



March 12, 2021

Dear Valued Customer,

The purpose of this letter is to update you on supply given the cold weather event in the gulf region last month. This resulted in Force Majeure being declared by major chemical suppliers. [Click here for more specifics](#). There have been severe shortages on raw material feedstocks as a result. Particularly hard hit have been vinyl-acetate based emulsions (VAM) and ethylene impacting water-based adhesives.

The good news is RS Industrial invests working capital in stocking inventory and managing that inventory through people and processes based on our customer's historical order history. This is monitored on a daily basis. Because of this investment we are positioned with an additional 4-6 weeks on average of additional finished product in the supply chain. This has been critical for such a time as this. As a result, we are shipping liquids for the month of March based on normal order quantities. Understandably, the manufacturing sector is trying to get "extra" product. Think hoarding of tissue towel paper products during the early part of the pandemic. We are asking our customers to order their normal quantities for now. On our end, we are not accepting new liquid business at this time. We will supply only our existing customers for who we have stocked. In comparison, one major adhesive supplier has placed customers on 65% allocation.

There are indications, but no guarantees, that supply will begin to normalize again in 4 – 5 weeks. We are closely monitoring.

So, we are glad that we were positioned to serve our customers and hopefully through communicating and decision making we will be able to navigate together through this difficult time.

Sincerely,

Steve Saville

A handwritten signature in black ink that reads "Steve Saville". The signature is written in a cursive, flowing style.

President