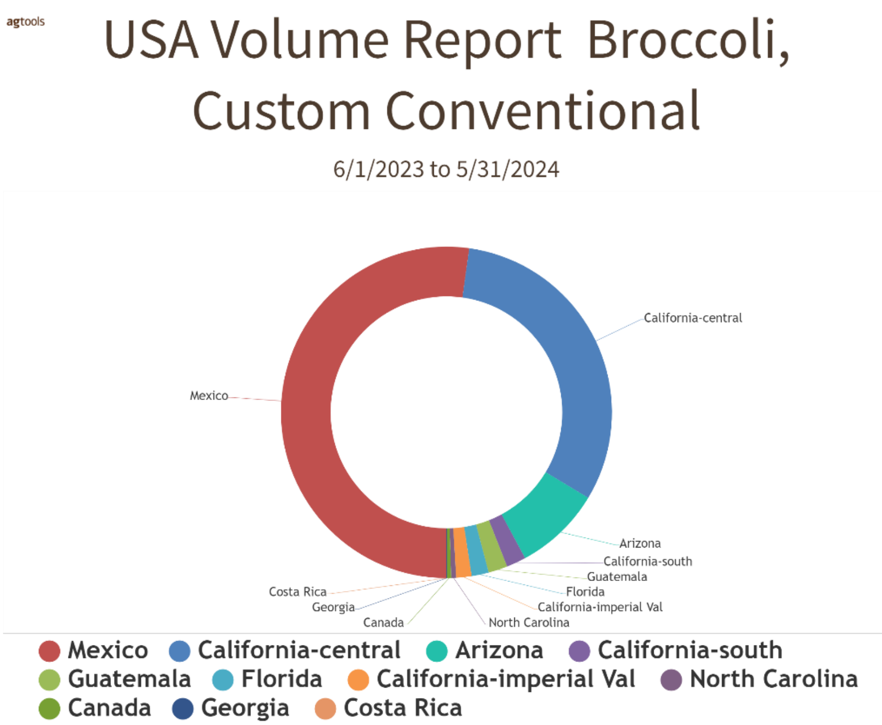
June 20th, 2024

U.S. BROCCOLI MARKET ANNUAL REPORT

Broccoli is a vegetable that is well accepted among different types of consumers in the United States, as any generation includes it in their diet. Additionally, its versatility in terms of preparations is an advantage to promote its consumption, as it can be part of different dishes, salads, soups, stews, etc.

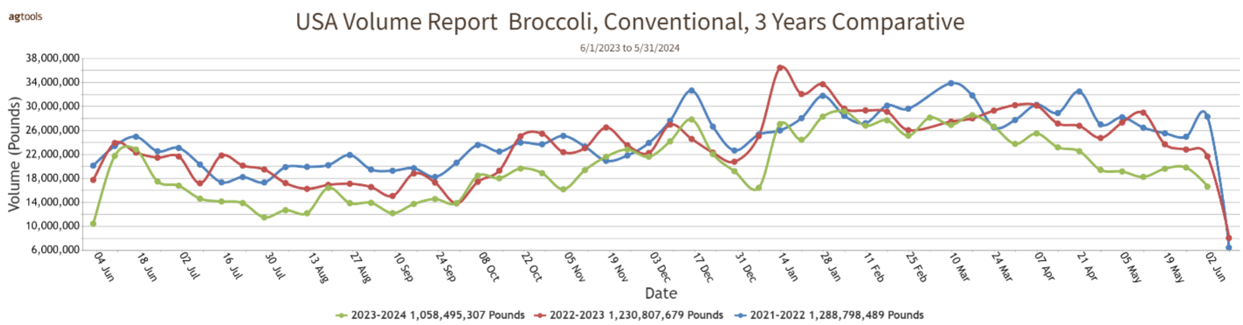
But in the last two years, the market for this product has stagnated, because unlike the produce industry that has shown significant growth and especially since the 2020 pandemic, in the case of broccoli there has not been such growth because in the last twelve months, the sales volume has been slightly higher than that sold in the same period of the years 2018-2019. This is because in the main producing regions the volume has been reduced, affecting the availability of product throughout the year and with it its consumption. This document analyzes the broccoli market in the U.S. between June 1st 2023 through May 31st 2024.

MARKET SHARE BY SUPPLYING REGION



Eleven regions supplied this market with product in the last twelve months. Of these eleven regions, three of them are the ones with the greatest presence. Mexico participates with more than 52% of the total volume consumed in this period. Central California in second place has a 31% share. Arizona, which is an important source of supply in the winter months, participates with 8.5%. Thus, these three regions contribute more than 92% of the annual requirements of this market. The rest of the eight regions participate with a little less than 8% of the needs and their contribution is for short seasons.

3-YEAR COMPARISON OF WEEKLY BROCCOLI VOLUME IN THE UNITED STATES



When reviewing the behavior of the market for this product in the last three years, we can see that the highest consumption occurs between the months of December and June and those with the lowest volume are July and August, as it is a vegetable that is more appetizing in the months of low temperatures. Additionally, we find that in these years it has not presented real growth, since in 2021-2022 the total volume reached 1.288 billion lbs. For the following 2022-2023 season, that volume reached 1.230 billion lbs., a decrease of 4% that basically occurred in the months of August to October. As for the 2023-2024 season, the performance has been even lower, as the total volume reached 1.058 billion lbs., a decline of 14% which can be said to have occurred throughout the season, as there were few weeks in which growth was recorded compared to the previous year. The lack of volume in the summer months stands out, as there are already two seasons in which there is a significant decrease.

COMPARISON OF TOTAL BROCCOLI VOLUME IN 7 SEASONS.

PERIOD	VOLUME LBS	GROWTH LBS	GROWTH %
2017-2018	1,131,772,505		
2018-2019	1,047,508,027	(84,264,478)	-7.4%
2019-2020	1,169,351,119	121,843,092	11.6%
2020-2021	1,230,068,334	60,717,215	5.2%
2021-2022	1,288,798,489	58,730,155	4.8%
2022-2023	1,230,807,679	(57,990,810)	-4.5%
2023-2024	1,058,495,307	(172,312,372)	-14.0%

As can be seen in this comparative table, this market has had ups and downs in the last 7 years, giving a result of 6.5% decrease compared to the volume sold in 2017-2018, which speaks of a market without growth.

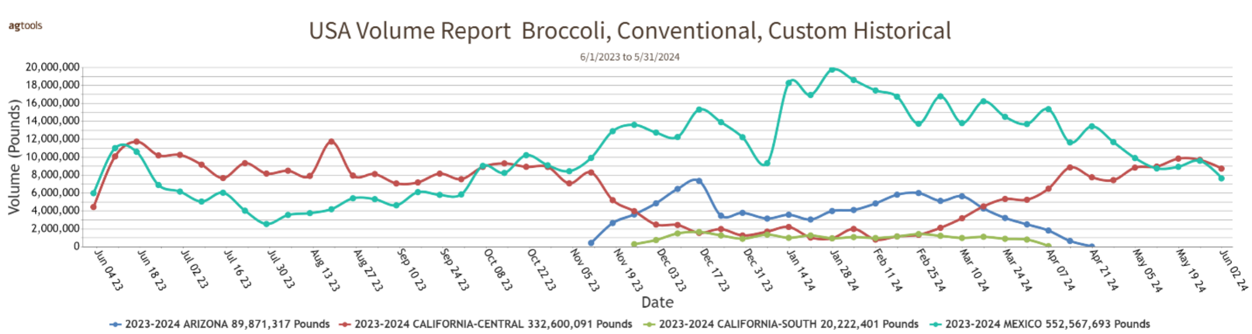
It is important to note that in contrast to the fruit and vegetable industry that has shown growth every year, the broccoli market could be said to have contracted, because, although there have been years when it has had growth, in others it loses all the progress and even in some seasons with significant setbacks, such as this last one from 2023-2024, which was only slightly higher than the volume of 2018-2019.

GROWTH COMPARISON BY SUPPLIER REGION

GROWTH COMPARATIVE OF BROCCOLI BY REGION BETWEEN JUNE 1ST 2023 THROUGH MAY 31ST 2024						
REGION	**2023-2024**	**PART %**	**VAR LBS**	**VAR %**	**2022-2023**	**PART %**
Mexico	552,567,693	52.2%	(135,060,266)	-19.6%	687,627,959	55.9%
California Central	332,600,091	31.4%	(26,128,717)	-7.3%	358,728,808	29.1%
Arizona	89,871,317	8.5%	2,325,527	2.7%	87,545,790	7.1%
California south	20,222,401	1.9%	(2,901,785)	-12.5%	23,124,186	1.9%
Guatemala	19,716,605	1.9%	(1,292,059)	-6.2%	21,008,664	1.7%
Florida	17,732,619	1.7%	2,303,984	14.9%	15,428,635	1.3%
California imperial valley	15,913,798	1.5%	(6,578,684)	-29.2%	22,492,482	1.8%
Rest of the regions	9,870,783	0.9%	(4,980,372)	-33.5%	14,851,155	1.2%
TOTAL (Lbs)	**1,058,495,307**	**100.0%**	**(172,312,372)**	**-14.0%**	**1,230,807,679**	**100.0%**

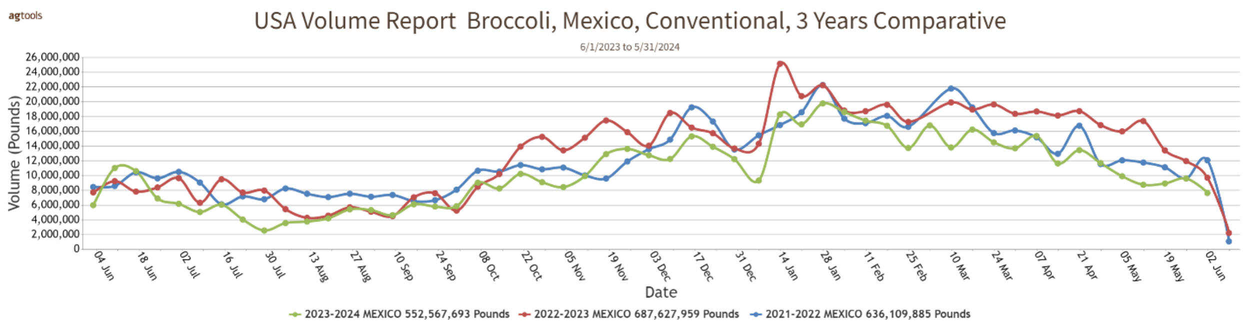
When reviewing the volume of the last period for each of the main regions, it can be seen that the two main regions had a very low performance, since Mexico being the main region, had a volume drop of more than 19% compared to the previous period, and being greater than the market fall, it lowered its share from 55.9% to 52.2%, with a drop in volume of more than 135 million lbs., which represents 78% of the total fall in the year. Central California also had a negative result, but in a smaller proportion than Mexico, as this drop was only 7.3% and being lower than the total market, its share grew from 29.9% to 31.1% despite having shipped 26 million lbs. less than the previous period. Arizona was the only region of the top three to show a positive performance, growing by 2.7% and although it increased its market share by 1.4%, it did not have a relevant impact on the total market.

VOLUME COMPARISON OF THE 4 MAIN SUPPLIER REGIONS



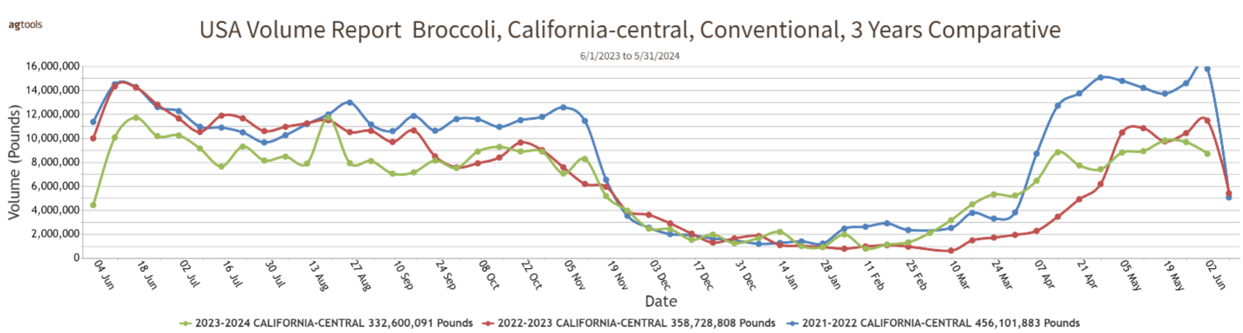
Regarding the behavior of the four main supplier regions, it can be seen that Mexico and Central California, in addition to being the most important, have volume available every week of the year, although with marked seasons and that complement each other. In the case of the regions of Arizona and Southern California, their production season is much more limited, as they only contribute product between the months of November to April, which in these same months the four regions have available volume and in the case of Mexico, it is in its season of greatest contribution, which can affect market prices. In contrast, in the summer months, only the regions of central California and Mexico contribute volume and it is the time of least product availability

3-YEAR COMPARISON OF MEXICAN BROCCOLI VOLUME IN THE UNITED STATES



When analyzing in detail the performance of the Mexico region in the last three years, we find that like the total market, the time of lower volume occurs in the summer and in the fall the volume increases practically every week until reaching the highest level in the month of January to remain until the arrival of spring. This pattern of behavior is repeated year after year, sometimes with greater or lesser volume, but with the same seasonal performance. It is observed that in the 2021-2022 season the volume of the region reached 636 million lbs., reaching the highest level between January and March and subsequently with an accelerated fall week by week. In 2022-2023, the total volume grew to 687 million lbs., highlighting the increase in the months of October, November and January, which contributed to the result of 8% of additional volume. For the 2023-2024 season, which has been the lowest volume of the three, a very low volume is seen in the summer months, in fact, the month of July was the month with the lowest volume in the three years. It is also noted that there was no growth against the previous year in any week of the year, so the total volume barely reached 552 million lbs. The large participation that this region has in the total market significantly affected the result of the entire year of the market for this product.

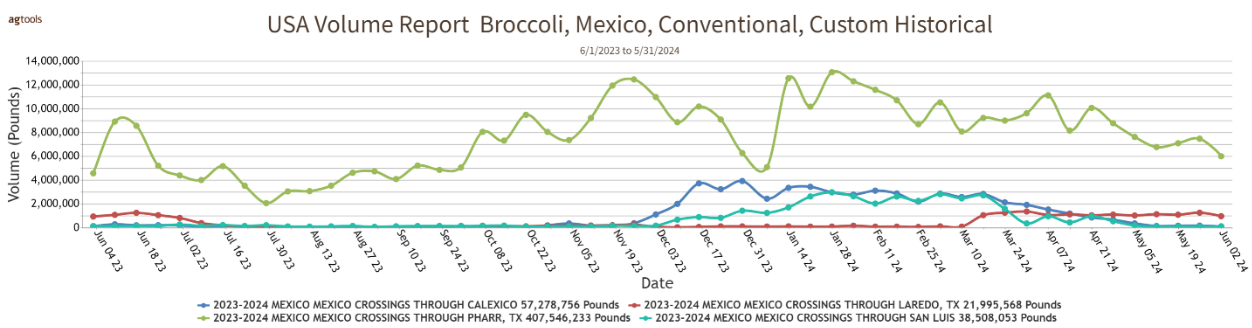
3-YEAR VOLUME COMPARISON OF CENTRAL CALIFORNIA BROCCOLI



As for the central California region, it also has a very marked seasonality and although it contributes product throughout the year, in the winter months the available volume drops considerably. Its strong season begins in March, reaching its highest level in the month of June that stabilizes until October and in November it falls to its lowest level. It is also observed that, in the last three years, this region has shown a setback in terms of the volume contributed. In 2021-2022 it reached 456 million lbs., highlighting an important performance in the months of March to June and September to November, which has not been presented again. For the 2022-2023 season, the volume fell substantially, as it can be seen that there was less volume in the months of August to November and also from January to June, so the total result was 358 million lbs., a very large decrease of more than 21%. For the 2023-2024 season, the volume contributed fell again, especially in the months of June to October, resulting in a season of 332 million lbs., a new decrease of 7%.

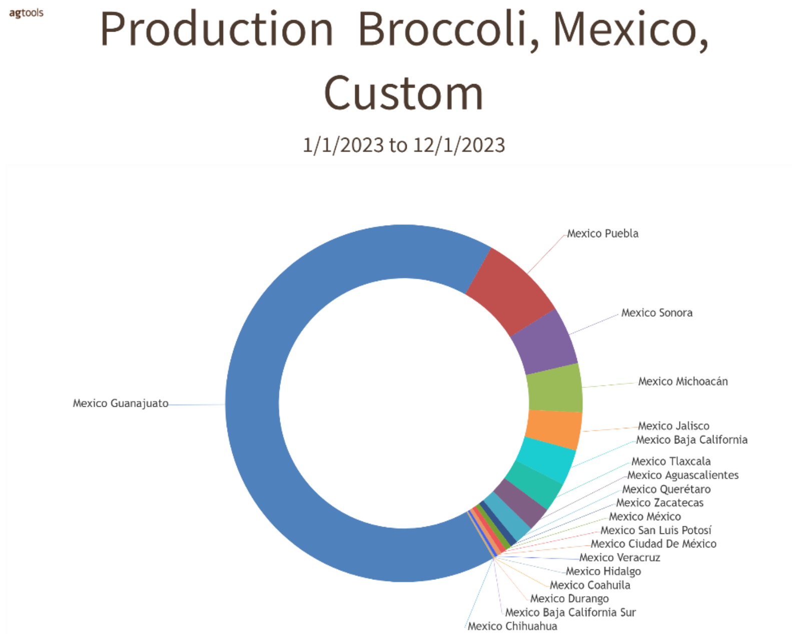
As can be seen, the two main producing regions have had complicated performances in recent years, which is affecting the total market, which if there is demand for this product, could result in a growth opportunity for the rest of the regions that participate in this market.

VOLUME OF BROCCOLI FROM MEXICO BY MAIN ENTRY BORDERS



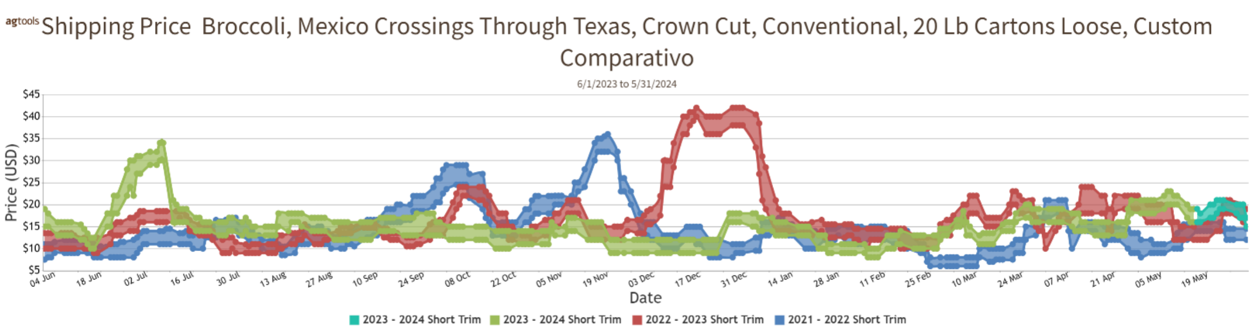
Of the volume that arrives from Mexico to the United States, more than 95% enters through 4 main borders, which are Pharr Texas, Calexico California, San Luis Arizona and Laredo Texas. The one with the highest activity is Pharr in Texas, which in this period received 407 million lbs., which represented almost 74% of Mexico's total and had activity throughout the year. In second place is Calexico in California with 10% of the total, or almost 57 million lbs. between November and May. In third position is San Luis with 38 million lbs. that meant 7% with a longer calendar, but with little weekly volume. and finally Laredo, which, with almost 22 million lbs., 4% of the total annual volume of Mexico, also has an almost annual activity calendar, but the most important volume is concentrated from December to May.

BROCCOLI PRODUCTION IN MEXICO BY STATE IN 2023



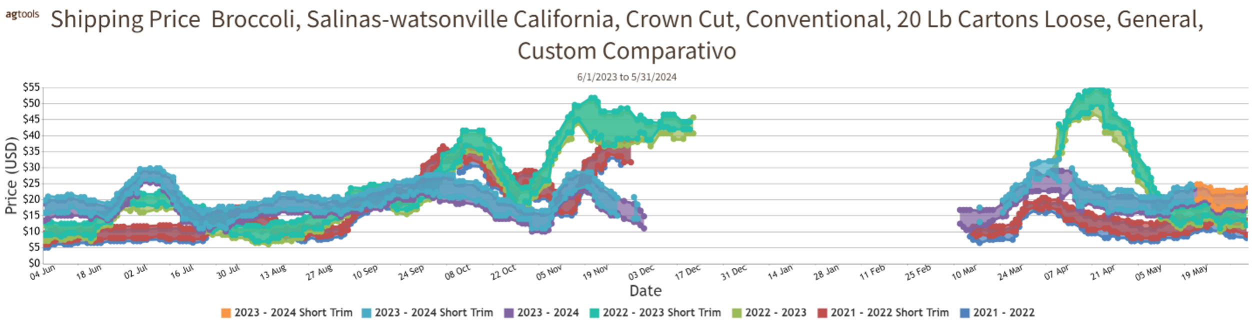
Broccoli cultivation in Mexico is widespread, as in 2023 it was produced in 19 states of the country, with the 4 main producing states being Guanajuato, Puebla, Sonora and Michoacán. The states of the central zone can have production throughout the year, thanks to the different microclimates that present and favor the cultivation of broccoli. This contributes to the fact that the first two concentrate more than 70% of the annual production.

3-YEAR MEXICO BROCCOLI F.O.B. PRICE COMPARISION IN PHARR TEXAS



In the last three years the Mexican broccoli market in Pharr Texas has presented some temporary price increase events, however, throughout the year the fluctuations are not as impactful. In the 2021-2022 season, high prices were recorded in the months of September and November, the rest of the year the variations were relatively small. For the 2022-2023 season, there was a large increase during the month of December, but when January arrived, those prices fell rapidly. In the 2023-2024 season there were only strong increases in the month of June and the rest of the year has behaved with very controlled fluctuations. It can be said that these behaviors are not related to an increase in demand due to market issues such as a specific celebration, but rather to the lack of product to meet demand in specific weeks that are not repetitive year after year. And in the case of the last 2023-2024 season, it should be noted that in addition to being the one with the lowest available volume, it also presented fluctuations of a lower range.

3-YEAR CENTRAL CALIFORNIA BROCCOLI F.O.B. PRICE COMPARISON



In the case of prices in central California, it can be seen that large fluctuations occur at the beginning of the season and especially this happened in the year 2022-2023 that only lasted a few days and later fell to traditional levels. This same behavior of price instability occurs towards the end of the season as it was in 2021-2022 and 2022-2023. In the case of the last 2023-2024 season, like the Texas market, it was the one with the lowest variations, which contrasts with the low volume available in this last year, which could indicate a drop in demand for this product.

After reaching its highest volume in the 2021-2022 season of more than 1.288 billion lbs., the marketed volume of this product has contracted due to a drop in the volume available in the last two years and in the two main regions that, although they do not compete with each other, have offered lower volume than in previous years. however, the impact on prices that the lack of product has had has been a few days, since these increases are not maintained for weeks, but for only a few days and return to their previous levels. It will be important to continue observing the behavior of this market into the future, as it may be entering a stage of stabilization or even contraction.

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