

# Market Update Q2 2024

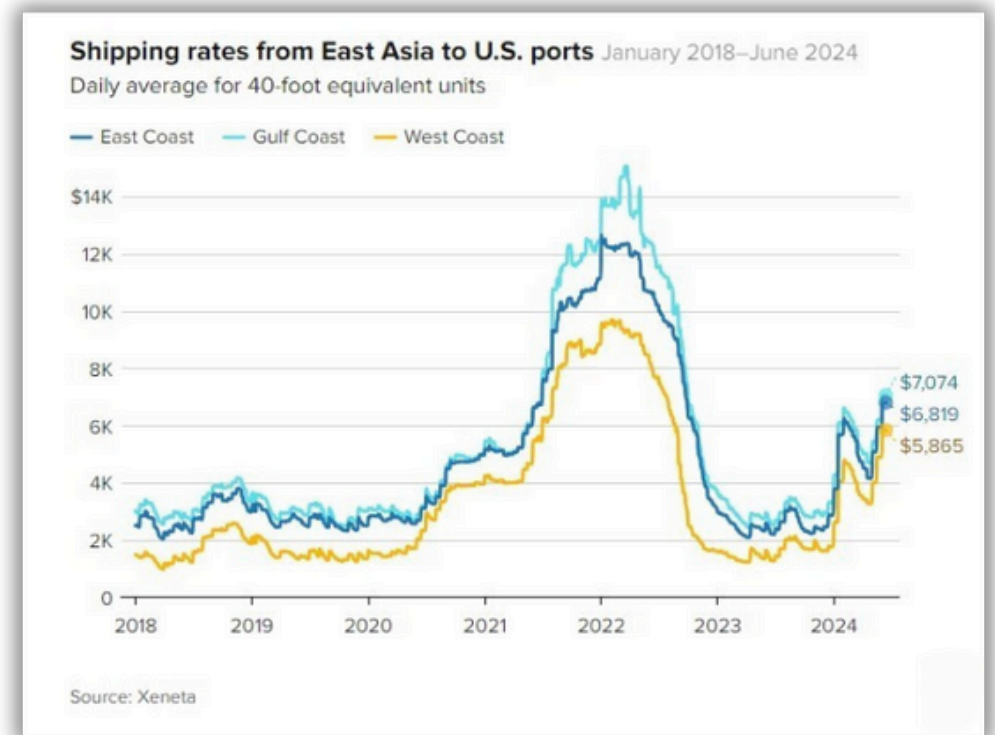
- **The cost of shipping from overseas surges**
  - High summer booking demand leads to increased rates.
- **EU Deforestation Regulation will take effect on December 30, 2024**
  - These new regulations aim to prevent EU citizens from consuming products that contribute to global deforestation.
- **Orange growers experience challenges**
  - The price of orange terpenes is affected by a poor harvest.
- **Vigon's new Distribution Center drives change**
  - A state-of-the-art facility allows us to expand the customized solutions we offer.



# The cost of shipping from overseas surges

## High summer booking demand leads to increased rates

- Extended lead times are pushing customers to choose expedited shipping, causing higher rates due to the increased demand for faster delivery.
- A drought in Panama lowered water levels in the canal, reducing the amount of cargo that ships can carry, causing delays and elevated costs.
- The Yemen Conflict continues to disrupt maritime routes through the Suez Canal.



# EU Deforestation Regulation begins December 30, 2024



## New regulations aim to prevent EU citizens from consuming products that contribute to global deforestation

- At the end of December 2024, companies selling certain materials in the EU markets must prove that their products are not linked to deforestation.
- Crops from our industry that may fall under this regulation are palm, (including oleochemicals such as glycerin, capric/caproic acid), soy, coffee, and cocoa.
- Our suppliers have committed to complying with these new regulations to minimize potential supply issues as these new regulations take effect.



# Orange growers experience challenges



## Supply shortfalls expected

- Orange crops have suffered due to extreme heat, low rainfall, and the El Niño weather pattern.
- Growers have suffered serious challenges due to a high rate of premature fruit drop and an increase in diseases such as citrus greening.
- The reduced supply of raw materials has caused a significant shortfall in orange terpenes, orange oils, and derivatives including d-limonene.



# Vigon's new Distribution Center drives change



## We now have more space to expand the customized solutions we offer:

- We have boosted our capacity to handle materials requiring special care, including temperature-sensitive products.
- Lead times will further improve, empowering everyone to manage inventory more efficiently.

