

Dear Customer,

We are writing to provide you with an important update regarding current market conditions and how they are impacting supply, pricing, and service across our industry.

Over recent weeks, global geopolitical events, particularly the ongoing conflict in the Middle East, have caused significant disruption across energy markets, raw material supply chains, and international logistics. These developments are now having a direct and substantial impact on the cost and availability of the products we manufacture and supply.

What is happening

- Raw material costs across multiple product categories have increased significantly
- Supply availability has tightened, with some manufacturers reducing output
- Freight, transport, and energy costs have risen sharply
- Suppliers across the supply chain are introducing surcharges and revising payment terms

These pressures are being felt across the entire industry and are evolving rapidly.

What this means for you

At this stage, due to the highly fluid nature of the situation, surcharge levels and future pricing remain subject to ongoing review. As a guide, customers should currently budget for an approximate **10% impact**, though this may increase or decrease as conditions change.

Our approach and commitment

- We are actively managing supplier relationships and sourcing across multiple partners to secure supply
- We are prioritising existing customers to protect service levels
- We are monitoring the situation daily and will adjust pricing as responsibly and transparently as possible

- We aim to limit pricing changes to a maximum of once per month wherever feasible
- We will keep you informed with regular, clear updates

We also want to be transparent that the current disruption is expected to continue for several months, even if the geopolitical situation improves, due to ongoing supply chain lag and recovery time.

Looking ahead

Our intention is to stabilise pricing as soon as conditions allow. However, if cost pressures persist, further adjustments, including potential broader price increases, may be necessary.

We understand the impact these changes may have and want to assure you that they are not made lightly. Our priority remains to support your business with reliable supply, fair pricing, and open communication.

If you have any questions or would like to discuss how to optimise your ordering patterns during this period, please contact your account manager.

Thank you for your continued understanding and partnership.

Kind regards,
HC Innovations Ltd