



September 1, 2021

Subject: Price increases on Regal confectionery product ranges

Dear Valued Customer,

At Regal, we are sensitive to the needs of our partner wholesalers and retailers. However, despite our best efforts to mitigate increases, like others in the vendor community, we are continuing to experience intense inflationary pressures.

As importers of our various product ranges, we are dealing with global suppliers that are raising prices every few months, as the cost of raw materials like plastic and packaging continue to rise. Ocean freight rates have skyrocketed, and at the time of this writing are hovering around \$25,000 USD for a container from Asia to Canada. To minimize business interruptions, we have been dutifully absorbing these punishing rates since February, but at these levels the import situation is unsustainable, and global container challenges show no sign of stabilizing or returning to affordable levels.

As exclusive distributors of prestigious global confectionery brands, we also have a responsibility to implement our supplier's price increase programs. Select suppliers have announced increases in the USA and have now followed with similar increases here in Canada. They of course face the same increasing input costs in their business, and are therefore forced to take action.

As a result, it is necessary to adjust our pricing. Our Key Account Managers and sales representatives will communicate the details to you as part of their next presentation. The price increases will take effect **November 1, 2021**.

Our objective is to be as transparent as possible as we manage through this challenging period of rising prices. We are most appreciative of your continued support and understanding, and as the country begins to open up and we move towards pre-pandemic normalcy, we certainly look forward to face-to-face meetings and trade shows so we can see one another once again.

Sincerely,

Sheldon Davis

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Sheldon Davis
Senior Vice-President, Sales & Marketing
Vice-Président Exécutif, Ventes & Marketing