



August 13, 2020

PRODUCTION AND SHIPPING DELAYS DUE TO THE COVID-19 PANDEMIC

To Our Valued Customers,

I am writing this letter to explain Pepi®'s current position regarding long lead times for new orders or the delay in shipment of current in-house orders. I understand the frustration of not being able to secure the delivery of needed materials in a reasonable amount of time or by the date that was originally acknowledged to you. This world-wide pandemic is certainly something that no one living has experienced before. We are all trying to navigate the "new normal" global supply chain. As everyone has become painfully aware, some things you have absolutely no control over and there are currently multiple factors that this pertains to, most all of which are due to Government issued orders/mandates/restrictions.

Pepi® has received orders that are DPAS "DO rated". DPAS stands for "Defense Priorities and Allocations System." These orders are issued by the United States Department of Defense and these orders take precedence over all non-rated orders, which means any orders not issued by the U.S. Department of Defense. Please read the information from the U.S. Department of Defense Contract Management Agency, which can be found at the web address below. It explains the program simply and has links to the supporting in-depth documentation.

https://www.dema.mil/Portals/31/Documents/DPAS/DPAS_Contractors_REV7.pdf

While DPAS rated orders receive priority scheduling, all unrated orders in our production schedules have been kept in the order in which they were originally received and scheduled. No unrated orders were placed ahead of other unrated orders.

Another factor that has contributed to our unprecedented long lead times is our inability to find additional labor to meet the increased product demand for our operations both in the U.S. and Mexico due to Government mandates and restrictions designed to protect people from the COVID-19 virus. I am sure that many of you have experienced the same issue. We are doing everything we can to find qualified individuals.

It is frustrating time and I appreciate your understanding and tolerance. I assure you that everyone at Pepi® is doing everything possible to remedy the situation.

Regards,

PORTAGE ELECTRIC PRODUCTS, INC.

A handwritten signature in blue ink that reads "Kimberly R. Ziegler".

Kimberly R. Ziegler
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