

Import Logistics Update

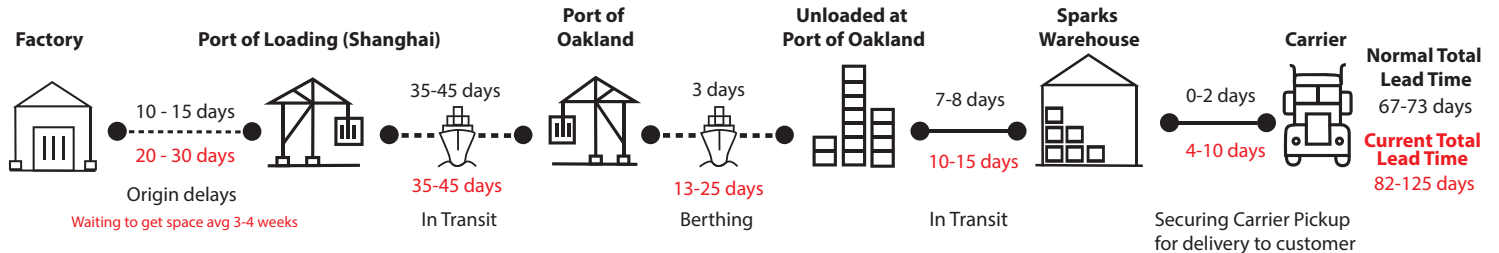
Shipping Challenges Cause Supply Delays

The demand for shipping and transportation services has increased significantly. Reduction of available labor, along with increased equipment shortages, continues to affect moving products through the supply chain. These backlogs and congestion are producing significant delays and cost increases.

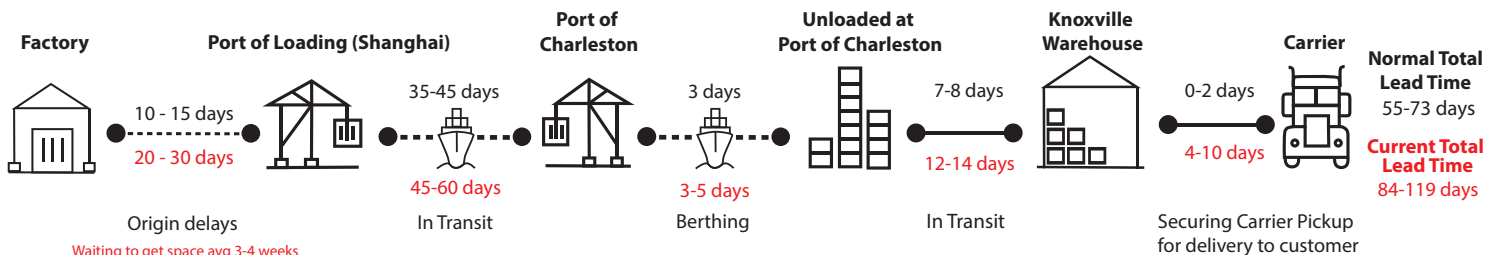
Shipping Industry Current Situation Examples

KEY
 Black Time = Historical Average Lead Time
 Red Time = Current Average Lead Time

Shipping Lead Time Shanghai to West Coast Warehouse



Shipping Lead Time Shanghai to East Coast Warehouse



OCEAN DELAYS

- Shipping time is **2x Longer**
- Lack of empty containers causing backlog in Asian ports
- U.S. is **returning 1 empty container for every 3-4 received**
- Container Shipping rates **4x higher and continuing to increase**

PORT DELAYS

- Delays on arrival can be up to **3x longer**
- Container ships anchoring **over a week** while waiting for dock space
- Offloading a container ship can take **2x longer** due to reduced workforce

LAND DELAYS

- Shortages of drivers and rail delays limit delivery capacity
- **62% Increase** in e-commerce over the past year magnifying driver shortages
- Freight volume by truck **up 37%** over last year