



12/1/2020

Dear CBI Customers,

We truly apologize for the length of this letter, but Annette and I want to give each of you an update in regard to what is happening with CBI. So that CBI can continue to remain viable through the rest of this pandemic, there are some changes that we are being forced to implement on January 1st. We are trying to be as detailed as possible to help avoid confusion.

In February, when the pandemic first started to really take hold in the U.S., we could have never imagined that in just a few weeks the Governor of New York would force businesses like ours to temporarily shut down. We also could have never imagined that the U.S./Canadian border would completely shut down to all non-commercial traffic, immediately reducing our customer volume from a steady stream down to a trickle.

When all this happened, we realized we had to make some very tough decisions. We immediately took action by reaching out to all of our creditors and asked for our payments to be deferred, which many were willing to accommodate for a period of time. We slashed all of our expenses to a bare minimum and canceled projects we had planned. Within a couple of weeks, with tears in our eyes, we had to tell almost all of our staff (some of which are family members) that we could no longer afford to keep them on the payroll as our revenues shrank to basically nothing. We hoped this would be temporary and we would be able to reopen April 23rd, but as we all now know that date would come and go only to be continually extended in 30 day increments.

In just a few weeks, we will be approaching the 9 month anniversary of the border closing. We have very little hope of it reopening anytime soon, especially with the Governor of New York announcing new restrictions on our neighboring Erie County.

Most small businesses in New York have been able to partially reopen; therefore, banks no longer see a need to extend payment deferrals. We received no extra leeway due to our dependence on the border. We received very little assistance through our federal government. We were hoping a new round of funding from the federal government would allow us to pay some of our bills and keep the lights on and maybe add to our skeleton crew of 2 people. However, that has not come to pass and it has been at the cost of exhausting our savings and taking on more debt with no clear path as to when we will be able to return to normal.

With the recent announcements regarding a vaccine, we have some hope, but there is still no clear timeline as to when that would be widely deployed in the U.S. or Canada. As a result, we must plan that the border will continue to be closed for many more months to non-essential travel.

We have been able to partially sustain ourselves on the business from our customers who can cross the border on a regular basis and those that have been asking us to ship their packages to them in Canada. We humbly thank you for your continued support!

With all of our creditors requiring payments again, we are coming to the hard realization that the revenues coming in and what is left of our financial reserves is not going to be sufficient to keep us afloat unless we make some changes.

We have been trying to find a way to help increase our revenues to a level that would allow us to continue operations, that would also be fair to our customers.

The only viable option we could come up with was to alter our pandemic policies while at the same time change our storage fee policy.

Please understand that we do not take this action lightly and that this is the very last thing we want to do, but it is something we must do if CBI is to make it through this pandemic. Please know because this is such a fluid situation, we hope we do not need to make any further changes but depending on how much longer this drags on it may become necessary.

The key changes are:

- December 31, 2020 will be the last day we can extend our storage fee grace period that started on March 19, 2020. This will cap the number of extra days at 288 days for all packages received at CBI before March 19, 2020.
- January 1st, 2021 the storage clock will start ticking again on all packages in the warehouse.
- Every package will still have the normal 180 days of free storage. For example:

A package received on March 18, 2020 would receive the full 288 day grace period so on January 1, 2021 that package will have used 1 day of its free 180 days available and the \$0.15 per day + Tax storage fee would not kick in until June 30, 2021.

A package that was received on November 1, 2020 would only receive 61 days of grace period so January 1 2021 would be considered day 1 of its 180 days of free storage and the \$0.15 per day + day storage fee would also not kick in until June 30, 2021

However, a package that was received on January 1, 2020 would have already been at day 78 of its 180 days of free storage at the time of our shutdown on March 19th. So it would receive the full 288 day grace period and January 1st would be day 79 so for this package the \$0.15 per day + tax storage fee would kick in sooner on April 13, 2021.

The last example would be a package received on September 1, 2019. At the time of our shutdown it would already have been at day 200. So had the customer come in on March 19 2020 to pick it up they would owe \$3.00 for 20 days of additional storage (20 days x \$0.15 per day = \$3.00 + tax) in addition to the normal package receiving fee of \$5.95 or \$1.80 and any applicable oversized charges.

- Prior to the pandemic storage fees were collected at the time of package pickup and if a customer did not pick up their package within 1 year it would be automatically liquidated. We must now adjust this policy to require that storage fees be paid on a monthly basis with the bill being generated on the 1st of each month to cover the storage fees incurred during the prior

month. The first such billing date will be February 1, 2021. In our prior bullet point, all of the packages except the last one would no owe anything on February 1, 2021 as they are all still within the 180 days of free storage due to the grace period applying from the shutdown.

However, the last package listed in the prior example was received on September 1, 2019 and was already at day 200 at the time of the shutdown and had already accrued 20 days (\$3.00 + tax) in storage fees by that point. Under this policy change this customer would be required to pay the original \$3.00 + tax in accrued storage fees on February 1st plus the 31 days of storage fees accrued during the month of January 2021.

The customer should receive a reminder email on February 1st to log in to the tracking portal and when they do the customer would see that their package has 51 days (20 + 31) of outstanding storage fees at \$0.15 per day + tax for a total of \$7.65 + tax.

Under this updated policy, they would need to pay for those charges using a credit card or PayPal account by the 15th of that month. In this case they would need to pay the \$7.65 + tax fee by February 15, 2021. Otherwise, we must consider this package abandoned and the system will automatically liquidate the package and it would no longer be available for pickup.

As part of this updated policy, packages would no longer be liquidated automatically after 1 year if the customer is current on paying their storage fees.

For some customers who have very old packages in the warehouse, the fee's owed on February 1st could be substantial. For example, in the worse possible case, if a package was received on March 20, 2019 it would have been at day 366 at the time of our shutdown due to the leap year and was already a day away from automatic liquidation. If the customer would have come in, they would have had to pay the normal pickup fee + 186 days of storage (\$27.90 + tax). So if that customer now logs in to the portal on February 1, 2021 they will find that the package is still available but they would need to pay \$32.55 + tax to cover the cost for the 186 days of outstanding storage + 31 days of storage for the month of January 2021. As long as they pay it by February 15th the package will not be liquidated and when they log in on March 1, 2020 they would just owe for 28 days of storage (\$4.20 + tax) accrued during the month of February and as long as they keep current on their storage fees we will continue to hold the package indefinitely.

We understand that some customers may have packages in the warehouse that they simply no longer want and have no plans of ever picking up. To accommodate those customers, we have given you the option to select the package in the tracking portal and choose to have us liquidate it for you so that you will no longer owe any Pickup or Storage fees on it.

- We have rolled out an updated tracking portal that clearly shows the number of storage days applicable to your package. Any current outstanding storage fees that are accruing as well as what your storage fees will be for a particular package on February 1, 2021 if you do not arrange to have it picked up or shipped to you. Starting February 1, 2021, you will be able to pay for your storage fees using a credit card or PayPal payment directly on the tracking portal.

We understand that this solution is less than ideal and that some customers may be angered by this change in policy. We truly wish we could keep extending our grace period for as long as needed and not require you to pay for your storage fees prior to pick up. But at this point we are out of options. We are also out of the financial resources to keep CBI operating without charging these fees, we sincerely hope that you can understand why these changes are necessary.

We highly encourage customers to have us ship your packages to you so that you do not continue to accrue storage fees. Details on how to do that can be found on our COVID-19 page of our website at www.cbiusa.com. Please be aware that we are operating with only 1 to 3 staff members so the response time to your email requests for package shipments may take up to six weeks as we need to pull the packages off the shelf, open them and try to consolidate them down to as few boxes as possible which all takes a great deal of time.

The other option is if you can find a way to come across or arrange for a friend or commercial company to pick them up on your behalf, we are here Monday – Friday from 10am till 4PM. We would just ask that you email us a day ahead of time and be sure to put “PICKING UP MY PACKAGES” in the subject so that we can have them ready for you. Please be sure to let us know your account number and which specific packages you plan to pick up and we will have them ready and waiting for you. We will also provide you with a total so that you can pay over the phone with a credit card or in person at the time of pickup.

Please note, these changes do not affect our customers who order, pickup and/or have us forward their packages on a regular basis. You may continue to order without any restrictions.

We want you to know that we miss seeing each and every one of you. Some of you have been with us for the 33 years we have been in business and you are like family to us. We truly hope that you are staying safe and healthy. We also very much appreciate all of the kind emails of encouragement many of you have been sending, we look forward to the day that the border reopens so that we can see you in person.

Have a blessed Christmas!

Thank you,

Dave and Annette