LGS GROUP
AUTOMOTIVE TECHNOLOGIES

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Dear Valued Customer,

LGS Group and our partner company InterMotive Vehicle Controls continue to be significantly impacted by the global shortage of computer chips and encompassing shortages in the semiconductor industry created by the pandemic. We have received multiple cost increase notifications and force majeure notice letters from our suppliers. We expect that these will remain in force until the shortages end and the overall supply base landscape improves.

In addition, we have also been advised by multiple suppliers that almost all lead times will lengthen significantly and to expect to pay a premium for "faster" delivery times if the parts are even available.

Because this situation is beyond our reasonable control, you are likely to see increases in lead times and/or rescheduled orders from us based on our supplier's inability to meet their quoted component lead times to InterMotive.

To help offset this negative financial impact in this unprecedented negative business climate, LGS is forced to increase our sales price 6%. This increase will be effective on all orders received on or after 7/1/21.

LGS Group must respectfully advise that these circumstances render our performance practically and/or commercially impossible. As such, LGS Group and InterMotive will not accept responsibility (including the responsibility for financial costs) from these extended delivery times that may result in line-down or other supply chain related charges.

We will continue to work hard to minimize the impact to your company by working closely with our suppliers and trying to maintain the appropriate inventory levels based on what we believe our customer will require based off of existing orders. With this in mind, we request that you provide us with as much forecasting and visibility as possible, through the end of calendar year 2021, so that we can procure and allocate material to your orders.

From all of us at LGS Group and InterMotive Vehicle Controls, we appreciate your partnership as we weather these raw material shortages and resulting challenges. We are committed to providing you with the best products and customer service.

If you have any questions, please reach out to your Sales Manager or me at 775-831-2002.

Regards,

Marc Ellison
V.P. Sales & Marketing