

September 30, 2022



HNH Nut Company
31881 Road 160
Visalia CA 93292
559-798-1517

Bonus Payment:

Enclosed with this letter is a bonus payment towards the 2021 pecan crop. On an in-shell basis the average bonus was \$.75 per in-shell pound. Your individual statement will reflect your payment details.

2022 Pecan Crop Announcements:

1. ***The 2022 minimum price will be \$1.32 per in-shell pound.*** The minimum payment schedule will pay four payment installments of \$.33 per in-shell pound received from the 2022 crop, less assessments.
2. We have not had a dehydration fee increase since 2016. Regarding the increasing cost of operating, we've been obligated to increasing our cleaning and dehydration fee to \$.015 per in-shell pound.
3. We are expecting a record crop this season, so we need to be logically prepared. We will be working closely with harvesters to insure we have receiving capacity at the time of harvest. Our plant has been updated to handle what is expected, just not all at once. If you are a grower who harvests your own pecans, please make sure to contact me before you harvest to insure there is room to receive. Communication will be the key to a successful harvest.
4. For growers who produced less than 50,000 pounds from the 2021 crop you are eligible for an assessment reimbursement. Please be in contact with ***Emma Garner*** for further information as the submission process is changing.

Office: 817-985-3034

Email: egarnerappb@gmail.com

Progress and Market Trend:

National reports are forecasting a large 2022 crop. The National Shellers Association (NPSA) has estimated the US crop to be 304 million pounds.

In addition, the U.S. carry-in is expected at 177 million pounds with Mexico to import 250 million pounds, totaling the 2022 crop to reach an estimated 730 million pounds making this season an "on-crop year"

Currently pecan supply is tight, as pieces have reached equal to or greater levels than halves. While a large crop estimate has buyers buying with caution as a potential market softening lingers.

HNH will enter the season with a zero-carry in. The early market is believed to bring value since supply is tight among the western states. It will be interesting how hurricane season effects the South including Georgia's 130-million-pound crop, and where prices settle in the first quarter. God willing, we have a great year and prices hold through the season.

We look forward to handling and marketing your 2022 crop and thank you for your continued commitment to HNH Nut Company.

Sincerely,

Blake Houston

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