



Idahoan Foods, LLC
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March 18, 2022

To Our Valued Partners,

Idahoan Foods will implement a price adjustment across much of our portfolio to address the extraordinary supply chain, packaging, and labor related cost-input increases the North American market continues to experience. The changes will be effective on all orders placed for pick up or delivery on or after June 1, 2022.

The increases reflect a blended increase of approximately 5%; however, specific products differ based on multiple factors including: product-specific manufacturing cost increases, portfolio alignment across products, and projected product-specific cost of goods increases. Given the environment and observed pricing actions in the industry, we believe this below-market increase is representative of the significant actions we are taking to continue to deliver value to our customers.

While some of our operator-label products will not be impacted at this time, we plan to address these as their associated programs expire. Bids will be amended to reflect these increases as they come due.

On page two you will find our current cost pressure report. This report will provide further context and documentation for this necessary price increase. We have and will continue to work with our vendors and partners to lower input costs, minimize disruption and maintain the value and quality that Idahoan products represent in the Foodservice market.

We greatly appreciate you, our valued customers, and we are committed to work each day to deliver premium quality products and continued innovation. Our goal is to help you grow your sales and meet the challenges you face within the Foodservice distribution business.

Again, thank you for your support and the privilege of serving you. If you have any questions, please contact your Idahoan Regional or Territory sales contact.

Sincerely,

Steph Tripp
Director, Foodservice Marketing

Cost Pressure Report



Market Conditions

March 2022

- **Cost Inputs**

- Packaging: up 18-66% (Flexible film/PET/NBSK Paper Board)
- Raw Product: up 18.5%
- Other Ingredients: up 5-50% (The Spice Index; CME Dairy [NFDM up over 50%])
- Transportation: up 15% (Morgan Stanley Dry-Van Truckload Index; RPM exc. Fuel Dry Van)
- Labor & Benefits: up 6.3% (Mercer's 2020 National Survey of Employer Health Plans)
- Technology Expenses: up 3%

- **North American Potato Shipments (*North American Potato Market News; subscription service*)**

- With an annual crop of 20 million tonnes, Ukraine is the world's fourth largest producer of potatoes and Ukrainians are amongst the largest consumers of potatoes in the world. The conflict with Russia has come just at the time when farmers would normally be planting potatoes for harvest later this year. For many this year planting and growing will be difficult with inputs such as fertilizer and fuels scarce and expensive, and workers having left to fight rather than stay and farm.

- **Producer Price Index March 2021 (U.S. Bureau of Labor Statistics)**

- On an unadjusted basis, the Dried and Dehydrated fruits and vegetable including freeze-dried index climbed 3.4 percent in February 2021 from a year prior.

- **Consumer Price Index April 2021 (U.S. Bureau of Labor Statistics)**

- The index for food away from home rose 6.8 percent over the last year, the largest 12-month increase since December 1981. The index for limited-service meals rose 8.0 percent over the last 12 months, and the index for full-service meals rose 7.5 percent.