

Dear Business Partners,

As the Hardwood veneer industry continues to evolve so must the companies that operate in this environment. In an effort to remain as competitive as possible and position ourselves for long term success, the Möhring Group has made a couple of significant changes this month.

The first of which is that we will stop slicing veneer at our Beaufort facility (Atlantic Veneer). We will switch to a model that will continue to serve all of our existing customers as well as maintain our existing log supplies.

As many of you are aware our industry continues to be impacted by shrinking margins and increasing freight rates. Our location in Beaufort, while it is a wonderful place to live and buy veneer, it is not the best place to have a veneer mill. We are fighting uphill battles with rising freight rates, cost of living increases and shortage of workforce. We have begun to move in a direction of slicing material closer to the log source which will make us more competitive in the future. We have established quality partners to help us maintain our existing flow of logs and veneer. Both our suppliers and customers should not expect any interruption in the partnerships we have established during our 55 years in Beaufort. We will maintain our clipping and grading lines in Beaufort and continue to be the best place in the US to buy veneer.

The Second significant change is the extension of our business activities in Eastern Europe. Last week Möhring Group, Balti Spoon OÜ has acquired the assets of the veneer company Bracia Mrozik Sp. z o.o. located in Poland, which is one of the main veneer producers for European species. With this new acquisition in Poland, combined with our business in Estonia, the Möhring Group will be the premier destination for all of your European veneer needs.

Both of these changes are strategic moves that will allow us to continue to serve the world markets, minimize the impacts of labor and freight on our businesses and will make us much stronger as an organization moving forward into the future.

Thank you all for your continued support and we look forward to continuing to work together with you in the future.

Best Regards

Möhring Group