

Addendum to Freight Surcharge Policy

Hello Transpac Family –

On June 7, 2021 we communicated the below message to you. With that change, we not only had assumed that the freight costs had reached near its peak but we also worked hard to absorb quite a bit of those increases ourselves. However, in July we saw another increase of 50% or more and we now realize this new costing will likely remain in place for several months. Therefore, we find ourselves in a challenging position where unfortunately we need help with these new charges and need to implement a higher surcharge.

- Pre-booked Holiday orders placed prior to 6/15 will have a total surcharge of 6.5%
- Holiday orders placed after 6/15 will have a surcharge of 3.5% in addition to the price increase of 4.75% from 6/15
- Home & Gift orders placed 7/12 or beyond will have a surcharge of 3.5%

We recognize that this is not an ideal scenario for either you, our retail partners, or us but please know we remain committed to doing all we can to keep the prices as low as possible and delivering your seasonal product in a timely manner.

If you have any questions on how this will affect you or your order, please feel free to reach us at 800.449.9903 or email our management team directly. That includes our National Sales Manager, Andrea Padilla at apadilla@shoptii.com, our Executive Vice President, Tara Dikos at tdikos@shoptii.com, or myself, lgilner@shoptii.com as needed. We're all here to help you!

For more than a year, our industry has experienced very challenging times just as our economy and the entire world. We have all pulled together and gotten through some dark days, and we at Transpac cannot thank you enough for your continued support and trust in our team and our product. With every difficult decision we have had to make, you, our partners are always front of mind and your resilience continues to amaze us. We want to start by first thanking you for your grace, patience, and loyalty to our company. Unfortunately, we continue to be faced with difficult obstacles and decisions that affect our standard business operations.

You deserve to know the reasons behind some of these decisions and we strive to share, in full transparency, where things stand. As many of you already know, cost increases from our factories along with increases in shipping costs began to take place last summer and these costs have continued to increase dramatically into this year with new freight surcharges. As well, we have been faced with additional increased labor costs due to labor shortages, and now an increase in cost of material goods and gas. We wish we could absorb all of these cost increases like we did with the 2019 tariffs and again last year when the costs began to rise, but these costs have now accumulated beyond what Transpac can responsibly assimilate.

With all that said, starting June 15th, we will begin implementing a cost increase of 4.75% on all NEW Holiday 2021 orders. This includes all Holiday, Halloween and Harvest orders. For any customers that pre-booked our Holiday 2021 collection before June 15th, those orders will not incur the 4.75% increase but rather a 3.5% Importing Surcharge will be added to your invoice. We realize this is not ideal for anyone, including us, but we're doing all we can to keep the costs down as much as possible for all.

Please note, the Holiday catalog you've received from us at the start of this year will no longer reflect accurate pricing however our website, our showrooms and all our digital ordering platforms and material will reflect the new pricing.

We hope you can see; this was a tough decision that we have spent weeks analyzing in an effort to share in these increases as much as possible. Your long term success is important to us and we will continue to work on mitigating these challenges while offering you the new product and overall stability you have come to expect from us at Transpac. Thank you for giving us that opportunity and we look forward to our continued partnership.

Sincerely,
Laurie Gilner
President and CEO