

Common Questions and Answers Regarding the Impact of the Coronavirus

- Does Valtech purchase any material from China that could affect supplies of finished goods to customers?

All raw materials are purchased from markets other than China. We purchase a proportion of our packaging (cartridges) from China but also source from Europe (Switzerland). This supply is covered by a blanket order.

- Does your organization have any plans in place to mitigate the risks to supplies of raw materials or packaging?

Valtech has multiple qualified sources of raw materials and packaging in order to mitigate risk. In addition, we have ample supply of raw materials and packaging/cartridges at our Pottstown, U.S., factory to cover our medium term requirements.

- Do you envisage any immediate issues? Stock, freight, people, etc.?

There are no issues that we anticipate in terms of the ability to make and ship materials. All epoxy adhesives, beams detergents/cutting fluids for our customers in markets other than China are manufactured in the USA and not in China.

- Are your Chinese factories or businesses affected yet?

The Valtech factory in Shanghai is currently closed however we will be commencing operations on 20th February. This factory only services the market in China and has no impact on our ability to supply other world markets and customers.

- Do you envisage any medium to long term issues?

Due to our diversity of raw material and packaging supply, we do not anticipate any medium or long term issues. We are monitoring the

situation closely, however, in order to anticipate any potential disruption and put in place mitigating actions.

- Do you have an alternate suppliers that are not of Chinese origin?

The only exposure from a material perspective to China is on epoxy packaging and we have European supply of cartridges to mitigate this risk.

- What plans do you have in place to overcome the possible limited freight movements?

At this point we do not anticipate that sea freight or airfreight movement from the U.S. will be affected and therefore do not have alternative plans. Should these be deemed to be a possibility, we will examine the options available to Valtech in order to ensure continuity of supply over the medium/longer term. Sea movement of epoxy adhesives is not ideal given the relatively short shelf life for epoxy adhesives so will be activated only in the case of a severe restriction of air freight movements.

- Do you have stock elsewhere to cover? If so, how much do you have buffered against this crisis?

Due to the restricted shelf life on epoxy adhesives, we hold relatively small amounts of finished goods and supply on a make to order basis. To this end, we ensure that we have sufficient stocks of the required raw materials and packaging to cover anticipated demand.

For beams and detergents/cutting fluids, we do not anticipate issues due to the proximity of raw material supply to the Valtech US manufacturing facility.

- Are there other operational considerations arising from Coronavirus?



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The business and customer base serviced by Valtech, U.S., has no dependency on China or the Valtech operations in China. There are no issues relating to the ability to operate from the Valtech US operation which we anticipate will restrict the ability to service our markets and customers to our normal standards. We are monitoring the situation on a daily basis and will make any contingency plans necessary as a function of any adverse change in the ability to carry out our normal operations.