

June 11, 2021

Dear Sales Team,

I am happy to report that we are at the halfway point of the year and our sales are holding strong. Thanks to so many of you, our sales are up almost double digits over 2019 sales and just slightly under our record breaking 2020 sales. As you know, most of last year consisted of selling just a handful of products while this year seems back to normal at least as far as the product mix is concerned. I am hopeful that this trend will continue and hope that many of you will receive a bonus for reaching your Summer Sales Contest Goal.

A few of our Prestige Club sales associates participated in a conference call with our 401K advisor this week to discuss ways to improve our 401k and improve participation. It was a very productive discussion and based on the suggestions of a few on our team, I would like to propose a unique opportunity to again make a sizeable profit-sharing contribution to everyone's 401K. Our goal for 2021, was to exceed 2019 sales by 10%. I am proposing, that if by year's end, we meet or exceed our goal, we will again distribute a similar amount as this year's contribution in the profit-sharing plan. This should be a great incentive to help us meet our goal in the second half of the year. Each month, we will publish the results of the company to keep all of us up to date.

I am also happy to report that most of you voted to have a summer sales meeting. We are now in the beginning stages of planning a meeting for August 26th-August 27th (Shhh- Warren's 85th Birthday). My vision for the meeting is to keep it as informal as possible with an outdoor dinner on Thursday night and then an informal sales meeting on Friday to introduce new products, reintroduce a few old ones, reconnect with your coworkers as well as introduce ourselves to our newest associates. We can't wait to see you as it has been way too long. More details to follow.

On another note, if any of you have recently attempted to purchase a car or a home appliance, you know that there are massive shortages of products due to a variety of factors. These same shortages have now hit the aerosol industry. Whereas our normal lead times were 4-6 weeks for most aerosol products, in some cases lead times can be 4-6 months. I wanted to make everyone aware that we are going to be experiencing higher than normal backorders for many aerosols over the next few months. We are adjusting our lead times as well as increasing the amount of product we order substantially. While we typically would order 2-4 months' supply of aerosols, in some cases we will be placing orders to last us a full year to adjust to the new normal. Please bear with us as we work through this adjustment period.

In some cases, due to the long lead times, aerosol manufacturers have made the decision to reduce their product line and discontinue a few of their SKU's or make them temporarily unavailable. In particular, this is affecting Blaster, Bright Lights, Clear Vision and possibly a few others. We are aggressively looking for replacement products and in fact have already identified replacements for Bright Lights and Clear Vision with products that have more value than the previous products. We hope to continue to introduce new products to replace some of our discontinued products as soon as they become available.

Also, to adjust to long lead times, in some cases we are planning to have duplicate products. For example, we are adding a new foaming tire cleaner to complement Tire Brite and a new food grade, oil based stainless steel cleaner to complement Steel Shine. So, if we are out of one product, you may be able to offer a similar product in some situations. We are to going to continue to do that with many product categories so we can continue to offer the best service possible to our customers.

You will also be glad to know that our glove supplier has lifted the glove allotment on the orange gloves. We are hoping we will see much improved lead times as well as the amount we are able to order going forward as well as a reduction in price.

Feel free to contact the office if you have any questions regarding lead times or the status of any product.

We are looking forward to seeing many of you soon in Atlanta.

Randy