Results of Operations

The operating results of our businesses are significantly impacted by the price and volume of avocados we farm, source and distribute. In addition, our results have been, and will continue to be, affected by quarterly and annual fluctuations due to a number of factors, including but not limited to pests and disease, weather patterns, changes in demand by consumers, food safety advisories, the timing of the receipt, reduction, or cancellation of significant customer orders, the gain or loss of significant customers, the availability, quality and price of raw materials, the utilization of capacity at our various locations and general economic conditions.

Our financial reporting currency is the U.S. dollar. The functional currency of substantially all of our subsidiaries is the U.S. dollar and substantially all of our sales are denominated in U.S. dollars. A significant portion of our purchases of avocados are denominated in the Mexican Peso and a significant portion of our growing and harvesting costs are denominated in Peruvian Soles. Fluctuations in the exchange rates between the U.S. dollar and these local currencies usually do not have a significant impact on our gross margin because the impact affects our pricing by comparable amounts. Our margin exposure to exchange rate fluctuations is short-term in nature, as our sales price commitments are generally limited to less than one month and orders can primarily be serviced with procured inventory. Over longer periods of time, we believe that the impact exchange rate fluctuations will have on our cost of goods sold will largely be passed on to our customers in the form of higher or lower prices.

	Years ended October 31,					
	2022		2021		2020	
(In millions, except percentages)	Dollar	%	Dollar	%	Dollar	%
Net sales	$ 1,045.9	100.0 %	$ 891.7	100.0 %	$ 862.3	100.0 %
Cost of sales	956.1	91.4 %	767.2	86.0 %	737.7	85.6 %
Gross profit	89.8	8.6 %	124.5	14.0 %	124.6	14.4 %
Selling, general and administrative expenses	77.5	7.4 %	63.6	7.1 %	56.2	6.5 %
Goodwill impairment	49.5	4.7 %	—	— %	—	— %
Operating (loss) income	(37.2)	(3.6)%	60.9	6.8 %	68.4	7.9 %
Interest expense	(5.5)	(0.5)%	(3.7)	(0.4)%	(6.7)	(0.8)%
Equity method income	5.1	0.5 %	7.5	0.8 %	4.0	0.5 %
Remeasurement gain on acquisition of equity method investee	2.0	0.2 %	—	— %	—	— %
Impairment on equity method investment	—	— %	—	— %	(21.2)	(2.5)%
Other income (expense), net	4.4	0.4 %	1.3	0.1 %	(0.7)	(0.1)%
(Loss) income before income taxes	(31.2)	(3.0)%	66.0	7.4 %	43.8	5.1 %
Provision for income taxes	3.7	0.4 %	21.1	2.4 %	15.0	1.7 %
Net (loss) income	(34.9)	(3.3)%	44.9	5.0 %	28.8	3.3 %
Net loss attributable to noncontrolling interest	0.3	— %	—	— %	—	— %
Net (loss) income attributable to Mission Produce	$ (34.6)	(3.3)%	$ 44.9	5.0 %	$ 28.8	3.3 %

Net sales

Our net sales are generated predominantly from the shipment of fresh avocados to retail, wholesale and foodservice customers worldwide. Our net sales are affected by numerous factors, including the balance between the supply of and demand for our produce and competition from other fresh produce companies. Our net sales are also dependent on our ability to supply a consistent volume and quality of fresh produce to the markets we serve.

	Years ended October 31,		
(In millions)	2022	2021	2020
Net sales:			
Marketing and Distribution	$ 1,016.1	$ 872.0	$ 846.9
International Farming	19.1	19.7	15.4
Blueberries	10.8	—	—
Total net sales	$ 1,045.9	$ 891.7	$ 862.3

Net sales increased $154.2 million or 17% in fiscal year 2022 compared to the previous year, primarily due to a 28% increase in average per-unit avocado sales prices, partially offset by decreases in avocado volume sold of 11%. Price increases were due to lower industry supply out of Mexico for much of the fiscal year, as well as inflationary pressures. Lower avocado volume sold was primarily driven by lower Mexican supply. Domestic volumes declined at a lower rate relative to export markets, demonstrating the resiliency of demand for avocados amid higher price points in the U.S. market.