



# LANDEC

INVESTOR PRESENTATION OCTOBER 2020

## IMPORTANT CAUTIONS REGARDING FORWARD-LOOKING STATEMENTS

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Except for the historical information contained herein, the matters discussed in this presentation are forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934 (the “Exchange Act”). These forward-looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements.

Potential risks and uncertainties include, without limitation, those mentioned in our most recent Annual Report on Form 10-K, as modified by any subsequent filings we make with the Securities and Exchange Commission (the “SEC”) pursuant to the Securities Act of 1933 or the Exchange Act. Landec undertakes no obligation to update or revise any forward-looking statements in order to reflect events or circumstances that may arise after the date of this presentation.

This presentation contains summaries of financial and non-financial information that has been filed with the SEC pursuant to the Exchange Act. You should read this presentation in conjunction with our most recent Annual Report on Form 10-K and any subsequent Exchange Act filings.

## STRONG BUSINESSES CREATING SHAREHOLDER VALUE

We demonstrate our commitment to shareholders by maximizing the value of our business portfolio, improving operating margins at Curation Foods, investing in growth to drive momentum at Lifecore while employing sustainable business practices to protect the planet for future generations.



# LANDEC CONSOLIDATED FINANCIAL OVERVIEW

	FY20 FINANCIAL METRICS	FY21 FINANCIAL GUIDANCE	Implied Growth
REVENUE	\$590mm	\$530mm - \$550mm	(10%) - (7%)
ADJUSTED EBITDA*	\$22mm	\$33mm - \$37mm	50% - 68%
ADJUSTED EBITDA MARGIN*	3.7%	6.2% - 6.7%	67% - 81%

\* Landec Consolidated Adjusted EBITDA also includes FY20 Corporate Expense of (\$2.8mm), incremental to segment level allocation

## FY21 BUSINESS SEGMENT FINANCIAL GUIDANCE



	FY21	Implied Growth
Revenue	\$437mm-\$453mm	(13%) - (10%)
Adjusted EBITDA*	\$12mm-\$14mm	181% - 238%

### DRIVERS

- Innovate break through high-margin products
- Pursuing operational excellence (Z.E.S.T.)
- Foster a culture of continuous improvement



	FY21	Implied Growth
Revenue	\$93mm-\$97mm	8% - 13%
Adjusted EBITDA*	\$22.5mm-\$24.5mm	12% - 22%

### DRIVERS

- Build Business Development Pipeline
- Manage Current Capacity and Future Capacity needs
- Advance Product Commercialization

\* Landec Segment Adjusted EBITDA includes a majority of corporate allocation

# LANDEC Q1 FINANCIAL RESULTS - KEY METRICS

	LANDEC		CURATION FOODS		LIFECORE	
	Q1 FY21	% CHANGE	Q1 FY21	% CHANGE	Q1 FY21	% CHANGE
<b>LNDC CONSOLIDATED Q1 FY21 FINANCIALS</b>						
Revenue	\$ 136mm	-2%	\$114mm	-10%	\$22mm	81%
Gross Profit Margin	12.10%	100 bps	10%	(10)bps	22.9%	200 bps
Adjusted EBITDA	\$3.1mm	890%	\$2.4mm	31%	\$1.5mm	N/M
Adjusted EBITDA %	2.30%	210 bps	2%	70 bps	6.6%	N/M

	LNDC Consolidated	OTHER	CURATION FOODS	LIFECORE
<b>Q1 FY21 FINANCIAL METRICS - SEGMENT</b>				
Restructuring and One Time Fees	\$10.6mm	\$2.1mm	\$8.5mm	
Corporate Overhead Allocation		(\$3.3mm)	\$1.9mm	\$ 1.4mm
Other Public Company Operating Loss- (after corporate overhead allocation)	\$2.8mm	\$2.8mm		
Capital Expenditures	\$4.6mm		\$1.9mm	\$2.7mm
Interest Expense, Net of Interest Income	\$3.1mm	\$1.7mm	\$1.4mm	
Income Tax ( Benefit) Expense	(\$4.3mm)	(\$1.7mm)	(\$2.6mm)	\$0.04mm
Depreciation and Amortization	\$4.7mm		\$3.4mm	\$1.3mm



# Curation

FOODS



## NEWS: ANNOUNCING CURATION FOODS



**Curation**  
FOODS

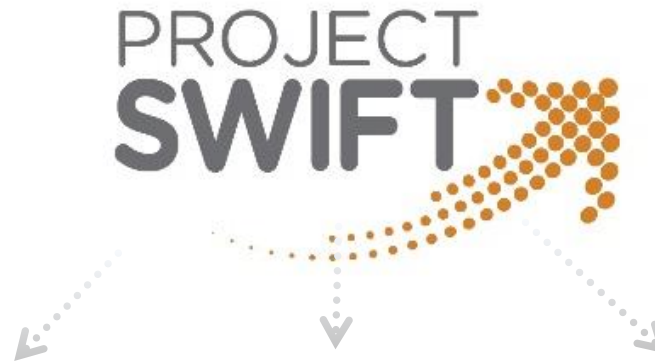
Our mission is to provide 100% clean ingredient plant-based food to as many people as possible, in a way that respects people and protects the planet for future generations.

Launched in January 2019, Curation Foods is the corporate umbrella for our portfolio of natural food brands and patented packaging technology.



# PROJECT SWIFT: PATHWAY TO PROFITABILITY

**Simplify**  
**Win**  
**Innovate**  
**Focus**  
**Transform**



**\$11.0M**  
Annualized Cost Savings

**1**

## Network & Operational Optimization

- Maximizing efficiency and productivity
- Centralization of Curation Foods offices into its Innovation Center headquarters in Santa Maria, CA,
  - Continuous improvement in plant operations with lean manufacturing practices – Z.E.S.T

**2**

## Focus on Strategic Assets

- Simplify the business
- Completed asset sale and exited the lease salad dressing manufacturing facility - \$4.9mm
  - Entered into a definitive agreement to sell Hanover manufacturing facility and related assets - \$8.7mm
  - Streamline Eat Smart legacy vegetable and tray business

**3**

## Organizational Redesign

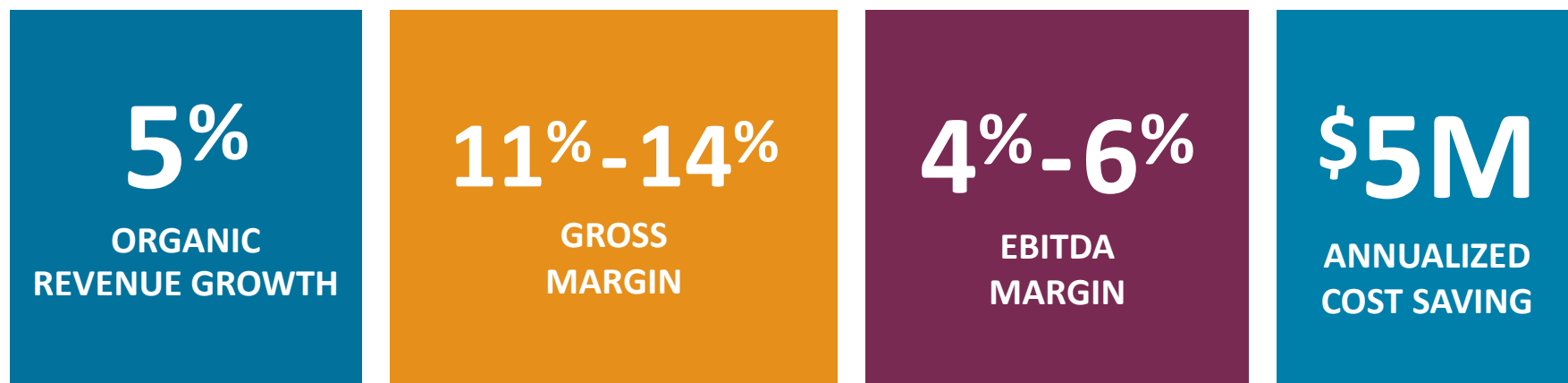
- Competitive structure
- Focus on strategic initiative
  - Developing and elevating internal talent
  - Reducing headcount

Project SWIFT is a value creation program will improve Curation Foods' operating cost structure, enhance profitability and strengthen the Company's balance sheet.

## PROJECT SWIFT: SUSTAINABLE PROFITABILITY FISCAL 2021



Project SWIFT is providing a framework to transform Curation Foods into an agile and competitive company targeting significant operation improvements in steady-state organic growth and profitability on a run-rate basis by the end of fiscal 2021:



*Financial targets include streamlining the Curation Foods legacy vegetable bag and tray business, right sizing the organization to competitive levels, meeting our aggressive cost-out targets.*

**ZEST** will empower our people to work in a different way, changing their mindset and behaviors leading to an acceleration of our performance across our operations. **ZEST** improved Avocado Products operations in FY20 and is rolling out to Curation Foods Network in Fiscal 2021

**Z** **ERO MINDSET**  
Zero breakdown, zero defects, zero recalls, accidents, zero pollution.

**E** **MPOWERMENT**  
Empower employees to impact change. I operate. I maintain. I own the outcomes.

**S** **TANDARDIZATION**  
Implementing the same practices across the network for efficiency.

**T** **RAINING**  
The cornerstone of success and employee engagement.



## We are a different kind of food company

Expanding from two brand to five natural food brands over the past two years, enhancing food offering with on-trend, plant-based products that contain 100% clean ingredients.

### *Curation Foods Differentiated Capabilities*



#### **Internal Innovation**

Entrepreneurial innovation culture driven by consumer insights



#### **Diversified Raw Materials Sourcing**

United States  
Mexico  
South America



#### **Value-added Processing**

4 Processing Facilities with Refrigerated Distribution Network



#### **Fleet of Trucks**

Full Fleet of Refrigerated Trucks and Trailers



#### **Customer Relationships**

Distribution in 86% Retail and Club stores throughout North America\*

## FOCUS ON A SELECT PORTFOLIO OF NATURAL FOOD BRANDS



**PACKAGED FRESH  
VEGETABLES**

*Discover  
delicious  
possibilities  
to Eat Smart*



**OLIVE OIL  
& VINEGAR®**

**PREMIUM ARTISAN  
OLIVE OILS & VINEGARS**

*Explore the surprising  
variety of flavors that  
makes everyday food  
taste extraordinary*

**YUCATAN®**

**AUTHENTIC FRESH  
GUACAMOLE**

*Celebrate  
traditional,  
authentic  
Mexican taste*



**A FRESH TAKE ON  
GUACAMOLE**

*Experience  
fresh  
new flavors*



**BreatheWay**

**SUPPLY CHAIN  
PACKAGING SOLUTION**

*Extends the shelf life  
of packaged fruits and  
vegetables naturally*

### PRODUCT TENETS:

*100% Clean Ingredients | Delicious & Convenient | Plant-based & Healthy*

“The foundation of our company is end-user driven innovation. Big ideas are often created by making small significant changes to existing products to deliver unmet needs.”

**Dr. Albert Bolles, PHD**

President & CEO, Landec Corporation  
CEO, Curation Foods

1

Addressing customers/  
consumers unmet needs

2

Delivering on trend  
plant-based foods

3

Expanding existing  
products' usage



Packaging Guacamole in squeeze container creates new usage occasion and keeps products fresher longer

1

## RETAIL DISTRIBUTION

- Currently in 6,000 doors nationwide
- Yucatan Squeeze ACV – 13.9%
- Cabo Fresh ACV – 5.6%

2

## MARKETING

- Geo-targeting based on store locations
- Focus on Retailer Specific Marketing Programs to drive in-store sales velocity and increase total category HH penetration

3

## CATEGORY IMPACT

- Guacamole Squeeze is driving incremental growth Category

4

## USAGE

Guacamole Squeeze expands the Guacamole Category from a standard “dip” to an everyday “condiment”

5

## CONSUMER DRIVEN RESEARCH

- 71% of consumers would purchase 64% as a regular option for everyday meal and snacking
- 84% wish to keep guacamole fresh and green for 10 days
- 77% transforms guacamole usage from dip to a condiment



*Convenience and packaging shift delivers high-margin product.*

## BreatheWay: Supply Chain Packaging Technology

Our patented packaging technology establishes a beneficial packaging atmosphere - adapting to changing produce respiration and temperature to extend freshness naturally

**1995**

PATENTED PACKAGING TECHNOLOGY



Keeps **individual** vegetable products in trays and bags fresh at retail

**2019**

SUPPLY CHAIN PACKAGING SOLUTIONS



Keeps **pallets** at beneficial atmosphere during domestic supply chain transport resulting in more marketable fruit at retail.

**FUTURE**

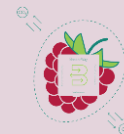
US & INTERNATIONAL BUSINESS DEVELOPEMENT PIPELINE



Supply chain **packaging solutions** to transport perishable items by land and sea – testing berries, stone fruit, citrus, and flowers.

**Driscoll's**  
Only the Finest Berries™

In market with Driscoll's raspberries delivered from North American distribution centers



Curation Foods is committed to delivering value to our shareholders while simultaneously working in a way that respects people and preserves the planet.



### **SOCIAL** *People*



### **FOOD** *Product*

All products have 100% clean ingredient label for all Curation Foods products

90% of all packaging is 100% curbside recyclable at Curation Foods



### **ENVIRONMENTAL** *Planet*

50% of water being recycled system-wide at Curation Foods

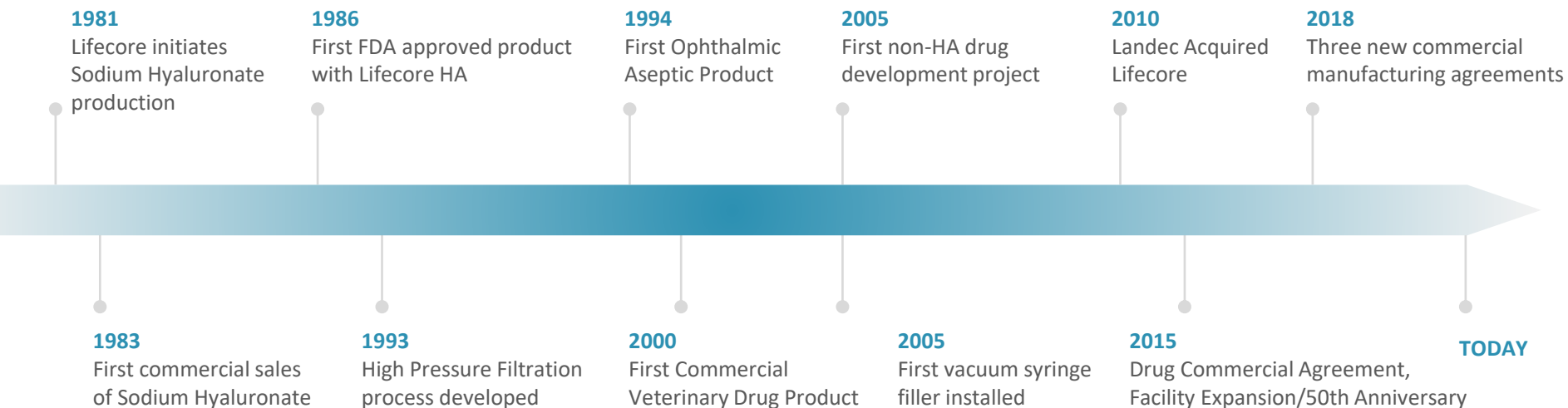
38% of all energy comes from renewable sources at Curation Foods

## **SUSTAINABILITY PILLARS**



Lifecore®  
BIOMEDICAL

# LIFECORE: PROGRESS MADE POSSIBLE



Lifecore partners with leading pharmaceutical and biotech companies to create products that are difficult to formulate, filter, and/or fill.

We save our customers time and reduce barriers – so they can focus on creating innovations that change lives.

It's not what we make. *It's what we make possible.*

*Leveraging over 35 years of experience to bring our customers' innovations to market*

Drug development  
is on the rise

1

**+5.2% CAGR\***

*(Pre-Clinical; Phase 1-3) 2008 – 2018*

High propensity to outsource  
manufacturing among small-  
and mid-sized organizations

2

**+74% of total approvals\*\***

*(Percentage of total NDA approvals outsourced by small- and mid-sized organizations) 2008 – 2018*

Growing Injectable  
NDA approvals

3

**45% of total approvals  
Growing 3X total market\*\*\***

*(Injectables) 2007 – 2017*

Demand for specialized  
CDMO vial & syringe capacity

4

**90-132**  
*Estimated new approvals  
of injectables to CDMOs*

**75-100M units\*\*\*\***  
*incremental demand  
for vials & syringes*

\* Informa, Pharma R&D Annual Review 2018

\*\* GlobalData PharmSource database; NDA approvals 2009-2018.

\*\*\* GlobalData PharmSource database

\*\*\*\* GlobalData PharmSource Report: Demand and Supply for Contract Manufacturing of Injectable Drugs Through 2023



## Lifecore Strategic Priorities

1

### Build Business Development Pipeline

**15 – 20 projects** in various stages of the product lifecycle

2

### Manage Capacity

Maximize Capacity for **current** customers and **future** growth generated from business development pipeline

3

### Advance Product Commercialization

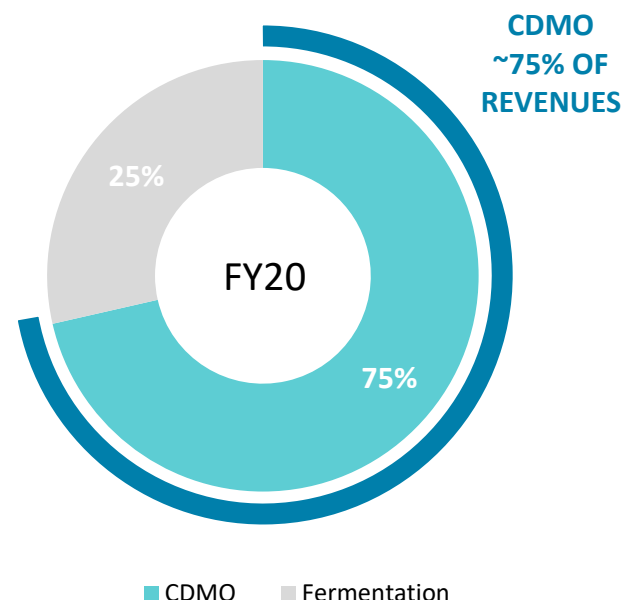
Target a minimum of **one regulatory product** approval annually  
Currently have **one product under review** at the FDA

## TWO PLATFORMS FOR LAUNCHING AND MANUFACTURING FUTURE MEDICAL PRODUCTS:

LEGACY	GROWTH
A leading supplier of pharmaceutical grade, sodium hyaluronate in ophthalmology, orthopedic and veterinary medicine	A fully integrated Contract Development & Manufacturing Organization (CDMO) assisting companies to bring new, FDA-approved injectable therapies to market



## REVENUE STREAMS

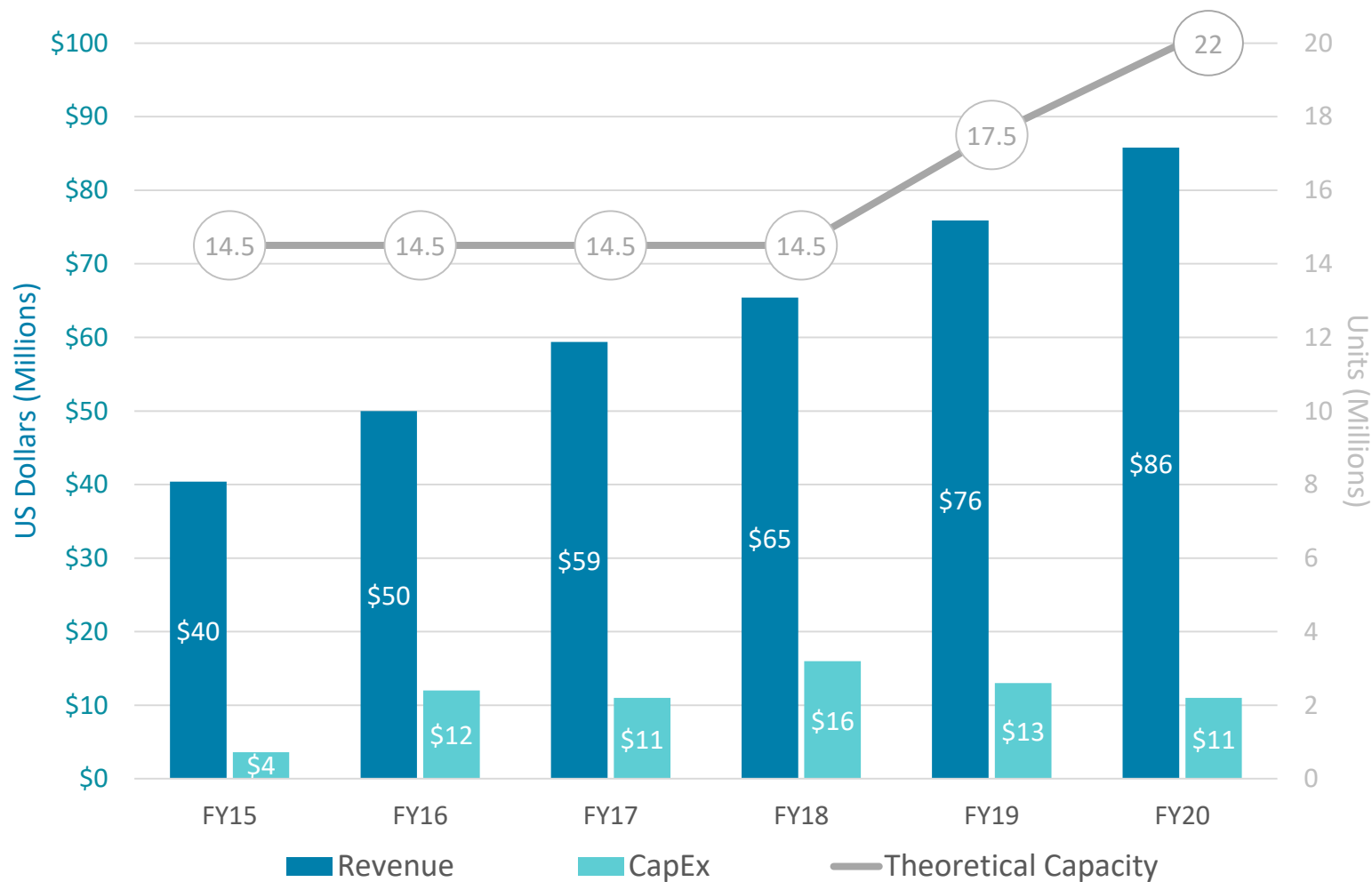


### FY20

- Revenues: \$85.8mm
- Adjusted EBITDA: \$20.1mm


# CAPEX DRIVES REVENUE AND CAPACITY GROWTH

LIFECORE REVENUE AND CAPEX VS THEORETICAL CAPACITY



## BARRIERS TO COMPETITION

TRUSTED PRODUCER OF  
PREMIUM HYALURONIC ACID (HA)

	Type of HA	Quality	Uses & Types of Products	Barriers to Competition
	Pharmaceutical Injectable Grade	<b>Highest</b> Governed by regulatory agencies	<ul style="list-style-type: none"> <li>• Ophthalmic surgery</li> <li>• Joint Injections</li> <li>• Bone grafts</li> <li>• Intra-articular injections</li> <li>• Carrier for drugs</li> <li>• Tissue engineering</li> </ul>	<b>High</b> <ul style="list-style-type: none"> <li>• Product specs tailored to needs of end user</li> <li>• Heightened quality control in US/EU markets</li> <li>• Regulatory barriers to change source</li> </ul>
	Topical Medical Grade	<b>Moderate</b> Governed by regulatory agencies with less restrictions	<ul style="list-style-type: none"> <li>• Eye drops</li> <li>• Topical wound healing</li> <li>• Topical medications</li> <li>• Intradermal injections</li> </ul>	<b>Moderate</b>
	Cosmetic Nutraceuticals	<b>Lowest</b> Limited or no regulatory agency oversight	<ul style="list-style-type: none"> <li>• Cosmetics, lotions, creams</li> <li>• Nutraceuticals, supplements</li> </ul>	<b>Low to No</b> <ul style="list-style-type: none"> <li>• Commoditized</li> </ul>

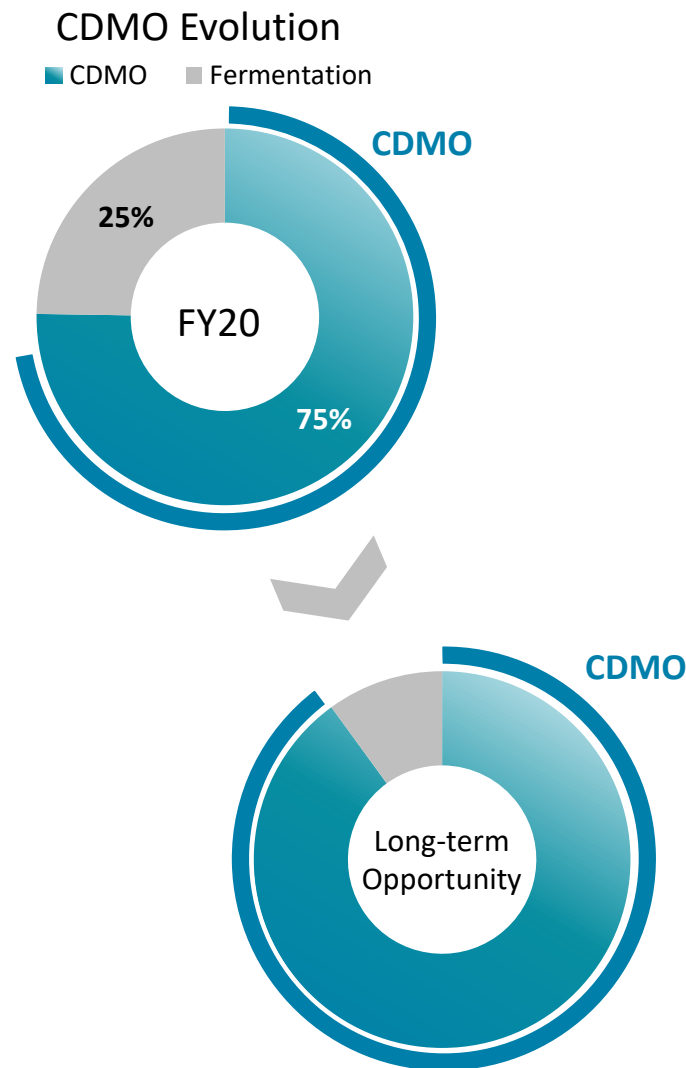
# EXPERTISE IN HA IS THE FOUNDATION FOR EVOLUTION TO A CDMO

## HA's role in drugs and devices:

- HA is highly synergistic with new therapies
- HA is a biocompatible, naturally occurring polymer
- Primary commercial use – functional ingredient in medical devices
- HA is the excipient that serves as the vehicle for the drug (API)
- HA is a component of the API – helping to extend delivery of the drug

## CDMO services leverage Lifecore's HA heritage and expertise:

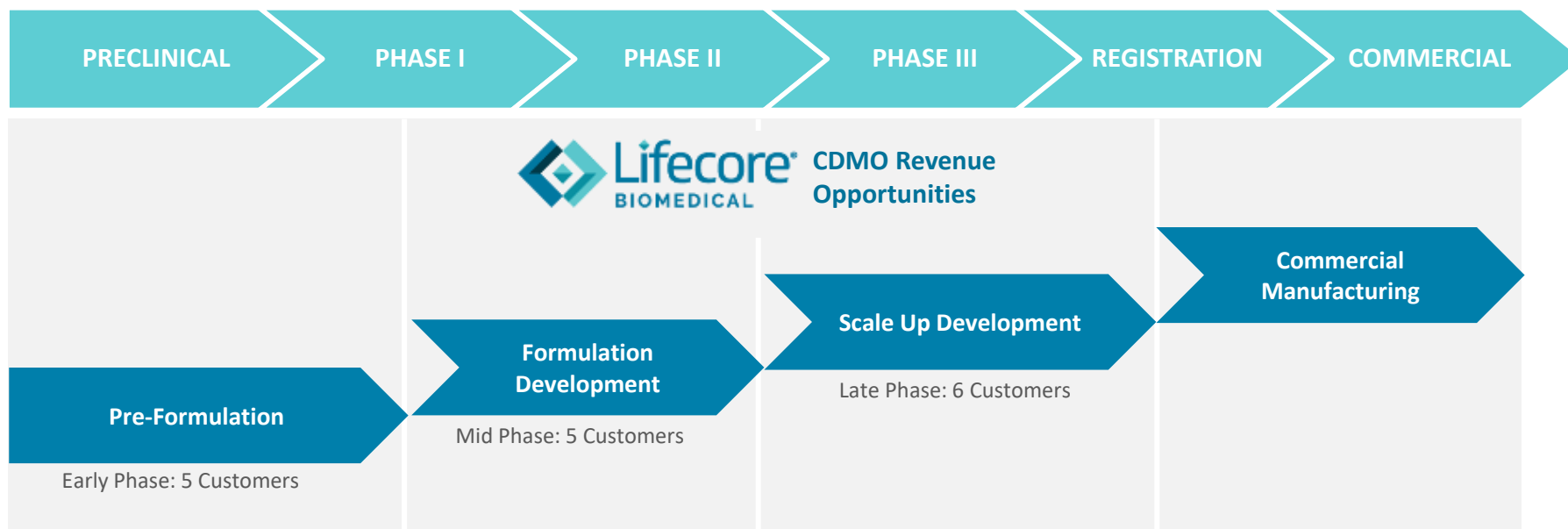
- Over 35 years of experience in development and manufacturing medical devices and drugs
- Handling difficult materials addresses an unmet need within the CDMO market
- Expertise in handling viscous substances lends itself to working with other polymer and drug delivery technologies
- A world class quality and regulatory system with excellent track record with FDA, EMA.



# DRIVING LONG-TERM GROWTH AND PROFITABILITY BY MANAGING OUR PIPELINE

15-20 FDA regulated drug and medical device products in various stages of development

## PROJECT LIFE CYCLE



Lifecore can address customers' entire development and commercial lifecycle.



## MANAGEMENT: FOCUS ON PROFITABILITY

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**Albert D. Bolles, Ph.D**

*President & CEO*

- Served on Landec's board since May 2014
- Proven track record of visionary leadership and building teams across R&D, technical innovation, quality and supply chain and delivering results through operational excellence, enabling commercial success and profitable growth
- Prior to joining Landec, Dr. Bolles was executive vice president, chief technology and operations officer at ConAgra, served as vice president for PepsiCo Beverages and Foods, (Pepsi, Gatorade, and Tropicana) and Quaker Foods

**Brian McLaughlin**

*SVP of Finance and Administration, CFO*

- Serves as Landec's CFO responsible for Finance, Accounting and IT
- With the company since 2015 as APIO, now Curation Foods where he originally was hired as the company's Controller
- Prior to joining Landec, Mr. McLaughlin served as CFO for Fresh Express, Driscoll's and Organic Girl and spent nearly 20 years in corporate banking focused on debt restructuring

### LANDEC MANAGEMENT TEAM

**Albert D. Bolles, Ph.D** Landec, President & CEO

**Brian McLaughlin** Landec, SVP Finance and Administration, CFO

**Dawn Kimball** Landec, SVP Human Resources, CPO

**James G. Hall** Lifecore Biomedical, President

**Tim Burgess** Curation Foods, SVP Supply Chain

## LANDEC BOARD OF DIRECTORS FOCUS ON PROFITABILITY

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REFRESHED  
BOARD OF DIRECTORS

BALANCED REPRESENTATION OF  
BIOMEDICAL & FOOD EXPERTISE

A DIVERSIFIED MIX OF  
ESTABLISHED LEADERS

Andrew Powell  
Dr. Albert Bolles  
Craig Barbarosh  
Debbie Carosella  
Jeffrey Edwards  
Katrina Houde  
Charles Macaluso  
Nelson Obus  
Tonia Pankopf  
Joshua Schechter  
Catherine Sohn  
Patrick Walsh

## NON-GAAP FINANCIAL INFORMATION AND RECONCILIATIONS

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The Company has disclosed non-GAAP financial measures to supplement its consolidated financial statements presented in accordance with GAAP. The non-GAAP Financial measures excludes/includes certain items that are included in the Company's results reported in accordance with GAAP as outlined in the table below. Management believes these non-GAAP financial measures provide useful additional information to investors about trends in the Company's operations and are useful for period-over-period comparisons. The non-GAAP Financial measures should not be considered in isolation or as a substitute for the comparable GAAP measures. In addition, the non-GAAP financial measures may not be the same as similar measures provided by other companies due to the potential differences in methods of calculation and items being excluded/included. It should be read in conjunction with the Company's consolidated financial statements presented in accordance with GAAP.