



April 13, 2020

To our Valued Dealers,

Once again, I come to you with an inventory and shipping update that continues to be business as unusual for us, due to the spike in demand for our UV products since the COVID-19 pandemic in the US. I know our Territory IAQ Training Reps have been relaying information to you based on what they are hearing from me as I update them. The challenge is that this information changes weekly, and sometimes daily, based on unprecedented and unexpected circumstances that no one could have prepared for.

This may not ease the pain for anyone involved, but please allow me to explain and clarify as best as I can, some of the unexpected unknowns that we have been experiencing and other pertinent information:

- This is a UV industry challenge and not a Dynamic AQS only challenge.
- UV lamp and ballast raw material suppliers are over capacity and backlogged on getting product to all UV manufacturers. There is a shortage.
- This covers residential and commercial HVAC and other vertical markets.
- We still have a flow of lamps and ballasts coming in, yet not in the volume that we have ordered, and this is unprecedented in our over 30 years in the UV business.
- To expedite this backlog, we are having partial orders of ballasts and lamps air freighted to us at a substantial premium.
- Yes, we have more than one supplier for lamps and ballasts, yet they are all in the same boat.
- Some of our other raw material for manufacturing has had unexpected delays at customs and in the states due to new COVID-19 protocol. We have experienced up to 8-day delays, and we are now allowing for this in our back-up orders.
- We have a few "Essential Product or Services" medical clients that supply the medical community, and by COVID-19 government mandate we must give them priority. One of these clients makes isolation tents that have our RM2-16/16 in them. We used up 800 16" H-lamps on their last order. This was unexpected and not in our production or inventory plan.

Dynamic AQS management is in constant contact with our suppliers to get daily updates for tracking and delivery to our production facilities. We analyze this data with the current information given and inform our reps in the field from there. Our order processing department and software is at capacity as well, which adds to the unknown when it comes to when orders will be shipped. I apologize when the order and shipment information changes from one week to the next, yet I am giving my team the best information that I have at the time. Based on our current analysis, here is the current timeline:

- **For orders that are in house, we plan on having all of those filled and shipped within two weeks. During that time, some will be partial, some complete, yet all should be caught up in two weeks.**
- **For new orders received as of Monday, April 13th, and subsequent orders until further notice, our current backlog situation shows that it will take 30 days to fill these orders as of today's analysis.**

This may change, and maybe for the better, as we dig into each order, production schedules and inventory shipments received by Dynamic AQS.

Thank you for your continued understanding and patience with this current situation!

Steve Mores

A handwritten signature in black ink, appearing to read "Steve Mores", written in a cursive style.

VP of Training and Sales
smores@dynamicags.com