



ANDERSON WATTS LTD.

March 31, 2022

RE: Mr. Noodles Cost Adjustment

In the past year we've had two price adjustments and they were only due to the increased cost of ocean freight. In these instances, we presented evidence of costs increasing dramatically and we requested price adjustments that were at the time and still remain less than what we are actually paying for the increases in ocean freight.

Since April 2017, we have not had a price adjustment for any other aspect of our products, independent of ocean freight. However, in these past 5 years, our costs of raw materials, labour and packaging have been increasing steadily and we have managed to delay a price adjustment but the time has come when we can no longer accept the current pricing situation.

The cost of palm oil and wheat, two of the larger contributors to our overall costs, have increased 100% and 85% respectively in the past five years. In addition, the cost of kraft (corrugate) and labour has increased 16% and 15% respectively in the past 5 years, equating to an annual increase of over 3% in this time frame.

As a result, we are increasing our prices on the following Mr. Noodles Flat 24/85g, Flat 12/85g, Cup 12/64g, Kimchi 12/86g, Big Bowl 12/110g and Pho 12/115g.

Note that due to the difference in quantities of wheat and palm oil used for each format (Flat vs. Cup vs. Bowl), there is not a constant percentage increase for each but instead each increase is unique to the properties of that format of Mr. Noodles.

The increase must be implemented by June 1st, 2022 as there is no abatement on the increases we are experiencing and will continue to increase for the foreseeable future.

Thanks,

Robert Johnston
Anderson Watts Ltd.