

Hello Team Auto-Wares,

Fall is upon us and it's a good time for an update. A lot has transpired since our last update and there are many things going on in our company. We've had a tremendous climb in sales through May, June and the beginning of July. Mostly driven by our customer base catching up. We have settled to moderate sales increases in August and September that are at much more normal levels. **The sales recovery has been a positive for us all and we are quite encouraged by this.**

As ongoing challenges continue to affect us, we all need to continue to work on together as best we can. Distribution in the automotive aftermarket has been hit especially hard with supplier product availability, manufacturer disruptions, trucking issues, and workforce availability. These things seem to be improving slightly, but we anticipate disruption to continue for awhile. The disruptions are having an effect on our distribution centers, our stores and our customers. **We are continually monitoring circumstances and adjusting as quickly as possible.**

Our activity levels at the Distribution Centers are very high and the flow of product is quite unstable. We receive very large stock orders, arriving more often. These orders are large because they contain many of the backorders that the stores are completely out of, causing the parts to ship out as fast as our teams get them to the shelf. Additionally, trucking company inconsistencies are affecting things daily. This is not just happening in auto parts distribution; these challenges can be found in all distribution chains. Through all of this there has been great improvement in warehouse performance in the last few months and we are **VERY THANKFUL FOR THE EFFORTS by our distribution center teams to overcome issues and meet customer needs to get parts quickly, accurately, and delivered on time!**

On the store side, we appear to be gaining market share due to having more brands available than most of our competition and the store sales team's commitment to "Never-Say-No" and customer service. Along with this, our PSX information is showing us that our customers trust you to find the hard to find parts. The local delivery teams are performing at a high level and using DASH Mobile Delivery Tracking (where installed) for high accuracy and consistent delivery. This is all helping our people and stores stand out with customers. **Thank you to the hard-working store teams for using the tools, being creative in finding solutions and communicating your needs.**

Fred, Murray, and other leadership have had roundtable town hall meetings with managers, salespeople, and customers to gather feedback on what we need to do better and what we are doing well. We continue to monitor helpdesk tickets, respond to emails, and communicate through various platforms to keep all informed. **Thank you to all that have participated.**

WHAT WE CAN ALL DO TOGETHER:

- **Stay committed...** to the ongoing safety of ourselves, our co-workers and our customers by being diligent and serious about implementing our safety measures.
- **Continue to use the helpdesk...** use order forms for any PPE and cleaning supplies you need for your locations. we are keeping a healthy stock to keep us going safely
- **Be proactive and get a flu shot...** The more of us that can stay healthy, the less we disrupt our customers who are counting on us. It's Free for all with AWI insurance!
- **Help us recruit good workers...** Do not forget there's an extra \$500 in your pocket for each person you get to join our team!
- **Stay connected...** We will communicate regularly at autowares.com/covid , autowaresgoup.com announcements, launch pages and payroll sheets.

**Thank you,
Todd, Fred, Murray and Jim**