owned subsidiary of Cadiz, Inc., and currently leases 670 acres located in eastern San Bernardino County, California. The annual base rent is equal to the sum of $200 per planted acre and 20% of gross revenues from the sale of harvested lemons (less operating expenses), not to exceed $1,200 per acre per year. In 2016, Cadiz assigned this lease to Fenner Valley Farms, LLC ("Fenner"), a subsidiary of Water Asset Management, LLC ("WAM"). An affiliate of WAM is the holder of 9,300 shares of the Company's Series B-2 convertible preferred stock. Upon the adoption of ASC 842, the Company recorded a right-of-use, or ROU, asset and corresponding lease liability.

(7) Yuma Mesa Irrigation and Drainage District ("YMIDD") - The Company has representation on the board of directors of YMIDD. The Company purchased water from YMIDD and had immaterial amounts payable to them for such purchases. Additionally, the Company received fallowing revenue from YMIDD.

14. Related Party Transactions (continued)

(8) FGF - The Company advances funds to FGF for fruit purchases, which are recorded as an asset until the sales occur and the remaining proceeds become due to FGF. The Company has a receivable from FGF for lemon sales and the sale of packing supplies and a payable due to FGF for fruit purchases and services. The Company records revenue related to the licensing of intangible assets to FGF. The Company leases the Santa Clara ranch to FGF and records rental revenue related to the leased land.

(9) LLCB - Refer to Note 5 - Real Estate Development.

(12) Principal owner - The Company has one principal owner with ownership shares over 10% and paid dividends to such owner.

15. Income Taxes

The effective tax rate for the three months ended January 31, 2023 was higher than the federal statutory tax rate of 21% mainly due to foreign jurisdictions that are taxed at different rates, state taxes, tax impact of stock-based compensation, and nondeductible tax items. The Company has no material uncertain tax positions as of January 31, 2023. The Company recognizes interest expense and penalties related to income tax matters as a component of income tax expense. There was no accrued interest or penalties associated with uncertain tax positions as of January 31, 2023.

16. Retirement Plans

The Limoneira Company Retirement Plan (the “Plan”) is a noncontributory, defined benefit, single employer pension plan, which provides retirement benefits for all eligible employees. Benefits paid by the Plan are calculated based on years of service, highest five-year average earnings, primary Social Security benefit and retirement age. Effective June 2004, the Company froze the Plan and no additional benefits accrued to participants subsequent to that date. The Plan is administered by Principal Bank and Mercer Human Resource Consulting. In fiscal year 2021, the Company terminated the Plan effective December 31, 2021.

During the three months ended January 31, 2023, the Company made funding contributions of $2,550,000 to fully fund and settle the plan obligations. Lump sum payments were made to a portion of the active and vested terminated participants and annuities were purchased for all remaining participants from an insurance company. There are no remaining benefit obligations or plan assets and the remaining accumulated other comprehensive loss was fully recognized.

The Plan was funded consistent with the funding requirements of federal law and regulations. There were no funding contributions during the three months ended January 31, 2022. Plan assets were invested in a group trust consisting primarily of pooled funds, mutual funds, cash and cash equivalents.

The components of net periodic pension cost for the Plan for the three months ended January 31, 2023 and 2022 were as follows (in thousands):

	Three Months Ended January 31,	
	2023	**2022**
Administrative expenses	$ 20	$ 180
Interest cost	34	130
Expected return on plan assets	(17)	(127)
Prior service cost	4	11
Recognized actuarial loss	—	99
Settlement loss recognized	2,700	—
Net periodic benefit cost	$ 2,741	$ 293

17. Commitments and Contingencies

The Company is from time to time involved in various lawsuits and legal proceedings that arise in the ordinary course of business. At this time, the Company is not aware of any pending or threatened litigation against it that it expects will have a material adverse effect on its business, financial condition, liquidity, or operating results. Legal claims are inherently uncertain, however, and it is possible that the Company’s business, financial condition, liquidity and/or operating results could be adversely affected in the future by legal proceedings.

The Company is party to a lawsuit, initiated on March 27, 2018, against Southern California Edison in Superior Court of the State of California, County of Los Angeles whereby the Company is claiming unspecified damages, attorneys' fees and other costs, as a result of the Thomas Fire in fiscal year 2018. While the outcome of this lawsuit is uncertain, the Company believes its claim for damages is valid.

18. Stock-based Compensation

The Company has a stock-based compensation plan (the"Stock Plan") that allows for the grant of restricted stock of the Company to members of management, key executives and non-employee directors. The fair value of such awards is based on the fair value of the Company’s common stock on the date of grant and all are classified as equity awards.

Performance Awards

Certain restricted stock grants are made to management each December under the Stock Plan based on the achievement of certain annual financial performance and other criteria achieved during the previous fiscal year (“Performance Awards”). The Performance Awards are based on a percentage of the employee’s base salary divided by the stock price on the grant date once the performance criteria have been met, and generally vest over a two-year period as service is provided. During December 2022, 79,972 shares of restricted stock with a per share price of $13.19 were granted to management under the Stock Plan for fiscal year 2022 performance, resulting in total compensation expense of approximately $1,055,000, with $365,000 recognized in the fiscal year ended October 31, 2022 and the balance to be recognized over the next two years as the shares vest.

Executive Awards

Certain restricted stock grants are made to key executives under the Stock Plan (“Executive Awards”). Executive Awards generally vest over a three-year period as service is provided. During December 2022, the Company granted 55,000 shares of restricted stock with a per share price of $13.19 to key executives under the Stock Plan. The related compensation expense of approximately $725,000 will be recognized equally over the next three years as the shares vest.

In fiscal year 2022, the Company entered into Retention Bonus Agreements with key executives (collectively, the “Retention Bonus Agreements”) whereby the executives will be eligible to receive cash and restricted stock grants. During December 2022, the Company granted 11,317 shares of common stock with a per share price of $13.19 to key executives related to the Retention Bonus Agreements. The related compensation expense of approximately $149,000 had $122,000 recognized in the fiscal year ended October 31, 2022 and the balance will be recognized over the next year as the shares vest.

Director Awards

The Company issues shares of restricted stock to non-employee directors under the Stock Plan on an annual basis that generally vest over a one-year period (“Director Awards”).

Exchange of Common Stock

During the three months ended January 31, 2023 and 2022, members of management exchanged zero and 55,362 shares of common stock with fair values totaling zero and $900,000, respectively, at the dates of the exchanges, for the payment of payroll taxes associated with the vesting of shares under the Stock Plan.

19. Segment Information

The Company operates in four reportable operating segments: fresh lemons, lemon packing, avocados and other agribusiness. The reportable operating segments of the Company are strategic business units with different products and services, distribution processes and customer bases. The fresh lemons segment includes sales, farming and harvest costs and third-party grower and supplier costs relative to fresh lemons. The lemon packing segment includes packing revenues and shipping and handling revenues relative to lemon packing. The lemon packing segment expenses are comprised of lemon packing costs. The lemon packing segment revenues include intersegment revenues between fresh lemons and lemon packing. The intersegment revenues are included gross in the segment note and a separate line item is shown as an elimination. The avocados segment includes sales, farming and harvest costs. The other agribusiness segment includes sales, farming and harvest costs and brokered fruit costs of oranges, specialty citrus and other crops.

Revenues related to rental operations are included in “Corporate and Other.” Other agribusiness revenues consisted of oranges of $1,152,000 and specialty citrus and other crops of $1,247,000 for the three months ended January 31, 2023. Other agribusiness revenues consisted of oranges of $873,000 and specialty citrus and other crops of $876,000 for the three months ended January 31, 2022.

The Company does not separately allocate depreciation and amortization to its fresh lemons, lemon packing, avocados and other agribusiness segments. No asset information is provided for reportable operating segments, as these specified amounts are not included in the measure of segment profit or loss reviewed by the Company’s chief operating decision maker. The Company measures operating performance, including revenues and operating income, of its operating segments and allocates resources based on its evaluation. The Company does not allocate selling, general and administrative expense, gain on disposal of assets, total other income (expense) and income taxes, or specifically identify them to its operating segments. The Company earns packing revenue for packing lemons grown on its orchards and lemons procured from third-party growers. Intersegment revenues represent packing revenues related to lemons grown on the Company’s orchards.

Segment information for the three months ended January 31, 2023 (in thousands):

	Fresh Lemons	Lemon Packing	Eliminations	Avocados	Other Agribusiness	Total Agribusiness	Corporate and Other	Total
Revenues from external customers	$ 28,481	$ 5,648	$ —	$ —	$ 2,399	$ 36,528	$ 1,373	$ 37,901
Intersegment revenue	—	7,363	(7,363)	—	—	—	—	—
Total net revenues	28,481	13,011	(7,363)	—	2,399	36,528	1,373	37,901
Costs and expenses (gain)	33,300	11,353	(7,363)	—	1,816	39,106	(29,536)	9,570
Depreciation and amortization	—	—	—	—	—	2,135	312	2,447
Operating income (loss)	$ (4,819)	$ 1,658	$ —	$ —	$ 583	$ (4,713)	$ 30,597	$ 25,884

Segment information for the three months ended January 31, 2022 (in thousands):

	Fresh Lemons	Lemon Packing	Eliminations	Avocados	Other Agribusiness	Total Agribusiness	Corporate and Other	Total
Revenues from external customers	$ 29,600	$ 5,968	$ —	$ 766	$ 1,749	$ 38,083	$ 1,191	$ 39,274
Intersegment revenue	—	6,589	(6,589)	—	—	—	—	—
Total net revenues	29,600	12,557	(6,589)	766	1,749	38,083	1,191	39,274
Costs and expenses	32,161	10,556	(6,589)	321	2,610	39,059	7,293	46,352
Depreciation and amortization	—	—	—	—	—	2,185	295	2,480
Operating (loss) income	$ (2,561)	$ 2,001	$ —	$ 445	$ (861)	$ (3,161)	$ (6,397)	$ (9,558)

20. Subsequent Events

The Company evaluated events subsequent to January 31, 2023 through the date of this filing, to assess the need for potential recognition or disclosure in this Quarterly Report on Form 10-Q. Based upon this evaluation, except as described in the notes to the interim consolidated financial statements, it was determined that no other subsequent events occurred that require recognition or disclosure in the unaudited consolidated financial statements.

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

Overview

Limoneira Company, a Delaware corporation, is the successor to several businesses with operations in California since 1893. We are primarily an agribusiness company founded and based in Santa Paula, California, committed to responsibly using and managing our approximately 11,800 acres of land, water resources and other assets to maximize long-term stockholder value. Our current operations consist of fruit production, sales and marketing, rental operations, real estate and capital investment activities.

We are one of California’s oldest citrus growers. According to Sunkist Growers, Inc. (“Sunkist”), we are one of the largest growers of lemons in the United States and, according to the California Avocado Commission, one of the largest growers of avocados in the United States. In addition to growing lemons and avocados, we grow oranges and other crops. We have agricultural plantings throughout Ventura, San Luis Obispo and San Bernardino Counties in California, Yuma County in Arizona, La Serena, Chile and Jujuy, Argentina, which collectively consist of approximately 4,600 acres of lemons, 900 acres of avocados, 100 acres of oranges and 300 acres of other crops. We also operate our own packinghouses in Santa Paula, California and Yuma, Arizona, where we process, pack and sell lemons that we grow, as well as lemons grown by others. We have a 47% interest in Rosales S.A. (“Rosales”), a citrus packing, marketing and sales business, a 90% interest in Fruticola Pan de Azucar S.A. (“PDA”), a lemon and orange orchard and a 100% interest in Agricola San Pablo, SpA ("San Pablo"), a lemon and orange orchard, all of which are located near La Serena, Chile. We have a 51% interest in a joint venture, Trapani Fresh Consorcio de Cooperacion ("Trapani Fresh"), a lemon orchard in Argentina.

Our water resources include water rights, usage rights and pumping rights to the water in aquifers under, and canals that run through, the land we own. Water for our farming operations is sourced from the existing water resources associated with our land, which includes rights to water in the adjudicated Santa Paula Basin (aquifer) and the un-adjudicated Fillmore and Paso Robles Basins (aquifers). We also use ground water from the Cadiz Valley Basin in California's San Bernardino County and surface water in Arizona from the Colorado River through the Yuma Mesa Irrigation and Drainage District (“YMIDD”). We use ground water provided by wells and surface water for our PDA and San Pablo farming operations in Chile and our Trapani Fresh farming operations in Argentina.

For more than 100 years, we have been making strategic investments in California agriculture and real estate. We currently have an interest in three real estate development projects in California. These projects include multi-family housing and single-family homes of approximately 900 units in various stages of planning and development.

Business Division Summary

We have three business divisions: agribusiness, rental operations and real estate development. The agribusiness division is comprised of four reportable operating segments: fresh lemons, lemon packing, avocados and other agribusiness, which includes oranges, specialty citrus and other crops. The agribusiness division includes our core operations of farming, harvesting, lemon packing and lemon sales operations. The rental operations division includes our residential and commercial rentals, leased land operations and organic recycling. The real estate development division includes our investments in real estate development projects. Financial information and discussion of our four reportable segments are contained in the notes to the accompanying consolidated financial statements of this Quarterly Report on Form 10-Q.

Agribusiness Summary

We market and sell citrus directly to our food service, wholesale and retail customers throughout the United States, Canada, Asia, Australia, Europe and certain other international markets. We sell the majority of our avocados, oranges and specialty citrus to third-party packinghouses. Additionally, we sold our pistachios to a roaster, packager and marketer of nuts, and sell our wine grapes to various wine producers.

Historically, our agribusiness division has been seasonal in nature with quarterly revenue fluctuating depending on the timing and variety of crops being harvested. Cultural costs in our agribusiness division tend to be higher in the first and second quarters and lower in the third and fourth quarters because of the timing of expensing cultural costs in the current year that were inventoried in the prior year. Our harvest costs generally increase in the second quarter and peak in the third quarter, coinciding with the increasing production and revenue.

Fluctuations in price are a function of global supply and demand with weather conditions, such as unusually low temperatures, typically having the most dramatic effect on the amount of lemons supplied in any individual growing season. We believe we have a competitive advantage by maintaining our own lemon packing operations, even though a significant portion of the costs related to these operations are fixed. As a result, cost per carton is a function of fruit throughput. While we regularly monitor our costs for redundancies and opportunities for cost reductions, we also supplement the number of lemons we pack in our packinghouse with additional lemons procured from other growers. Because the fresh utilization rate for our lemons, or percentage of lemons we harvest and pack that are sold to the fresh market, is directly related to the quality of lemons we pack and, consequently, the price we receive per 40-pound box, we only pack lemons from other growers if we determine their lemons are of good quality.

Our avocado producing business is important to us, yet it faces constraints on growth. We are currently assessing all of our farmland in Ventura County for opportunities to expand our plantings of avocados. While avocado production is cyclical as avocados typically bear fruit on a bi-annual basis, the profitability and cash flow realized from our avocados helps to diversify our fruit production base.

In addition to growing lemons and avocados, we grow oranges and other crops typically utilizing land not suitable for growing high quality lemons. We regularly monitor the demand for the fruit we grow in the current marketplace to identify trends.

Rental Operations Summary

Our rental operations include our residential and commercial rentals, leased land operations and organic recycling. Our residential rental units generate reliable cash flows that we use to partially fund the operating costs of our business and provide affordable housing to many of our employees, including our agribusiness employees. This unique employment benefit helps us maintain a dependable, long-term employee base. In addition, our leased land business provides us with a typically profitable diversification. Revenue from rental operations is generally level throughout the year.

Real Estate Development Summary

We invest in real estate investment projects and recognize that long-term strategies are required for successful real estate development activities. Our goal is to redeploy real estate earnings and cash flow into the expansion of our agribusiness and other income producing real estate. For real estate development projects and joint ventures, it is not unusual for the timing and amounts of revenues and costs, partner contributions and distributions, project loans, other financing assumptions and project cash flows to be impacted by government approvals, project revenue and cost estimates and assumptions, economic conditions, financing sources and product demand as well as other factors. Such factors could affect our results of operations, cash flows and liquidity.

Water and Mineral Rights

Our water resources include water rights, usage rights and pumping rights to the water in aquifers under, and canals that run through, the land we own. We believe we have adequate supplies of water for our agribusiness segments as well as our rental and real estate development activities. Water for our farming operations located in Ventura County, California is sourced from the existing water resources associated with our land, which includes approximately 8,600 acre-feet of adjudicated water rights in the Santa Paula Basin (aquifer) and the un-adjudicated Fillmore Basin (acquifer). We use ground water provided by wells that derive water from the Cadiz Valley Basin at the Cadiz Ranch in San Bernardino County, California. Our Windfall Farms property located in San Luis Obispo County, California obtains water from wells that derive water from the Paso Robles Basin (aquifer). Our Associated farming operations in Yuma, Arizona source water from the Colorado River through the YMIDD, where we have access to approximately 11,700 acre feet of Class 3 Colorado River water rights. We use ground water provided by wells and surface water for our PDA and San Pablo farming operations in La Serena, Chile and our Trapani Fresh farming operations in Argentina.

California experienced above average precipitation during the first five months of the 2022 - 2023 rainfall season after experiencing below average precipitation the past three rainfall seasons. The series of nine storms in December 2022 and January 2023 helped to alleviate the drought conditions in California. Currently, the state is free from extreme drought conditions. According to the U.S. Drought Monitor, San Bernardino County was experiencing severe drought conditions and Ventura County was experiencing normal conditions as of February 28, 2023. We continue to assess the impact drought conditions may have on our California orchards.

In August 2021, the U.S. Bureau of Reclamation declared a Level 1 Shortage Condition at Lake Mead in the Lower Colorado River Basin for the first time ever, requiring shortage reductions and water savings contributions for states in the southwest. In January 2022, Arizona experienced water releases from Lake Mead reduced by approximately 18% of the state’s annual apportionment. In August 2022, the U.S. Bureau of Reclamation announced Lake Mead to operate in a Tier 2 shortage, which increases water restrictions for states in the southwest. In January 2023, Arizona forfeited approximately 21% of the state's yearly allotment of water from Lake Mead. In response, we entered into a fallowing agreement in fiscal year 2022 and are assessing the impact these additional reductions may have on our Arizona orchards.

Recent Developments

On October 10, 2022, we entered into a Purchase and Sale Agreement, as amended (the “Agreement”), with PGIM Real Estate Finance, LLC (“PGIM”) to sell 3,537 acres of land and citrus orchards in Tulare County, California (the “Northern Properties”) for a purchase price of approximately $100.4 million. On January 25, 2023, the Board of Directors approved the Agreement, binding us to sell the Northern Properties and the transaction closed on January 31, 2023. We received net cash proceeds of approximately $98.8 million and recorded a gain of approximately $40.0 million. The proceeds were used primarily to pay down debt.

On January 31, 2023, we entered into a Farm Management Agreement (the “FMA”) with an affiliate of PGIM to provide farming, management and operations services related to the Northern Properties. The FMA has an initial term expiring March 31, 2024, and thereafter continuing from year to year unless earlier terminated under the terms of the FMA. Further, on January 31, 2023, we entered into a Grower Packing and Marketing Agreement to provide packing, marketing and selling services for lemons harvested on the Northern Properties for a minimum five-year term, subject to certain benchmarking standards.

During the three months ended January 31, 2023, the Company made funding contributions of $2.6 million to fully fund and settle the plan obligations of the Limoneira Company Retirement Plan. Lump sum payments were made to a portion of the active and vested terminated participants and annuities were purchased for all remaining participants from an insurance company. There are no remaining benefit obligations or plan assets and the remaining accumulated other comprehensive loss was fully recognized.

On November 30, 2022, we sold our Sevilla property and received net proceeds of $2.6 million and recorded an immaterial loss in the first quarter of fiscal year 2023.

On December 20, 2022, we declared a cash dividend of $0.075 per common share paid on January 13, 2023, in the aggregate amount of $1.3 million to stockholders of record as of January 3, 2023.

COVID-19 Pandemic

The COVID-19 pandemic has had an adverse impact on the industries and markets in which we conduct business. In particular, the United States lemon market saw a significant decline in volume, with lemon demand falling since widespread shelter in place orders were issued in March 2020, resulting in a significant market oversupply. The export market for fresh produce also significantly declined due to the COVID-19 pandemic impacts. As of January 31, 2023, the demand within both markets is recovering but has not yet returned to pre-pandemic levels.

The decline in demand for the Company's products beginning the second quarter of fiscal year 2020, has negatively impacted our sales and profitability for the last three years. The COVID-19 pandemic may impact our sales and profitability in future periods. The duration of these trends and the magnitude of such impacts are uncertain and therefore cannot be estimated at this time, as they are influenced by a number of factors, many of which are outside management’s control, including, but not limited, to those presented in Item 1A. Risk Factors of our Annual Report on Form 10-K for the year ended October 31, 2022. Notwithstanding the adverse impacts and subject to unforeseen changes that may arise as the COVID-19 pandemic continues, we currently expect improvement in fiscal year 2023 compared to fiscal year 2022.

Given the economic uncertainty as a result of the COVID-19 pandemic over the past three years, we have taken actions to improve our current liquidity position, including strategically selling certain assets, temporarily postponing capital expenditures and substantially reducing discretionary spending.

There is continued uncertainty around the breadth and duration of our business disruptions related to the COVID-19 pandemic, as well as its impact on the U.S. economy and the ongoing business operations of our customers. The ongoing impact of the COVID-19 pandemic on our results of operations, financial condition, or liquidity for fiscal year 2023 and beyond cannot be estimated at this time. The following discussions are subject to the future effects of the COVID-19 pandemic on our ongoing business operations.

Results of Operations

The following table shows the results of operations (in thousands):

	Three Months Ended January 31,	
	2023	2022
Net revenues:		
Agribusiness	$ 36,528	$ 38,083
Other operations	1,373	1,191
Total net revenues	37,901	39,274
Costs and expenses:		
Agribusiness	41,241	41,244
Other operations	1,238	1,074
Gain on disposal of assets, net	(39,742)	(85)
Selling, general and administrative	9,280	6,599
Total costs and expenses	12,017	48,832
Operating income:		
Agribusiness	(4,713)	(3,161)
Other operations	135	117
Gain on disposal of assets, net	39,742	85
Selling, general and administrative	(9,280)	(6,599)
Operating income (loss)	25,884	(9,558)
Other (expense) income:		
Interest income	8	21
Interest (expense), net of patronage dividends	(1,172)	215
Equity in earnings of investments, net	253	51
Other (expense) income, net	(2,612)	15
Total other (expense) income	(3,523)	302
Income (loss) before income tax (provision) benefit	22,361	(9,256)
Income tax (provision) benefit	(6,827)	2,650
Net income (loss)	15,534	(6,606)
Net loss attributable to noncontrolling interest	97	88
Net income (loss) attributable to Limoneira Company	$ 15,631	$ (6,518)

Non-GAAP Financial Measures

Due to significant depreciable assets associated with the nature of our operations and interest costs associated with our capital structure, management believes that earnings before interest, income taxes, depreciation and amortization ("EBITDA") and adjusted EBITDA, which excludes stock-based compensation, named executive officer cash severance, pension settlement cost, gain on disposal of assets, net and cash bonus related to the sale of assets are important measures to evaluate our results of operations between periods on a more comparable basis. Adjusted EBITDA in previous periods did not exclude stock-based compensation which has now been excluded as management believes this is a better representation of cash generated by operations and is consistent with peer company reporting. Adjusted EBITDA for prior periods has been restated to conform to the current presentation. Such measurements are not prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and should not be construed as an alternative to reported results determined in accordance with GAAP. The non-GAAP information provided is unique to us and may not be consistent with methodologies used by other companies.

EBITDA and adjusted EBITDA are summarized and reconciled to net income (loss) attributable to Limoneira Company which management considers to be the most directly comparable financial measure calculated and presented in accordance with GAAP as follows (in thousands):

	Three Months Ended January 31,	
	2023	2022
Net income (loss) attributable to Limoneira Company	$ 15,631	$ (6,518)
Interest income	(8)	(21)
Interest (expense), net of patronage dividends	1,172	(215)
Income tax provision (benefit)	6,827	(2,650)
Depreciation and amortization	2,447	2,480
EBITDA	$ 26,069	$ (6,924)
Stock-based compensation	1,064	997
Named executive officer cash severance	—	432
Pension settlement cost	2,741	—
Gain on disposal of assets, net	(39,742)	(85)
Cash bonus related to sale of assets	2,000	—
Adjusted EBITDA	$ (7,868)	$ (5,580)

Three Months Ended January 31, 2023 Compared to the Three Months Ended January 31, 2022

Revenues

Total net revenues for the three months ended January 31, 2023 were $37.9 million, compared to $39.3 million for the three months ended January 31, 2022. The 3% decrease of $1.4 million was primarily the result of decreased lemon and avocado agribusiness revenues, as detailed below ($ in thousands):

	Agribusiness Revenues for the Three Months Ended January 31,			
	2023	2022	Change	
Lemons	$ 34,129	$ 35,568	$ (1,439)	(4)%
Avocados	—	766	(766)	(100)%
Oranges	1,152	873	279	32%
Specialty citrus and other crops	1,247	876	371	42%
Agribusiness revenues	$ 36,528	$ 38,083	$ (1,555)	(4)%

- Lemons: The decrease in the first quarter of fiscal year 2023 was primarily the result of decreased brokered fruit and decreased shipping and handling compared to the same period of fiscal year 2022. During the first quarter of fiscal years 2023 and 2022, fresh lemon sales were $24.7 million and $24.7 million, in aggregate, on 1,308,000 and 1,207,000 cartons of lemons sold at average per carton prices of $18.88 and $20.48, respectively. Lemon revenues in the first quarter of fiscal years 2023 and 2022 included shipping and handling of $5.6 million and $6.0 million, brokered fruit and other lemon sales of $2.5 million and $3.9 million, and lemon by-product sales of $1.2 million and $1.0 million, respectively.
- Avocados: Due to harvest timing, no sales were recorded in the first quarter of fiscal year 2023 compared to sales of 365,000 pounds of avocados at an average per pound price of $2.10 in the first quarter of fiscal year 2022.
- Oranges: The increase in the first quarter of fiscal year 2023 was primarily the result of increased volume and higher prices of oranges sold, compared to the same period of fiscal year 2022. In the first quarter of fiscal years 2023 and 2022, we sold 64,000 and 53,000 40-pound carton equivalents of oranges at an average per carton price of $18.00 and $16.47, respectively.
- Specialty citrus and other crops: The increase in the first quarter of fiscal year 2023 was primarily the result of increased volume and higher prices of specialty citrus sold, compared to the same period of fiscal year 2022. During the first quarter of fiscal years 2023 and 2022, we sold 54,000 and 51,000 40-pound carton equivalents of specialty citrus at an average per carton price of $23.09 and $14.63, respectively.

Other operations revenue in the first quarter of fiscal years 2023 and 2022 was $1.4 million and $1.2 million, respectively.

Costs and Expenses

Our total costs and expenses in the first quarter of fiscal year 2023 were $12.0 million, compared to $48.8 million in the same period of fiscal year 2022. The 75% decrease of $36.8 million was primarily the result of increased gain on disposal of assets, net primarily related to the Northern Properties sale. Costs and expenses associated with our agribusiness division include packing costs, harvest costs, growing costs, costs related to the fruit we procure and sell for third-party growers and suppliers and depreciation and amortization expense, as detailed below ($ in thousands):

	Agribusiness Costs and Expenses for the Three Months Ended January 31,			
	2023	**2022**	**Change**	
Packing costs	$ 12,339	$ 11,280	$ 1,059	9%
Harvest costs	4,078	5,246	(1,168)	(22)%
Growing costs	7,671	8,278	(607)	(7)%
Third-party grower and supplier costs	15,018	14,255	763	5%
Depreciation and amortization	2,135	2,185	(50)	(2)%
Agribusiness costs and expenses	$ 41,241	$ 41,244	$ (3)	—%

- Packing costs: Packing costs consist primarily of the costs to pack lemons for sale such as labor and benefits, cardboard cartons, fruit treatments, packing and shipping supplies and facility operating costs. In the first quarter of fiscal years 2023 and 2022, lemon packing costs were $11.4 million and $10.6 million, respectively. During the first quarter of fiscal years 2023 and 2022, we packed and sold 1,308,000 and 1,207,000 cartons of lemons at average per carton costs of $8.68 and $8.74, respectively. Additionally, in the first quarter of fiscal years 2023 and 2022, packing costs included $1.0 million and $0.7 million of shipping costs, respectively.
- Harvest costs: The decrease in the first quarter of fiscal year 2023 was primarily the result of decreased volume of lemons and avocados harvested compared to the same period in fiscal year 2022.
- Growing costs: Growing costs, also referred to as cultural costs, consist of orchard maintenance costs such as cultivation, fertilization and soil amendments, pest control, pruning and irrigation. The decrease in the first quarter of fiscal year 2023 was primarily the result of farm management decisions based on weather, harvest timing and crop conditions.
- Third-party grower and supplier costs: We sell fruit that we grow and fruit that we procure from other growers and suppliers. The cost of procuring fruit from other growers is referred to as third-party grower and supplier costs. The increase in the first quarter of fiscal year 2023 was primarily the result of increased volume, partially offset by decreased prices of third-party grower fruit sold, compared to the same period of fiscal year 2022. Of the 1,308,000 and 1,207,000 cartons of lemons packed and sold during the first quarter of fiscal years 2023 and 2022, 866,000 (66%) and 693,000 (57%), respectively, were procured from third-party growers at average per carton prices of $13.60 and $16.28. Additionally, in the first quarter of fiscal years 2023 and 2022, we incurred $3.2 million and $3.0 million, respectively, of costs for purchased, packed fruit for resale.
- Depreciation and amortization: Depreciation and amortization expense for the first quarter of fiscal years 2023 and 2022 was $2.1 million and $2.2 million, respectively.

Other operations expenses were $1.2 million and $1.1 million in the first quarter of fiscal years 2023 and 2022, respectively.

Gain on disposal of assets, net was $39.7 million and $0.1 million in the first quarter of fiscal years 2023 and 2022, respectively. The change is primarily related to sale of our Northern Properties in fiscal year 2023.

Selling, general and administrative costs and expenses were $9.3 million and $6.6 million in the first quarter of fiscal years 2023 and 2022, respectively. The 41% increase of $2.7 million was primarily the result of:

- $2.0 million net increase in salaries, benefits and incentive compensation;
- $0.1 million increase in selling expenses; and
- $0.6 million net increase in other selling, general and administrative expenses, primarily associated with our strategic initiatives.

Other (Expense) Income

Other (expense) income was $(3.5) million and $0.3 million in the first quarter of fiscal years 2023 and 2022, respectively. The change of $3.8 million in other expense was primarily the result of:

- $1.4 million increase of interest expense, net as a result of a $1.6 million patronage dividend recorded in the first quarter of fiscal year 2022, compared to zero in fiscal year 2023;
- $2.6 million increase of other expense, net; primarily as a result of pension settlement costs; and
- $0.2 million increase of equity in earnings of investments.

Income Taxes

We recorded an estimated income tax (provision) benefit of $(6.8) million and $2.7 million in the first quarter of fiscal years 2023 and 2022 on pre-tax income (loss) of $22.4 million and $(9.3) million, respectively. The tax provision recorded for the first quarter of fiscal year 2023 differs from the U.S. federal statutory tax rate of 21.0% due primarily to foreign jurisdictions which are taxed at different rates, state taxes, tax impact of stock-based compensation, and nondeductible tax items. Our projected annual effective blended tax rate for fiscal year 2023, excluding discrete items, is approximately 27.4%.

Net Loss Attributable to Noncontrolling Interest

Net loss attributable to noncontrolling interest represents 10% and 49% of the net losses of PDA and Trapani Fresh, respectively.

Segment Results of Operations

We operate in four reportable operating segments: fresh lemons, lemon packing, avocados and other agribusiness. Our reportable operating segments are strategic business units with different products and services, distribution processes and customer bases. We evaluate the performance of our operating segments separately to monitor the different factors affecting financial results. Each segment is subject to review and evaluations related to current market conditions, market opportunities and available resources. See Note 19 - Segment Information for additional information regarding our operating segments.

Three Months Ended January 31, 2023 Compared to the Three Months Ended January 31, 2022

The following table shows the segment results of operations for the three months ended January 31, 2023 (in thousands):

	Fresh Lemons	Lemon Packing	Eliminations	Avocados	Other Agribusiness	Total Agribusiness	Corporate and Other	Total
Revenues from external customers	$ 28,481	$ 5,648	$ —	$ —	$ 2,399	$ 36,528	$ 1,373	$ 37,901
Intersegment revenue	—	7,363	(7,363)	—	—	—	—	—
Total net revenues	28,481	13,011	(7,363)	—	2,399	36,528	1,373	37,901
Costs and expenses (gain)	33,300	11,353	(7,363)	—	1,816	39,106	(29,536)	9,570
Depreciation and amortization	—	—	—	—	—	2,135	312	2,447
Operating income (loss)	$ (4,819)	$ 1,658	$ —	$ —	$ 583	$ (4,713)	$ 30,597	$ 25,884

The following table shows the segment results of operations for the three months ended January 31, 2022 (in thousands):

	Fresh Lemons	Lemon Packing	Eliminations	Avocados	Other Agribusiness	Total Agribusiness	Corporate and Other	Total
Revenues from external customers	$ 29,600	$ 5,968	$ —	$ 766	$ 1,749	$ 38,083	$ 1,191	$ 39,274
Intersegment revenue	—	6,589	(6,589)	—	—	—	—	—
Total net revenues	29,600	12,557	(6,589)	766	1,749	38,083	1,191	39,274
Costs and expenses	32,161	10,556	(6,589)	321	2,610	39,059	7,293	46,352
Depreciation and amortization	—	—	—	—	—	2,185	295	2,480
Operating (loss) income	$ (2,561)	$ 2,001	$ —	$ 445	$ (861)	$ (3,161)	$ (6,397)	$ (9,558)

The following analysis should be read in conjunction with the previous section "Results of Operations."

Fresh Lemons

Fresh lemons segment revenue is comprised of sales of fresh lemons, lemon by-products and brokered fruit and other lemon revenue such as purchased, packed fruit for resale. For the first quarter of fiscal years 2023 and 2022, our fresh lemons segment total net revenues were $28.5 million and $29.6 million, respectively. The 4% decrease of $1.1 million was primarily the result of a net decrease in brokered fruit and other lemon sales.

Costs and expenses associated with our fresh lemons segment include growing costs, harvest costs and costs of lemons we procure from third-party growers and suppliers. For the first quarter of fiscal years 2023 and 2022, our fresh lemons segment costs and expenses were $33.3 million and $32.2 million, respectively. The 4% increase of $1.1 million was primarily the result of:

- Harvest costs for the first quarter of fiscal year 2023 were $1.1 million lower than the same period of fiscal year 2022.
- Growing costs for the first quarter of fiscal year 2023 were $1.1 million higher than the same period of fiscal year 2022.
- Third-party grower and supplier costs for the first quarter of fiscal year 2023 were $0.1 million higher than the same period of fiscal year 2022.
- Transportation costs for the first quarter of fiscal year 2023 were $0.3 million higher than the same period of fiscal year 2022.
- Intersegment costs and expenses for the first quarter of fiscal year 2023 were $0.8 million higher than the same period of fiscal year 2022.

Lemon Packing

Lemon packing segment revenue is comprised of packing revenue, intersegment packing revenue and shipping and handling revenue. For the first quarter of fiscal years 2023 and 2022, our lemon packing segment total net revenues were $13.0 million and $12.6 million, respectively. The 4% increase of $0.5 million was primarily the result of increased volume of lemons packed and sold.

Costs and expenses associated with our lemon packing segment consist of the cost to pack lemons for sale such as labor and benefits, cardboard cartons, fruit treatments, packing and shipping supplies and facility operating costs. For the first quarter of fiscal years 2023 and 2022, our lemon packing costs and expenses were $11.4 million and $10.6 million, respectively. The 8% increase of $0.8 million was primarily the result of increased volume of lemons packed and sold.

For the first quarter of fiscal years 2023 and 2022, lemon packing segment operating income per carton sold was $1.27 and $1.66, respectively.

In the first quarter of fiscal years 2023 and 2022, the lemon packing segment included $7.4 million and $6.6 million, respectively, of intersegment revenues that were charged to the fresh lemons segment to pack lemons for sale. Such intersegment revenues and expenses are eliminated in our consolidated financial statements.

Avocados

For the first quarter of fiscal year 2023, our avocados segment had no revenue, compared to $0.8 million in the same period of fiscal year 2022.

Costs and expenses associated with our avocados segment include growing and harvest costs. For the first quarter of fiscal years 2023 and 2022, our avocados segment costs and expenses were zero and $0.3 million, respectively.

Other Agribusiness

For the first quarter of fiscal years 2023 and 2022, our other agribusiness segment total net revenues were $2.4 million and $1.7 million, respectively. The 37% increase of $0.7 million was primarily the result of:

- Orange revenues for the first quarter of fiscal year 2023 were $0.3 million higher than the same period of fiscal year 2022.
- Specialty citrus and other crops revenues for the first quarter of fiscal year 2023 were $0.4 million higher than the same period of fiscal year 2022.

Costs and expenses associated with our other agribusiness segment include growing costs, harvest costs and purchased fruit costs. For the first quarter of fiscal years 2023 and 2022, our other agribusiness costs and expenses were $1.8 million and $2.6 million, respectively. The 30% decrease of $0.8 million was primarily the result of:

- Harvest costs for the first quarter of fiscal year 2023 were $0.1 million lower than the same period of fiscal year 2022.
- Growing costs for the first quarter of fiscal year 2023 were $1.4 million lower than the same period of fiscal year 2022.
- Purchased fruit costs for the first quarter of fiscal year 2023 were $0.7 million higher than the same period of fiscal year 2022.

Total agribusiness depreciation and amortization expenses for the first quarter of fiscal years 2023 and 2022 were similar at $2.1 million.

Corporate and Other

Our corporate and other operations had revenues of $1.4 million and $1.2 million for the first quarter of fiscal years 2023 and 2022, respectively.

Costs and expenses in our corporate and other operations for the first quarter of fiscal years 2023 and 2022 were approximately $(29.5) million and $7.4 million, respectively, and include selling, general and administrative costs and expenses and gain on disposal of assets not allocated to the operating segments. Depreciation and amortization expenses for the first quarter of fiscal years 2023 and 2022 were similar at $0.3 million.

Seasonal Operations

Historically, our agribusiness operations have been seasonal in nature with quarterly revenue fluctuating depending on the timing and the variety of crops being harvested. Cultural costs in our agribusiness tend to be higher in the first and second quarters and lower in the third and fourth quarters because of the timing of expensing cultural costs in the current year that were inventoried in the prior year. Our harvest costs generally increase in the second quarter and peak in the third quarter coinciding with the increasing production and revenue. Due to this seasonality and to avoid the inference that interim results are indicative of the estimated results for a full fiscal year, we present supplemental information for 12-month periods ended at the interim date for the current and preceding years.

Results of Operations for the Trailing Twelve Months Ended January 31, 2023 and 2022

The following table shows the unaudited results of operations (in thousands):

	Trailing Twelve Months Ended January 31,	
	2023	2022
Net revenues:		
Agribusiness	$ 177,726	$ 162,327
Other operations	5,506	4,699
Total net revenues	183,232	167,026
Costs and expenses:		
Agribusiness	160,648	152,798
Other operations	4,602	4,324
(Gain) loss on disposal of assets	(44,157)	24
Selling, general and administrative	24,496	20,130
Total costs and expenses	145,589	177,276
Operating income (loss)	37,643	(10,250)
Other (expense) income:		
Interest income	40	357
Interest expense, net of patronage dividends	(3,678)	(1,420)
Equity in earnings of investments, net	1,543	2,888
Other (expense) income, net	(3,582)	111
Total other (expense) income	(5,677)	1,936
Income (loss) before income tax (provision) benefit	31,966	(8,314)
Income tax (provision) benefit	(10,300)	1,729
Net income (loss)	21,666	(6,585)
Loss attributable to noncontrolling interest	247	836
Net income (loss) attributable to Limoneira Company	$ 21,913	$ (5,749)

The following analysis should be read in conjunction with the previous section "Results of Operations."

- Total revenues increased $16.2 million in the twelve months ended January 31, 2023, compared to the twelve months ended January 31, 2022, primarily related to increased agribusiness revenues, particularly increased avocado sales, oranges and specialty crops.
- Total costs and expenses decreased $31.7 million in the twelve months ended January 31, 2023, compared to the twelve months ended January 31, 2022, primarily related to gain on disposal of assets, partially offset by increased agribusiness costs and selling, general and administrative expenses.
- Total other expense increased $7.6 million in the twelve months ended January 31, 2023, compared to the twelve months ended January 31, 2022, primarily related to increased interest expense, net of patronage dividends, decreased equity in earnings of investments and increased other expense primarily due to pension settlement costs.
- Income tax provision increased $12.0 million in the twelve months ended January 31, 2023, compared to the twelve months ended January 31, 2022, primarily related to an increase in pre-tax income of $40.3 million.

Liquidity and Capital Resources

Overview

Our primary sources of liquidity are cash and cash flows generated from our operations and use of our revolving credit facility. Our liquidity and capital position fluctuates during the year depending on seasonal production cycles, weather events and demand for our products. Typically, our first and last fiscal quarters coincide with the fall and winter months during which we are growing crops that are harvested and sold in the spring and summer, which are our second and third quarters. To meet working capital demand and investment requirements of our agribusiness and real estate development projects and to supplement operating cash flows, we utilize our revolving credit facility to fund agricultural inputs and farm management practices until sufficient returns from crops allow us to repay amounts borrowed. Raw materials needed to propagate the various crops grown by us consist primarily of fertilizer, herbicides, insecticides, fuel and water, all of which are readily available from local sources.

Material contractual obligations arising in the normal course of business consist primarily of purchase obligations, long-term fixed rate and variable rate debt and related interest payments and operating and finance leases. See Note 10 - Long-Term Debt and Note 12 - Leases for amounts outstanding as of January 31, 2023, related to debt and leases. Purchase obligations consist of contracts primarily related to packing supplies, the majority of which are due in the next three years.

We believe that the cash flows from operations and available borrowing capacity from our existing credit facilities will be sufficient to satisfy our capital expenditures, debt service, working capital needs and other contractual obligations for the next twelve months. In addition, we have the ability to control a portion of our investing cash flows to the extent necessary based on our liquidity demands.

Cash Flows from Operating Activities

For the three months ended January 31, 2023, net cash used in operating activities was $21.2 million, compared to net cash used in operating activities of $8.2 million for the three months ended January 31, 2022. The significant components of our cash flows used in operating activities were as follows:

- Net income (loss) for the three months ended January 31, 2023 and 2022 was $15.5 million and $(6.6) million, respectively. The components of net income in the three months ended January 31, 2023, compared to the net loss in the same period in fiscal year 2022 consist of an increase in operating income of $35.4 million, an increase in total other expense of $3.8 million and an increase in income tax provision of $9.5 million.
- Adjustments to reconcile income (loss) to net cash used in operating activities:
    - Adjustments used $29.1 million and provided $1.1 million in the three months ended January 31, 2023 and 2022, respectively, primarily related to gain on disposal of assets, depreciation and amortization, stock compensation expense and deferred income taxes.
    - Changes in operating assets and liabilities used $7.6 million and $2.6 million of operating cash in the three months ended January 31, 2023 and 2022, respectively, primarily related to accounts receivables/other from related parties, cultural costs, prepaid expenses and other current assets, accounts payable and growers and suppliers payable.

Cash Flows from Investing Activities

For the three months ended January 31, 2023 and 2022, net cash provided by (used in) investing activities was $99.1 million and $(0.7) million, respectively.

- The $99.1 million of cash provided by investing activities during the three months ended January 31, 2023 was comprised primarily of net proceeds from sales of assets of $98.9 million, net proceeds from the sale of real estate development assets of $2.6 million, partially offset by capital expenditures of $2.2 million, primarily related to orchard and vineyard development.
- The $0.7 million of cash used in investing activities during the three months ended January 31, 2022 was comprised primarily of capital expenditures of $2.1 million primarily related to orchard and vineyard development, partially offset by net proceeds from sales of assets of $1.1 million.

Cash Flows from Financing Activities

For the three months ended January 31, 2023 and 2022, net cash (used in) provided by financing activities was $(66.3) million and $9.3 million, respectively.

- The $66.3 million of cash used in financing activities during the three months ended January 31, 2023 was comprised primarily of net repayments of long-term debt of $64.8 million and common and preferred stock dividends of $1.5 million.
- The $9.3 million of cash provided by financing activities during the three months ended January 31, 2022 was comprised primarily of net borrowings of long-term debt of $11.7 million, partially offset by common and preferred dividends, in aggregate, of $1.5 million and the exchange of common stock of $0.9 million.

Transactions Affecting Liquidity and Capital Resources

Credit Facilities and Long-Term Debt

We finance our working capital and other liquidity requirements primarily through cash from operations and from our AgWest Farm Credit Facility, which includes the Master Loan Agreement (the "MLA"), Supplements and Revolving Equity Line of Credit (the "RELOC"). In addition, we have Banco de Chile term loans and COVID-19 loans. Additional information regarding these loans can be found in Note 10 - Long-Term Debt.

In June 2021, we entered into the MLA with AgWest Farm Credit, formerly known as Farm Credit West, PCA (the "Lender"), together with the Supplements and a Fixed Interest Rate Agreement, which extends the principal repayment to July 1, 2026. The MLA governs the terms of the Supplements.

The Supplements and RELOC provide aggregate borrowing capacity of $130.0 million, comprised of $75.0 million under the Revolving Credit Supplement, $40.0 million under the Non-Revolving Credit Supplement and $15.0 million under the RELOC. As of January 31, 2023, our outstanding borrowings under the AgWest Farm Credit Facility and RELOC were $40.0 million and we had $90.0 million of availability.

On January 31, 2023, the Company sold the Northern Properties which resulted in total net proceeds of $98.8 million. The proceeds were used to pay down all of the Company's domestic debt except the Non-Revolving Credit Supplement.

The MLA subjects us to affirmative and restrictive covenants including, among other customary covenants, financial reporting requirements, requirements to maintain and repair any collateral, restrictions on the sale of assets, restrictions on the use of proceeds, prohibitions on the incurrence of additional debt and restrictions on the purchase or sale of major assets of our business. We are also subject to a financial covenant that requires us to maintain compliance with a specified debt service coverage ratio greater than or equal to 1:25:1.0 on an annual basis. We were in compliance as of October 31, 2022.

In February 2023, the Lender declared an annual cash patronage dividend of 1.25% of average eligible loan balances and the Company received $1.4 million in the second quarter of fiscal year 2023. In the first quarter of fiscal year 2022, the Lender declared an annual patronage dividend of $1.6 million, which we received in the second quarter of fiscal year 2022.

Dividends

The holders of the Series B Convertible Preferred Stock (the “Series B Stock”) and the Series B-2 Preferred Stock (the “Series B-2 Preferred Stock”) are entitled to receive cumulative cash dividends. Such preferred dividends paid were $0.1 million in the three months ended January 31, 2023 and 2022.

Cash dividends declared in the three months ended January 31, 2023 and 2022 were $0.08 per common share and such dividends paid were $1.3 million in the three months ended January 31, 2023 and 2022.

Critical Accounting Estimates

The preparation of our consolidated financial statements in accordance with GAAP requires us to develop critical accounting policies and make certain estimates, assumptions and judgments that may affect the reported amounts of assets, liabilities, revenues and expenses. We base our estimates and judgments on historical experience, available relevant data and other information that we believe to be reasonable under the circumstances, and we continue to review and evaluate these estimates. Actual results may materially differ from these estimates under different assumptions or conditions as new or additional information become available in future periods. During the three months ended January 31, 2023, our critical accounting policies and estimates have not changed since the filing of our Annual Report on Form 10-K as of October 31, 2022. Please refer to that filing for a description of our critical accounting policies and estimates.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

There have been no material changes in the disclosures discussed in the section entitled “Quantitative and Qualitative Disclosures about Market Risk” in Part II, Item 7A of our Annual Report on Form 10-K for the fiscal year ended October 31, 2022 as filed with the SEC on December 22, 2022.

Item 4. Controls and Procedures

Disclosure Controls and Procedures. As of January 31, 2023, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our "disclosure controls and procedures," as such term is defined in Rule 13a-15(e) promulgated under the Exchange Act. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Quarterly Report on Form 10-Q.

Changes in Internal Control over Financial Reporting. There have been no significant changes in our internal control over financial reporting during the quarter ended January 31, 2023 or, to our knowledge, in other factors that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Limitations on the Effectiveness of Controls. Control systems, no matter how well conceived and operated, are designed to provide a reasonable, but not an absolute, level of 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 the Company have been detected. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we are a party to various lawsuits, arbitrations or mediations that arise in the ordinary course of business. The disclosure called for by Part II, Item 1 regarding our legal proceedings is incorporated by reference herein from Part I, Item 1 Note 17 - Commitments and Contingencies of the Notes to the Consolidated Financial Statements in this Quarterly Report on Form 10-Q.

Item 1A. Risk Factors

There have been no material changes in the disclosures discussed in the section entitled “Risk Factors” in Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended October 31, 2022, as filed with the SEC on December 22, 2022.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit Number	Exhibit
3.1	Restated Certificate of Incorporation of Limoneira Company, dated July 5, 1990 (Incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form 10, and amendments thereto, declared effective April 13, 2010 (File No. 000-53885))
3.2	Certificate of Merger of Limoneira Company and The Samuel Edwards Associates into Limoneira Company, dated October 31, 1990 (Incorporated by reference to Exhibit 3.2 to the Company's Registration Statement on Form 10, and amendments thereto, declared effective April 13, 2010 (File No. 000-53885))
3.3	Certificate of Merger of McKevett Corporation into Limoneira Company dated December 31, 1994 (Incorporated by reference to Exhibit 3.3 to the Company's Registration Statement on Form 10, and amendments thereto, declared effective April 13, 2010 (File No. 000-53885))
3.4	Agreement of Merger Between Ronald Michaelis Ranches, Inc. and Limoneira Company, dated June 24, 1997 (Incorporated by reference to Exhibit 3.6 to the Company's Registration Statement on Form 10, and amendments thereto, declared effective April 13, 2010 (File No. 000-53885))
3.5	Certificate of Amendment of Certificate of Incorporation of Limoneira Company, dated April 22, 2003 (Incorporated by reference to Exhibit 3.7 to the Company's Registration Statement on Form 10, and amendments thereto, declared effective April 13, 2010 (File No. 000-53885))
3.6	Certificate of Amendment of Certificate of Incorporation of Limoneira Company, dated March 24, 2010 (Incorporated by reference to Exhibit 3.9 to the Company's Registration Statement on Form 10, and amendments thereto, declared effective April 13, 2010 (File No. 000-53885))
3.7	Certificate of Amendment of Certificate of Incorporation of Limoneira Company, dated March 29, 2017 (Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed March 31, 2017 (File No. 001-34755))
3.8	Amended and Restated Bylaws of Limoneira Company (Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed October 27, 2021 (File No. 001-34755))
4.1	Specimen Certificate representing shares of Common Stock, par value $0.01 per share (Incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form 10, and amendments thereto, declared effective April 13, 2010 (File No. 000-53885))
4.2	Rights Agreement dated December 20, 2006 between Limoneira Company and The Bank of New York, as Rights Agent (Incorporated by reference to Exhibit 4.2 to the Company's Registration Statement on Form 10, and amendments thereto, declared effective April 13, 2010 (File No. 000-53885))
4.3	Certificate of Designation, Preferences and Rights of $8.75 Voting Preferred Stock, $100.00 Par Value, Series B of Limoneira Company, dated May 21, 1997 (Incorporated by reference to Exhibit 3.4 to the Company's Registration Statement on Form 10, and amendments thereto, declared effective April 13, 2010 (File No. 000-53885))
4.4	Amended Certificate of Designation, Preferences and Rights of $8.75 Voting Preferred Stock, $100.00 Par Value, Series B of Limoneira Company, dated May 21, 1997 (Incorporated by reference to Exhibit 3.5 to the Company's Registration Statement on Form 10, and amendments thereto, declared effective April 13, 2010 (File No. 000-53885))
4.5	Certificate of Designation, Preferences and Rights of Series A Junior Participating Preferred Stock, $.01 Par Value, of Limoneira Company, dated November 21, 2006 (Incorporated by reference to Exhibit 3.8 to the Company's Registration Statement on Form 10, and amendments thereto, declared effective April 13, 2010 (File No. 000-53885))
4.6	Certificate of Designation, Preferences and Rights of 4% Voting Preferred Stock, $100.00 Par Value, Series B-2 of Limoneira Company, dated March 20, 2014 (Incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed March 24, 2014 (File No. 001-34755))

Exhibit Number	Exhibit
10.1	Single Premium Guaranteed Annuity Contract Purchase Agreement, dated November 4, 2022 (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed November 9, 2022)
10.2	Temporary Bulk Payment Agreement, dated November 4, 2022 (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed November 9, 2022)
10.3	Purchase and Sale Agreement and Joint Escrow Instructions, dated October 10, 2022, by and between Limoneira Company and PGIM Real Estate Finance, LLC (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed January 31, 2023)
10.4	First Amendment to Purchase and Sale Agreement and Joint Escrow Instructions, dated January 17, 2023 (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed January 31, 2023)
10.5	Second Amendment to Purchase and Sale Agreement and Joint Escrow Instructions, dated January 24, 2023 (Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, filed January 31, 2023)
10.6*	Farm Management Agreement, dated January 31, 2023, by and between Capital Agricultural Property Services, Inc. and Limoneira Company.
10.7*	Grower Packing & Marketing Agreement, dated as of January 31, 2023, by and between Limoneira Company and PAI Centurion Citrus, LLC.
31.1*	Certification of the Principal Executive Officer pursuant to Exchange Act Rule 13a-14(a) and 15d-14(a)
31.2*	Certification of the Principal Financial Officer pursuant to Exchange Act Rule 13a-14(a) and 15d-14(a)
32.1*	Certification of the Principal Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Certification of the Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document
104	The cover page for the Company's Quarterly Report on Form 10-Q for the quarter ended January 31, 2023 has been formatted in Inline XBRL

* Filed or furnished herewith,

In accordance with Item 601(b)(32)(ii) of Regulation S-K and SEC Release Nos. 33-8238 and 34-47986, Final Rule: Management's Report on Internal Control Over Financial Reporting and Certification of Disclosure in Exchange Act Periodic Reports, the certifications furnished in Exhibits 32.1 and 32.2 hereto are deemed to accompany this Quarterly Report on Form 10-Q and will not be deemed "filed" for purposes of Section 18 of the Exchange Act. Such certifications will not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	LIMONEIRA COMPANY	
March 9, 2023	By:	/s/ HAROLD S. EDWARDS
		Harold S. Edwards Director, President and Chief Executive Officer (Principal Executive Officer)
March 9, 2023	By:	/s/ MARK PALAMOUNTAIN
		Mark Palamountain Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)

FARM MANAGEMENT AGREEMENT

Summary of Key Terms	
Manager	LIMONEIRA COMPANY, a Delaware corporation
CAPS	CAPITAL AGRICULTURAL PROPERTY SERVICES, INC., a Delaware Corporation
Owner	PAI CENTURION CITRUS, LLC, a Delaware limited liability company
Property Name	Centurion Citrus
Property Location	Tulare County, California (the "State") and is more fully described in Exhibit "A" attached hereto
Acreage	2,699.7 planted acres
Use	Citrus (Lemons, Cara Caras, Blood Oranges, other navel varieties; mandarins, including Satsuma-sumo, minneola, and tangelo; grapefruit and pomelos) & Pistachio Orchards
Effective Date	January 31, 2023
Expiration Date	March 31, 2024 (subject to renewal pursuant to Paragraph 6 or termination pursuant to Paragraphs 7 or 8)
Management Fee	Seven Hundred Seventy-Seven Thousand, Five Hundred Thirteen and 60/100th Dollars ($777,513.60) per year, based on Two Hundred Eighty-Eight Dollars ($288.00) per planted acre per year assuming 2,699.7 planted acres – See Paragraph 5
Organic	No
Leading Harvest	Yes (to be enrolled)
Reporting Requirements	See Paragraph 2
Insurance Requirements	See Paragraph 1(m)

Budget Due Date	August 1st of each year during the Term
Fiscal Year	The twelve month period from April 1st to March 31st of the following calendar year
Residences subject to this Agreement	Yes (4) a. 1,625 SF Single Family Residence 4545 Road 256, #5, Ducor, CA 93218 b. 3,800 SF Single Family Residence 26000-A Ave 116, Porterville, CA 93257 c. 1,267 SF Single Family Residence 1296 E. Teapot Dome, Porterville, CA 93257 d. 1,200 SF Single Family Residence 12009 Road 264, Porterville, CA 93257
Other Structures subject to this Agreement	Yes – Office: 2,600 SF, 26000 Ave 116, Porterville, CA 93257

This Farm Management Agreement (the "Agreement") is made and entered into to be effective for all purposes as of the Effective Date set forth above by and between CAPS and Manager (CAPS and Manager are collectively referred to herein as the "Parties"). This Agreement is made with respect to the following facts and circumstances which the Parties affirm as true and accurate:

A. CAPS has been engaged by Owner to provide certain property management services and functions with respect to certain agricultural property described above, together with related water delivery systems, irrigation equipment and apparatus, buildings, permanent plantings, and other improvements (collectively, the "Land").

B. CAPS is charged with supervising and monitoring the use, operation, farming, and maintenance of the Land for the efficient production of certain crops thereon.

C. The Manager is experienced and engaged in the business of managing and conducting agricultural operations of the kind desired by CAPS in connection with the Land, and provides such services to parties other than CAPS; and

D. The parties hereto desire to enter into an agreement to engage the Manager to render management services with respect to the Land under the supervision and direction of CAPS as provided in this Agreement.

NOW, THEREFORE, in order to carry out their mutual intent as expressed above, and in consideration of the mutual agreement hereinafter contained and other good and valuable consideration, the Parties hereby covenant and agree as follows:

1. Services of Manager. Manager shall, subject to the terms and conditions of this Agreement and within the limits of the Approved Budget (as defined in Paragraph 3 below), employing the customary standards of husbandry in the area applicable to properties similar to the Land, undertake on behalf of CAPS, full and complete management, supervision and control of the development and operation of the Land so as to achieve and maintain maximum efficient economic production therefrom. Manager's specific duties shall include, without limitation, the obligation to:

(a) Manage and operate the Land as necessary and desirable for efficient planting, cultivating, growing, and harvesting, which activities include, without limitation: land preparation, planting, crop management, irrigating, installation and maintenance of irrigation systems, frost protection, winterizing, fertilizing, pesticide and herbicide application, pest management, harvesting, and other development and cultivation practices.

(b) Participate with CAPS as to selling and marketing the crops now or hereafter grown on the Land, including providing assistance with the development of a marketing plan for the crops grown on the Land as CAPS shall require and selecting marketers with CAPS reserving final approval. Manager shall maintain a system to trace forward raw product through harvest contractor harvesting and hauling fruit to each receiving facility and to receive traceback information from the facility handling the fruit.

(c) Operate, repair and maintain the capital improvements located on the Land (the "Improvements"; the Land and the Improvements are collectively referred to herein as the "Property"), including but not limited to all Residences subject to this Agreement and Other Structures subject to this Agreement described in the Summary of Terms (including any shops, residences and other structures), the well pumps and motors (if any), the irrigation systems and apparatus and any other equipment located on the Land, in good order and in an operating condition comparable to the condition of such Improvements on the Effective Date, normal and expected wear and tear excepted.

(d) Prepare and submit to CAPS for review and approval, proposed operating budgets and development plans in accordance with the requirements of Paragraph 3 hereof.

(e) Carry out and supervise the execution of Approved Budgets, as well as any plans, supplemental budgets and supplemental plans approved by CAPS.

(f) Secure qualified persons, contractors, or firms to perform all of the work or services required of Manager and supervise such labor as may be necessary or appropriate to carry out the purposes of this Agreement. Except as set forth in Paragraphs 3 and 4 of this Agreement and subject to the Approved Budget, the cost of such persons, contractors or firms allocatable to the Property shall be reimbursed to Manager by CAPS. In this regard, Manager agrees to have in its employ at all times, a sufficient number of capable, competent and adequately trained employees to enable it to properly, adequately, safely and economically manage, operate and maintain the Property.

(g) Purchase and supply such materials and supplies as may be reasonably necessary or appropriate to carry out the purposes of this Agreement, subject to the Approved Budget and CAPS' approval rights pursuant to this Agreement. To the extent they are not reflected in the purchase price paid for any such materials and supplies, all discounts and rebates resulting from any such purchases shall be shown as a reduction in the actual costs of operation and management of the Property.

(h) Except as the authority of Manager may be limited by this Agreement or by the written instructions of CAPS which may be given from time to time, represent CAPS as an independent contractor farm manager in all business and transactions relating to the farming, operations and maintenance of the Property.

(i) Pay promptly and directly to CAPS, at the address set forth in Paragraph 19 below, all monies accruing from all operations on the Land or with respect to the Property, if any and as applicable.

(j) Keep full and adequate books of account, tax records and other records relative to the operation of the Property and its services pursuant to this Agreement in accordance with the requirements of Paragraph 2; however this provision shall not apply to Manager's federal or state income tax filings, or other tax and accounting records at the corporate level which do not contain specific information regarding the Property or operations under this Agreement (the "Manager's Corporate Records").

(k) Notwithstanding the provisions of Paragraph 3 of this Agreement, take such action as may be reasonably necessary in an emergency or in other circumstances that do not permit delay, to appropriately address such emergency and to protect the Property and growing crops or future crops and personnel from damage or loss, provided that in each instance of action taken pursuant to this subparagraph (k), telephone notice of such action taken shall be given to CAPS with respect to such emergency or other circumstances within twenty-four hours and written notice by email with details and costs estimates shall be provided to CAPS within two (2) business days, and the cost of such action shall not exceed $25,000.00. Costs which are in excess of such limitation will not be a "Reimbursable Expense" as defined in Paragraph 4 below, without the prior written consent of CAPS.

(l) Comply with all applicable Federal, State, County and other governmental laws, statutes, ordinances and public regulations relating to the services performed under this Agreement, including the handling and use of all chemicals and/or hazardous materials.

(m) Obtain entirely at its own expense, pay all premiums for and keep in force and effect during the term of this Agreement:

(i) a policy or policies of broad coverage general liability insurance in an amount of $5,000,000 per occurrence and in the aggregate, with a deductible no greater than $50,000, insuring against liability for loss, damage or injury to property or persons which might arise out of the management, operations or maintenance of the Property, Manager's acts and omissions and the indemnification by Manager as herein provided.

(ii) a policy or policies of worker's compensation insurance for all employees engaged on or with respect to the Property with a company legally authorized to write such insurance in the state where the Land is located and otherwise in compliance with all applicable laws, which policy or polices shall be in an amount equal to the greater of (i) the amount required by applicable law, and (ii) $1,000,000 per employee for bodily injury, $1,000,000 by disease and $1,000,000 per employee by disease.

(iii) a policy or policies of automobile liability insurance covering all owned, hired, and non-owned vehicles used in connection with the performance of the obligations under this Agreement in a combined single limit of not less than $1,000,000.

Manager shall add CAPS and Owner as additional insureds on such insurance policies (except worker's compensation), which policies shall be issued by insurers that are acceptable to CAPS, provide that the insurance is primary, with no right of contribution by any policies carried by CAPS or Owner, and provide that such policy cannot be cancelled or terminated without 30 days prior written notice to CAPS. Manager will supply proof of coverage (in a form satisfactory to CAPS) satisfying this subsection (m) in connection with the execution of this Agreement, on an ongoing basis at least thirty (30) days prior to the expiration of the then-current policy and at any other time at the request of CAPS. All costs and premiums associated with such policies shall be charged to and payable by Manager. All insurance policies required under this Agreement shall contain a waiver of subrogation in favor of CAPS and Owner. CAPS, Owner or a representative of CAPS or Owner shall maintain the right, but not the obligation, to secure any insurance policies required in this Agreement if Manager fails to provide evidence of such insurance within 5 days of expiration.

(n) Ensure, and on request of CAPS provide evidence, that all service providers contracted by Manager which are working on the Land carry the same insurance set forth in subparagraph (m) above, or such other coverages as may be deemed acceptable to CAPS.

(o) Review vendor invoices and bills and forward to CAPS for review and processing on a periodic, but not less frequently than monthly, basis. All required reports and records shall be submitted on a timely basis to enable CAPS to review and approve payments on or before the applicable due date.

(p) Manager acknowledges that CAPS and Owner intend to enroll the Land in the Leading Harvest Farm Management Program (the "Leading Harvest Program") at the earliest available opportunity. Manager shall (i) carry out its obligations under this Agreement in a sustainable manner in compliance with all requirements of the Leading Harvest Program, (iii) cooperate with and assist CAPS in enrolling the Land in, and maintaining the certification of the Land under, the Leading Harvest Program during the term of this Agreement, (iii) comply with all instructions of CAPS relating to the Leading Harvest Program, and (iv) not take, cause or permit any action or omission that could cause the Land or the crops grown thereon to fail to qualify for such certification under the Leading Harvest Program.

2. Accounts, Records and Information. Manager shall keep and maintain complete, legible, reproducible, accurate records of its operations on and management of the Property, including without limitation, accounting records maintained in accordance with generally accepted accounting principles as consistently applied to the agricultural industry (subject to the written instruction of CAPS to follow other procedures), and maintain sufficient records to enable CAPS: (i) to conduct thorough and complete financial audits of all of Manager's activities on the Land, (ii) to comply with all applicable requirements of taxing authorities, (iii) to satisfy records requirements of all applicable laws, including without limitation the Fair Labor Standards Act, the Occupational Safety and Health Act and the Immigration Reform and Control Act of 1986, (iv) to have all records required by federal, state or local statute or ordinance pertaining to the use, storage, mixing, application, handling, transportation or disposal of motor fuels or lubricants, agricultural chemicals, fertilizers, herbicides, pesticides or other toxic or hazardous materials, including without limitation, Pesticide Use Reports, (v) to satisfy records

requirements with respect to any permit required in connection with the Property, including without limitation, under the Federal Clean Air Act and the State Clean Air Act or any rule or regulation promulgated thereunder, or otherwise, including without limitation, preparing and complying with fugitive dust and particulate matter control plans, (vi) to comply with any well usage or groundwater management requirements, including any applicable groundwater basin sustainability plans and all applicable laws and regulations, and (vii) to comply with any waste water discharge requirements under the Federal Clean Water Act and the State Porter-Cologne Water Quality Control Act or any rule or regulation promulgated thereunder.

Owner and CAPS shall have the right at any time during the term hereof to inspect, audit, review and copy any or all of the records and information maintained, created or retained by Manager under this Paragraph 2 upon seven (7) business day's notice (provided that with respect to any formal audit, Owner shall use its best efforts to provide thirty (30) days notice), with any inspection to be performed during normal business hours and at the sole cost and expense of CAPS. Owner and CAPS shall not be entitle to inspect audit, review and copy Manager's Corporate Records, unless such are recommended by a third party auditor as a result of any irregularities or discrepancies noted, and then only as reasonably redacted. At the conclusion of the term hereof, to the extent such documents have not previously been provided to CAPS, Manager shall provide CAPS with copies of all such records or otherwise assure CAPS to its satisfaction that such records and information will be maintained and available to CAPS for any period of time required by law, but in any event no less than ten years.

Without limiting the foregoing, Manager shall prepare and submit to CAPS the following reports in accordance with the deadlines set forth below:

(a) On a monthly basis, Manager shall supply CAPS with a comparison of year-to-date budget versus year-to-date actual expenses. To the extent the Approved Budget is broken down by ranch or commodity within the Property, the monthly reporting shall mirror such structure. CAPS reserves the right to periodically request variance explanations.

(c) On a monthly basis, Manager shall provide monthly meter readings for each groundwater well on the Land. Monthly readings shall be taken on the same day of the month (exact date to be determined between the parties), unless such day falls on a weekend or holiday during which no other work on the Land is occurring, in which case it shall be taken on the business day closest thereto.

(d) Within 30 days of the receipt, the following:

(1) Tissue analysis reports;
(2) Soil analysis reports;
(3) Harvesting data with reconciliation reports, if applicable;
(4) Reports of well pump efficiency tests; and
(5) Water quality reports.

(e) Such other reports and information relating to the Land, crops grown thereon, the Improvements and Manager's activities in connection therewith as may be requested by CAPS.

3. Budget and Development Plan. On or before the Budget Due Date set forth above, Manager shall prepare and submit to CAPS for its approval for the next succeeding Fiscal Year (i) a budget for the operation and management of the Property, (ii) a capital improvement plan setting forth proposed improvements, if any, to be made to the Property, (iii) a statement of funding requirements to carry out the budget and any development plan for the applicable Fiscal

Year, and (iv) a statement that supports the annual budget and development plan regarding: (1) labor categories and applicable hourly and or monthly rates, (2) all calculations detailing labor benefits (including without limitation temporary worker housing costs) and payroll burdens, and (3) all farming equipment charges either per hour or per acre, including notation of changes in items (1) through (3) from the prior year (collectively hereinafter referred to as the "Proposed Budget").

(a) Each Proposed Budget shall be prepared in a manner acceptable to CAPS and shall set forth Manager's best judgment of operational and developmental costs and expenses to be incurred by Manager in the operation and management of the Property during the Fiscal Year for which such Proposed Budget is submitted. CAPS shall have sixty (60) days from date of receipt to either approve or revise such Proposed Budget, in coordination with Manager, subject to extension by CAPS as needed to obtain approval of such Proposed Budget from Owner. Upon approval, CAPS shall notify Manager in writing, including a copy of the approved Proposed Budget, which shall thereafter, unless reasonably objected to by Manager within 10 business days of receipt thereof, establish the basis for the management and operation of the Property by Manager for the Fiscal Year or applicable twelve month period, as the case may be, and shall be referred to as the "Approved Budget." The Approved Budget shall not be modified or changed without CAPS' prior written approval, which shall not be unreasonably withheld or delayed for changes required due to matters outside of Manager's control. **In the event the Proposed Budget is not approved by the start of each Fiscal Year, then at either Party's election on 30 days' notice to the other Party, this Agreement shall terminate. If no Party elects to terminate, then Manager and CAPS shall cooperate in good faith to fund and continue the normal and recurring expenses for the Property and provided that any incurrence of extraordinary expenses or capital improvements for the Property shall be subject to the prior written consent of CAPS.**

For the initial partial Fiscal Year of this Agreement, the initial Approved Budget shall be approved prior to the execution of this Agreement.

(b) Manager shall use its best efforts to operate and manage the Property within the scope of the Approved Budget; however, CAPS and Manager recognize that the actual costs of operation and management of the Property may vary from those set forth in an Approved Budget and agree that the Manager may, without prior written approval of CAPS, exceed the Approved Budget in the aggregate, by up to five percent (5%).

(c) Manager shall not incur for CAPS' account, nor shall Manager be reimbursed for, any cost incurred for any single line item that exceeds the annual amount shown in the Approved Budget for such Budget Category by five percent (5%) unless:

(i) The prior approval of CAPS is obtained before such cost is incurred; or,

(ii) The following conditions shall have been satisfied with respect to such excess:

(1) Manager shall have notified CAPS orally or in writing of such anticipated excess cost and either (A) Manager shall not have received a written objection to the incurrence thereof from CAPS within 10 days after mailing of such notice in the manner provided in Paragraph 19 hereof; or (B) Manager shall have received the written approval of the incurring of such anticipated excess costs from CAPS; or

(2) Manager shall have notified CAPS orally or in writing of the existence of an emergency situation which requires that an excess cost be incurred and either (A) shall not have received an oral or written objection to the

incurrence thereof from CAPS within 24 hours after the transmission of such notice; or (B) shall have received from CAPS oral or written approval of the incurrence thereof. In the case of any oral communications made pursuant to this paragraph, the party initiating the communication shall promptly follow such communication with written confirmation thereof.

(d) At CAPS request only, Manager shall prepare and submit to CAPS a report (the "Mid-Year Budget Report"), reflecting any proposed adjustments to the Annual Budget as a result of any winter hardship, or other unexpected occurrence with respect to the farming operation conducted on the Land, and anticipated impacts on projected yields; provided that CAPS is under no obligation to make adjustments to the Annual Budget as a result of the requests and recommendations listed in the Mid-Year Budget Report.

(e) The Budget Categories and amounts shown in the Approved Budget for any given Fiscal Year, prior to any updating to reflect actual costs of operation and management, shall be used for purposes of determining whether Manager has exceeded the budget overrun limitations contained in this Paragraph 3.

4. Reimbursement of Expenses. CAPS will reimburse Manager for all costs and expenses actually incurred without any markup or increase above actual costs, and which are set forth as approved expenditures in the Approved Budget or are otherwise reimbursable pursuant to Section 3, above ("Reimbursable Expenses"). Such expenses will be paid, and reimbursement will be made, on the following terms and conditions:

(a) Payment of Expenses. Manager agrees and covenants that the Manager will promptly pay all bills, invoices, costs, fees and expenses which come due in connection with the farming operation conducted on the Land or otherwise in connection with the Property and will not permit any outstanding amount to become a lien against the Property.

(b) Requests for Reimbursement. Manager shall submit to CAPS monthly: (i) a statement of all costs, expenses and payments, if any, incurred or made by Manager pursuant to this Agreement ("Statement of Expenses"), and (ii) supporting documentation, including paid invoices, receipts and the like, reasonably required by CAPS to verify the costs, expenses and payments for which Manager seeks reimbursement (collectively, the "Reimbursement Request"); provided that if more detailed information is requested by CAPS as to specific items or categories of item, then such shall be provided promptly upon request, or on a continuing prospective basis, as applicable. Notwithstanding the foregoing, Manager may submit a Reimbursement Request more frequently than monthly for extraordinary, non-recurring expenses that CAPS has approved in advance. The Reimbursement Request shall be prepared and delivered to CAPS so as to coincide with specified dates in CAPS' normal accounting cycle to enable CAPS' review thereof in a timely manner.

(c) Reimbursement. Within fifteen (15) days of CAPS' receipt of a properly formatted and complete Reimbursement Request, CAPS shall reimburse Manager all amounts set forth thereon that were properly incurred by Manager in accordance with this Agreement and not previously reimbursed or paid directly by CAPS and are not in excess of the amounts set forth in the Approved Budget (except as expressly permitted pursuant to Section 3, above). Under no circumstances shall CAPS be obligated to reimburse Manager for any costs, expenses or payments not incurred or made pursuant to and in accordance with the terms and conditions of this Agreement, but CAPS shall timely reimburse Manager for items not so disputed. CAPS shall deliver notice to Manager of any items contained in a Reimbursement Request to which CAPS objects and, upon receipt of such notice, Manager shall furnish CAPS with such additional information concerning the disputed items(s) as may be reasonably necessary to determine their propriety or withdraw the request for reimbursement for such item(s). If, after review of any additional information submitted by Manager, CAPS properly determines that such item(s) are not reimbursable under this Agreement, any amount which has been reimbursed or paid by CAPS with respect to such item(s) shall, at CAPS' option, be repaid to CAPS by Manager or deducted by CAPS from amounts payable to Manager in the future.

(d) Non-reimbursable Expenses. Notwithstanding anything in this Agreement to the contrary, the following items may not be submitted for reimbursement by Manager, but shall be paid by Manager from the Management Fee or otherwise: (i) salaries, benefits or expenses of Manager's employees who are senior to the ranch manager assigned to the Land (which at the inception of this Agreement is Dyson Schneider); (ii) salaries, benefits and other costs associated with Manager's accounting staff and process; (iii) Manager's office expense, except for ranch offices which have been approved as a line item in the Approved Budget; (iv) Manager's general liability insurance premiums; (v) taxes levied on Manager's income or property; (vi) premiums for fidelity bonds, director's and officer's or professional liability insurance; (vii) office equipment, and software, (viii) interest charges, penalties or late fees resulting from Manager's failure to promptly pay all bills, invoices, costs, fees and expenses which come due in connection with the farming operation conducted on the Land or otherwise in connection with the Property, or (ix) Manager's legal and accounting fees.

5. Management Fee. CAPS shall pay Manager the Management Fee set forth in the Summary of Key Terms for Manager's services rendered hereunder in twelve equal monthly installments commencing on the later of (a) the first day of the month following the date on which fee ownership of the land is vested in Owner, or (b) the Effective Date of this Agreement and continuing on the first day of each month thereafter during the term of this Agreement. In the event the number of planted acres changes, the fee will be adjusted accordingly as provided in a Management Fee Adjustment Addendum to be executed by the Parties, if any.

6. Term. The effective term of this Agreement shall commence on the later of (a) the date on which fee ownership of the land is vested in Owner, and (b) the Effective Date of this Agreement and end on the Expiration Date set forth in the Summary of Key Terms and shall thereafter continue from Fiscal Year to Fiscal Year until terminated as provided herein, unless otherwise terminated pursuant to this Paragraph 7 or Paragraph 8. Either Party may terminate this Agreement as to subsequent Fiscal Years by giving the other Party written notice of termination at least thirty (30) days prior to the commencement of the next Fiscal Year.

7. Termination. This Agreement shall terminate on expiration of the term hereof, or at CAPS election, upon Manager's breach hereof, five (5) days after written notice thereof to Manager, if Manager shall not have cured the default within such five (5) day period, or, if a longer period is reasonably necessary to cure the default, such longer period as may be reasonably necessary to cure the default not to exceed fifteen (15) days. CAPS' obligation to reimburse Manager for Reimbursable Expenses incurred prior to termination, and to pay the Management Fee to the extent attributed to the period prior to termination, and Manager's obligations to defend and indemnify as provided in Paragraphs 10, 11 and 12 as to events, acts or omissions taking place prior to the termination, shall survive the termination of this Agreement.

8. Termination in Event of Partial or Complete Sale. In the event all or a portion of the Land is sold, CAPS may terminate this Agreement as to all or the portion sold upon thirty (30) days notice to Manager. If only a portion of the Land is sold resulting in termination of this Agreement as to the portion sold then Reimbursable Expenses, charges and Management Fees as

provided in Paragraphs 4 and 5 of this Agreement and any other expenses, charges and fees payable to Manager and based upon per acre and/or per month rates under this Agreement shall be reduced by the proportionate amount of the Land sold and the Management Fee shall be adjusted to reflect the remaining acres and crops to which such remaining acres are planted, with the monthly installments thereof to be adjusted accordingly.

9. Financing. Manager shall be solely responsible for obtaining its own financing as necessary to perform its obligations hereunder and cover Manager's expenditures prior to reimbursement as provided under this Agreement. CAPS shall be solely responsible for obtaining any necessary financing for amounts set forth in the Approved Budget and reimbursement to Manager under the terms of this Agreement.

10. Liability of and Indemnification

(a) By Manager. Manager shall perform its obligations with diligence, good faith and consistent with customary agricultural and farming practices employed in the general geographical vicinity of the Land. However, it is understood by CAPS that the result of agricultural operations cannot be predicted with certainty. Manager shall not be liable for any loss of, or damage to the real or personal property, including permanent and other growing crops on the Land, resulting from acts of God or other hazards of farming, including without limitation, rain, hail, frost, flooding, wind storms, and theft of materials and supplies, or other causes except to the extent that such loss or damage is caused by Manager's negligence or willful misconduct (whether by act or omission).

Manager hereby agrees to indemnify, defend and hold CAPS, Owner and their affiliates and each of their respective officers, directors, agents and employees (collectively, the "Owner Indemnified Parties") and the Land free and harmless from and against any and all loss, cost, damage, expense, claim or liability including personal injury, loss of life and/or property damage that results from any breach of this Agreement by Manager or the negligent or willful acts or omissions of Manager or its agents or employees in performing Manager's management, maintenance, and farming obligations hereunder, including without limitation any liability for unpaid invoices, employment taxes and insurance. Manager shall promptly pay all costs, fees, expenses, taxes and premiums incurred as a result of or associated with Manager's management of the farming operation on the Land. Manager shall keep the Land free from any and all mechanics' or similar liens or charges resulting from such the farming operation located on the Land. Manager's obligations under this paragraph shall continue notwithstanding the termination of this Agreement for any reason.

(b) By CAPS/Owner. CAPS and Owner hereby agree to indemnify, defend and hold Manager and their affiliates and each of their respective officers, directors, agents and employees (collectively, the "Manager Indemnified Parties") free and harmless from and against any and all loss, cost, damage, expense, claim or liability including personal injury, loss of life and/or property damage that results from any breach of this Agreement by CAPS or Owner or the negligent or willful acts or omissions of CAPS or Owner, or their agents or employees with respect to the Property, provided that any this shall not apply to any condition of the Property existing on the date that Owner acquired fee title to the Property from Manager, nor to any condition which arises after the commencement of this Agreement of which Manager is aware and which they have not provided written notice to CAPS thereof. Owner's and CAPS' obligations under this paragraph shall continue notwithstanding the termination of this Agreement for any reason.

11. Chemicals and Other Substances. No fertilizer, herbicide, pesticide, poison, chemical, or other foreign substance, except those approved by the United States Department of Agriculture and by the State Department of Agriculture and any other relevant governmental agency or authority, shall be applied by the Manager or any employee or agent or person acting on its behalf to the Land or crops growing thereon or brought onto or stored on the Land. The use of any such substance by the Manager shall be in strict conformity with the manufacturer's instructions and all governmental restrictions respecting the manner and timing of application thereof. No experimental fertilizer, chemical, pesticide or herbicide shall be applied to the Land or to the crops growing thereon except with CAPS prior written consent. Manager shall maintain records in accordance with sound business practices and all pertinent governmental regulations respecting the time, place, quality, quantity, kind, and method of application of all such substances as may be utilized by the Manager, and shall furnish to CAPS, upon request, true and correct copies thereof. All such pesticides, fertilizers, herbicides or other toxic or hazardous materials and containers in which they are shipped, stored or mixed shall be used, stored, handled and disposed in strict compliance with all applicable statutes and governmental regulations.

Manager shall prepare, keep and make available to CAPS, all required Pesticide and Chemical Use Reports, which reports shall be the property of Owner and delivered to CAPS annually, or more frequently if requested by CAPS.

Nothing in this Section 11 shall be construed in a way to permit the use of pesticides, fertilizers, herbicides or other toxic or hazardous materials in such a way which will terminate or jeopardize the Leading Harvest Program designation without the express written agreement of CAPS to terminate, or risk termination, of such certification.

Manager hereby expressly indemnifies and holds the Owner Indemnified Parties and the Land harmless from and against all loss, cost, damage, claims, expense or liability arising from or related to its or any of its employee's or agent's use, handling, mixing, storing or disposing of any such materials except as permitted in this paragraph, and including without limitation the loss of Leading Harvest Program designation. Owner and CAPS shall have the right to inspect the Land from time to time to confirm Manager's compliance with this paragraph.

12. Employment and Labor Matters.

(a) All matters pertaining to the employment of any employees engaged by Manager to provide service under this Agreement are and shall continue to be the sole concern and responsibility of the Manager, who is in all respects the employer of such employees and who agrees to comply with all applicable laws and regulations pertaining to the employment of such employees, including without limitation all laws and regulations having to do with immigration and naturalization matters, worker's compensation, social security, unemployment insurance, hours of labor, wages, Occupational Safety and Health Act ("OSHA") rules and regulations, working conditions, citizenship status, and like subjects affecting employers as such. Except as set forth in Paragraphs 3 and 4 of this Agreement and subject to the Approved Budget, the costs associated with such compliance shall be reimbursed to Manager by CAPS. Under no circumstances shall any employees, contractors, laborers or other persons hired by Manager be considered or deemed to be employees of CAPS, Owner or any of their respective affiliates. As more fully set forth in Paragraph 13, this Agreement is not one of agency, but one in which the Manager is engaged independently in the business of managing and operating the Property on its own behalf subject to the limits herein provided, and all employment arrangements are therefore solely its concern. If applicable, Manager may list the physical address of the Property in accordance with applicable Temporary Agricultural Employment of Foreign Workers (H-2A).

(b) Manager hereby represents to CAPS that it is not a party to a labor union contract or collective bargaining agreement, nor will it seek to become a party to any such agreement during the term of this Agreement which in any manner binds CAPS, the Owner or the Land as a party or successor or obligates CAPS or the Owner or any subsequent owner of the Land to bargain with any union or labor organization as a successor in interest to Manager. Manager will indemnify and hold the Indemnified Parties and the Land harmless from and against any and all loss, cost, damage, claim, liability or expense that it many incur as a result of Manager's breach of this Section 12. This section is not intended to cause Manager to refuse to bargain in good faith in accordance with applicable law, nor will its provisions result in liability against Manager for actions by its employees beyond its control.

13. Relationship of Parties; Independent Contractor. This Agreement is not one of general agency by Manager for CAPS or Owner, but rather is solely one in which Manager is retained as an independent contractor engaged independently in the business of managing and operating the Property. Nothing contained in this Agreement, nor any act of the parties, shall constitute or be deemed or construed by the parties or by any third person to be or create a partnership, joint venture, agency, employer/employee or any other relationship between CAPS and Manager or Owner and Manager other than the relationship of independent contractor. Manager is not a general agent of CAPS or Owner and except as expressly provided herein, Manager may not contract for or otherwise bind CAPS or Owner. Without limitation of the foregoing, in no event shall Manager have the right to enter into any contract or agreement which may be binding upon CAPS, Owner or the Property, except as expressly permitted by this Agreement or as otherwise expressly approved by CAPS. All persons, contractors or firms secured by Manager shall be employees of Manager or independent contractors to Manager and not the employees of CAPS or Owner or independent contractors to CAPS or Owner. Manager shall act in a fiduciary capacity with respect to the proper protection of and accounting for Owner's assets as provided in 29 U.S.C.S. 1104(a)(l)(A)(B).

14. Limitations on Authority of Manager. Manager's authority hereunder shall be limited to carrying out the objectives of this Agreement and the plans and budgets approved by CAPS and to do all things reasonably necessary to carry out such objectives; provided, however, that Manager shall have no power to lease, sell, convey, or encumber the Land or any part thereof, or any Improvements, or take any action which is contrary to any specific budgets, plans, policies, objectives, directions or written instructions provided to the Manager by CAPS, which budgets, plans, policies, objectives, directions or instructions will be consistent with the objectives of this Agreement. Manager may not remove from the Land any Improvements or components thereof or any equipment that does not belong to Manager, except to obtain repairs or for storage, without the written consent of CAPS. Manager may not offer to sell, sell or enter into any agreements to sell any crops produced on or other products of the Land; provided that the foregoing limitation is not intended to prohibit Manager from exercising its responsibilities under Section 1(a) above to assist CAPS in arranging the sale or marketing of the crops. Manager may not remove any permanent plantings from the Land without CAPS' prior written consent, except for the routine removal and replacement of dead or diseased plants.

15. Title to and Disposition of Products. Any crops grown on the Land and any products or by-products derived therefrom shall remain the sole property of Owner, under the charge of its agent, CAPS. Manager may not enter into contracts for the sale of such products, unless such contracts are approved in advance in writing by CAPS.

16. Right of Entry. CAPS and Owner, and persons designated by them, shall have the right to enter upon the Land at any time for any lawful purpose.

17. Audit Rights.

(a) During the term of and for a period of ten (10) years after the expiration or termination of this Agreement, each of CAPS and the Owner shall have the right to have any person or entity designated by CAPS or the Owner, as applicable, including an independent public accountant or auditor and/or any federal or state auditor, to inspect, review and/or audit, any books, records and supporting documents relating to this Agreement and/or the subject matter of this Agreement (the "Records"). In the event such right is exercised and upon no less than ten (10) business days' prior written notice by CAPS or the Owner, as applicable, the Manager agrees to permit reasonable access to its premises and the Records during Manager's normal business hours; provided that for a formal audit by an independent public accountant or auditor and/or any federal or state auditor, CAPS or the Owner, as applicable, shall attempt to give at least 30 days notice to the maximum extent practicable. Each of CAPS and the Owner shall have the right, in connection with any such inspection, review and/or audit, to have one or more members of its staff present at all times. During the term of and for a period of ten (10) years after the expiration or termination of this Agreement (or for any longer period of time that may be required by any applicable law relating to the retention of the Records), the Manager shall maintain and retain the Records, at its sole expense. In the event CAPS or the Owner and/or either of their respective designees are in the process of conducting such an inspection, review and/or audit upon the expiration of the ten (10) year access and/or retention periods described herein, then this Section 17 shall survive in its entirety until the conclusion of such inspection, review and/or audit, in CAPS or the Owner's or their respective designee's reasonable determination. For the avoidance of doubt, the scope of any inspection, review and/or audit under this Section 17 may include, without limitation, the Manager's compliance with the terms of this Agreement, compliance with any applicable foreign, federal, state and/or local law or regulation, an assessment of risks and controls and/or the source and application of the Owner's funds.

(b) The Manager shall use best efforts to cooperate with CAPS or the Owner and any person or entity designated by CAPS or the Owner in connection with any inspection, review and/or audit under this Section 17 including, without limitation, causing its relevant and knowledgeable employees and/or representatives to be available to assist and to respond to reasonable inquiries and requests of CAPS, the Owner and/or either of their designees. The Manager shall respond (including, if relevant and appropriate, with an action plan) within a reasonable time to any reports, findings and/or assessments provided to the Manager by CAPS, the Owner and/or either of their designees, and the Manager shall provide a copy of all such responses to CAPS or the Owner, as applicable. The Manager acknowledges and agrees that any such report, finding and/or assessment is intended for the sole use and for the benefit of CAPS and/or the Owner, as applicable.

(c) Except as set forth herein, CAPS or the Owner shall bear the costs of any inspection, review and/or audit described in this Section 17. However, in the event, CAPS, the Owner and/or either or their designees conclude that the Manager overcharged CAPS or the Owner or that the Manager engaged in or committed (including through its intentional or negligent acts or omissions) any fraud, misrepresentation and/or non-performance, then the Manager shall be obligated to reimburse CAPS or the Owner, as applicable, for the total costs of inspection, review and/or audit no later than ninety (90) days after CAPS or the Owner's request for reimbursement thereof. The Manager's reimbursement obligation herein shall be in addition to all other rights, remedies and damages available to CAPS and/or the Owner at law or in equity, which shall not be deemed waived or relinquished in any way because of the Manager's additional reimbursement obligation hereunder. Manager reserves the right to reconciliation to the extent such an inspection, review and/or audit identified reimbursable expenses not previously invoiced during the period of the Agreement,

18. No Restrictions. Nothing contained in this Agreement shall be construed so as to prohibit either party or any firm or corporation in any way affiliated with either of them from owning, operating, or investing in any agricultural, ranching, farming or any other type of real estate development either in the state where the Land is located or elsewhere, provided such activities do not interfere with the affected party's ability to properly perform its obligations under this Agreement.

19. Notice. All statements, notices, demands, requests and payments from one party to another shall, unless otherwise specified herein, be delivered personally, sent via overnight delivery service or sent by mail, postage prepaid, to the addresses stated below:

CAPS/OWNER: Capital Agricultural Property Services, Inc.
7108 N. Fresno Street, Ste 400
Fresno, California 93720

MANAGER: Limoneira Company
1141 Cummings Road
Santa Paula, CA 93060
Attention: Mark Palamountain
Phone: (805) 525-5541

or such other addresses as the parties may hereafter designate to each other in writing.

20. Choice of Law. This Agreement shall be construed and enforced in accordance with the laws of the State.

21. Interpretation. The parties agree that each has reviewed this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any revisions or amendments hereto.

22. Captions. In this Agreement, captions of the sections and paragraphs are for convenience and reference only, and the words contained therein shall in no way be held to explain, modify, amplify or aid in interpretations, construction or meaning of the provisions hereof.

23. Assignment. The rights and obligations of the Manager under this Agreement shall not be assigned without the prior written consent of the other party.

24. Counterparts. This Agreement may be executed in one or more counterparts each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

25. Operation in Accordance with Law. Manager shall, at all times, use its best efforts to apprise itself of all Federal, State, local and other governmental laws and regulations applicable to its operations hereunder, including, without limitation, all applicable requirements of the Immigration Reform and Control Act of 1986, the Fair Labor Standards Act, as amended, and all regulations and orders of the United States Department of Labor issued thereunder, and all other governmental agencies or departments with jurisdiction over Manager, the Land or the operation thereof; and all laws, ordinances and regulations relating to the use, storage, mixing,

handling, disposal or application of all insecticides, herbicides, pesticides or other hazardous or toxic materials on or about the Land and any containers in which they are shipped, handled, mixed or stored and to comply (and cause any agent or independent contractor engaged by Manager to comply) with all applicable Federal, State, local and governmental laws and regulations. Manager shall, at all times, maintain (and cause any agent or independent contractor engaged by Manager to maintain) all licenses applicable to its operations hereunder as may be required by the applicable governmental agencies or departments with jurisdiction over Manager, the Land or the operation thereof, and the Manager shall furnish CAPS upon demand with a copy of all such licenses.

26. Amendment. This Agreement shall not be amended, modified or changed except in writing and signed by the parties hereto.

27. Attorney's Fees. In the event a legal proceeding is instituted to enforce any provision hereof or rights granted hereby, including the recovery of damage or enforcement of the right of indemnification, the party prevailing in such action may recover its costs thus incurred, including reasonable attorney's fees.

28. Warranty of Authority. CAPS hereby warrants to Manager that it is a duly authorized agent for Owner and has full authority to enter into this agreement as Owner's agent.

29. Confidentiality. Manager shall use commercially reasonable efforts not to disclose nor to permit any employee, agent or contractor of Manager to, disclose any Confidential Materials/Information, as defined below, whether orally or in writing, to any person, entity, governmental agency or other party except for (a) employees, agents or contractors of Manager, Manager's affiliates and third party consultants providing or assisting in Manager's business who have a reasonable need to know such Confidential Materials/Information and who are bound by a confidentiality agreement with Manager containing the provisions set forth in this Section and under which CAPS and Owner are third party beneficiaries, (b) disclosures required by law, rule or regulation, and (c) disclosures to any regulatory, self-regulatory or supervisory authority having jurisdiction over Manager. The term "Confidential Materials/Information" shall mean any documents, information or other materials relating to the Property obtained by Manager as a result of its status as Manager under this Agreement other than that (i) which is or hereafter becomes part of the public domain without any violation of this provision; or (ii) which is received by the Manager from a third party unless the Manager has knowledge that the third party is prohibited from transmitting the material or information to the Manager by a contractual, legal or fiduciary obligation. In the event that the Manager is requested or shall become legally compelled (by oral questions, interrogatories, requests for information or documents, subpoena, civil investigative demand, or similar process) to disclose any of the Confidential Materials/Information, Manager will, unless expressly prohibited by such process from doing so, provide CAPS with prompt written notice of such request so that the CAPS or Owner may seek a protective order or other appropriate remedy to prevent such production. In the event that such a protective order or other protective remedy is not obtained, the Manager will use commercially reasonable efforts to (i) furnish only that portion of the Confidential Materials/Information which is legally required and (ii) assist CAPS (at CAP'S cost and expense) in obtaining assurances that confidential treatment will be accorded such Confidential Materials/Information. Manager may disclose Confidential Materials/Information to its auditors who are bound by a confidentiality agreement with Manager containing the provisions set forth in this Section and under which CAPS and Owner are third party beneficiaries. Manager shall not use, and shall take all steps reasonably necessary to prevent any employee, agent or contractor of Manager from using, any Confidential Materials/Information for any purpose other than for the purpose of discharging Manager's duties under this Agreement. Manager shall take all steps reasonably necessary to safeguard the internal confidentiality of all Confidential Materials/Information and shall return the same to CAPS upon termination of this Agreement.

30. **<u>WAIVER OF JURY TRIAL.</u>** TO THE FULLEST EXTENT THAT IT MAY HEREAFTER BE PERMITTED BY LAW, THE PARTIES HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT OR THE TRANSACTION CONTEMPLATED HEREBY. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALL-ENCOMPASSING OF ANY AND ALL DISPUTES (EACH A "DISPUTE", AND COLLECTIVELY, ANY OR ALL, THE "DISPUTES") OF ANY KIND WHATSOEVER THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS AGREEMENT OR THE TRANSACTION CONTEMPLATED HEREBY, INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS, ANTITRUST CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON-LAW OR STATUTORY CLAIMS. THE PARTIES FURTHER WARRANT AND REPRESENT TO ONE ANOTHER THAT IT HAS REVIEWED THIS WAIVER WITH LEGAL COUNSEL OF ITS OWN CHOOSING, OR HAS HAD AN OPPORTUNITY TO DO SO, AND THAT IT KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS HAVING HAD THE OPPORTUNITY TO CONSULT WITH LEGAL COUNSEL.

31. <u>License to Use Residential Homes</u>. As additional consideration for Manager's services under this Agreement, Owner hereby grants to Manager a license to use the residence(s) described in the Summary of Terms, and the appurtenances and curtilage associated therewith (whether one of more, referred to herein as the "Residence"). The license with respect to the Residence (the "License") will be on the terms and conditions set forth on <u>Exhibit B</u>, attached hereto and incorporated by reference as if fully set forth herein.

[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this Farm Management Agreement, as of the day and year first above written.

MANAGER:

LIMONEIRA COMPANY,
a Delaware corporation

By: /s/ Harold S. Edward
HAROLD S. EDWARDS
Chief Executive Officer

By: /s/ Mark Palamountain
MARK PALAMOUNTAIN
Secretary and Chief Financial

CAPS:

CAPITAL AGRICULTURAL PROPERTY SERVICES, INC.,
a Delaware corporation

By: /s/ Fendley Ragland
FENDLY RAGLAND
Vice-President

GROWER PACKING & MARKETING AGREEMENT

THIS GROWER PACKING & MARKETING AGREEMENT (the "Agreement") is made and entered into as of this 31st day of January, 2023 (the "Effective Date") by and between LIMONEIRA COMPANY, a Delaware corporation ("Packer") and PAI CENTURION CITRUS, LLC, a Delaware limited liability company ("Grower").

A. Grower is a grower of citrus fruit, including lemons.
B. Grower desires to contract for packing services with Packer for its lemon crop on the property described on Exhibit B.
C. Packer has the facilities necessary to pack Grower's fruit.
D. Packer and Grower desire to define their relationship under this Agreement, pursuant to which Packer will market, pack and ship fruit for Grower consistent with Packer's custom, practice and by-laws and Grower's requirements.

COVENANTS

IN CONSIDERATION of the promises and of the mutual covenants herein contained, the parties agree as follows:

1. Grower's Obligation: Grower hereby agrees to make available to Packer for harvest and delivery to its packing facility or as otherwise directed, at the time or times mutually agreed upon by Grower and Packer, Grower's assigned crop of citrus fruit as specified on Exhibit B. Violation of the agreement to dedicate the assigned crop of citrus fruit, as so specified on such Exhibit B, shall constitute grounds for Packer to terminate this Agreement with thirty (30) days advance written notice to Grower.

2. Food Safety Requirements:

   a. Grower agrees to comply with the Produce Safety Rule under the Food Safety Modernization Act. Additionally, Grower agrees to provide Packer with food safe certified product by providing a certificate through a third-party certifier. The audit scheme used must meet Global Food Safety Standards (GFSI) as our customer base is worldwide.
   b. Packer agrees and warrants that (1) all of Grower's fruit delivered to Packer from and after the date of delivery shall be handled, packed, stored and shipped in accordance with the Federal Food, Drug and Cosmetic Act and all other applicable federal, state and local food safety regulations for product to be sold in interstate commerce and (ii) Packer is fully compliant with all food safety standards with respect to employee and facility sanitation, water quality control, and pest control. In the event of a claim, inquiry, investigation, recall, or other regulatory action relating to fruit handled by Packer, Packer shall furnish Grower immediate notice and copies of any and all notices, inquires, demands or other materials relating to such action, and relevant records related to any food safety claim which is or may have arisen as a result of handling, packing, storage and shipment by Packer.

   c. Grower shall maintain a system to trace forward raw product through harvest contractor harvesting and hauling fruit to the receiving facility and to receive traceback information from the facility handling the fruit. Grower shall be deemed to fully comply with this section 2.c. at any time that Packer or any affiliate of Packer is serving as Grower's contracted farm manager for the subject fruit.

3. Packer's Obligation: Packer agrees to harvest, transport, grade, pack, prepare for shipment, market and ship all of said fruit delivered by Grower which shall be suitable for shipment and sale as fresh fruit, and to deliver the balance thereof for utilization or disposition to the applicable byproduct's facilities selected by Packer. In performing its duties hereunder, Packer shall be acting as Grower's agent and shall not be deemed to have title to any of Grower's fruit. Packer's liability with respect to any loss of /or damage to Grower's fruit shall be limited to liability arising out of Packer's negligence or willful misconduct following receipt thereof at the Packer's facility.

4. Cost to Grower: Grower agrees to pay Packer its actual costs incurred in fulfilling Packer's obligations under this Agreement, in accordance with its current schedule of charges, which shall be provided to Grower upon execution of this Agreement and otherwise made available to Grower at least 45 days prior to the coming harvest; provided that Packer shall be obligated to provide notice to Grower of any changes in charges made (i) after the Grower's deadline to terminate the renewal of this Contract for a subsequent crop year as provided herein, or (ii) for each crop year during the initial multi-year term commitment; and further provided that if the changes of any such charges are increased more than 5% from the amount in effect at such deadline (or prior year), Grower shall have the right, within 30 days of receipt thereof to terminate this contract as to subsequent crop years. Such costs shall include the costs of Products Liability Insurance covering Packer and Grower with such coverage as Packer deems prudent. Further, Packer agrees and warrants that the charges applied to Grower shall be substantially equivalent to the best pricing Packer provides to its affiliated entities, if any. Grower understands and acknowledges that all statutory compliance shall be the responsibility of Grower.

5. Packer's Obligation to Return Proceeds: Packer shall account to Grower for the net proceeds of Grower's fruit, after deduction of Packer's said costs, including all harvest and delivery charges. In so returning the net proceeds of sale to Grower, Packer is and shall act as Grower's authorized agent in communication and dealing with purchasers of citrus fruit. Packer is further authorized to apply all monies to which Grower may be entitled to any indebtedness due and owing from Grower to Packer for the charges set forth under this Agreement; or Packer may, at its option, waive its right to apply such monies, and take any other steps for the collection of such indebtedness as may be allowed by law.

6. Pooling: Grower authorizes Packer to pool said citrus fruit with citrus fruit delivered by other growers who are parties to a Packing Agreement with Packer. Said pooling shall be done by variety, region ("district"), time of delivery, duration of pool, commercial or other standard(s) as Packer may provide from time to time, consistent with customary practice of the California-Arizona citrus industry. Packer shall have the full power and authority to amend, change or modify said pooling plan or plans and to establish additional pools; provided that provided that pool pricing and designation shall be comparable to that offered by Packer, for purchases of similar quantities, varieties and quality of fruit offered to its affiliated entities, if any. Packer shall provide the estimated schedule of payments for each pool in which Grower is participating, including from which payments costs and fees shall be deducted, at least 30 days prior to harvest.

7. Initial Term; Termination: This Agreement shall have an initial term of (5) crop years following the Effective Date (delivery of the 2028/29 lemon crop), and shall automatically be renewed for consecutive one crop year terms unless and until either Grower or Packer terminate this Agreement no later than July 1 of the then current term (for the initial term, no later than July 1, 2028) to be effective for the subsequent crop year by written notice to the other. Notwithstanding the foregoing, the payment of any amounts which are owed by either party to the other under the terms hereof shall survive the termination of the Agreement.

8. Initial Term Benchmark. For the Initial Term only, Packer shall utilizes its best efforts to cause a net return to Grower for all lemons delivered to Packer in an amount equal to or greater than the amount Grower would have received had Grower contracted with PORTERVILLE CITRUS, INC., or if the foregoing declines the designated loads as described herein, such other packer designated by Grower and reasonably acceotable to Packer (the "Benchmark Packer"), to pack, sell and market such lemons for the same crop year (the "Benchmark"). Grower shall be allowed to provide two (2) loads from each Ranch (as identified on Exhibit B) for the purposes of establishing the Benchmark, and the determination of sales price and charges shall be made on a size-bysize and like quality basis. By way of example, this comparison would be between Grower's settlement with Packer's sales price and charges versus Grower's projected settlement using Packer's volume for each grade and size with Benchmark Packer's sales price and charges. In the event that the final net proceeds paid by Packer to Grower for any crop year are less than 90% of the Benchmark, then Grower shall provide written notice to Packer of thereof. Thereafter, if in any crop year during the Initial Term the final net proceeds paid by Packer to Grower are again less than 90% of the Benchmark, Grower shall have the right to terminate this Agreement as to successive crop years with 30 days prior notice to Packer.

9. Force Majeure: Neither Packer nor Grower shall be liable to the other for any failure or delay to perform any of its non-monetary obligations under this Agreement, caused by events beyond its reasonable control, including, but not limited to, fire, storm, flood, freeze, hail, adverse weather conditions, drought, earthquake, epidemics, labor disputes, strikes, lockouts, riots, civil commotion, acts of war, acts of terrorism, acts of God, failure of transportation or delivery facilities, shortage of energy **sources, power shortages or outages, water shortages, chemical or hazardous materials contamination,** shortage of raw materials or supplies, legal process, law, regulation, or other governmental action of any kind (including, but not limited to, restrictions, priorities, embargoes, rationing, quarantine, or other regulation).

10. Integrated Agreement: This contract supersedes all previous representation or agreements and no changes or modifications of its terms can be made, unless first reduced to a writing and signed by the parties to be bound thereby.

11. Regulatory Compliance: Packer shall conduct its fruit packing operations in strict compliance with the California Department of Food and Agriculture Rules for Licensed Fruit Packers.

12. Legal Fees. In the event of the bringing of any action or suit by either party against the other party by reason of any breach of any of the covenants, conditions, agreements or provisions on the part of the other party arising out of this Agreement, the party in whose favor final judgment shall be entered shall be entitled to have and recover from the other party all costs and expenses of suit, including reasonable attorneys' fees (or, in the event of any action to enforce this Agreement, the prevailing party shall be entitled to recover all of its costs and expenses of the action, including reasonable attorneys' fees), as determined by a court of competent jurisdiction.

13. Miscellaneous.

A. Notices. All notices or other communication provided for under this Agreement shall be in writing, and shall be delivered personally, sent by reputable overnight mail equivalent carrier, or sent by registered or certified mail, return receipt requested, postage prepaid, addressed to the person to receive such notice or communication at the following address and shall be effective upon receipt or refusal to accept delivery. Any such notice or other communication so delivered shall be addressed to the packer as shown below and to the grower's "mailing address" as listed on Exhibit A attached hereto and be served at the address of such party as set forth on Exhibit B. Notice of change of address shall be given by written notice in the manner set forth in this subsection

PACKER:
Limoneira Company
1141 Cummings Road
Santa Paula, CA 93060
Attention: Stewart Lockwood, VP Grower Services

B. Entire Agreement. This Agreement contains the entire agreement between the parties concerning the subject matter of this Agreement and supersedes any prior agreements, understanding or negotiations. No addition or modification of any term or provision shall be effective unless set forth in writing and signed by both Grower and Packer.

C. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument

D. No Waiver. No waiver by a party of any default by the other party under this Agreement shall be implied from any omission or delay by the non-defaulting party to act on account of the default if the default persists or is repeated.

E. Waivers. Any waiver of any term or condition contained in this Agreement must be in writing. Any such express written waiver shall not be construed as a waiver of any subsequent breach of the same term or condition, nor shall it affect any default other than the default expressly made the subject of the waiver. Any such express waiver shall be operative only for the time and to the extent stated in the waiver. The consent or approval by a party to or of any act by the other party shall not be deemed to waive or render unnecessary consent or approval to or of any subsequent act

F. Jurisdiction. Each party hereby consents to the exclusive jurisdiction of the state and federal courts sitting in Ventura, California, in any action on a claim arising out of, under or in connection with this Agreement or the transactions contemplated by this Agreement, provided such claim is not required to be arbitrated pursuant to Section 13(G). Each party further agrees that personal jurisdiction over him, her or it may be effected by service of process by registered or certified mail addressed as provided in Section 13(A) of this Agreement, and that when so made shall be as if served upon him, her or it personally within the State of California.

G. Jurisdiction of Disputed Matters. Except as otherwise provided in this Agreement, any controversy or dispute arising out of this Agreement, the interpretation of any of the provisions hereof, or the action or inaction of any party hereto shall be submitted to arbitration in Ventura County, California, under the commercial arbitration rules then obtaining of the American Arbitration Association. Any award or decision obtained from any such arbitration proceeding shall be final and binding on the parties, and judgment upon any award thus obtained may be entered in any court having jurisdiction thereof. No action at law or in equity based upon any claim arising out of or related to this Agreement shall be instituted in any court by any party except (a) an action to complete arbitration pursuant to this Section 10(G) or (b) an action to enforce an award obtained in an arbitration proceeding in accordance with this Section 10(G).

H. Exhibits. All Exhibits attached to this Agreement are incorporated by reference herein and shall be treated as if set forth fully herein. Exhibit A: Grower Information Sheet, and Exhibit B: Ranch Profile Sheet.

I. Relationship of Parties. The parties agree that except as otherwise stated in this Agreement, this Agreement is not intended to create or imply any partnership, joint employment or other employment relationship between the parties with reference to any employees of the Grower, including any agricultural or other employees of contractors employed by Grower

[*signature page immediately follows*]

IN WITNESS WHEREOF, the parties have caused this agreement to be duly executed as of the Effective Date set forth above.

PAI CENTURION CITRUS, LLC,
a Delaware limited liability company

By: /s/ Fendley Ragland
Name: Fendley Ragland
Its: Vice-President

LIMONEIRA COMPANY,
a Delaware corporation

By: /s/ Harold S. Edwards
Name: Harold S. Edwards
Its: Chief Executive Officer

By: /s/ Mark Palamountain
Name: Mark Palamountain
Its: Secretary and Chief Financial Officer

Exhibit 31.1

Certification of the Principal Executive Officer
Pursuant to Exchange Act Rule 13a-14(a) and 15d-14(a)

I, Harold S. Edwards, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Limoneira Company (the "Registrant");

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.

March 9, 2023

/s/ Harold S. Edwards

Harold S. Edwards,
Director, President, and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

Certification of the Principal Financial Officer
Pursuant to Exchange Act Rule 13a-14(a) and 15d-14(a)

I, Mark Palamountain, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Limoneira Company (the “Registrant”);

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.

March 9, 2023

/s/ Mark Palamountain

Mark Palamountain,
Chief Financial Officer and Treasurer
(Principal Financial and Accounting Officer)

Exhibit 32.1

Certification of the Principal Executive Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)

In connection with the Quarterly Report on Form 10-Q for the quarter ended January 31, 2023 (the “Report”) of Limoneira Company (the “Registrant”), as filed with the Securities and Exchange Commission on the date hereof, I, Harold S. Edwards, hereby certify that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

March 9, 2023

/s/ Harold S. Edwards

Harold S. Edwards,
Director, President, and Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

Certification of the Principal Financial Officer
Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350)

In connection with the Quarterly Report on Form 10-Q for the quarter ended January 31, 2023 (the "Report") of Limoneira Company (the "Registrant"), as filed with the Securities and Exchange Commission on the date hereof, I, Mark Palamountain, hereby certify that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

March 9, 2023	/s/ Mark Palamountain
	Mark Palamountain, Chief Financial Officer and Treasurer (Principal Financial and Accounting Officer)