

2023

IMG Enterprises Annual Report

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



Table Of Contents

2023 ANNUAL REPORT

01	IMG ENTERPRISES, INC.	11
	Our Core Values	12
	Vision Statement	13
	Organizational Transformation	14
	The Team, by the Numbers	20
	Real Estate Highlights	22
	Real Estate Schedule	26
	Real Estate Locations Map	27
	CEO Award Recipients	28
	Consolidated Financial Highlights	30
	Consolidated Balance Sheet	32
	Consolidated Income Statement	33
	Consolidated Cash Flow Statement	33
Capital Expenditures	34	
02	IMG CITRUS, INC.	37
	Expanding Horizons in Citrus	38
	Young Tree Production	42
	Happy Food Brand Refresh	44
	Sweet Sixty Acquisition	46
	Transition of Gifford & Opportunities	51
	Our Approach to Enhancing Soil Health	52
Financial Highlights	56	
03	CHERRYLAKE, INC.	59
	Strategic Growth & Leadership	60
	Trends in Landscape Maintenance	64
	Transition to Ecological Based Landscapes	68
	Loading Dock Expansion	70
	Exploration into Agritourism	72
	Epic Universe Project Highlights	76
	Process Discipline to E-commerce	78
	Field Grown Operation	82
Financial Highlights	84	



Letter from the Chairman of the Board

Michel Sallin

IMG Enterprises, Inc. (IMGE), through its subsidiaries (IMG Citrus, Inc.; Happy Food, LLC; M&V, LLC; and Cherrylake, Inc.), operates 14,016 gross acres of land. This acreage includes 918 acres that were acquired in FY2023 with the purchase of the Sweet Sixty Packinghouse for \$18 million. Of the 14,016 total acres of the company, Cherrylake operates 1,603 gross acres for the purpose of growing ornamental trees, shrubs, and palms, and IMG Citrus manages 12,315 gross acres to produce fresh grapefruit, oranges, tangerines, sod, and watermelon.

On a consolidated level, our revenues reached \$127.6M for FY2023, 6.7% above FY2022. Consolidated EBITDA came in at \$16.6M in FY2023, compared to \$26.3M in FY2022. This decrease of 36.9%, or (\$9.6M) is in part due to the prior year's gain on the sales of the Ellenton property (\$8.3M), higher SG&A expenses (\$4.2M) from growth and inflation and a challenging year in the Florida citrus production tied to the ongoing effects of the greening disease and two hurricane landfalls. Excluding the extraordinary income, our consolidated EBITDA from ongoing operations decreased from \$16.7M in FY2022 to

\$12.9M in FY2023, a decrease of 23%. Cherrylake's EBITDA from ongoing operations increased by 23% from \$10.6M to \$13M, while IMG Citrus had a challenging year with a negative \$107K EBITDA before extraordinary income, or a 102% decrease from the previous year's \$6.8M.

In FY2023, our total capital expenditures for all divisions were \$30.9M, compared to \$8.5M in FY2022. This substantial increase in capital expenditures is largely attributed to the FY2023 acquisition of the J&J property (\$18M), the start up of IMG Fresh (\$2.8M), and the additional

equipment and vehicle purchases related to growth and acquisitions. On June 30, 2023, our leverage ratio and EBITDA to Senior Debt Service ratio were 0.87 and 2.77, compared to 0.66 and 5.67 on June 30, 2022.

We have used the Employee Net Promoter Score (ENPS) for the past eleven 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 2023, the ENPS of Cherrylake and IMG Citrus were 52% and 35%, compared to 55% and 49%

the prior year. The overall ENPS for IMG E at the end of FY2023 was 48%, compared to 53% the prior year. We use the same methodology to measure our customers' satisfaction. At the end of FY2022, the CNPS (Customer Net Promoter Score) of Cherrylake and IMG Citrus were respectively 64% and 67%, compared to 76% and 77% the prior year.

In FY2023, IMG E workman compensation Experience Modification Rate (EMR) was 0.99 compared to 0.95 the prior year. We have maintained our EMR under one for the past eight years, a great accomplishment for the safety team and all of our team members.

On a consolidated basis for FY2024, IMG Enterprises has budgeted total sales at \$140.1M. This 9.9% increase, compared to the prior year, will come from a budgeted \$79.2M at Cherrylake, a 13% increase for the operation and a budgeted \$61M in IMG Citrus sales, an 8% increase for the operation. For FY2024, we are budgeting a consolidated EBITDA of \$16.4M.

For FY2024, we budgeted capital expenditures of \$10.6M, compared to \$30.9M in FY2023. The majority of these capital expenditures will be on the citrus side (\$6.6M). We have budgeted the Phase 1 construction of a second CUPS structure in Groveland (\$1.2M) and growth/replacement of grove equipment (\$1.6M). We will also continue our groves redevelopment program (\$1.4M) in this very challenging greening environment 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 0.86 and 2.11 on June 30, 2024, compared to 0.87 and 2.77 on June 30, 2023.

I extend my heartfelt gratitude to the board of directors, Co-CEOs, senior leaders, colleagues, customers, suppliers, and creditors. Aligned with shared goals and principles, we continue to grow and innovate with great vision.

Michel Sallin
Chairman of the Board
IMG Enterprises, Inc.



Founders Michel and Veronique Sallin alongside their children and grandchildren. Integrating the third generation into our operations represents a natural progression for our family-owned business. The advantage of family ownership brings opportunity because it facilitates the propagation of a strong common culture throughout the company. After all, family members inherently share a core value system, one that has been handed down through generations. This unity in family values naturally extends to and strengthens our company values, forging a more cohesive and aligned organizational culture.



**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 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.

ORGANIZATIONAL GROWTH THROUGH A REGENERATIVE MINDSET

Chloe Gentry, Co-CEO

We are a purposeful community. Our team members are supported, fulfilled, and growing. Together we thrive. This is our vision for the organization.

A vision born from a sense of responsibility to care for our team members along with the families and communities that they support. It acknowledges that we are a community. A place where life grows, where trees are born and raised, where fruit is nurtured and harvested. A place where we grow both professionally and as human beings. The organization is seen as a source of stability for our families, and a place of economic opportunity for our industries, our business partners, and the communities where our team members have roots.

This vision also echoes our respect for the intricate web of life and an acknowledgment of the interconnected relationships among all living organisms and their environments. It emphasizes the interdependence of species and ecosystems, where each component plays a vital role in sustaining the balance of life.



Sebastien (left) from Cornell University and Nico (right) from the University of Florida interned with us this summer, contributing to our carbon footprint reduction efforts by gathering key data. Their involvement aligns with our commitment to engaging with students and receiving fresh perspectives.

"Just as we strive to support the natural ability of the farm's ecosystem to flourish, we also seek to support the natural ability of our people to connect and flourish."



Michelle is the Propagator at Cherrylake where she leads the greenhouse team and propagation efforts while playing a critical role in the development of our sustainable landscape initiatives.



Our Construction team took a break to celebrate the end of FY23 with an afternoon at the park with lunch and games. This year was marked by remarkable growth with an impressive 81% increase in revenue.

As farmers, this regenerative mindset is intuitive. We understand how supporting the natural network of microorganisms in our soils, in turn, supports water efficiency, nutrient uptake, and the plant's ability to resist disease. We understand how applying principles of the natural environment in our built ornamental landscapes can help reduce inputs such as water, chemicals, and man hours, simply by promoting biodiversity and the ecosystem's natural ability to renew and sustain itself.

We also seek to support the natural ability of our people to connect and flourish. It is with a regenerative mindset that we seek to create a sustainable, living organization that creates value for people and our environment.

We are a purposeful community

We believe that our team members, customers, vendors, and partners are connected through shared values and a common purpose. As an organization, our role is to help define and communicate the values and purpose with clarity and charisma while providing opportunities for team members to align their values with their work. Instead of relying on direction from a hierarchy, team members can rely on the shared purpose and values to guide their decisions, motivate the creation of networks, and foster innovation. This pushes our leaders to be guardians of our values and connect individual and team tasks to the broader organizational mission and societal impact.

"We encourage a culture of self-awareness, fostering an understanding of individual strengths, weaknesses, and values."

Our team members are supported, fulfilled, and growing

Just as we support the natural resiliency of our soils through techniques such as cover crops, we must support the natural ability of our people to learn, create, and make choices in the interest of the community.

We encourage a culture of self-awareness, fostering an understanding of individual strengths, weaknesses, and values. This self-awareness promotes personal growth as we learn to amplify our strengths, accept our weaknesses, and connect our purpose with the organizational purpose. More importantly, it fosters collaboration as it builds a collective consciousness that together we are stronger; that together we can share our strengths, and lean on each other in our weaknesses. Our tools for self-awareness and development include the Caliper Profile Traits, the Enneagram Personality test, access to personal life coaching, the Growing Whole Together curated video training series, a Check-In Performance Management process, yoga Thursdays, and Non-Violent Communication (NVC) training that promotes recognizing emotions are indicators of met/unmet needs.

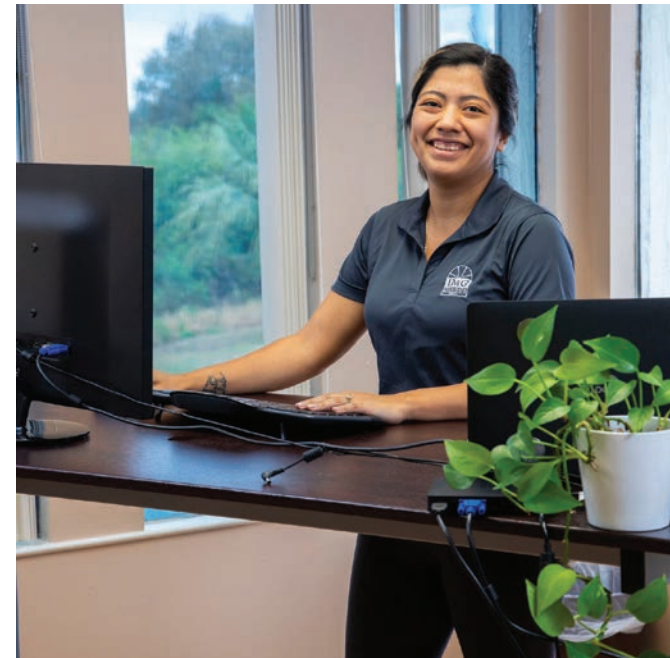
As we grow, we understand the necessity for both stability and change within the organization. We establish stable foundational elements such as strategic direction, corporate values, and standard operating procedures while remaining adaptable to evolving circumstances. We cultivate a mindset that views change not as a disruption but as an integral part of the organization's growth and regeneration. Our leaders are tasked to create the conditions to facilitate creativity and the emergence of new ideas. We seek to support a learning culture where continuous

innovation and questioning are rewarded and experimentation, learning, and mistakes are supported.

Together we thrive

At the core of our vision for the organization is the belief that together we are better than alone. That the whole is greater than the sum of its parts. Together, we encourage the co-creation of a collective identity that aligns with the organization's regenerative goals, and fosters a sense of unity and purpose. Together, we create an interconnection of networks where individuals are driven to act in the best interest of the community, putting aside individual egos for the benefit of the whole.

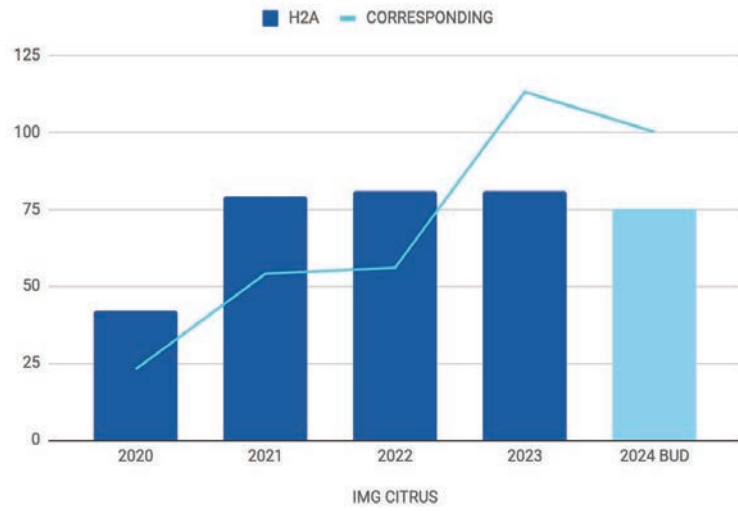
This vision is the compass for our journey together. We thank you for being part of it, and for the continued support of our team members, partners, and stakeholders. It is with great pride that we call ourselves farmers, stewards of the land, a family of talented team members, and part of a beautiful community of businesses and leaders who show up with passion and purpose every day. ♦



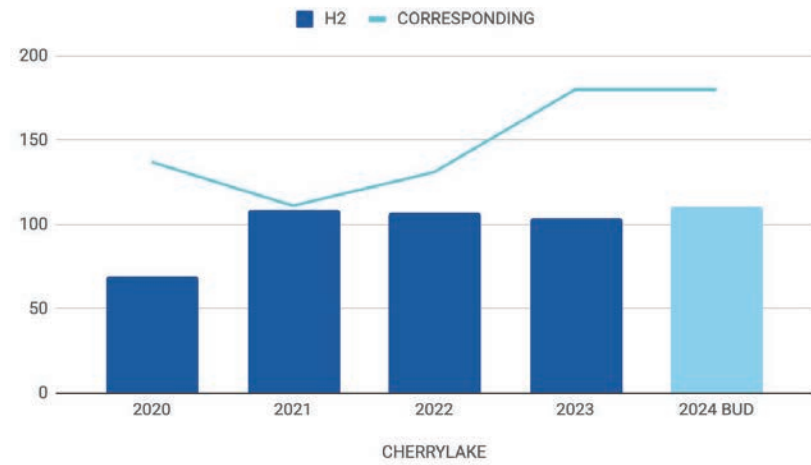
Chloe Gentry
Chloe is a Co-CEO of IMG Enterprises. She plays a vital role in shaping the company's future direction by actively leading strategic vision and driving key areas such as Sales, Marketing, Organizational Development, and Human Resources.

The Team, by the Numbers

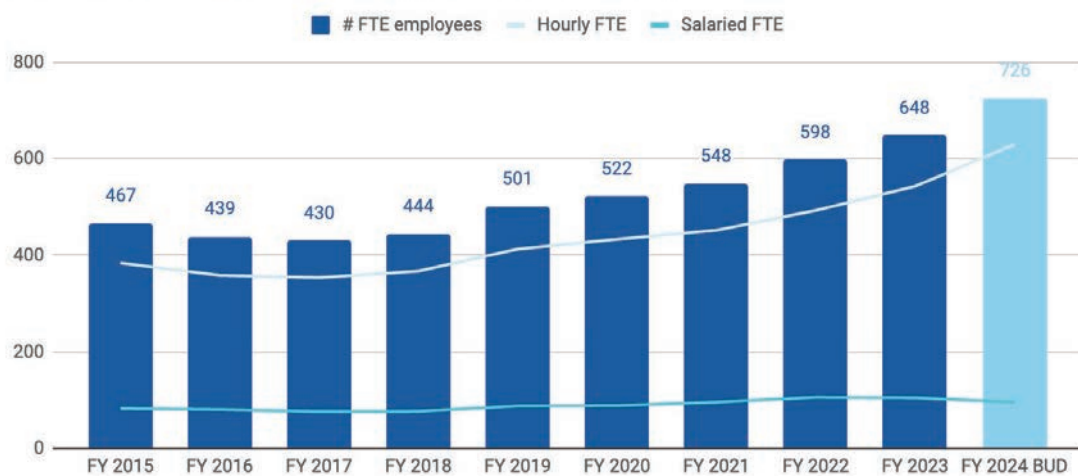
IMG Citrus Number of H2 Employees vs. Corresponding Domestic



Cherrylake Number of H2 Employees vs. Corresponding Domestic

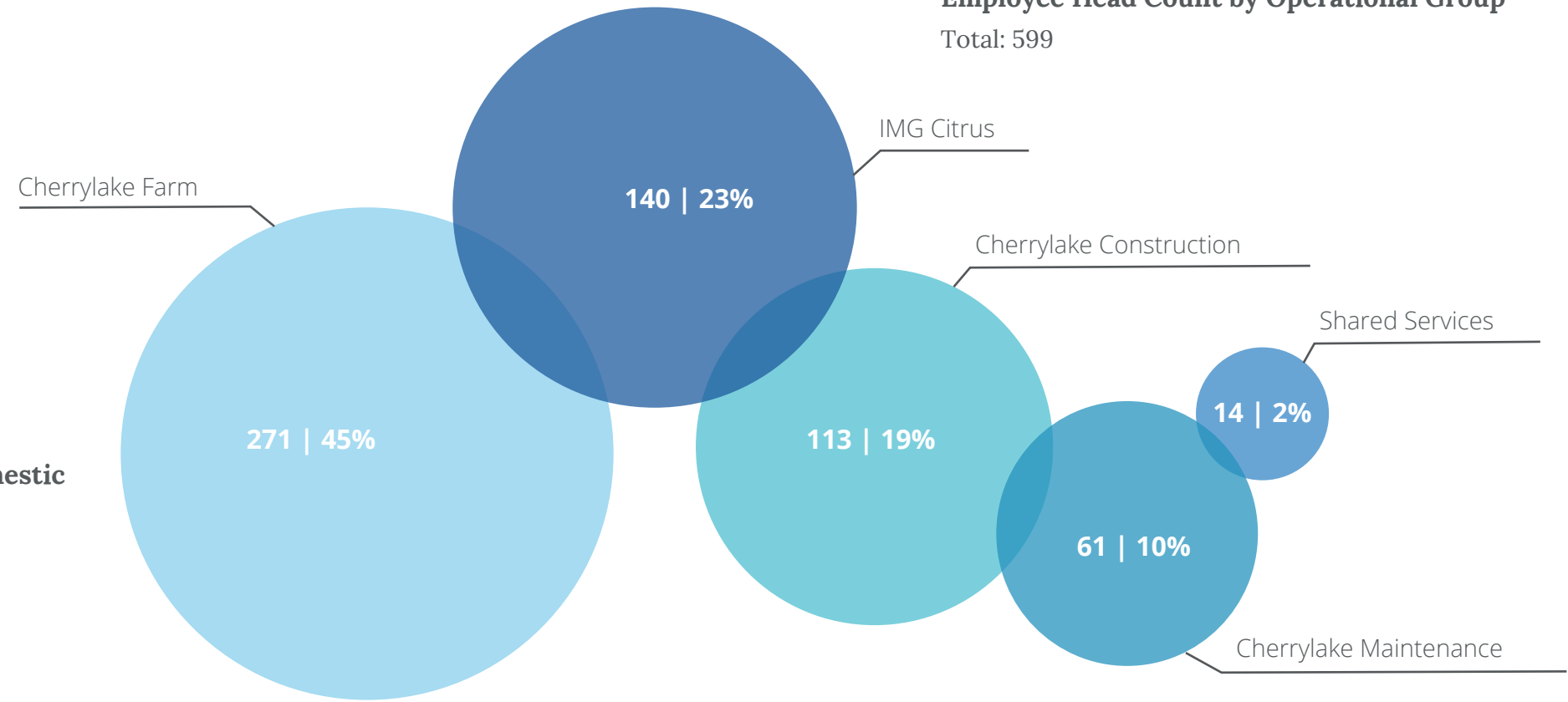


IMGE Consolidated Employee Full Time Equivalence (FTE)



Employee Head Count by Operational Group

Total: 599



Employee Wages

	FY2023	FY2022
Gross Wages (in 000's)	\$28,900	\$25,400
<i>Increase</i>	<i>14%</i>	

Employee Net Promoter Score (ENPS)*

	FY2023	FY2022
IMG Citrus	35%	49%
Cherrylake	52%	55%
IMGE Consolidated	48%	53%

Experience Mod Rate (EMR)**

	CY2023	CY2022	CY2021	CY2020
EMR	.99	.95	.84	.79

*The likelihood that an employee would promote the company to a friend or colleague on a scale from -100 to 100%.

**A numerical rating that represents how safe a business is compared to other businesses in the same industry. The standard EMR is 1.



REAL ESTATE STRATEGY

Timothee Sallin, Co-CEO

IMG Enterprises and its related companies own 14,016 acres of Florida land located in eight different counties. Approximately 12,300 acres of this land is operated by IMG Citrus, and 1,600 by Cherrylake.

Sweet Sixty

In January 2022, M&V, LLC acquired the assets of J&J Family of Farms in a transaction with Benson Hill Inc. This acquisition included a 188,000 square foot facility near Vero Beach and 918 acres of land, now known as Sweet Sixty. Previously used for various crops, this land is temporarily leased out while plans for its integration into our operations are underway. We're also planning to develop a new packing line at Sweet Sixty by October 2025, eventually relocating IMG Citrus headquarters there and selling the old 45th Street site.

Ellenton Commercial Property

In February 2022 we closed on the sale of 26 acres in Ellenton for \$8.75M to Watermark at Ellenton. We retained 9.48 acres of commercial land for future sale or development. The retained parcel has entitlements for 125,000 square feet of commercial uses. We have received interest from a variety of buyers with projects including a hotel, self-storage, and an office building. Our property could conceivably accommodate all three uses, however, we would need to increase our entitlements. We have retained Caleb Grimes with the firm Grimes Galvano to update the approved general development plan with Manatee County to permit up to 185,000 square feet. This process could take 6-8 months. During this time we will continue to explore opportunities with buyers.

Parrish

IMG Enterprises owns 34 acres in Parrish, FL. This property is located on the Gamble Creek with access to the Manatee River. In 2022, 71% of Manatee County voters voted for the "Water Quality, Fish and Wildlife Habitat Preservation and Parks" funding measure on the ballot. This measure allows Manatee County to levy an additional 0.15 mill ad valorem tax and issue general obligation bonds in a total principal amount not exceeding \$50M.

An Environmental Lands Management and Acquisition Committee (ELMAC) was formed to administer the bond program. The ELMAC identified our 34-acre property along with four other adjacent properties totaling 238 acres for acquisition. This assemblage will be part of a larger conservation and passive recreation area for the county which connects to 500 acres of existing conservation land.

The board of county commissioners approved the ELMAC recommendation in October 2023. Two appraisals are being conducted. Once the appraisals are complete, the county will establish an offer price and contracts with landowners can be negotiated, with closing in 2024.

Citrus Under Protective Screen (CUPS)

We are in the process of completing our second CUPS structure in Groveland FL, bringing our total CUPS program to 34 acres. Our goal is to expand this to 400 acres. We are actively looking for land to purchase or lease in the area around Groveland for this purpose. We are also evaluating the potential to build CUPS at Sweet Sixty.

Happy Food H2A Housing

We were previously denied the conditional use permit required to build this housing in 2021. As there has been a change in the St. Lucie County Board of Commissioners, we have determined to resubmit a modified application requesting permission to build a facility for 48 workers. This project would allow us to house our east coast harvesting crews on-farm. Currently, our harvesting crews are housed in leased housing in Okeechobee which is a 45 minute commute to the work site.

Panther Mitigation Bank

We had been in talks with RES / RL Holdings regarding a potential joint venture or acquisition of the mitigation bank project at Panther Grove. These talks have ended and we are back to pursuing this project independently. We plan to submit our application to the U.S. Army Corp of Engineering



Timothee Sallin

Timothee is a Co-CEO of IMG Enterprises, where he has been an integral part of the company for 22 years. Timothee's expertise extends to various areas including Sales, Operations, Sustainable Landscapes, and Real Estate.

(USACE). Given challenges in navigating the permitting process with our previous consultants, we have decided to look for a new consultant. Our goal is to select a consultant in the first quarter of 2024 and resume the application process.

Land Holding Analysis

In 2023, we retained the services of Richard Levey, Ph.D. to conduct a land holding analysis of our properties. In this analysis, Dr. Levey reviewed current zoning, future land use, and relevant comprehensive plan policies affecting each parcel. The report provides opinions on the development potential in the short, medium, and long term. In addition, the report looked at proximity to Florida's natural lands inventory including the Florida Wildlife Corridor, Florida Forever, and the Rural Family Lands Protection Program to ascertain the potential for conservation acquisition and other alternative uses. The final report provides general information and recommendations on each property including high-quality maps and GIS data. ♦



Real Estate Schedule By Operating Entity

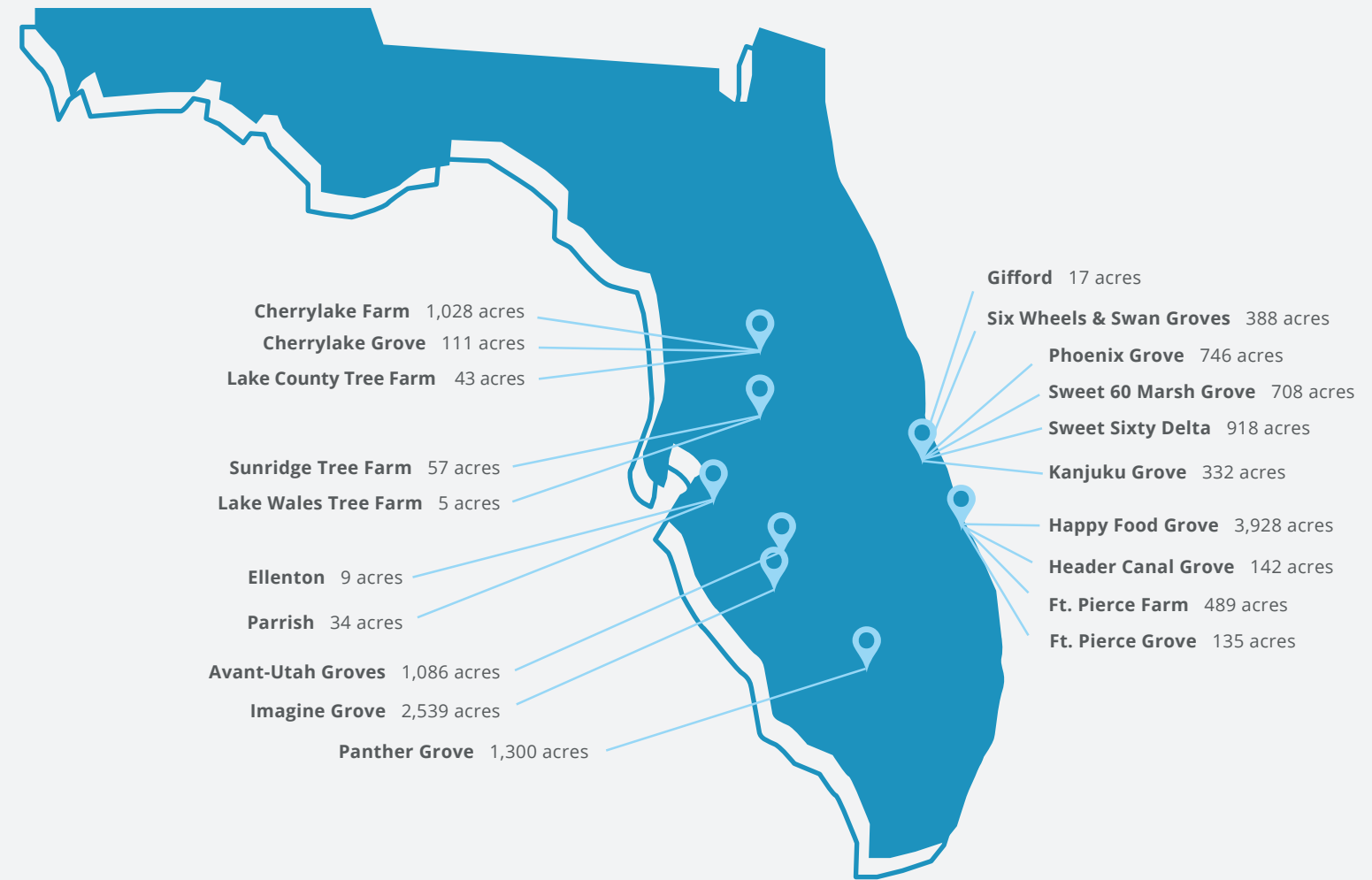
Land & Improvement for IMG Enterprises, Inc., M&V, LLC, and Happy Food, LLC @ Book & Appraised Value

For the 12 months ending June 30, 2023

Landowner		Acres	Book Value	Per Acre Book Value	Market Value	Appraisal Date	Per Acre Market Value
TREE FARM OPERATING ASSETS							
IMGE	Groveland	1,009	18,364,971	18,201	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)	-	328,590	-	310,000	4/10	-
M&V	Sunridge Tree Farm (Free & Clear)	57	499,106	8,756	620,000	4/10	10,877
M&V	Lake Co. Tree Farm Land (Free & Clear)	40	714,196	17,855	475,000	4/10	11,875
M&V	Lake Co. Tree Farm House (Free & Clear)	3	142,282	47,427	190,000	4/10	63,333
TREE FARM TOTAL		1,603	21,181,141	13,213	24,020,459		14,985
IMG CITRUS OPERATING ASSETS							
IMGE	Panther Grove	1,300	2,816,004	2,166	6,400,000	8/15	4,923
IMGE	Kanjuku Grove	332	4,561,854	13,741	2,500,000	7/15	7,530
IMGE	Six Wheels Grove	306	824,817	2,695	2,600,000	7/15	8,497
IMGE	Swann Grove	82	510,994	6,232	500,000	7/15	6,098
IMGE	Groveland Grove	75	720,497	9,607	1,487,725	9/15	19,836
IMGE	Packinghouse	17	3,663,831	215,519	6,000,000	10/14	352,941
IMGE	3200 46th St, Vero Beach (Free & Clear)	0.33	126,040	381,940	129,517	10/19	392,476
IMGE	4826 30th Ave, Vero Beach (Free & Clear)	0.11	159,565	1,450,587	163,311	2/22	1,484,645
IMGE	4875 29th St, Vero Beach (Free & Clear)	0.11	104,242	947,657	107,118	10/19	973,800
IMGE	4896 29th St, Vero Beach (Free & Clear)	0.11	101,539	923,085	104,340	10/19	948,545
IMGE	Ft. Pierce Farm	135	2,141,027	15,859	1,680,222	7/15	12,446
IMGE	Sweet 60 - Beckley/Neville Grove (Free & Clear)	80	1,322,599	16,532	418,626	5/16	5,233
IMGE	Sweet 60 - J2 Grove (Free & Clear)	160	1,228,455	7,678	1,180,060	7/17	7,375
IMGE	Sweet 60 - J4 Grove (Free & Clear)	164	1,849,673	11,278	984,510	7/17	6,003
IMGE	Sweet 60 - J5 Grove (Free & Clear)	200	1,212,827	6,064	1,515,727	7/17	7,579
IMGE	Sweet 60 - J6 Grove (Free & Clear)	38	210,645	5,543	259,378	7/17	6,826
IMGE	Sweet 60 - McDonell Grove (Free & Clear)	66	1,295,041	19,622	313,720	7/18	4,753
M&V	Avant/Utah Grove (Free & Clear)	1,086	3,363,909	3,098	8,600,000	4/10	7,919
IMGE	Phoenix Grove (Free & Clear)	746	2,610,389	3,499	2,650,000	3/18	3,552
M&V	Header Canal Grove (Free & Clear)	142	803,420	5,658	1,353,176	3/18	9,529
HPFD	Happy Food Groves	3,928	27,169,084	6,917	31,250,000	4/19	7,956
M&V	Imagine Grove	2,539	12,324,150	4,854	12,800,000	4/21	5,041
SW60	Sweet Sixty	918	12,266,206	13,356	18,071,172	12/22	19,677
SAS	SAS (Free & Clear)		1,702,633		865,537	9/21	
IMG CITRUS TOTAL		12,315	83,089,442	6,747	101,934,139		8,277
LAND DEVELOPMENT							
IMGE	Parrish Land (Free & Clear)	34	130,153	3,828	340,000	12/10	10,000
IMGE	Ellenton (Free & Clear)	9	237,478	26,386	2,201,468	4/10	244,608
IMGE	Lake Lucie Frontage (Free & Clear)	31	294,414	9,497	294,414	10/16	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		98	1,294,825	13,213	3,468,663		35,395
TOTAL IMG & M&V		14,016	105,565,409	7,532	129,423,261		9,234
IMGE	IMGE Subtotal	5,303	48,283,055	9,105	56,063,913		10,573
SW60	Sweet Sixty Subtotal	918	12,266,206	13,356	18,071,172		19,677
M&V	M&V Subtotal	3,867	17,847,064	4,615	24,038,176		6,216
HPFD	HPFD Subtotal	3,928	27,169,084	6,917	31,250,000		7,956
TOTAL		14,016	105,565,409	7,532	129,423,261		9,234
IMGE	Total Free & Clear	2,886	19,094,970	6,617	23,763,069		8,235
IMGE	Total Encumbered	11,130	86,470,439	7,769	105,660,192		9,493

Real Estate Locations

14,016 Acres of Land Under Management



2023 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 team members to praise and recognize 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

Kent Malcolm
IMG Citrus

"In the off season, Kent has been helping secure outside fruit by negotiating with growers. This is no easy task, and we have been very successful thanks once again to Kent's excellent communication and people skills. Kent's many contribution to our team goals and bottom line can be traced directly to his open and honest communication."



We believe in teamwork and respect for people

Caren Humphries
Cherrylake Farm

"Caren is a trooper! She puts others before herself. She is always willing to learn something new. She has embraced numerous changes over the past year and does a great job shuffling around where ever she is needed."



We are passionate about what we do

Juan Gonzalez Gabriel
Cherrylake Construction

"He is always willing to express what is required at work, giving his best opinion in developing the work in the best way without using short paths to reach the end."



We always propose a solution

Noel Magana
Cherrylake Maintenance

"Noel is always proposing a solution in the field to help the irrigation team when they are not available. He has helped out numerous times at Williams Preserve with breaks and emergencies. He is willing to lend a hand or jump in and fix an issue."



We embrace change, learning, and innovation

Michelle Sharkey
Cherrylake Farm

"Look at all she has accomplished in her short tenure here. Michelle has learned so much and she has gained the respect of her entire team and coworkers. She has embraced some new technologies in the greenhouse and has worked through some real challenges. She is making the greenhouse her own and her passion shines through in all that she does. Can't wait to see what the future holds for Michelle here at Cherrylake."



We foster beauty, cleanliness, and safety of our environment

Jimmy Rogers
Cherrylake Maintenance

"What Jimmy has done with the native plantings is truly amazing. Seeing this vision come to life is great. Not only does this bring beauty to us all everyday but also inspires so many people to look at native plants in a whole new way."



We encourage entrepreneurial decision making

Luke Sepe
Shared Services

"Luke is extremely intelligent and is great to brainstorm with when solving a variety of problems. Luke has a wealth of knowledge and mind that allows him to apply this knowledge to problem solving."

Financial Highlights

IMG Enterprises, Inc. and M&V, LLC

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

Consolidated Income & Cash Flow Statement

	Forecast	Actual	Actual
	2024	2023	2022
Consolidated Net Sales	140,132	127,557	119,514
Consolidated Gross Margin	35,712	31,092	32,108
Consolidated EBITDA	16,407	16,603	26,329
Consolidated EBIT	7,860	8,857	19,894
Extraordinary Items/Other Income (included in EBITDA)	620	3,736	9,610
Net Income	3,583	6,396	17,880
Total Capital Expenditures	10,545	30,914	8,495

Consolidated Financials @ Book Value

	Forecast	Actual	Actual
	2024	2023	2022
Total Assets	197,440	206,217	177,627
Senior Debt	75,695	80,819	58,427
Total Liabilities	91,256	96,156	70,489
Book Value Equity	106,184	110,061	107,138

Consolidated Selected Ratios @ Book Value

		Forecast	Actual	Actual
		2024	2023	2022
Leverage Ratio	Max. 1.45	0.86	0.87	0.66
EBITDA to Senior Debt Service	Min. 1.25	2.11	2.77	5.67

2023 Net
Sales Actual
\$128M

2023 EBITDA
Actual
\$17M

2023 Total
Assets
\$206M



Consolidated Balance Sheet @ Book Value

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

	Forecast 2024	Actual 2023	Actual 2022
CURRENT ASSETS			
Cash & Cash Equivalent	2,413	3,721	2,660
Deposits/Prepays	1,522	1,746	9,787
Accounts Receivable	19,970	23,022	12,564
Inventory @ Cost	42,736	41,719	40,744
Other Receivables - Related Party	4,560	8,560	8,400
TOTAL CURRENT ASSETS	71,201	78,768	74,155
PROPERTY, PLANT & EQUIPMENT			
Net Book Value of Depreciable Assets	20,620	20,620	7,813
Real Estate & Improvements @ Book Value	104,560	105,565	95,659
TOTAL PP&E @ BOOK VALUE	125,180	126,185	103,472
OTHER ASSETS	1,059	1,264	-
TOTAL ASSETS	197,440	206,217	177,627
LIABILITIES			
Accounts Payable & Accrued Expenses	15,561	15,337	12,062
Long Term Debt to US Banks	48,008	51,245	42,925
Line of Credit with US Banks	27,687	29,574	15,502
TOTAL LIABILITIES	91,256	96,156	70,489
EQUITY @ BOOK VALUE	106,184	110,061	107,138
TOTAL LIABILITIES & EQUITY	197,440	206,217	177,627

2024 Total
Assets Forecast
\$197M

2024 Net
Sales Forecast
\$140M

2024 EBITDA
Forecast
\$16M

Consolidated Income Statement

	Forecast 2024	Actual 2023	Actual 2022
TOTAL NET SALES	140,132	127,557	119,514
COST OF GOODS SOLD	104,420	96,465	87,406
TOTAL GROSS MARGIN	35,712	31,092	32,108
<i>Selling, General & Admin</i>	28,472	25,971	21,824
<i>Other Income/(Loss)</i>	620	1,793	829
<i>Extraordinary Items</i>	-	1,943	8,781
EBIT	7,860	8,857	19,894
<i>Add: Depreciation</i>	8,547	7,746	6,435
EBITDA	16,407	16,603	26,329
<i>Depreciation</i>	(8,547)	(7,746)	(6,435)
<i>Interest (Expense) Income</i>	(4,277)	(2,461)	(2,014)
EBT	3,583	6,396	17,880
Net Income	3,583	6,396	17,880

Consolidated Cash Flow Statement

	Forecast 2024	Actual 2023	Actual 2022
EBITDA	16,407	16,603	26,329
Accounts Receivable	(3,053)	(10,458)	(2,186)
Inventories	(1,016)	(976)	(4,175)
Accounts Payable / Other	652	10,053	(8,239)
Total Working Capital Change	2,689	(1,381)	(14,600)
<i>Capital Expenditures</i>	(10,545)	(30,914)	(8,495)
<i>Gain (Loss) on Sales / Other</i>	-	(380)	(8,424)
Investing Activities	(10,545)	(31,294)	(16,919)
Net Operating Cash Flow	8,551	(16,072)	(5,190)
<i>Loan to Shareholders / Euro</i>	(3,460)	(3,635)	(1,511)
<i>Gain / Loss Sales / Other</i>	3,075	906	8,599
<i>New Financing</i>	-	11,000	-
<i>Long Term Debt (Borrow / (Repay))</i>	(3,310)	(2,751)	(2,287)
<i>Credit Line</i>	(1,887)	14,073	3,887
<i>Interest Paid</i>	(4,277)	(2,461)	(2,014)
Total Corporate Activities	(9,859)	17,132	6,674
Net Change in Cash	(1,308)	1,060	1,484

Capital Expenditures

IMG Enterprises, Inc. and M&V, LLC

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

	Forecast 2024	Actual 2023	Actual 2022
CHERRYLAKE FARM			
Land Improvements	238,500	52,016	50,512
Building & Improvements	240,000	28,816	7,338
Irrigation	17,500	169,598	94,930
Vehicles	188,000	236,655	258,892
Equipment	1,073,500	853,550	678,773
Holding Systems	296,500	179,402	154,056
Computers	13,900	-	-
TOTAL NURSERY	2,067,900	1,520,036	1,244,501
CHERRYLAKE CONSTRUCTION			
Vehicles	670,000	457,239	327,824
Equipment	535,000	291,952	55,244
Computers	-	-	-
TOTAL CONSTRUCTION	1,205,000	749,191	383,069
CHERRYLAKE MAINTENANCE			
Vehicles	432,000	344,129	124,421
Equipment	245,000	68,062	158,972
TOTAL MAINTENANCE	677,000	412,191	283,393
TOTAL CHERRYLAKE	3,949,900	2,681,418	1,910,963

	Forecast 2024	Actual 2023	Actual 2022
IMG CITRUS			
Vehicles	500,000	250,451	173,295
Equipment	2,000,000	2,930,589	1,442,013
Irrigation	-	314,775	171,612
Building & Improvements	100,000	38,376	82,548
Packinghouse Improvements	-	-	37,895
Grove Development	1,350,177	2,483,018	2,624,941
Citrus Structures (CUPS)	1,183,962	477,432	482,747
Cooler	-	-	497,660
Sweet Sixty	460,866	18,071,172	-
IMG Fresh	-	2,827,927	-
Land Improvements	-	-	7,300
SAS	1,000,000	837,096	865,537
TOTAL IMG CITRUS	6,595,005	28,230,835	6,385,549
CORPORATE			
Land Purchases	-	-	15,000
Building & Improvements	-	1,732	183,643
Mitigation Bank	-	-	-
TOTAL CORPORATE	-	1,732	198,643
TOTAL IMG ENTERPRISES CAPEX	10,544,905	30,913,985	8,495,155



**LEADERSHIP
TEAM**

Brian Randolph
Director of Grove Production

Luke Sepe
Head of IT

Sydney Allison
Director of Sales

Todd Haffield
Director of Packing Operations





A YEAR IN REVIEW: EXPANDING HORIZONS IN FLORIDA & IMPORTED CITRUS

Melanie Ressler, Co-CEO

FY2023 was a challenging year for the Florida citrus industry. In addition to continued yield attrition due to HLB (Huang Long Bing), the Florida peninsula suffered two major hurricanes. As a result, the Florida citrus industry saw a 39% reduction in fresh citrus shipments from the previous year. Despite difficult operational and financial results, the company made great progress toward its strategic initiatives and continues to solidify itself as the citrus solution for the Southeast United States.

Notably, the company closed on the acquisition of a state of the art cold-storage, packing and distribution platform which will allow the continued growth of citrus import activities. The \$21M acquisition included 981 acres of quality farmland, a newly constructed 188,000 square foot facility, and \$3M of farm equipment. This strategic acquisition will allow the company to meet its growth objectives for the citrus import activity as well as be the future home of the Florida citrus packing operation and be better adapted to modern packing requirements and flow. In the groves, the company continued the rejuvenation of its mature citrus acreage, began construction of its second CUPS structure (Citrus Under Protective Screen), and developed further levels of integration within the citrus supply chain.

Total revenues from the citrus operation for FY2023 were \$56.7M down from \$66.5M the prior year. Revenues from Florida citrus represented \$27.1M and imported citrus represented \$29.6M compared to \$36.3M and \$30M the prior year. FY2023 marks the first year where the imported citrus activity exceeded the Florida harvest. The Florida citrus activity yielded an EBITDA of \$3.5M compared to \$6.6M the previous year. The citrus import activity achieved an EBITDA of



"The acquisition of the Sweet Sixty facility will allow further growth of the import program and reduce reliance on the Florida crop."

\$900k compared to the previous year of \$1.3M. Citrus consolidated EBITDA in FY2023 was \$4.4M compared to \$8M the previous year.

The company estimates 50% of the crop was lost to hurricanes Ian and Nicole resulting in an average yield of 85 field boxes (fb) per producing acre compared to a pre-hurricane budget of 170 fb / acre. Crop losses were compensated by \$6.7M of insurance proceeds, \$2M of citrus tree insurance proceeds and \$2M from other hurricane assistance programs. The resulting crop income was aligned to budgeted expectations, however the company's integrated results suffered from the lower volumes of fruit harvested, packed and marketed. The lower volumes resulted in lost margin opportunities but also contributed to inefficiencies throughout the value chain. These inefficiencies were compounded with inflationary pressures on labor (+35%), packing materials (+15%), and grove caretaking costs (+17%).

As there is no known cure to the HLB disease our efforts continue to be focused on how to grow citrus profitably in a greening environment. Despite greening, Florida grapefruit maintains its position as the "Best in the World" in terms of gustative quality. Its juice content and flavor are unmatched by other producing origins and inspires our commitment to seeing the other side of this crisis. As we learn to grow citrus in this environment, we have embraced regenerative farming practices nurturing the soil to foster a balanced ecosystem that supports the well-being of our trees. Synthetic fertilizers are being reduced with the increased use of organic compost. Traditional herbicide practices are being altered with the planting of nitrogen fixing cover crops. Over the past 10 years we have been steadily replanting trees within mature blocks through our reset program and developing new blocks. As a result, 22% of our tree inventory is pre-productive and 24% of producing trees are less than 10 years of age. This is an exciting indicator as 46% of the 800,000 of our planted trees have yet to reach peak production.

The challenges of FY2023 expose the inherent risks of agriculture and further emphasize our strategic initiatives to create diversification and

vertical integration. The import program which represented 52% of the revenues in FY2023 allows the operation to capitalize on its core competencies and distribution assets to generate revenues and margin without incurring the agriculture production risk. Symbiotically our position as an asset-based Florida citrus grower has created an edge in growing retail programs and grower relationships for imported citrus. The acquisition of the Sweet Sixty facility will allow further growth of the import program, reducing the reliance on the Florida crop for sustainability and generating the income streams to allow continued investment in Florida and the fight against greening bacteria disease (HLB).

As we look to FY2024, the citrus operation will continue to build the import activity by expanding the existing import programs, adding new products such as Colombian limes and offering 3PL (Third Party Packing & Logistics) services to outside growers and importers. The company is budgeting sales of \$33.8M from imports with resulting EBITDA of \$2.1M and import EBIT of \$1.7M.

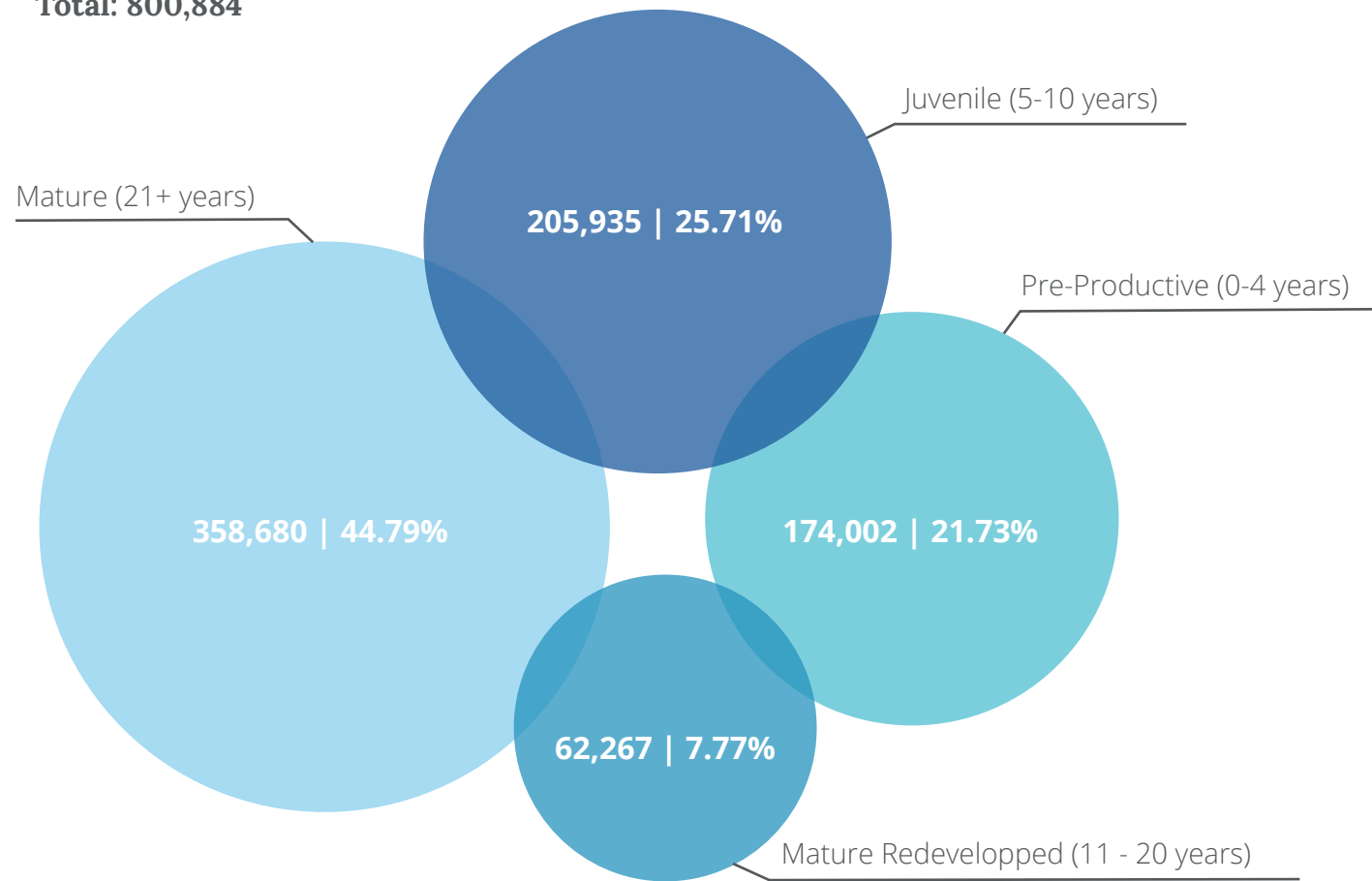
The company expects a difficult season for the Florida citrus operation as the trees look to recover from the hurricanes of FY2023, a recovery made more challenging in an HLB environment. We expect a slight increase in yield, from 85 fb to the acre to 119 fb which remains under the EBITDA breakeven point of 124 fb / acres at the expected revenue and cost structures. Effectively, the year after the storm tends to be the most difficult year in citrus as the trees and volumes have not fully recovered and results are not compensated with insurance proceeds. We expect Florida citrus to represent \$27.2M in revenues with resulting nearly breakeven EBITDA of \$233k and negative EBIT of \$-5.7M after \$5.9M of depreciation expense.

The consolidated citrus operation (imports and Florida) is expected to achieve revenues of \$61M with resulting

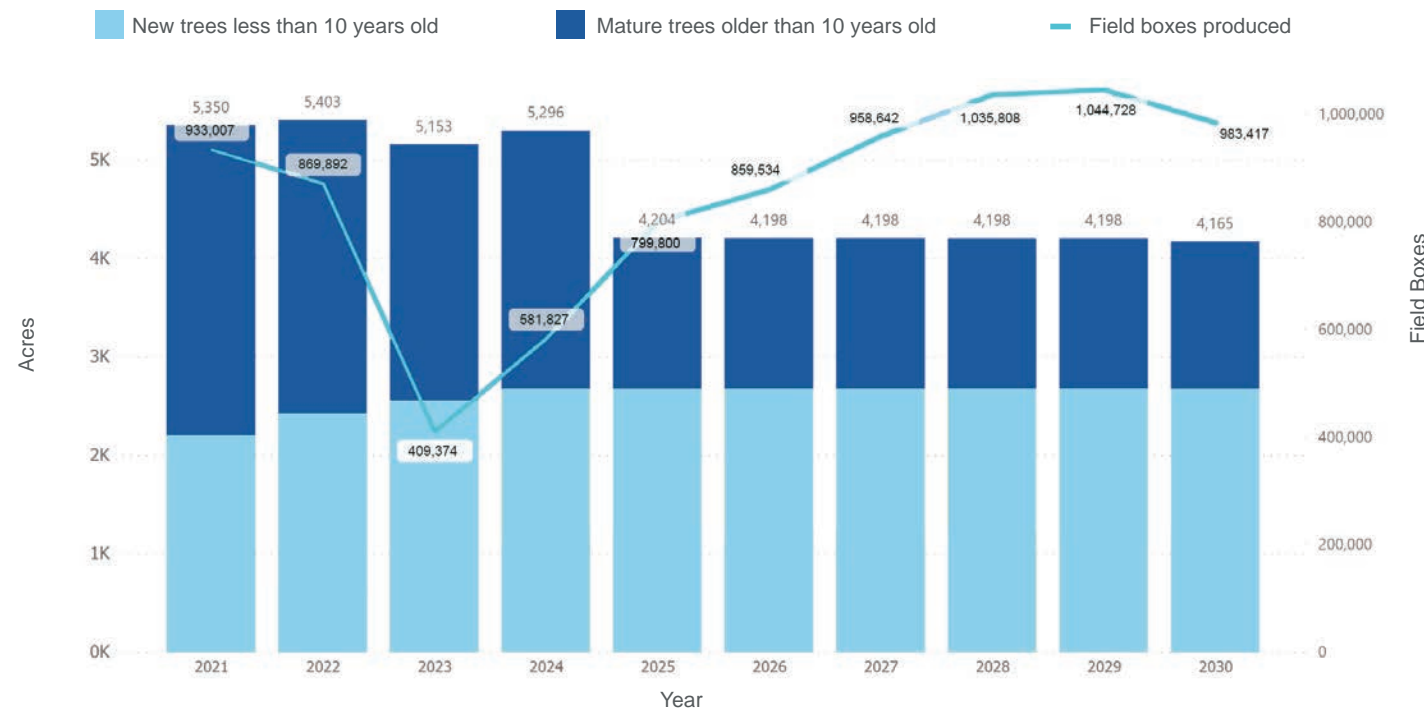


Young Tree Production

Young Tree Count
Total: 800,884



Producing Acres | Field Boxes Produced



EBITDA of \$2.3M and EBIT of loss of -4.1M. Although difficult results, we are encouraged to achieve positive EBITDA in this severe crisis and are committed to make progress on our strategies to overcome the HLB challenge while continuing to build resilience in the citrus operation.

In FY2024 the citrus operation will be focused on growing the existing import program, expanding imported origins, continued construction of CUPS and the consolidation of the citrus packinghouses. We will also add a new level of integration by performing in-house hauling of the Florida harvest.

We are very pleased with the performance of the trees in the first CUPS structure where we see the vigor and rapid growth of trees in an HLB free environment. The upfront cost of \$45k per acre for the structure is compensated by yields that are more than 5x those we are obtaining in open air plantings resulting in an internal rate of return of 22%. In addition, this production system allows us to do “more with less” a necessity for farmers who are looking to feed the growing population sustainably. CUPS production uses less land, water, and inputs for greater production of field boxes. We believe strongly in this production method and will look to expand CUPS to 400 acres over the next five years. The ideal location for CUPS structures is inland and away from the coasts where we see increased wind risk and a higher water table. For this reason, we will be looking to purchase additional acreage in Central Florida for this project.

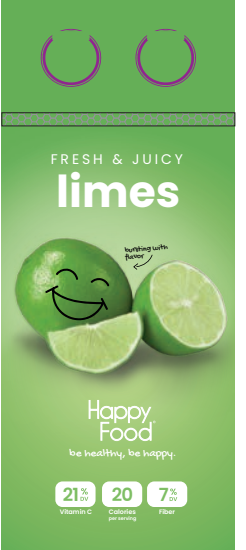
The new facility is being used to operate the import operation. However, the Florida packing operation continues to operate out of the original facility, which is equipped with de-greening rooms, sorting, and washing equipment that is not required for imports. We will consolidate all packing operations

by October 2025. This project is an opportunity to rethink the flow of the operations and evaluate new technologies and equipment that can optimize our quality and efficiencies for both the Florida and import operations. In the meantime, we will be leasing the farmland and a portion of the new packing facility to third-party operators during the Florida citrus season. A portion of the cold storage will be maintained by IMG Citrus where we will offer 3PL services to growers and importers allowing the creation of additional revenue streams until we build our programs to the capacity of the facility.

We are incredibly grateful to the citrus team for the hard work, dedication, and commitment to redefining the 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. ♦



Melanie Ressler
 Melanie is a Co-CEO at IMG Enterprises, collaboratively leading the strategic vision of the enterprise along with her siblings. She specializes in finance, accounting and risk management while also supporting the sales and operations leadership teams at IMG Citrus.



HAPPY FOOD BRAND REFRESH

Sydney Allison, Director of Sales

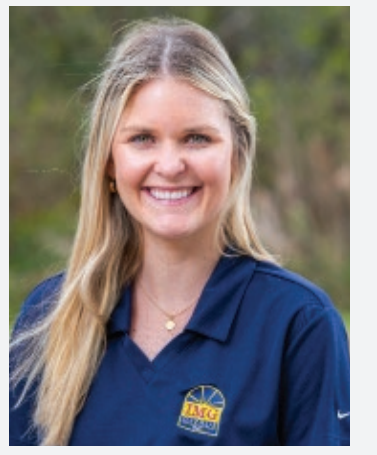
Happy Food, our flagship consumer brand, offers more than just a playful experience but a journey towards a healthier lifestyle. Established in-house nearly a decade ago, this label is accessible year-round, spanning both the Florida and import seasons. Targeting health-conscious consumers, Happy Food has successfully created a warm, social identity for citrus enthusiasts. Our tagline, “be healthy, be happy,” captures the idea that eating whole fruit grown from the best citrus regions in the world, will not only be enjoyed in the moment but will bring happiness through a healthy, whole product that will do good for your body and mind.

In 2023, IMG Citrus embraced a significant opportunity to revitalize the Happy Food brand. The shift to registered packaging for our Happy Food d-packs was more than an operational change; it was a step towards furthering our vision. Throughout the redesign process, we carefully considered various options and ultimately decided to prioritize showcasing the nutritional benefits of citrus and the product itself. We accomplished this by prominently featuring a nutrition fact table and a section that highlights the vitamins and nutrients on the packaging.

The design aesthetic of our bags was equally important to us. We wanted to make sure that the Happy Food characters took center stage, so we made the fruits as large as possible. Additionally, each citrus variety was given its own background color, carefully chosen to complement and enhance its vibrant appearance.

The designs are also conducive to utilizing new laser printing technology that we plan to add to our packinghouse in the near future which allows us to print food traceability information directly on our packing film. This removes the use of a non-recyclable paper sticker and allows our HDPE netted bags to be recycled by the end user.

The response from retailers has been overwhelmingly positive. The new Happy Food packaging made its debut in stores like Publix, Aldi, Whole Foods, and Kroger in the summer of 2023. At IMG Citrus, we believe this brand refresh is not just a change in design, but a reaffirmation of our core values – promoting health, happiness, and a sustainable future. ♦



Sydney Allison
Sydney is responsible for leading the sales efforts for both Florida and imported citrus, as well as developing our partner growers. She is both customer and grower focused, bridging unique opportunities to our year-round strategy.

SWEET SIXTY ACQUISITION

Luke Sepe, Head of Information Technology

In a strategic move that underscores our commitment to innovation and growth, we announced in FY2023 the acquisition of Sweet Sixty; a new 180,000 square foot cold storage and packing facility located in Vero Beach, Florida. This acquisition marks a significant milestone in our journey to becoming an undisputed leader in citrus distribution within the Southeastern United States. The focus of this initiative is to foster the growth of our import program, demonstrate our commitment to the Florida citrus industry, pioneer cutting-edge technology, and solidify our presence in the citrus distribution market. The plan we've set forward outlines our vision to consolidate operations, harness exciting new technology, and gain new operational efficiencies, ultimately setting the stage for an exciting era of expansion and innovation.

Our journey to acquire this state-of-the-art facility began with a recognition of the limitations we faced at our facility in Gifford. Space constraints had hindered our ability to expand and meet the ever-increasing demands of the citrus market, particularly during our import season. Initially, we had envisioned

Sweet Sixty is strategically located between I-95 and the Florida Turnpike, just a few hours north of Port Everglades and the Port of Miami. It has over 3,000 pallet positions, state-of-the-art refrigeration technology, 20 dock doors, and space for future expansion.

leveraging our right to farm by constructing a new cold storage facility on fallow citrus acreage located in the J5 block on the intersection of State Highway 60 and 154th Avenue in western Vero Beach. The project was intended to be rolled out in four phases throughout several seasons and was not slated to begin until mid-2024.

The plan for this initiative came with a hefty price tag, the first phase alone exceeding an estimated \$20M. However, as we progressed with our vision, an opportunity arose in the form of a cold storage facility that was built on 150th Ave whose construction began in late 2020. Initially, this looked like an opportunity for us to bridge the gap between our existing capacity limitations in Gifford while continuing to expand the import program during the time it would take to complete the first phase of the new 154th Ave cold storage. Through a serendipitous turn of events that played out between September 2021 and Q4 2022, we were presented with an opportunity that ultimately allowed us to pivot from our original plan and make an acquisition of the 150th Ave facility, simultaneously expediting our initial vision while aligning perfectly with our overarching goals of growing imports.

The new facility offers an optimal solution, providing us with ample room for growth and the opportunity to diversify our product offerings while being





strategically situated on an open and unobstructed stretch of highway just a few miles from Interstate 95. This grants us not only the space needed for future expansion but also enables us to explore new horizons in citrus distribution with new logistical leverage. We are now poised to venture into previously untapped markets, particularly targeting the production of limes and other commodities grown in Morocco and South Africa.

We are actively working to organize new cold treatment options through the Port of Miami which have the potential to significantly improve our ability to import citrus products from Peru. Cold treatment at the port streamlines the import process, reduces delays, enhances product quality, and extends our reach to markets that were previously less accessible. This collaboration with the Port of Miami strengthens our position as a leader in citrus distribution in the Southeast and underscores our commitment to meeting customer demands. We recognize that our access to international citrus markets is integral to our success and this expanded portfolio will allow us to offer a year-round line-up of citrus varieties, ensuring our customers have access to the best citrus products from around the world 52 weeks of the year.

A critical aspect of our plan is to embrace innovation and technology. Traditionally our import and domestic operations run on a very different footprint with distinct areas and equipment designated for each. We are committed to rethinking our cold storage and packing processes by ultimately bringing all packing operations into one contiguous modular workflow. This will significantly enhance our quality of service while reducing labor and equipment costs. This helps us streamline operations, increase efficiency, and set new industry standards by leveraging one set of resources and equipment year around. This investment in technology also highlights our dedication to sustainability, as efficient processes contribute to reduced environmental impact.



Luke Sepe

Luke is the Head of IT, where he leads the company's technology strategy and operations. He also serves on the IMG Citrus leadership team and leads the IMG Citrus harvesting team.

Our goal in this acquisition and expansion is to make a clear statement to both our customers and suppliers that we are committed to Florida Citrus and are at the forefront of citrus distribution in the Southeast. We want to inspire confidence in both our growers and our customers by investing in cutting-edge technology, expanding our product range, and improving access to markets. In doing so we are ensuring that we can continue to grow and capture an even larger share of the market.

The addition of the Sweet Sixty cold storage and packing facility along with its 1,000 acres of farmland represents a transformative step in our journey to becoming a leader in Southeastern citrus distribution. With our plan in place, we are poised to reach new heights. Our commitment to innovation and growth, combined with our unwavering dedication to quality positions us as the trusted choice for our growers and customers alike. ♦

Floyd is a stacker and has been part of our team for three seasons. He is responsible for organizing and loading boxes onto pallets.



TRANSITION OF GIFFORD & OPPORTUNITIES WITH SWEET SIXTY

Todd Haffield, Director of Packinghouse Operations

The transition to our newly acquired Sweet Sixty facility holds a range of exciting opportunities, significantly enhancing our operational efficiency. One of the most immediate benefits is the substantial increase in refrigerated storage space. Previously, at our Gifford facility, we faced constraints that necessitated the use of third-party providers for short-term refrigerated storage. This not only introduced logistical complexities but also incurred additional costs.

A key advantage of moving to Sweet Sixty is the expansion of our packinghouse space. At Gifford, our packing processes for imported products were confined within limited refrigerated areas, while our domestic packing lines operated in unrefrigerated spaces. This setup limited our ability to invest in and benefit from new technologies. Our new facility, however, allows us to unify our packing operations for both imported and domestic products under one roof. This consolidation is crucial for the return on investment in new technologies.

We plan to condition the packing space at Sweet Sixty, creating a unified infrastructure suitable for both import and domestic operations. The design of the new facility is aimed at accommodating a technologically advanced and efficient packing system, suitable for various commodities and packaging styles. We envision a future where automation plays a significant role in our operations. Imagine advanced sorters capable of handling thousands of fruit pieces per minute, detecting imperfections, and automatically packing products into bags or boxes. These processes will culminate in a highly automated system where products are

sorted, palletized, and transported within the facility, potentially allowing operations to run autonomously with minimal human intervention.

The transition to Sweet Sixty is not without its challenges. Our timeline targets complete relocation and full operational status at the new site by October 2025. Until then, operations will continue at both sites to ensure no business interruption. The bulk of the transition project is planned for the Summer of 2024, minimizing the impact on operations during the crucial Summer of 2025.

This move to Sweet Sixty is more than a change in location; it's a leap into a future where efficiency, technology, and innovation drive our growth and success. ♦



Todd Haffield

Todd leads the packinghouse teams through both the Florida and summer import seasons with a focus on strategic initiatives and lean management. Todd has been a dedicated member of the team for over 15 years.

OUR APPROACH TO ENHANCING SOIL HEALTH

Brian Randolph, Director of Grove Production

As a leader in the Florida citrus industry, IMG Citrus is committed to fostering sustainable agricultural practices, particularly in the area of soil health. Our groves, nestled throughout Florida, are not just citrus-producing fields but are the testing grounds for innovative and responsible farming techniques. This year, we have taken significant steps in addressing one of the industry's most pressing challenges – citrus greening or HLB – while simultaneously prioritizing the health and vitality of our soil.

OTC Trunk Injections

In January 2023, IMG Citrus initiated a critical phase in combating citrus greening by employing Oxytetracycline (OTC) trunk injections. This

antibiotic technique, once administered to the citrus trees, plays a pivotal role in fighting the bacteria responsible for this disease. In its inaugural year, IMG Citrus injected over 450,000 trees across all grove locations, with the exception of Panther Grove. The preliminary outcomes have been promising, showing signs like denser canopies, enhanced brix levels, and consistent growth in fruit size. At IMG Citrus, we are optimistic that the second year of injections will bring about a notable increase in yields, both in terms of piece count and fruit sizing, mirroring trends observed at other OTC test sites.

Understanding the potential risks of repetitive injections and possible plant resistance to OTC, we are also exploring innovative alternatives. These include the use of anti-microbial peptides in injections and foliar applications. These peptides have shown potential in reducing plant stresses and stimulating the plant's natural immune response against pathogens.

This image shows a cover crop at Kanjuku groves, preparing the soil for new Orri Mandarin trees. Cover crops eliminate herbicides and fix nitrogen, supporting sustainable farming.

Prioritizing Soil Health

Amidst these advancements, IMG Citrus recognizes the fundamental importance of soil health, which is often overlooked in conventional citrus production. We have long been committed to enhancing soil health by leveraging beneficial bacteria and fungi for nutrient cycling and employing composting strategies to build organic matter. Our analysis indicates that healthier soils, with organic matter content between 2-3%, directly contribute to more vigorous trees due to improved nutrient supply, holding capacity, and biological function. Our overarching aim is to refine a production system that inherently bolsters soil health.

Compost Utilization

A key element in our soil health strategy is the use of quality compost. This not only maintains robust soil life but also boosts beneficial fungal populations crucial for nutrient absorption. Our compost, rich in humus, aids in moisture retention and improves soil structure. While humus-based compost may have lower direct nutrient levels compared to chemical fertilizers, its colloidal nature ensures a more sustained nutrient availability for the plants. Our compost application, ranging from 4 to 10 tons per acre annually, fulfills 30-75% of the crops' nitrogen needs, satisfying our phosphorus requirements and reducing our use of synthetic fertilizers.



Cover Crop Innovations

In addition to compost, we employ cover crops to further enhance soil health. The challenge lies in identifying the right species and understanding their nutrient release patterns in harmony with citrus production. We explore both seasonal and perennial cover crops, with current trials including Sunn Hemp, Hairy Indigo, Aeschynomene, Sorghum-Sudan, and Perennial Peanut. These cover crops, particularly the perennials, are instrumental in increasing organic matter and protecting soil health, potentially reducing the need for synthetic herbicides.

Looking Forward

Our journey towards sustainable, healthy citrus production continues. We believe in a holistic approach, where the health of our trees and the vitality of our soils go hand in hand. By innovating and integrating practices like OTC injections, compost usage, and strategic cover cropping, we are not just growing citrus; we are nurturing an ecosystem. We aim to ensure that our groves remain productive, sustainable, and resilient for generations to come. ♦



Our compost applications range from 4 to 10 tons per acre annually. This approach allows us to naturally provide the elements needed by our groves, significantly reducing our reliance on synthetic fertilizers.



Brian Randolph

Brian has been a part of the company for 22 years. He and his team are responsible for over 12,000 acres of citrus throughout the state.

Financial Highlights

IMG Citrus

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

	Forecast 2024	Actual 2023	Actual 2022
SALES	61,046	56,728	66,476
% of sales growth	8%	-15%	14%
GROSS MARGIN	8,476	6,682	12,624
% of net sales	14%	12%	19%
EARNINGS FROM OPERATIONS (EBIT)	-4,053	-1,319	3,293
% of net sales	-7%	-2%	5%
EBITDA	2,352	4,433	7,910
% of net sales	4%	8%	12%
OTHER INCOME & EXTRAORDINARY	450	4,540	1,072
NET INCOME	-6,841	-3,322	1,847
CAPITAL EXPENDITURES	6,595	28,231	6,386

Florida Citrus

	Forecast 2024	Actual 2023	Actual 2022
NUMBER OF CARTONS SOLD	946,308	613,510	1,166,203
Grapefruit	684,340	457,252	826,163
Oranges	219,674	117,179	292,074
Mandarins	42,295	39,078	47,967
NUMBER OF CARTONS SOLD	946,308	613,510	1,166,203
USA Canada	846,025	555,430	996,927
Europe	96,503	54,924	146,786
Asia	3,780	3,156	22,490
COMPANY GROVES			
Productive Tree Acres	4,884	4,932	5,204
Pre-Productive Tree Acres	453	546	583
Caretaking Cost per Net Tree Acre	\$3,152	\$3,184	\$2,802
Harvested Field Boxes	580,585	417,263	883,798
Average Return to Tree	\$23.06	\$20.49	\$17.43
SALES	27,165,665	27,099,097	36,313,523
% of sales growth	0%	-25%	14%
GROSS MARGIN	3,070,954	2,346,105	8,428,828
% of net sales	11%	9%	23%
EBIT	-5,706,395	-1,865,280	2,352,388
% of net sales	-21%	-7%	6%
EBITDA	233,674	3,491,921	6,607,951
% of net sales	1%	13%	18%

Imported Citrus

	Forecast 2024	Actual 2023	Actual 2022
NUMBER OF CARTONS SOLD	1,210,000	973,447	1,057,258
Grapefruit	40,000	21,021	34,467
Oranges	400,000	358,422	326,841
Mandarins	480,000	341,065	461,343
Lemons	290,000	252,939	234,607
NUMBER OF CARTONS SOLD	1,210,000	973,447	1,057,258
Chile	955,000	789,056	735,512
Peru	150,000	143,169	242,599
Argentina	65,000	17,474	41,359
South Africa	40,000	12,769	22,809
Other		10,979	14,979
SALES	33,880,000	29,628,970	30,162,117
% of sales growth	14%	-2%	13%
GROSS MARGIN	5,405,125	4,335,529	4,195,584
% of net sales	16%	15%	14%
EBIT	1,653,484	546,381	941,000
% of net sales	5%	2%	3%
EBITDA	2,117,844	941,194	1,302,483
% of net sales	6%	3%	4%

2024 Sales
Volume Forecast

\$61M

2024 EBITDA
Forecast

\$2M

2024 Cartons Packed by Florida Variety Forecast

72%

Grapefruit

23%

Oranges

5%

Mandarins

2024 Cartons Packed by Import Variety Forecast

3%

Grapefruit

33%

Oranges

40%

Mandarins

24%

Lemons

FARM

Austin Spivey
Horticulture Production
Leader

James Walker
Head of Planning &
Product Management

Julio Rodriguez
Shifting Manager

Todd Gentry
Director of Production

MAINTENANCE

Brad Hatcher
Account Manager

Jimmy Rogers
Sustainable Landscape Leader

Marvin Carlton
Account Manager/Plant Health Leader

Melbin Santana
Account Manager

CONSTRUCTION

Aaron Morse
Business Project Manager

Luis Perez Jr.
Project Manager

James Dyer
Project Manager





Our Pavilion Garden was designed as a space for inspiration, education, and appreciation of the beauty and functionality of sustainable landscapes in Florida. Pictured here is during the fall season when the Muhly Grasses are in full bloom.

A YEAR IN REVIEW: CHERRYLAKES STRATEGIC GROWTH & LEADERSHIP

Timothee Sallin, Co-CEO

Cherrylake has concluded another successful year marked by strategic growth and diversification, demonstrating resilience and adaptability in a dynamic market. Our comprehensive approach, encompassing vertical integration, depth of inventory, and commitment to quality across the value chain, has established Cherrylake as a market leader in ornamental horticulture and landscaping. We are committed to pursuing innovation in all

aspects of our business to drive long-term value for stakeholders while leading our industries in the adoption of sustainable landscaping practices.

Financial Performance

This Fiscal Year, Cherrylake reported consolidated revenue of \$69.78M and a gross margin of \$23.69M. Our EBIT (Earnings Before Interest and Taxes) after incentives stood at \$11.46M, and our EBITDA (Earnings Before

"We are committed to pursuing innovation in all aspects of our business to drive long-term value for stakeholders while leading our industries in the adoption of sustainable landscaping practices."

Interest, Taxes, Depreciation, and Amortization) after incentives reached \$13.41M. These results represent a significant increase over the prior year.

Notably, Construction revenue surged by 81% to \$22.6M and Outsourcing revenue grew by 65% to \$13.9M. The sales price of farm goods increased by 3.2% to \$112.39, however, this was offset by an increase in Cost of Goods Sold (COGS) of 5.5%. Looking forward to FY2024, we anticipate continued growth with projected consolidated revenue of \$79.2M and EBIT of \$13.2M. The sales price of farm goods is expected to increase 5.8% to \$119.01 while COGS are expected to stabilize at \$67.89. Furthermore, Maintenance revenues are projected to increase 37% up to \$6.6M in FY2024.

Our exceptional financial outcomes reflect the strength of our organization, which is to say the strength of our teams. Our culture of collaborative leadership, evolutionary purpose, and wholeness, creates systemic value which benefits the bottom line as well as our people, and the planet. Cherrylake wholeheartedly embraces the Triple Bottom Line framework for measuring organizational success.

Creating value across a multi-dimensional framework requires a systems approach, strategic integration, and synergy. A systems approach recognizes that an organization's activities impact a wide range of stakeholders, including team members, customers, communities, and the environment, and that these impacts are interconnected. It involves thinking holistically about the business's role in the wider system and considering long-term impacts rather than just short-term gains. Strategic integration allows us to explore value creation across the supply chain, while synergy allows us to tap into the potential best expressed by the aphorism "the whole is greater than the sum of its parts."

Indeed, Cherrylake has leveraged the substantial capital invested in inventory and farm assets to capture upstream value through Outsourcing, Construction, and Maintenance. This integration allows us to offer strategic value propositions like total solution sourcing and integrated sustainable landscaping services.

For example, our Outsourcing program is growing because we are reducing landed costs to end customers through improved logistics, warehousing, and distribution solutions. This is possible thanks to our existing farm operations, assets, and supply networks.

Our strategy to promote the adoption of sustainable landscaping practices provides another example. This strategy requires synergy and integration to catalyze a paradigm shift across multiple industries. We're making an impact as the market shifts towards sustainable practices. More developers and homebuilders are adopting these methods, leading to updated regulations and a surge in demand for native plants and sustainable services. Looking ahead, Cherrylake's long-term prospects will be propelled by this shift and we are ready to seize this opportunity!

In the short term, we anticipate a slowdown in housing and related demand. We will continue to navigate the effects of inflation on our margins while tackling a difficult labor environment. Despite these anticipated challenges we are projecting continued success and expansion. Our values and culture together with our strategy and execution ensure our resilience and sustainable growth.

It is truly a privilege to be a member of this organization. I am deeply grateful to work alongside so many talented individuals who believe in the power of synergy and embrace the Triple Bottom Line. ♦



Our crews carefully worked around this bird nestered in the grass at one of our landscape maintenance projects.



Timothee Sallin

Timothee is a Co-CEO of IMG Enterprises, where he has been an integral part of the company for 22 years. Timothee's expertise extends to various areas including Sales, Construction, Maintenance and Operations.



Electric mowers, initially costing nearly double compared to gas-powered alternatives, prove advantageous when factoring in their comprehensive life-cycle costs. Additionally, they offer significant reductions in noise pollution and enhanced eco-friendliness. Pictured here is Carlos at the Four Seasons Resort property.

TRENDS IN LANDSCAPE MAINTENANCE: ELECTRIC EQUIPMENT

Marvin Carlton, Account Manager & Plant Health Leader

Cherrylake's strength comes from our scale and vertical integration within the ornamental horticulture and landscaping space. This strength allows us to innovate and drive change within the industry. We are committed to reducing waste, increasing efficiencies, and promoting the adoption of sustainable agricultural and landscaping practices to increase value for our customers, communities, and the environment.

One example of this drive for innovation can be found in the recent adoption of electric equipment by our landscape maintenance group. Over the past few years, we've been tracking the progress of electric-powered equipment technology. Initially, skepticism loomed, driven by battery longevity, costs, and operational concerns. However, as technology and market expectations have evolved rapidly, we are now preparing to convert our equipment fleet to electric handheld equipment and mowers over the next several years.

Studies have illuminated the eco-friendly advantages of electric mowers, showing that just one hour of mowing with a gas mower is as polluting as driving 300 miles in a car, and one hour with a gas leaf blower is equivalent to 1,100 miles. Collectively, gasoline-powered lawn mowers and garden equipment emit 30 million tons of pollutants yearly in the USA, accounting for a quarter of all non-road gasoline emissions.



The Four Seasons at Walt Disney World is a luxurious 5-star hotel renowned for its lush and meticulously maintained grounds. To ensure the highest standard of care, we employ a full-time, dedicated crew specifically for this high-profile project. Pictured here are Antonio and Josh.

While the reduction in carbon emissions is a clear benefit of electric equipment, the decrease in noise pollution is an equally important yet often overlooked advantage. Electric mowers operate at nearly 20 decibels less than their gas counterparts, enabling earlier work start times in noise-regulated residential areas. This shift is particularly beneficial in Florida, where early completion of tasks is crucial to avoid the midday heat and frequent afternoon rainstorms. Additionally, as remote work becomes more prevalent, with projections indicating a substantial increase in the remote workforce by 2025, community and property managers are increasingly favoring companies that adopt quieter, electric equipment. Cherrylake recognizes the significant first-mover advantage in this transition.

The transition to electric mowers initially presented a financial challenge, with costs nearly double that of gas-powered alternatives. However, when considering the comprehensive life-cycle costs, including fuel, maintenance, and downtime, the long-term financial benefits become undeniable. We've found that the initial investment pays dividends within the first 18 months, marking the beginning of real savings.

In our pursuit of the ideal electric mower, we've conducted extensive research and trials, ultimately selecting the 60" Toro Revolution for its exceptional power and user-friendly operation. Our crews are also now equipped with electric string trimmers, edgers, hedgers, and backpack blowers. Despite the increased weight of the backpack blower batteries, the trade-offs in noise reduction, carbon emission reduction, and overall lifecycle costs make electric equipment a superior choice.

In FY2023, we embarked on testing this electric equipment, outfitting several crews with pilot units. Our goal is to transition all of our crews to electric equipment over the next several years, eventually converting our vehicle fleet as soon as electric trucks become available and affordable.

At Cherrylake, our journey toward sustainability is a continuous one, marked by strategic investments, innovative practices, and a steadfast commitment to environmental stewardship. We stand at the forefront of industry transformation, ready to navigate the evolving landscapes of technology and sustainability. ♦

"The transition to electric mowers initially presented a financial challenge, with costs nearly double that of gas-powered alternatives. However... the long-term financial benefits become undeniable."



Marvin Carlton

Marvin has been with Cherrylake since 2016. He is responsible for diagnosing and resolving landscape horticultural issues using best management practices and integrated pest management (IPM), while leading his team to succeed.

TRANSITION TO ECOLOGICAL BASED LANDSCAPES

Jimmy Rogers, Sustainable Landscape Leader

In Florida, the move towards integrating ecological or native plants into traditional landscapes isn't just a trend; it's a necessary shift. As much as we would like to believe it's about pollinators and protecting wildlife, the underlying factor is the allocation of water resources for landscape irrigation within communities. This situation presents us with an opportunity to positively impact the environment. At Cherrylake, extensive efforts have been invested in plant trials, both in fields and greenhouses, to meet the growing demand for this style of landscaping. Additionally, our Construction and Maintenance Teams are being educated on how to nurture these plants effectively in urban settings.

A significant challenge has been adapting native plants to urban soils, which vary greatly due to construction processes. These soils range from those extracted from deep layers during lake excavation to imported sands for building foundations. None of these have the natural soil profile or nutrients native plants are accustomed to. Partnering with a compost company for soil amendments has proven to help buffer soil and add vital water-holding capacity. Composting also starts the process of rebuilding a humus layer which most plants need to thrive. This approach not only broadens our plant selection for varied color and texture in landscapes but also supports pollinators by providing larval host plants and nectar sources.

Through all of these opportunities that we have learned and worked through, our primary goal remains water conservation. By repairing soils and using regionally native plants that thrive on natural rainfall, the beauty happens. Once established, most of these plants only require irrigation during periods of drought or for species with slightly higher water needs. Our strategic hydrozoning and irrigation management have significantly exceeded goals. The properties under our care use half the water typically allowed by water authorities. For instance, while the Toho Water Authority sets a yearly water usage goal of no more than 28 inches per property, the properties we manage use between 10.33 and 19.4 inches, depending on lot size. In contrast, adjacent properties not under our management often use over 200 inches annually, a common figure for conventionally maintained landscapes. Our managing program is being benchmarked for development now as the program to follow.

"By repairing soils and using regionally native plants that thrive on natural rainfall, the beauty happens."



Another benefit to the use of and understanding of native plants in the landscape is the drastic reduction of synthetic chemicals. This is a huge win for the environment but also allows us to reduce the cost of maintenance and the growing of these plant materials.

There are still numerous opportunities ahead for Cherrylake and the industry as a whole. We are steadfast in our commitment to spearheading the transition toward ecologically responsible and sustainable landscapes, paving the way for a promising future. ♦



Jimmy Rogers

Jimmy is part of the Sustainable Landscaping team. He provides strategic oversight of the farm landscape management and works with our Construction and Maintenance teams to build our expertise and markets around native landscapes.

CHERRYLAKE LOADING DOCK EXPANSION

Todd Gentry, Director of Operations

Over the past year, Cherrylake has experienced exceptional growth in our Outsourcing sales revenue, leading to a significant surge in activity around our loading dock. This influx has not only presented safety concerns but has also posed challenges in terms of space and operational efficiency. A cross-functional team was assembled to find solutions and design a workflow that was safe and efficient.

One of the team's first initiatives was to develop a process for incoming trucks to be directed to the appropriate location for either loading or unloading. To accomplish this the team decided to build a portable office booth to trial different locations and determine which provided the best flow. After trialing for a few months, the best location was determined and the booth was secured in place. Incoming trucks are now directed to check in at the booth where a logistics coordinator directs them to the appropriate location and communicates directly with the loading and receiving managers. Outgoing trucks also check out at the booth to ensure order completion and accurate shipping information before leaving.

Additionally, the increased volume of trucks and trailers required more space around the loading pad to stage material in order to maximize the space available on the pad for loading and unloading. Traditionally plant material scheduled to be loaded later in the day was staged in the center of the loading pad, which congested the pad and limited the amount of space available for loading bays. To create more space for staging this plant material the team decided to remove ½ acre of shrub production as well as a small parking area. This entire area was graded and topped with gravel and an overhead irrigation system was installed. This holding pad allows the loading team to stage a large volume of plant material during the day and the added irrigation enables overnight staging giving them a good jump start on loading the next morning.

The team plans to continue improving the workflow, efficiency, and safety of all loading and receiving activities by implementing new initiatives over FY2024. We look forward to continued progress and success in the year ahead. ♦



Todd Gentry
Todd Gentry has been a part of the company for 19 years. He oversees all of Cherrylake's Production and Fleet Management and is involved in several cross-functional teams including those focused on safety, agritourism and labor management.

A VISION BLOSSOMING INTO REALITY: OUR EXPLORATION INTO AGRITOURISM

Caraline Jones, Marketing Manager

Cherrylake is located in the heart of Florida and nestled within a chain of waterways. We are fortunate to continue to farm this beautiful land as we have for the past 35+ years. However, as developments continue to emerge around us, we are quickly becoming an urban farm and the community shows a growing interest in experiencing it for themselves.

Agritourism is still a fairly new concept in the U.S. and is rapidly growing. It currently is expected to grow 11% annually until 2030. With 74 million visitors coming to Central Florida annually, we have a great opportunity to act as an inspirational blueprint for the State of Florida around not only agritourism but also around sustainable landscaping. We are offering something no one else in the southeast is currently providing.

We initially embarked on our journey into agritourism in 2016 with the inception of the Farm

Races. Bringing hundreds of racers from across the state and country to experience the farm marked the beginning of a transformative era for us.

The following year we collaborated with Dix.Hite for our first master planning session to explore agritourism and retail opportunities. We identified part of our farm located on Cherry Lake which is part of Lake County's chain of lakes. Initially, our attention was heavily focused toward establishing a retail center at Cherrylake to allow the public to purchase from us directly. However, as we evolved and Cherrylake Curbside emerged, we recognize that e-commerce can handle a large portion of our retail experiences. This allows retail logistics to be stored in close proximity to our loading dock, enhancing efficiency and freeing up the space adjacent to Cherry Lake. This evolution gave us the liberty to dream bigger.

In May of this year, we took the opportunity to revisit the space and dream a little differently. We

"We aspire to ignite curiosity and inspiration around sustainable landscapes."

assembled a diverse team, including team members and local community representatives to brainstorm and conceptualize our vision. Our main goals are focused on the following:

Industry Collaboration

Our initiative also serves as a platform for industry stakeholders. We aspire to ignite curiosity and inspiration around sustainable landscapes. Our showcase gardens will feature best practices in stormwater management, irrigation, shoreline restoration, alternative turf options, and Florida-friendly/native plants.

Community Engagement

Our vision extends beyond agritourism; it's about fostering community. As our local community grows, we aim to forge meaningful connections, inspiring and engaging our neighbors and team members through exploring, working, playing, and learning. Beyond demonstration gardens, our plans also include event spaces, food truck areas, a kayak/paddleboard launch, an elevated beach area, and a beer garden.



Our Farm Days events series has been an invitation for the community to immerse themselves in our farm. By hosting a range of activities, we've been able to offer experiences including a u-pick of our tangerines, Dark Skies viewing parties, and a race throughout the farm.



Caraline Jones

Caraline leads the marketing department for IMG Enterprises and has been with the company for 11 years. She serves on multiple cross-functional teams, including Curbside, Organizational Development, and Agritourism.



Branding & Marketing

While a lot of our focus is around education, this opportunity helps us further our position as a leader in sustainable landscapes and best-growing practices. We will position ourselves as innovators and thought leaders in conservation, resource management, and community engagement.

Our journey is not just about developing a space; it's about uniting the community with agriculture, innovation, and the future of landscaping. It connects the entire chain around our why and our purpose. We aim for homeowners to desire and appreciate sustainable landscapes while fostering an industry equipped with the know-how to achieve it. ♦



This site will become a central hub for the brand, where families and developers find eco-friendly solutions for building sustainable and attractive communities. Pictured here are some of the conceptual ideas and examples of what could be incorporated into our agritourism site.



EPIC UNIVERSE PROJECT HIGHLIGHTS

Aaron Morse, Business Project Manager

Universal Studios is progressing with the development of its newest theme park in Orlando, named Epic Universe. Spanning a vast 750 acres, it will stand as the largest Universal park in the United States. Slated to open in Spring 2025, Epic Universe is designed with four unique lands radiating from a central hub akin to Citywalk. These lands draw inspiration from themes: Super Nintendo, Universal Classic Monsters, The Wizarding World of Harry Potter, and How to Train Your Dragon.

Cherrylake is fortunate to be a key part in bringing Epic Universe to life. Our involvement began in FY2021 with Project 931, marking the first phase of construction. This project laid the groundwork for the park's administrative buildings and employee parking areas, setting the stage for Epic Universe's

"Spanning a vast 750 acres, it will stand as the largest Universal park in the United States."

expansion. Our collaboration with Universal Orlando during this phase allowed us to establish irrigation standards that are now implemented throughout the park.

Currently, we have two additional projects underway. The first is Project 962 Epic Boulevard, which forms the main route into the park, setting the tone for visitors' experiences. Project 905, which is shaping the Wizarding World themed land, promises to immerse guests in a magical environment. To date, Cherrylake's contribution to landscaping and irrigation at Epic Universe amounts to over \$10 million, illustrating our significant impact on this project. ♦



Aaron Morse

Aaron is part of the Construction Leadership Team. He coordinates information flow between pre-construction, project purchasing, and accounting for the purpose of tracking and analyzing project profitability.



PROCESS DISCIPLINE TO PAVE THE WAY TO E-COMMERCE

James Walker, Head of Planning & Product Management

Our vision for the future of farm sales operations includes a robust e-commerce platform to service existing wholesale customers and future markets such as retail. For our wholesale business, e-commerce allows us to streamline the order entry process while enhancing the customer experience with real-time, reliable product data accessible from anywhere, at any time. The e-commerce platform also allows us to tap into new markets, such as the small contractor and retail homeowner markets. Traditionally, these high-margin markets require a heavy ratio of sales staff to cater to low-volume orders and high customer service needs. We believe e-commerce can make these markets efficient and attractive.

In 2021 we launched a pilot e-commerce site,

branded as Cherrylake Curbside. The site targets small, low volume landscape contractors to whom we offer streamlined services: no delivery, no credit, no tiered volume pricing. This project is serving as a launchpad for us to better understand what resources are needed to scale the platform.

Process Discipline: The Cornerstone of E-commerce

A robust e-commerce site must be able to manage multiple customer segments and integrate our added value services such as delivery, credit, and volume discounts. With this vision in sight, our order fulfillment processes and Standard Operating Procedures (SOPs) are no longer just operational guidelines; they are the invisible architects that will build and sustain our e-commerce platform.

Our commitment this year is to cultivate a culture of process discipline and automation within our ERP system by addressing key areas that affect our order fulfillment process:

A Collaborative Leadership Team

Drawing expertise from various departments, this team aims to analyze, create, and enhance processes in sales and order fulfillment, ensuring decisions align with each team's operational goals. The team is also responsible for supporting the training and change management.

Predictable Process Flow

Our order fulfillment process consists of a series of hand-offs to specialized teams. Operational efficiency is achieved when the flow is linear, passing from order entry and accounting to product selection, pulling, loading to shipment, and invoicing. Our goal is to eliminate the need for the linear flow to be broken. This involves more accurate inventory information, clearer communication tools between teams, as well as better defined lead times for each team to accomplish their workload. Increased standardization and automation can build agility, consistency, and accuracy in our fulfillment process.

Inventory Accuracy

Accurate specification, product photos, product descriptions, and inventory counts are critical as we seek to gain the trust of both our customers and sales representatives that our online catalog is reliable. This effort involves reviewing all touchpoints

that affect our inventory counts to update the mapping and accountability structures for accurate receipts, transfers, dumps, returns, shipments, and inventory cycle counts. In addition, our product selection team has been given new dashboards to assist in their goal to complete monthly updates of product specifications and photos on all sales available product skus. The addition of timestamps on our online product photos helps communicate to our customers that the product information is current and accurate.

Standardization of Product Specifications

Our inventory database currently houses product comments that are internal-facing, and accessible only to our sales representatives. We are training our product selection team to use defined, objective, and consistent language when describing the qualities of our product so that we can begin to share these comments externally with our customers. We have created a matrix of terminologies to describe the product such as full canopy, consistent height, small voids, or slight bows. We are also working to standardize the equipment each product selector uses to take product photos and provide guidelines for each product category (shrubs, small container, large container, B&B). These are important steps to ensure a consistent and reliable customer experience and build trust in our product descriptions.



Standardized Freight Rates

Transitioning to a per-mile standard freight rate for in-state deliveries is setting the stage for more automation in the routing of our deliveries. Review of our freight rates by inventory sku will increase the accuracy of our truck percentages and increase our ability to automate the truck routing process.

Standardized Lead Times

We have committed to a 4 hour lead time to fulfill orders once they are cleared by accounting and submitted by the sales team. This provides 1 hour for product selection, 2 hours for pulling, and 1 hour for loading. Timestamps and reporting within our ERP system allow us to monitor that the lead times are being followed. These visual cues and metrics keep our teams accountable and also informed of the status of each order.

System Driven Information

Centralizing information within the ERP system eliminates reliance on external tools, a critical component to transitioning to e-commerce. We

must find solutions to move away from outside tools such as email, Google Sheets, or chat to relay pertinent information. One success has been the creation of a load schedule within our ERP that has eliminated the Google Sheet for sales and loading to communicate daily load slots. Large monitors with our load schedule displayed have been mounted in both the sales and loading offices, providing real-time information housed from data inputted into the ERP system.

Data-Driven Dashboards and KPIs

Building a culture of process discipline is critical to the success of these initiatives. Through dashboarding, we can inform our teams of their success in real time, while also identifying areas that need attention and improvement.

These initiatives require an openness to change, innovation, and teamwork. We are thankful to our teams and our customers alike for their trust and willingness to walk the journey with us. This collaboration has already resulted in increased operational efficiency and sets the stage for a customer-centric e-commerce platform in the future. ♦

"Our commitment this year is to cultivate a culture of process discipline and automation within our ERP system by addressing key areas that affect our order fulfillment process."



James Walker

James has been a key member of the team for 24 years. He contributes significantly to the sales strategy, pricing, and inventory management.



CHERRYLAKE FIELD GROWN OPERATION: BUILDING THE PILLARS FOR SUCCESS

David Ressler, Outsourcing Leader

Our strategic objective for FY2024 is clear: Establish Cherrylake as a premier producer of palm trees and woody B&B ornamental trees. Situated in Fort Pierce, Florida, our 340-acre farm enjoys a strategic location within 10 miles of both I-95 and Florida's Turnpike. This advantageous positioning provides us with a vital southern distribution hub, mirroring Cherrylake's primary model of growth and resale. Additionally, our goal to become a premier producer not only enhances our reputation but also grants us the credibility to offer such materials in our Outsourcing program. To realize this vision, we have developed a strategic plan with five key steps:

1. Consistent Planting Plan

A cornerstone of successful farming lies in a consistent planting plan. Some of the palm trees grown in our Fort Pierce location require even longer maturation periods compared to those grown in our Groveland facility, with growth times spanning 7-10 years. Implementing a consistent planting plan ensures an uninterrupted supply of trees annually, enabling our customers to depend on us for a consistent palette of plant material. While perfecting the growing practices for any tree species takes time, adherence to a consistent plan yields benefits once these processes are established.

2. Improving the Harvesting Process

We meticulously examine the preparation processes before, during, and after harvesting. For woody trees, we decided to become members of the Roots Plus Grower Association and adopt their pre- and post-harvest protocols,

resulting in swift improvements. However, the pre- and post-harvest processes for palms is less clearly documented. While we currently align with industry standards, we believe there's room for innovation to enhance performance post-transplantation in palms.

3. Strengthening the Connection to Groveland

One of the challenges faced by our Fort Pierce location is its two-hour distance from our main Groveland facility. To overcome this challenge, we now conduct weekly visits, allocate a dedicated portion of our sales meetings to update representatives on inventory availability, and rigorously adhere to all Cherrylake processes, from order fulfillment to safety and employee training.

4. Field Grown Trees and Palms

Cherrylake has long been synonymous with superior quality container-grown trees. Our mission now extends to achieving the same level of recognition for field-grown trees and palms. To achieve this, we are committed to educating our sales representatives. Training sessions cover various topics, from market dynamics to cultivation and harvest preparation. Moreover, our sales team has increased their visits to our palm fields to gain deeper insights into our operations.

5. Leadership and Culture

To execute these strategies successfully, we recognized the need for a change in on-site farm leadership. We are delighted to have recruited a seasoned Farm Manager from a local competing palm operation. He will play a pivotal role in ensuring that the established standard operating processes at Cherrylake are faithfully followed at the Fort Pierce operation. Equally important is

cultivating a culture that reflects Cherrylake's values—solution-focused, teamwork, respect, open communication, embracing change, learning, innovation, fostering a beautiful and safe environment, passion, and encouraging entrepreneurial decision-making

Cherrylake's field grown operation's strategic roadmap for FY2024 is well on its way. Our commitment to excellence, combined with these initiatives, puts us on track to becoming a premier producer of palm trees and woody ornamental trees. ♦



David Ressler

David leads the Outsourcing, Fort Pierce, and Loading operations at Cherrylake with a focus on the expansion of our distribution capabilities.

Financial Highlights

Cherrylake

Includes Farm, Construction, Maintenance and Outsourcing Groups

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

Net of inter-group elimination

	Forecast 2024	Actual 2023	Actual 2022
NET SALES (INCL. FREIGHT)	79,144	69,786	53,097
% of sales growth	13%	31%	5%
GROSS MARGIN	27,644	23,693	19,542
% of net sales	34.9%	34%	36.8%
EARNINGS FROM OPERATIONS (EBIT)	13,194	11,459	9,122
% of net sales	16.7%	16.4%	17.2%
EBITDA	15,538	13,407	10,903
% of net sales	19.6%	19.2%	20.5%
OTHER INCOME & EXTRAORDINARY	170	393	324
NET INCOME	11,725	10,536	8,490
CAPITAL EXPENDITURES	3,950	2,681	1,910
INCREASE/(DECREASE) IN INVENTORY	317	273	1,693

2024 Net Sales
Forecast

\$79M

2024 EBITDA
Forecast

\$16M

2024 Gross Margin Forecast

31%

Farm/
Outsourcing

31%

Construction/
Maintenance

35%

Cherrylake
Combined

Farm

Before inter-group elimination

	Forecast 2024	Actual 2023	Actual 2022
SALES	35,805	33,693	30,181
% of change	6%	12%	5%
30G EQ UNITS SOLD	263,289	264,876	242,756
% of change	-1%	9%	-4%
30G EQ PRICE (FOB)	119.01	112.39	108.86
% of change	6%	3%	7%
GROSS MARGIN	13,898	13,148	11,741
gross margin %	39%	39%	39%
EBITDA	7,903	7,419	6,996
EBT	8,003	7,826	7,088
30G EQ INVENTORY CHANGE	15,802	(26,108)	6,883
CAP EX	2,068	1,520	1,244

Outsourcing

Before inter-group elimination

	Forecast 2024	Actual 2023	Actual 2022
SALES	17,276	13,968	8,405
GROSS MARGIN	2,711	2,451	1,819
gross margin %	16%	18%	22%

Construction/Maintenance

Before inter-group elimination

	Forecast 2024	Actual 2023	Actual 2022
SALES	35,608	27,446	17,138
PURCHASES FROM CHERRYLAKE	9,545	5,819	2,703
GROSS MARGIN	11,035	8,094	5,982
gross margin %	31%	29%	35%
EBITDA	4,924	3,537	2,088
EBT	3,722	2,710	1,402
ENDING BACKLOG	21,750	22,540	17,828
CAP EX	1,882	1,161	666

Inter-group Elimination

	Forecast 2024	Actual 2023	Actual 2022
FARM SALES	53,081	48,159	38,662
CONSTRUCTION/MAINTENANCE SALES	35,608	27,446	17,138
INTER-COMPANY SALES	(9,545)	(5,819)	(2,703)
NET SALES (INCL. FREIGHT)	79,144	69,786	53,097
% of net sales growth	13%	31%	5%

“

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



IMGENTERPRISES.COM

CHERRYLAKE.COM

IMGCITRUS.COM