



CROP REPORT

April 15th, 2021

Valued Distributor/Operator Partners: Hello and welcome to the first Crop Report for our 2021 season! Looking forward to seeing many of you face to face, healthy and well, without computer monitors, in the year ahead. March was a strong month and we sited strong growth in all regions of the country but largely driven by fully open, and generally warmer climate states. As pressure mounts on those states content to remain closed, we look forward to a strong summer for our Operator & Distributor partners.

For those of you in the pizza channel, take pride and a little comfort in knowing fast adaptation and solid work ethics drove sales in 2020 to roughly the same level as pre-pandemic 2019 at \$46.3B! For those of you in the non-commercial space, and suffering from school, business and industry and healthcare closures in 2020, we look forward to welcoming you back for the 2021/22 cycle. It's been an eventful year with supply chains still struggling to catch up and with rising costs on virtually every component we utilize.

With that, let's touch on our early crop data points...

California Tomatoes: Inventories are fairly balanced headed into the 2021 pack season. Organic product is in tight supply and we expect that trend to continue even after the 2021 pack season due to available acreage and water issues. 2 million acres of California farmland has had its water cut by 95%. Growers and farmers continue to petition Governor Newsom to declare a state of emergency, given the low Sierra snow-pack, continued diversion of water resources to the bay area and environmentalists concerns. California tomato growers, through endless research and application, have never been as efficient and productive with as little water, as they are now.



From the charts on the following page, you'll quickly recognize the current state of concern. We still have about 12 weeks to harvest, but absent some significant snowfall in the Sierra's or other mitigating factors, this will be a very measured, tighter pack in the 11-11.5MM ton range.

The CTGA negotiated price for 2021 is \$84.50 a ton, an increase of 12% over 2019 and 8% above 2020 pricing. They've also increased organic price per ton by 16% to \$136, up from \$117.25 in 2020.

These pictures were taken just yesterday of the first yellow petals, just inside the calyx and several organic rows coming along nicely!



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FARM WATER HAS ALREADY BEEN CUT BECAUSE OF THE DROUGHT

AS OF APRIL 12, 2021

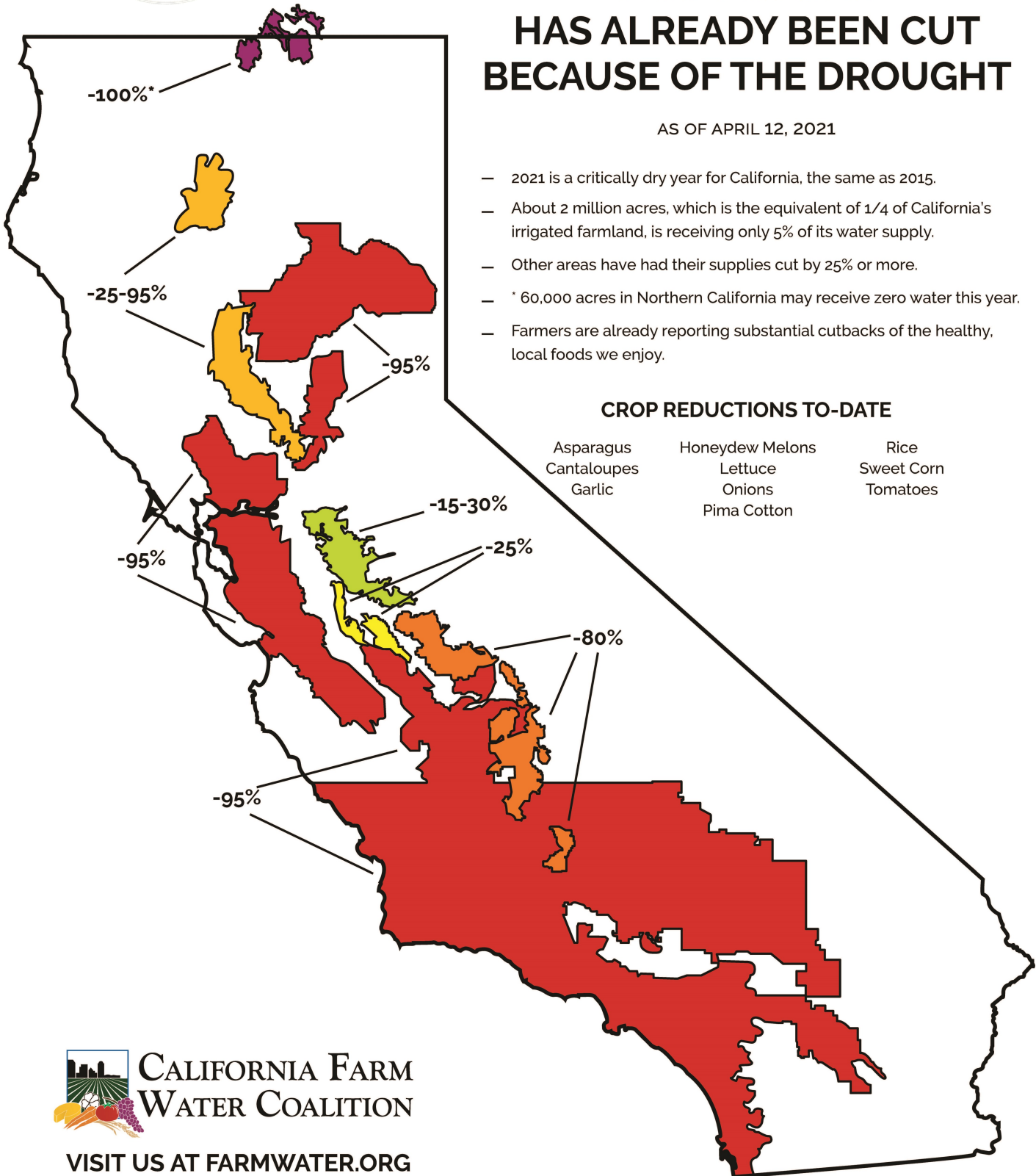
- 2021 is a critically dry year for California, the same as 2015.
- About 2 million acres, which is the equivalent of 1/4 of California's irrigated farmland, is receiving only 5% of its water supply.
- Other areas have had their supplies cut by 25% or more.
- * 60,000 acres in Northern California may receive zero water this year.
- Farmers are already reporting substantial cutbacks of the healthy, local foods we enjoy.

CROP REDUCTIONS TO-DATE

Asparagus
Cantaloupes
Garlic

Honeydew Melons
Lettuce
Onions
Pima Cotton

Rice
Sweet Corn
Tomatoes



CALIFORNIA FARM
WATER COALITION

VISIT US AT FARMWATER.ORG



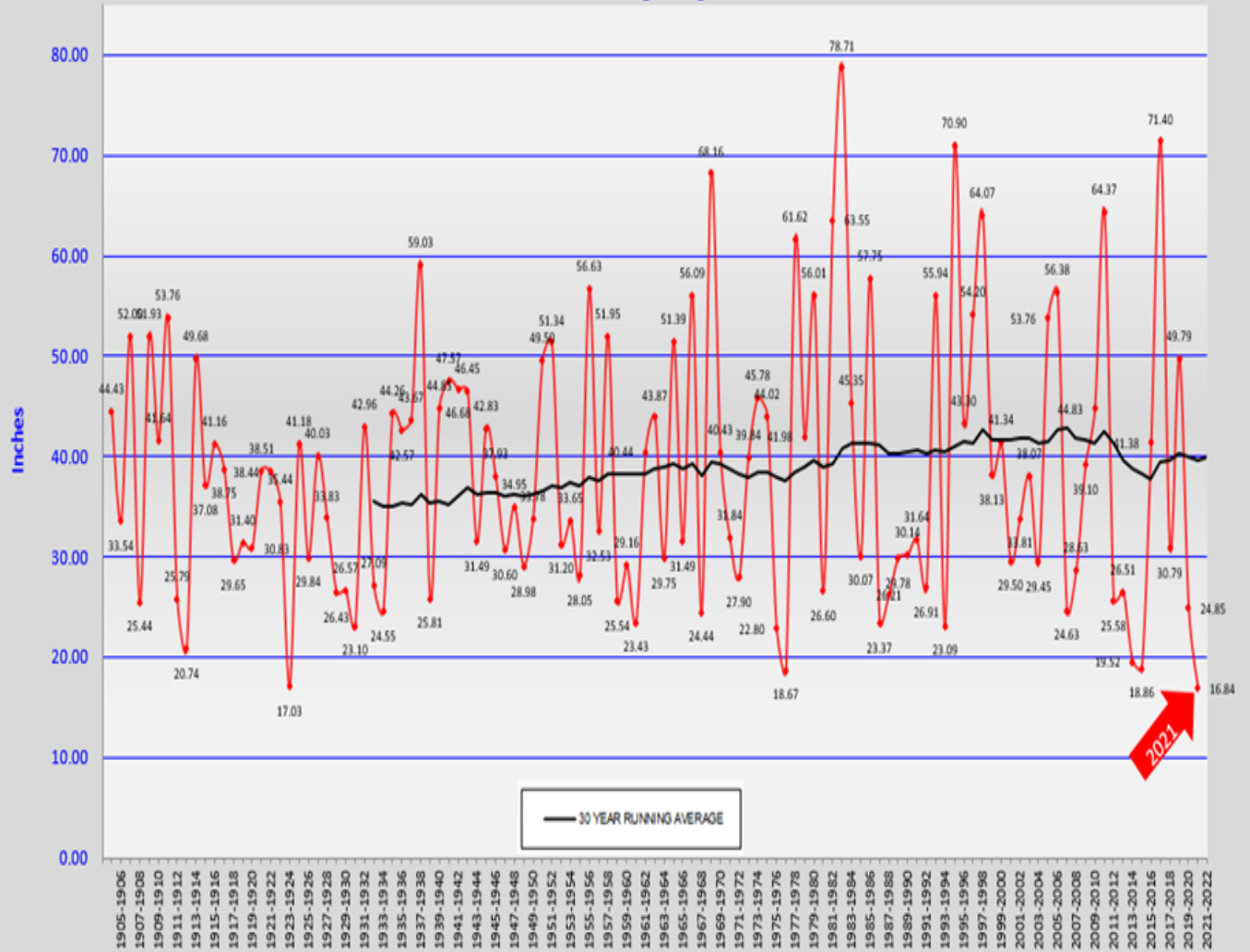
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San Joaquin 5-Station 'Rainfall Season' Index

117 Year Climate History

1904 - 2021 with

30-Year Running Average Trend





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Pacific Northwest Bartlett Pears: With Spring upon us, the pear and cherry blossoms are lighting up the Yakima Valley and Columbia River Gorge. We've recently had some unseasonably cool nights in the 20F range, coupled with some high winds last week. Growers scrambled and applied cold protection as they were able and we'll have to wait another week to really evaluate any significant damage. Our Senior NW Ag Manager is communicating with Growers on-going and we'll pass on any updates as available.

Early estimates are a very average crop and Bartlett processor harvest of about 80K tons. **Pear blossoms>**



Northwest Sweet Cherries:

Cherry crop looks initially sound provided we make it through frost season. Early blossoms look great, but as with pears, we need to make it through the cool spring next few weeks. We anticipate harvest late June, early July, all things equal.

You may recall last year's crop had challenges of an early Spring frost, rain and "little cherry" disease that reduced crop by an estimated 40 million pounds. We are cautiously optimistic we'll be able to get a full pack this season.

With the cruise industry firing up their engines, we look forward to providing all the dark sweet cherries they need for Cherries Jubilee for the Fall cruise season.

Pacific Northwest Purple Plums:

Sweet and nutritious, we are taking bookings and contracts for 2021 pack fruit and anticipate packing these at peak of ripeness in September.

Available in Extra Light Syrup or Juice pack, whole or halves, retail 24/15 oz. or foodservice 6/10 (100 oz cans). Crop is exceptional this year and we'd love to pack some 6/10 cases for you.





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Juice Concentrates and Purees: NJFC produces a wide variety of concentrates, purees, essences and pomaces, all derived from Northwest fruit. These include apple, blueberry, raspberry, Marion berry, elderberry, and of course, cranberry, high PAC cranberry, pear, plum and cherry. We are a leading supplier for several nationally recognized branded juices, ice creams, confectionaries, and nutraceuticals. We also proudly supply to cider, seltzer, and craft beer producers and routinely engage in custom formulation work.



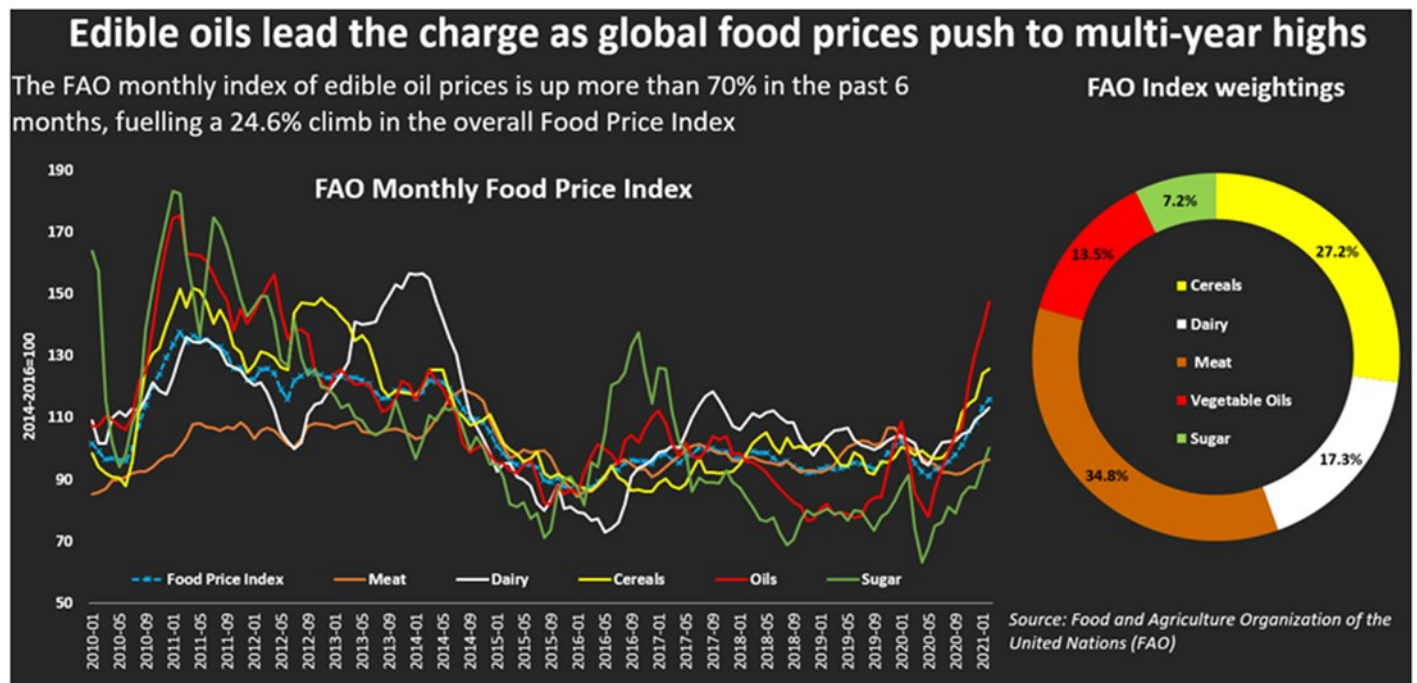


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Costs:

We continue to see truly unprecedented increases in virtually all of our component costs this year. You've probably read and/or seen in the news, the term "inflationary bursts" recently. Defined as such, as we don't know how long these significant price spikes will last as supply chains search for stability. A few of our most significant costs, along with the aforementioned cost per ton increases are posted below. Various edible oils have increased as much as 70% in just 6 months. Lumber (used for our shipping pallets) has increased nearly 300% in just 12 months and note the costs of fiber and cold rolled steel used for our packaging. Factor in the additional Covid costs of harvest and manufacturing, mandated labor and insurance increases and you'll quickly understand why prices are headed North.

Taking all that into account, NJFC continues to focus on costs we **can** control. We continue to invest in automation where we can, and focus on productivity gains through strategic planning efforts. That said, we wanted to get this explanation out to our customers in front of pricing advances. We understand that our distributors, operators and customers all face similar questions and wanted to insure that we have prepared you appropriately.



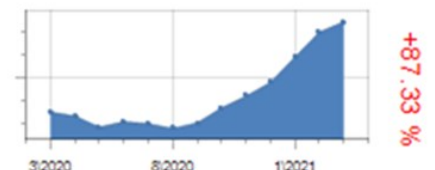
Corrugated Medium (26 lb) N. America



Linerboard (42 lb) N. America



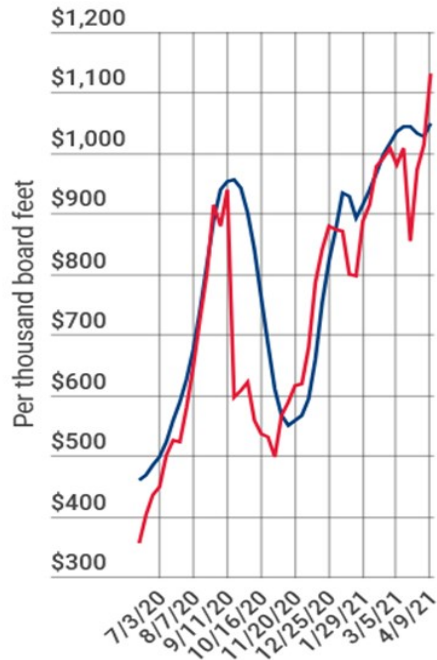
Cold Rolled Steel N. America





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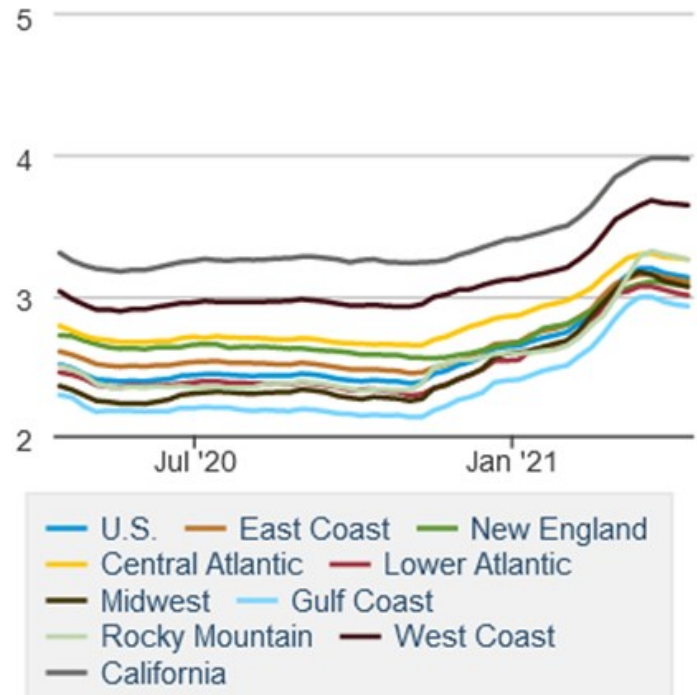
The Latest Framing Lumber Prices



● Random Lengths Framing Lumbe...
● CME Futures Price

On-Highway Diesel Fuel Prices

(dollars per gallon)

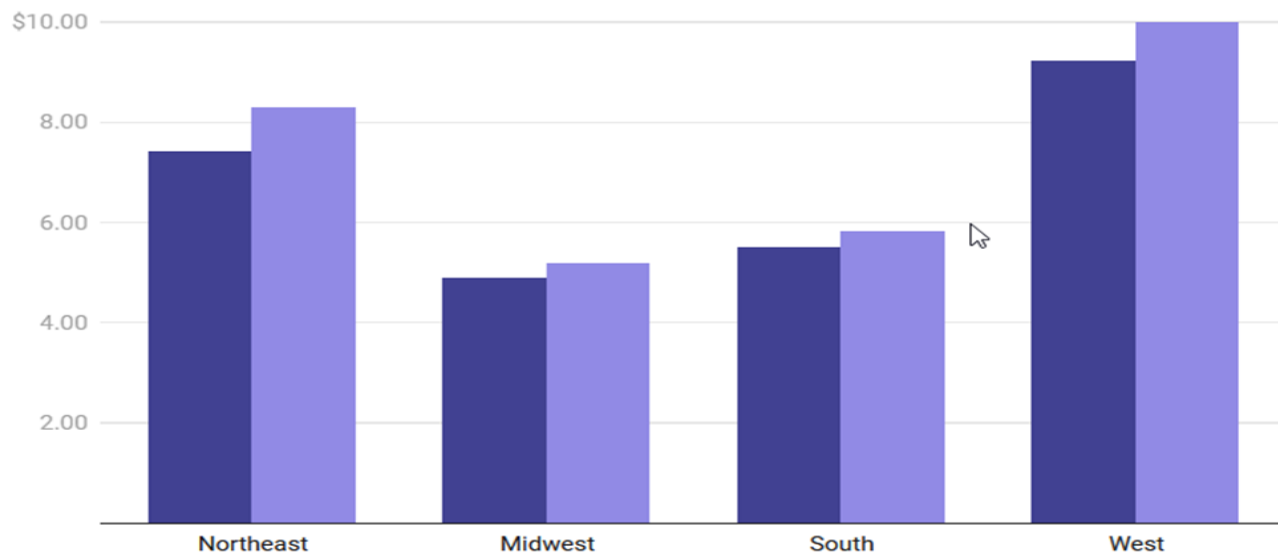


Source: Energy Information Administration

Warehouse rents rise

Industrial real estate asking rent, per square foot, annual, in listed market

■ 2020 Q1 ■ 2021 Q1





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We at the Neil Jones Food Company are committed to providing you with the highest quality products available, year to year, at competitive pricing. For some additional detail, you might reference the articles in links below:

<http://sjvsun.com/ag/california-finds-itself-rationing-water-and-reality-its-time-for-a-change/>

<https://www.marketwatch.com/story/why-food-costs-arent-done-climbing-yet-11613757681>

<https://www.supplychaindive.com/news/charts-supply-chains-q1-2021-inventory-e-commerce-warehouse/598005/>

<https://www.supermarketnews.com/issues-trends/pandemic-investments-cost-us-food-retailers-24-billion-fmi-study-finds>

http://stratus.water.ca.gov/reportapp/javareports?name=PLOT_FSI.pdf

<https://engaging-data.com/california-precipitation-levels/>

If you have any questions or need to place your bookings for the 21/22 harvest season, please contact your RSM or visit our new website at njfco.com.

Thanks for your continued partnership and we'll keep you apprised as the season progresses.

Jon K. Holt