NATIVE AMERICAN AGRICULTURE FUND

QUARTERLY AG REPORT

SEPTEMBER 9, 2021

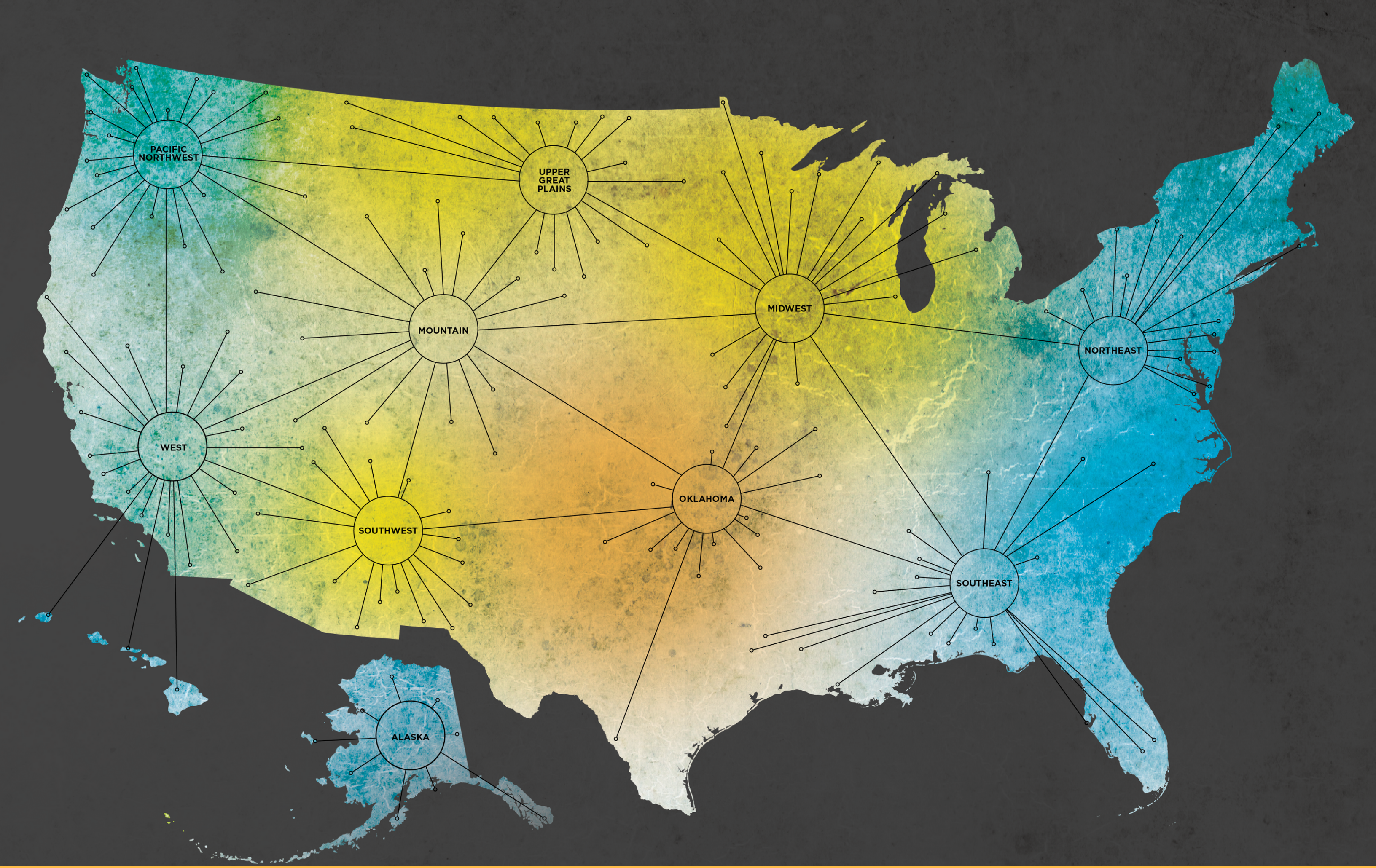
WELCOME

As outlined in Reimagining Native Food Economies, the Native American Agricultural Fund has written about the importance of the development of regional Native-owned and operated food hubs from coast to coast. As these hubs emerge and explore opportunities to market the "brand equity" of Tribally grown and processed food to the public outside of Indian Country, key market data is vital.

THESE PERIODIC REPORTS WILL PROVIDE MARKET DATA AND INSIGHTS TO ASSIST PROJECT ORGANIZERS IN DEVELOPING SUCCESSFUL ENTERPRISES.

BEHIND THE SCENES

NAAF Marketplace Updates & Insights is compiled periodically with input from NAAF staff, the folks at Crystal Springs Consulting, Inc. who work alongside many Tribes embarking on food enterprises. We will dig into the data-rich environment of the SPINS Market Database, the premier food market information and data platform used throughout the food sector to help Native food producers.



EACH REPORT WILL:

- Highlight latest market developments
- Track sales and market trends in the protein and other sectors; and
- Periodically highlight other items (produce, coffee, etc.) that can guide market development initiatives.
- Provide updates on public policy developments impacting regional food enterprises.

QUARTERLY REPORTS

These reports hold periodic information to inform Native-Led food entrepreneurship.

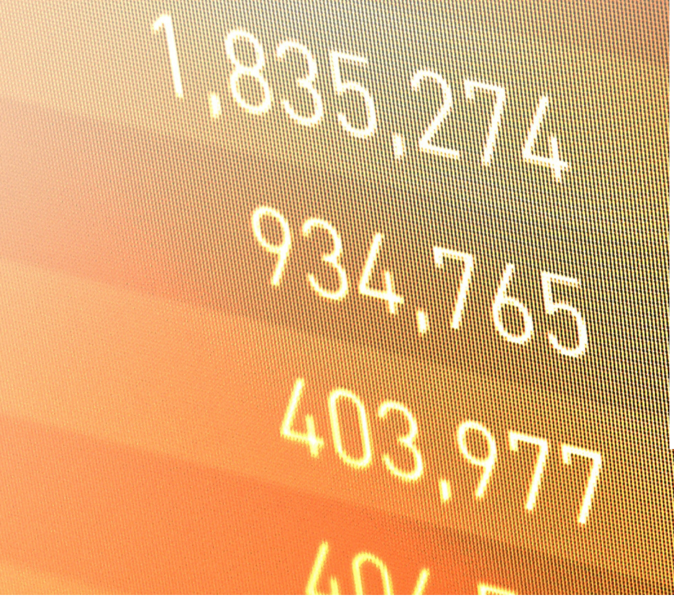
PANDEMIC BRINGS LONG-LASTING CHANGES TO THE MARKETPLACE

TWO NEW REPORTS PROVIDE GOOD INSIGHT

- Food Marketing Institute (FMI) - U.S. Grocery Shopper Trends 2021
- FMI and the Foundation for Meat and Poultry Education & Research - The Power of Meat 2021

KEY FINDINGS IN GROCERY SHOPPER TRENDS:

- At-home dining will continue at levels higher than pre-pandemic, as people continue to use the cooking skills they acquired over the past 16 months.
- Online shopping grew from one-half to two-thirds of adults during the pandemic, and many are likely to continue moving forward.
- Shoppers are paying more attention to personal health, and the health of the planet
- “Farmers” (and ranchers) have emerged as a highly trusted source of information about healthy food.



PERSPECTIVE:

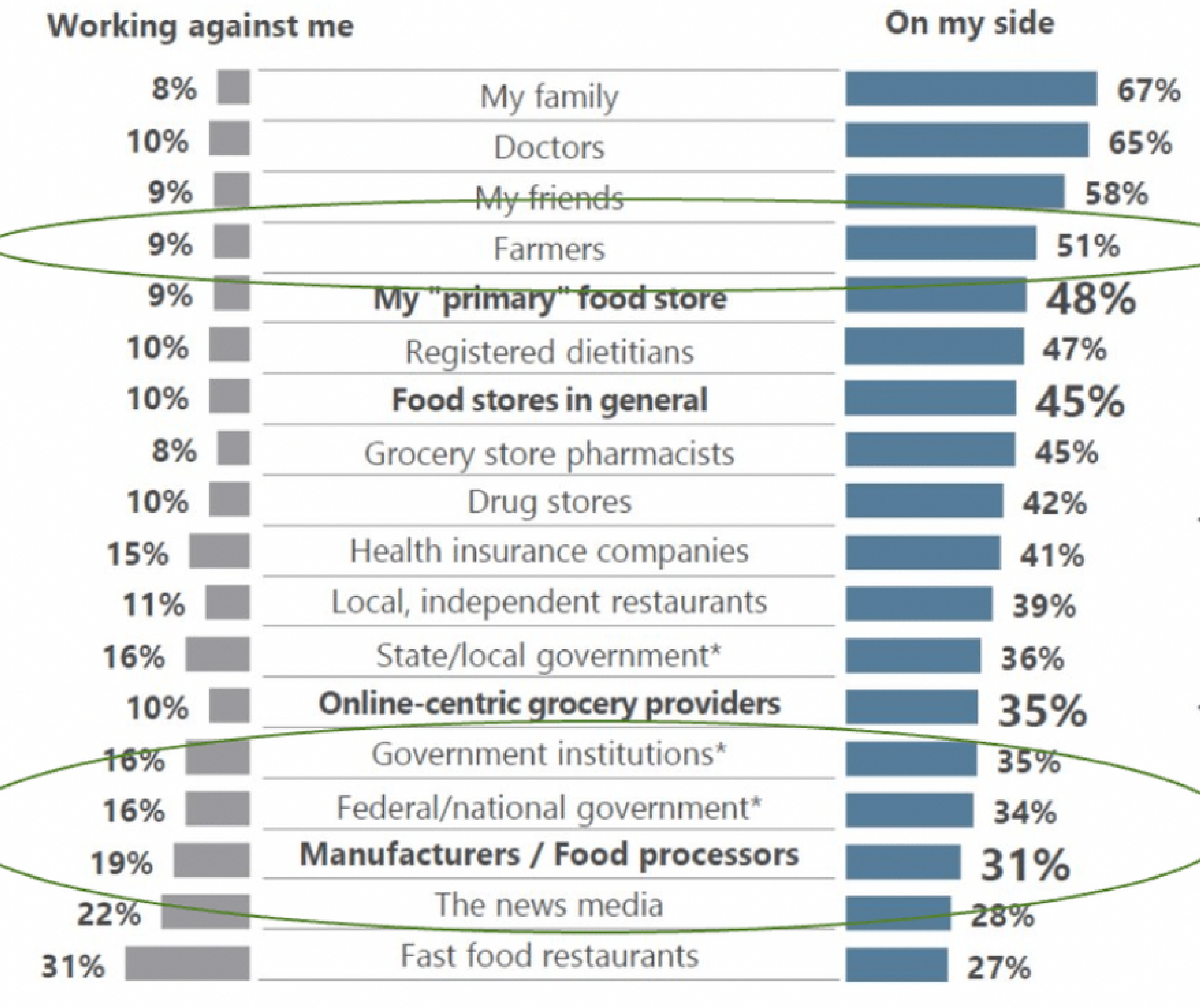
WAYS THE PANDEMIC HAS CHANGED FOOD HABITS AND ATTITUDES

	Less	Same	More	Difference – More vs. Less
Eat at home	5%	37%	58%	+54
Cook/prepare my own meals	5%	46%	49%	+44
Amount of food I keep on hand stored at home	6%	49%	46%	+40
Amount of money spent on groceries	11%	51%	38%	+27
Successfully avoid food waste	9%	57%	34%	+26
Shop for food online	15%	51%	34%	+19
Plan my meals in advance	7%	59%	34%	+26
Eat healthfully	9%	58%	33%	+23
Time I spend shopping for groceries online/ person	19%	53%	29%	+10
Rely on frozen foods	15%	59%	25%	+10
Read product labels	11%	65%	25%	+14
Buy indulgent/unhealthy foods or drinks	21%	54%	25%	+3
Eat together with others	37%	42%	20%	-17
Worry about having enough to eat	16%	64%	20%	+4
Amount of time I spend in stores each visit	34%	46%	20%	-14
Number of trips to store to buy groceries	35%	46%	19%	-16
Number of stores I shop for groceries each month	27%	55%	18%	-9

Source: FMI U.S. Grocery Shopper Trends, 2021. Q: "In what ways, if any, has the coronavirus pandemic changed your food habits or attitudes compared to before the pandemic?" More, Less, Same All data n=2,056.

PERSPECTIVE:

WHEN IT COMES TO MY HEALTH, I TRUST



Source: FMI, U.S. Grocery Shopper Trends 2021

SECOND REPORT

THE POWER OF MEAT 2021

FMI and the Foundation for Meat and Poultry Education & Research

KEY FINDINGS IN POWER OF MEAT:

- Pandemic increased the popularity of meat and poultry.
- Online meat shopping for meat increased, with 31% ordering meat online during the pandemic, compared to 19% pre-pandemic.
- 81% of shoppers have a high perception of case-ready, branded meat products, with 26% believing it is a safer product than in-store bulk meat.
- More shoppers putting emphasis on personal health.
- Environmental sustainability is rising as a marketable platform.
- Animal welfare remains a strong concern, particularly among younger shoppers.

POWER OF MEAT

COVID-19 drives meat purchases to record high

Americans are choosing meat more than ever before

Meat sales up 19%

43% buy more meat than before the pandemic

More than **98%** of American households buy meat

Younger generations changed the most!

43% of Gen Z shoppers are buying more meat

53% of Millennial shoppers are buying more meat

Cooking more at home, shopping more online

up 24% Owning air-fryers

up 33% Using digital ads

up 50% Food Tube Using YouTube recipes

84% of meals at home in Dec

Online grocery shopping up 40%

59% will continue shopping online at the same level

Choosing meat for healthy, balanced diets

94% of Americans choose meat for **HIGH-QUALITY PROTEIN**

3 out of 4 agree meat belongs in healthy, balanced diets

(up nearly 20% since 2020)

PANDEMIC EXPOSES THE DANGERS OF HIGHLY CONCENTRATED, CENTRALIZED MEAT SYSTEM

The Washington Post

Democracy Dies in Darkness

More than 200 meat plant workers in the U.S. have died of covid-19. Federal regulators just issued two modest fines.

By Kimberly Kindy

September 13, 2020 at 7:49 a.m. MDT

Number of hogs euthanized due to COVID-19 impacts still unknown

07/15/20 6:40 AM

By Noah Wicks

6/1/2021 Timeline of Smithfield Foods' 2020 meatpacking plant COVID-19 outbreak

How COVID-19 tore through Smithfield's meatpacking plant in 17 days

Makenzie Huber Sioux Falls Argus Leader

AND NOT JUST THE PANDEMIC...

FOOD & BEVERAGE

Big North American meat plants halt operations after JBS cyberattack

PUBLISHED TUE, JUN 1 20211:46 PM EDTUPDATED 2 HOURS AGO

BEHIND SPINS

SPINS®

IRi

ONLINE DATABASE

MARKET INSIGHTS FROM SPINS

- SPINS® is a national retail food data mining service that offers detailed information about the performance of food categories, and individual brands, in the retail food sector.
- SPINS® partnered with IRI to expand its data insights to include conventional and convenience outlets, as well as the health and wellness channel.
- SPINS® tracks the performance of individual categories and brands in the retail environment.
- Information can help Tribal food projects determine brand positioning, current sales landscape, and other information.
- SPINS® analyzes sales data based on the type of product, along with the type of stores in which that product is sold.

SOME OF THE RETAILERS TRACKED BY SPINS

FROM SPINS: WHAT'S HAPPENING WITH MEAT IN 2021?

SPINS® analyzes sales data based on the type of product, along with the type of stores in which that product is sold.

Natural products include fresh/frozen branded natural beef. Specialty and Wellness include fresh/frozen specialty meats and value-added items. Conventional products include everyday branded products.

The Combined Channel represents total sales. Natural Enhanced Channel includes natural food stores like Sprouts Farmers' Market and Natural Grocers. Multi-Outlet Channel is the larger conventional stores such as Kroger and Albertson's. And, the Convenience Channel includes quick-stop stores like 7-11 and others.

BRANDED BEEF AND PORK

SALES YTD 2021 ENDING JUNE 13

Product Group Dynamics
Dollars

	Combined Channel	Natural Enhanced Channel	Multi-Outlet Channel	Convenience Channel
	$ Sales	$ Sales	$ Sales	$ Sales
Natural Products	583.3M	57.6M	525.7M	9.6K
Specialty and Wellness Products	224.5M	5.7M	218.6M	216.9K
Conventional Products	5.3B	56.9M	5.2B	3.3M

- YTD branded beef and pork sales at $3.8 billion in all channels tracked by SPINS®
- Natural meat and pork accounts for 10% of the total category
- Most “natural” beef and pork sold in multi-outlet

ABSOLUTE DOLLAR CHANGE

Product Group Dynamics
Absolute Dollar Change

	Combined Channel	Natural Enhanced Channel	Multi-Outlet Channel	Convenience Channel
	$ +/- Chg	$ +/- Chg	$ +/- Chg	$ +/- Chg
Natural Products	-24.1M	-2.5M	-21.6M	59.0K
Specialty and Wellness Products	3.2M	96.4K	3.1M	10.0K
Conventional Products	-255.1M	21.8M	-277.1M	201.6K
Total Universe	**-276.0M**	**19.4M**	**-295.7M**	**270.6K**

- Conventional and natural meat sales are down, compared to YTD 2020.
- Decline due to pandemic stocking in March-June 2020.
- Products with specialty and wellness claims are continuing to grow

CHANGE IN SALES

BRANDED BEEF AND PORK

SALES YTD 2021

	Combined Channel	Natural Enhanced Channel	Multi-Outlet Channel	Convenience Channel
	% Chg	% Chg	% Chg	% Chg
Natural Products	4.7%	5.8%	4.6%	379.2%
Specialty and Wellness Products	10.6%	13.2%	10.6%	17.9%
Conventional Products	-0.6%	252.2%	-1.4%	14.5%
Total Universe	**0.3%**	**60.5%**	**-0.5%**	**16.5%**

SALES LAST 52 WEEKS

	Combined Channel	Natural Enhanced Channel	Multi-Outlet Channel	Convenience Channel
	% Chg	% Chg	% Chg	% Chg
Natural Products	4.7%	5.8%	4.6%	379.2%
Specialty and Wellness Products	10.6%	13.2%	10.6%	17.9%
Conventional Products	-0.6%	252.2%	-1.4%	14.5%
Total Universe	**0.3%**	**60.5%**	**-0.5%**	**16.5%**

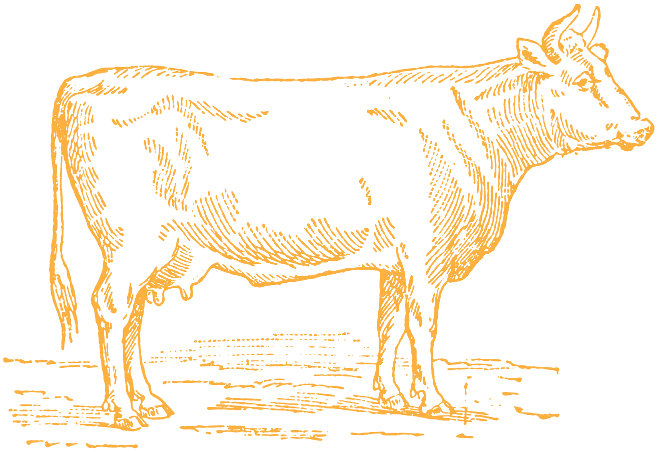
Notes of Note:

- Sales are down YTD compared to the same period in 2020 and are flat overall for the past 52 weeks.
- Sales of meat and pork products in natural stores (e.g., Sprouts and Natural Grocers) are up for both YTD and the last 52 weeks.
- Most of the growth in natural stores is with conventional products.
- Sales of specialty products are relatively small, but growing rapidly. This includes products with special nutritional claims, as well as value-added items like Jack Daniels (a potential opportunity for using indigenous ingredients in value-added products)

FROM SPINS:
WHAT'S HAPPENING WITH JERKY AND MEAT SNACKS IN 2021?

In the following SPINS® data, you will see that sales of natural meat snacks in natural stores are 3x the sales of jerky products in natural stores.

You will also see that sales of conventional meat snacks in the natural channels are minuscule, the majority of sales are in convenience stores.



JERKY SALES
SALES YTD 2021

Product Group Dynamics
Dollars

	Combined Channel	Natural Enhanced Channel	Multi-Outlet Channel	Convenience Channel
	$ Sales	$ Sales	$ Sales	$ Sales
Natural Products	37.9M	4.6M	25.8M	7.5M
Specialty and Wellness Products	143.3M	3.3M	35.1M	104.9M
Conventional Products	1.4B	3.2M	815.4M	605.9M
Total Universe	**1.6B**	**11.2M**	**876.3M**	**718.2M**

Takeaways:

- Total category (measured by SPINS) sold $1.6 billion.
- Conventional products dominate the category ($1.4 billion)
- Natural products are a small segment, with most sales in multi-outlet (conventional) stores

MEAT SNACK SALES

SALES YTD 2021

Product Group Dynamics
Dollars

	Combined Channel	Natural Enhanced Channel	Multi-Outlet Channel	Convenience Channel
	$ Sales	$ Sales	$ Sales	$ Sales
Natural Products	55.1M	14.9M	33.6M	6.6M
Specialty and Wellness Products	189.9M	3.1M	130.5M	56.3M
Conventional Products	959.0M	1.3M	424.2M	533.5M
Total Universe	**1.2B**	**19.3M**	**588.3M**	**596.4M**

Takeaways:

- Meat snacks are approaching jerky in total sales
- Natural products have a larger share of the market
- Most natural products sold in conventional, but 27% sold in the natural channel

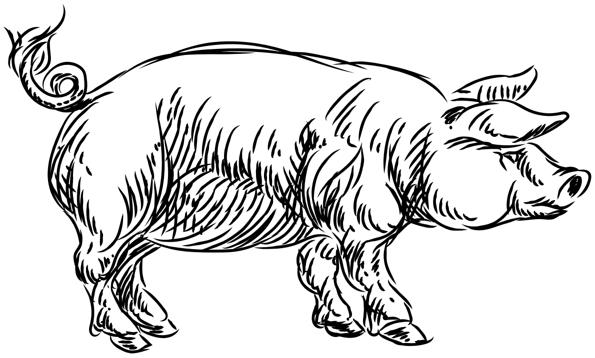
CATEGORY GROWTH

SPINS CONTINUED: WHAT'S HAPPENING WITH JERKY AND MEAT SNACKS IN 2021?

Meat snacks have a stronger health claim “halo” than jerky products.

Convenience stores continue to be a significant outlet for both jerky and meat snacks.

Overall growth in each category reflects the continuing consumer trend of replacing at least one meal with snacking occasions.



JERKY GROWTH SALES

SALES YTD 2021

Product Group Dynamics
Absolute Dollar Change

	Combined Channel	Natural Enhanced Channel	Multi-Outlet Channel	Convenience Channel
	$ +/- Chg	$ +/- Chg	$ +/- Chg	$ +/- Chg
Natural Products	-24.1M	-2.5M	-21.6M	59.0K
Specialty and Wellness Products	3.2M	96.4K	3.1M	10.0K
Conventional Products	-255.1M	21.8M	-277.1M	201.6K
Total Universe	**-276.0M**	**19.4M**	**-295.7M**	**270.6K**

Takeaways:

- Overall sales are continuing to grow.
- However, natural jerky products saw declines in all channels
- Specialty and wellness products saw growth in the natural channel, with declines in conventional (multi-outlet) stores

MEAT SNACK GROWTH SALES

SALES YTD 2021

Product Group Dynamics

Absolute Dollar Change

	Combined Channel	Natural Enhanced Channel	Multi-Outlet Channel	Convenience Channel
	$ +/- Chg	$ +/- Chg	$ +/- Chg	$ +/- Chg
Natural Products	11.9M	1.5M	8.7M	1.7M
Specialty and Wellness Products	33.3M	224.1K	19.3M	13.8M
Conventional Products	147.0M	302.8K	71.0M	75.7M
Total Universe	**192.3M**	**2.0M**	**99.0M**	**91.2M**

Takeaways:

- Overall growth continues.
- Natural products are growing in all channels
- The highest growth of natural products is in conventional stores.

CHANGE IN SALES

JERKY SALE CHANGES

SALES YTD 2021

	Combined Channel	Natural Enhanced Channel	Multi-Outlet Channel	Convenience Channel
	% Chg	% Chg	% Chg	% Chg
Natural Products	-9.9%	-15.4%	-9.2%	-8.9%
Specialty and Wellness Products	25.7%	9.3%	-5.8%	42.3%
Conventional Products	24.6%	9.6%	23.6%	26.0%
Total Universe	**23.6%**	**-2.4%**	**20.8%**	**27.7%**

MEAT SNACK SALE CHANGES

SALES YTD 2021

	Combined Channel	Natural Enhanced Channel	Multi-Outlet Channel	Convenience Channel
	% Chg	% Chg	% Chg	% Chg
Natural Products	27.5%	11.2%	35.2%	33.6%
Specialty and Wellness Products	21.3%	9.3%	17.4%	32.5%
Conventional Products	18.1%	34.2%	20.1%	16.5%
Total Universe	**19.0%**	**12.1%**	**20.2%**	**18.1%**

Notes of Note:

- Jerky, specialty, and wellness products show the highest level of YTD growth, with sales up 42.5% in convenience stores.
- For meat snacks, natural products are growing the fastest...again, with convenience stores leading the way.
- Specialty and wellness meat snacks also showing strong growth, particularly in convenience stores.

POLICY DEVELOPMENTS IMPORTANT TO TRIBAL PRIORITIES

USDA OPENS COMMENT PERIOD

$500 MILLION COMMITMENT TO MEAT PROCESSING

The USDA is accepting comments through August 30, 2021, on how to structure the agency's $500 million commitment to establish grants, loans, and guaranteed loans to promote increase meat processing capacity among small and very small plants across the United States. Information on submitting formal comments is available at Investments for Meat and Poultry Processing Infrastructure.

FSIS REDUCES OVERTIME

HOLIDAY INSPECTION FEES FOR SMALL AND VERY SMALL PLANTS

USDA's Food Safety and Inspection Service announced in July that meat processing plants with fewer than 500 employees may be eligible for a reduction in overtime and holiday inspection fees. Plants with between 10 and 499 employees are eligible for a 30% reduction in overtime and holiday fees. Plants with fewer than 10 employees are eligible for a 75% reduction. A copy of the notice is on the Food and Safety Inspection Services website.

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