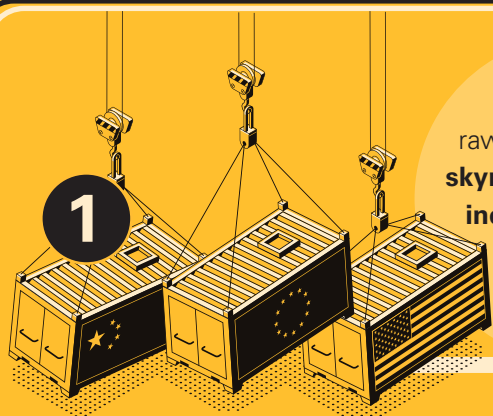


WHAT'S CONTRIBUTING TO THE BROKEN SUPPLY CHAIN



1

The cost of raw materials has **skyrocketed** due to **increase in demand** and **shortage of supply**.

RAW MATERIALS

Many raw materials are in short supply due to:

- Changing consumer habits & shifting demand.
- Storms across the country have destroyed crops, adding to shortages.

- Labor Challenges

Raw materials were not reordered (or were ordered in smaller quantities) by suppliers during shutdowns, adding to shortages we are experiencing today.

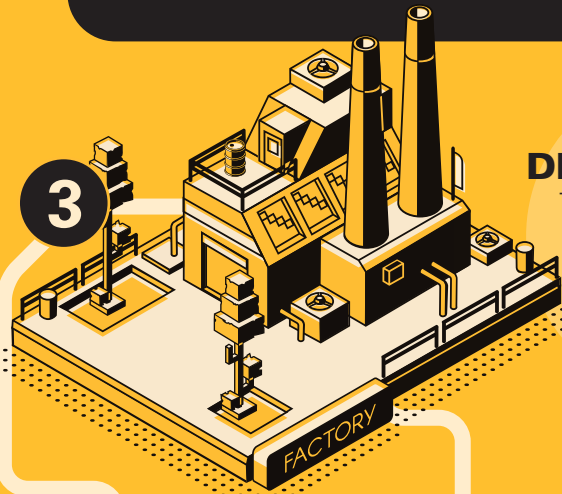
SUPPLIERS



Once ships are unloaded, goods must be transported over the road.

Driver shortages are adding to the delay in getting product delivered.

3



DID YOU KNOW?

The cost of wooden pallets that transport goods have increased by over **400%**!

MARTIN BROS. CUSTOMERS



5

CONSUMERS



6

Consumers are challenged with getting what they want due to item unavailability.



Every segment we serve is experiencing unprecedented **labor and training challenges**.

Distributors service multiple segments with varying product needs. This means a variety of solutions are needed to help everyone.

Special orders that used to arrive in 1-3 days can now take 2-3 weeks because of supply shortages.

Due to material and production challenges, many manufacturers have either temporarily or permanently reduced their SKUs to allow them to focus on items with the greatest demand.



Driver shortages make it challenging for product to make it from point A to point B on time.

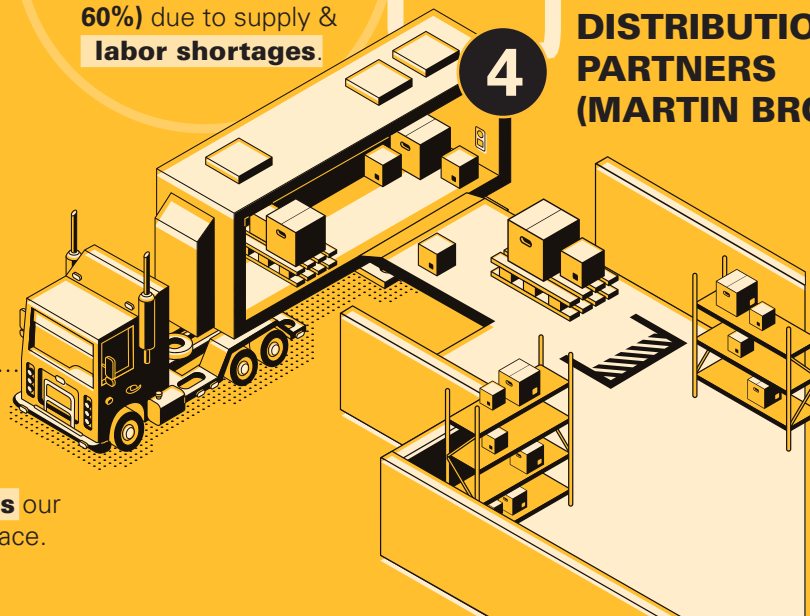
Labor shortages & plant reconfigurations (to accommodate social distancing requirements) have slowed production.



Despite efforts to forecast and communicate demand to suppliers weeks ahead, incoming orders are filling at **record low (below 60%)** due to supply & labor shortages.

4

DISTRIBUTION PARTNERS (MARTIN BROS.)

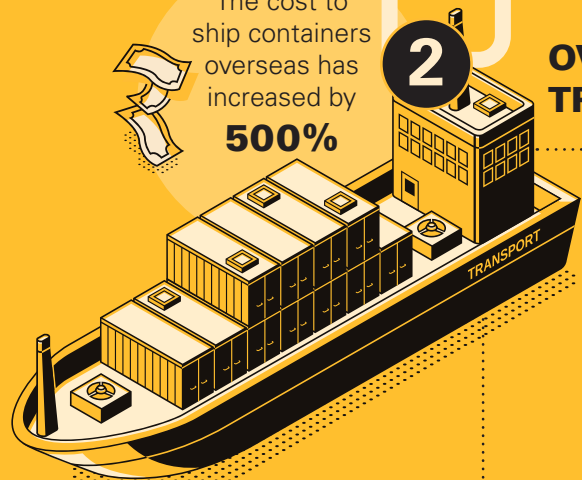


Distributors face many of the same **labor challenges** our supplier partners face.

The cost to ship containers overseas has increased by **500%**

2

OVERSEAS TRANSPORT



Due to **labor shortages** and social distancing requirements, it now takes longer to offload each ship.

Dozens of ships are anchored at sea, waiting for a dock space to open up.

Ships are transporting goods with up to 23,000 containers on board.

REMEMBER

Other countries are still experiencing **shutdowns**, causing additional disruption to production of materials.

IMPORTANT TO NOTE:

- ▶ Labor shortages are affecting the supply chain from end to end.
- ▶ Demand and forecasting is in flux, making it extremely difficult for suppliers to produce goods.
- ▶ As Delta and MU COVID variants continue to emerge, concerns are rising again and affecting the supply chain at every level.
- ▶ All industries are facing similar supply challenges. Analysts predict these challenges will continue well into 2022.
- ▶ **COMMUNICATION IS KEY!** We remain committed to providing support and ongoing transparency to our valued partners.