

To: Our Valued Customers

From: Jon R. Sugimoto

Date: July 15th, 2022

RE: Price increases, effective September 1st, 2022

As many of you are aware, shortly after Russia invaded Ukraine, agricultural commodities and energy prices surged, creating another unexpected wave of price increases for protein, grains, fuel, and freight. Consequently, we are forced to increase our prices respectively superseding the prices on Bids, RFP's and price quotes recently awarded and, in most cases, have not yet begun. The main factors associated with these increases are:

Bread, Rolls, & Tortillas. Flour up 85%

https://mymarketnews.ams.usda.gov/filerepo/sites/default/files/2771/2022-06-21/602208/ams_2771_00578.pdf

Cost of production Labor up 14-25% since 2021

https://www.dir.ca.gov/dlse/FAQ_MinimumWage.htm

Packaging, including polyester film and corrugated. Up 15%-20%

Freight prices continue to increase due to carrier shortages and increased demand. Up 10%-15%

The cost of Diesel Fuel in the West Coast the end of June 2022, was \$2.47/gallon, higher compared to the same time last year, resulting in added fuel surcharges ranging from 44% - 65%

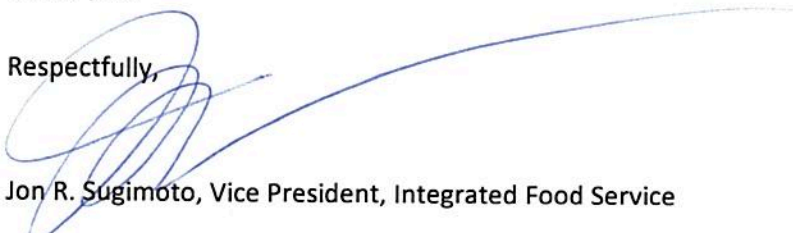
<https://www.eia.gov/petroleum/gasdiesel/>

In our 32 years servicing the school food service industry, historically we have been able to honor our pricing and keep increases to an acceptable minimum. Due to volatile inflationary and supply chain conditions, committing to pricing terms longer than 180 days, is no longer possible. Since our last price adjustment, we have absorbed multiple increases from our suppliers with less than a 30-day notice. The culmination of these increases leaves us no other option but to increase our prices. Understanding there is a transition period needed to instituting price adjustments, these price increase will not become effective until September 1st, 2022.

Please feel free to contact me if you have questions or need additional information.

Thank you.

Respectfully,



Jon R. Sugimoto, Vice President, Integrated Food Service