BeeMaid HONEY LIMITED

To: Customers and Brokers
From: Guy Chartier – CEO
Date: November 2, 2020

Re: <u>Price Increase Notification</u>

As your supplier of quality Canadian honey, we aim to provide you with regular updates on the honey market.

Supply

Based on honey crop information received at this point, some estimate that the Canadian honey crop production for 2020 will likely be similar to the 2019 result of 80 million pounds. The final 2020 production of honey has not yet been published. This will be the second year in a row where the Canadian honey crop is substantially lower than the previous 5-year average of 92.6 million pounds.

Production of honey Annual
Table: 32-10-0353-01 Geography: Canada, Province or territory

Estimate	Year					
	2014	2015	2016	2017	2018	2019
	Pounds					
Production of natural honey, total (x 1,000) 4	85,644	92,011	94,578	96,012	94,996	80,345

Statistics Canada. Table 32-10-0353-01 Production and value of honey
www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3210035301

Several issues proved to be quite challenging for Canadian beekeeping this last summer. The cancellation of several international flights in the spring limited the amount of bees and queens necessary to re-populate hives affected by winter and spring losses. Also, acquiring the foreign workers specifically trained for beekeeping work in Canada was very difficult this last spring and about 25% of these workers were unable to travel to Canada. The shortage of workers and bees negatively impacted the quantity of hives beekeepers were able to manage this year. Further, there was poor beekeeping weather in several parts of the Prairie Provinces, where about 80% of all Canadian honey is produced. All of these factors have significantly impacted the honey crop this year.

Demand

As with several other grocery items, since spring, consumers have been buying and using more honey at home than ever before. Most Canadian honey packers experienced record honey sales from March until May, which no one could have predicted. This unplanned spike in honey sales caused most honey packers to run their raw honey inventories to very low levels well in advance of the 2020 honey crop being harvested.

In June, honey buyers started to contact Canadian beekeepers unusually early in the honey production season looking to book and to receive honey as soon as possible. Due to lower than usual hive counts and shortage of workers, several beekeepers held back on signing early agreements, as they did not know what their honey crop would be like this year. This was the first stage causing prices to start firming up for Canadian honey.

As the summer progressed, it was becoming apparent that weather was not cooperating in several parts of the prairies (too cool and too much rain). Several beekeepers were realizing that their prediction of another bad year was starting to become reality. The poor weather also put additional pressure on honey prices.

Historically, American honey buyers' behaviour has had a significant impact on Canadian honey prices. Although interest from American honey buyers has been mediocre this year, conditions within Canada, like strong consumer demand and poor crop conditions for a second year in a row have been enough to significantly impact prices.

Earlier in the summer, offers were reported around CA$1.70 - $1.85 per pound. Today, offers are well over CA$2.00 per pound, with some reports of honey currently being booked at CA$2.40 per pound. In order to ensure continuous supply of quality Canadian honey and to provide a competitive return to our beekeepers, Bee Maid Honey Limited is announcing a commodity price adjustment with new shipments effective February 1, 2021.

Since honey is a commodity item, please note that only normal order quantities will be processed and no buy-ins will be accepted. All purchase orders in house by close of business on Friday, January 29, 2021 will receive current pricing.

We thank you for continuing to support Bee Maid Honey and the Canadian beekeepers that supply us with pure, quality Canadian honey.

Enclosures