



March 3, 2021

To Our Valued Partners,

We hope this note finds you, your families, and your employees safe and healthy. We are writing to update you on the impact of the supply chain disruption on our entire industry brought about by the recent weather event in Texas and the Gulf Coast.

The past year has been one of the most challenging our industry has faced. Despite the strong demand for home furnishings, there has been continued pressure on furniture manufacturers in both long lead times for key materials and unprecedented material cost increases from our suppliers. Our industry is going through yet another supply chain issue now further related to foam components, as Texas and Louisiana petrochemical plants deal with the outages and damages that were caused by the recent severe winter storm in that area. The chemicals produced in these facilities, primarily TDI and Polyol are critical in the manufacturing of foam. We were notified at the end of last week by our cushion and poly parts suppliers that we (and all furniture companies) would be placed on allocations below our normal foam requirements. The length of this allocation period is entirely dependent upon how quickly these petrochemical plants can return to full capacity. We are hoping this short-term issue is resolved quickly.

We are working diligently to minimize the impact this will have on our production; however, we anticipate there will be a 1 week delay in currently scheduled orders and a 2 week delay in the estimated ship date of all other orders. We will update you as more information becomes available. As you already know, there have been exorbitant price increases levied on our industry across all key materials categories - foam, steel, wood, as well as textiles and leather. The limited supply, due to the complications discussed above, combined with strong demand from the furniture, automotive and bedding industries have given rise to these never before seen increases. While we implemented a price increase in December to help deal with these rising costs, this fact, along with the recent increase related to the recent storms are requiring us to implement a 3% surcharge on all orders received on or after March 15. We will continue to do our best managing these costs in an effort to limit the impact on our dealer partners and will work to make this surcharge as short term as possible.

We have also attached a video from CEO Bruce Birnbach providing more detail on the current supply chain challenges, as well as a recent article from the Wall Street Journal that does an excellent job of explaining the operating environment. The video can be seen on the following link:

[Video from Bruce Birnbach](#)

Thank you for your partnership, support, and understanding during this challenging time. Be safe and feel free to reach out to me with any questions.

Kind Regards,

  
Russell Towner  
President