

CENTURY[®]

To: All Century Furniture Partners
From: Alex Shuford, President
Date: 3/22/2021
Re: Announcement of Temporary Line-Wide 4.5% Supply Chain Surcharge on New Orders Effective Date/Time: Wednesday, 3/31/21 at 5PM Eastern

Since the implementation of our 2.5% surcharge on 2/1/21, the supply-chains for nearly every component used to produce our products has become more strained, tenuous and expensive. While we had hoped and planned for the 2.5% surcharge to be sufficient to see us through this period of rapid and extreme inflation, we find ourselves only eight weeks later in the position of having to change our surcharge percentage to address an ever-accelerating pace of material cost increases and shortages.

Effective on **3/31/2021 at 5pm**, Century Furniture will change our temporary surcharge percentage from 2.5% to **4.5% on New Orders**. We know that implementing this surcharge is a challenge for all our partners and we undertake the alteration of it solemnly.

In order to provide a brief picture of the current cost environment, we have listed below a small sampling of the price increases passed along to us in just the last 60 days. This list is not intended to be comprehensive, but rather illustrative. Suffice to say that nearly every single component required to manufacturer both Case Goods and Upholstered products has experienced significant near-term inflation.

- Cushions and Poly (Foam): An *additional* 10%-15% increase on top of the 17%-25% increase received from October 2020
- Fabric and Leather: Between 5% and 15% and continuing to be announced daily
- Metal Mechanisms (recliners, swivels, springs, etc.): 6% to 15% (on top of 12-15% from October)
- Lumber and Composite Board: 7%-20% depending on the product (with some species spiking much higher)
- Woven Sheet Materials and Non-decorative Fabrics used for upholstery: 7% to 18%
- Finish Materials: 5% to 7%
- Upholstery Batting: 4% to 8%
- Thread: 6.5% to 8.5%
- Wood Glue: 3.6% to 7%
- Cardboard: 6%

Many of these suppliers are now passing along their second or third price increases of 2021.

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We still expect supply and demand to eventually equalize (and reduce) these significant increases as the supply-chains adjust to the current demands and constraints. For this reason, we continue to address the situation with a Surcharge and not with a “published price increase”.

Effective **Monday, 3/31/2021 at 5PM Eastern**, Century Furniture will raise its a *Temporary* line-wide Surcharge to **4.5% on all New Orders received**. The surcharge will be applied to the price of each Century style and clearly listed on the line items of invoices and acknowledgements.

Any orders received Feb 1st, 2021 through March, 31st, 2021 by 5PM will incur the 2.5% surcharge previously messaged. Any orders received prior to January 31st, 2021 will not incur any surcharge.

Century will clearly message this surcharge on our acknowledgements/invoices, dealer website (Designer Studio), through our territory sales representatives and customer service team.

Please contact us with any questions. Thank you for your continued support of Century Furniture.