

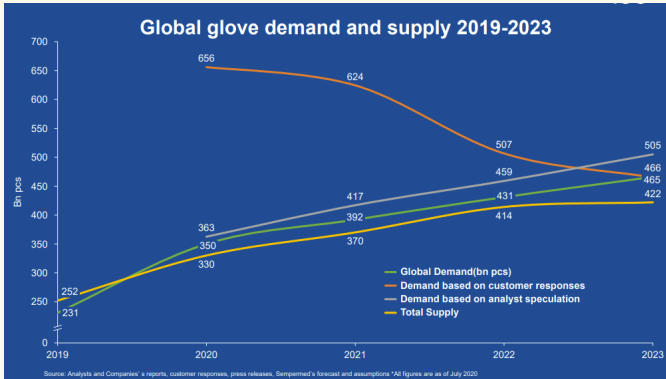
# COVIDCRISIS

## Communication #4



October 21, 2020

Covid-19 is having a significant impact on the global supply chain for PPE. Unfortunately, the strain on the supply chain will be felt well into 2021. This is your latest communication to keep you informed of the changes occurring in this dynamic situation.



### WORLDWIDE GLOVE SHORTAGE

- 2020-Global Demand is 350 billion gloves.
- 2020-Global Supply is 330 billion gloves.
- 2020-Global Shortfall is 20 billion gloves.
- Shortfall speculated to continue for several years, despite additional production capacity being added by suppliers.
- Production expansion time varies but can take 18-24 months.
- Raw material shortages exist and will take more time to catch up with demand.
- Labor shortages exist in Southeast Asia which limit rapid production expansions.
- Lead times are still extended.
- Orders have been placed into 2022 for some products.
- Shipping constraints still affecting lead times.

### OCEAN CARRIER AFFECT

- Peak shipping season and Chinese Golden Week are in play with current shipping constraints.
- Equipment shortages are causing inflation and supply chaos. Containers and chassis are both in short supply.
- Increased ocean freight rates show no sign of being resolved.
- Freight forwarders are reporting surging costs and extra pay needed to secure containers.
- China and Vietnam were hit particularly hard with empty container box shortages.
- US West Coast shortages of labor in warehouses is adding to delays and creating a vicious circle of backlog for containers being unloaded and returned to the port and put back in service.

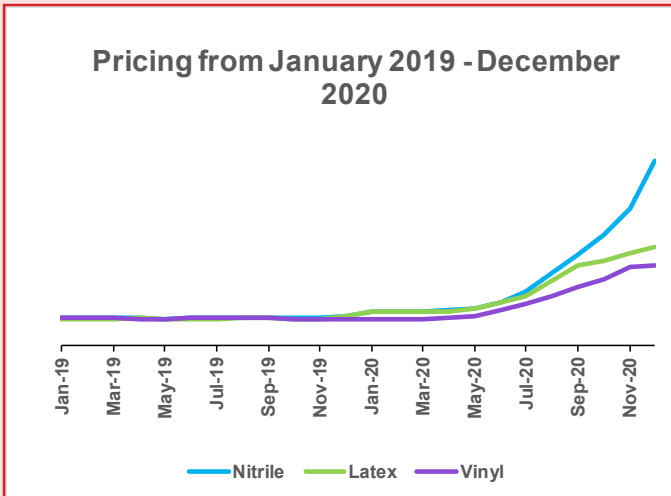
### INVENTORY IMPACT

- **StarMed Rose (SMNR)**® will enter a long-term backorder beginning later this month.
- **Best Touch Latex with Aloe (BTLA)**® will enter a long-term backorder beginning later this month.
- Factories are optimizing production by eliminating products with higher weight and lower demand.



### PRICING

The chart below illustrates the relative glove pricing stability experienced during 2019 as well as the sharp rise in pricing since the pandemic began.



- Latex, nitrile, and vinyl pricing remained stable throughout 2019.
- COVID-19 created supply challenges that continue to cause increases in pricing for all materials.

It is unknown if glove costs will continue to rise following the same increase they have since the beginning of COVID-19. Suspecting that they will, the conservative trend line is indicated in orange and the aggressive trend line is indicated in red in the charts to the right for nitrile, latex and vinyl.

- Pricing reflects new inventory costs each month.

