

FranklinWH Energy Storage Inc.**Official CEO Notification: Phased Distribution Price Adjustment in Response to Tariff Impact****Date:** April 16, 2025**Dear Valued Distribution Partner,**

As FranklinWH is your trusted partner in energy innovation, I want to personally update you on important pricing changes prompted by external market developments. We understand that stability and predictability are crucial for your planning, and we remain fully committed to minimizing disruption while navigating these external challenges together.

FranklinWH continues to be committed to a stable supply chain for you. We will fulfill and honor all deliver scheduled before April 30, 2025, and our team will work closely with you to confirm which orders may be affected. Once pricing changes are confirmed and accepted, we anticipate no disruption to your supply continuity.

Tariff Background & Pricing Impact

In early April 2025, the U.S. government implemented a **125% tariff increase**, bringing the total tariff rate on affected products to **145%**.

While FranklinWH has absorbed a significant portion of this burden in prior phases, the latest escalation now requires us to take action to protect the strength of our supply chain and ensure long-term service continuity.

To that end, we will implement a **temporary, phased pricing adjustment** over a **three-month period**, structured to support your planning and minimize impact.

Phased Tariff Adjustment Implementation

The first phase of this adjustment will take effect for **purchase orders delivered between May 1 and May 31, 2025**, applying only to orders affected by the April tariff changes.

Please note: The previously announced 5% price increase effective after May 25, tied to the earlier 20% tariff increase, is now **cancelled** and replaced by the phased structure outlined here.

This upcoming phased adjustment reflects only the direct impact of the latest tariffs and does not represent any change to FranklinWH's core product pricing model. A detailed pricing sheet for May, June, and July — including all tariff surcharges by product — will be sent to you alongside this notice.

This step-by-step rollout ensures minimal disruption to your project schedules and gives your teams time to adapt. If tariff rates decrease during this period, we are fully prepared to **adjust pricing downward** and immediately pass those savings along to our partners.

Your FranklinWH channel representative will reach out to you directly regarding any impacted orders and will work with you to ensure a smooth and customized resolution.

SPA Programs & Credit Rebate Policy

- **Distribution SPA Agreements:** Our rebate program remains **unchanged**. If you choose to adjust your SPA pricing for your installer accounts, please inform our sales team to ensure your SPA agreement is renewed with updated terms.
- **Manufacturer SPA Agreements:** FranklinWH will issue updated SPA pricing separately to reflect the most current tariff-adjusted structure.

Our Commitment to Partnership & Supply Chain Resilience

We view this tariff-driven disruption as a **temporary challenge**, and FranklinWH is actively working behind the scenes to reduce long-term exposure for all partners.

- FranklinWH has officially launched U.S. manufacturing, ensuring continuous and reliable product delivery nationwide. This strategic move will help further diversify risk and stabilize long-term pricing. We will provide formal updates as progress continues.
- At the same time, we are actively expanding our supply chain resources to build greater flexibility and risk tolerance. If your business has specific needs for domestically manufactured products, we welcome you to connect with our team. We remain committed to doing our best to support your requirements based on urgency and existing commitments.

Let's Navigate This Together

Should you have questions about these changes or want to coordinate SPA updates, our sales leadership is available to support you:

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On behalf of FranklinWH, thank you for your partnership and trust. These times may be turbulent, but our strategy is focused, our roadmap is clear, and our commitment to you remains stronger than ever. Let's move forward — together.

With appreciation,



Gary Lam – Chief Executive Officer

FranklinWH Energy Storage Inc.