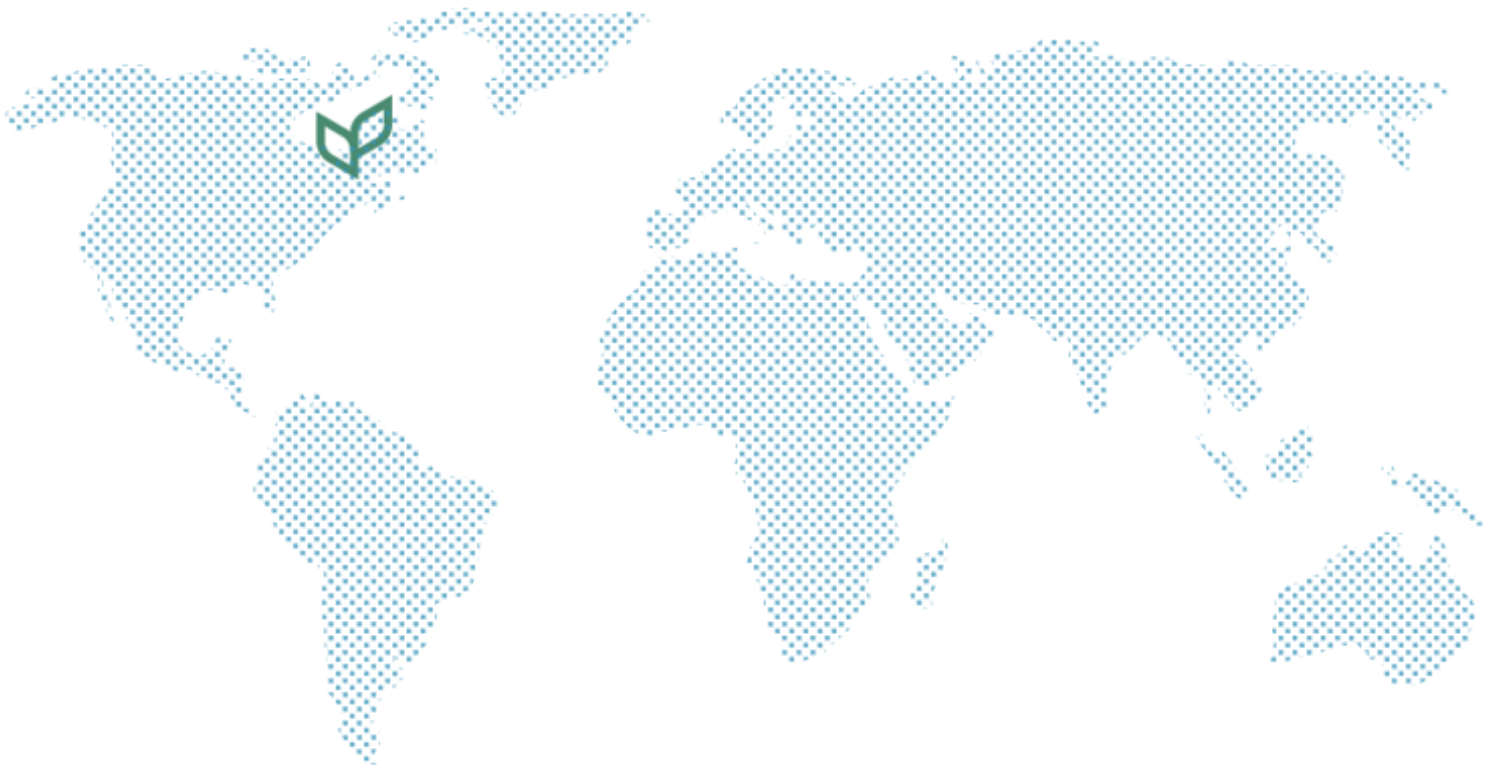




**CANAGRO
FOODS**



PERIODIC MARKET OVERVIEW

January 10, 2022

Waterloo, ON Canada



Dear Valued Customer,

With this market overview we would like to provide you the latest information related to cranberries harvest in North America that has finished in the Fall of 2021 and how it defined availability and pricing for the year of 2022 as well as supply chain news.

Cranberries Harvest Overview

Canada, Quebec

In Quebec, spring of 2021 had caused irreparable damage on some farms, but that in general, the yield was expected to be average. We can now say with certainty that the harvest ended below average comparing to previous years. During the crop season, we learned that some large farms in Quebec were seeing lower yields than expected and **reported decrease of 12% of average yield per acre compared to last year's results.**

Speaking of organic cranberries for all Quebec producers, **a 25% drop in volumes was registered in fall of 2021.**

The USA, Wisconsin and Massachusetts

In Wisconsin, as the harvest progressed, the news was getting worse, and it was expected that harvest in Wisconsin was not very encouraging. That being said, the results of the Fall harvest ended at its **worst crop in 15 years with volumes definitely under 400 million pounds.** Being the biggest player in the industry, on its own, Wisconsin will create a situation of serious scarcity in the industry.

Moreover, before the Massachusetts' harvest was over, the estimates predicted higher yields in 2021, but the state was expected to end with lower yields than 2020 due to quality issues stemming from the numerous bouts of heavy rain in August and September.

Based on the crop results in the USA and Canada it can be concluded that the berries supply in 2022 will be under significant pressure, which will ultimately drive prices up. We already see **35% market price increase for conventional cranberries in January 2022 compared to September-October prices of 2021.**

We **strongly encourage you confirm your 2022 orders** at your earliest convenience for both conventional cranberries, puree and organic juice concentrate.

Logistical Turmoil

The year of 2021 has seen one of the most impactful disruptions to the transportation industry and Canada has not been immune to it, unfortunately. The port of Montreal is one of the major gateways on the Canadian East Coast connecting the country to European market and it plays vital role in import/export activities on the Trans-Atlantic trade.

The Port of Montreal dockers' strike in late spring of 2021 stalled operations of the port for almost a week and caused major backlog that was impacting Eastern Canada supply chain for months. After the strike was over on May 3, 2021 following Canadian Parliament's bill, there were more than 10 container ships with 20,000 TEUs of cargo to be worked and it took a long time to clear it.

During the Summer of 2021 due to drought the port of Montreal experienced unusually prolonged low water situation in the St. Lawrence River connecting Atlantic Ocean to the port of Montreal, which only ended towards the end of the Summer. The situation forced shipping lines to limit capacity of ships to avoid running aground, which in turn created challenges to the supply chain given growing high demand for shipping services.

Starting **December of 2021 and throughout early January of 2022 the port operations have been impacted by shortage of port labour following quick spread of Omicron variant.** It is expected to continue throughout January and potentially Q1, 2022.

The labour shortage impacted port operations and its ability to process vessels, which in turn impacted integrity of vessel schedules and resulted in massive delays to both import and export shipments.

We at Canagro Foods understand importance of on-time delivery and do our utmost to ensure your shipments follow agreed schedules. Bearing the disruptions to supply chains and transportation industry we encourage our customers to **place orders in advance** as it allows to secure space on vessels, plan production and deliver excellent service to our value customers – you.

Thank you for your business,

Canagro Foods Team
Waterloo, ON, Canada, N2K 0C3

www.canagro.ca



