



April 16, 2026

Subject: Notice of Fuel Surcharge Implementation - Effective April 20, 2026

Dear Valued Nichiha USA Customer,

We are writing to inform you of an important update to our shipping terms. Effective **April 20, 2026**, Nichiha USA will implement a **zone-based Fuel Surcharge** on all product invoices.

Why We Are Implementing This Fuel Surcharge

Rising diesel costs have placed significant upward pressure on our outbound freight expenses. Rather than absorbing these costs indefinitely, we are introducing a surcharge that is tied to increased fuel prices.

How the Surcharge Works

Rates are assigned based on your shipping region (ship-to address), which reflects the actual distance and fuel costs incurred to deliver your orders. Three zones have been established as follows:

Zone	Region	Surcharge Rate*
Zone A	Pacific and Canada	2.0% of invoice
Zone B	Midsouth / Northeast	1.25% of invoice
Zone C	Midwest / Southeast	0.75% of invoice

Key Details

- Rates shown will absorb current diesel price levels up to \$6.40/gallon per the EIA national average.
- Rates may be updated based on changes in the EIA national average diesel price.
- The surcharge applies while diesel remains above \$4.00/gallon for a 30-day period.
- The surcharge will appear as a separate line item on your invoice (e.g., Fuel Surcharge - Zone C: 0.75% of Invoice).

Upcoming Price Adjustment

In addition to the fuel surcharge, please be advised that Nichiha USA will be implementing a general price increase effective July 1, 2026. Details and specific product adjustments will be communicated to you separately in advance of that date.

Questions or Concerns

We recognize that cost increases are never welcome news, and we want to be as transparent as possible about the factors driving these changes. If you have questions about your zone classification or how the surcharge will apply to your account, please don't hesitate to reach out to your Nichiha sales representative or contact us directly. We appreciate your continued partnership and look forward to supporting your business.

Sincerely,
Vice President of Sales and Marketing,
Michael Cobb
Nichiha USA, Inc.