

July 15, 2021

Dear Customer Partner,

Over the last half year, we have seen demand return to our operator communities as restaurants re-opened within a variety of sectors in the foodservice industry. However, the challenges in our return to pre-pandemic environment have been driven by worldwide supply chain logistics factors, and their inability to recover and scale up at a pace that can match the turnaround in demand.

As such, our industry, along with most others, has faced significant and exponential cost increases in 2021. Key raw materials such as aluminum, stainless steel, plastic resin and packaging corrugated have increased over 50%-70% within the last 6-9 months. Outbound freight has increased due to nationwide shortage of drivers. Most significantly, ocean freight has increased over 500%-700%, with critical shortages of container availability at every shipping lane for every ocean carrier. There has been no benchmark for the reasonableness of cost surges, as the speed, scope and scale been unprecedented.

Given Winco's supply chain diversification and strengths, we have continuously re-balanced supply, partnered with our suppliers, developed new avenues for import and shipping, and supplemented the cost factors where needed to keep increases from drastically affecting our customers for as long as possible. While managing costs, we have brought in more inventory than ever before and significantly expanded our capacities across most product categories to keep up with newly increased demands to ensure the flow of goods to our dealer and distributor customers remain our top service priority.

At this time, we are announcing a change in pricing to ensure we can continue to supply at the pace, speed, and strength at which our dealers, distributors and operators can count on. **Effective September 1, 2021**, our new pricing will take effect, reflecting increases in product costs. Please see attached price list. Effective September 1, 2021, we will be implementing an invoice level 9% surcharge, to capture changes in freight factors. This surcharge is intended to be a temporary float factor, to reflect the market conditions of container and other freight price surges. We look forward to the day for which this is no longer necessary, and will adjust our surcharge at that time, accordingly with market conditions.

In the meantime, we appreciate your support, and trust that Winco will continue to be the dependable brand, manufacturer and supply chain partner for all your E&S needs and to help you succeed with your customers. We looking forward to seeing you at NAFEM 2021 (# 705), to continue building our partnership going forward.

Best Regards,

Elaine Shen
President

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