

# The Big Picture

As the economy recovers from the COVID-19 crisis, here's a closer look at the market challenges affecting our industry – and what we're doing to offset them.



## Rising Costs And Reduced Inventory

### Labor Shortages



A variety of factors are leaving businesses understaffed, including enhanced unemployment benefits in the United States (due to expire in September), childcare challenges and lingering concerns about the virus.

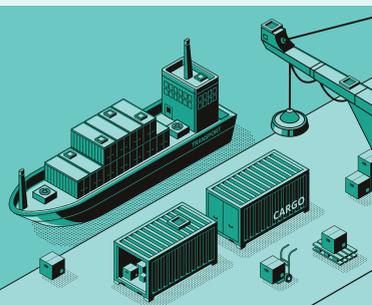
In April, there were an all-time record **8.3 million** job openings.

### Supply Chain Disruptions



Global shipping continues to be disrupted by the pandemic, as demand for goods made in Asia has outstripped the ability of exporters to get containers onto outbound vessels.

The average cost of shipping a 40-foot container from East Asia to North America has **quadrupled** in the past year.



### Raw Materials Overall Costs



Overall raw material prices are up 30% year over year, significantly driving up the price of products.

The price of cotton has increased **39%** year-over-year.

## A Partner You Can Count On

### Ready To Deliver



We ramped up hiring at U.S. facilities in the spring, ahead of the surge in demand. We've also increased wages across the board and created incentives to retain skilled team members. Along with our people power, we've invested in new production machinery – all so we can continue producing high-quality decorated products and delivering them when you expect them.

### Inventory For Top-Sellers



We invested an **extra \$10 million** in inventory in the spring – and we're doing so again for summer and year-end gift season, investing an **extra \$20 million** in top-selling, on-trend products. Inventory is updated in real time at PCNA.com, and you can also see when more is scheduled to arrive.

### New Products And Brands



We'll continue launching new products and brands in the second half of the year, just as we did in the first half with the rollout of a well-received snack collection and the introduction of retail brands like UNTUCKit and Bose®.

