

On-Shoring

Renco

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Disclaimer:

This presentation is private and confidential



2022 RCG Charlotte Innovation Summit

Entities:

Renco Corporation dba (RencoGloves and Glovemen) / American Performance Polymers llc NH / Bearsville llc NH / RencoMed Inc TX / Aptical TX

Renco Corporation: Massachusetts C-Corporation owned by Richard Renehan; Founded in 1962 to commercialize a patented glove system

Renco Milestones:

1989: Moved in 1989 to Manchester by the Sea, Massachusetts remaining as a C-Corporation

2017: Incorporated American Performance Polymers, llc (APP) in NH owned by Richard Renehan

2018: Purchased troubled assets of Tillotson Resources and Tillotson Performance Polymers in Colebrook, NH

2020: Received Non-dilutive \$22.4 Million Defense Production Act Title 3 (DPA) Funding for Capacity Expansion in Colebrook

2021: Received Non-dilutive \$48.1 Million (DPA) Funding for additional capacity at APP NH and RencoMed Inc. Texas

Capacity Output, Revenues and Valuations Upon Completion of Expansion (Value @ 1x Annual Revenue)*:

APP NH:	1.0 billion gloves (11mm Boxes) at .07 cents per glove or \$7.00/box (100 gloves)	\$70 million
RencoMed TX:	2.0 billion gloves (20mm boxes) at .07 cents per glove or \$7.00/box (100 gloves)	<u>\$140 million</u>
Renco Corp MA:	3.0 billion gloves/annum at .07 cents per glove	\$210 million

**These figures depict sales of medical exam gloves from the equipment partially funded by Renco's USAF Contract FA8527-20-C-0005 and do not include Renco's traditional, high margin, specialty clean/sterile glove product lines*

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Renco's Vertical Integration Plans:

2019/20: Renco initiated [Aptical.com](https://www.aptical.com) a platform for expanding Advanced Polymer and Processing Technologies including raw materials and finished products sterilization

2020-22: Renco's Vertical Integration Plan (VIP) proposed to USG for Pilot and Production Scale Polymer research, development, and manufacturing of Carboxylated Acrylonitrile Butadiene Rubber (xNBR) and NextGen Polymer Products

Renco's Pending Applications:

Cure Adjustment: Renco has a pending request for modification to its contract to augment DPA funding : capacity ratio at other factories in the USA to assist in the continued expansion of glove manufacturing in the USA

NextGen Poly: Renco's application includes additional DPA for 50:50, USG/Company Funded Investment Project for advanced medical glove products manufacturing and sterilization in the USA

RencoNG: Renco's Colebrook property includes a \$10M taphouse on the TransCanadaPipeline: Interest exists to power the Colebrook NH School and to Compress or Liquefy Natural Gas for regional distribution and export

Renco and its teams are accessing in excess of \$100 million to fully execute these projects. The company has sound and expert management, technology and teams and will fully comply with ISO practices upon completion. Thank you for your interest and support of re-shoring and industrial base expansion (IBx) in the USA and among its allies.

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- I. Renco Intro
- II. History / Timeline:
 - 1962-Founding; 67-Newsweek PR; '75-80-Renco v. Baxter; 80's-Broad-Line Safety Apparel/Supplies
 - 1989-Massachusetts; '94-2000-Buyout Family; 2000-NASA Bag; '02-'03- Iraq USAID Contract
 - 2004-'185-BodyArmor/Cleanroom/Glovebags/Gloveboxes/Tents; '18-VIP I; TPP to APP;
 - 2020-US DPA Title 3 Contract for IBx (gloves); '21-Additional Capacity Funded
 - 2022- -Innovation Charlotte-Futuristic Visioning and Private Fundraise / JV's / VIP
- III. Areas of Interest / Capabilities / Experience
 - Gloves, Finger Cots, Safety Equipment, PPE and Supplies; Polymer Dipping/Coating
 - Tents, Glove bags, Glove Ports, Panels, Stainless Steel and Plastic Gloveports; Stainless Steel (hardwall) and Disposable Plastic (softwall) chambers for patient/product isolation and protection (Space Station, Patient Containment Transport Chamber)
 - Body Armor, Restraint Mitts, Leg Restraint Systems
 - Safety & Cleanroom Gloves, Garments, Shoes and Accessories; STERILE
 - Glove Diplines, Factories, Process and Manufacturing Production Lines
- IV. Materials / Substrates
 - Leather, Plastic, Steel, Aluminum
 - Polyester, Nylon, ESD Knits/Rubbers,
 - Natural Rubber Latex, Acrylonitrile Butadiene Rubber/Latex (NBR/NBL)
 - Neoprene (Chloroprene), Butyl, Hypalon (Chlorosulphonated Polyethylene)
 - Viton, EPDM, Polyurethane, Silicone, Polyethylene (HDPE); Poly Vinyl Chloride (PVC)
 - Nanoparticles; Anti-Microbials; Bio-Degradable Additives; Sustainable Polymers
- V. US Defense Production Act (Title 3) Awards / Contracts from Renco Medical Industrial Base, Sterile (MIBs)
 - 2020 Call to Action (Defense Logistics Agency, Pentagon, WH Covid Response Team, Congressional Committee, Air Force for HHS
 - 2020, July: \$ 22.4 M (American Performance Polymers, Colebrook NH; 550 M Gloves/Yr)
 - 2021, May \$ 13.1 M (APP, Colebrook, NH; 550 M Gloves /Yr)
 - 2021, May \$ 35 M (RencoMed Texas; 2 Billion Gloves/Yr)
 - High-High Option Requested

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2022 RCG Charlotte Innovation Summit

- I. New Capabilities / Factory Infrastructure
 - a. EPC / Design / Build
 - b. Logistics / Importation / Assembly (ReShoring/Onshoring)
 - c. Wastewater / Water Re-use/Recycle
 - d. Natural Gas / Solar / Hydrogen Alternatives
 - e. Lighting / HVAC / Controlled Environments /
 - f. Co-Gen / CHP
 - g. Factory Automation / Compounding / Formulations
 - h. Labor Ramp-up

- II. Renco's Vertical Integration Plan (VIP)
 - i. xNBR and Chemical Supply for Vertical Integration and US Supply
 - ii. Ceramic Mandrels
 - iii. USA Factory (\$112 M to \$200M)
 - iv. Joint Ventures (Taiwan, Malaysia, European)
 - v. USA?

- III. Turnkey Glove Factories
 - i. Build Flexible Dip Lines in USA; Automated
 - ii. Import Key High Speed Line Components for HSLs
 - iii. On-Shore >75% of HSL Superstructure; Water Treatment, Power, Control Panels, Heaters)
 - iv. Location Selection (Strategic for Pandemic Response)
 - v. Design to Fit; Regulatory Approvals; Employee Pool; Automation; Re-Shoring
 - vi. Local Production for Local Consumption (GREEN)

- IV. Considerations Forward
 - a. Off-Take Agreements
 - b. US Anti-Dumping; Importers and Factories; Legislation
 - c. State Factory / Job Creation Incentives
 - d. Federal Incentives
 - e. International Projects / Markets
 - f. Healthcare Costs / Regulatory Impacts
 - g. Environmental Health and Safety
 - h. Next Generation Inventions
 - i. Raw Material Supply Chain (Vertical) USA?

- V. Thank you / Discussion Q & A



1

On Shoring USA



Context

The United States currently uses approximately 10% of the nitrile gloves produced on a global basis. Of that global production, significantly less than .3% is manufactured in the United States. The U.S. market has traditionally been dominated by distributors with greater than 95% of global production being manufactured in Asia.

The COVID 19 pandemic made the United States government re-evaluate the critical supply of PPE within the country. Despite recent attempts at government and private funding U.S. based production initiatives, they have failed to effectively domesticate the industry. Continued investment, long-term contracts and anti-dumping practices can save this re-shoring initiative.

Manufacturing Delays

Factory starts have been plagued with delays, some sitting idle for as much as two years prior to start-ups that were prone to breakdowns, engineering problems and learning curves that were well beyond what was anticipated. The fundamental flaw of bringing glove manufacturing to the United States was the failure to reshore every facet of the industry as a whole rather than just specific pieces of equipment without the industry support structure.

2

What is Renco and American Performance Polymers?

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Renco

Renco Corporation, located in Manchester, MA since 1989, was established as a private company in 1962 based on the invention of Renco's Patented Titeline sleeve/glove products for ultra-pure laboratories and manufacturing applications in electronics, food, medical device and pharmaceutical manufacturing.

Renco has since been recognized as a leader in laboratory products, featuring its replaceable glove/sleeve dry box gloves and other clean/sterile products. Renco produces, brands, invents, and distributes various glove, containment, and safety products for its Industrial, Medical, Government, and Research clients.

American Performance Polymers



In July 2018, Rich Renehan, President and CEO of Renco, purchased the assets of Tillotson Performance Polymers (TPP) in an asset sale based out of Colebrook, NH and rebranded the company as American Performance Polymers, LLC (APP). Shortly thereafter, with the financial support of Renco, APP brought in new equipment and took on additional working capital to enhance its operating standards and capacity. APP has since manufactured Renco products and sold medical grade gloves and specific rubber and plastic products to healthcare providers and other businesses in the US and abroad.

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Why Us?

Renco's credibility within the industry has allowed it to foster relationships with loyal customers. These relationships generate recurring revenue streams with strong gross profit margins (>50%), as well as attracting federal grant opportunities from the U.S. government for the re-shoring and expansion of the entire Medical and Military Industrial Base.

3

Restarting Domestic Production



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Context

Onshoring, also known as reshoring, is the opposite of offshoring and involves returning the production and manufacturing of goods to the company's country of origin. Onshoring isn't a new concept. It was widely debated during the global economic downturn, or "Great Recession" in 2008, for example, and at other times in our nation's history.

According to Thomasnet's most recent annual survey of 709 manufacturers, as many as 83 percent of respondents said they are likely or highly likely to onshore their production operations and plan to add U.S. suppliers to their supply chains. The ongoing reshoring trend is reflected in \$204 billion in RFQ sourcing requests over the past 12 months, compared to only \$69 billion in 2018.

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Benefits

- Onshoring offers the opportunity to modernize aging operations. By building new U.S.-based facilities to meet demand, onshoring pushes firms reluctant to embrace new technologies to modernize their operations and streamline their processes.
- Logistics becomes more straightforward for the finished goods; they are unlikely to get stuck on the water, for example, holding up your inventory for months while insurance companies fight it out.
- Forecasting can be simpler and more responsive to changes. You would not need to factor six weeks at sea, which directly impacts the value of inventory you need to secure ahead of time.
- Introducing new products can be faster and more responsive to marketplace demand fluctuations.

Critical Issues

Some materials such as rare earth elements (REE), minerals, raw materials, and other country-specific resources preclude their availability anywhere else on the planet. Replacing vital REE input sources, for example, consumed domestically in the automotive industry and oil refineries, as well as in metallurgical alloys and applications, and more, may simply not be possible domestically without significant policy shifts, according to [csrreports.congress.gov](https://www.csrreports.congress.gov).

And of course, labor costs, land prices, regulations, fees, and more can be significantly higher in the United States than in other parts of the world. Factoring in these increases may not be possible for some manufacturers that have built their entire business model and competitive advantage around offshore sourcing.

4

Renco's Impact



Renco's Plan

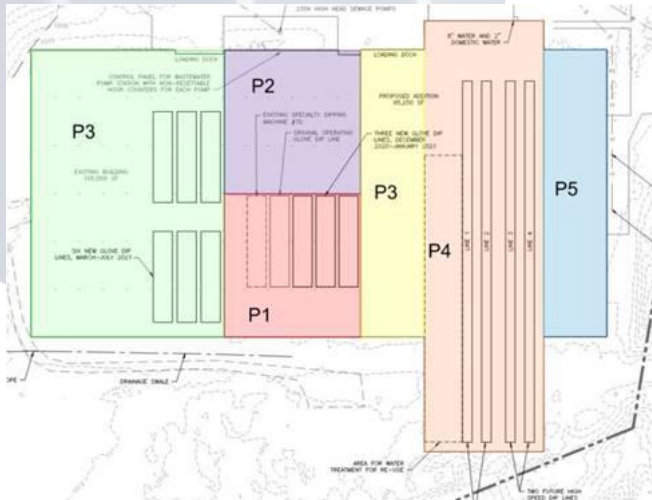
The initial DOD grant award for \$70 million out of Warner-Robbins AFB was utilized to import 11 production lines from Malaysia to the U.S.

Since much of the technology currently used in the nitrile glove manufacturing industry goes back as far as the 1980's, Renco will take the lead on implementing the latest lean manufacturing techniques into the U.S. manufacturing model for nitrile gloves.

The production capacity of APP will increase to approximately 1.05 billion gloves annually through the acquisition and installation of equipment in both the current facility and the adjacent new high-speed glove manufacturing facility of 98,000 square. APP's expansion project started in October 2020 and will be fully operational by Q3 or Q4 2023.

RencoMed in Texas will add capacity for approximately 2 billion gloves/annum by 2024.

Total Projected Revenues:
\$220 million / annum



Critical Success Factors

- Complete the significant manufacturing expansion program (NH & Texas)
- Implement an infrastructure to transact and manage substantial revenue growth
- Increase revenues rapidly from current and new customers in 2022 based on the enhanced capacity and a USG and global focus on “Made in the USA.”
- Expand the sources and quantity of the major raw material- Nitrile Butadiene Rubber (NBR) and vertically integrate whenever possible
- Recruit and retain employees from the local area - increasing to 300+ in NH and >300 in Texas
- Complete an extensive financing program to support the growth and success of Renco and its affiliates
- Provide community benefits to the Renco employees, the Town of Colebrook, the State of New Hampshire, Texas, and the US Government.

5

The Future of On-Shoring



Domestic Manufacturing Awareness

Onshoring means bringing your supply chain closer together, adding greater resiliency, agility, and sustainability. Although global supply chains will continue to be a significant part of manufacturing's future, organizations must combat the massive increases in shipping costs, lead times, and other disruptions.

Is it a slogan or a movement? How many large scale manufacturers are going to scale back most of their operations to the U.S?



Sustainability of On-Shoring

Manufacturers can reduce emissions, enhance sustainability, and ultimately decrease their environmental impact by reducing the distance between suppliers and their final points of arrival. These factors can significantly improve the firm's adherence to ESG (Environmental, Social, Governance) standards.

Can On-Shoring be clean, green, and sustainable? How can domestic manufacturers ethically compete with foreign competitors?

Competitive Production

Renco's APP factory is one of only three factories capable of supplying the US demand for around 40 billion medical gloves/year. To date, greater than 99% of medical gloves that are imported to the US and Europe are produced in Malaysia, China, and other Asian factories.

Will the U.S. be able to compete on a global scale? What are the long-term effects of on-shoring?

What policy changes do we need to see in order to make on-shoring viable.



Efficiently On-Shoring

Domestic manufacturers need administrative and regulatory support including expediting of FDA approvals for 510k, chemo, etc... Currently the lead times are far too long. Renco can make many different types of gloves, but US regulation for instance would delay the same glove from blue 510k to black 510k, or 4 mil to 6 mil, by months, even though the only change is color or thickness.

How can manufacturers expedite on-shoring in order to quickly become operational and competitive against foreign producers?

Comments / thoughts; 2022 CK

1. Current US actual production capability is approximately 3 - 4% of USA need
2. Maximum US production capability if all proposed glove line projects were completed would be approximately 30 - 40% of USA need. This would be at least enough to supply our medical use needs.
3. USE HHS / NIH report figures (page 37)?
 - a. Annually around 70 billion nitrile gloves are used in the US. This may be a little high?
 - b. • 6.3 bn manufactured in U.S. annually (early 2021) (I think this is high. This would mean there are 26 HS lines operational in the USA as of early 2021.)
 - c. • Importing 5-7 bn MONTHLY (July 2020 – Feb 2021)
4. NIH report page 39
 - a. • Varying thickness.... 2 mil to 11 mil (at the palm)
 - b. • Length
 - c. • Different textures... Smooth, grain (fingertips), grain (full), diamond (fingertips), diamond (full), fish scale
 - d. • Size, color, silicone free, powdered, AQL
 - e. • Price Range... \$0.16 each to >\$0.50 each
5. Renco / APP is uniquely set up to manufacture a wide range of thicknesses, types, colors, lengths, etc... with the Flexible dipping lines
 - a. USG entities should formulate a list of sizes, types, thicknesses, lengths, colors, etc... but realize it will take a few months to set up for each variance. The solution is not to buy from the primes from overseas factories, but to support the USA factories USG has funded.

1. Necessary to fund and complete current glove line factories
 - a. Though they may be independent businesses, these projects were not started to promote competition with each other.
 - b. These projects were started to provide critical & necessary medical supplies.
 - c. There should be a priority for USG to finish funding the construction and startup of the US glove factories. Funding can be by direct funding, matching funding or by way of orders.
2. It is not enough to just fund and finish construction of factories
 - a. There must be support at an operational level to maintain equipment, infrastructure and preparedness for full operation
 - b. There must be gloves orders at a minimum level to cover overhead and maintenance costs.
3. All parties including factories, material suppliers, USG, HHS, DOD, etc... must be aware of potential disruptions to the overseas supply chains that occurred in 2020 – 2022 and may occur again due to international events such as conflicts in Russia, China / Taiwan, Middle East, etc.. as well as potential future disease outbreaks or severe weather events.
4. We need administrative and regulatory support including expediting of FDA approvals for 510k, chemo, etc... Currently the lead times are far too long. We can make many different types, but USA regulation for instance would delay the same glove from blue 510k to black 510k, or 4 mil to 6 mil, by months, even though the only change is color or thickness.
5. NIH report Page 41 talks about “consensus standards”. There is no way to regulate what is being shipped from overseas or verification that an imported product meets the standards listed on the package. Yet we are being held to a much higher standard to manufacture in the USA.

Thanks!

Any questions?

