



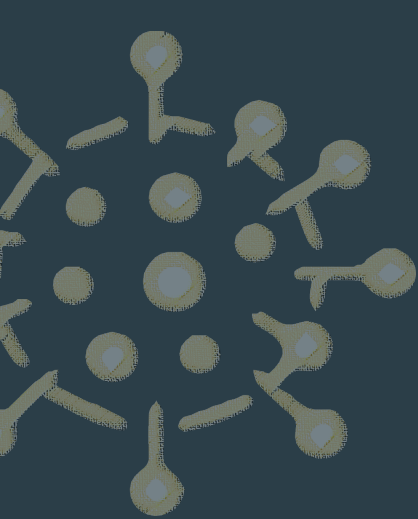
SENSIENT®

NATURAL INGREDIENTS

MARKET UPDATE

CALIFORNIA-GROWN GARLIC & ONION

November 2021



Dear Valued Customer:

SNI is fully dedicated to providing you with transparent, real-time communication regarding the supply chain uncertainties impacting our industry. Maintaining and strengthening our relationship is a top priority for us and you can count on our best efforts to collaborate with you in order to achieve the best results possible in these difficult times.

We look forward to working closely with you and stand ready to answer any questions you may have.

Sincerely,

Michael Finete

Michael Finete
General Manager



ONION

California-Grown

Harvest Completed – SNI’s 2021 California onion harvest, which started in April, wrapped up last week in Tulelake. Early estimates point to a shortfall of up to 15% versus projected yield recovery. Volumes were especially disappointing in the Tulelake and Westside regions due to widespread drought conditions and ongoing challenges associated with water access and distribution.

2021 Organic Onion harvesting was completed in late summer with production volumes coming in near target and with better-than-average quality. CY2022 organic onion planting is complete, having secured ample acreage to support core customer demand.

Wild Fires – Dryness, exacerbated by drought and periods of intense heat, led to the rapid development and expansion of wildfires. The Dixie Fire in northern California scorched nearly one million acres, making it the second-largest fire in the state’s history. Prolonged lack of sunlight may have had an impact on crop yields in northern California and the Tulelake region.

Labor Shortage – Securing available labor for harvest, production, packaging and transportation continues to adversely impact costs and productivity. Competition for the smaller pool of available labor has led to significant cost increases. Elevated transportation costs coupled with backlogged port, have added further to costs and caused delays. This is expected to continue well into 2022.

Planting for the 2022 conventional crop was completed in the California desert and Central Valley. Planting will continue up to northern California through Q2 2022. Acreage should be on par with 2021 levels but with dramatically higher grower costs and inflationary transportation and labor costs.

Garlic

California-Grown

SNI's Organic and Conventional California garlic harvest wrapped up in October. While total production volume did not exceed expectations, crop quality is excellent.

As with onion, California-grown garlic is realizing higher operating costs due to severe drought conditions, increased fuel, transportation, energy, labor and Covid-related expenses, which will result in price increases in 2022.

Planting for the 2022 crop is underway with acreage similar to 2021 levels.

Outlook

California Onion & Garlic

Demand for California-grown onion and garlic continues to increase and outpace supply as customers demonstrate a strong preference for its superior quality and sustainable sourcing. Customers also foresee both pricing and supply volatility from foreign sources.

Onion prices, year over year, are expected to increase up to 35% while garlic prices are projected to climb as much as 20%. These increases are a direct result of today's challenges including reduced supply, augmented by drought, inflationary fuel prices, transportation and utility rates, labor shortages, supply chain and shipping backlogs.

These issues are expected to continue well into 2022 and drive prices higher, commensurate with costs, especially piece sizes and specialty items where demand far exceeds availability. SNI also anticipates increased costs and time delays for irradiation treatment.

Despite volatility and uncertain times, SNI will support customer growth and endeavor to meet planned requirements.

