



June 10, 2022

To All HF Group Library Binding Customers,

As we begin the second half of 2022, it seems appropriate to provide another update for our Library Binding customers. Most of you know that we continue to struggle to regain our footing in terms of regular service intervals and we are still scrambling to increase our capacity for binding. We are improving, but not there yet.

Two years after the shock of a Covid shutdown, it seems like a weak excuse to say we are still suffering from the lingering effects of that year. However, we are still not back to 2019 volume levels and do not believe we will ever return to our previous rate of orders. After the sudden shutdown of our production facilities and then a slow return to a more normal workflow, the fact is that we are still regaining our footing in terms of our ability to provide normal services.

Covid's downstream impact on the labor market has now become the bigger story for us and for many businesses like ours. Inflation and cost challenges are certainly an issue, but the availability of and the time it takes to receive some materials and supplies needed for binding and printing has been more problematic.

At our core, we are a business that needs adequate staffing and available materials to meet your binding needs in a consistent and predictable manner. We fully acknowledge that since 2020, we have been anything but consistent and predictable. We have resorted to rescheduling truck runs and increasing turnaround times and, in some cases, limiting shipment sizes. Because of these adjustments, inconveniences have occurred despite a great deal of effort and a lot of long hours on the parts of all our employees at our three current library binding facilities.

Our company has always been a customer-driven organization. The past year has refocused our priority a bit to put the interests of our employees first. We are nothing as a business without the experience and dedication of our employees, and the past two years have been difficult for them and consequently for HF Group. We are determined to hold on to as much of our staff as possible. We not only are smaller because of the Covid impact, but we have also had retirements and some attrition that is in keeping with the overall trend in the working world. We have many employees who have worked really long work hours for the past 12-18 months and, while it has been beyond appreciated by our management team, we know it cannot (and should not) continue.

Our decisions on schedule changes and limits on order sizes are partially about maintaining some work balance for our employees (and not driving employees away) while we continue to try and hire new staff and increase our capacity for binding.

We know you all have experienced similar challenges with your library workforce. We appreciate your understanding, patience, and support. Please continue to communicate and ask questions at any time. We would be happy to expand further on this message.

Most Sincerely,

The partners of HF Group, LLC.

Jay Fairfield, Eric Fairfield, Jim Heckman, Damon Osborne, Paul Parisi, John Parisi