



monkhouse[®]
schoolwear specialists

Dear Customer,

We hope you are well and enjoying having the students back in school. We're glad to see that the lifting of lockdown restrictions is progressing and that we're finally seeing signs of normality. However, there is important information regarding global supply chains that we need to communicate with you.

This is not just impacting Monkhouse, this is impacting all schoolwear suppliers across the UK.

Global Supply Chain Challenges

The availability of school uniforms across the UK is being seriously challenged by the impact of COVID-19 on global supply chains, and the major disruption to worldwide shipping. This was impacted further by the recent closure of the Suez Canal.

The major schoolwear suppliers recently issued a joint statement to all UK retailers, explaining the situation—a copy is attached for your reference.

What does this mean for parents?

This is leading to out of stocks and delays on some parents' orders, this is likely to continue throughout summer and into Back to School.

Not only are we experiencing delays in orders, our supply chain is unable to provide accurate delivery dates into Monkhouse Distribution Centres. Subsequently, we are then unable to provide parents with delivery dates.

For those parents who are affected, we apologise for any inconvenience and we're working to gain more accurate information from suppliers.

Actions we are taking

Rest assured, our teams are working tirelessly to ensure supplies are received and distributed as quickly as possible.

Monkhouse has direct access to latest supply chain information and can move swiftly to address any issues. We are currently fulfilling over 90% of orders to a good standard and have only 5% of lines which are disrupted and delayed.

More broadly, we will be encouraging parents and providing incentives to order in June and July rather than leaving back to school shopping until August. We will be sharing our new Parent Guide with you shortly.

Communication to parents

We are conscious there is a lot of information on this email, much of it general in nature.

Please find attached a communication for you to send to all your parents- detailing the current situation.

We'll be monitoring the situation in the coming weeks and we will contact schools that we feel will have any specific supply issues for Back to School.

In summary, we know that our service reflects on your school. We are working tirelessly to ensure we minimise delays and have the best product availability of any retailer in the UK.

See below a joint statement to all UK retailers from the major schoolwear suppliers, explaining the situation.



Subject: Joint Letter from Supplier MDs
20th April 2021

Dear Customer,

Whilst we are delighted that schools have returned and non-essential retail has now reopened in most UK countries, we are also very conscious that the effects of Covid are continuing to cause major disruption around the globe, and this is likely to have an impact on the delivery of uniform for Back to School 2021.

Global shipping disruption

The global pandemic has caused an increase in demand on goods being shipped from Asia to the US and Western Europe. In addition, disruption due to Covid has seen huge quantities of containers in the wrong place at the wrong time.

Compounding this already serious problem, the Suez Canal was recently closed due to a blockage by the container ship MV Ever Given. All major container carriers have been impacted by this incident, temporarily disabling one of the most important arteries in global trade.

Fortunately, after a week the vessel was freed, but this incident will have many repercussions on orders due to leave in the coming weeks and months, as the problem is not only confined to the backlog of vessels queueing to transit through the Suez, but also the knock-on effects at the ports and thereafter a further shortage of empty containers and lack of vessel availability. The situation has not been helped by container shipping prices from Asia which almost quadrupled earlier this year because of a lack of capacity as demand picked up as the pandemic eased. Please see attached release from the British Ports Association and UK Major Ports Group (UKMPG).

The result of this disruption is that major shipping lines are all fighting for the same limited resources and capacity. Rest assured our factories and freight forwarders are working as hard as they can to secure availability, and we have done everything we can to ensure elements within our control are in place to guarantee a smooth transition once containers and vessels become available. However, we would greatly appreciate your patience and understanding in what could be, a challenging summer.

Communication to schools

Although each of our companies is doing its best to control the parts of the chain that we can, the inevitable outcome is that some uniform deliveries may not meet the required delivery date. This effect is being felt across all businesses and sectors importing goods – whether by sea, land, or air.

In explaining this situation to schools, we hope that the information above and attached will be of some support to you. The below summarises the causes of what is being experienced in global shipping, which we would encourage you to share with your schools if you are impacted by delays:

- Ongoing impact of lockdowns, staff shortages, and ships in wrong locations caused by Covid
- Surge in demand for consumer durables due to reduced spend on leisure and tourism has led to the demand for shipping containers outstripping supply.
- This means some finished goods cannot be shipped until containers are secured, causing delays.
- Extended closure to Suez Canal, as main artery into Europe, exacerbating problems above
- Shipping lines having to negotiate securing berthing slots in ports as capacity is exceeded
- Delayed vessels missing next scheduled voyage
- Port authorities insisting ships have to take containers onboard in exchange for anchoring, leading to goods sometimes going in the wrong direction

Confidence for Back to School

We would rather not be communicating this type of message to you as you start to emerge from lockdown and look forward to getting back to normality. However, we feel that to have a good awareness of these issues now, in advance of the season, is in all of our best interests and will help in managing the situations you may face with schools and parents.

We remain optimistic at this time that as a market, we can deliver a strong Back to School. However, guaranteeing dates for events and appointments is likely to prove more difficult than normal and we would strongly advise to work closely with each of your suppliers to help you make the most appropriate arrangements with your schools. When doing so, please do bear in mind the difficulty that suppliers will have in quoting firm delivery dates given the shipping challenges we are facing.

Thank you for your understanding and support and we wish you all the best as you prepare for the coming season.

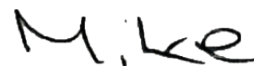
Yours sincerely,



Glenn Leech



Matthew Easter



Mike Brumfitt



Kathryn Shuttleworth



Neil Ward



Dan Turner