



IMG ENTERPRISES

2021

We believe that through our sustainable connection to the environment, we can transform the world exponentially.

IMG
Enterprises

IMG Citrus

Health

Innovation

Growing

Family

Commitment

Cherrylake

Sustainable

Beauty

Vision

Life

Community



CONTRIBUTORS/EDITORS:
Brianna Palfi
Caraline Jones

Table Of Contents

2021 ANNUAL REPORT

01	IMG ENTERPRISES, INC.	11
	Our Core Values	12
	Vision Statement	13
	Organizational Transformation	15
	CEO Award Recipients	20
	Featured Projects	21
	Technology Update	22
	Consolidated Financial Highlights	26
	Consolidated Balance Sheet	28
	Consolidated Income Statement	29
	Consolidated Cash Flow Statement	29
02	REAL ESTATE ACTIVITIES	31
	Real Estate Development	32
	Real Estate Schedule	36
	Real Estate Locations Map	37
03	IMG CITRUS, INC.	39
	IMG Citrus Overview	40
	Sales & Marketing	46
	Grove Update	52
	Packinghouse Operational Efficiency	56
	Financial Highlights	60
04	CHERRYLAKE, INC.	63
	Cherrylake Overview	64
	Farm Sales & Marketing	70
	Farm Operational Efficiency	74
	Construction Group Update	80
	Maintenance Group Update	84
	Financial Highlights	88
05	CONSOLIDATED FINANCIALS	91
	Consolidated Balance Sheet	92
	Consolidated Income & Cash Flow	93
	Capital Expenditures	94

Letter From The Chairman Of The Board

IMG Enterprises, Inc. (IMGE), through its subsidiaries (IMG Citrus, Inc.; Happy Food, LLC; M&V, LLC; and Cherrylake, Inc.), operates 13,126 gross acres of land. This acreage includes two new properties acquired in FY2021. The Imagine Grove, purchased by M&V, has a total of 2,539 gross acres, including 535-acres of citrus and 1,252-acres of farmland available for citrus, sod, or watermelon. Hunt Lake, the second new property acquired in FY2021, has a total of 19-acres and was purchased by IMGE. We will maintain Hunt Lake as an agricultural conservation buffer in order to fulfill our commitments to the FDACS (Florida Department of Agriculture and Consumer Services) Best Management Practices program, as well as our customers' sustainability goals. Of the 13,126 total acres of the company, Cherrylake operates 1,730 gross acres for the purpose of growing ornamental trees, shrubs, and palms, and IMG Citrus manages 11,396 gross acres to produce fresh grapefruit, oranges, tangerines, sod, and watermelon.

On a consolidated level, our revenues reached \$109.1M for FY2021, 15% above FY2020. Consolidated EBITDA came in at \$20M in FY2021, compared to \$26.7M in FY2020. This decrease of 25%, or \$6.7M, mainly originates from a reduction of our exceptional income from \$11M in FY2020 (insurance proceeds after Hurricane Irma) to \$5.7M in FY2021 (PPP loan forgiveness). Excluding the exceptional income, our consolidated EBITDA from ongoing operations went from \$16.6M in FY2020 to \$15.4M in FY2021, a decrease of 7%. Cherrylake's EBITDA from ongoing operations increased by 11% from \$8.7M to \$9.7M, and IMG Citrus's EBITDA, before extraordinary income, decreased by 18% from \$8.2M to \$6.7M.

In FY2021, our total capital expenditures for all divisions were \$20.4M, compared to \$8.7M in FY2020. This substantial increase in capital expenditures was due to the purchase of the Imagine Grove for \$12.8M and the Hunt Lake property for \$530K. On June 30, 2021, our leverage



ratio and EBITDA to Senior Debt Service ratio were 0.76 and 4.75, compared to .85 and 3.3 on June 30, 2020.

We have used the Employee Net Promoter Score (ENPS) for the past nine years to measure our employees' satisfaction and engagement. A positive ENPS (higher than zero) is generally deemed good, and an ENPS of +50% is considered excellent. In May 2021, the ENPS of Cherrylake and IMG Citrus were 60% and 70%, compared to 52% and 75% the prior year. The overall ENPS for IMGE at the end of FY2021 was 63%, compared to 64% the prior year. We use the same methodology to measure our customers' satisfaction. At the end of FY2021, the CNPS (Customer Net Promoter Score) of Cherrylake and IMG Citrus were respectively 76% and 70%, compared to 72% and 21% the prior year.

In FY2021, IMGE workman compensation Experience Modification Rate (EMR) was 0.84 compared to 0.79

the prior year. We have successfully maintained our EMR under one for the past seven years, a great accomplishment for the safety team and all of our employees.

On a consolidated basis for FY2022, IMG Enterprises has budgeted total sales at \$121.9M. This 12% increase, compared to the prior year, will come from an increase in both Cherrylake and IMG Citrus sales. For FY2022, we are budgeting a consolidated EBITDA of \$25.6M, including \$5.6M of extraordinary income from the sale of a property in Ellenton. Our EBITDA from ongoing operations, before exceptional income, is budgeted at \$20 M compared to \$15.4M the previous year.

For FY2021, we budgeted capital expenditures of \$15.5M, compared to \$20.4M in FY2020. The vast majority of these capital expenditures will be on the citrus side. We have budgeted the first phase of constructing a new cooler (\$7M) to allow the growth of our citrus import program. We will also continue our groves redevelopment program (\$5.4M) to allow IMG Citrus to consolidate its position as the largest grapefruit grower in the state of Florida.

We expect our leverage ratio and our EBITDA to Senior Debt Service ratios to be at 0.62 and 5.88

on June 30, 2022, compared to 0.76 and 4.75 on June 30, 2021.

I express my sincere appreciation to the board of directors, senior leaders, colleagues, customers, suppliers, and creditors. I want to express my gratitude to our three newly appointed Co-CEOs, who lead the company to new heights with solid values and superb vision.

Michel Sallin
Chairman of the Board
IMG Enterprises, Inc.



**BOARD OF
DIRECTORS**

Michel Sallin
Chairman of the Board

Veronique Sallin

Chloe Gentry

Chuck Allison

Melanie Ressler

Timothee Sallin

Todd Gentry



IMG
Enterprises



Our Core Values

We communicate openly and honestly

We believe in teamwork and respect for the people

We are passionate about what we do

We always propose a solution

We embrace change, learning, and innovation

We foster beauty, cleanliness, and safety of our environment

We encourage entrepreneurial decision making

Vision Statement

We are a sustainable, diversified, family-owned enterprise, rooted in the land and agriculture, which contributes to the health and well being of people and the environment.

Our products, services, and culture connect people (employees, customers, and the community) with nature for a healthy, happy, and sustainable life.

We are entrepreneurs and believe in vertical integration, branding, certification programs, continuous improvement, and disruptive innovation.

We have a risk management strategy. We do not take any risk we cannot afford or which threatens our sustainability. We build multiple options for our assets and have a plan to monetize dormant assets and assets non-essential to our core business.

We operate according to the principles of lean and flow.

We are organized with the principles of self-management, autonomy, collaboration, and entrepreneurship.

We provide opportunities for our employees to achieve their professional and personal goals and have fun doing it. We create a workplace culture that inspires people to grow.

We value our agriculture workers and equip them with resources, tools, and skills to improve their quality of life. We set an example for other agricultural employers.

We pursue innovation, science, and technology in horticulture and agricultural production methods. We focus on plant health, environmentally friendly practices, reducing chemical and water use.



“

We believe that the traditional hierarchy of command and control leadership is out of touch with the needs of the modern organization. We believe that every person throughout the organization has the potential to be a leader and adviser.

Organizational Transformation: The Soulful Organization's Journey

Chloe Gentry, Melanie Ressler, Timothee Sallin
Co-CEOs

"We believe that through our sustainable connection to the environment we transform the world exponentially."

"We are a purposeful community. Together we thrive."

At IMG Enterprises, these statements of belief resonate with us on a deep and personal level. Over the past 40 years, our organization has grown because of these beliefs. Today we are a purposeful organization, rooted in our values and dedicated to creating a better world for our teammates, our communities, and future generations.

As we look forward to the next 40 years and beyond, our intent is to lead this organization on its next journey of transformation. This will be a journey into the soul of the organization. Through this transformation we seek to create winning teams based on collaboration and trust. We hope to create a place where everyone has fun and is proud to be a part of something greater than themselves, and where everyone maximizes their potential to be the best version of themselves. We know that if we accomplish this, operational excellence and financial success will follow.

We believe that collaborative leadership is the best approach for our journey. Collaborative leadership draws on the collective intelligence, the wisdom, knowledge, and experiences of all members of the organization, in order to find solutions to our problems and fulfill our purpose. This allows us to adapt to adversity and change, to inspire people to perform at their best, and to address the global challenges of the 21st century.

We believe that the traditional hierarchy of command and control leadership is out of touch with the needs of the modern organization. We believe that every person throughout the organization has the potential to be a leader and adviser. There is no need to lead through titles, commands, or controls when we are all accountable



Sydney and Julissa celebrated Earth Day with a team picnic at the Happy Food Grove Reservoir.

A team of Cherrylakers volunteered to harvest Bingo mandarins to benefit the local Faith Neighborhood Food Pantry.



to ourselves, each other, and our collective purpose. Rather, every person has the opportunity to bring their whole self to work and make their biggest contribution beyond any established role or team.

There is no doubt we are already a soulful and purposeful organization. We have been on this journey for many years, and we have organically evolved towards a more collaborative leadership model. Today, we continue to have an open invitation to maintain the evolutionary process assisting us to become more self-aware and skillful as an organization.

To promote collaborative leadership, we seek to continuously develop trust, accountability, transparency, alignment, wholeness, and open communication within the organization. With these values in mind, our first steps will be to review and improve how we make decisions, how we give and receive feedback, how we manage conflict, and how we recruit, train, and develop our people. Along the way, we may make changes to our performance review process, our organizational hierarchy, our vocabulary, and our internal decision-making procedures. These changes will require some adjustments and will take time to evolve. Remember, it's a journey.

Many things will not change. The core of who we are as an organization and the

strengths that have been the foundation of our success will remain. We will continue to focus on measuring, reporting, being efficient, reducing waste, creating value for our customers, having a strong and sound strategy, being value-driven, being purpose-driven, being family-oriented, creating raving fans, pursuing excellence, being leaders and experts in our chosen fields, and upholding accountability to tasks, commitments, and results.

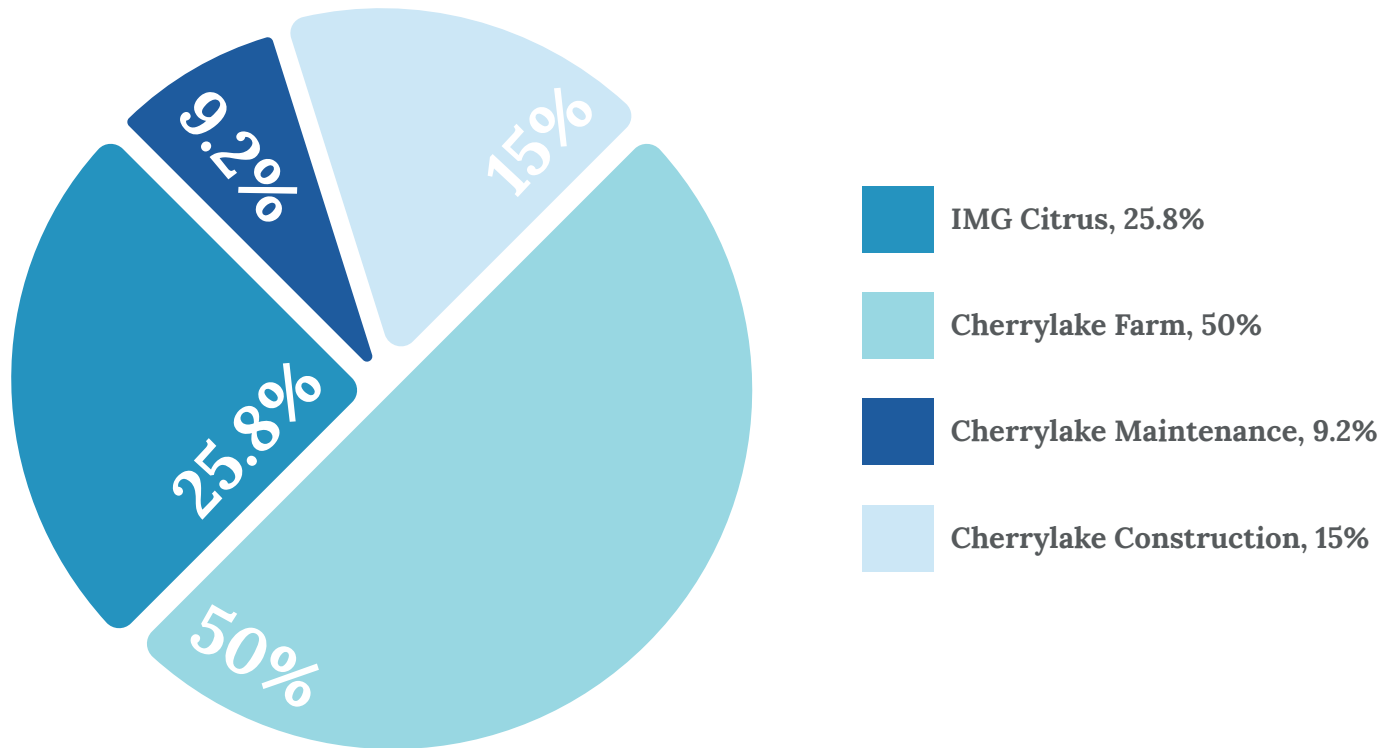
The dream of our founders was to create a sustainable organization that would last for generations. Under their leadership, the organization thrived, and today we stand prepared to meet the future with excellence and optimism. There have been setbacks along the way, but through each crisis, we have grown stronger, becoming more diverse and more resilient. A sustainable organization can only exist in a sustainable world. Thus, the dream of our founders compels us to do our part to create a world in which soulful organizations can thrive for generations to come. It is in this spirit of entrepreneurship, joyful adventure, and growth that we embark on this journey of transformation, to keep the founders' dream alive and to lead a soulful organization dedicated to creating a sustainable world. ♦

The Team, By The Numbers

Employee Count:
492

(6/30/2021)

Employees By Operational Group



Employee Turnover Rate

2%

IMG Enterprises

1.6%

National Average

Experience Modification Rate

0.81

IMG Enterprises

FY2021 Gross Wages

\$21.8M

9% increase

FY2021 FTE

548

5% increase

H-2 Employee Counts

	FY2021	FY2022 Budget	
IMG Citrus	49	82	↑ 67%
Cherrylake	109	121	↑ 11%
Total	158	203	↑ 29%

Employee Net Promoter Score (ENPS)

70%

IMG Citrus

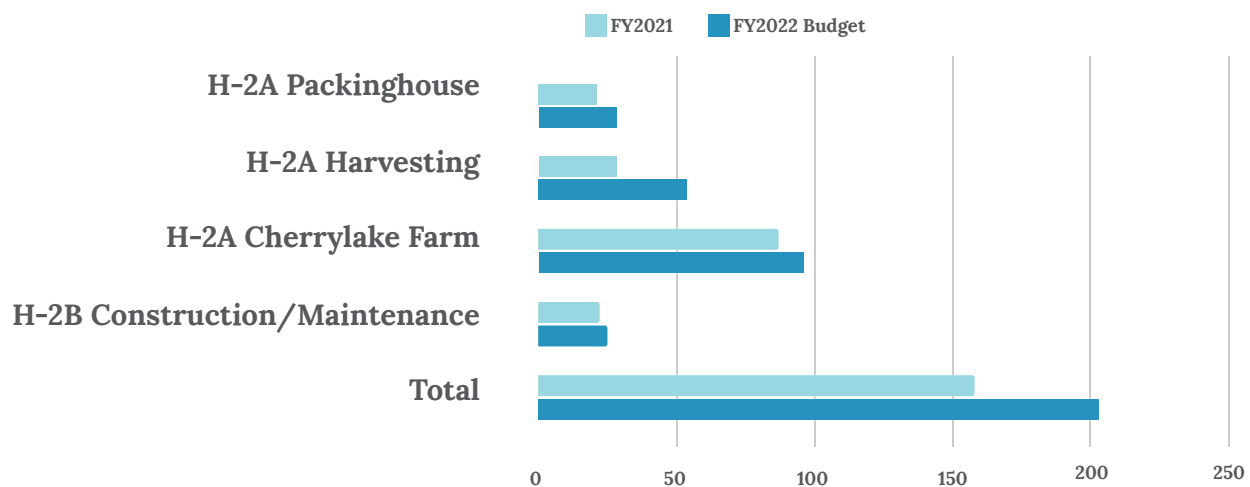
60%

Cherrylake

63%

IMGE Consolidated

Number Of H-2 Employees By Group



2021 CEO Award Recipients

Our CEO Award Recipients are celebrated during the annual State of the Company event. Prior to the State of the Company, we invite both Cherrylake and IMG Citrus employees to praise and recognize their co-workers who they feel embody our company values in an exceptional way through a nomination process. We are thankful to have employees that bring our values to life everyday.

We communicate
openly and honestly



Jason Gilbert
IMG Citrus

We believe in teamwork
and respect for people



Nancy Morales
Cherrylake Farm

We are passionate
about what we do



Jeff Dicken
Cherrylake Construction

We always propose a
solution



Stacey Register
IMG Citrus

We embrace
change, learning,
and innovation



Cynthia White
Shared Services

We foster beauty,
cleanliness, and safety
of our environment



Connie Ferriola
Cherrylake Maintenance

We encourage
entrepreneurial
decision making



James Walker
Cherrylake Farm

2021 Featured Projects

The Featured Projects for IMG Enterprises, IMG Citrus, and Cherrylake are also celebrated during the annual State of the Company event. Important criteria considered in the selection process include impact to the bottom line, sustainability, benefit to the community/industry/employees, cross functional teamwork, and innovation.

IMG Enterprises Wells Fargo Treasury Management

In FY2021 the company completed a transition of its treasury management platforms to Wells Fargo. The transition allowed for a consolidation of treasury partners and increased security features. Collaborative efforts between the accounting and technology teams has resulted in automated payment processes with direct export from the company's ERPs to the Wells Fargo payment platform.

IMG Citrus In-House Harvesting

With over 1M field boxes requiring harvesting every year, IMG Citrus integrated a harvesting H-2A program. Because harvesting is a key component to the final quality of the fruit, this project helped to increase control and quality, while simultaneously decreasing the overall cost of the program. FY2021 started with one H-2A team, and that number will increase to two teams in FY2022 in order to harvest 100% of the citrus at the Happy Food Grove.

Cherrylake Maintenance Deployment Locations

In FY2021, maintenance deployment locations were set up on Avalon Road and Narcoossee Road in Orlando, reducing overall non-value travel time to job sites by 60-70%. The additional deployment locations also greatly assist in servicing the Eastern Florida area and quickly reaching maintenance locations, even on unscheduled days.



Technology Update

Luke Sepe

Head of Information Technology

Acumatica System Improvements

In early FY2020, the leadership team at Cherrylake identified a need to make improvements to the approval processes in purchasing and accounts payable. With this direction, the Accounting and IT teams went to work mapping out a new approval process which would redirect expense account managers to approve purchase order documents and AP bills prior to payment. This has simplified and automated the approval processes that expense managers and shared services staff had already become familiar with. Previously approvals had to be manually assigned by an AP or purchasing specialist. In addition, the system originally developed to handle approvals was a custom solution, implemented in a prior version of the software which did not allow for approvals of purchase order documents. With the introduction of the new approval process, the assignment of approvers on purchase orders, payable documents and notifications are now fully automated utilizing tools supported natively within the ERP.

Acumatica recently introduced a set of construction-specific features and functions for Project Accounting. Since their initial release, the IT and Construction Group have remained eager to implement these features, eliminating the need for an old and otherwise loosely integrated project management system. In early October 2020, after much planning and anticipation, the Construction Group was able to enter its first project entirely within Acumatica ERP without the need of a document management or invoicing tool outside the core ERP System. Since then we have been utilizing this system exclusively for the document management and billing of all new construction projects, representing a significant milestone in the evolution of our core accounting system at Cherrylake.

Cybersecurity

Cybersecurity continues to be a very popular subject in the technology scene. We have invested heavily in our IT systems over the years, becoming dependent on our data. As such, we feel a great deal of responsibility to keep our data secured and our systems prepared for disaster. At the outset of the fiscal year, we already had strong backup and disaster recovery strategies; however, we felt there were ways we could further improve

our security posture. We decided an outside auditing authority would come in and perform a thorough analysis of our network systems and practices. Over the course of several months, we worked with our consultant to scan and monitor our systems for known vulnerabilities and exploits using a host of enterprise security tools. At the conclusion of the audit, the board of directors were given a comprehensive report identifying both our strengths and opportunities for improvement.

Although these reports came back with favorable results, we still felt there were ways we could harden our disaster preparedness strategy. After much internal discussion, we collectively identified ransomware as the single greatest cybersecurity threat to the organization. Ransomware is a term used to describe an attack where a cybercriminal manages to break in and encrypt or steal sensitive company data or systems, holding them in exchange for “ransom”. The decision was made to reinstitute a local offline backup rotation policy, an older concept that has lost some favor in recent years since the advent of cloud computing. The thought process behind our decision is, despite our best efforts, any online system will inevitably remain vulnerable to attack in some form by virtue of it being physically connected to a computer network.

Therefore, the sure way to protect data from encryption or theft is to routinely put copies of it offline in cold storage.



E-Commerce

Cherrylake has made it a priority to begin looking for ways to better service smaller customers and landscape contractors in the industry. This presents some challenges coming from a wholesale paradigm, particularly at the point of sale and order fulfillment level. To solve this issue, the marketing and IT teams began looking for solutions that would integrate well with the existing order fulfillment process.



Alex and Luke analyzing data on the MAF Globalscan 7 at the packinghouse.

Many E-Commerce platforms were studied including WordPress plugins which would run on the existing Cherrylake website and stand-alone systems that would require custom integrations to accommodate sales order and inventory management functions. A key necessity we identified was the need for information to flow seamlessly between the E-Commerce platform of choice and our existing systems. This helped narrow the options significantly, ultimately leading to our decision of pairing Acumatica to a BigCommerce storefront via a natively supported connector. This integration will allow both new and existing customers to create orders through an online storefront and for

those orders to be fulfilled through our existing inventory management workflow.

Continued Cloud Adoption

Since 2016, one of our initiatives from an infrastructure standpoint has been to move all of our local servers to the cloud. This has been largely achieved by moving our ERP systems to the cloud. However, we still have a few remaining on-premise servers nearing the point of being phased out as we adopt a more cloud-oriented infrastructure. In FY2020, we set up Azure Active Directory (Azure AD), a Microsoft cloud service that allows users to authenticate to their Windows devices with an Office 365 account from any network without

the need for a VPN. This compares to a traditional client-server network but is entirely cloud based. We have been rolling all new users into Azure AD. Once we have 100% user adoption, we can phase out our local domain controllers, meaning less physical servers to maintain. All of our file share and storage systems have been moved to Microsoft SharePoint/OneDrive and Google Drive. We are prepared to fully decommission our Windows-based file share system, which represents the last step in fully committing to a cloud managed windows network.

One of our last remaining physical infrastructure hurdles is our phone system. We researched fully hosted cloud solutions for our phone system and came across a number of solutions. We did an in-depth analysis and trial with one hosted solution working with their engineers to design our system, but ultimately decided migrating would entail too many compromises when compared to our existing system. This is something we will continue exploring and hope to accomplish in FY2022. With these final tasks complete we will have no current systems running on local server infrastructure which has been a long term vision in the making. ♦

Financial Highlights

IMG Enterprises, Inc. and M&V, LLC

For the 12 months ending June 30th (in 000's except ratios)

Consolidated Income & Cash Flow Statement

	Forecast	Actual	Actual
	2022	2021	2020
Consolidated Net Sales	121,863	109,128	94,615
Consolidated Gross Margin	33,419	28,584	28,615
Consolidated EBITDA	25,634	20,022	26,715
Consolidated EBIT	19,418	14,609	21,796
Extraordinary Items/Other Income (included in EBITDA)	6,000	5,733	10,957
Net Income	17,414	12,723	19,426
Total Capital Expenditures	15,490	20,408	8,707

Consolidated Financials @ Book Value

	Forecast	Actual	Actual
	2022	2021	2020
Total Assets	171,333	159,635	144,644
Senior Debt	51,317	56,770	54,551
Total Liabilities	65,728	68,866	66,324
Book Value Equity	105,605	90,769	78,320

Consolidated Selected Ratios @ Book Value

		Forecast	Actual	Actual
		2022	2021	2020
Leverage Ratio	Max. 1.45	0.62	0.76	0.85
EBITDA to Senior Debt Service	Min. 1.25	5.88	4.75	3.30

2022 Net
Sales Actual

\$109M

2022 EBITDA
Actual

\$20M

2022 Total
Assets

\$160M



Consolidated Balance Sheet @ Book Value

As of June 30th (000's of dollars)

	Forecast 2022	Actual 2021	Actual 2020
CURRENT ASSETS			
Cash & Cash Equivalent	2,000	1,176	2,255
Deposits/Prepays	1,434	1,287	689
Accounts Receivable	12,216	11,271	11,230
Inventory @ Cost	37,021	36,569	36,717
Other Receivables - Related Party	7,802	7,802	6,802
TOTAL CURRENT ASSETS	60,473	58,105	57,693
PROPERTY, PLANT & EQUIPMENT			
Net Book Value of Depreciable Assets	7,666	7,666	6,963
Real Estate & Improvements @ Book Value	103,194	93,864	79,988
TOTAL PP&E @ BOOK VALUE	110,860	101,530	86,951
TOTAL ASSETS	171,333	159,635	144,644
LIABILITIES			
Accounts Payable & Accrued Expenses	14,411	12,096	11,773
Long Term Debt to US Banks	42,615	45,155	47,014
Line of Credit with US Banks	8,702	11,615	7,537
TOTAL LIABILITIES	65,728	68,886	66,324
EQUITY @ BOOK VALUE	105,605	90,769	78,320
TOTAL LIABILITIES & EQUITY	171,333	159,635	144,644

2022 Net
Sales Forecast

\$122M

2022 EBITDA
Forecast

\$26M

2022 Total
Assets Forecast

\$171M

Consolidated Income Statement

	Forecast	Actual	Actual
	2022	2021	2020
TOTAL NET SALES	121,863	109,128	94,615
COST OF GOODS SOLD	88,444	80,544	66,000
TOTAL GROSS MARGIN	33,419	28,584	28,615
<i>Selling, General & Admin</i>	20,001	19,708	17,776
<i>Other Income/(Loss)</i>	400	1,139	822
<i>Extraordinary Items</i>	5,600	4,594	10,135
EBIT	19,418	14,609	21,796
<i>Add: Depreciation</i>	6,216	5,413	4,919
EBITDA	25,634	20,022	26,715
<i>Depreciation</i>	(6,216)	(5,413)	(4,919)
<i>Interest (Expense) Income</i>	(2,004)	(1,886)	(2,370)
EBT	17,414	12,723	19,426
Net Income	17,414	12,723	19,426

Consolidated Cash Flow Statement

	Forecast	Actual	Actual
	2022	2021	2020
EBITDA	25,634	20,022	26,715
Accounts Receivable	(1,215)	122	(1,672)
Inventories	(452)	148	(5,990)
Accounts Payable / Other	2,168	(437)	(492)
Total Working Capital Change	501	(167)	(8,154)
<i>Capital Expenditures</i>	(15,490)	(20,408)	(8,707)
<i>Gain (Loss) on Sales / Other</i>	-	69	(106)
Investing Activities	(15,490)	(20,339)	(8,813)
Net Operating Cash Flow	10,645	(484)	9,748
<i>Loan to Shareholders / Euro</i>	(2,578)	(1,273)	(577)
<i>Gain / Loss Sales / Other</i>	-	347	285
<i>PPP Loan</i>	-	(4,158)	4,158
<i>Long Term Debt (Borrow / (Repay))</i>	(2,727)	2,298	(1,602)
<i>Credit Line</i>	(2,512)	4,078	(8,122)
<i>Interest Paid</i>	(2,004)	(1,886)	(2,369)
Total Corporate Activities	(9,821)	(594)	(8,227)
Net Change in Cash	824	(1,078)	1,521



IMG
Enterprises



Real Estate Development

Luis Juliao
Real Estate &
Business Development

During FY2021, as a major landowner in the Florida Real Estate market, IMG Enterprises felt a number of impacts due to the pandemic; however, we positioned ourselves for success through foresight and our diversification strategy.

Acquisitions

In April 2021, IMG Citrus acquired a large property in Charlotte County, Florida, adding to our relatively small footprint in Southwest Florida and to our total citrus acreage. With this purchase, we continued to strive forward and cement our legacy as leaders in Florida citrus. Formerly known as the Chiquita Grove, the newly re-named Imagine Grove boasts 2,539-acres of citrus, vegetables, and sod land. This purchase increased our total citrus management in Florida to 11,386-acres. Several varieties of citrus were already in production on the property, including red grapefruit (Ruby Red, Star, Flame, and Ray), Navel oranges, and Cara Cara oranges. Over the coming years, IMG Citrus intends to invest over \$1.5M into the Imagine property, adding equipment and infrastructure, as well as planting additional grapefruit, sod, and other new crop varieties like watermelon.

Ellenton Sale

In short, uncertainty and the Federal Reserve had an immediate and vital impact on Florida real estate, including our Ellenton Property. Due to fear of the unknown in the rental housing and financial markets, our last deal on the Ellenton Property was terminated toward the end of FY2020, only a few weeks away from closing. Our buyers walked away from a project that was almost ready to proceed and hard money that was deposited after a long due diligence and general development cycle.

There are a total of 752-acres of wetlands on the Imagine Grove property with endless amounts of nature and wildlife.



While painful at the time, the changing trends caused an explosion in the market for FY2021, helping to assuage any pain felt previously. When contemplating solutions and a path forward, we quickly learned this slight bump in the road not only boded well in our favor but generated an unprecedented amount of new interest. This allowed us to secure our best deal on record and in a very short amount of time. All of our hardline terms and asking price were exceeded. Not only did the new year generate a great deal of new interest, it allowed for a bidding war which led to a whopping eight letters of intent and a selection of viable deals to choose from. In short, we surpassed our last acceptable offer by more than 20% and generated more than an additional \$1.5M to our bottom line.

The lessons learned in patience and perseverance are a testament to our vision and staying the course. With all aspects of the General Development Plan (GDP) in line for approval and a final site plan (FSP) being reworked for submission, our new buyer is on course to close this deal and to break ground in February 2022.

Next up at Ellenton and currently being designed for our newest Real Estate marketing campaign are the 9.8 +/- acres of commercial land that remain for sale. After approval of entitlements originally attained with our first buyer, this property has over 1,100 linear feet of street frontage on 60th Ave East. It is commercially zoned for 125,000 sq ft. of commercial, retail, and office development, and it is currently on the market for \$6.2M. As the Multi-Family project gets underway, we are confident the commercial property will quickly follow suit as the developing area becomes rich with density and project viability.

Florida and Central Florida Housing

The future remains very bright in other real estate news throughout Florida. As a reflection of what we experienced in Ellenton, the entire state, and possibly the entire nation, is going through an incredible home buying rally. From existing properties to new home starts, it is currently a seller's market. According to the Florida Realtors latest housing data, 2020 was both an insecure and timid year. 2021 has roared back with more closed sales, higher median

prices, more new pending sales, and increased pending inventory compared to just one year ago. Stats are showing that six months into 2021, a major reawakening of home buying activity pushed a seller's market, sending home prices soaring.

With historically low inventory, prices have gone up 15% and home availability is at an all-time low. There is an unprecedented amount of people looking to take advantage of attractive federal interest rates. Additionally, a large portion of this market

is driven by migration due to pandemic-related restrictions which have proven to be less restrictive in our state. Realtor data shows that in May 2021, there were 2,822 homes on the market in Central Florida compared to 7,260 in May 2020. That's approximately a 61% decrease in available homes for sale. Single-family home sales rose 23.3% year-over-year, and median sales prices are up by 18.9%. Condo sales are also up 52.6% with a median price up by 15.2%. This is a buying trend not fueled by first time buyers either. Most first-time buyers cannot



cover the financial spread between sales prices and appraisals or cover the down payment that is now necessary after lessons learned in 2009.

The strength of this dynamic should help dissipate a sharp decline that in the past caused the real estate market to crash. As for the relatively near future, experts are predicting the market will continue this way throughout the summer of 2022, and inventory should bounce back, creating balance and a sustainable slow down as interest

rates go back up. A bubble burst is not ideal and a slow stabilization is more favorable, creating what is looking to be continued overall growth in real estate and development. This of course bodes very well for our nursery, construction, and maintenance operations. ♦

There are over 1,100 total acres in production at Cherrylake's Groveland property.



Real Estate Schedule By Operating Entity

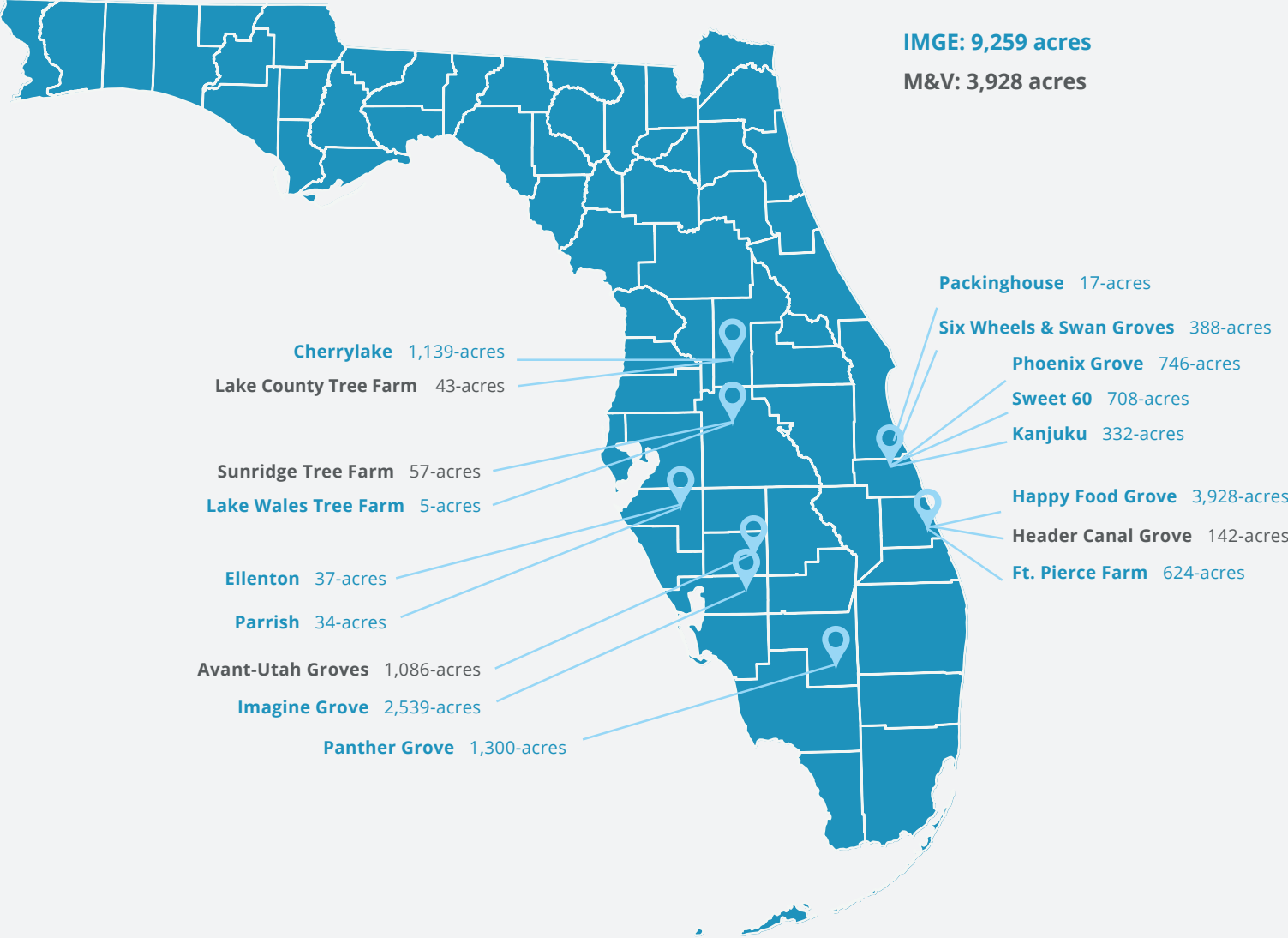
Land & Improvement for IMG Enterprises, Inc., M&V, LLC, and Happy Food, LLC @ Book & Appraised Value

For the 12 months ending June 30, 2021

Landowner		Acres	Book Value	Per Acre Book Value	Market Value	Appraisal Date	Per Acre Market Value
TREE FARM OPERATING ASSETS							
IMGE	Groveland	1,009	17,547,193	17,391	20,012,275	9/15	19,834
IMGE	Ft. Pierce Farm	489	1,107,005	2,264	2,358,798	7/15	4,824
IMGE	Lake Wales (Free & Clear)	5	24,991	4,998	54,386	4/10	10,877
IMGE	Tiara Condo (Free & Clear)	-	280,066	-	310,000	4/10	-
M&V	Sunridge Tree Farm (Free & Clear)	57	500,382	8,779	620,000	4/10	10,877
M&V	Lake Co. Tree Farm Land (Free & Clear)	40	715,124	17,878	475,000	4/10	11,875
M&V	Lake Co. Tree Farm House (Free & Clear)	3	155,027	51,676	190,000	4/10	63,333
TREE FARM TOTAL		1,603	20,329,788	12,682	24,020,459		14,985
IMG CITRUS OPERATING ASSETS							
IMGE	Panther Grove	1,300	2,858,710	2,199	6,400,000	8/15	4,923
IMGE	Kanjuku Grove	332	3,019,632	9,095	2,500,000	7/15	7,530
IMGE	Six Wheels Grove	306	846,118	2,765	2,600,000	7/15	8,497
IMGE	Swann Grove	82	589,055	7,184	500,000	7/15	6,098
IMGE	Groveland Grove	75	652,688	8,703	1,487,725	9/15	19,836
IMGE	Packinghouse	17	6,054,804	356,165	6,000,000	10/14	352,941
IMGE	3200 46th St, Vero Beach (Free & Clear)	0.33	132,994	403,011	132,994	10/19	-
IMGE	4875 29th St, Vero Beach (Free & Clear)	0.11	109,993	999,940	109,993	10/19	-
IMGE	4896 29th St, Vero Beach (Free & Clear)	0.11	107,141	974,012	107,141	10/19	-
IMGE	Ft. Pierce Farm	135	1,856,557	13,752	651,202	7/15	4,824
IMGE	Sweet 60 - Beckley/Neville Grove (Free & Clear)	80	1,136,553	14,207	418,626	5/16	5,233
IMGE	Sweet 60 - J2 Grove (Free & Clear)	160	1,320,311	8,252	1,180,060	7/17	7,375
IMGE	Sweet 60 - J4 Grove (Free & Clear)	164	1,944,500	11,857	984,510	7/17	6,003
IMGE	Sweet 60 - J5 Grove (Free & Clear)	200	1,333,987	6,670	1,515,727	7/17	7,579
IMGE	Sweet 60 - J6 Grove (Free & Clear)	38	230,138	6,056	259,378	7/17	6,826
IMGE	Sweet 60 - McDonell Grove (Free & Clear)	66	1,074,578	16,281	313,720	7/18	4,753
M&V	Avant/Utah Grove (Free & Clear)	1,086	3,266,041	3,007	8,600,000	4/10	7,919
IMGE	Phoenix Grove (Free & Clear)	746	2,610,389	3,499	2,650,000	3/01	3,552
M&V	Header Canal Grove (Free & Clear)	142	1,049,750	7,393	1,353,176	3/01	9,529
HPFD	Happy Food Groves	3,928	29,189,066	7,431	31,250,000	4/19	7,956
M&V	Imagine Grove	2,539	12,806,400	5,044	12,800,000	4/21	5,041
IMG CITRUS TOTAL		11,397	72,189,405	6,334	81,814,252		7,179
LAND DEVELOPMENT							
IMGE	Parrish Land (Free & Clear)	34	130,153	3,828	340,000	12/10	10,000
IMGE	Ellenton (Free & Clear)	37	287,206	7,762	9,050,478	4/10	244,608
IMGE	Lake Lucie Frontage (Free & Clear)	31	294,414	9,497	294,414	11/16	9,497
IMGE	North Cherrylake Groves (Free & Clear)	5	102,434	20,487	102,434	2/19	20,487
IMGE	Hunt Island (Free & Clear)	19	530,347	27,913	530,347	7/20	27,913
LAND DEVELOPMENT TOTAL		126	1,344,554	10,671	10,317,673		81,886
TOTAL IMG & M&V		13,126	93,863,747	7,151	116,152,384		8,849
IMGE	IMGE Subtotal	5,331	46,181,957	8,664	60,864,208	12/10	11,418
M&V	M&V Subtotal	3,867	18,492,725	4,782	24,038,176	4/10	6,216
HPFD	HPFD Subtotal	3,928	29,189,066	7,431	31,250,000	12/10	7,956
TOTAL		13,126	93,863,747	7,151	116,152,384		8,849
IMGE	Total Free & Clear	2,914	17,336,519	5,950	29,592,384		10,157
IMGE	Total Encumbered	10,212	76,527,228	7,494	86,560,000		8,476

Real Estate Locations

13,126 Acres of Land Under Management



IMGE: 9,259 acres

M&V: 3,928 acres

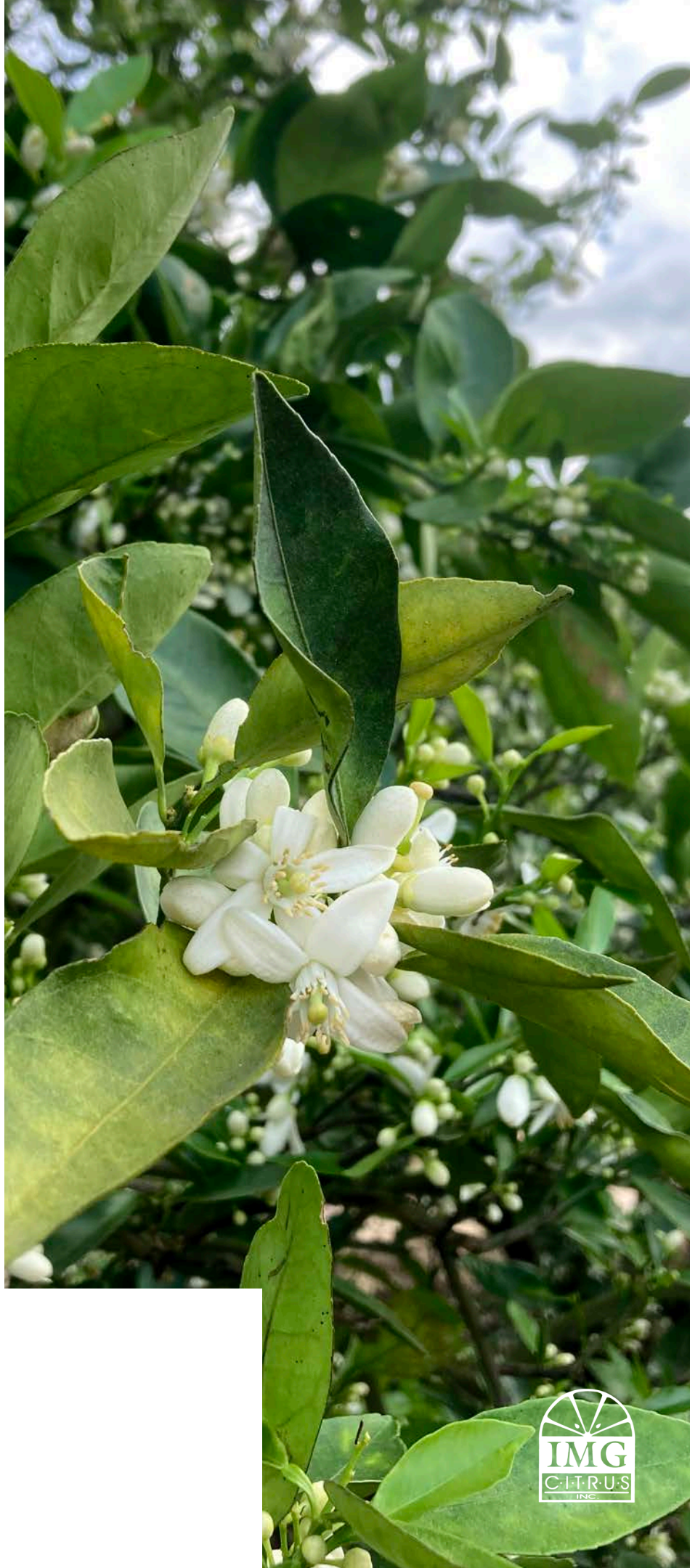
**LEADERSHIP
TEAM**

Brian Randolph
Director of Grové Production

Luke Sepe
Head of IT

Sydney Allison
Director of Sales

Todd Haffield
Director of Packing Operations





IMG Citrus Overview

Melanie Ressler
Co-CEO

The citrus operation witnessed a 14% growth in 2021, achieving \$58.2M in sales, compared to \$51.2M the previous year. Reduced sales of Florida grown citrus due to a 12% loss of production yield were compensated by substantial growth of imported summer citrus. The citrus operation achieved an EBITDA of \$7.9M in 2021, compared to \$8.2M the prior year. The 2021 EBITDA included \$1.2M of extra-ordinary income from COVID-19 related government assistance programs. The citrus team continues to demonstrate impressive resilience, commitment, passion, and hard work as it manages significant growth in a difficult greening environment. We continue to invest heavily in the citrus industry with the acquisition of the 2,500-acre Imagine Grove, as well as the redevelopment of existing citrus acreage using new production techniques. The company deployed a total of \$18M of capital in the citrus operation in 2021.

Growing citrus in Florida continues to face the challenges of Huanglongbing (HLB or citrus greening). This bacterial disease has greatly impacted the ability of the trees to uptake nutrition, ultimately affecting the crop yield of the trees. The Florida citrus industry witnessed a decrease in total production from 73.2M field boxes in 2020 to 57.8M in 2021 (21% decrease). The decline was most severe in the orange varieties. Florida grapefruit production decreased 15% from 4.8M boxes to 4.1M boxes. In 2021, IMG Citrus grew 16% of red grapefruit and 41% of white grapefruit produced in Florida. IMG Citrus is positioned as the largest grapefruit grower in a rapidly consolidating

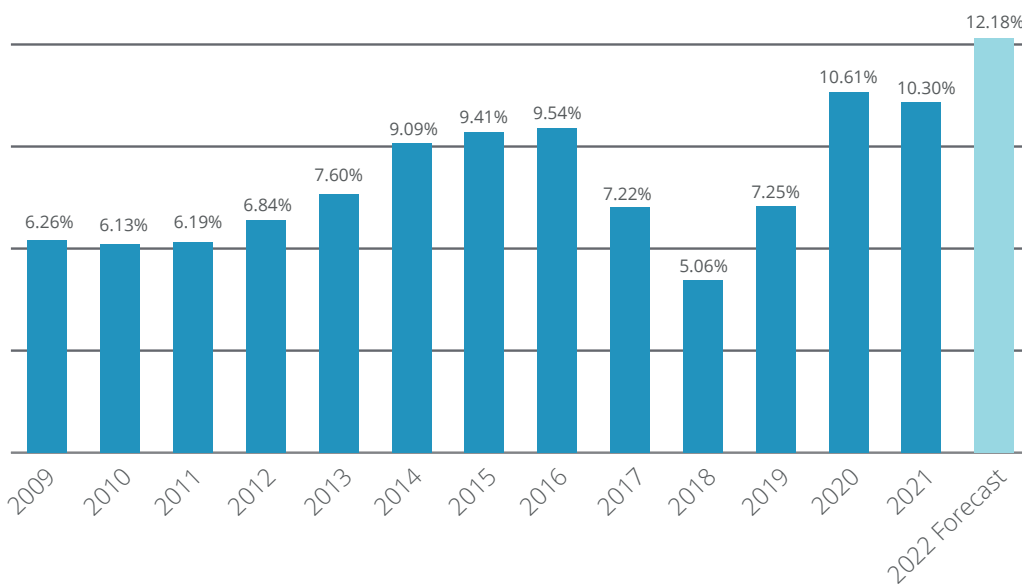


Florida industry. In contrast, IMG Citrus is a relatively small player in the Florida orange industry at less than 1% share.

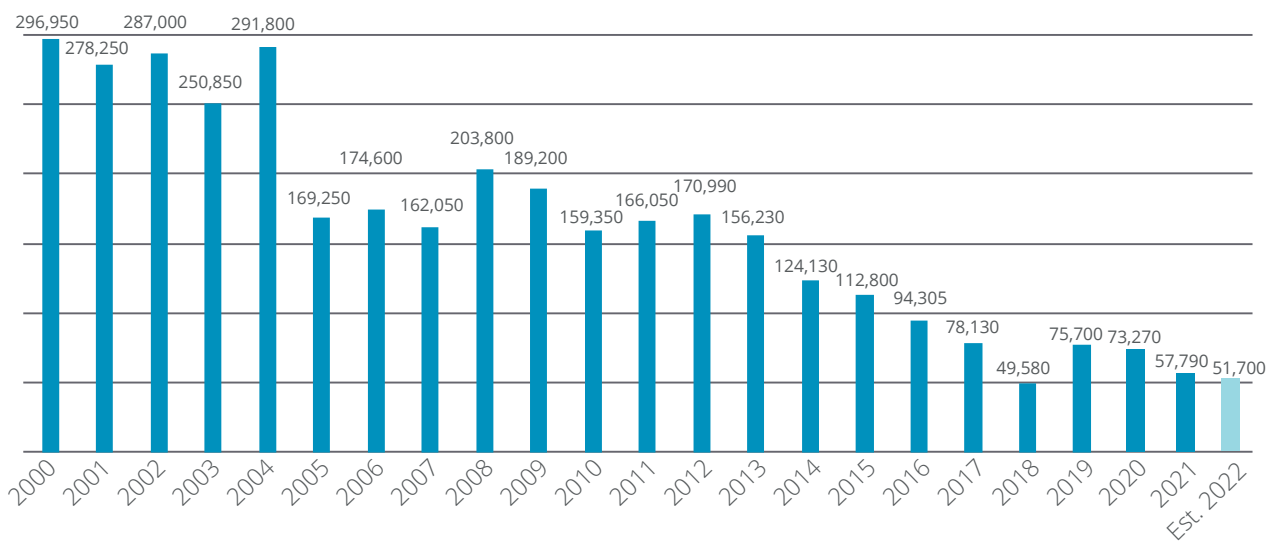
The decrease in production is being offset by increased pricing and fruit returns. The average fresh return on IMG Citrus produced fruit increased 15% in 2021, from \$13.00 to \$14.95 per field box. This increase in return is a function of fruit quality and market price. The team can significantly impact the value of the crop by sending the right fruit to the right market at the right time. This optimization, or crop management, continues to be a strategic priority for the citrus team. As fruit characteristics and markets shift in a greening environment, it is becoming increasingly important to develop analytical and predictive models to assist in optimizing the crop.

The increased price structure of Florida grapefruit, coupled with supply chain and logistical challenges for international destinations, has resulted in augmented uncertainty for export markets. The market for Florida grapefruit is becoming increasingly niche and local. In 2021, we saw a 25% retaliatory tariff imposed on U.S. citrus shipped to the European Union, ocean transit times to Japan increased 25% (6 weeks), and

IMG CITRUS MARKET SHARE OF FLORIDA CITRUS



FLORIDA CITRUS INDUSTRY PRODUCTION (in Field Boxes)



competition from other producing origins at prices less than half of that of Florida. Fortunately, the climate and soils of Florida produce the sweetest and juiciest grapefruit in the world. The most discerning consumers of grapefruit recognize the superior taste of Florida grapefruit and are willing to pay the price. IMG Citrus maintains a commitment to the European and Asian markets; however, we expect the domestic market will continue to gain importance in our portfolio.

The IMG Citrus summer citrus import program witnessed a growth of 47% in 2021, resulting in sales revenue of \$26.7M, or 46% of the total sales of the citrus operation. The company began importing summer citrus from South America 6 years ago, when it became possible from a regulatory perspective to import citrus from Chile and Peru into the Florida ports. IMG Citrus saw an opportunity to offer a more direct distribution of summer citrus for our customers in the Southeast. This new business venture also provides a diversification of revenue streams and the ability to use the IMG Citrus packinghouse and cold storage facility year-round. In order to continue to grow this program, we decided to invest in the construction of a new packing and cold storage facility on one of our existing grove properties. The new facility will allow us to grow the import program from 1M cartons of citrus to 4M cartons. The new facility is expected to be online for the 2024 import season.

The team has defined its strategic priorities around continued growth, diversification, and integration.

More specifically, the following priorities have been identified for 2022:

1. Development of the juice orange market for in-store and at home juicing
2. Development of the white grapefruit market domestically to reduce reliance on export markets
3. Create data driven optimization tools for enhanced crop management
4. Develop interim capacity to allow the continued growth of imported summer citrus prior to the construction of the new IMG Citrus facility
5. Further integration within the citrus supply chain through in-house harvesting and trucking

As we look to 2022, we expect increased performance of Florida grapefruit on the domestic market. This is due to the February 2021 freeze in Texas which had a devastating impact to the 2022 crop. Lack of supply from Texas will result in greater demand for Florida grapefruit on the domestic market. It is of critical importance that IMG Citrus captures the increased price potential to offset continuously increasing costs of inputs, labor, and logistics.

We are incredibly grateful to the citrus team for the hard work, dedication, and commitment to redefining the fresh citrus industry in Florida, despite the devastation brought on by HLB. Embracing the challenge, we continue to become better farmers, operators, and marketers. It is a pleasure to work daily with such a talented and passionate team. ♦

IMG CITRUS AND M&V, LLC ASSETS: *The IMG Citrus Leadership Team operates the citrus assets of the parent, IMG Enterprises, Inc. and its subsidiary Happy Food LLC, as well as the citrus assets of the related company M&V, LLC. In lieu of a lease on Agricultural properties, IMG Enterprises, Inc. charges the operating company, IMG Citrus, the depreciation and interest related to the assets used in operations. In the case of M&V, LLC, IMG Citrus manages the citrus properties under a Caretaking and Marketing Agreement whereas IMG Citrus has the exclusive right to pack and market the fruit from the M&V, LLC groves. Although IMG Enterprises, Inc. and M&V, LLC are two independent and distinct companies, the companies are managed by the same team and have some common, although substantially different, ownership. As a result, IMG Enterprises, Inc. has adopted Financial Accounting Standards Board (FASB) Interpretation No. 46R "Consolidation of Variable Interest Entities," which requires the Company to consolidate M&V, LLC as a variable interest entity for GAAP reporting. The companies maintain independent tax filing. For the purpose of this Annual Report, the citrus results shall be presented and analyzed on the basis of the consolidation of IMG Citrus and M&V, LLC.*





Sales & Marketing

Sydney Allison
Director of Sales

Citrus Volume and Summer Imports

IMG Citrus continues to grow and build upon existing programs and processes. We are creating strong programs in both Florida and imported citrus.

Summer import volumes saw a significant increase in FY2021, rising to a nearly 1M cartons, compared to FY2020 at 700K cartons. Due to the increase in volumes, space constraints in our packinghouse became a challenge. Unique solutions ultimately lead to the utilization of an overflow facility in Pompano Beach, Florida. This required a number of logistical hurdles to transfer the product, but ultimately the ability to move 50-60K cartons in and out of IMG Citrus per week. All teams, including the packinghouse, shipping, and sales, were stretched to new levels and records.

We were fortunate to continue running our operation at full capacity throughout the pandemic, using barriers between teams to create a safe environment without risking the health of our employees and the loss of shifts. The 1M cartons we reached for summer imports was propelled by the increased demand of vitamin C caused by COVID-19, as we originally estimated a program for 800K cartons. It was a big success for our teams and suppliers to step up and reach these increased demands from Walmart, Aldi, Kroger, and Publix, which were unpredictable at times. Fortunately, our South American growers were more than happy to fulfill the additional demand, and our teams were well prepared to handle the increases.

Expanding Our Cold Storage Facilities

As a solution to our space problem, we are evaluating partnerships with local cold storage facilities that have excess space during the summer months. We are simultaneously visioning and planning to build a new warehouse/packinghouse facility to accommodate the long-term growth of our imports. The access to additional cold storage and packing lines

through local partnerships will give us the flexibility to continue growing our import program so that once our new packinghouse is built, our import programs will be at scale to our new, larger facility.

Florida Citrus Season - Domestic Market

Paralleling the dramatic increase in volumes for our summer imports, our Florida citrus season started off strong in FY2021. Similar to imports, the pandemic brought significant increases in demand for the start of the Florida season. Grapefruit, in particular, experienced a 30-40% increase compared to FY2020 because of the demand for vitamin C. In addition, the end of the Florida season was met with a heavy freeze in Texas which brought everyone reaching out to Florida for more fruit. This met us at the end of our 2021 season, but we will continue to see the effects in the coming years. With these circumstances, we were able to get the average pricing up from FY2020 on both red grapefruit, a \$2 increase, and juice

Caroline, Melanie, and Sydney at the Southern Exposure conference which targets retailers in the Southeast U.S.





The IMG Citrus Sales Team striking a pose in front of the reservoir while visiting the Happy Food Grove.

oranges, a \$1 increase. We continue to build on our strategy of increasing retail business which reached 68% last season compared to 60% the previous year. This retail strategy creates steady volumes and pricing throughout the season and has been very successful the past few years.

The quality of our Florida citrus for FY2021 remained high and was better than FY2020, both internally and externally. We experienced record low claims due to the overall improvement of crop management and packinghouse details, which focused on picking the right crops for the right markets, while simultaneously picking the right crops at the right time. It is always a challenge and continues to be our biggest focus. We aim to increase the return to the tree. Our teams outlined a plan which

we worked on executing throughout the year in order to best utilize our crops, packouts, and return. We look forward to seeing this improve in the coming years.

Florida Citrus Season - Export Market

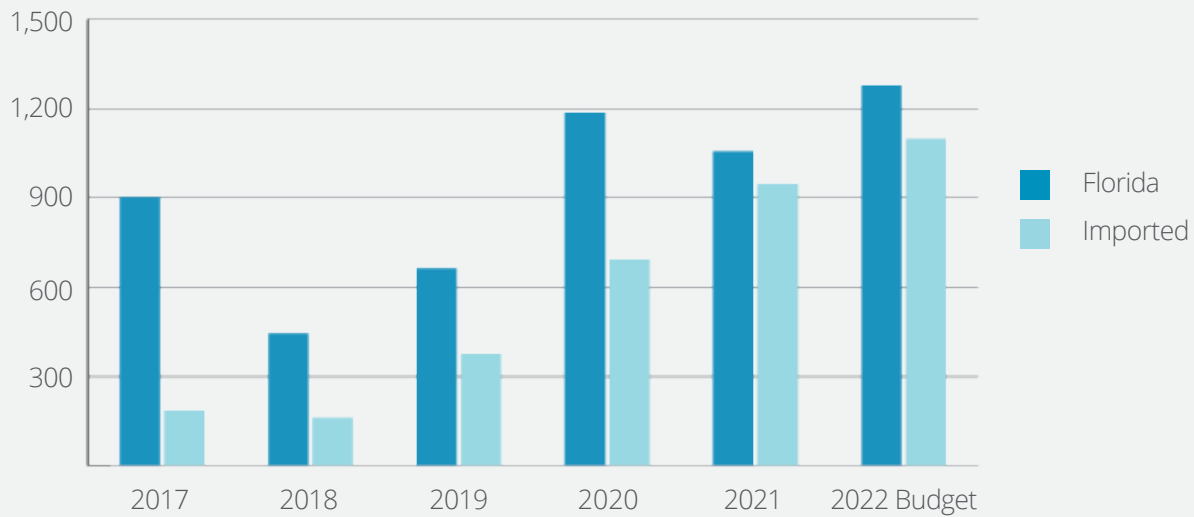
Exports brought their challenges in FY2021, bringing logistic complications, port congestions, and tariffs. With COVID-19 restrictions and labor shortages, we endured delays on all ports and markets. Fortunately, the pandemic did increase demand in Japan and Europe (in parallel to the US market), so we were able to capitalize on a strong early market with big demand (especially white grapefruit in Japan). This, unfortunately, did not last long and was abruptly stopped as food service shut down in Japan, backing fruit



up. On the other side, the EU implemented an unexpected 25% tariff on US agricultural imports, which included citrus. The announcement came while our season had already started, giving us little time to react. We had to think of quick solutions to maintain our presence in the European market in order for us to remain relevant and not lose our shelf space. We were able to successfully communicate and find solutions with our customers in order to sustain the European market for the remainder of the season. Regardless, we did see about a 30% decrease in the market due to these tariffs and a strengthened domestic market.



NUMBER OF CARTONS SOLD (IN 000'S)



Our Brands

In FY2021, we prepared two new brands for a FY2022 launch, while also making a significant update to our domestic Happy Food d-pack line.

The strategy behind our newest export brand, Imagine, focuses on promoting premium Florida white grapefruit to the European market through taste and Florida inspired imagery. Imagine uses top of the line printing methods on cartons, providing a luxurious feel to encourage customers to try white grapefruit. We plan to promote white grapefruit as a premium, unique product, setting it apart from red grapefruit. YELLOS, our newest domestic brand, also focuses on promoting white grapefruit through Florida imagery. YELLOS displays bright, cheerful illustrations which suggest tasting the product will transport the consumer to a Florida getaway. We are launching this brand with a convenient grab-and-go 2-pack header bag. This will be a new skew which targets millennials due to its smaller package size. Both new brands will debut during the FY2022 Florida season.

Our Happy Food packaging received a brand refresh in response to a new printing method installed in the d-pack line. It allows us to print information directly on the bag instead of utilizing a print and apply. This in turn makes our HDPE netted bags 100% recyclable. The new design allows us to promote Florida in a bigger way, put a large emphasis on nutrition, and showcase our sustainability initiatives to the consumer. The new Happy Food designs will begin hitting store shelves during the FY2022 Florida season.

Between replanting groves and innovations to increase yields to expanding our cold storage facilities, IMG Citrus is poised for growth in both our Florida and import programs. ♦



YELLOS is positioned as Florida's best-kept secret that boasts consistently sweet taste and a unique experience for the consumer. With limited availability during the winter months, YELLOS is an opportunity to invigorate the citrus aisle across the U.S. market utilizing in store displays and a convenient grab-and-go 2-pack.



Grove Update

Brian Randolph

Director of Grove Production

The Florida citrus industry has experienced countless challenges over the years; however, at IMG Citrus, we have always remained resilient. Regardless of citrus greening (HLB), pests, hurricanes, freezes, or any other unknown that makes an appearance, we are always working toward innovative solutions to make our practices better and stronger.

Citrus Greening (HLB) Research Update

Currently, there is still no cure for HLB; however, with three promising ongoing research projects, we remain optimistic a viable therapeutic will be coming in the near future. In particular, one of the HLB research communities is looking at a peptide isolated from the Australian finger lime. The peptide not only kills the bacteria which causes HLB, but it can also activate the tree's own immune system, ultimately inhibiting new HLB infection. Further research is currently underway in the field trials, and hopefully, it will soon be commercialized.

A second research project involves the utilization of oak leaf extract to fight HLB. It is a well-known phenomenon that citrus trees situated under oak hammocks, or next to oak trees, are generally free from pests and diseases. Scientific journals cite that organic compounds from oak tree bark and leaves were previously used as antimicrobials during the American Civil War. IMG Citrus has several blocks being treated with oak leaf extract (OLE), and the preliminary results show better roots and tree color compared to check blocks.

The use of a zinc oxide compound is the third research project currently underway to oppose HLB in citrus plants. Zinc is frequently used in the medical field to help the body fight bacterial infections. When zinc is chelated properly to a plant, early studies show it can move systemically in citrus plants and inhibit the growth of bacteria within the vascular system. IMG Citrus is one of four growers testing a new zinc compound looking at ppm levels of zinc in the sap as it relates to improved tree health. These trials are still in their infancy stages, making it too early for any data points, but we are looking forward to learning the results.

2020-2021 Season Grove Recap

During the peak of the pandemic, IMG Citrus’ grove division had very little disruption with employee illness. However, direct costs have increased substantially. Diesel fuel has increased over 40% in the last 10 months, and agrochemicals and fertilizers have seen increases upwards of 10% to 40%. Thankfully despite the current competition for companies to hire grove staff, we have not experienced any labor turnover.

In FY2021, we made a number of new investments in our groves and

new plantings. At our sister company, Cherrylake, located in Groveland, Florida, we started construction of our 13-acre CUPS (Citrus Under Protective Screen) structure. CUPS are designed to exclude the citrus psyllid, a pest that harbors the HLB bacteria. At this time, all poles and cables for the structure have been erected and spanned. The CUPS structure will be sixteen feet tall and closed on all four sides with a very tightly woven mesh screen for the roof. Screen installation is set for the fall of FY2021, and our anticipated planting date will be during the fall or winter of 2021/2022. We selected Cherrylake as the

Clint is the Groves Maintenance Supervisor for our Lake County citrus groves helping with pest management, water management, fertilization and herbicide.



site for CUPS due to its central location within the state, which is generally the most protected from hurricanes. Moreover, a bamboo hedge was planted around the structure a year prior to construction. The hedge will act as a wind block, further protecting the structure from any potential hurricane damaging winds. We anticipate the bamboo hedge reaching a total of 25 feet tall within the next couple of years. It currently stands at eight feet tall.

Since purchasing the Happy Food Grove in early 2019, we have continued investing in infrastructure improvements to the grove's irrigation and drainage systems, totaling approximately \$640K. These investments in irrigation automation improvements include auto flushing filters, hydraulic zone valving, weather stations, controllers, and soil moisture sensors. These investments aid decision-making and ensure adequate distribution of water to the field, thus conserving water and money.

The grove team also finished planting C1B, 67-acres of Valencia oranges on three rootstocks (UFR4, US942, US812, Sour). C1B is enrolled in the Citrus Research and Field Trial (CRAFT) program. CRAFT is a broadscale research project carried out under commercial citrus production practices. Growers enrolled in the program are required to work closely with the research community, collecting data for test criteria setup and approval by the USDA.

Food Safety Initiatives

With food safety a vital aspect of IMG Citrus' core values and culture, it brings heightened awareness to all departments. Preventing and catching deviations to processes which can impact the safety and quality of our fruit is vital. This year, the packinghouse achieved 100% compliance with the new Global GAP Produce Handling Assurance audit. The C-TPAT Certification (Customers Trade Partnership Against Terrorism) achieved 100% compliance as well. Similarly, the grove division achieved 100% compliance with Global GAP Integrated Farm Assurance audit. State Worker Protection and Pesticide Use audits were also at 100% compliance.

FY2021/2022 Redevelopment, Reset, and Capital Projects

IMG Citrus has a number of redevelopment and reset projects planned for FY2022. The company is also continuing to invest in redeveloping non-profitable

blocks and resetting all profitable blocks. At the Happy Food Grove, approximately 32K trees will be interset within mature groves, ensuring financial long-term stability in blocks. Planting will begin in the fall of FY2021 and continue into the spring of 2022. All trees will be further protected with psyllid-proof netting.

At the CUPS structure at Cherrylake in Groveland, we will be planting 13-acres of ruby red grapefruit, which is approximately 3K trees. Similarly but on a much larger scale, our first planting at the Imagine Grove will be approximately 21K trees and cover over 90-acres. The varieties planted are star grapefruit and pineapple orange. The grove division will also be expanding their sod operation. Currently, only 68-acres are planted at the Imagine Grove and with the expansion, the total acres of Floratam sod will be 162-acres. Targeted sales will be the western north/south corridor of Florida. Sod operation will net over \$4K per acre back to the land. Also planned is to grow 45-acres of watermelons to target the spring harvest in 2022.

We are planting our first 45-acre planting of the Orri mandarin, an easy-peel, seedless mandarin with great flavor and color, at the Kanjuku Grove. The Orri mandarin has gained strong U.S. acceptance and the demand is strong. Fruit maturity begins in mid to late November, and we anticipate a planting date during the winter of FY2022.

With FY2021 a successful year due to the acquisition of the Imagine Grove, in addition to a number of grove investments, we are looking forward to IMG Citrus' future growth in the industry during FY2022. It is due to our vision and innovative approach that we remain a leader in the Florida citrus industry. The future is looking bright for the Florida citrus industry, and we are happy to be a part of it. ♦



The CUPS structure under construction in Groveland. CUPS creates a more controlled environment where citrus groves can be grown with fewer pests and diseases.



Packinghouse Operational Efficiency

Todd Haffield

Director of Packing Operations

In FY2021, with an ever-growing volume of citrus marketed because of our summer import programs, we focused on innovation with a number of technological updates in the packinghouse while also looking at new innovative solutions for storage space as we reached our facility's max capacity. The addition of new H-2A packers to our operations team continued to help us serve the high demand for citrus due to the COVID-19 pandemic. Fortunately, new COVID-19 safety protocols in the packinghouse have not been a hindrance to our operation in any way.

In FY2020, we had a number of new additions to our packinghouse, and in FY2021, we duplicated those additions. Those new additions include dual GIRO High-Speed Mesh baggers, each capable of seven different bag styles and upgradeable to a total of ten. They each have production rates of 36 bags per minute, totaling 72 bags per minute. We also added an additional GIRO 12 Scale Static Weigher to our facility. Ideal for large fruit up to 120mm, this tool has production rates of up to 56 deliveries per minute. These new additions increase our daily output up to 100K consumer packs per day.

Two groups of H-2A workers joined us at IMG Citrus in FY2021. One group worked at the packinghouse operations and the other group assisted with harvesting at the Happy Food Grove. At the packinghouse, we had a total of 24 H-2A workers join us from October 5th to March 19th. Their duties included sorting and packing fruit according to grade, color, and size by hand or with mechanized equipment. For FY2022, we are expanding our H-2A packinghouse team to a total of 28 workers. These teams are a pivotal piece of our success at IMG Citrus as they bring positive, motivated, and reliable work.

While we have not reached any capacity limitations for our Florida-grown citrus portion of our business, summer import volumes continue to increase annually. Because we maximized the number of imports we can handle at our current facility, we are in the planning stages for a new





Dayana is an H-2A packer who has been with the team for three seasons.

“

...[We] intend to build a new refrigerated storage facility for FY2022. The new facility will be built at our J5 grove site. This site gives us direct frontage access to SR60, linking the most popular freight routes including I-95 and Florida’s Turnpike...The new facility will host 3,118 pallet storage positions.

site to facilitate aggressive growth. Moreover, due to the acquisition of the Imagine Grove, we also have an increase in total Florida units to handle compared to the previous season. In FY2021, we performed a feasibility study in light of this overall increase in total units. This study reviewed the expansion of our refrigerated storage and bagging equipment at other locations, because we had already used all of our opportunities to expand onsite. We have since concluded our feasibility study and intend to build a new refrigerated storage facility for FY2022. The new facility will be built at our J5 grove site. This site gives us direct frontage access to SR60, linking the most popular freight routes including I-95 and Florida's Turnpike while simultaneously moving us away from the urban growth and traffic issues within the current service area. The new facility will host 3,018 pallet storage positions. For reference, our current capacity is less than 1,000 pallets. The design is future growth-friendly with phase 1 of potentially 4 phases.

In FY2022, we plan to continue focusing on the future of our significant volume increases of citrus, and the new refrigerated storage facility will be a vital aspect of the management process. ♦



Our year-round brand, Happy Food, being packed on our d-pack line inside the cooler.

Financial Highlights

IMG Citrus

For the 12 months ending June 30th (in 000's except ratios)

	Budget 2022	Actual 2021	Actual 2020
SALES VOLUME	65,281	58,473	51,165
NUMBER OF CARTONS SOLD	1,279	1,129	1,189
Europe	200	154	236
Japan	125	119	131
Asia	-	4	25
Canada	50	52	95
USA	904	799	702
NUMBER OF FL CARTONS PACKED	1,274	1,114	1,160
Grapefruit	862	827	877
Oranges	357	235	243
Tangerines	55	52	40
ORIGIN OF FRUIT SUPPLY (in cartons)			
IMG/M&V, LLC Groves	1,034	968	1,080
Fruit Purchase from Growers	240	146	80
SUB TOTAL IMG PACKINGHOUSE	1,274	1,114	1,160
Purchase from Packinghouses	5	15	27
Imported Citrus	1,100	948	682
TOTAL CARTONS MARKETED	2,379	2,077	1,881
IMG GROVES			
Total Productive Tree Acres	5,218	5,148	5,229
Pre-Productive Tree Acres	865	592	497
Caretaking Cost per Net Tree Acre	2,490	2,429	2,272
Harvested Field Boxes	973	952	1,084
Average Return to Tree	16.31	14.95	13.00
CITRUS COMPANY FINANCIAL RESULTS			
EBITDA IMGC	6,341	6,653	6,503
EBITDA M&V, LLC	1,686	1,238	1,675
EBITDA CITRUS COMPANY	8,027	7,891	8,178

2022 Forecasted
Sales Volume

\$65M

2022 Forecasted
EBITDA

\$6M

2022 Forecasted Cartons Packed by Florida Variety

68%

Grapefruit

28%

Oranges

4%

Tangerines



FARM

Austin Spivey
Horticulture Production
Leader

James Walker
Head of Planning &
Product Management

Julio Rodriguez
Shifting Manager

Todd Gentry
Director of Production

MAINTENANCE

Connie Ferriola
Account Manager

Doug Schmieder
Irrigation Manager

Jim Lieffort
Director of Landscape Maintenance

Marvin Carlton
Account Manager/Plant Health Leader

Melbin Santana
Account Manager

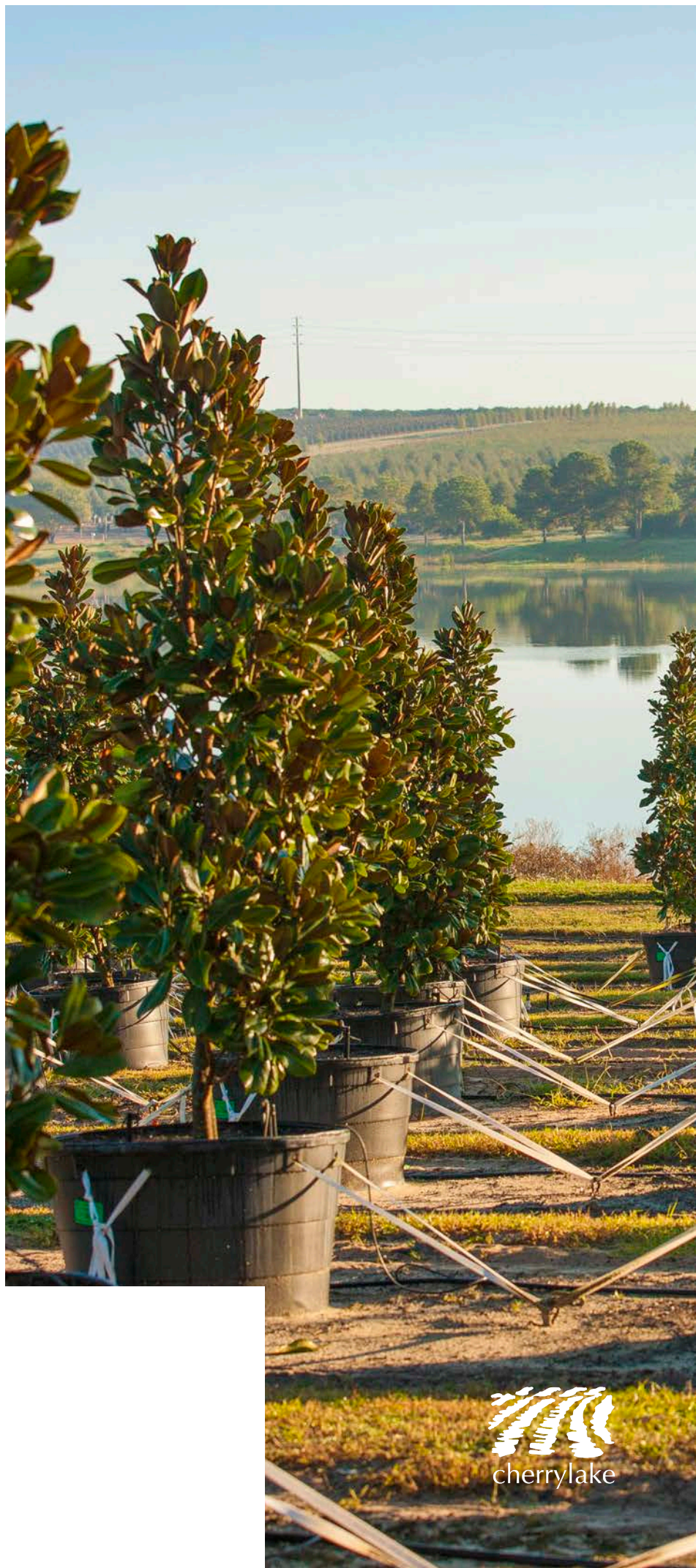
CONSTRUCTION

Aaron Morse
Director of Construction Admin.

Luis Perez Jr.
Project Manager

James Dyer
Project Manager

Mark Gage
Project Manager





Cherrylake Overview

Timothee Sallin
Co-CEO

Cherrylake consolidated sales exceeded \$50M for the first time in FY2021, reaching \$50.7M. This 17% increase in revenue was driven by strong growth in all of our operating groups. Farm sales increased by 12.5% as a result of a 12.2% increase in prices on nearly equal volume year over year. Outsourcing sales increased 37.3% as a result of strong marketing agreements. Construction sales increased 13.7%, reaching \$16.7M, and Maintenance sales increased 37.4%, reaching \$3.3M. The total EBITDA for all Cherrylake activities, after extraordinary items, was \$9.7M, which is an 11.1% increase over the prior year of \$8.7M.

Overall, it was a very good year, demonstrating the strength and resilience of our organization and its ability to stabilize, regroup, and grow despite the disruptions and uncertainty brought about by the global pandemic.

Demand for ornamental plants and landscaping services in our core markets has been robust. The main forces driving demand continue to be population growth and housing. According to the US Census, Texas, Florida, Georgia, and North Carolina were first, third, fourth, and fifth respectively for population growth between 2010 and 2019 (California was second). This reflects a fundamental long-term migration of population to the Sun Belt states. This migration is driven in part by baby boomer retirements, evolving lifestyle trends, and economic growth in the south. The global pandemic has accelerated the migration as quarantines and telecommuting technologies are inducing more people to leave the urban areas of the Northeast and the Midwest for the Sun Belt states.

Population growth, combined with historically low-interest rates, is generating strong demand for new housing. Florida housing starts reached 161K in 2020 and are on pace to exceed 206K in 2021. Texas housing starts increased from 198K in 2019 to 222K in 2020, and they are on pace to reach 259K in 2021. Moreover, the months of housing inventory (MOI) in both Florida and Texas continue to drop precipitously as housing sales are outpacing housing starts. The MOI in Florida is down to 1.2 months compared to 2.8 months this time last year, while in Texas the MOI is 1.6 months.





Mark with his landscape drawing of The Edge which strives to attract pollinators and birds using Florida native and Florida-friendly plants.

Abraham, one of our H2B team members, performing landscape maintenance at Sonoma Hills, an apartment complex in Horizon West, Florida.

Michelle tends to some young plantings in one of Cherrylake's greenhouses.

The underlying fundamentals supporting demand for ornamental plants and landscaping services are very strong and should continue to be favorable for the foreseeable future. This robust demand received a shot in the arm in the form of the Valentine's Day freeze in Texas caused by the polar vortex in early 2021. Temperatures dropped below -5°F in Dallas and below 13°F in Houston. These extremely cold temperatures resulted in a massive loss of plant material in the landscape as well as in nurseries throughout the state of Texas. By some estimates, 60% of shrubs in the Texas landscape have died. This resulted in a surge in demand for plant material in Texas. Simultaneously, local supply was significantly reduced. In 2021, Cherrylake sales to Texas between March and June increased threefold compared to previous years, and most Florida growers likely experienced a similar increase. According to Southwest Nursery, our largest customer in Texas, "We have only begun to scratch the surface of the replacements needed," and the impact of the freeze will be felt for at least three more years.

There is no doubt the supply and demand outlook is favorable. The question is, why are we not seeing greater price appreciation in this market? With the rising cost of labor and inputs, it would seem natural nurseries would increase their prices as much as possible in a tightly supplied market. Unfortunately, this is not the case, and many competitors fail to optimize prices due to a lack of knowledge and sophistication. Furthermore, there is a leverage disparity between highly consolidated buyers and suppliers who remain greatly fragmented and must deal with the pressure of a perishable inventory.

Cherrylake is taking a leadership role in communicating about supply and demand. We are doing our part to ratchet pricing up while the proverbial iron is hot; however, this is a commodity market, and Cherrylake cannot, on its own, dictate the market price. Therefore our best opportunity to increase profitability is 'de-commoditization', which means we need to create new value-added markets and niche distribution channels where we have greater differentiation and pricing power.

“

...our best opportunity to increase profitability is ‘de-commoditization’, which means we need to create new value-added markets and niche distribution channels where we have greater differentiation and pricing power.

We made significant progress this year in developing a long-term strategic plan to achieve this. We defined a strategic road map that leverages our core competencies and assets, diversifies our markets channels, and increases our differentiation and added value. The main branches of this strategy include:

- 1.** Optimize Farm production to maximize output and control costs
- 2.** Increase sales of Outsourcing through marketing agreements, strategic purchasing, and distribution solutions
- 3.** Organically grow our Construction Group and Maintenance Group with a focus on expanding to new deployment facilities in strategic markets along the I-4 Corridor
- 4.** Capture a local landscape contractor market through the launch and development of Cherrylake Curbside
- 5.** Develop e-commerce capabilities to deploy across all market channels
- 6.** Develop a B2C direct to retail market strategy
- 7.** Develop “Blue Ocean” market opportunities in the realm of sustainable landscaping

This strategy positions Cherrylake to capitalize on current and future opportunities in the marketplace. It directs us towards higher margin and higher added-value markets such as retail, re-wholesale, and sustainable landscapes. As a result of expanding our market and distribution channels, we will increase the volume of outsourcing which will help to increase revenue and margin with lower capital investment costs and production risk. We will also divert more of our production inventory away from the commodity markets. Instead, we will look towards value-added markets, which will increase competition for our inventory and help to increase pricing across all markets.

Passion, hard work, and investment will be required to successfully execute this strategy as these interrelated goals will need to be worked on concurrently. The current market dynamics, combined with Cherrylake’s core strengths, support an aggressive

approach in the pursuit of these goals. We will rely on our outstanding teams and our culture of collaborative leadership to execute this strategy. Additionally, new resources will be deployed. While not particularly capital intensive, this strategy will require a tremendous amount of innovation, entrepreneurship, creativity, and leadership. Therefore, we must invest in human resources with a commitment to training and developing our existing staff and recruiting new talent to our growing team.

Cherrylake is a purpose-driven organization inspired by Life, Beauty, Vision, Community, and Sustainability. These “Why Words” are at the heart of what we do, and our strategic direction is our expressed path to make a meaningful impact in the world. I would like to express my deepest gratitude and appreciation to all of our team members who make Cherrylake such a wonderful organization. It is a blessing to work with so many passionate and purposeful people. I look forward to seeing all we accomplish together in the coming years. ♦

Florida sandhill cranes are commonly seen on the Cherrylake property along with countless other wildlife species.





Farm Sales & Marketing

Chloe Gentry
Co-CEO

FY2021 was a record year for Cherrylake sales. Farm production sales of \$28.8M were \$2M over budget and \$4M over FY2020. Outsourcing sales of \$6M were \$1M over budget and \$1.7M over FY2020. Both Farm and Outsourcing sales are new records for Cherrylake.

The growth in Farm sales was driven primarily by an increase in volume of 11.5% with total units sold reaching 252,000 units. This volume represents our full master plan potential, and FY2021 is the first year we achieved full capacity. In addition to the increase in volume, we had a 1.2% increase in pricing.

The growth in Outsourcing sales was the result of successful marketing agreements with Deep Roots and Eagle Ridge, which contributed \$650K of new sales. In addition, strong sales of outsourcing materials to Texas and inventory gap items helped to grow this part of the business.

Overall, the sales team performed remarkably well, achieving yet another best year yet. The team substantially increased the total volume of sales, while simultaneously maintaining excellent customer satisfaction scores. CNPS scores were 81% in January and 69% in July.

Driven by robust housing and new construction throughout the Southeast and Texas, the market remained strong in FY2021. Additionally, the Texas freeze stimulated a massive surge in demand for plant material in Texas during the spring. This favorable outlook is expected to continue into FY2022 and beyond. Our sales team is ready to capitalize on these market opportunities, continuing the positive growth trend. For FY2022, we are budgeting an 8.6% increase in total sales, driven primarily by a 6% increase in price and increased available units from our Fort Pierce farm.

We experienced changes to the sales leadership as our Director of Sales and Outsourcing, Shane Pangle, resigned in the spring. This departure is an opportunity to promote from within, reinforce our collaborative leadership culture, add new resources to the team, and realign our structure to the current market opportunities and strategic priorities of the sales team.



Our strategic priorities are to:

01

Increase sales of Outsourcing through the growth of marketing agreements and the strategic purchasing of core items to supplement our master plan items.

02

Increase the sales of Fort Pierce material by improving our product management, marketing, and customer acquisition.

03

Improve logistics capabilities, processes, and management with the goal of improving customer value, while also increasing freight margin.

04

Reduce process time and waste in our sales order entry and order fulfillment processes through improved technology and process improvement.

05

Continuously improve our pricing analytics, product management, and inventory flow model.

06

Promote a culture of collaborative leadership by building trusting teams, training and developing our people, and improving dashboards and key performance indicators.



Hope, Arturo, and Angie visiting our palm field in Fort Pierce.

“

...achieving yet another best year yet. The team substantially increased the total volume of sales, while simultaneously maintaining excellent customer satisfaction scores. CNPS scores were 81% in January and 69% in July.

In support of these goals, we have hired a Logistics Leader, Woody Miller, and an Outsourcing and Curbside Leader, David Ressler. We have restructured the Fort Pierce Farm operation by bringing production operations under the supervision of Brian Randolph at IMG Citrus, while adding a Product Management Assistant under James Walker to improve communication and order fulfillment at Fort Pierce. In addition to these changes in the team structure, we are reviewing and improving our sales, order fulfillment, logistics, and outsourcing processes.

The sales team continues to perform at an exceptional level, demonstrating year in and year out this is the most experienced, most professional, and most successful sales organization in our industry. Most importantly, this team is self-motivated, constantly striving to stretch itself to achieve more, and committed to continuous improvement. ♦



Farm Operational Efficiency

Todd Gentry

Director of Production Operations

FY2021 brought some unique challenges surrounding the COVID-19 pandemic including labor shortages, supply chain interruptions, and price increases; however, with crisis comes opportunity. Because of our strong team and the financial security of the company, we capitalized on these opportunities, kept our focus on efficiencies, and set some new records.

Both the Small Container (SC) and Large Container (LC) shifting teams set a new record for the number of 30 gallon (g) equivalent units planted in a year. The SC shifting team completed 44,614 units, breaking the previous record of 44,069 units. The LC team not only shifted more units than ever before with 303,690 units, but also shifted units more efficiently than ever before at 3.86 units per man-hour, a 2% increase in efficiency over the previous year. The greenhouse propagation team also set a new efficiency record propagating 1.21 eq units per man-hour, a 27% increase over the previous year. Together, these three teams confirm the future of the farm's inventory is at maximum capacity, ensuring constant availability of quality plants for our sales team and their customers.

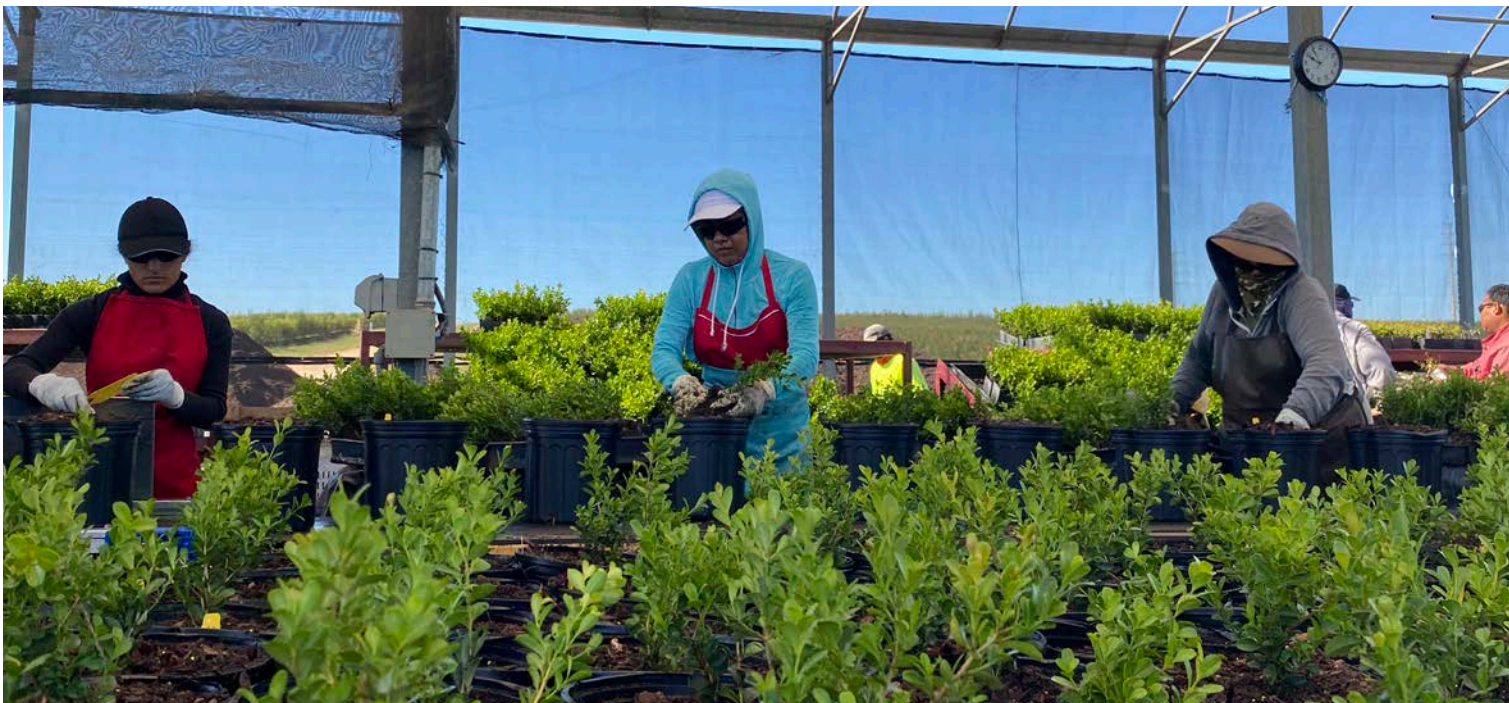
The team continued to focus on efficiency through innovation and technology in FY2021, making several notable improvements over the year. In April, the SC shifting team added a water tunnel to the 3g potting machine. This water tunnel addition reduces the temperature of the soil by about 30% and limits stress on the root systems. Planting in-line at the machine also allows for a better work environment for our team members because the area is shaded and the height of the conveyors allows for better ergonomics compared to planting in the field. As a result, our efficiency for planting shrubs increased by nearly 50%.

Simultaneously, the LC maintenance department, in conjunction with the shop and fleet teams, implemented what we call "The Rigs". Traditionally, the four LC maintenance crews utilized a tractor and people mover trailer to transport the crew and as many tools as possible. Additionally, all four crews would share a large enclosed trailer which housed all of their gas-powered equipment, ladders, hand tools, and other equipment. This caused inefficiencies in non-value added travel time and additional

complexities coordinating with other crews. In early FY2021, we converted one crew with a truck and enclosed trailer as a pilot program. After a few months, we learned a lot and made some iterations before moving forward with two more units in April 2021. We now have three of the four crews outfitted with full-sized trucks pulling a modified enclosed trailer which carries all of the tools and equipment the crew needs for the day as well as a portable toilet. We plan to expand the program to the fourth crew in FY2022.

Focusing on innovation and technology is also a necessity for us to increase our core staff in order to find qualified employees, as this proves to be extremely difficult year after year. The COVID-19 pandemic and government subsidies have added to the issue, resulting in a nationwide labor shortage in 2021. In November 2020, the state of Florida passed Amendment 2, the \$15 Minimum Wage Initiative. Amendment 2 will require the state to raise the minimum wage incrementally each year until reaching \$15 per hour in September 2026. Because of the new mandated wage increase, along with the difficulty to recruit year-round core staff, we decided to be an early adopter of the \$15 minimum hourly wage. In May 2021, we began updating our pay scale matrix for all

By adding a water tunnel to our 3 gallon potting machine, we are able to reduce the temperature of the soil by about 30% and provide a better work environment for our teams.



production staff to have the opportunity to earn above \$15 per hour. We plan to implement an aggressive marketing campaign to recruit new employees and build our core staff. This new rate puts the farm employees in the same market range as the landscape construction and maintenance categories, which also share the same labor pool. While this strategy should help us retain and recruit labor, it does make a significant impact on our Cost of Goods Sold (COGS). Our modeling shows the new wage matrix will increase our wages by \$660K (11.8%), which in parallel will increase our COGS by \$3.04 (5.4%) per 30g equivalent.

Labor wage increases are not the only variable causing an increase in COGS. The worldwide supply chain interruption has caused price increases on nearly all material inputs. A few of the larger budget items are plastic containers, up 18%; soil, up 6%; fertilizer, up 3%; and bamboo stakes, up 42%. In addition to the price increases, lead times on materials ordered also increased, causing us to raise the quantity of our reorder points to ensure we do not run short on material. This is not an issue Cherrylake is facing

alone, and thanks to our purchasing power and strong financial positioning, our vendors are working closely with us to ensure we have the best price and service available.

In addition to the material shortages caused by the pandemic, we also discovered a shortage of Florida peat. Over the years, government regulations and environmental stipulations have made it extremely difficult and cost-prohibitive for soil companies to get new permits to mine natural peat. This has caused several of the largest soil companies in Florida to look for alternative products to traditional Florida peat. Currently, Cherrylake is trialling these products side-by-side with traditional peat, and our goal is to move forward with a more sustainable product as soon as our testing indicates it is safe to do so.

Like most challenging situations, there are also opportunities. One of the opportunities we capitalized on was a local farm, known as Lake Kirkland, who desired to liquidate their inventory and lease their land. In May, we signed an 18-month lease agreement with Lake Kirkland

“

Because of the new mandated wage increase, along with the difficulty to recruit year-round core staff, we decided to be an early adopter of the \$15 minimum hourly wage.

Our LC shifting team celebrates after beating their record and shifting 303,690 trees across the farm in FY2021.

Julio at the Lake Kirkland farm where we grow many natives including Slash Pines and Southern Red Cedars.

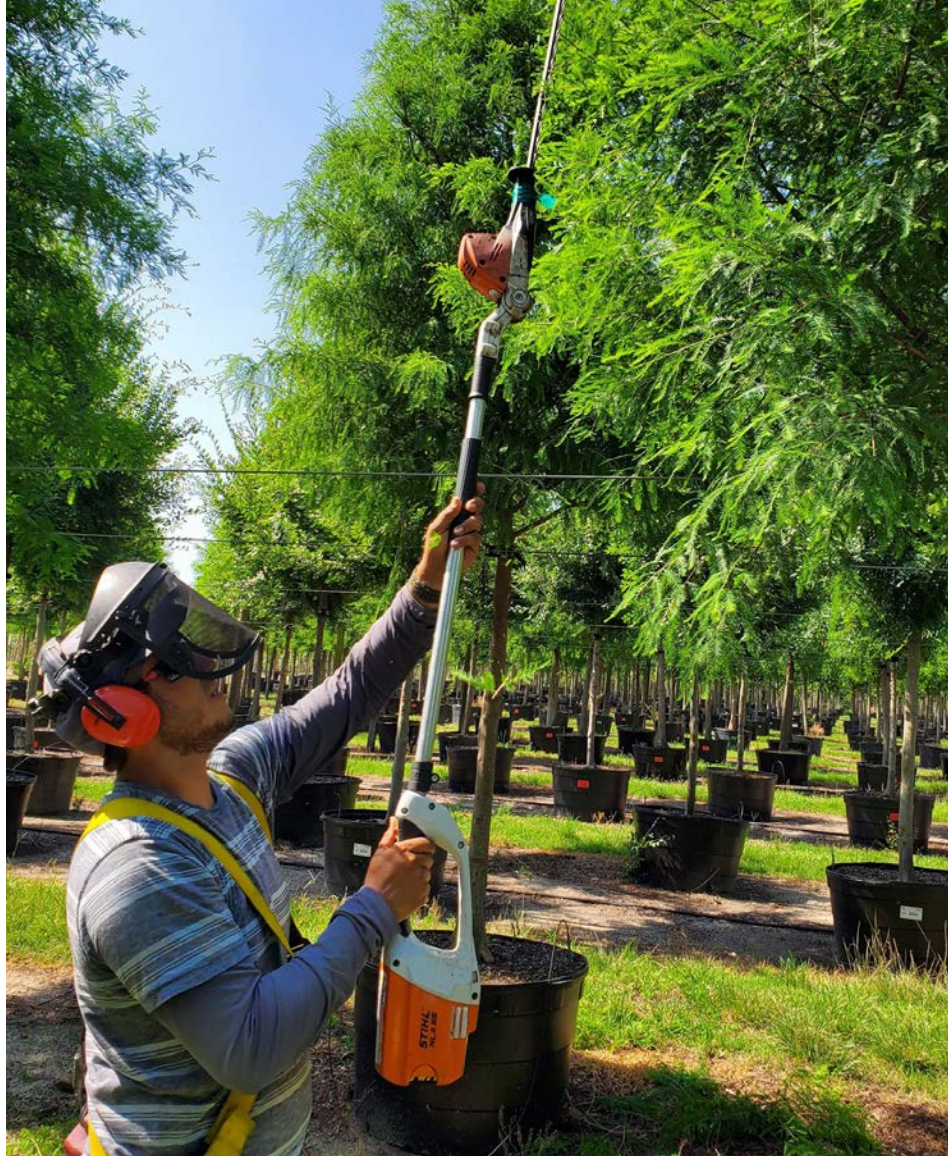


and began caretaking and marketing their inventory. This inventory includes over 15K trees consisting primarily of 30g Slash Pines and 30g Southern Red Cedars. Both of these varieties complement our current production plan. We do not currently grow either of them at Cherrylake, but we have been considering adding them to the plan at our Sunridge location in Lake Wales. This purchase will allow us to grow our Outsourcing revenue by \$1.3M over the next three years. In addition, this deal may help establish a precedent and a model for helping to transition other local nurseries seeking to exit the business.

While it is unclear how long or how severe the ripple effects from the pandemic will be felt in the supply chain, the economy, and the labor force, it is clear our team is ready and equipped to turn challenges into opportunities. We are looking forward to FY2022! ♦

Daniela with our Small Container shifting department has been with Cherrylake for 16 years. Her favorite tree is the Grape Myrtle, mostly because of their beautiful blooms.

Using electric power hedge trimmers instead of gas allows us to use less fuel and oil while also making the trimmers lighter weight and easier on our team members.





Construction Group Update

Aaron Morse
Director of Construction
Administration

A difficult aspect of being a contractor is growing and managing backlog, the amount of work under contract but not installed. Ideally, a contractor would secure work throughout the year to match its capacity. Unfortunately, construction schedules are notoriously inaccurate, with delays and acceleration creating gaps at times and a heavy workload at others. As a subcontractor, Cherrylake is expected to be available when the client is ready for us, so this can often be a challenging problem. In recent years, this has become a recurring issue for us. Fortunately, in FY2021, the Construction Group avoided major problems with scheduling and had a steady flow of work, allowing us to experience our best performance to date. The Construction Group finished FY2021 with \$16.6M in total revenue, besting last year by \$2M. Most importantly, our gross margin dollars also increased by 12.7% to \$5.1M. Due to some challenges, our gross margin percentage decreased by 0.3%, though still better than budget.

For the last few years, our total revenue had been relatively flat, and we came into FY2021 with a strong desire to grow. To do this, we needed to add new business and add more crews. We were more aggressive about pursuing work even though it seemed we were at capacity, counting on our ability to find a way to get the work done. Our customers like the quality and service we provide, and we were able to win more work without discounting our pricing. Moreover, we were successful in retaining our workers and adding crews. We were also fortunate this year to have the opportunity to bring in H-2B workers, allowing us to have full crews and work at maximum efficiency.

Our largest market segment was the Homebuilder segment, representing 46% of our revenue in FY2021. The most growth came in the Apartment segment, which grew 150% over FY2020, becoming our second largest market segment. This was important as our Theme Park & Resort business fell by 13%, now down 65% since 2019. We



James and Rey at Trinity Lakes, a new Lennar project located across the street from Cherrylake in Groveland, FL.

expect the Theme Park & Resort Business to return as the COVID-19 pandemic recedes, and we plan to continue strengthening our relationships with our Apartment and Homebuilders segments to fuel growth.

There are a few reasons why our gross margin percentage dropped in FY2021. The loss of higher-margin Theme Park & Resort work in favor of lower-margin Apartments contributed. During the winter, Texas suffered a hard freeze, devastating their nursery industry and creating shortages in plant material and demand for Florida-grown green goods. This, coupled with the economic recovery from the pandemic, caused competition for resources resulting in increases for both wages and material costs. This affected our margins on existing contracts. We also continued to use irrigation subcontractors to supplement our crews, allowing us to take on more work without hiring additional team members; however, our subcontractor cost increased from 16% in FY2020 to 20% in FY2021.

The Construction Group worked on some noteworthy projects in FY2021. Lennar was our top customer with a total of ten projects. A notable Lennar project is Trinity Lakes, a new community directly

across the street from our farm. We were hired for Phases 1 and 2 (\$600k), the beginning of a much larger project we hope to continue. Our team landscaped Stoneybrook Hills Phase 3, a \$750K expansion of the project in Mount Dora. We also worked on ten projects for our number two customer, Pulte. Our work continued at Sunbridge Del Webb with the main boulevard (\$1.4M), and we have started working on the Amenity Center (\$570K). Sunbridge is the Tavistock Group's master-planned community in St. Cloud, and we are actively pursuing other projects in this area. Our team worked on more phases of Isles of Lake Nona, totaling \$837K.

A couple of projects at Disney, which were shut down during the pandemic, were also completed. Epcot Front-of-House, a \$1.3M complete redesign of the main entrance, was completed. The Hollywood Studios Back-of-House project, a \$2.2M renovation of perimeter areas at the park, was also finished. Flamingo Crossings is an additional Disney-developed area where we completed installation of

the Fairfield Inn and Homewood Suites at Flamingo Crossings (\$821K), new hotels just outside Disney that serve the parks. We will complete the adjacent Residence Inn at Flamingo Crossings (\$360K) in FY2022. Nearby, we also completed the Westerly at Flamingo Crossings Apartments (\$483K).

Administratively we made several major improvements in FY2021, including the successful implementation of the Acumatica Construction module. This is a new feature in Acumatica that offers project accounting capabilities. Prior to this new module, the Construction Group used Spitfire for its construction-specific needs. The Spitfire data was then sent to Acumatica for accounting purposes, an unreliable method which required maintenance. Now our group works in the same system as the rest of Cherrylake, offering benefits to Construction, Accounting, and IT. We also rolled out the Skills Tree, an employee evaluation tool that allows our Construction management to score our production team on a detailed list of job skills. This tool provides

“

Our largest market segment was the Homebuilder segment, representing 46% of our revenue in FY2021. The most growth came in the Apartment segment, which grew 150% over FY2020, becoming our second largest market segment.



The Westerly at Flamingo Crossings Apartments located in Winter Garden, FL.

an objective evaluation of an employee's growth and training. It also shows our workers which areas require learning new skills for advancement. We hope this tool will prompt our workers to proactively seek more training and take ownership of their careers.

The Construction Group has set even higher goals for FY2022. While there are some challenges ahead, such as the lingering COVID-19 crisis and ongoing shortages in materials and labor, the economy is still strong. When our customers hire us, we have a strong record of retaining them. They see the difference in hiring a locally-owned company with high standards of quality and service. We believe we have all of the resources and opportunities to have success next fiscal year. ♦



Maintenance Group Update

Jim Lieffort

Director of Landscape Maintenance

In FY2021, we progressed in all of our key initiatives, which were as follows:

Build a high functioning, engaged, self-motivated, management group

Our current team is the strongest in Cherrylake's history of the Maintenance Group. Our account managers are engaged and working together as a cohesive unit to make Cherrylake Maintenance the best contractor in the region. They have a great rapport with their individual customers, showing our ability to grow our enhancements. Our production managers also remain engaged in the constant mentoring of our workforce. Our strategy of always looking to hire from within first has been good for morale, and our workers know if they display determination, hard work, and perseverance, we will move them forward in their career before looking to hire from outside. Thus, rather than simply having a job, they can make this their career.

Consistently measure and communicate all aspects that affect the bottom line of the group

We continue to utilize our Power BI report to understand where we stand at any given time. The reports are mostly lead indicators of our current position on all projects from an hours budgeted vs hours utilized perspective. The reports help us in our scheduling and staffing requirements. They also convey how each project is performing individually as a lag indicator. We always know one project's performance in comparison to any other project. This helps us understand better, applying the resources where they are most needed.

Make and grow irrigation as a profit center

We generated \$263K of revenue through the irrigation department at a 63% gross margin. The resulting gross profit was \$168K. We have added irrigation techs, and we are mentoring leadership within the group as we continue to expand.



Watermark, located in Winter Garden, is one of the many Central Florida locations Cherrylake maintains.

Make and grow enhancements as a profit center

We generated \$350K of revenue from enhancements in 2021 at a 49% gross margin. The resulting gross profit was \$170K. While this was accomplished by slightly expanding our enhancement resources, this success was ultimately due to the effort put forth by our account managers who consistently proposed beautification project strategies to decision-makers on the account. Midway through the year, an application was built allowing account managers to easily propose, price, and send enhancement proposals directly to customers. The application also included the ability to share pictures of the areas requiring enhancement, as well as a PDF proposal delivered directly to the customer through email. Through the assistance of the application, we processed proposals easily, quickly, and accurately. We simultaneously gamified the enhancement side of the business, creating a real-time feedback dashboard for our team. This dashboard



Antonio maintaining a palmetto located at the Artisan Club Condominiums in Celebration.

displays how much each of the managers approve at any given time, and it showcases how close we are to hitting our team goal each month. This basically created a feedback loop, friendly competition between the account managers, and a monthly goal for the team. The gamification also includes the irrigation team.

Develop remote deployment hubs

In late FY2020, we opened our first remote deployment location in the Winter Garden area, close to a large cluster of our projects. About halfway through FY2021, we opened another remote location on the eastside of Orlando, again near more of our projects. Thanks to our remote deployment locations, we reduce travel time to and from jobs. They also provide the added benefit of allowing us to hire workers near the remote deployment locations, opening up a significantly broader pool of workers. Additionally, a policy change, which makes us more in line with our competition, now clearly defines who can take work vehicles home. This provides more value-added time on our jobs when needed, while also

reducing overtime previously spent traveling from our Groveland location.

Grow contract business by \$1M

We struggled a bit on this priority. Shortly after the start of FY2021, our main business developer (BD) left our team. We transitioned to a new BD, who we also share with our Construction Group. This was a net positive change, as being closer to our construction team helped us improve communication. Our previous BD had many contacts, as well as a long history with a competitor. While he brought a number of opportunities to the table, many were not aligned with our goals, frustrating him and the team. Our new paradigm involves securing our Construction Group's turnover business. Fortunately, our reputation is helping us gain projects through referrals from our existing customers. For the first half of FY2021, we displayed a flatline growth curve. The second half of FY2021 produced the vast majority of our growth for the year. We began the year with a run rate of \$2.5M and halfway through the year, we were the same; however, the second half ended with a \$3.2M in run rate. Thus, all of our growth happened in the last 6 months of the fiscal year. We had an overall net growth of \$700K for the year.

Expect consistent quality of contract work

Almost everything in the landscape maintenance business hinges on quality contract work. Without quality contract work, our business will not grow, and our customers will not pay us to enhance their projects if they believe we cannot do our contract work successfully. The results of our irrigation and landscape enhancement projects act as a direct

reflection of the quality of our contract work. We lost a few contracts this year, but only one contract was due to lack of quality. This was the result of a disengaged account manager who has since been replaced by a previous production manager (hiring from within). That particular group of accounts is now thriving, and we are receiving many referrals from that group.

Challenges for 2022

The work is coming fast, and our ability to staff our workforce is difficult. Because of the pandemic, enhanced unemployment benefits, rising wages, etc., the ability to find good workers at the labor level is very hard. Without increased staffing, we will not be able to continue growing our business; we will be forced to drop poorer performing projects in order to pick up better projects. As mentioned earlier, most of our growth came in the second half of the fiscal year. We have the opportunity to get H-2B workers to fill the positions and have the challenge to accurately estimate how many we will require midway through FY2022 for the next season. Next year we intend to be more aggressive with bringing in more H-2B workers, provided the program is available. Regardless, we also need core workers, crew leaders, drivers, production, and account managers.

Assuming we can find the workers we need to service our growth, we expect to increase our book of business in FY2022 in parallel to FY2021. We plan to double our enhancement capacity in FY2022, continue to sustain what we have accomplished in FY2021, and consistently grow the group with the same core values. ♦

Financial Highlights

Cherrylake

Includes Farm, Construction, Maintenance and Outsourcing groups
For the 12 months ending June 30th (in 000's except ratios)

Net of inter-group elimination

	Forecast 2022	Actual 2021	Actual 2020
NET SALES (INCL. FREIGHT)	56,640	50,712	43,507
% of sales growth	12%	17%	-6%
GROSS MARGIN	21,086	17,654	16,518
% of net sales	37.2%	34.8%	38.0%
EARNINGS FROM OPERATIONS (EBIT)	10,929	11,768	17,776
% of net sales	19.3%	23.2%	40.9%
EBITDA	12,773	13,331	19,097
% of net sales	22.6%	26.3%	43.9%
OTHER INCOME & EXTRAORDINARY (Inventory / Discounted Ops)	-	3,616	10,353
NET INCOME	10,194	11,509	17,123
CAPITAL EXPENDITURES	2,487	1,868	4,011
INCREASE/DECREASE IN INVENTORY	153	(1,583)	4,785

2022 Forecasted
Net Sales

\$57M

2022 Forecasted
EBITDA

\$13M

2022 Forecasted Gross Margin

36%

Farm/
Outsourcing

33%

Construction/
Maintenance

37%

Cherrylake
Combined

Farm

Before inter-group elimination

	Forecast 2022	Actual 2021	Actual 2020
SALES	31,694	28,774	25,716
% of change	10%	12%	-12%
30G EQ UNITS SOLD	253,300	252,063	226,823
% of change	0%	11%	-5%
30G EQ PRICE (FOB)	108.41	101.73	100.50
% of change	7%	1%	-6%
GROSS MARGIN	12,764	10,171	10,528
Gross Margin %	40%	35%	41%
EBITDA	8,465	9,504	15,616
EBT	7,533	9,103	14,704
30G EQ INVENTORY CHANGE	27,704	(32,398)	4,913
CAP EX	1,305	1,017	3,592

Outsourcing

	Forecast 2022	Actual 2021	Actual 2020
SALES	6,815	6,009	4,376
GROSS MARGIN/EBITDA	924	855	477
Gross Margin %	14%	14%	11%

Construction/Maintenance

	Forecast 2022	Actual 2021	Actual 2020
SALES	22,367	20,017	17,096
PURCHASES FROM CHERRYLAKE	4,236	4,088	3,681
GROSS MARGIN	7,398	6,628	5,513
Gross Margin %	33%	33%	32%
EBITDA	3,384	2,972	3,004
EBT	2,661	2,406	2,419
ENDING BACKLOG	13,409	8,478	8,012
CAP EX	1,182	851	419



IMG
Enterprises

Consolidated Financials

2021 Consolidated Balance Sheet @ Book Value

As of June 30th (000's of dollars)

	IMGE	M&V	Eliminations	IMGE/M&V Consolidated
CURRENT ASSETS				
Cash & Cash Equivalent	1,174	2		1,176
Deposits/Prepays	1,287			1,287
Accounts Receivable	11,185	225	(139)	11,271
Inventory @ Cost	36,569			36,569
Other Receivables - Related Party	13,773	6,393	(12,364)	7,802
TOTAL CURRENT ASSETS	63,988	6,620	(12,503)	58,105
PROPERTY, PLANT & EQUIPMENT				
Net Book Value of Depreciable Assets	7,666			7,666
Real Estate & Improvements @ Book Value	75,684	18,180		93,864
TOTAL PP&E @ BOOK VALUE	83,350	18,180		101,530
OTHER ASSETS				
TOTAL ASSETS	147,338	24,800	(12,503)	159,635
LIABILITIES				
Accounts Payable & Accrued Expenses	12,024	211	(139)	12,096
Long Term Debt to US Banks	36,919	8,236		45,155
Line of Credit with US Banks	11,615			11,615
Other Debt - Intercompany		12,364	(12,364)	
TOTAL LIABILITIES	60,558	20,811	(12,503)	68,866
EQUITY @ BOOK VALUE	86,780	3,989		90,769
TOTAL LIABILITIES & EQUITY	147,338	24,800	(12,503)	159,635

Since July 1, 2005, IMG Enterprises, Inc. adopted Financial Accounting Standards Board (FASB) Interpretation No. 46R "Consolidation of Variable Interest Entities." The adoption of FIN 46R requires the company to consolidate M&V, LLC as a variable interest entity.

The objective of this interpretation is not to restrict the use of variable interest entities but to improve financial reporting by enterprises involved with variable interest entities. The FASB Board believes that if a business enterprise has a controlling financial interest in a variable interest entity, the assets, liabilities and results of the activities of the variable interest entity should be included in consolidated financial statements with those of the business enterprise.

Although IMG Enterprises, Inc. has no direct ownership or equity in M&V, LLC, M&V, LLC is owned by common owners of IMG Enterprises, Inc. and is primarily engaged in the business of owning and operating citrus groves. Under a marketing agreement, IMG Citrus has the exclusive right to market the citrus produced by M&V, LLC.

The consolidation of M&V, LLC and IMG Enterprises, Inc. was presented throughout this report to reconcile our audited financial statements and to provide a presentation that complies with FASB standards. However, this does not have any impact on the valuation of IMG Enterprises, Inc. stock because there is no equity relationship between the entities. The following are the financial highlights of IMG Enterprise, Inc. separate from M&V, LLC.

2021 Consolidated Income & Cash Flow Statement

As of June 30th (000's of dollars)

	IMGE	M&V	Eliminations	IMGE/M&V Consolidated
CONSOLIDATED INCOME STATEMENT				
Total Net Sales	108,834	3,288	(2,994)	109,128
Cost of Goods Sold	81,664	1,817	(2,937)	80,544
Total Gross Margin	27,170	1,471	(57)	28,584
Selling, General & Administration	18,723	1,042	(57)	19,708
Other Income/(Loss)	850	289		1,139
Extra Ordinary Gain/(Loss)	4,594			4,594
EBIT	18,485	718		14,609
Add: Depreciation	4,893	520		5,413
EBITDA	18,784	1,238		20,022
Depreciation	(4,893)	(520)		(5,413)
Interest (Expense) Income	(1,707)	(179)		(1,886)
EBT	12,184	539		12,723
Net Income	12,184	539		12,723
CONSOLIDATED CASH FLOW STATEMENT				
EBITDA	18,784	1,238		20,022
Accounts Receivable	57	65		122
Inventories	148	-		148
Accounts Payable/Other	(250)	(187)		(437)
Total Working Capital Change	(45)	(122)		(167)
Capital Expenditures	(7,080)	(13,328)		(20,408)
Gain (Loss) on Sales/Other	69	-		69
Investing Activities	(7,011)	(13,328)		(20,339)
Net Operating Cash Flow	11,728	(12,212)		(484)

IMG Enterprises, Inc. and M&V, LLC Capital Expenditures

As of June 30th (000's of dollars)

	Forecast 2022	Actual 2021	Actual 2020
CHERRYLAKE FARM			
H2 Housing	-	908	1,924,196
Central inventory Hub	-	35,016	225,582
Shop Building	-	15,715	478,965
Pine Block Improvements	-	28,738	121,026
Triangle Expansion	-	19,026	76,979
Paint loading lock	-	-	18,600
Section 259 conversion	-	171	17,488
Citrus in Containers	-	12,042	12,364
Sunridge Farm - Road Improvement	-	6,825	-
Vehicles	296,500	198,717	-
Equipment	563,668	514,970	703,035
Computers	-	14,153	-
Irrigation	-	88,196	-
Holding Systems	444,873	60,081	13,356
Building & Improvements	-	22,002	-
TOTAL NURSERY	1,305,041	1,016,560	3,591,591
CHERRYLAKE CONSTRUCTION			
Construction Holding	60,000	-	-
Vehicles	413,700	301,080	183,424
Equipment	108,000	98,683	51,369
Computers	-	15,429	-
TOTAL CONSTRUCTION	581,700	415,192	234,793
CHERRYLAKE MAINTENANCE			
Vehicles	440,000	275,779	106,408
Equipment	160,500	159,961	77,945
TOTAL MAINTENANCE	600,500	435,740	184,353
TOTAL CHERRYLAKE	2,487,241	1,867,492	4,010,737

	Forecast 2022	Actual 2021	Actual 2020
IMG CITRUS			
Vehicles	185,000	303,034	-
Equipment	1,298,885	1,496,464	1,929,361
Irrigation	861,934	180,624	217,046
Building & Improvements	406,000	159,224	26,975
Packinghouse Improvements	-	139,851	16,099
Grove Development	1,849,078	2,696,651	1,850,394
Citrus Structures (CUPS)	441,000	200,071	-
Happy Food Resets	954,482	-	-
Cooler	7,000,000	-	-
Land Purchase	-	12,800,000	-
Land Improvements	6,500	-	-
TOTAL IMG CITRUS	13,002,879	17,975,919	4,039,875
CORPORATE			
Land Purchases	-	530,347	469,844
Building & Improvements	-	34,167	-
Mitigation Bank	-	-	185,828
TOTAL CORPORATE	-	564,514	655,672
TOTAL IMG ENTERPRISES CAPEX	15,490,120	20,407,924	8,706,284

“

We believe that through our sustainable connection to the environment we can transform the world exponentially.



[IMGENTERPRISES.COM](http://imgenterprises.com)

[CHERRYLAKE.COM](http://cherrylake.com)

[IMGCITRUS.COM](http://imgcitrus.com)