



Start with the Essential.

August 23, 2021

Round 3 - Force Majeure Price Increase Announcement

Justrite Safety Group has announced two recent price increases based on our costs at the time of those announcements. Unfortunately, inflationary costs continue to rise at a rate that exceeds the lag from when our pricing is announced and when it becomes effective. As a result, we have no choice but to announce a third price increase that now also considers known and Q4 line of sight cost increases that will be effective when the price increase becomes effective.

Immediately, we are taking action to adjust pricing for **Medium Duty Mats, Plastic Drums and Overpacks** to address existing and future orders given the severity of current cost increases and rising demand. For all other impacted products, existing and future orders placed before October 1 with a delivery date between October 1st and December 31st, whether due to customer request or JSG capacity constraints, will be processed at prices included in this 3rd round price announcement. All orders with delivery dates beyond year end will be subject to change.

Aside from these specific product categories called out, a third mid-cycle price increase will become effective Friday, October 1, 2021. To provide you with enough time to implement these changes, we will deliver updated price books by Tuesday, August 31, 2021. [Please reference the Oct 1, 2021 Price Schedule addendum.](#)

Please be advised that Justrite Safety Group stock and manufacturing capacity are being stretched by current demand and our supply chain and production teams are doing everything in their control to increase throughput to meet demand. Material lead times, scarcity and labor availability continue to put pressure on our ability meet increasing demand. As a result, we will be implementing allocations for certain products that have unusually long lead times resulting from ongoing demand increases. We will be in contact to communicate the impacted products.

The average material increases for this round of price increases are referenced on the price schedule addendum. We acknowledge that lumber costs are falling, but we have yet to push through increases for this commodity and our current costs remain inflated. Ongoing freight input cost increases are also incorporated into this schedule.

On a separate issue, due to the extremely tight labor market, Justrite has been forced to raise wages materially to fill production positions to catch up with demand. These labor increases by business are included in with freight and pallet cost increases and range between 1 and 2%. Unfortunately, price increases related to wage inflation will be permanent.

Moving forward, we will continue to revisit pricing subject to material and freight variances up or down on a quarterly basis with a forward view to cost changes to stay current.

Regardless of when commodity prices eventually fall, JSG remains committed to delivering corresponding price decreases through annual and mid-cycle price actions to get you back to the February 8, 2021, announced price levels to the extent commodity deflation allows.



Once again, during this difficult market environment, we thank you for your business and continued partnership with Justrite Safety Group.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark McElhinny", written over a light gray rectangular background.

Mark McElhinny
President, CEO
Justrite Safety Group