



Monday, February 17, 2020

We would like to update you on the Coronavirus situation.

Our China factories and many of our suppliers have been inspected by their local government and have returned to work this week with limited staff.

Please see the status of our operations below.

There are still many travel restrictions in place some of which we expect to expire on Monday February 24<sup>th</sup>. This will increase all facilities staff reporting over the next two weeks. Local and inter-province transportation will also start to resume some limited schedules making it easier for employees to return to work. We expect to continue to improve slowly as each restricted area is released to resume somewhat normal activities.

Our supply partners are in a similar state of returning to work, as of now roughly 60% of key suppliers are operational. These suppliers are also experiencing the same issues with staffing averaging approximately 25% of staff returning. We expect that all our key suppliers will be operational by the week of February 24<sup>th</sup>.

We continue to face transportation issues with freight moving from China factories to ports. All trucking companies in China must follow local restrictions to receive a permit to resume operations. Most companies have resumed operations, however with less than 50% of their labor supply.

FedEx has resumed freight service to and from our facilities, but they too are experiencing driver shortages.

All customer procurement teams are receiving daily / weekly updates as required from our support teams as related to the impact on shipping any of their product.

Communication between all customers and our staff will remain critical through March as we all attempt to recover from this situation.

Regards,

On-Shore Technology  
(480) 921-3000

