

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 APRIL 30, 2021
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM _____ TO _____

Commission File Number: 001-34755

LIMONEIRA COMPANY

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

77-0260692
(I.R.S. Employer Identification No.)

1141 Cummings Road, Santa Paula, CA
(Address of principal executive offices)

93060
(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 May 31, 2021, there were 17,685,400 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 include:

- *changes in laws, regulations, rules, quotas, tariffs, and import laws;*
- *adverse weather conditions, natural disasters and other adverse natural conditions, including freezes, rains, fires 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;*
- *product and raw materials supplies and pricing;*
- *energy supply and pricing;*
- *changes in interest rates;*
- *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;*
- *negative impacts related to the COVID-19 pandemic and the effectiveness of the Company's responses to the pandemic;*
- *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, 2020 additional factors that could cause our actual results to differ from our projections or estimates, especially relating to the COVID-19 pandemic.

Many of these risks and uncertainties are currently amplified by, and will continue to be amplified by, or in the future may be amplified by, the COVID-19 outbreak. It is not possible to predict or identify all such risks.

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, 2020. 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)

	April 30, 2021	October 31, 2020
Assets		
Current assets:		
Cash	\$ 1,590	\$ 501
Accounts receivable, net	20,720	16,261
Cultural costs	4,145	6,865
Prepaid expenses and other current assets	11,835	10,688
Receivables/other from related parties	4,842	2,294
Income taxes receivable	945	5,911
Total current assets	<u>44,077</u>	<u>42,520</u>
Property, plant and equipment, net	244,505	242,649
Real estate development	21,941	21,636
Equity in investments	62,223	61,214
Goodwill	1,550	1,535
Intangible assets, net	11,160	11,309
Other assets	9,171	8,737
Total assets	<u>\$ 394,627</u>	<u>\$ 389,600</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 8,531	\$ 5,838
Growers payable	8,466	8,126
Accrued liabilities	5,930	7,947
Payables to related parties	7,487	6,273
Current portion of long-term debt	3,336	3,277
Total current liabilities	<u>33,750</u>	<u>31,461</u>
Long-term liabilities:		
Long-term debt, less current portion	128,190	122,571
Deferred income taxes	22,217	22,430
Other long-term liabilities	6,573	6,568
Total liabilities	<u>190,730</u>	<u>183,030</u>
Commitments and contingencies (See Note 16)	—	—
Series B Convertible Preferred Stock – \$100.00 par value (50,000 shares authorized: 14,790 shares issued and outstanding at April 30, 2021 and October 31, 2020) (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 April 30, 2021 and October 31, 2020) (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 April 30, 2021 and October 31, 2020)	—	—
Common Stock – \$0.01 par value (39,000,000 shares authorized: 17,936,377 and 17,857,707 shares issued and 17,685,400 and 17,606,730 shares outstanding at April 30, 2021 and October 31, 2020, respectively)	179	179
Additional paid-in capital	163,020	162,084
Retained earnings	25,620	30,797
Accumulated other comprehensive loss	(5,908)	(7,548)
Treasury stock, at cost, 250,977 shares at April 30, 2021 and October 31, 2020	(3,493)	(3,493)
Noncontrolling interest	13,669	13,741
Total stockholders' equity	<u>193,087</u>	<u>195,760</u>
Total liabilities and stockholders' equity	<u>\$ 394,627</u>	<u>\$ 389,600</u>

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

LIMONEIRA COMPANY

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

(\$ in thousands, except share amounts)

	Three Months Ended April 30,		Six Months Ended April 30,	
	2021	2020	2021	2020
Net revenues:				
Agribusiness	\$ 43,989	\$ 38,439	\$ 81,126	\$ 78,922
Other operations	1,143	1,132	2,281	2,305
Total net revenues	45,132	39,571	83,407	81,227
Costs and expenses:				
Agribusiness	36,442	35,949	73,380	78,492
Other operations	1,090	1,117	2,172	2,386
Selling, general and administrative	5,216	5,338	11,111	11,648
Total costs and expenses	42,748	42,404	86,663	92,526
Operating income (loss)	2,384	(2,833)	(3,256)	(11,299)
Other income (expense):				
Interest income	25	—	68	—
Interest expense, net of patronage dividends	(622)	(1,052)	(488)	(997)
Equity in earnings (losses) of investments, net	643	(371)	1,009	(491)
Loss on stock in Calavo Growers, Inc.	—	(4,275)	—	(6,299)
Other income (expense), net	57	(280)	51	235
Total other income (expense)	103	(5,978)	640	(7,552)
Income (loss) before income tax (provision) benefit	2,487	(8,811)	(2,616)	(18,851)
Income tax (provision) benefit	(974)	3,505	213	6,641
Net income (loss)	1,513	(5,306)	(2,403)	(12,210)
Net loss attributable to noncontrolling interest	420	423	128	900
Net income (loss) attributable to Limoneira Company	1,933	(4,883)	(2,275)	(11,310)
Preferred dividends	(126)	(126)	(251)	(251)
Net income (loss) attributable to common stock	\$ 1,807	\$ (5,009)	\$ (2,526)	\$ (11,561)
Basic net income (loss) per common share	\$ 0.10	\$ (0.29)	\$ (0.15)	\$ (0.66)
Diluted net income (loss) per common share	\$ 0.10	\$ (0.29)	\$ (0.15)	\$ (0.66)
Weighted-average common shares outstanding-basic	17,461,000	17,634,000	17,429,000	17,602,000
Weighted-average common shares outstanding-diluted	17,461,000	17,634,000	17,429,000	17,602,000

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

LIMONEIRA COMPANY

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

	Three Months Ended April 30,		Six Months Ended April 30,	
	2021	2020	2021	2020
Net income (loss)	\$ 1,513	\$ (5,306)	\$ (2,403)	\$ (12,210)
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	577	(619)	1,372	(1,886)
Minimum pension liability adjustment, net of tax of \$50, \$50, \$100 and \$100 for the three and six months ended April 30, 2021 and 2020, respectively.	134	60	268	195
Residual state tax effects on sale of equity securities	—	140	—	140
Total other comprehensive income (loss), net of tax	711	(419)	1,640	(1,551)
Comprehensive income (loss)	2,224	(5,725)	(763)	(13,761)
Comprehensive loss attributable to noncontrolling interest	403	422	72	887
Comprehensive income (loss) attributable to Limoneira Company	\$ 2,627	\$ (5,303)	\$ (691)	\$ (12,874)

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

LIMONEIRA COMPANY

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

	Stockholders' Equity							Temporary Equity		
	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Treasury Stock	Non-controlling Interest	Total Equity	Series B Preferred Stock	Series B-2 Preferred Stock
	Shares	Amount								
Balance at October 31, 2020	17,606,730	\$ 179	\$ 162,084	\$ 30,797	\$ (7,548)	\$ (3,493)	\$ 13,741	\$ 195,760	\$ 1,479	\$ 9,331
Dividends Common (\$0.075 per share)	—	—	—	(1,324)	—	—	—	(1,324)	—	—
Dividends Series B (\$2.19 per share)	—	—	—	(32)	—	—	—	(32)	—	—
Dividends Series B-2 (\$10 per share)	—	—	—	(93)	—	—	—	(93)	—	—
Stock compensation	125,190	1	1,066	—	—	—	—	1,067	—	—
Exchange of common stock	(46,993)	(1)	(700)	—	—	—	—	(701)	—	—
Net (loss) income	—	—	—	(4,208)	—	—	292	(3,916)	—	—
Other comprehensive income, net of tax	—	—	—	—	929	—	39	968	—	—
Balance at January 31, 2021	17,684,927	\$ 179	\$ 162,450	\$ 25,140	\$ (6,619)	\$ (3,493)	\$ 14,072	\$ 191,729	\$ 1,479	\$ 9,331
Dividends Common (\$0.075 per share)	—	—	—	(1,327)	—	—	—	(1,327)	—	—
Dividends Series B (\$2.19 per share)	—	—	—	(33)	—	—	—	(33)	—	—
Dividends Series B-2 (\$10 per share)	—	—	—	(93)	—	—	—	(93)	—	—
Stock compensation	473	—	570	—	—	—	—	570	—	—
Net income (loss)	—	—	—	1,933	—	—	(420)	1,513	—	—
Other comprehensive income, net of tax	—	—	—	—	711	—	17	728	—	—
Balance at April 30, 2021	17,685,400	\$ 179	\$ 163,020	\$ 25,620	\$ (5,908)	\$ (3,493)	\$ 13,669	\$ 193,087	\$ 1,479	\$ 9,331

	Stockholders' Equity							Temporary Equity		
	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Treasury Stock	Non-controlling Interest	Total Equity	Series B Preferred Stock	Series B-2 Preferred Stock
	Shares	Amount								
Balance at October 31, 2019	17,756,180	\$ 178	\$ 160,254	\$ 53,089	\$ (7,255)	\$ —	\$ 15,422	\$ 221,688	\$ 1,479	\$ 9,331
Dividends Common (\$0.075 per share)	—	—	—	(1,338)	—	—	—	(1,338)	—	—
Dividends Series B (\$2.19 per share)	—	—	—	(32)	—	—	—	(32)	—	—
Dividends Series B-2 \$10 per share)	—	—	—	(93)	—	—	—	(93)	—	—
Stock compensation	112,841	1	828	—	—	—	—	829	—	—
Exchange of common stock	(11,314)	—	(213)	—	—	—	—	(213)	—	—
Net loss	—	—	—	(6,427)	—	—	(477)	(6,904)	—	—
Other comprehensive (loss) income, net of tax	—	—	—	—	(1,132)	—	12	(1,120)	—	—
Balance at January 31, 2020	17,857,707	\$ 179	\$ 160,869	\$ 45,199	\$ (8,387)	\$ —	\$ 14,957	\$ 212,817	\$ 1,479	\$ 9,331
Dividends Common (\$0.075 per share)	—	—	—	(1,341)	—	—	—	(1,341)	—	—
Dividends Series B (\$2.19 per share)	—	—	—	(32)	—	—	—	(32)	—	—
Dividends Series B-2 (\$10 per share)	—	—	—	(93)	—	—	—	(93)	—	—
Stock compensation	—	—	358	—	—	—	—	358	—	—
Noncontrolling interest adjustment	—	—	—	—	—	—	(145)	(145)	—	—
Net loss	—	—	—	(4,883)	—	—	(423)	(5,306)	—	—
Other comprehensive (loss) income, net of tax	—	—	—	—	(419)	—	1	(418)	—	—
Balance at April 30, 2020	17,857,707	\$ 179	\$ 161,227	\$ 38,850	\$ (8,806)	\$ —	\$ 14,390	\$ 205,840	\$ 1,479	\$ 9,331

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

LIMONEIRA COMPANY

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

	Six Months Ended April 30,	
	2021	2020
Operating activities		
Net loss	\$ (2,403)	\$ (12,210)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	5,053	4,998
(Gain) or loss on disposals of assets	(16)	264
Stock compensation expense	1,637	1,187
Non-cash lease expense	237	228
Equity in (earnings) losses of investments, net	(1,009)	491
Deferred income taxes	(213)	(6,641)
Loss on stock in Calavo Growers, Inc.	—	6,299
Other, net	274	(12)
Changes in operating assets and liabilities:		
Accounts receivable and receivables/other from related parties	(6,733)	(2,953)
Cultural costs	2,724	3,001
Prepaid expenses and other current assets	(1,158)	(4,620)
Income taxes receivable	4,966	—
Other assets	—	80
Accounts payable and growers payable	2,738	(3,841)
Accrued liabilities and payables to related parties	(1,197)	(2,360)
Other long-term liabilities	(257)	291
Net cash provided by (used in) operating activities	4,643	(15,798)
Investing activities		
Capital expenditures	(5,409)	(5,415)
Net proceeds from sales of property assets	83	—
Net proceeds from sale of stock in Calavo Growers, Inc.	—	11,048
Loan to Limoneira Lewis Community Builders, LLC	—	(1,800)
Collection on note receivable	25	—
Equity investment contributions	—	(2,800)
Investments in mutual water companies and water rights	(200)	(51)
Insurance proceeds received	—	250
Net cash (used in) provided by investing activities	(5,501)	1,232
Financing activities		
Borrowings of long-term debt	48,185	71,275
Repayments of long-term debt	(42,675)	(52,771)
Dividends paid – common	(2,651)	(2,679)
Dividends paid – preferred	(251)	(250)
Exchange of common stock	(700)	(213)
Net cash provided by financing activities	1,908	15,362
Effect of exchange rate changes on cash	39	(148)
Net increase in cash	1,089	648
Cash at beginning of period	501	616
Cash at end of period	\$ 1,590	\$ 1,264

LIMONEIRA COMPANY

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

	Six Months Ended	
	April 30,	
	2021	2020
Supplemental disclosures of cash flow information		
Cash paid during the period for interest, net of amounts capitalized	\$ 780	\$ 981
Cash (received) paid during the period for income taxes, net	\$ (4,997)	\$ —
Non-cash investing and financing activities:		
Capital expenditures accrued but not paid at period-end	\$ 150	\$ 1,734
Accrued contribution obligation of investment in water company	\$ 450	\$ 450

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

LIMONEIRA COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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 lemons. The Company is also engaged in residential rentals and other rental operations and real estate development activities.

The Company markets and sells lemons 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 its oranges, specialty citrus and other crops to Sunkist-licensed and other third-party packinghouses.

The Company sells the majority of its avocado production to Calavo Growers, Inc. (“Calavo”), a packing and marketing company listed on the NASDAQ Global Select Market under the symbol CVGW. Calavo’s customers include many of the largest retail and food service companies in the United States and Canada. Calavo packs the Company’s avocados, which are then sold and distributed under Calavo brands to its customers.

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 accounts and transactions have been eliminated. 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 accounting principles generally accepted in the United States (“GAAP”) requires management to make estimates and assumptions that affect the amounts reported. Actual results could differ materially 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 or loss primarily includes foreign currency translation items and defined benefit pension items. Accumulated other comprehensive income (loss) is reported as a component of the Company’s stockholders’ equity.

The following tables summarizes the changes in other comprehensive income (loss) by component (in thousands):

	Three Months Ended April 30,					
	2021			2020		
	Pre-tax Amount	Tax Expense	Net Amount	Pre-tax Amount	Tax Expense	Net Amount
Foreign currency translation adjustments	\$ 577	\$ —	\$ 577	\$ (619)	\$ —	\$ (619)
Minimum pension liability adjustments:						
Other comprehensive gain before reclassifications	184	(50)	134	110	(50)	60
Available-for-sale securities:						
Amounts reclassified to earnings included in "Selling, general and administrative"	—	—	—	140	—	140
Other comprehensive income (loss)	<u>\$ 761</u>	<u>\$ (50)</u>	<u>\$ 711</u>	<u>\$ (369)</u>	<u>\$ (50)</u>	<u>\$ (419)</u>

LIMONEIRA COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

2. Summary of Significant Accounting Policies (continued)

	Six Months Ended April 30,					
	2021			2020		
	Pre-tax Amount	Tax Expense	Net Amount	Pre-tax Amount	Tax Expense	Net Amount
Foreign currency translation adjustments	\$ 1,372	\$ —	\$ 1,372	\$ (1,886)	\$ —	\$ (1,886)
Minimum pension liability adjustments:						
Other comprehensive gain before reclassifications	368	(100)	268	295	(100)	195
Available-for-sale securities:						
Amounts reclassified to earnings included in "Selling, general and administrative"	—	—	—	140	—	140
Other comprehensive income (loss)	\$ 1,740	\$ (100)	\$ 1,640	\$ (1,451)	\$ (100)	\$ (1,551)

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

	Foreign Currency Translation (Loss) Income	Defined Benefit Pension Plan	Available-for-Sale Securities	Accumulated Other Comprehensive (Loss) Income
Balance as of October 31, 2020	\$ (3,069)	\$ (4,479)	\$ —	\$ (7,548)
Other comprehensive income	1,372	268	—	1,640
Balance as of April 30, 2021	\$ (1,697)	\$ (4,211)	\$ —	\$ (5,908)

	Foreign Currency Translation Loss	Defined Benefit Pension Plan	Available-for-Sale Securities	Accumulated Other Comprehensive Loss
Balance as of October 31, 2019	\$ (2,362)	\$ (4,753)	\$ (140)	\$ (7,255)
Other comprehensive (loss) income	(1,886)	195	140	(1,551)
Balance as of April 30, 2020	\$ (4,248)	\$ (4,558)	\$ —	\$ (8,806)

Recent Accounting Pronouncements

FASB ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, and related ASUs

This amendment requires the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Financial institutions and other organizations will now use forward-looking information to better inform their credit loss estimates. Many of the loss estimation techniques applied today will still be permitted, although the inputs to those techniques will change to reflect the full amount of expected credit losses.

ASU 2016-13 is effective for SEC filers for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. The Company adopted this ASU effective November 1, 2020 and the adoption did not have a material impact on its consolidated financial statements.

FASB ASU 2020-06, Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity

This amendment simplifies accounting for convertible instruments by removing major separation models currently required under GAAP. Consequently, more convertible debt instruments will be reported as a single liability instrument and more convertible preferred stock as a single equity instrument with no separate accounting for embedded conversion features. The ASU removes certain settlement conditions that are required for equity contracts to qualify for the derivative scope exception, which will permit more equity contracts to qualify for it. The ASU also simplifies the diluted earnings per share (EPS) calculation in certain areas.

ASU 2020-06 is effective for public business entities that meet the definition of a SEC filer for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Early adoption is permitted for fiscal years beginning after December 15, 2020. The Company is evaluating the effect this ASU may have on its consolidated financial statements.

LIMONEIRA COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

3. Concentrations and Geographic Information

Lemons procured from third-party growers were 50% and 60% of the Company's lemon supply in the three months ended April 30, 2021 and 2020, respectively. Lemons procured from third-party growers were 49% and 58% of the Company's lemon supply in the six months ended April 30, 2021 and 2020, respectively, of which one third-party grower was 19% of the lemon supply for the six months ended April 30, 2021.

The Company sells the majority of its avocado production to Calavo. The Company sells a majority of its oranges and specialty citrus to a third-party packinghouse.

Concentrations of credit risk with respect to revenues and account receivables are limited due to a large, diverse customer base. One individual customer represented 11% of revenues for the six months ended April 30, 2021. One individual customer represented more than 10% of accounts receivable, net as of April 30, 2021.

During the three months ended April 30, 2021 and 2020, the Company had approximately \$950,000 and \$921,000, respectively, of total sales in Chile by Fruticola Pan de Azucar S.A. ("PDA") and Agricola San Pablo SpA ("San Pablo"). During the three months ended April 30, 2021 and 2020, the Company had approximately \$884,000 and \$2,280,000, respectively, of total sales in Argentina by Trapani Fresh. During the six months ended April 30, 2021 and 2020, the Company had approximately \$1,977,000 and \$1,460,000, respectively, of total sales in Chile by PDA and San Pablo. During the six months ended April 30, 2021 and 2020, the Company had approximately \$2,555,000 and \$2,479,000, respectively, of total sales in Argentina by Trapani Fresh.

Aggregate foreign exchange transaction losses realized for our foreign subsidiaries was approximately \$551,000 for the six months ended April 30, 2021 and are included in selling, general and administrative expenses in the consolidated statements of operations. Foreign exchange transaction gains/losses were immaterial for the six months ended April 30, 2020.

4. Prepaid Expenses and Other Current Assets

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

	April 30, 2021	October 31, 2020
Prepaid supplies and insurance	\$ 2,769	\$ 2,080
Note receivable and related interest	2,464	2,490
Real estate development held for sale	2,543	2,543
Sales tax receivable	1,549	1,867
Lemon supplier advances and other	2,510	1,708
	<u>\$ 11,835</u>	<u>\$ 10,688</u>

5. Real Estate Development

Real estate development assets are comprised primarily of land and land development costs and consist of the following (in thousands):

	April 30, 2021	October 31, 2020
Retained Property - East Area I	\$ 12,903	\$ 13,169
East Area II	9,038	8,467
	<u>\$ 21,941</u>	<u>\$ 21,636</u>

LIMONEIRA COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

5. Real Estate Development (continued)

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. On November 10, 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" or "Joint Venture") as the development entity, contributed its East Area I property to LLCB and sold a 50% interest in LLCB to Lewis for \$20,000,000.

The Company and the Joint Venture also entered into a Retained Property Development Agreement on the Transaction Date (the "Retained Property Agreement"). Under the terms of the Retained Property Agreement, the Joint Venture 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 Retained Property and East Area II includes estimated costs incurred by and reimbursable to LLCB of \$5,450,000 and \$5,300,000 at April 30, 2021 and October 31, 2020, respectively, which is included in payables to related parties.

In January 2018, the Joint Venture 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. The Loan originally was scheduled to mature in January 2020 and was extended to February 22, 2021. In February 2021, this loan was extended to February 22, 2023 with an option to extend to February 22, 2024, subject to certain conditions. The interest rate on the Loan is LIBOR plus 2.85% and is payable monthly. The Loan contains certain customary default provisions and the Joint Venture may prepay any amounts outstanding under the Loan without penalty. The Joint Venture had an outstanding balance of \$11,411,000 as of April 30, 2021.

In February 2018, certain principals from Lewis and by the Company guaranteed the obligations under the Loan. The guarantee shall continue in effect until all of the Loan obligations are fully paid and the guarantors are jointly and severally liable for all Loan obligations in the event of default by the Joint Venture. 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. The extension had no impact on the Company's Loan guarantee value. Additionally, a Reimbursement Agreement was executed between the Lewis guarantors and the Company, which provides for unpaid liabilities of the Joint Venture to be shared pro-rata by the Lewis guarantors and the Company in proportion to their percentage interest in the Joint Venture.

The Company made contributions to the Joint Venture of zero and \$2,800,000 in the six months ended April 30, 2021 and 2020, respectively.

Through April 30, 2021, the Joint Venture has closed the sales of the initial residential lots representing 464 residential units.

Other Real Estate Development Projects

The remaining real estate development parcel within the Templeton Santa Barbara, LLC project is described as Sevilla. In the first quarter of fiscal year 2020, the Company entered into an agreement to sell its Sevilla property for \$2,700,000, which is expected to close in fiscal year 2021. After transaction and other costs, the Company expects to receive cash proceeds of approximately \$2,550,000 and recognize an immaterial gain upon closing. At April 30, 2021, the \$2,543,000 carrying value of the property was classified as held for sale and included in prepaid expenses and other current assets.

During December 2017, the Company sold its Centennial property with a net book value of \$2,983,000 for \$3,250,000. The Company received cash and a \$3,000,000 promissory note secured by the property for the balance of the purchase. The promissory note was originally scheduled to mature in December 2019 but was extended to December 15, 2020 and the interest rate was reset to equal to the 6-month LIBOR plus 2.75% on the outstanding principal balance of the note, interest only paid monthly on the first day of each month beginning January 1, 2020. In September 2020, the promissory note was further extended to June 15, 2021 on the same terms and conditions upon making a principal paydown of \$25,000, which was paid in November 2020, with an option to further extend the maturity date of the promissory note to December 15, 2021 on the same terms and conditions and upon making an additional principal paydown of \$25,000. The option was exercised and the extension payment was paid in May 2021. At April 30, 2021, the net carrying value of the note was \$2,625,000 and classified in prepaid expenses and other current assets.

LIMONEIRA COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

6. Equity in Investments

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

	April 30, 2021	October 31, 2020
Limoneira Lewis Community Builders, LLC	\$ 58,475	\$ 57,142
Limco Del Mar, Ltd.	1,936	1,920
Rosales	1,303	1,641
Romney Property Partnership	509	511
	\$ 62,223	\$ 61,214

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 six months ended April 30, 2021 and 2020, this threshold was met for the Company's equity investment in LLCB.

The following is unaudited summarized financial information for LLCB (in thousands):

	Six Months Ended April 30,	
	2021	2020
Revenues	\$ 19,827	\$ 4,768
Cost of land sold	15,336	3,975
Operating expenses	467	649
Net income	\$ 4,024	\$ 144
Net income attributable to Limoneira Company	\$ 2,005	\$ 132

7. Goodwill and Intangible Assets

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

	Goodwill Carrying Amount
Balance at October 31, 2020	\$ 1,535
Foreign currency translation adjustment	15
Balance at April 30, 2021	\$ 1,550

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 April 30, 2021.

During the six months ended April 30, 2021, the Company acquired additional water rights in Chile for \$186,000.

LIMONEIRA COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

7. Goodwill and Intangible Assets (continued)

Intangible assets consisted of the following as of April 30, 2021 and October 31, 2020 (in thousands):

	April 30, 2021				October 31, 2020			
	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	\$ 3,771	\$ (1,156)	\$ 2,615	10	\$ 3,771	\$ (947)	\$ 2,824	10
Customer relationships	5,010	(1,254)	3,756	9	5,010	(989)	4,021	9
Non-competition agreement	1,040	(199)	841	10	1,040	(147)	893	10
Acquired water and mineral rights	3,948	—	3,948	Indefinite	3,571	—	3,571	Indefinite
	<u>\$ 13,769</u>	<u>\$ (2,609)</u>	<u>\$ 11,160</u>		<u>\$ 13,392</u>	<u>\$ (2,083)</u>	<u>\$ 11,309</u>	

Amortization expense totaled \$263,000 and \$205,000 for the three months ended April 30, 2021 and 2020, respectively. Amortization expense totaled \$526,000 and \$490,000 for the six months ended April 30, 2021 and 2020, respectively.

Estimated future amortization expense of intangible assets as of April 30, 2021 are as follows (in thousands):

2021 (excluding the six months ended April 30, 2021)	\$ 514
2022	989
2023	989
2024	981
2025	976
Thereafter	2,763
	<u>\$ 7,212</u>

8. Other Assets

Investments in Mutual Water Companies

The Company's investments in various not-for-profit mutual water companies provide the Company 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. Amounts included in other assets in the consolidated balance sheets as of April 30, 2021 and October 31, 2020 were \$6,024,000 and \$5,563,000, respectively.

9. Accrued Liabilities

Accrued liabilities consist of the following (in thousands):

	April 30, 2021	October 31, 2020
Compensation	\$ 2,688	\$ 2,275
Property taxes	—	683
Lemon and orange supplier payables	—	1,346
Operating expenses	1,359	938
Leases	339	959
Other	1,544	1,746
	<u>\$ 5,930</u>	<u>\$ 7,947</u>

LIMONEIRA COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

10. Long-Term Debt

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

	April 30, 2021	October 31, 2020
Farm Credit West revolving and non-revolving lines of credit: the interest rate of the revolving line of credit is variable based on the one-month London Interbank Offered Rate ("LIBOR"), which was 0.11% at April 30, 2021, plus 1.60%. The interest rate for the \$40.0 million outstanding balance of the non-revolving line of credit was fixed at 4.77%. Interest is payable monthly and the principal is due in full on July 1, 2022.	\$ 109,484	\$ 102,251
Farm Credit West term loan: Effective July 1, 2020, the interest rate was fixed at 2.48%. The loan is payable in quarterly installments through November 2022.	1,125	1,438
Farm Credit West term loan: Effective July 1, 2020, the interest rate was fixed at 3.24%. The loan is payable in monthly installments through October 2035.	1,002	1,029
Farm Credit West term loan: Effective July 1, 2020, the interest rate was fixed at 3.24%. The loan is payable in monthly installments through March 2036.	8,220	8,433
Farm Credit West term loan: Effective July 1, 2020 the interest rate was fixed at 2.77% until July 1, 2025, becoming variable for the remainder of the loan. The loan is payable in monthly installments through March 2036.	6,057	6,220
Wells Fargo term loan: the interest rate is fixed at 3.58%. The loan is payable in monthly installments through January 2023.	2,739	3,491
Banco de Chile term loan: the interest rate is fixed at 6.48%. The loan is payable in annual installments through January 2025.	1,067	1,205
Note Payable: the interest rate ranges from 5.00% to 7.00% and was 6.50% at April 30, 2021. The loan includes interest only monthly payments and principal is due in February 2023.	1,435	1,435
Banco de Chile COVID-19 loans: The interest rates are fixed at 3.48% and 2.90%. The loans are payable in monthly installments beginning February 2021 through September 2024.	551	522
Subtotal	131,680	126,024
Less deferred financing costs, net of accumulated amortization	154	176
Total long-term debt, net	131,526	125,848
Less current portion	3,336	3,277
Long-term debt, less current portion	\$ 128,190	\$ 122,571

The Company and Farm Credit West, FLCA ("Farm Credit West") are parties to that certain Master Loan Agreement (the "Loan Agreement"), dated June 20, 2017, which includes a Revolving Credit Supplement and a Non-Revolving Credit Supplement (together, the "Supplements").

On June 30, 2020, the Company and Farm Credit West entered into a Conversion Agreement to convert the term loans noted above to fixed interest rate loans effective July 1, 2020. No changes were made to the outstanding principal balances on the term loans and the Company made no cash repayments of principal. The rates were subject to a prepayment restriction period for a portion of the fixed rate term that expired on January 1, 2021. The Company may prepay any amounts without penalty.

In March 2020, the Company entered into a revolving equity line of credit promissory note and loan agreement with Farm Credit West 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 interest rate is variable with monthly interest-only payments during the 3-year draw period and monthly principal and interest payments thereafter.

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. The borrowing capacity based on collateral value was \$130,000,000 at April 30, 2021, of which \$20,516,000 was available to borrow.

All indebtedness under the Loan Agreement and RELOC with Farm Credit West, including any indebtedness under the Supplements, is secured by a first lien on certain of its agricultural properties in Tulare, Ventura and San Luis Obispo 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 Loan Agreement includes customary default provisions that provide should an event of default occur, Farm Credit West, at its option, may declare all or any portion of the indebtedness under the Loan Agreement to be

LIMONEIRA COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

10. Long-Term Debt (continued)

immediately due and payable without demand, notice of non-payment, 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.

In December 2020, Farm Credit West declared an annual cash patronage dividend of 1.50% of average eligible loan balances. The Company received \$1,170,000 in February 2021.

The Loan Agreement 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 covenant that it will maintain a debt service coverage ratio greater than 1.25:1.0 measured annually at October 31. In August 2020, Farm Credit West modified the covenant to defer measurement at October 31, 2020 and revert to a debt service coverage ratio of 1.25:1.0 measured as of October 31, 2021.

Interest is capitalized on non-bearing orchards, real estate development projects and significant construction in progress. The Company capitalized interest of \$308,000 and \$355,000 during the three months ended April 30, 2021 and 2020, respectively, and \$308,000 and \$444,000 during the six months ended April 30, 2021 and 2020, respectively. Capitalized interest is included in property, plant and equipment and real estate development assets in the Company's consolidated balance sheets.

11. 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 22 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 April 30,		Six Months Ended April 30,	
	2021	2020	2021	2020
Operating lease revenue	\$ 1,070	\$ 1,061	\$ 2,129	\$ 2,157
Variable lease revenue	73	71	152	148
Total lease revenue	<u>\$ 1,143</u>	<u>\$ 1,132</u>	<u>\$ 2,281</u>	<u>\$ 2,305</u>

Lessee Arrangements

The Company enters into leasing transactions in which the Company is the lessee. These lease contracts are typically classified as operating leases. The Company's lease contracts are generally for agricultural land and packinghouse equipment with remaining lease terms ranging from one to 17 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. As of April 30, 2021, there were no material finance leases for which the Company was a lessee.

Operating lease costs were \$136,000 and \$137,000 for the three months ended April 30, 2021 and 2020, respectively, and \$278,000 and \$274,000 for the six months ended April 30, 2021 and 2020, respectively, which are primarily included in agribusiness costs and expenses in the Company's consolidated statements of operations. Variable and short term lease costs were immaterial.

LIMONEIRA COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

11. Leases (continued)

Lessee Arrangements (continued)

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

	Classification	April 30, 2021	October 31, 2020
Assets			
Operating lease ROU assets	Other assets	\$ 2,087	\$ 2,053
Liabilities and Stockholders' Equity			
Current operating lease liabilities	Accrued liabilities and payables to related parties	473	521
Non-current operating lease liabilities	Other long-term liabilities	1,661	1,610
Total operating lease liabilities		\$ 2,134	\$ 2,131

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

	Three Months Ended April 30,		Six Months Ended April 30,	
	2021	2020	2021	2020
Cash paid for amounts included in the measurement of lease liabilities:				
Operating cash outflows from operating leases	\$ 121	\$ 122	\$ 310	\$ 306
ROU assets obtained in exchange for new operating lease liabilities	\$ —	\$ —	\$ 271	\$ —

12. 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 conversion of unvested, restricted stock and 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 April 30,		Six Months Ended April 30,	
	2021	2020	2021	2020
Basic net income (loss) per common share:				
Net income (loss) applicable to common stock	\$ 1,807	\$ (5,009)	\$ (2,526)	\$ (11,561)
Effect of unvested, restricted stock	(17)	(17)	(35)	(34)
Numerator: Net income (loss) for basic EPS	1,790	(5,026)	(2,561)	(11,595)
Denominator: Weighted average common shares-basic	17,461	17,634	17,429	17,602
Basic net income (loss) per common share	\$ 0.10	\$ (0.29)	\$ (0.15)	\$ (0.66)
Diluted net income (loss) per common share:				
Numerator: Net income (loss) for diluted EPS	\$ 1,790	\$ (5,026)	\$ (2,561)	\$ (11,595)
Weighted average common shares-basic	17,461	17,634	17,429	17,602
Effect of dilutive unvested, restricted stock and preferred stock	—	—	—	—
Denominator: Weighted average common shares-diluted	17,461	17,634	17,429	17,602
Diluted net income (loss) per common share	\$ 0.10	\$ (0.29)	\$ (0.15)	\$ (0.66)

LIMONEIRA COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

12. Basic and Diluted Net Income (Loss) per Share (continued)

Diluted earnings (losses) per common share are 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. The Company excluded 178,000 and 220,000, unvested, restricted shares, as calculated under the treasury stock method, from its computation of diluted earnings (losses) per share for the three months ended April 30, 2021 and 2020, respectively, and 185,000 and 196,000 for the six months ended April 30, 2021 and 2020, respectively.

13. Related-Party Transactions

The Company has transactions with various related-parties as summarized in the tables below (in thousands):

Ref	Related Party	April 30, 2021				October 31, 2020			
		Balance Sheet				Balance Sheet			
		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	\$ —	\$ 461	\$ 536	\$ —	\$ —	\$ 64	\$ 64	\$ —
3	Cooperative association	\$ —	\$ —	\$ 49	\$ —	\$ —	\$ —	\$ 123	\$ —
4	Calavo	\$ 1,635	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
5	Cadiz / Fenner / WAM	\$ —	\$ 1,405	\$ 247	\$ 1,316	\$ —	\$ 1,443	\$ 182	\$ 1,353
6	Colorado River Growers	\$ —	\$ —	\$ —	\$ —	\$ 81	\$ —	\$ —	\$ —
8	FGF	\$ 3,121	\$ —	\$ 1,111	\$ —	\$ 2,213	\$ —	\$ 604	\$ —
9	LLCB	\$ —	\$ —	\$ 5,450	\$ —	\$ —	\$ —	\$ 5,300	\$ —
10	Freska	\$ 86	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
11	Third party growers	\$ —	\$ —	\$ 94	\$ —	\$ —	\$ —	\$ —	\$ —

Ref	Related Party	Three Months Ended April 30, 2021				Three Months Ended April 30, 2020				
		Consolidated Statement of Operations				Consolidated Statement of Operations				
		Net Revenue Agribusiness	Net Revenue Rental Operations	Agribusiness Expense and Other	Dividends Paid	Net Revenue Agribusiness	Net Revenue Rental Operations	Agribusiness Expense and Other	Other Income, Net	Dividends Paid
1	Employees	\$ —	\$ 206	\$ —	\$ —	\$ —	\$ 193	\$ —	\$ —	\$ —
2	Mutual water companies	\$ —	\$ —	\$ 163	\$ —	\$ —	\$ —	\$ 117	\$ —	\$ —
3	Cooperative association	\$ —	\$ —	\$ 369	\$ —	\$ —	\$ —	\$ 447	\$ —	\$ —
4	Calavo	\$ 2,553	\$ 78	\$ 279	\$ 126	\$ 1,539	\$ 84	\$ 59	\$ —	\$ 126
5	Cadiz / Fenner / WAM	\$ —	\$ —	\$ 85	\$ —	\$ —	\$ —	\$ 70	\$ —	\$ —
6	Colorado River Growers	\$ —	\$ —	\$ —	\$ —	\$ 1	\$ —	\$ 337	\$ —	\$ —
7	YMIDD	\$ —	\$ —	\$ 53	\$ —	\$ —	\$ —	\$ 53	\$ —	\$ —
8	FGF	\$ 884	\$ —	\$ 970	\$ —	\$ 2,280	\$ —	\$ 2,270	\$ —	\$ —
10	Freska	\$ 96	\$ —	\$ 142	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
11	Third party growers	\$ —	\$ —	\$ 116	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

LIMONEIRA COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

13. Related-Party Transactions (continued)

Ref	Related Party	Six Months Ended April 30, 2021				Six Months Ended April 30, 2020				
		Consolidated Statement of Operations				Consolidated Statement of Operations				
		Net Revenue Agribusiness	Net Revenue Rental Operations	Agribusiness Expense and Other	Dividends Paid	Net Revenue Agribusiness	Net Revenue Rental Operations	Agribusiness Expense and Other	Other Income, Net	Dividends Paid
1	Employees	\$ —	\$ 404	\$ —	\$ —	\$ —	\$ 390	\$ —	\$ —	\$ —
2	Mutual water companies	\$ —	\$ —	\$ 605	\$ —	\$ —	\$ —	\$ 464	\$ —	\$ —
3	Cooperative association	\$ —	\$ —	\$ 526	\$ —	\$ —	\$ —	\$ 893	\$ —	\$ —
4	Calavo	\$ 2,553	\$ 157	\$ 280	\$ 252	\$ 1,572	\$ 165	\$ 178	\$ 220	\$ 252
5	Cadiz / Fenner / WAM	\$ —	\$ —	\$ 235	\$ —	\$ —	\$ —	\$ 171	\$ —	\$ —
6	Colorado River Growers	\$ 157	\$ —	\$ 2,772	\$ —	\$ 522	\$ —	\$ 5,337	\$ —	\$ —
7	YMIDD	\$ —	\$ —	\$ 62	\$ —	\$ —	\$ —	\$ 86	\$ —	\$ —
8	FGF	\$ 2,555	\$ —	\$ 1,228	\$ —	\$ 2,479	\$ —	\$ 2,433	\$ —	\$ —
10	Freska	\$ 96	\$ —	\$ 142	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
11	Third party growers	\$ —	\$ —	\$ 116	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

⁽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 rental payments due from employees at April 30, 2021 or October 31, 2020.

⁽²⁾ Mutual water companies - The Company has representation on the boards of directors of the mutual water companies in which the Company has investments, 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.

⁽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 - The Company had an investment in Calavo through March 2020 and has representation on the board of directors and Calavo has an investment in the Company. The Company recorded dividend income on its investment in Calavo, paid dividends to Calavo and had avocado sales to Calavo. Additionally, the Company leases office space to Calavo, purchased storage services from Calavo and had immaterial amounts due to Calavo for those services.

⁽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 rental 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 entity affiliated with 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 ROU asset and corresponding lease liability.

⁽⁶⁾ Colorado River Growers, Inc. ("CRG") - The Company has representation on the board of directors of CRG, a non-profit cooperative association of fruit growers engaged in the agricultural harvesting business in Yuma County, Arizona. The Company paid harvest expense to CRG, provided harvest management and administrative services to CRG and had a receivable due from CRG for such services.

⁽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 amounts payable to them for such purchases.

⁽⁸⁾ FGF Trapani ("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. Additionally, FGF provided farming, packing, by-product processing and administrative services to Trapani Fresh. The Company had a receivable from FGF for lemon sales and a payable due to FGF for fruit purchases and services.

LIMONEIRA COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

13. Related-Party Transactions (continued)

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

⁽¹⁰⁾ Freska - A member of the Company's board of directors is a majority shareholder of Freska Produce International, LLC ("Freska"). The Company had avocado sales to Freska and a corresponding receivable for such sales.

⁽¹¹⁾ Third party growers - A member of the Company's board of directors markets lemons through the Company and the Company had payments due to the member for such lemon procurement.

14. Income Taxes

The effective tax rate for the six months ended April 30, 2021 was lower than the federal statutory tax rate of 21% mainly due to foreign jurisdictions which are taxed at different rates, state taxes, and nondeductible tax items. The Company has no material uncertain tax positions as of April 30, 2021. 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 April 30, 2021.

15. 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 funded consistent with the funding requirements of federal law and regulations. There were no funding contributions during the six months ended April 30, 2021 and 2020.

The components of net periodic pension cost for the Plan for the three and six months ended April 30, 2021 and 2020 were as follows (in thousands):

	Three Months Ended April 30,		Six Months Ended April 30,	
	2021	2020	2021	2020
Administrative expenses	\$ 69	\$ 69	\$ 138	\$ 139
Interest cost	138	161	275	321
Expected return on plan assets	(236)	(247)	(472)	(495)
Prior service cost	11	11	22	22
Recognized actuarial loss	184	185	368	370
Net periodic benefit cost	<u>\$ 166</u>	<u>\$ 179</u>	<u>\$ 331</u>	<u>\$ 357</u>

16. 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.

LIMONEIRA COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

17. Stock-based Compensation and Treasury Stock

Stock-based Compensation

The Company has a stock-based compensation plan (the "Stock Plan") that allows for the grant of common 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 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 grants are based on a percentage of the employee's base salary divided by the stock price on the grant date once the performance criteria has been met, and generally vest over a two-year period as service is provided. There were no shares of common stock granted to management under the Stock Plan for fiscal year 2020 performance because the financial performance and other criteria were not met.

Executive Awards

Certain restricted stock grants are made to key executives under the Stock Plan ("Executive Awards"). These grants generally vest over a three to five-year period as service is provided. During December 2020, the Company granted 95,000 shares of common stock with a per share price of \$15.26 to key executives under the Stock Plan. The related compensation expense of approximately \$1,450,000 will be recognized equally over the next three years as the shares vest.

Director Awards

The Company issues shares of common stock to non-employee directors under the Stock Plan on an annual basis that vest upon grant ("Director Awards"). During January 2021 and 2020, 27,815 and 17,841 shares, respectively, of common stock were granted as Director Awards. The Company recognized \$469,000 and \$358,000 of stock-based compensation to non-employee directors during the six months ended April 30, 2021 and 2020, respectively.

During the three months ended January 31, 2021 and 2020, members of management exchanged 46,993 and 11,314 shares, respectively, of common stock with fair values of \$701,000 and \$213,000, respectively, at the date of the exchanges, for the payment of payroll taxes associated with the vesting of shares under the Company's stock-based compensation programs.

Treasury Stock

Share Repurchase Program

On March 12, 2020, the Board of Directors of the Company approved a share repurchase program authorizing the Company to repurchase up to \$10,000,000 of its outstanding shares of common stock through March 2021. During fiscal year 2020, the Company repurchased 250,977 shares under the share repurchase program for approximately \$3,493,000. This program expired in March 2021.

18. 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 harvesting expenses and third-party grower 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 of oranges, specialty citrus and other crops.

LIMONEIRA COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

18. Segment Information (continued)

Revenues related to rental operations are included in “Corporate and Other.” Other agribusiness revenues consisted of oranges of \$1,404,000 and \$2,495,000 and specialty citrus and other crops of \$1,175,000 and \$3,024,000 for the three and six months ended April 30, 2021, respectively. Other agribusiness revenues consisted of oranges of \$2,667,000 and \$4,939,000 and specialty citrus and other crops of \$1,152,000 and \$3,044,000 for the three and six months ended April 30, 2020, respectively.

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, 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 April 30, 2021 (in thousands):

	Fresh Lemons	Lemon Packing	Eliminations	Avocados	Other Agribusiness	Total Agribusiness	Corporate and Other	Total
Revenues from external customers	\$ 32,600	\$ 6,103	\$ —	\$ 2,707	\$ 2,579	\$ 43,989	\$ 1,143	\$ 45,132
Intersegment revenue	—	9,282	(9,282)	—	—	—	—	—
Total net revenues	32,600	15,385	(9,282)	2,707	2,579	43,989	1,143	45,132
Costs and expenses	28,629	10,874	(9,282)	1,433	2,503	34,157	6,039	40,196
Depreciation and amortization	—	—	—	—	—	2,285	267	2,552
Operating income (loss)	\$ 3,971	\$ 4,511	\$ —	\$ 1,274	\$ 76	\$ 7,547	\$ (5,163)	\$ 2,384

Segment information for the three months ended April 30, 2020 (in thousands):

	Fresh Lemons	Lemon Packing	Eliminations	Avocados	Other Agribusiness	Total Agribusiness	Corporate and Other	Total
Revenues from external customers	\$ 28,715	\$ 3,883	\$ —	\$ 2,022	\$ 3,819	\$ 38,439	\$ 1,132	\$ 39,571
Intersegment revenue	—	8,454	(8,454)	—	—	—	—	—
Total net revenues	28,715	12,337	(8,454)	2,022	3,819	38,439	1,132	39,571
Costs and expenses	26,961	10,328	(8,454)	1,561	3,393	33,789	6,182	39,971
Depreciation and amortization	—	—	—	—	—	2,160	273	2,433
Operating income (loss)	\$ 1,754	\$ 2,009	\$ —	\$ 461	\$ 426	\$ 2,490	\$ (5,323)	\$ (2,833)

Segment information for the six months ended April 30, 2021 (in thousands):

	Fresh Lemons	Lemon Packing	Eliminations	Avocados	Other Agribusiness	Total Agribusiness	Corporate and Other	Total
Revenues from external customers	\$ 61,900	\$ 11,000	\$ —	\$ 2,707	\$ 5,519	\$ 81,126	\$ 2,281	\$ 83,407
Intersegment revenue	—	15,967	(15,967)	—	—	—	—	—
Total net revenues	61,900	26,967	(15,967)	2,707	5,519	81,126	2,281	83,407
Costs and expenses	58,136	20,405	(15,967)	1,433	4,876	68,883	12,727	81,610
Depreciation and amortization	—	—	—	—	—	4,497	556	5,053
Operating income (loss)	\$ 3,764	\$ 6,562	\$ —	\$ 1,274	\$ 643	\$ 7,746	\$ (11,002)	\$ (3,256)

LIMONEIRA COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)

18. Segment Information (continued)

Segment information for the six months ended April 30, 2020 (in thousands):

	Fresh Lemons	Lemon Packing	Eliminations	Avocados	Other Agribusiness	Total Agribusiness	Corporate and Other	Total
Revenues from external customers	\$ 60,772	\$ 7,977	\$ —	\$ 2,190	\$ 7,983	\$ 78,922	\$ 2,305	\$ 81,227
Intersegment revenue	—	15,559	(15,559)	—	—	—	—	—
Total net revenues	60,772	23,536	(15,559)	2,190	7,983	78,922	2,305	81,227
Costs and expenses	61,312	18,937	(15,559)	2,034	7,324	74,048	13,480	87,528
Depreciation and amortization	—	—	—	—	—	4,444	554	4,998
Operating (loss) income	\$ (540)	\$ 4,599	\$ —	\$ 156	\$ 659	\$ 430	\$ (11,729)	\$ (11,299)

19. Subsequent Events

In June 2021, the Company entered into an agreement, effective March 1, 2021, to sell and license certain assets of Trapani Fresh to its 49% partner in the joint venture, FGF. These assets consist of packing supplies and certain intangible assets related to the packing, marketing, and selling business of Trapani Fresh. The total consideration to be received is approximately \$3,800,000 over an 8-year term in 16 equal installments. There was no material gain or loss recognized on the transaction. Trapani Fresh continues to own and operate the 1,200-acre Santa Clara ranch and now sells the lemons it grows to FGF, who packs, markets, and sells the fruit to its export customers.

Except as described in the notes to the interim consolidated financial statements, 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 15,400 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 a variety of specialty citrus and other crops. We have agricultural plantings throughout Ventura, Tulare, San Luis Obispo and San Bernardino Counties in California, Yuma County in Arizona, La Serena, Chile and Jujuy, Argentina, which collectively consist of approximately 6,000 acres of lemons, 900 acres of avocados, 1,400 acres of oranges and 900 acres of specialty citrus and other crops. We also operate our own packinghouses in Santa Paula and Oxnard, 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 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 use ground water from the San Joaquin Valley Basin and water from local water and irrigation districts in Tulare County, which is in California's San Joaquin Valley. 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 comprising 256 completed rental units and another approximately 1,000 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 lemons directly to our food service, wholesale and retail customers throughout the United States, Canada, Asia, Australia and certain other international markets. We are one of the largest growers of lemons and avocados in the United States. We sell a majority of our avocados to Calavo. Additionally, we sell our oranges and specialty citrus to Sunkist-licensed and other third-party packinghouses, our pistachios to a roaster, packager and marketer of nuts, and 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 as there is little additional land with sufficient water that can be cost-effectively acquired to support new avocado orchards in Southern California. Also, avocado production is cyclical as avocados typically bear fruit on a bi-annual basis with large crops in one year followed by smaller crops the next year. While our avocado production can be volatile, 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, specialty citrus 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 ever-changing marketplace to identify trends. For instance, while per capita consumption of oranges in the United States has been decreasing since 2000 primarily as a result of consumers increasing their consumption of mandarin oranges and other specialty citrus, the international market demand for U.S. oranges has increased. As a result, we have focused our orange production on high quality late season Navel oranges primarily for export to Japan, China and Korea, which are typically highly profitable niche markets. We produce our specialty citrus and other crops in response to identified consumer trends and believe that we are a leader in the niche production and sale of certain of these high margin fruits. We carefully monitor the respective markets of specialty citrus and other crops and we believe that demand for the types and varieties of specialty citrus and other crops that we grow will continue to increase throughout the world.

Rental Operations Summary

Our rental operations division includes 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 Resources

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 use ground water and water from local water districts in Tulare County and ground water in San Bernardino County. Following our acquisition of Associated Citrus Packers, Inc. ("Associated"), we began using federal project water in Arizona from the Colorado River through the YMIDD. We also have acquired water rights in Chile related to our acquisitions of PDA and San Pablo and in Argentina related to our acquisition of Trapani Fresh.

We use a combination of ground water provided by wells that derive water from the San Joaquin Valley Basin and water from various water districts and irrigation districts in Tulare County, California, which is in the agriculturally productive San Joaquin Valley. We use ground water provided by wells which 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. 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 has experienced below average precipitation since 2018 and according to the U.S. Drought Monitor, California is experiencing severe drought conditions as of April 30, 2021. In May 2021, the California Governor declared a drought state of emergency for 41 of the 58 counties. Federal officials who oversee the Central Valley Project, California's largest water delivery system, allocated 5% of the contracted amount of water to San Joaquin Valley farmers in 2021 compared to 100% in 2017 through 2020.

Recent Developments

We are equal partners in a joint venture with The Lewis Group of Companies ("Lewis") for the residential development of our East Area I real estate development project. To consummate the transaction, we formed Limoneira Lewis Community Builders, LLC (the "LLCB" or "Joint Venture") as the development entity. The first phase of the project broke ground to commence mass grading in November 2017. The Joint Venture has closed on lot sales representing 464 units from inception through April 30, 2021, including 110 units in fiscal year 2021. For further information see Note 5 – Real Estate Development of the notes to consolidated financial statements included in this Quarterly Report on Form 10-Q.

In December 2020, we received \$5.0 million of federal income tax refunds related to the Coronavirus Aid Relief and Economic Security Act and we expect to receive an additional \$0.9 million of California state refunds in fiscal year 2021.

On March 12, 2020, the Board of Directors of our Company approved a share repurchase program authorizing us to repurchase up to \$10.0 million of our outstanding shares of common stock through March 2021. During fiscal year 2020, we purchased 250,977 shares under the share repurchase program for approximately \$3.5 million. This program expired in March 2021.

On March 23, 2021, we declared a cash dividend of \$0.075 per common share paid on April 16, 2021, in the aggregate amount of \$1.3 million to stockholders of record as of April 5, 2021.

COVID-19 Pandemic

The global spread of the novel coronavirus (COVID-19) in the past year has negatively impacted the global economy, disrupted global supply chains and created significant volatility and disruption of financial markets. The impact of this pandemic has created significant uncertainty in the global economy and has affected our business, employees, suppliers and customers.

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 has seen a significant decline in volume, with lemon demand falling since wide spread shelter in place orders were issued in mid-March 2020, resulting in a significant market oversupply. The export market for fresh product has also significantly declined due to COVID-19 impacts.

The decline in demand for our products beginning the second quarter of fiscal year 2020, which we believe was a result of the COVID-19 pandemic, negatively impacted our sales and profitability for the second, third and fourth quarters of fiscal year 2020 and in the first half of fiscal year 2021. We also expect an adverse impact on our sales and profitability in future periods. These impacts are expected to be material. However, the duration of these trends and the magnitude of such impacts cannot be precisely estimated at this time, as they are affected 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, 2020. Although subject to unforeseen changes that may arise as the COVID-19 pandemic continues to unfold, we currently expect improvement in the second half of fiscal year 2021.

We took proactive actions early on to protect the health of our employees and their families, including curtailing business travel and encouraging video conferencing whenever possible. In addition, as the COVID-19 pandemic worsened throughout the spring of 2020, we allowed personnel to work remotely to the extent possible. While we believe we have responded appropriately to mitigate the impacts of the COVID-19 pandemic, as the situation evolves, we will continue to analyze additional mitigation measures that

may be needed to preserve the health and safety of our workforce and our customers and the ongoing continuity of our business operations. Those measures might include modifying workspaces, continuing social distancing policies, implementing new personal protective equipment or health screening policies at our facilities, or such other industry best practices needed to continue to maintain a healthy and safe environment for our employees amidst the COVID-19 pandemic. In addition, in February 2021 the COVID-19 vaccine was offered to our employees.

Given the economic uncertainty as a result of the COVID-19 pandemic over the past year, we have taken actions to improve our current liquidity position, including temporarily postponing capital expenditures, selling equity securities to increase cash, reducing operating costs, and substantially reducing discretionary spending.

We are one of the largest growers of lemons and avocados in the United States and maintain our country's food chain infrastructure and thus are considered an essential business and permitted to remain open during the ongoing pandemic, be it at reduced volumes, in order to fulfill our customers' needs. However, there is significant 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, the ongoing business operations of our clients and our results of operations and financial condition. While our management team is actively monitoring the impacts of the COVID-19 pandemic and may take further actions altering our business operations that we determine are in the best interests of our employees and clients or as required by federal, state, or local authorities, the full impact of the COVID-19 pandemic on our results of operations, financial condition, or liquidity for the second half of fiscal year 2021 and beyond cannot be fully estimated at this point. 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 April 30,		Six Months Ended April 30,	
	2021	2020	2021	2020
Revenues:				
Agribusiness	\$ 43,989	\$ 38,439	\$ 81,126	\$ 78,922
Other operations	1,143	1,132	2,281	2,305
Total net revenues	45,132	39,571	83,407	81,227
Costs and expenses:				
Agribusiness	36,442	35,949	73,380	78,492
Other operations	1,090	1,117	2,172	2,386
Selling, general and administrative	5,216	5,338	11,111	11,648
Total costs and expenses	42,748	42,404	86,663	92,526
Operating income (loss):				
Agribusiness	7,547	2,490	7,746	430
Other operations	53	15	109	(81)
Selling, general and administrative	(5,216)	(5,338)	(11,111)	(11,648)
Operating income (loss)	2,384	(2,833)	(3,256)	(11,299)
Other income (expense):				
Interest income	25	—	68	—
Interest expense, net of patronage dividends	(622)	(1,052)	(488)	(997)
Equity in earnings (losses) of investments, net	643	(371)	1,009	(491)
Loss on stock in Calavo Growers, Inc.	—	(4,275)	—	(6,299)
Other income (expense), net	57	(280)	51	235
Total other income (expense)	103	(5,978)	640	(7,552)
Income (loss) before income tax (provision) benefit	2,487	(8,811)	(2,616)	(18,851)
Income tax (provision) benefit	(974)	3,505	213	6,641
Net income (loss)	1,513	(5,306)	(2,403)	(12,210)
Net loss attributable to noncontrolling interest	420	423	128	900
Net income (loss) attributable to Limoneira Company	\$ 1,933	\$ (4,883)	\$ (2,275)	\$ (11,310)

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 gain or loss on stock in Calavo and sale and disposal of property assets when applicable, is an important measure to evaluate our results of operations between periods on a more comparable basis. Adjusted EBITDA in previous periods also excluded LLCB earnings in equity investment which is no longer excluded due to management’s anticipation of future cash distributions related to the investment in LLCB. 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 April 30,		Six Months Ended April 30,	
	2021	2020	2021	2020
Net income (loss) attributable to Limoneira Company	\$ 1,933	\$ (4,883)	\$ (2,275)	\$ (11,310)
Interest income	(25)	—	(68)	—
Interest expense, net of patronage dividends	622	1,052	488	997
Income tax provision (benefit)	974	(3,505)	(213)	(6,641)
Depreciation and amortization	2,552	2,433	5,053	4,998
EBITDA	\$ 6,056	\$ (4,903)	\$ 2,985	\$ (11,956)
Loss on stock in Calavo Growers, Inc.	—	4,275	—	6,299
(Gain) loss on sale and disposal of property assets	(16)	514	(16)	514
Adjusted EBITDA	\$ 6,040	\$ (114)	\$ 2,969	\$ (5,143)

Three Months Ended April 30, 2021 Compared to the Three Months Ended April 30, 2020

Revenues

Total net revenues for the second quarter of fiscal year 2021 were \$45.1 million compared to \$39.6 million for the same period of fiscal year 2020. The 14% increase of \$5.5 million was primarily the result of increased agribusiness revenues, as detailed below (\$ in thousands):

	Agribusiness Revenues for the Three Months Ended April 30,			
	2021	2020	Change	
Lemons	\$ 38,703	\$ 32,598	\$ 6,105	19%
Avocados	2,707	2,022	685	34%
Oranges	1,404	2,667	(1,263)	(47)%
Specialty citrus and other crops	1,175	1,152	23	2%
Agribusiness revenues	\$ 43,989	\$ 38,439	\$ 5,550	14%

- Lemons: The increase in the second quarter of fiscal year 2021 was primarily the result of increased volume and higher prices of fresh lemons sold compared to the same period in fiscal year 2020. During the second quarter of fiscal years 2021 and 2020, fresh lemon sales were \$28.7 million and \$25.3 million on, in aggregate, 1,528,000 and 1,475,000 cartons of lemons sold at average per carton prices of \$18.79 and \$17.14, respectively. Lemon revenues in the second quarter of fiscal years 2021 and 2020 included \$6.1 million and \$3.9 million shipping and handling, \$1.6 million and \$1.6 million lemon by-products and \$2.3 million and \$1.9 million other lemon sales, respectively.
- Avocados: The increase in the second quarter of fiscal year 2021 was primarily the result of increased volume of avocados sold partially offset by lower prices compared to the same period of fiscal year 2020. During the second quarter of fiscal years 2021 and 2020, 2,142,000 and 1,233,000 pounds of avocados were sold at an average per pound price of \$1.26 and \$1.64, respectively.
- Oranges: The decrease in the second quarter of fiscal year 2021 was primarily the result of decreased volume of oranges sold partially offset by higher prices compared to the same period in fiscal year 2020. In the second quarter of fiscal years 2021 and 2020, we sold 154,000 and 356,000 40-pound carton equivalents of oranges at an average per carton price of \$9.12 and \$7.49, respectively. Additionally, in the second quarter of fiscal year 2021, revenues included \$0.1 million in Chile and in the second quarter of fiscal year 2020, revenues included \$0.6 million of oranges purchased for resale.
- Specialty citrus and other crops: Specialty citrus and other crops revenues in the second quarter of fiscal year 2021 were similar to the same period in fiscal year 2020. During the second quarter of fiscal years 2021 and 2020, we sold 129,000 and 125,000 40-pound carton equivalents of specialty citrus at an average per carton price of \$9.11 and \$9.22, respectively.

Other operations revenue in the second quarter of fiscal year 2021 was similar to the same period of fiscal year 2020.

Costs and Expenses

Our total costs and expenses in the second quarter of fiscal year 2021 were \$42.7 million compared to \$42.4 million in the same period of fiscal year 2020. The 1% increase of \$0.3 million was primarily attributable to increases in our harvest costs and packing costs, partially offset by decreases in growing costs and third-party grower costs. 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 depreciation and amortization expense, as detailed below (\$ in thousands):

	Agribusiness Costs and Expenses for the Three Months Ended April 30,				
	2021	2020	Change		
Packing costs	\$ 11,653	\$ 11,131	\$ 522	5%	
Harvest costs	5,520	4,604	916	20%	
Growing costs	6,713	6,812	(99)	(1)%	
Third-party grower costs	10,271	11,242	(971)	(9)%	
Depreciation and amortization	2,285	2,160	125	6%	
Agribusiness costs and expenses	\$ 36,442	\$ 35,949	\$ 493	1%	

- **Packing costs:** Packing costs primarily consist 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 second quarter of fiscal years 2021 and 2020, lemon packing costs were \$10.9 million and \$10.4 million, respectively. During the second quarter of fiscal years 2021 and 2020, we packed and sold 1,528,000 and 1,475,000 cartons of lemons at average per carton costs of \$7.12 and \$7.06, respectively. Additionally, in the second quarter of fiscal years 2021 and 2020, packing costs included \$0.8 million and \$0.7 million of shipping costs, respectively.
- **Harvest costs:** The increase in the second quarter of fiscal year 2021 was primarily the result of increased volume of lemons and avocados harvested partially offset by decreased volume of oranges and specialty citrus harvested compared to the same period in fiscal year 2020.
- **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 second quarter of fiscal year 2021 was primarily due to farm management decisions based on weather, harvest timing and crop conditions.
- **Third-party grower costs:** We sell lemons that we grow and lemons that we procure from other growers. The cost of procuring lemons from other growers is referred to as third-party grower costs. The decrease in the second quarter of fiscal year 2021 was primarily due to decreased volume of third-party grower lemons sold partially offset by higher prices compared to the same period of fiscal year 2020. Of the 1,528,000 and 1,475,000 cartons of lemons packed and sold during the second quarter of fiscal years 2021 and 2020, 758,000 (50%) and 882,000 (60%) were procured from third-party growers at average per carton prices of \$12.92 and \$11.70, respectively. Additionally, in the second quarter of fiscal year 2021 and 2020 we incurred \$0.5 million and \$0.9 million, respectively, of costs for purchased, packed fruit for resale.
- **Depreciation and amortization:** Depreciation and amortization expense for the second quarter of fiscal year 2021 was approximately \$0.1 million higher than the same period of fiscal year 2020.

Other operations expenses were \$1.1 million in the second quarter of fiscal years 2021 and 2020.

Selling, general and administrative costs and expenses were \$5.2 million in the second quarter of fiscal year 2021 compared to \$5.3 million in the second quarter of fiscal year 2020. The 2% decrease of \$0.1 million primarily consisted of the following:

- Audit, audit-related and income tax fees for the second quarter of fiscal year 2021 were \$0.4 million lower than the same period of fiscal year 2020.
- Lemon selling expenses for the second quarter of fiscal year 2021 were \$0.3 million lower than the same period of fiscal year 2020.
- Training, depreciation and other costs associated with an ERP software implementation for the second quarter of fiscal year 2021 were \$0.1 million lower than the same period of fiscal year 2020.
- Labor, benefits and incentive compensation for the second quarter of fiscal year 2021 were \$0.7 million higher than the same period of fiscal year 2020.

Other Income (Expense)

Other income in the second quarter of fiscal year 2021 was comprised primarily of \$0.6 million of equity in earnings of investments and \$0.6 million of net interest expense. Other expense in the second quarter of fiscal year 2020 was comprised primarily of \$4.3 million loss on stock in Calavo Growers, Inc., \$0.4 million of equity in losses of investments and \$1.1 million of net interest expense.

Income Taxes

We recorded an estimated income tax (provision) benefit of \$(1.0) million and \$3.5 million in the second quarter of fiscal years 2021 and 2020 on pre-tax income (loss) of \$2.5 million and \$(8.8) million, respectively. The tax provision recorded for the second quarter of fiscal year 2021 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, and nondeductible tax items. Our projected annual effective blended tax rate for fiscal year 2021, excluding discrete items, is approximately 36.7%.

Net Loss Attributable to Noncontrolling Interest

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

Six Months Ended April 30, 2021 Compared to the Six Months Ended April 30, 2020

Revenues

Total net revenues for the six months ended April 30, 2021 were \$83.4 million compared to \$81.2 million for the six months ended April 30, 2020. The 3% increase of \$2.2 million was primarily the result of increased agribusiness revenues, as detailed below (\$ in thousands):

	Agribusiness Revenues for the Six Months Ended April 30,				
	2021	2020	Change		
Lemons	\$ 72,900	\$ 68,749	\$ 4,151	6%	
Avocados	2,707	2,190	517	24%	
Oranges	2,495	4,939	(2,444)	(49)%	
Specialty citrus and other crops	3,024	3,044	(20)	(1)%	
Agribusiness revenues	\$ 81,126	\$ 78,922	\$ 2,204	3%	

- Lemons: The increase in the first six months of fiscal year 2021 was primarily the result of increased volume of fresh lemons sold partially offset by lower prices compared to the same period in fiscal year 2020. During the first six months of fiscal years 2021 and 2020, fresh lemon sales were \$53.7 million and \$52.3 million on, in aggregate, 2,847,000 and 2,755,000 cartons of lemons sold at average per carton prices of \$18.85 and \$18.99, respectively. Lemon revenues in the first six months of fiscal years 2021 and 2020 included \$11.0 million and \$8.0 million shipping and handling, \$2.5 million and \$2.6 million lemon by-products and \$5.8 million and \$5.9 million other lemon sales, respectively.
- Avocados: The increase in the first six months of fiscal year 2021 was primarily the result of increased volume of avocados sold partially offset by lower prices compared to the same period of fiscal year 2020. During the first six months of fiscal years 2021 and 2020, 2,142,000 and 1,359,000 pounds of avocados were sold at an average per pound price of \$1.26 and \$1.61, respectively.
- Oranges: The decrease in the first six months of fiscal year 2021 was primarily the result of decreased volume of oranges sold partially offset by higher prices compared to the same period in fiscal year 2020. In the first six months of fiscal years 2021 and 2020, we sold 273,000 and 551,000 40-pound carton equivalents of oranges at an average per carton price of \$9.14 and \$8.75, respectively. Additionally, in the first six months of both fiscal years 2021 and 2020, revenues included \$0.1 million in Chile and in the first six months of fiscal year 2020, revenues included \$1.4 million of oranges purchased for resale.
- Specialty citrus and other crops: Specialty citrus and other crops revenues in the first six months of fiscal year 2021 were similar to the same period in fiscal year 2020. During the first six months of fiscal years 2021 and 2020, we sold 243,000 and 256,000 40-pound carton equivalents of specialty citrus at an average per carton price of \$12.44 and \$11.89, respectively.

Other operations revenue in the first six months of fiscal year 2021 was similar to the same period of fiscal year 2020.

Costs and Expenses

Our total costs and expenses in the first six months of fiscal year 2021 were \$86.7 million compared to \$92.5 million in the same period of fiscal year 2020. The 6% decrease of \$5.9 million was primarily attributable to decreases in our growing and third-party grower costs partially offset by increased packing costs. 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 depreciation and amortization expense, as detailed below (\$ in thousands):

	Agribusiness Costs and Expenses for the Six Months Ended April 30,				
	2021	2020	Change		
Packing costs	\$ 22,030	\$ 20,286	\$ 1,744	9%	
Harvest costs	10,443	10,852	(409)	(4)%	
Growing costs	14,825	16,591	(1,766)	(11)%	
Third-party grower costs	21,585	26,319	(4,734)	(18)%	
Depreciation and amortization	4,497	4,444	53	1%	
Agribusiness costs and expenses	\$ 73,380	\$ 78,492	\$ (5,112)	(7)%	

- **Packing costs:** Packing costs primarily consist 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 six months of fiscal years 2021 and 2020, lemon packing costs were \$20.4 million and \$19.0 million, respectively. During the first six months of fiscal years 2021 and 2020, we packed and sold 2,847,000 and 2,755,000 cartons of lemons at average per carton costs of \$7.17 and \$6.89, respectively. Additionally, in the first six months of fiscal years 2021 and 2020, packing costs included \$1.6 million and \$1.3 million of shipping costs, respectively.
- **Harvest costs:** The decrease in the first six months of fiscal year 2021 was primarily the result of decreased volume of oranges and specialty citrus harvested partially offset by increased volume of lemons and avocados harvested compared to the same period in fiscal year 2020.
- **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 six months of fiscal year 2021 was primarily due to farm management decisions based on weather, harvest timing and crop conditions.
- **Third-party grower costs:** We sell lemons that we grow and lemons that we procure from other growers. The cost of procuring lemons from other growers is referred to as third-party grower costs. The decrease in the first six months of fiscal year 2021 was primarily due to decreased volume and lower prices of third-party grower lemons sold compared to the same period of fiscal year 2020. Of the 2,847,000 and 2,755,000 cartons of lemons packed and sold during the first six months of fiscal years 2021 and 2020, 1,394,000 (49%) and 1,587,000 (58%) were procured from third-party growers at average per carton prices of \$13.70 and \$13.87, respectively. Additionally, in the first six months of fiscal year 2021 and 2020 we incurred \$2.5 million and \$4.3 million, respectively, of costs for purchased, packed fruit for resale.
- **Depreciation and amortization:** Depreciation and amortization expense for the first six months of fiscal year 2021 was approximately \$0.1 million higher than the same period of fiscal year 2020.

Other operations expenses were \$2.2 million and \$2.4 million in the first six months of fiscal years 2021 and 2020, respectively.

Selling, general and administrative costs and expenses were \$11.1 million in the first six months of fiscal year 2021 compared to \$11.6 million in the first six months of fiscal year 2020. The 5% decrease of \$0.5 million primarily consisted of the following:

- Lemon selling expenses for the first six months of fiscal year 2021 were \$0.6 million lower than the same period of fiscal year 2020.
- Training, depreciation and other costs associated with an ERP software implementation for the first six months of fiscal year 2021 were \$0.4 million lower than the same period of fiscal year 2020.
- Labor, benefits and incentive compensation for the first six months of fiscal year 2021 were \$0.6 million higher than the same period of fiscal year 2020.
- General and administrative expenses, including certain corporate overhead expenses, for the first six months of fiscal year 2021 were \$0.2 million lower than the same period of fiscal year 2020.

Other Income (Expense)

Other income in the first six months of fiscal year 2021 was comprised primarily of \$1.0 million of equity in earnings of investments and \$0.4 million of net interest expense. Other expense in the first six months of fiscal year 2020 was comprised primarily of \$6.3 million loss on stock in Calavo Growers, Inc., \$0.5 million of equity in losses of investments and \$1.0 million of net interest expense.

Income Taxes

We recorded an estimated income tax benefit of \$0.2 million and \$6.6 million in the first six months of fiscal years 2021 and 2020 on pre-tax loss of \$2.6 million and \$18.9 million, respectively. The tax benefit recorded for the first six months of fiscal year 2021 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, and nondeductible tax items. Our projected annual effective blended tax rate for fiscal year 2021, excluding discrete items, is approximately 36.7%.

Net Loss Attributable to Noncontrolling Interest

Net loss attributable to noncontrolling interest represents 10% and 49% of the net loss 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 18 - Segment Information of the notes to consolidated financial statements included in this Quarterly Report on Form 10-Q for additional information regarding our operating segments.

Three Months Ended April 30, 2021 Compared to the Three Months Ended April 30, 2020

The following table shows the segment results of operations for the three months ended April 30, 2021 (in thousands):

	Fresh Lemons	Lemon Packing	Eliminations	Avocados	Other Agribusiness	Total Agribusiness	Corporate and Other	Total
Revenues from external customers	\$ 32,600	\$ 6,103	\$ —	\$ 2,707	\$ 2,579	\$ 43,989	\$ 1,143	\$ 45,132
Intersegment revenue	—	9,282	(9,282)	—	—	—	—	—
Total net revenues	32,600	15,385	(9,282)	2,707	2,579	43,989	1,143	45,132
Costs and expenses	28,629	10,874	(9,282)	1,433	2,503	34,157	6,039	40,196
Depreciation and amortization	—	—	—	—	—	2,285	267	2,552
Operating income (loss)	\$ 3,971	\$ 4,511	\$ —	\$ 1,274	\$ 76	\$ 7,547	\$ (5,163)	\$ 2,384

The following table shows the segment results of operations for the three months ended April 30, 2020 (in thousands):

	Fresh Lemons	Lemon Packing	Eliminations	Avocados	Other Agribusiness	Total Agribusiness	Corporate and Other	Total
Revenues from external customers	\$ 28,715	\$ 3,883	\$ —	\$ 2,022	\$ 3,819	\$ 38,439	\$ 1,132	\$ 39,571
Intersegment revenue	—	8,454	(8,454)	—	—	—	—	—
Total net revenues	28,715	12,337	(8,454)	2,022	3,819	38,439	1,132	39,571
Costs and expenses	26,961	10,328	(8,454)	1,561	3,393	33,789	6,182	39,971
Depreciation and amortization	—	—	—	—	—	2,160	273	2,433
Operating income (loss)	\$ 1,754	\$ 2,009	\$ —	\$ 461	\$ 426	\$ 2,490	\$ (5,323)	\$ (2,833)

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 other lemon revenue such as purchased, packed fruit for resale. For the second quarter of fiscal years 2021 and 2020, our fresh lemons segment total net revenues were \$32.6 million and \$28.7 million, respectively. The 14% increase of \$3.9 million was primarily due to increases in fresh lemon carton sales of \$3.4 million, lemon by-products of \$0.1 million and brokerage and other sales of \$0.4 million.

Costs and expenses associated with our fresh lemons segment include harvest costs, growing costs and costs of lemons we procure from third-party growers. For the second quarter of fiscal years 2021 and 2020, our fresh lemons segment costs and expenses were \$28.6 million and \$27.0 million, respectively. The 6% increase of \$1.7 million primarily consisted of the following:

- Harvest costs for the second quarter of fiscal year 2021 were \$1.2 million higher than the same period of fiscal year 2020.
- Growing costs for the second quarter of fiscal year 2021 were \$0.1 million higher than the same period of fiscal year 2020.
- Third-party grower costs for the second quarter of fiscal year 2021 were \$0.4 million lower than the same period of fiscal year 2020.
- Transportation costs for the second quarter of fiscal year 2021 were \$0.1 million higher than the same period of fiscal year 2020.
- Intersegment costs and expenses for the second quarter of fiscal year 2021 were \$0.8 million higher than the same period of fiscal year 2020.

Lemon Packing

Lemon packing segment revenue is comprised of intersegment packing revenue and shipping and handling revenue. For the second quarter of fiscal years 2021 and 2020, our lemon packing segment total net revenues were \$15.4 million and \$12.3 million, respectively. The 25% increase of \$3.0 million was primarily due to higher average per carton pack revenue.

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 second quarter of fiscal years 2021 and 2020, our lemon packing costs and expenses were \$10.9 million and \$10.3 million, respectively. The 5% increase of \$0.5 million was primarily due to increased volume of lemons packed at higher average per carton costs.

For the second quarter of fiscal years 2021 and 2020, lemon packing segment operating income per carton sold was \$2.95 and \$1.41, respectively.

In the second quarter of fiscal years 2021 and 2020, the lemon packing segment included \$9.3 million and \$8.5 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 second quarter of fiscal years 2021 and 2020, our avocados segment had total revenues of \$2.7 million and \$2.0 million, respectively.

Costs and expenses associated with our avocados segment include harvest and growing costs. For the second quarter of fiscal years 2021 and 2020, our avocados segment costs and expenses were \$1.4 million and \$1.6 million, respectively. The 8% decrease of \$0.1 million primarily consisted of growing costs.

Other Agribusiness

For the second quarter of fiscal years 2021 and 2020, our other agribusiness segment total net revenues were \$2.6 million and \$3.8 million, respectively. The 32% decrease of \$1.2 million primarily consisted of the following:

- Orange revenues for the second quarter of fiscal year 2021 were \$1.3 million lower than the same period of fiscal year 2020.

- Specialty citrus and other crops revenues for the second quarter of fiscal year 2021 were similar to the same period of fiscal year 2020.

Costs and expenses associated with our other agribusiness segment include harvest costs, growing costs and purchased fruit costs. For the second quarter of fiscal years 2021 and 2020, our other agribusiness costs and expenses were \$2.5 million and \$3.4 million, respectively. The 26% decrease of \$0.9 million primarily consisted of the following:

- Harvest costs for the second quarter of fiscal year 2021 were \$0.4 million lower than the same period of fiscal year 2020.
- Growing costs for the second quarter of fiscal year 2021 were \$0.1 million higher than the same period of fiscal year 2020.
- Purchased fruit costs for the second quarter of fiscal year 2021 were \$0.6 million lower than the same period of fiscal year 2020.

Total agribusiness depreciation and amortization expenses for the second quarter of fiscal year 2021 were \$0.1 million higher than the same period of fiscal year 2020.

Corporate and Other

Our corporate and other operations had revenues of \$1.1 million for the second quarter of both fiscal years 2021 and 2020.

Costs and expenses in our corporate and other operations for the second quarter of fiscal years 2021 and 2020 were approximately \$6.0 million and \$6.2 million, respectively, and include selling, general and administrative costs and expenses not allocated to the operating segments. Depreciation and amortization expenses for the second quarter of fiscal years 2021 and 2020 were similar at approximately \$0.3 million.

Six Months Ended April 30, 2021 Compared to the Six Months Ended April 30, 2020

The following table shows the segment results of operations for the six months ended April 30, 2021 (in thousands):

	Fresh Lemons	Lemon Packing	Eliminations	Avocados	Other Agribusiness	Total Agribusiness	Corporate and Other	Total
Revenues from external customers	\$ 61,900	\$ 11,000	\$ —	\$ 2,707	\$ 5,519	\$ 81,126	\$ 2,281	\$ 83,407
Intersegment revenue	—	15,967	(15,967)	—	—	—	—	—
Total net revenues	61,900	26,967	(15,967)	2,707	5,519	81,126	2,281	83,407
Costs and expenses	58,136	20,405	(15,967)	1,433	4,876	68,883	12,727	81,610
Depreciation and amortization	—	—	—	—	—	4,497	556	5,053
Operating income (loss)	\$ 3,764	\$ 6,562	\$ —	\$ 1,274	\$ 643	\$ 7,746	\$ (11,002)	\$ (3,256)

The following table shows the segment results of operations for the six months ended April 30, 2020 (in thousands):

	Fresh Lemons	Lemon Packing	Eliminations	Avocados	Other Agribusiness	Total Agribusiness	Corporate and Other	Total
Revenues from external customers	\$ 60,772	\$ 7,977	\$ —	\$ 2,190	\$ 7,983	\$ 78,922	\$ 2,305	\$ 81,227
Intersegment revenue	—	15,559	(15,559)	—	—	—	—	—
Total net revenues	60,772	23,536	(15,559)	2,190	7,983	78,922	2,305	81,227
Costs and expenses	61,312	18,937	(15,559)	2,034	7,324	74,048	13,480	87,528
Depreciation and amortization	—	—	—	—	—	4,444	554	4,998
Operating (loss) income	\$ (540)	\$ 4,599	\$ —	\$ 156	\$ 659	\$ 430	\$ (11,729)	\$ (11,299)

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 other lemon revenue such as purchased, packed fruit for resale. For the first six months of fiscal years 2021 and 2020, our fresh lemons segment total net revenues were \$61.9 million and \$60.8 million, respectively. The 2% increase of \$1.1 million was primarily due to increases in fresh

lemon carton sales of \$1.4 million partially offset by decreases in lemon by-products of \$0.1 million and decreases in brokerage and other sales of \$0.1 million.

Costs and expenses associated with our fresh lemons segment include harvest costs, growing costs and costs of lemons we procure from third-party growers. For the first six months of fiscal years 2021 and 2020, our fresh lemons segment costs and expenses were \$58.1 million and \$61.3 million, respectively. The 5% decrease of \$3.2 million primarily consisted of the following:

- Harvest costs for the first six months of fiscal year 2021 were \$0.1 million higher than the same period of fiscal year 2020.
- Growing costs for the first six months of fiscal year 2021 were \$0.7 million lower than the same period of fiscal year 2020.
- Third-party grower costs for the first six months of fiscal year 2021 were \$3.3 million lower than the same period of fiscal year 2020.
- Transportation costs for the first six months of fiscal year 2021 were \$0.3 million higher than the same period of fiscal year 2020.
- Intersegment costs and expenses for the first six months of fiscal year 2021 were \$0.4 million higher than the same period of fiscal year 2020.

Lemon Packing

Lemon packing segment revenue is comprised of intersegment packing revenue and shipping and handling revenue. For the first six months of fiscal years 2021 and 2020, our lemon packing segment total net revenues were \$27.0 million and \$23.5 million, respectively. The 15% increase of \$3.4 million was primarily due to higher average per carton pack revenue.

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 six months of fiscal years 2021 and 2020, our lemon packing costs and expenses were \$20.4 million and \$18.9 million, respectively. The 8% increase of \$1.5 million was primarily due to increased volume of lemons packed at higher average per carton costs.

For the first six months of fiscal years 2021 and 2020, lemon packing segment operating income per carton sold was \$2.30 and \$1.67, respectively.

In the first six months of fiscal years 2021 and 2020, the lemon packing segment included \$16.0 million and \$15.6 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 six months of fiscal years 2021 and 2020, our avocados segment had total revenues of \$2.7 million and \$2.2 million, respectively.

Costs and expenses associated with our avocados segment include harvest and growing costs. For the first six months of fiscal years 2021 and 2020, our avocados segment costs and expenses were \$1.4 million and \$2.0 million, respectively. The 30% decrease of \$0.6 million primarily consisted of growing costs.

Other Agribusiness

For the first six months of fiscal years 2021 and 2020, our other agribusiness segment total net revenues were \$5.5 million and \$8.0 million, respectively. The 31% decrease of \$2.5 million primarily consisted of the following:

- Orange revenues for the first six months of fiscal year 2021 were \$2.4 million lower than the same period of fiscal year 2020.
- Specialty citrus and other crops revenues for the first six months of fiscal year 2021 were similar to the same period of fiscal year 2020.

Costs and expenses associated with our other agribusiness segment include harvest costs, growing costs and purchased fruit costs. For the first six months of fiscal years 2021 and 2020, our other agribusiness costs and expenses were \$4.9 million and \$7.3 million, respectively. The 33% decrease of \$2.4 million primarily consisted of the following:

- Harvest costs for the first six months of fiscal year 2021 were \$0.6 million lower than the same period of fiscal year 2020.
- Growing costs for the first six months of fiscal year 2021 were \$0.5 million lower than the same period of fiscal year 2020.
- Purchased fruit costs for the first six months of fiscal year 2021 were \$1.4 million lower than the same period of fiscal year 2020.

Total agribusiness depreciation and amortization expenses for the first six months of fiscal year 2021 were \$0.1 million higher than the same period of fiscal year 2020.

Corporate and Other

Our corporate and other operations had revenues of \$2.3 million for the first six months of both fiscal years 2021 and 2020.

Costs and expenses in our corporate and other operations for the first six months of fiscal years 2021 and 2020 were approximately \$12.7 million and \$13.5 million, respectively, and include selling, general and administrative costs and expenses not allocated to the operating segments. Depreciation and amortization expenses for the first six months of fiscal years 2021 and 2020 were similar at approximately \$0.6 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 April 30, 2021 and 2020

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

	Trailing Twelve Months Ended April 30,	
	2021	2020
Revenues:		
Agribusiness	\$ 162,141	\$ 163,848
Other operations	4,598	4,724
Total revenues	166,739	168,572
Costs and expenses:		
Agribusiness	152,169	154,870
Other operations	4,290	4,599
Loss (gain) on sale and disposal of property assets	502	(1,069)
Selling, general and administrative	20,743	22,960
Total costs and expenses	177,704	181,360
Operating loss	(10,965)	(12,788)
Other income (expense):		
Interest income	430	—
Interest expense, net of patronage dividends	(1,539)	(2,592)
Equity in earnings of investments, net	1,839	613
Loss on stock in Calavo Growers, Inc.	—	(8,118)
Other income, net	35	4
Total other income (expense)	765	(10,093)
Loss before income tax benefit	(10,200)	(22,881)
Income tax benefit	2,066	7,061
Net loss	(8,134)	(15,820)
Loss attributable to noncontrolling interest	734	445
Net loss attributable to Limoneira Company	\$ (7,400)	\$ (15,375)

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

- Total revenues decreased \$1.8 million in the twelve months ended April 30, 2021 compared to the twelve months ended April 30, 2020 primarily due to decreased agribusiness revenues, which primarily consisted of decreased lemon and orange sales, partially offset by increased avocados sales.
- Total costs and expenses decreased \$3.7 million in the twelve months ended April 30, 2021 compared to the twelve months ended April 30, 2020 primarily due to decreases in our agribusiness costs and selling, general and administrative expenses partially offset by increase in the loss on sale and disposal of property assets. The decrease in agribusiness costs is primarily attributable to decreased cost of third-party grower fruit and the decrease in selling, general and administrative expenses is primarily attributable to decreased corporate expenses associated with our strategic initiatives.
- Total other income (expense) increased \$10.9 million in the twelve months ended April 30, 2021 compared to the twelve months ended April 30, 2020 primarily due to decreased interest expense, increased equity in earnings of investments and decreased loss on stock in Calavo.
- Income tax benefit decreased \$5.0 million in the twelve months ended April 30, 2021 compared to the twelve months ended April 30, 2020 primarily due to the decrease in pre-tax loss of \$12.7 million.

Liquidity and Capital Resources

Overview

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.

Cash Flows from Operating Activities

For the six months ended April 30, 2021, net cash provided by operating activities was \$4.6 million compared to net cash used in operating activities of \$15.8 million for the six months ended April 30, 2020. The significant components of our cash flows used in operating activities were as follows:

- Net loss for the six months ended April 30, 2021 was \$2.4 million compared to net loss of \$12.2 million for the six months ended April 30, 2020. The components of net loss in the six months ended April 30, 2021 compared to the same period in fiscal year 2020 consist of a decrease in operating loss of \$8.0 million, an increase in total other income of \$8.2 million and a decrease in income tax benefit of \$6.4 million.
- The adjustments to reconcile net loss to net cash provided by (used in) operating activities provided \$6.0 million of cash in the six months ended April 30, 2021 compared to providing \$6.8 million of cash in the same period in fiscal year 2020, primarily due to significant changes in deferred income taxes, loss on stock in Calavo and equity in earnings of investments.
- The changes in operating assets and liabilities provided \$1.1 million of operating cash in the six months ended April 30, 2021 compared to using \$10.4 million of operating cash in the same period in fiscal year 2020, primarily due to significant changes in accounts receivable and receivables/other from related parties, income taxes receivable and accounts payable and growers payable.

Cash Flows from Investing Activities

For the six months ended April 30, 2021 and 2020, net cash used in investing activities was \$5.5 million compared to net cash provided by investing activities of \$1.2 million, respectively. Net cash used in investing activities for the six months ended April 30, 2021 was primarily comprised of capital expenditures.

- Capital expenditures were \$5.4 million in the six months ended April 30, 2021, comprised of \$5.2 million for property, plant and equipment primarily related to orchard and vineyard development and \$0.2 million for real estate development projects.
- Capital expenditures were \$5.4 million in the six months ended April 30, 2020, comprised of \$5.3 million for property, plant and equipment primarily related to orchard and vineyard development and \$0.1 million for real estate development projects. Additionally, in the six months ended April 30, 2020, we received proceeds from sale of stock in Calavo of \$11.0 million, contributed \$2.8 million to the Joint Venture for the development of our East Area I real estate development project and loaned \$1.8 million to the Joint Venture.

Cash Flows from Financing Activities

For the six months ended April 30, 2021 and 2020, net cash provided by financing activities was \$1.9 million and \$15.4 million, respectively.

- The \$1.9 million of cash provided by financing activities during the six months ended April 30, 2021 was primarily comprised of net borrowings of long-term debt in the amount \$5.5 million partially offset by common and preferred dividends, in aggregate, of \$2.9 million.
- The \$15.4 million of cash provided by financing activities during the six months ended April 30, 2020 was primarily comprised of net borrowings of long-term debt in the amount \$18.5 million partially offset by common and preferred dividends, in aggregate, of \$2.9 million.

Transactions Affecting Liquidity and Capital Resources

Our Company and Farm Credit West, FLCA (“Farm Credit West”) are parties to that certain Master Loan Agreement (the “Loan Agreement”), dated June 20, 2017, which includes a Revolving Credit Supplement and a Non-Revolving Credit Supplement (together, the “Supplements”).

On June 30, 2020, we entered into a Conversion Agreement with Farm Credit West to convert term loans to fixed interest rates effective July 1, 2020. No changes were made to the outstanding principal balances on the term loans and no cash repayments of principal were made by us. The rates were subject to a prepayment restriction period for a portion of the fixed rate term that expired on January 1, 2021, after which we may prepay any amounts without penalty.

In March 2020, we entered into a revolving equity line of credit promissory note and loan agreement with Farm Credit West for a \$15.0 million 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 interest rate is variable with monthly interest-only payments during the 3-year draw period and monthly principal and interest payments thereafter.

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. The borrowing capacity based on collateral value was \$130.0 million at April 30, 2021.

The interest rate for any amount outstanding under the Supplements is based on the one-month London Interbank Offered Rate (“LIBOR”) rate plus an applicable margin, which is subject to adjustment on a monthly basis. The applicable margin ranges from 1.60% to 2.35% depending on the ratio of current assets plus the remaining available commitment divided by current liabilities. On July 1st of each year we have the option to convert the interest rate in use under each Supplement from the preceding LIBOR-based calculation to a variable interest rate, or the reverse, as applicable. Any amounts outstanding under the Supplements are due and payable in full on July 1, 2022.

All indebtedness under the Loan Agreement and RELOC with Farm Credit West, including any indebtedness under the Supplements, is secured by a first lien on certain of our agricultural properties in Tulare and Ventura counties in California and certain of our building fixtures and improvements and investments in mutual water companies associated with the pledged agricultural properties. The Loan Agreement includes customary default provisions that provide that should an event of default occur, Farm Credit West, at its option, may declare all or any portion of the indebtedness under the Loan Agreement to be immediately due and payable without demand, notice of non-payment, protest or prior recourse to collateral, and terminate or suspend our right to draw or request funds on any loan or line of credit.

The Loan Agreement 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.

Under the Loan Agreement, we are required to comply with a minimum debt service coverage ratio (as calculated in accordance with the Loan Agreement) of 1.25:1.0 measured as of October 31 each year. In August 2020, Farm Credit West modified the covenant to defer measurement at October 31, 2020 and revert to a debt service coverage ratio of 1.25:1.0 measured as of October 31, 2021. We expect to be in compliance with these covenants in fiscal year 2021.

In February 2021, we received an annual patronage dividend of \$1.2 million from Farm Credit West, of which \$0.8 million was recorded as a reduction in interest expense and \$0.4 million reduced our real estate development assets.

We finance our working capital and other liquidity requirements primarily through cash from operations and our Farm Credit West Credit Facility, which includes the Loan Agreement, Supplements and RELOC. In addition, we have the Farm Credit West term loans, Wells Fargo term loan, Banco de Chile term loan and COVID-19 loans, and a note payable to the sellers of a land parcel. Additional information regarding the Farm Credit West Credit Facility, Farm Credit West term loans, Wells Fargo term loan, Banco de Chile term loan and COVID-19 loans and the note payable can be found in the notes to consolidated financial statements included in this Quarterly Report on Form 10-Q.

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.

Contractual Obligations

There have been no material changes to our contractual obligations as disclosed in our fiscal year 2020 Annual Report on Form 10-K, except as follows:

In January 2018, the Joint Venture entered into a \$45.0 million unsecured Line of Credit Loan Agreement and Promissory Note (the "Loan") with Bank of America, N.A. to fund early development activities. The Loan originally matured in January 2020 and was extended to February 22, 2021. In February 2021, this loan was extended to February 22, 2023 with an option to extend to February 22, 2024, subject to certain conditions. The interest rate on the Loan is LIBOR plus 2.85% and is payable monthly. The Loan contains certain customary default provisions and the Joint Venture may prepay any amounts outstanding under the Loan without penalty. The Joint Venture had an outstanding balance of \$11.4 million as of April 30, 2021 related to this Loan. The obligations under the Loan are guaranteed by certain principals from Lewis and by us.

Fixed Rate and Variable Rate Debt

Details of amounts included in long-term debt can be found in the notes to consolidated financial statements included in this Quarterly Report on Form 10-Q.

Off-Balance Sheet Arrangements

As discussed in Note 7 – Real Estate Development and Note 8 – Equity in Investments of the notes to consolidated financial statements included in our fiscal year 2020 Annual Report on Form 10-K, we have investments in joint ventures and partnerships that are accounted for using the equity method of accounting.

Inflation

Historically, inflation has not had a material effect on our results of operations. However, significant increases in inflation, including in Argentina, could have an adverse impact on our business, financial condition and results of operations.

Critical Accounting Policies and Estimates

The preparation of our consolidated financial statements in accordance with GAAP requires us to develop critical accounting policies and make certain estimates 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. Actual results may materially differ from these estimates under different assumptions or conditions as new or additional information become available in future periods. We believe the following critical accounting policies reflect our more significant estimates and judgments used in the preparation of our consolidated financial statements.

Revenue Recognition - The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps:

- Identify the contract(s) with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract.
- Recognize revenue when (or as) the entity satisfies a performance obligation.

We determined the appropriate method by which we recognize revenue by analyzing the nature of the products or services being provided as well as the terms and conditions of contracts or arrangements entered into with our customers. We account for a contract when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable. A contract's transaction price is allocated to each distinct good or service (i.e., performance obligation) identified in the contract and each performance obligation is valued based on its estimated relative standalone selling price.

We recognize the majority of our revenue at a point in time when we satisfy a performance obligation and transfer control of the product to the respective customer. The amount of revenue that is recognized is based on the transaction price, which represents the

invoiced amount and includes estimates of variable consideration such as allowances for estimated customer discounts or concessions, where applicable. The amount of variable consideration included in the transaction price may be constrained and is included only to the extent that it is probable that a significant reversal in the amount of the cumulative revenue recognized under the contract will not occur in a future period.

Agribusiness revenue - Revenue from lemon sales is generally recognized at a point in time when the customer takes control of the fruit from our packinghouse which aligns with the transfer of title to the customer. We have elected to treat any shipping and handling costs incurred after control of the goods has been transferred to the customer as agribusiness costs.

Our avocados, oranges, specialty citrus and other specialty crops are packed and sold by Calavo and other third-party packinghouses. Our arrangements with our third-party packinghouses are such that we are the producer and supplier of the product and the third-party packinghouses are our customers. We control the product until it is delivered to the third-party packinghouses at which time control of the product is transferred to the third-party packinghouses and revenue is recognized.

Revenue from crop insurance proceeds is recorded when the amount can be reasonably determined and upon establishment of the present right to payment.

Rental Operations Revenue - Minimum rental revenues are generally recognized on a straight-line basis over the respective initial lease term. Contingent rental revenues are contractually defined as to the percentage of rent received by us and are based on fees collected by the lessee. Such revenues are recognized when actual results, based on collected fees reported by the tenant, are received. Our rental arrangements generally require payment on a monthly or quarterly basis.

Real Estate Development Costs - We capitalize the planning, entitlement, construction and development costs associated with our various real estate projects. Costs that are not capitalized, which include property maintenance and repairs, general and administrative and marketing expenses, are expensed as incurred. A real estate development project is considered substantially complete upon the cessation of construction and development activities. Once a project is substantially completed, future costs are expensed as incurred. Costs incurred to sell the real estate are evaluated for capitalization in accordance with ASC 340-40, and incremental costs of obtaining a contract and costs to fulfill a contract are capitalized only if the costs relate directly to a specifically identified contract, enhance resources to satisfy performance obligations in the future and are expected to be recovered.

Financing and payment - Our payment terms vary by the type and location of our customer and the products or services offered. Payment terms differ by jurisdiction and customer but payment is generally required in a term ranging from 30 to 60 days from date of shipment or satisfaction of the performance obligation. We do not provide financing with extended payment terms beyond generally standard commercial payment terms for the applicable industry.

Practical expedients and exemptions - Taxes collected from customers and remitted to government authorities and that are related to the sales of our products are excluded from revenues.

Foreign Currency Translation - PDA and San Pablo's functional currency is the Chilean Peso. Their balance sheets are translated to U.S. dollars at exchange rates in effect at the balance sheet dates and their income statements are translated at average exchange rates during the reporting period. The resulting foreign currency translation adjustments are recorded as a separate component of accumulated other comprehensive income.

Income Taxes - Deferred income tax assets and liabilities are computed annually for differences between the financial statement and income tax bases of assets and liabilities that will result in taxable or deductible amounts in the future. Such deferred income tax asset and liability computations are based on enacted tax laws and rates applicable to periods in which the differences are expected to affect taxable income. A valuation allowance is established, when necessary, to reduce deferred income tax assets to the amount expected to be realized.

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

Business Combinations and Asset Acquisitions - Business combinations are accounted for under the acquisition method in accordance with ASC 805, Business Combinations. The acquisition method requires identifiable assets acquired and liabilities assumed and any noncontrolling interest in the business acquired be recognized and measured at fair value on the acquisition date, which is the date that the acquirer obtains control of the acquired business. The amount by which the fair value of consideration

transferred as the purchase price exceeds the net fair value of assets acquired and liabilities assumed is recorded as goodwill. Acquisitions that do not meet the definition of a business under the ASC are accounted for as asset acquisitions. Asset acquisitions are accounted for by allocating the cost of the acquisition to the individual assets acquired and liabilities assumed on a relative fair value basis. Goodwill is not recognized in an asset acquisition with any consideration in excess of net assets acquired allocated to acquired assets on a relative fair value basis. Transaction costs are expensed in a business combination and are considered a component of the cost of the acquisition in an asset acquisition.

Impairment of Long-Lived Assets - We evaluate our long-lived assets including our real estate development projects for impairment when events or changes in circumstances indicate the carrying value of these assets may not be recoverable.

Defined Benefit Retirement Plan - As discussed in the notes to our consolidated financial statements, we sponsor a defined benefit retirement plan that was frozen in June 2004, and no future benefits have accrued subsequent to that time. Ongoing accounting for this plan under FASB ASC 715, *Compensation – Retirement Benefits*, provides guidance as to, among other things, future estimated pension expense, pension liability and minimum funding requirements. This information is provided to us by third-party actuarial consultants. In developing this data, certain estimates and assumptions are used, including among other things, discount rate, long-term rate of return on assets and mortality tables. During 2020, the Society of Actuaries (SOA) released a new mortality improvement scale table, referred to as MP-2020, which is believed to better reflect mortality improvements and is to be used in calculating defined benefit pension obligations. In addition, during fiscal year 2020, the assumed discount rate to measure the pension obligation decreased to 2.5%. We used the latest mortality tables released by the SOA through October 2020 to measure our pension obligation as of October 31, 2020 and combined with the assumed discount rate and other demographic assumptions, our pension liability increased by approximately \$0.5 million as of October 31, 2020. Further changes in any of these estimates could materially affect the amounts recorded that are related to our defined benefit retirement plan.

Recent Accounting Pronouncements

See Note 2 – "Summary of Significant Accounting Policies" of the notes to consolidated financial statements included in this Quarterly Report on Form 10-Q for information concerning recent accounting pronouncements.

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, 2020 as filed with the SEC on January 14, 2021.

Item 4. Controls and Procedures

Disclosure Controls and Procedures. As of April 30, 2021, we conducted 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 Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective as of the end of the period covered by this Quarterly Report on Form 10-Q due to the material weakness identified in our internal control over financial reporting described below.

As previously disclosed in our Annual Report on Form 10-K for the fiscal year ended October 31, 2020, although there were no material errors that resulted from control deficiencies, we identified a material weakness in our internal control over financial reporting related to the inadequate design and operating effectiveness of certain controls in the areas of journal entries and agribusiness revenues and expenses related to an acquired foreign subsidiary in the first year the subsidiary was included in management's evaluation of the effectiveness of the Company's internal control over financial reporting.

We are taking steps to remediate this material weakness, including implementing new policies and procedures to enhance (a) the design of our process level controls over the recording of journal entries and controls over revenues and expenses at the foreign subsidiary where we identified the control deficiencies and (b) management's review controls over financial information of the foreign subsidiary.

We believe the remediation measures will strengthen our internal control over financial reporting and remediate the material weakness identified. However, as we are still assessing the design and operating effectiveness of these measures, the identified material weakness has not been fully remediated as of April 30, 2021. We will continue to monitor the effectiveness of these remediation measures and will make any changes and take such other actions that we deem appropriate.

We assessed the impact of the material weakness to the consolidated financial statements to ensure that the Company's consolidated financial statements were prepared in accordance with generally accepted accounting principles and accurately reflect its financial position and results of operation for the quarter ended April 30, 2021. As a result, notwithstanding the material weakness as described above, management concluded that the consolidated financial statements included in this Form 10-Q present fairly, in all material respects, the Company's financial position, results of operations and cash flows for the periods presented in conformity with accounting principles generally accepted in the United States of America.

Changes in Internal Control over Financial Reporting. There have been no material changes in our internal control over financial reporting during the period covered by this Quarterly Report on Form 10-Q or, to our knowledge, in other factors that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting, except for the remediation steps taken to address the material weakness in internal control over financial reporting described above.

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 our 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

We are from time to time involved in legal proceedings arising in the normal course of business. Other than proceedings incidental to our business, we are not a party to, nor is any of our property the subject of, any material pending legal proceedings and no such proceedings are, to our knowledge, contemplated by governmental authorities.

Item 1A. Risk Factors

There has 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, 2020, as filed with the SEC on January 14, 2021.

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

On March 23, 2021, the Company held its 2021 Annual Meeting of Stockholders (the “Annual Meeting”) via live webcast communication. A total of 17,699,717 shares of the Company’s Common Stock, par value \$0.01 per share, each of which is entitled to one vote (“Common Stock”); 14,790 shares of its Series B 8.75% Convertible Preferred Stock, par value \$100.00 per share, each of which is entitled to ten votes for a total of 147,900 (“Series B Preferred Stock”); and 9,300 shares of its Series B-2 4% Convertible Preferred Stock, par value \$100.00 per share, each of which is entitled to one vote (“Series B-2 Preferred Stock”), were issued, outstanding, and entitled to vote as of February 1, 2021, the record date for the Annual Meeting. There were 15,034,506 shares of Common Stock; 14,790 shares (or 147,900 votes) of Series B Preferred Stock; and 9,300 shares of Series B-2 Preferred Stock present, in person or by proxy, at the Annual Meeting, representing approximately 84.26% of the total shares of capital stock outstanding, which constituted a quorum.

The stockholders were asked to vote on three proposals, with Common Stock, Series B Preferred Stock, and Series B-2 Preferred Stock voting together as a single class for all of the proposals. Set forth below are the matters acted upon by the stockholders and the final voting results of each such proposal.

Proposal 1: Election of Directors

The following votes were cast with respect to the election of the following nominees as directors of the Company to hold office for a three-year term, ending at the 2024 Annual Meeting of Stockholders:

	Shares Voted		
	For	Withheld	Broker Non-Votes
Harold S. Edwards	12,668,386	654,400	1,993,345
John W. H. Merriman	10,356,854	2,533,493	1,993,345
Edgar A. Terry	12,677,672	212,675	1,993,345

Based on the votes set forth above, each of the nominees listed above was duly elected to serve as a director of the Company for a three-year term, ending at the 2024 Annual Meeting of Stockholders.

Proposal 2: Ratification of Selection of Independent Registered Public Accounting Firm

The following votes were cast with respect to the ratification of the selection of Deloitte & Touche LLP as the independent registered public accounting firm for the Company to serve for the fiscal year ending October 31, 2021:

Shares Voted		
For	Against	Abstain
15,000,809	31,336	2,360

Based on the votes set forth above, the selection of Deloitte & Touche LLP as the independent registered public accounting firm for the Company to serve for the fiscal year ending October 31, 2021 was duly ratified by the stockholders.

Proposal 3: Advisory Vote on Executive Compensation

The compensation of the named executive officers, as disclosed in the Company's proxy statement pursuant to Item 402 of Regulation S-K under the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, was approved on a non-binding, advisory basis by the stockholders by the votes set forth in the table below:

Shares Voted			
For	Against	Abstain	Broker Non-Votes
11,543,170	1,454,627	43,363	1,993,345

Item 6. Exhibits

Exhibit Number	Exhibit
3.1	<u>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))</u>
3.2	<u>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))</u>
3.3	<u>Certificate of Merger of McKeveitt 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))</u>
3.4	<u>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))</u>
3.5	<u>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))</u>
3.6	<u>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))</u>
3.7	<u>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))</u>
3.8	<u>Amended and Restated Bylaws of Limoneira Company (Incorporated by reference to exhibit 3.10 to the Company's Annual Report on Form 10-K, filed January 14, 2013 (File No. 001-34755))</u>
3.8.1	<u>Amendment to 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 September 25, 2013 (File No. 001-34755))</u>
3.8.2	<u>Amendment to 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 December 18, 2014 (File No. 001-34755))</u>
3.8.3	<u>Amendment to 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 January 25, 2017 (File No. 001-34755))</u>
3.8.4	<u>Amendment to 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 July 26, 2017 (File No. 001-34755))</u>
4.1	<u>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))</u>
4.2	<u>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))</u>
4.3	<u>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))</u>

Exhibit Number	Exhibit
4.4	<u>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))</u>
4.5	<u>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))</u>
4.6	<u>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))</u>
31.1*	<u>Certification of the Principal Executive Officer pursuant to Exchange Act Rule 13a-14(a) and 15d-14(a)</u>
31.2*	<u>Certification of the Principal Financial Officer pursuant to Exchange Act Rule 13a-14(a) and 15d-14(a)</u>
32.1*	<u>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</u>
32.2*	<u>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</u>
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 April 30, 2021, has been formatted in Inline XBRL.
*	<p>Filed or furnished herewith,</p> <p>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.</p>

LIMONEIRA COMPANY

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

June 8, 2021

By: /s/ HAROLD S. EDWARDS
Harold S. Edwards
Director, President and Chief Executive Officer
(Principal Executive Officer)

June 8, 2021

By: /s/ MARK PALAMOUNTAIN
Mark Palamountain
Chief Financial Officer,
Treasurer and Corporate Secretary
(Principal Financial and Accounting Officer)

**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.

June 8, 2021

/s/ Harold S. Edwards

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

**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.

June 8, 2021

/s/ Mark Palamountain

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

**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 April 30, 2021 (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.

June 8, 2021

/s/ Harold S. Edwards

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

**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 April 30, 2021 (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.

June 8, 2021

/s/ Mark Palamountain

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