



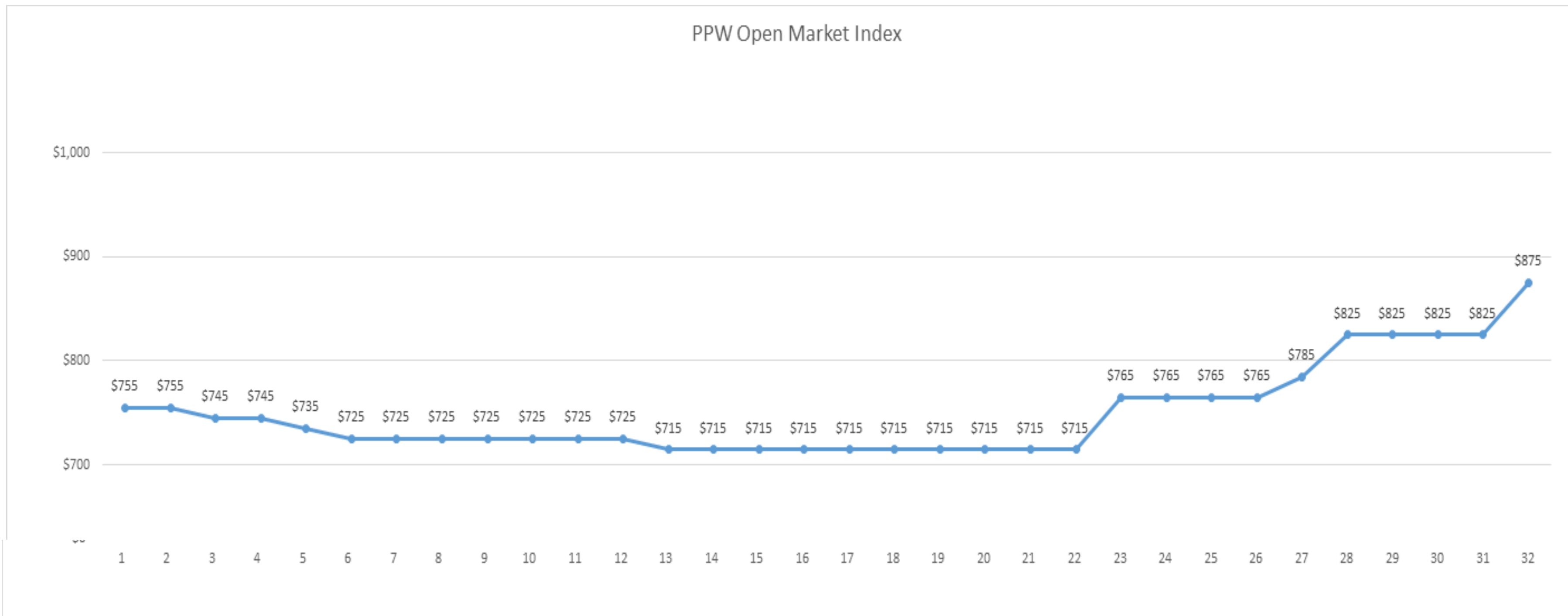
COST TRENDS



Corrugate

17.4% cumulative increase since July 2021

<u>Timing</u>	<u>% Incr.</u>	<u>\$ Impact (annualized)</u>
July 1 st 2021	5.5%	\$4.0M
Dec 1 st 2021	6%	\$4.8M
Mar 1 st 2022	5%	<u>\$3.8M</u>
		\$12.6M



Rigid Plastics

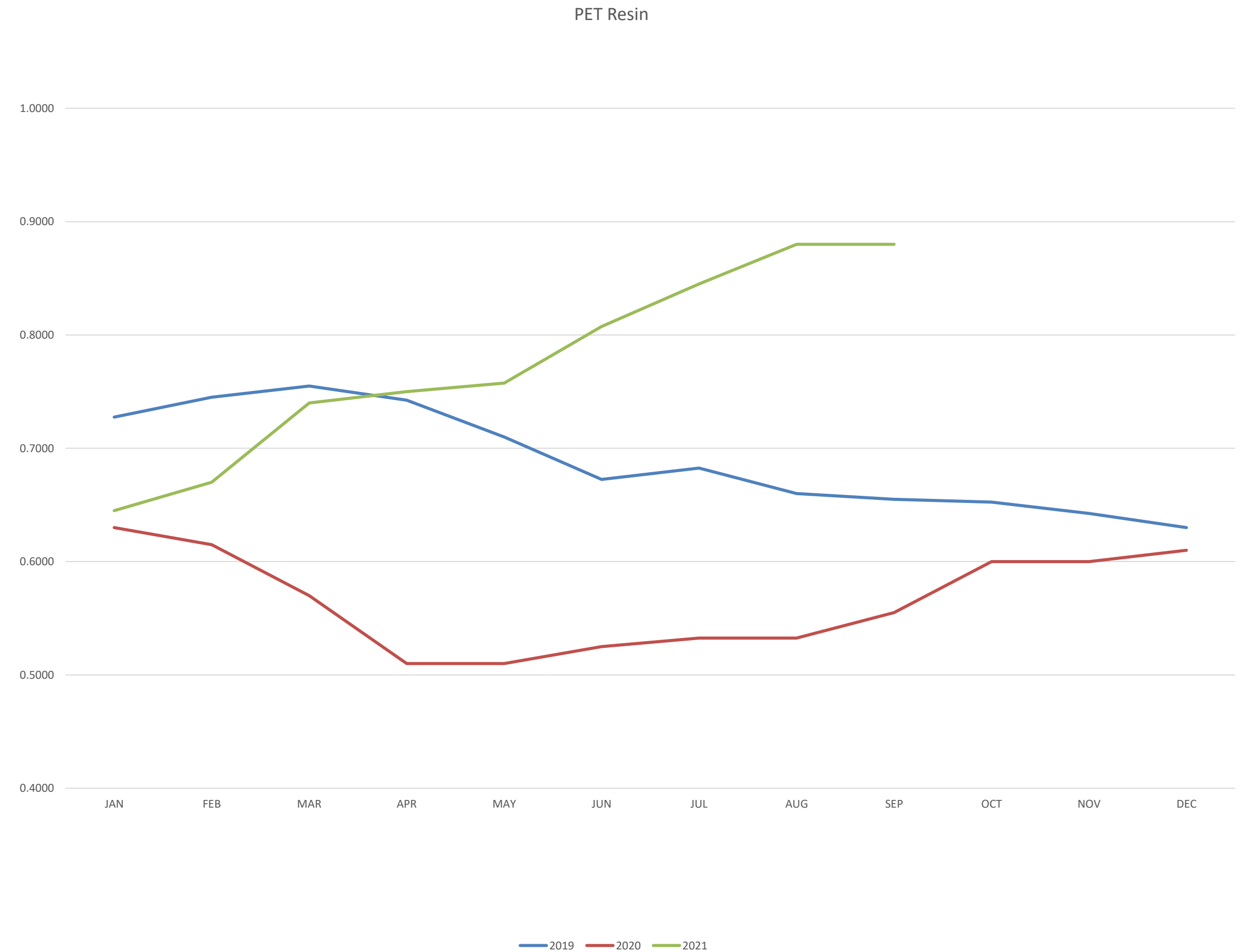
Market Remains Volatile

- Vendor A
 - July 1st, 2021 14% \$625K
 - Dec 1st, 2021 8% \$380K

- Vendor B
 - Jan 1st 2021 7% \$500K
 - July 1st 2021 5% \$350K

- Vendor C
 - Jan 1st 2021 7% \$420K
 - July 1st 2021 5% \$300K
 - Dec 1st 2021 5% \$300K

- Vendor D
 - Jan 1st 2021 7% \$693K
 - July 1st 2021 5% \$495K
 - Dec 1st 2021 5% \$495K



Dressing

Vendor A

- July 1st 2021 8% \$1.8M
- Jan 1st 2022 18% \$8.35M

Vendor B

- July 1st 2021 10% \$2.8M
- Jan 1st 2022 5% \$1.4M

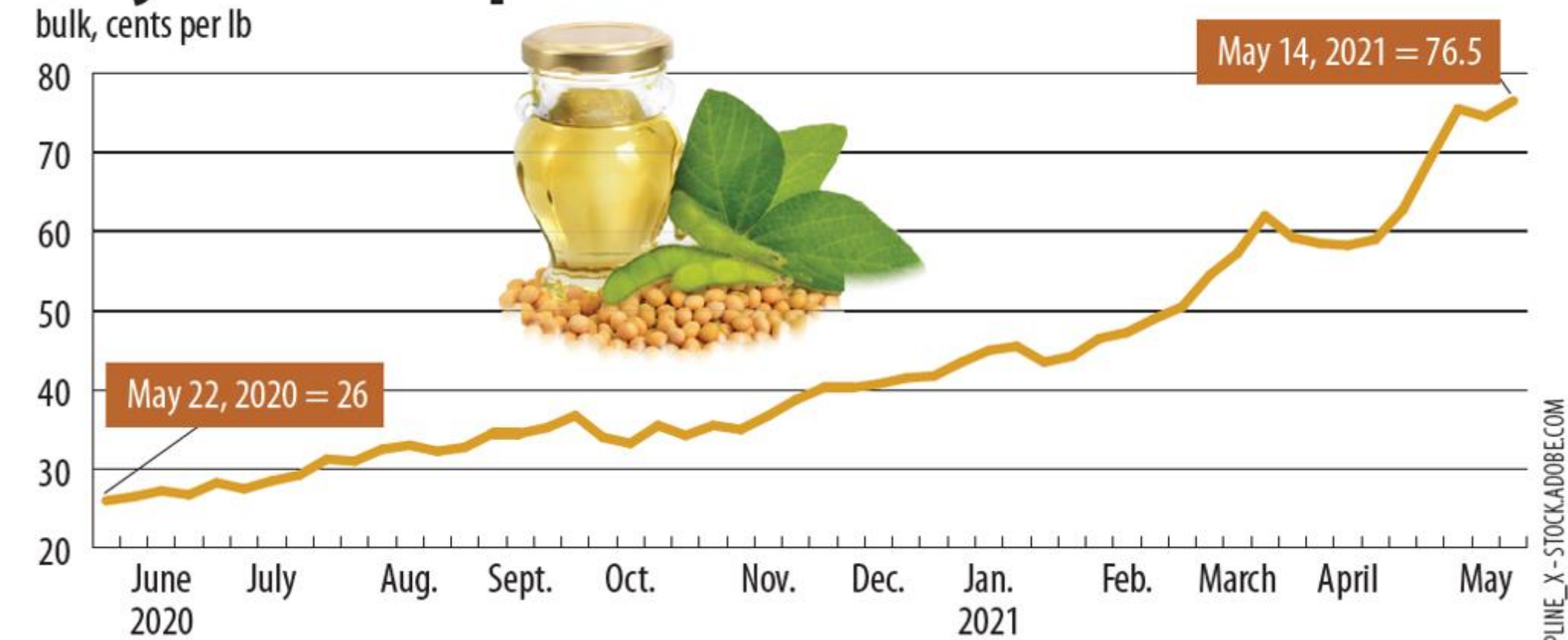
Vendor C

- Jan 1st 2022 5% \$550K
- May 1st 2022 5% \$550K

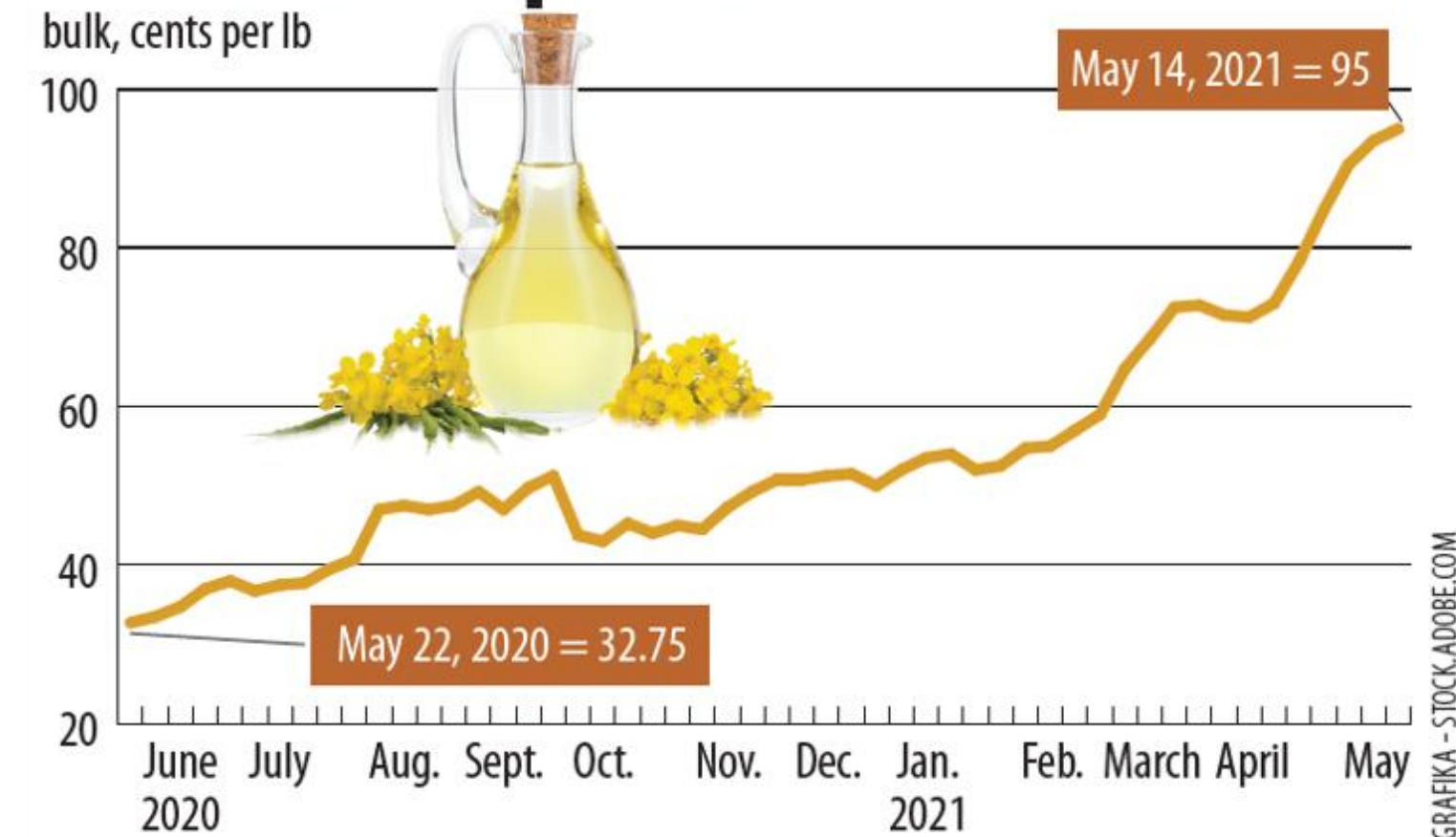
Ingredients

- Canola and Soybean Oil prices continue to rise due to increase in demand and lower crop yields.
- Egg, sugar, thickening agent, and Mayonnaise prices are at all time highs, driven by an increase in demand and port backlogs.

Soybean oil prices



Canola oil prices



Master Pack Commodities (Nuts, Seed, Croutons, Misc.)

- Jan 1st 2022 15% \$6.8M

Crunchy Condiments

CHIPS: AVERAGE INCREASE 7.7%; cost drivers are oil, labor and freight

CROUTONS: AVERAGE INCREASE 5.5%; cost drivers are wheat flour, oil, labor and freight

WONTONS AND NOODLES: 3.4%; cost drivers are wheat flour, oil, labor and freight

Dried Fruit

CRANBERRIES: WE ARE EXPECTING INCREASE OF 20%; quotes still in process; cost drivers are crop yield and poor quality

DRIED PINEAPPLE: AVERAGE INCREASE 24%; cost drivers are limited supply and international freight

COCONUT: AVERAGE INCREASE 25%; cost driver is international freight

Other Condiments

DRIED CORN: AVERAGE INCREASE 7.5%; cost drivers are raw material inputs and labor

BLACK PEPPER: AVERAGE INCREASE 9.2%; cost driver is international freight

EDAMAME: AVERAGE INCREASE 14.6%; cost driver is international freight

QUINOA: AVERAGE INCREASE 26.2%; cost driver are increased raw material costs and lower processing yields

Nuts and Seeds

ALMONDS: AVERAGE INCREASE 16.7%; cost drivers are strong demand and lower crop yields; last two year's cost was lowest in a decade

PEPITAS: AVERAGE INCREASE 65.6%; cost drivers are fewer acres in production, driven by Chinese government incentive to grow other crops, and international freight

SUNFLOWER SEEDS: AVERAGE INCREASE 29.1%; cost drivers are drought conditions leading to quality and crop yield issues for domestic seeds, and international freight for imported seeds

OTHER SEEDS: AVERAGE INCREASE 37.2%; cost drivers are low supply and international freight

CASHEWS: AVERAGE INCREASE 26%; cost driver is mainly international freight

WALNUTS: AVERAGE INCREASE 17.4%; cost driver is strong demand with limited supply of pieces

SOY NUTS: AVERAGE INCREASE 23.5%; cost drivers are limited supply and international freight

Labels

- Vendor A
 - Sept 1st 2021 6% \$540K
 - Jan 1st 2022 8% \$810K

Adhesives

- The February freeze in Texas and Hurricane Ida in August are affecting adhesive availability and cost
- Acrylic acid monomer in short supply
 - Formulation additives to create these adhesives are under Force Majeure.
 - Adhesive manufacturers have put customers on allocation, and raised prices, to balance the supply and demand
- The higher price of petroleum is adding to the cost of adhesive production
- Chemical Grade Propylene, the primary input in adhesive production, increased from a 2020 average of \$.3179/lb. to a September price of \$.8250/lb.

Paper

- Pulp is up 40% just this year
- Chemicals for papermaking are in extremely short supply – and expensive
 - This includes direct thermal coatings; Some suppliers have put their customers on allocation
- Making paper is energy intensive and the price of natural gas is up
 - In September, the Natural Gas Spot Price was 116% over the average of 2020

Freight

Over the road truck rates continue to increase at a record pace

- Contract rates are up 12% over year ago
- Spot market rates are up nearly 20% versus year ago

Fuel has increased 36.8% versus year ago (U.S. average \$3.61 versus \$2.64)

- January 2021 – U.S average \$2.64
- January 2022 – U.S. average \$3.61

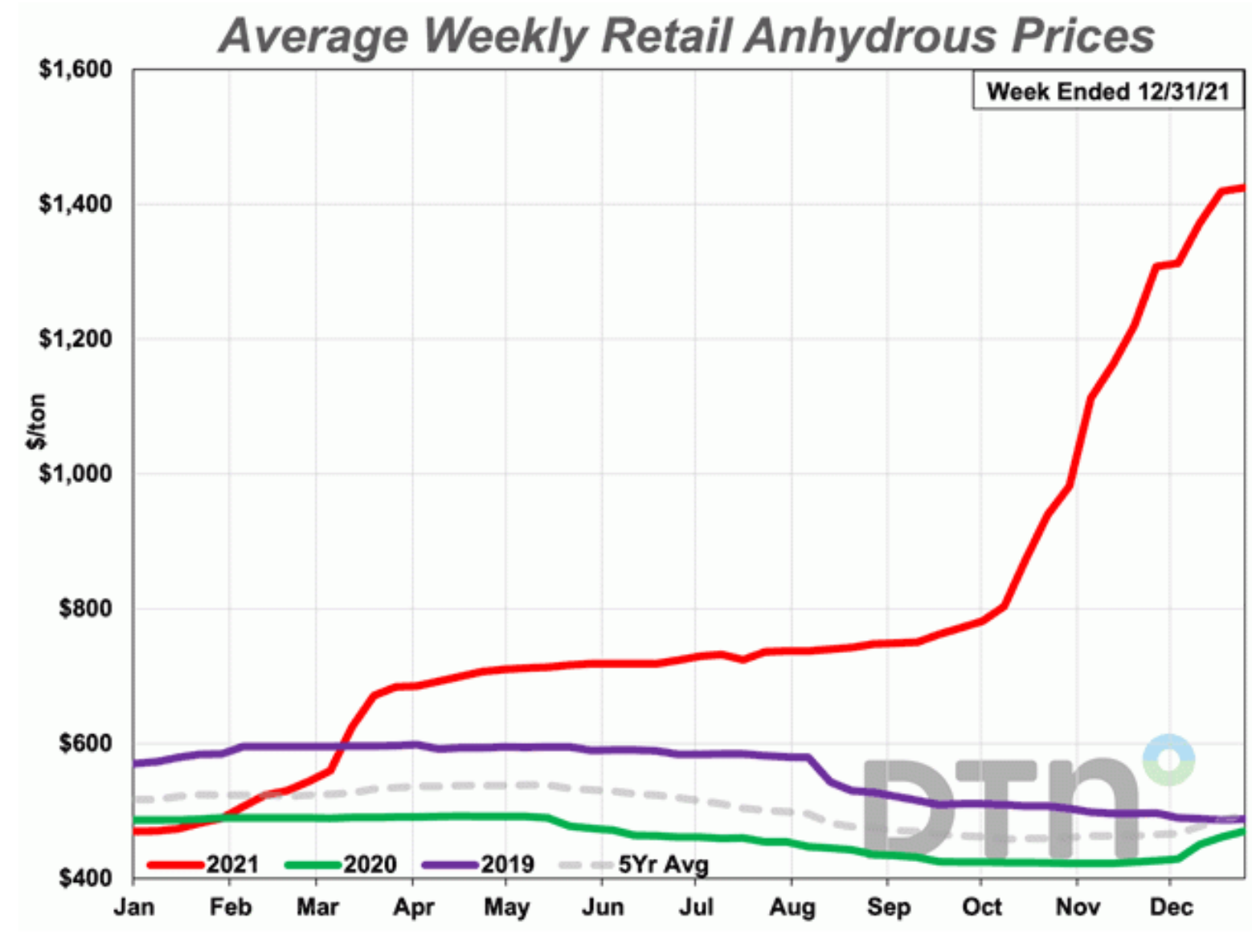
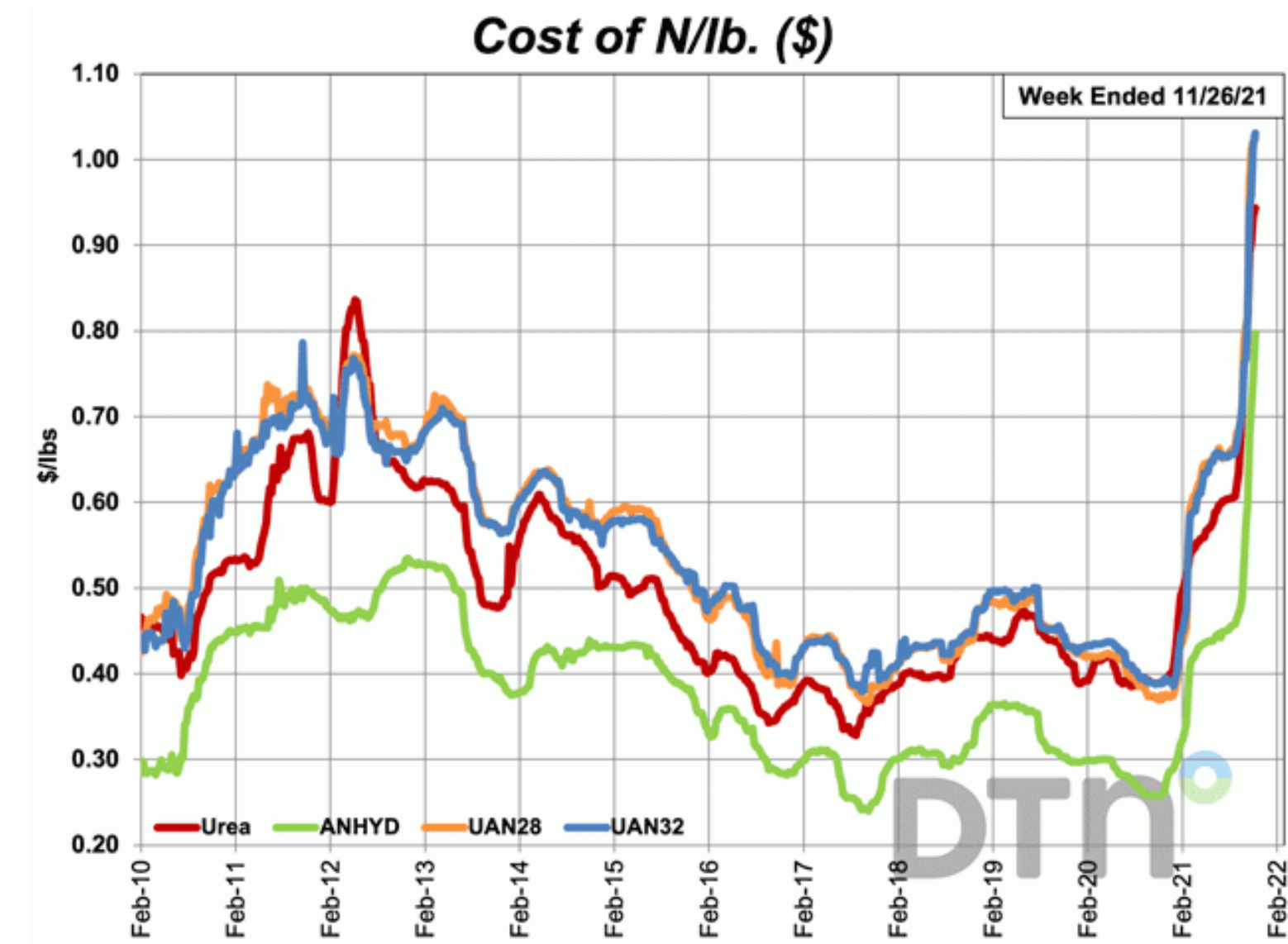
Capacity shortage caused by several factors

- Unloading delays at West Coast ports
- Drivers moving to short haul lanes (ie; Amazon local deliveries)
- Drivers switching to higher paying low-skill jobs

Fertilizer

Global fertilizer prices have reached record highs this year, in part due to:

- Soaring prices for the natural gas used to produce them
- Strong global demand
- Recent weather events impacting domestic production
- Transportation costs



Labor

Minimum Wage

- Increased from \$14.00 in 2021 to \$15.00 in 2022

Overtime (Agricultural Workers)

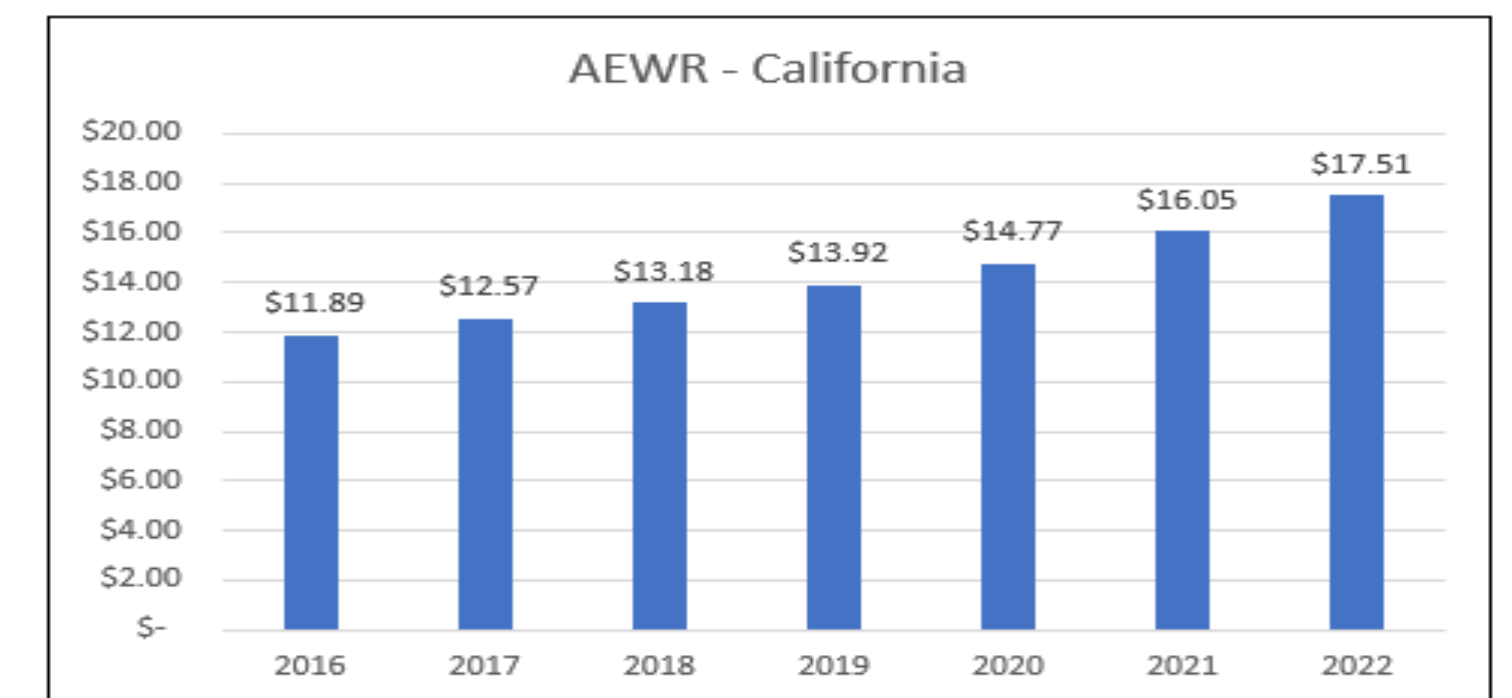
- The time threshold continues to dwindle, resulting in higher wages/costs
 - 2021: 8.5/45
 - 2022: 8/40

H-2A Labor

- On December 15th 2021, the U.S. Department of Labor published Adverse Effect Wage rates for employment of temporary or seasonal nonimmigrant foreign workers to perform agricultural labor or services. These rates become effective on December 29, 2021. The AEW for California for 2022 is \$17.51 per hour, a **9% increase** over 2021.

California Minimum Wage		
Date	More Than 25 Employees	25 or Fewer Employees
January 1, 2017	\$10.50	\$10.00
January 1, 2018	\$11.00	\$10.50
January 1, 2019	\$12.00	\$11.00
January 1, 2020	\$13.00	\$12.00
January 1, 2021	\$14.00	\$13.00
January 1, 2022	\$15.00	\$14.00

Schedule for Changes to Daily and Weekly Hours After Which Agricultural Workers Receive Overtime Pay		
Effective date for employers with 26 or more employees:	Effective date for employers with 25 or fewer employees:	Overtime (1.5x regular rate of pay) required after the following hours per day / hours per workweek:
Jan. 1, 2019	Jan. 1, 2022	9.5 / 55
Jan. 1, 2020	Jan. 1, 2023	9 / 50
Jan. 1, 2021	Jan. 1, 2024	8.5 / 45
Jan. 1, 2022*	Jan. 1, 2025*	8 / 40



Summary Cost Impact

Cost Component	% COGS	Cost Increase	Cost Impact
Raw Product, Harvesting, Inbound Freight	35.0%	7.0%	2.45%
Masterpacks, Dips, Dressings	17.0%	15.0%	2.55%
Packaging	10.0%	17.0%	1.70%
Direct Labor	11.0%	4.0%	0.44%
Outbound Freight	7.0%	12.0%	0.84%
Production OH	10.0%	0.0%	0.00%
SG&A	5.0%	0.0%	0.00%
Total cost change July 2021 - January 2022			7.98%