

28 May 2021

Dear Valued Customer

Freight Cost Increases

I am writing to make you aware of the ongoing issue our whole industry is facing due to the huge spike in freight rates for goods shipped from overseas. Container prices have risen to over \$10,000 for shipments from the Far East, when for many years this cost has been around \$1,500.

We had hoped that the rates would fall back to something approaching normality after Chinese New Year, once the shipping companies sorted their issues around supply and capacity. I'm afraid that this has not happened though and the inflated rates look to be lasting until at least the end of the year.

The start of the year is a busy period for us as we plan and order stock for the busy back to school season. We have therefore been absorbing increased costs for the past few months in the hope of change, however we now cannot afford to keep this going.

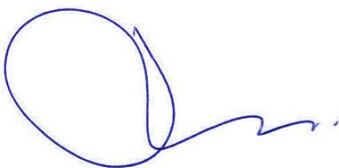
We have looked long and hard at how we can help to mitigate these costs but conclude that we have no alternative other than to impose an increase, to be fully in place by July 1st. We appreciate that any increase at this time of the year is massively inconvenient and so have looked at how we can make the least impact. The majority of our products are priced at 5p short of the round £1 - £7.95, £10.95, £24.95 and so on. We've calculated that simply increasing this to 1p short, or £7.99, £10.99, £24.99 etc will help us to reinstate some of the working margins that we have lost, without impacting our customers too heavily.

We will also take this opportunity to bring the cost of our Hubaco Fleece Jacket and Hubaco Hoodie more in line with the market averages, as we have been under these for some time. Both garments will increase to £10.99, however please be assured that this will not affect any Leavers Hoodie orders that we are currently working on.

We hope that you understand our position and accept our rationale.

I also take this opportunity to reassure you that we are doing everything we can to ensure that this summer back to school period is as successful as possible.

Yours sincerely,



John Adams

Sales Director

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