



**AFM Board Meeting
Minutes
February 20, 2024**

Place:
AFM Headquarters
Las Colinas, TX

Board of Directors:
(All Present)

Jaime Rivas
Julio Shagun (Vice Chair)
Gary Caloroso
Rigoberto Pardo
Peter Shore (Chair)
Ricardo Vega (Treasurer)
Armando Lopez (ex-officio)
Ron Campbell (ex-officio - Secretary)

AMS:
Mathew Collins
George Webster

Officially Present:
Ramon Paz Vega
Stephanie Bazan
Ilse Manaña
Miguel Barcena
Alvaro Luque
Jovanny Martinez
Stephany Browder
Dolora Sillman
Miguel Molina
Ana Ambrosi
Alfonso Delgado
Kevin Brosch
Gina Widjaja
Emiliano Escobedo
Steve Klinge
Rafael Herrera
Miguel Barcena
Casey Stoops
Brad Barker
Grizel Perez
Gisela Saenz

Members

Dave Billings	Casey Beltran	Gabriel Vilasenor
Jose Pardo	Monica Robles	George Henderson
Jorge Hernandez	Marco Hernandez	Elizabeth Ayala
Gahl Crane	Saul Medina	Aaron Acosta
Giovanni Cavaletto	Ileri Villicaña	George Henderson
Sergio Chavez	Mario Gomez	Rigo Perez
Dave Billings	Casey Beltran	Monica Robles
Jacqueline Solares	Jennifer Zendejas	

Roll Call and Minutes:

Chairman Peter Shore called the meeting to order, took the roll call, established a quorum and introduced Brad Barker to provide the antitrust policy to the board that is also incorporated into the agenda.

Jaime Rivas motioned to approve the minutes from the September board meeting and the motion was seconded by Gary Caloroso. There was no objection.

Chairman Shore introduced Alvaro and the team to initiate the presentations.

Treasurers Report

Miguel M. presented the financial statements for AFM for the period ending Jan 31, 2024.

- **Cash in Bank:** On February 15, 2024, AFM presented a cash in bank balance of \$6,873,806.
- **Contributions:** Total YTD funding is \$240K under budget as MHAIA has not hired one position.
- **Spending:**
 - **Marketing:** Total spending is under Budget by \$3.43 Million or 8.9%. Marketing Direct drives most of the favorable balance, followed by Marketing Admin. Marketing is decreasing expenses due to a reduced import volume and experiencing employee turnover, leaving some open positions.
 - **General Administrative:** Total administrative expenses are under Budget at \$395K or 13.4%. There has been a delay in some Salaries, Wages, Benefits, and operating expenses, and AFM is expecting some cost-avoidance savings.
- **Change in Net Assets:** Due to AFM spending at a lower rate than our Budget, AFM Change in net assets presents a favorable \$2.91 million balance.
- **Financial Position:**
 - **Assets:** AFM presents a \$75K under-budget Cash and Equivalents balance. This unfavorable balance is due to a lower volume and increased MHAIA receivables.
 - **Liabilities and Equity:** AFM lists an increase in Total Equity as AFM spends less than budget.
- **Funding Allocation:** Generally, the funding allocation matches the agreed 2/3 MHAIA and 1/3 APEAM allocation rates. Any difference will be reconciled and adjusted during our year-end review.

Contribution	Actual-YTD	Budget-YTD	\$ Change- Act vs Budget	Actual-YTD	\$ Change- Act vs PY	Spending	Actual-YTD	Budget-YTD	\$ Change- Act vs Budget	Actual-YTD	\$ Change- Act vs PY
	January 31,2024	January 31,2024		January 31,2023			January 31,2024	January 31,2023			
MHAIA	\$28,572,000	\$28,572,000	\$ -	\$ 29,178,000	\$ (606,000)	AFM Marketing	\$ 31,002,850	\$ 33,234,506	\$ (2,231,656)	\$ 28,791,961	\$ 220,889
APEAM	\$12,193,739	\$12,193,739	\$ -	\$ 13,706,919	\$ (1,513,180)	AFM Marketing Admin	\$ 4,288,418	\$ 5,253,149	\$ (964,731)	\$ 4,499,484	\$ (210,666)
MHAIA Com/Analytics	\$ -	\$ 239,266	\$ (239,266)	\$ 92,247	\$ (92,247)	MHAIAAnalytics	\$ -	\$ 239,266	\$ (239,266)	\$ 92,247	\$ (92,247)
Other income (Interest)	\$ 2,406	\$ 3,500	\$ (1,094)	\$ 3,383	\$ (977)	Total Marketing	\$ 35,291,268	\$ 38,726,921	\$ (3,435,653)	\$ 33,383,691	\$ 1,907,577
Total contribution	\$40,768,145	\$41,008,505	\$ (240,360)	\$ 42,980,548	\$ (2,212,403)	General Admin	\$ 2,564,403	\$ 2,959,670	\$ (395,267)	\$ 2,004,269	\$ 560,134
% Variance			-0.6%		-5.6%	Total Expenses	\$ 37,855,671	\$ 41,686,591	\$ (3,830,920)	\$ 35,387,960	\$ 2,467,711
						% Variance			-9.2%		7.0%

Change in Net Assets	Actual-YTD	Budget-YTD	\$ Change- Act vs Budget	Actual-YTD	\$ Change- Act vs PY	Financial Position	Actual-YTD	Budget-YTD	\$ Change- Act vs Budget	Actual-YTD	\$ Change- Act vs PY
	January 31,2024	January 31,2024		January 31,2023			January 31,2024	January 31,2023			
Net Change in Assets-CY	\$ 2,912,474	\$ (678,086)	\$ 3,590,560	7,592,589	(4,680,111)	Cash & Cash Equivalents	\$ 4,260,916	\$ 4,336,029	\$ (75,113)	\$ 10,705,006	\$ (6,444,090)
Retained Earnings	\$ 635,782	\$ 1,441,847	\$ (806,066)	527,853	97,929	Other Assets (AR/FA)	\$ 12,606,378	\$ 3,080,374	\$ 9,526,003	\$ 14,412,700	\$ (1,806,323)
Total Equity	\$ 3,548,256	\$ 763,761	\$ 2,784,495	\$ 8,120,442	\$ (4,572,188)	Total Assets	\$ 16,867,293	\$ 7,416,404	\$ 9,450,890	\$ 25,117,706	\$ (8,250,413)
						Total Liabilities	\$ 13,319,037	\$ 6,652,642	\$ 6,666,395	\$ 16,997,264	\$ (3,678,227)
						Total Equity	\$ 3,548,256	\$ 763,761	\$ 2,784,495	\$ 8,120,442	\$ (4,572,188)
						Total Net Assets/Liabilities	\$ 16,867,293	\$ 7,416,404	\$ 9,450,891	\$ 25,117,706	\$ (8,250,413)

Accounting and Administration Update

Miguel presented an update on key administrative projects:

- **Data and Analytics Center of Excellence (“CoE”)**
 - AFM has completed the Center of Excellence (CoE) phase I and successfully integrated multiple data sources into a new data warehouse application.
 - During the presentation, Miguel explained the data architecture and security process from the data source to the data visualization.
 - Phase II of the CoE will incorporate MHAIA's data and other data sources like Nielsen and Numerator.

HR

Alvaro Luque confirmed to the board that the new travel policy was approved by AMS, including the FOIA language, and the new Image Use policy to use employee likeness in image, video and others.

Alvaro also confirmed that the Open Enrollment process in December was successfully executed. Alvaro distributed copies of the 2023 Employee Handbook to the board.

Corporate Communications & Crisis

Ana Ambrosi presented the results of the 10th Anniversary communication program. The effort resulted in 10 dedicated business stories in top Tier 1 outlets and generated more than 240 million impressions.

Ana presented a status of the Sustainability program including the results of the workshop executed in Dallas with the JEC board and some other key members of the industry. The workshop defined some preliminary general goals in the four sustainability commitment teams that were identified by The Pollination Group: Climate, Land Use/ Deforestation, Biodiversity and Water Use & Management.

Ana presented the next steps in the sustainability programs that include the following:

- Align on COMMITMENTS and STRATEGIC VISION for the industry’s sustainability journey.

- Finalize the STRATEGIC FRAMEWORK: actionable goals, metrics and initiatives, aligned to achieve goals.
- Create an industry sustainability TASK FORCE to coordinate the implementation of the strategy (define roles and responsibilities)
- Development of a COMMUNICATION plan and initial commitment announcement
- Create ROADMAP and IMPLEMENTATION strategy for achieving goals in each focus area.

Savings Proposal

Alvaro Luque presented the savings proposal that will add up to \$2.85 million, over 20% more than what the board was asking to cut. Alvaro explained that AFM prefers to be cautious and save a little more that could cover additional needs for the rest of the year or could act as a base for the carry over budget for next fiscal year where the team is expecting to go back to College Football and add up a new Super Bowl ad. This is the proposal presented and approved by the board:

SAVINGS PROPOSAL	
• RESERVE BUCKET	\$ 1,330,000
• ADMINISTRATIVE SAVINGS	\$ 500,000
• PR FARMACIA PROGRAM	\$ 350,000
• MARKETING FALLOUT	\$ 220,000
• MARKETING CINCO DIGITAL	\$ 20,000
• SHOPPER HEB PROGRAM SAVINGS	\$ 75,000
• SHOPPER COUPON & AISLE SAVINGS	\$ 180,000
• SHOPPER AGENCY FEES	\$ 28,000
• TRADE WAFC SPONSORSHIP	\$ 15,000
• RESEARCH MARKETCAST STUDY	\$ 55,000
• RESEARCH FRESH VS PROCESSED TEST	\$ 77,000
• TOTAL	\$ 2,850,000

Marketing Update

Alvaro Luque presented Gisela Saenz as the new Marketing Senior Director for AFM, leading the whole marketing department and replacing Ivonne Kinser. Gisela comes from an extensive career in Frito Lay where she managed top tier brands like Cheetos and Doritos.

Health & Wellness

Stephanie Bazan presented the results of the Avocados From Mexico Cure Bowl in Orlando last December. In total, the event generated more than 60 minutes of TV Broadcast exposure, 229 million impressions and a branding value of \$6.5 million vs the \$400,000 cost. Stephanie also, presented results of the shopper extension of the program with Southeastern Grocers that included 200 equivalized bins in their stores.

Ana Ambrosi presented results of the SuperGood PR rally that started with the launch of the Susan G Komen promotion in October 2023 and ended up with the Cure Bowl event in December 2023. The program was very successful, generating 9 placements in top tier media and more than 1.6 billion impressions, 60% over the AFM goal for the program. Ana presented pictures and media results of the closing event at the Cure Bowl with cancer survivor celebrity Guliana Rancic.

Stephanie Bazan presented a final assessment for the Cure Bowl. Although the program over delivered in terms of media impact and PR results, the team recommendation is that we don't renew for 2024

NEED NEW "NEWS": New hook needed to drive media interest in repeat program.
 TIMELINESS: Breast Cancer Awareness Month is in Oct; Dec. bowl is close to holiday.
 REGIONALITY: Too regional; Orlando is not a strong earned media market.
 MESSAGING COMPLEXITY Challenging to connect breast cancer to our "good fats" message.
 TRADE: Doesn't garner national retail impact.

CURE BOWL + SUPERGOOD RALLY ASSESSMENT

FY24 RESULTS + LEARNINGS

- ELEVATED AFM BY SUPPORTING A GOOD CAUSE**
SGK partnership connects with female target
- PR CADENCE CONNECTED DOTS TO TELL STORY**
SuperGood rally was the bridge that connected the campaign and created news
- LEVERAGED AN AUTHENTIC SPOKESPERSON**
Giuliana Rancic is a survivor with a connection to the cause
- GOOD VALUE FOR INVESTMENT**
Strong \$ branding value and exposure
- 1 LOCAL RETAIL ACTIVATION**
Multiple AFM trade programs in Dec (CFP, Miami Dolphins, Cure Bowl)

WHY NOT?

- NEED NEW "NEWS"**
New hook needed to drive media interest in repeat program
- TIMELINESS**
Breast Cancer Awareness Month is in Oct; Dec. bowl is close to holidays
- REGIONALITY**
Too regional; Orlando is not a strong earned media mkt
- MESSAGING COMPLEXITY**
Challenging to connect breast cancer to our "good fats" message
- TRADE**
Doesn't garner national retail impact

FY 25 RECO:
 REDIRECT INVESTMENT TO SUPPORT NEW HIGH IMPACT HEALTH & WELLNESS OPPORTUNITY

Gisela Saenz presented the new H&W wave for Spring that is based on a digital campaign that will run from February through April. The campaign objectives are to generate 200,000 clicks and 168 million impressions for non-Hispanics and 71 million impressions for Hispanics.

Dianne Le presented the shopper support for H&W in the Spring including being one of the first brands to partner with Albertsons in their new Sincerely Health program, that will include in-store communications, events and branded bins for their So-Cal division. Dianne also presented the H&W program with Food Lion that includes in-store communication, product offers through the Food Lion kiosk and H&W tote bags for the consumers that redeem the offers.

Finally, Stephanie Bazan presented the H&W program for Hispanic accounts that will sell in branded bins in-store with the health messages of the company campaign.

Education

Gisela Saenz presented the examples of the consumer generated education campaign that ran between December and February and generated 42 million impressions. Gisela presented the assets of the new digital campaign that will run between March and May and will generate 400,000 clicks to the AFM website.

Stephanie Bazan presented the shopper Education program, including a recap of the "always-On" in-store communication program with Neptune that impacted more than 5,600 stores of key Power Accounts like Kroger, Albertsons, Ahold and Food Lion. Stephanie presented the updates of the education plan with Walmart, including the launch of the first direct mail program that will be active between mid-January to the end of February and will have a circulation of 250,000 households targeting lapsed and current avocado consumers. Stephanie also confirmed that the AFM branded education channels strips with Walmart launched in October 2023 and are present in more than 4,200 stores around the country.

Stephanie presented the education bags program that will rollout two waves with Costco (March and June) and one wave with Aldi (March). Each wave includes a million bag units in each account.

Stephanie presented the education update for Foodservice that includes the confirmation of the Avocado University live events after the AvoLab launch. Between March and June, the team expects to have in house for AvoU events chains like: Just salad, BJ's, Fuzzy's, Velvet taco and Shake Shack.

Stephanie also presented the launch of the new Back-of-the-house module for the virtual AVO University platform.

OND

Jovanny Martinez presented the results of the ESPN partnership for college football. The partnership ran from October to December and included: in game spots (linear and streaming), audience targeted CTV, Tailgate Week sponsorship and a Good Morning America integration. Results:



Jovanny presented results of a consumer study on which brands they associate with college football. AFM showed in the top ten, over legacy brands that have been investing much more money for years in the sport like Modelo, Dos Equis, RAM, Mercedes and Lexus. This demonstrates the potential that AFM has in this sport.

Stephanie Bazan presented a recap of the shopper program for OND based on the CFP partnership. Stephanie showed various slides of pictures of bin in-store activations. Stephanie informed that the program sold in more than 75,000 equivalized displays and presented two important new wins for the seasonal program:

- Double round of bins in key accounts like Albertsons, Food Lion, Sprouts, Save Mart and others.
- HEB custom program for CFP with branded elements, pallet drops and ecomm integration that generated double digit unit lifts vs previous year.
- Record breaking OND thematic packaging sell in that reached 3.5 million units, 40% over the goal.

Alvaro Luque explained to the board that the team is very encouraged with the results of the first year investing in college football and would like to maintain it or reinforce for the next fiscal year, but the big challenge is that the team wants to go back to the Super Bowl. Alvaro explained that managing both events in one year will be very challenging with similar budgets as FY24, but that the team is going to try to make both happen and will have a proposal ready for the board in May 2024.

Super Bowl

Stephanie Bazan presented a recap of the Super Bowl program results for Shopper & Trade, including several pictures of bin activations in key accounts throughout the U.S. Main results:

- Biggest bin sell-in in AFM history: 111,000 equivalized units.
- 1% growth in units vs YA with a 5% growth in dollars thanks to a much higher price per case. (+46% vs YA)
- 11% more stores advertising vs YA
- 2 million thematic bags sold into key accounts, including Walmart.

Gisela Saenz presented the Super Bowl digital marketing campaign that was focused in the “Host a Better Bowl” concept using Jesse Palmer as the brand spokesperson. The program included a Spin-to-Win tool, a shopper cash back experience and the launch of the first avocado artificial intelligence tool: GuacAI mole. Gisela did a demonstration to the board on how the AI tool works. The total marketing program for the Super Bowl generated 1.4 billion impressions and 950,000 page views in the AFM website.

Ana Ambrosi presented the results for the Super Bowl PR campaign that launched in October with the shopper promotion announcement and continue up to Game Day:

- Super Bowl media event with 31 media attendees in NYC generated 76 earned placements and 365 million impressions.
- GuacAlmole drive generated 49 earned placements in top media like Fast Company and AdAge and generated 175 million impressions.
- Total campaign numbers: more than 160 earned placements and 2.5 billion impressions.

Cinco

Stephanie Bazan Confirmed that the new Cinco partner for AFM will be Cholula, replacing Coke Zero. Stephanie presented the promotional elements of the program under the Cinco De-licious concept and announce to the board that the 51,000 displays for this promotion sold out in record time.

Gisela Saenz presented a new project that will launch with the agency 72 & Sunny to develop a long-term Cinco strategy that will position AFM as the official food for Cinco. Results of this project will be presented in 2024.

Marketing

Jovanny Martinez presented an update of AFM’s media plan for FY24. Both campaigns for General Market and Hispanics are running on time and delivering the expected results. Jovanny presented the media calendar for the rest of the fiscal year:



Commercial

Stephanie Bazan presented an update of the merchandising plan, including the new permanent displays implemented at: Winn Dixie (800 units), Giant Martins (180 units), Giant (200 units), Raley’s (40 units), Vallarta (55 units) and Sprouts (200 units). Stephanie presented the current inventory of merchandising units that will be used to cover needs and negotiations for the rest of the fiscal year.

Steve Klingele presented a new merchandising research study that will launch in the following weeks. The project will deploy in Texas, through a partnership with Tom Thumb. It will compare stores with merchandising units vs control comparable stores with no support to understand the following:

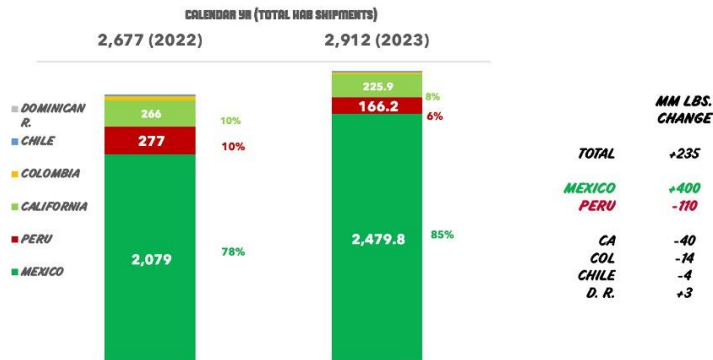
- Measure incremental volume due to temporary bins.
- Measure impact of AFM-branded vs unbranded bins.
- Determine if secondary locations increase incremental volume for avocados and home department.

Stephanie Bazan presented the commercial line up support for the time frame between February and May, including the following projects:

- Roll Back bag promotion with Walmart.
- Manager's Special on bags with Albertson's.
- HEB Avo-Worthy program for the Spring.
- Kroger's Latin Flavors sponsorship
- Education bags with Costco and Aldi

Alfonso Delgado presented the Trade plan for the rest of the fiscal year. Alfonso presented an analysis of what happened in the last Summer where AFM was very aggressive investing to recuperate volume and defend key accounts vs the summer competition. Thanks to last Summer's plan, AFM was able to gain 7 share points during the summer.

MEXICO GAINED +7% SHARE POINTS IN 2023



After some conversation with the board on summer expectations for 2024, it was decided that AFM will have a support plan in place for that time frame that will defend key accounts, but the investment will be lower than 2023 based on volume perspectives and competitive landscape.

Foodservice

Stephanie Bazan presented a recap of the Made in Mexico program implemented at the end of November 2023. This tour included key accounts like McAlister's Deli, Shake Shack, Modern Market, Sweetgreen, Sodexo, Moe's and Applebee's. Several of those accounts are already in conversations to partner with AFM in the following months. Stephanie presented the current and upcoming promotional line up for the rest of the fiscal year:

FS PROMOTIONAL LINE UP

FEBRUARY - JUNE 2024

CHAIN ACCOUNTS	
DISTRIBUTORS	
DISTRIBUTORS	

Stephanie presented the new strategy to reinvigorate guac menu penetration. Part of that strategy will include the launch of the Guac Nation experience at NRA 2024:



New Business:

In closed session, it was agreed to adjust the executive retention bonus structure from five years to four with a payout in 2025 followed by a retention bonus payout every two years. Gary Caloroso made the motion which was seconded by Jaime Rivas. There was no objection.

There being no additional business Jaime Rivas motioned to adjourn. The motion was seconded by Gary Caloroso. There was no objection.

I certify that the above is a true and accurate statement of the May 24-25, 2023 AFM Board of Directors Meeting.

Respectfully Submitted

Ron Campbell
Secretary, AFM