



SWEET HARVEST FOODS



Second Quarter 2022

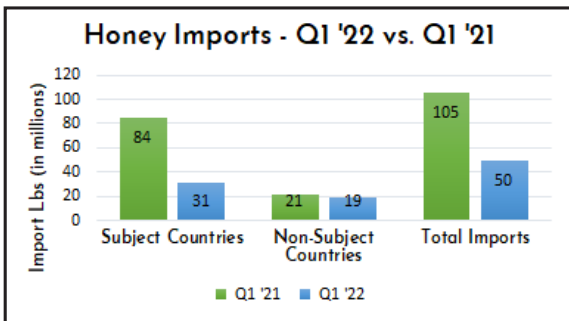
HONEY MARKET UPDATE

ANTI-DUMPING UPDATE

- April 12, 2022 — ITC hearing with testimony from beekeepers, packers, importers, and end-users.
- May 11, 2022 — ITC confirmed AD order and affirmed Critical Circumstances for Vietnam.
- Duties for Vietnam have been revised to 60%. Ukraine has been dropped from the petition.

Next steps

- DOC anti-dumping orders to be published on June 6, 2022.



Inventory carry-over from subject countries leading to reduced YTD imports. Risk of tight supply in 2H '22

HONEY SEASON UPDATES

- Vietnam rubber crop complete, volume down 50-60% due to weather.
- North America season underway; weather conditions favorable in some areas could lead to a strong season.
- South America season complete, lower volume expected (~30%) due to poor weather conditions.
- India season is underway; indications are for ~15% larger volume than last year.
- Organic Honey season is underway; demand remains high.

KEY TAKE-AWAYS

- The honey industry will now be learning how to operate in an anti-dumping environment for years to come.
- Notably lower imports in Q1 suggest a pending supply shortage and/or higher prices as new crop arrives.
- Shipping disruptions are expected to continue until 2nd/3rd Quarter 2024.

ADDITIONAL CONSIDERATIONS

Ocean freight continues to struggle:

- Shipping costs have increased ~40% over last year
- Diesel costs are at an all time high
- Congestion at major US ports is spreading to lesser utilized ports
- On anchor vessels has increased from a pre-COVID peak season high of 15 to average 75+
- Shipping containers are missing their connections, causing blank sailings and equipment shortages for future sailings
- Port delays are impacting downstream logistics such as rail and trucking lines

