



May 27, 2020

To our Valued Aire Serv Franchise clients,

Since my May 5<sup>th</sup> update, a few things have changed which will soon shorten the lead times to receive UV units from us. Our Polarized Media Air Cleaner (PMAC) inventory remains strong and steady, ready for same day shipping. What hasn't changed is our gratitude that we have for your business and your continued support. Our entire team at Dynamic is working diligently to get back to same day shipping of your UV unit orders. We truly appreciate your patience as we all work through these delays in getting product to you.

In my last update I mentioned that the flow of information from our raw material supply chain and shipping services had become more volatile due to unexpected and unprecedented delays and circumstances on their end. We have seen improvement here since these incidents have been minimized, mostly due to the fact that we are bypassing our usual ground transportation for raw material coming into our manufacturing plant and opting to have most of it air freighted to us. We have incurred over \$100,000 in air freight charges in May alone. Although this has significantly decreased the lead time in getting raw material to us, once it is ready to ship there is still a worldwide shortage of quartz glass to make UV lamps. This has lengthened the delays in getting lamps to any UV product manufacturer. Currently 100% of the UV lights that are coming into us are still being used to build backlogged UV systems. With our forecast, we will be able to start to build replacement lamp kits in late June. Fortunately, our lamps have a 2-year lamp life warranty, so you will not have to purchase replacement lamps for new units for at least two years. Older installs with replacement lamp needs will be supplied in July.

We continue to take measures to deal with the things we can control. We have tripled our production line capacity and have hired 15 new assembly line workers in the past 2 months. Once the UV glass lamp manufacturers and other raw material suppliers meet the current spike in demand, we will be able to get back to inventory levels to accommodate for same day shipping to you as usual. Currently, the raw material coming in is not keeping up with our capacity to produce. With our long standing, solid relationships with our raw material suppliers, they have assured us that they will soon have the capacity and material to meet the market's demand now and into the future.

On the upside, the future in IAQ looks brighter than ever. We will weather this storm and are well prepared for future sustained growth. With that said, here are some other preparations and notes to be aware of:

- We have substantially increased staff in both our manufacturing facilities and our distribution centers.
- Added production lines to handle the demand and capacity to build.
- Opened a new distribution center in Henderson, NV to expedite orders to our western states' clients.
- Moving into are new office complex and distribution center in Princeton, NJ in July. Our warehouse and product staging area in this new facility will have 4 times the square footage of our current facility including our new carbon manufacturing area.



- Through constant communication we've strengthened our relationships with raw material suppliers to continue to make the highest quality/most reliable products.
- The validation of UV technology is all over the internet and on the news. Homeowner awareness of IAQ, and especially UV, is at an all-time high and will remain so.
- Our demand for PMACs, pan treatments and IntelliFans have increased as well. Although we have had some shipping issues due to new COVID-19 protocol, we do not have, or do we foresee, any shortage in raw material to manufacture these products. All are available for same day shipping today.
- We have redesigned our [www.dynamicaqstraining.com](http://www.dynamicaqstraining.com) training site to make it more user friendly and have added several new training modules.
- We look forward to getting back to traveling to your locations for onsite training sessions, and as always, our live WebEx sessions are always available for scheduling.
- Please inquire about our new one-on-one tech sessions, which have proven to be very successful.

I realize that we have given you lead times that we haven't met. They were based on the information that we had at that time, and that information was changing daily. Those daily situations have reduced to weekly occurrences. We still hesitate to give exact lead times because the situation remains volatile.

With that said, our current *projected* lead time on complete UV systems is 4-5 weeks and replacement lamp kits are 2 months.

Finally, we are a victim of our own success with our over 30 years in the IAQ manufacturing, training, and marketing business. This includes our substantial growth with Aire Serv franchise owners over the past few years. Some distributors may have a limited amount of UV products available on their shelves. If the distributors have any product at all during this shortage, then that says something right there. We understand that you may be compelled to purchase these products, and that may be the option you choose at this time. There is another option that is working that will create a sense of urgency and ownership for your homeowner clients and that is our Certificate of Ownership program.

If you aren't using or haven't heard of our Certificate of Ownership program and Furnace Sticker, then reach out to your Territory IAQ Training Rep., ASAP for more details. Those documents and script accompany this update.

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

Steve Mores

A handwritten signature in black ink that reads "Steve Mores". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

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