



August 9, 2022

To our valued customer:

I wanted to reach out and thank you for the opportunity to provide your company with Varec products and services. As a small business, we understand the need to keep costs down while operating efficiently. We constantly search for ways to maximize the value of products and services that we provide. From time to time, however, it is necessary to adjust our rates to compensate for increases in expenses.

With persistent raw material availability constraints and pricing inflation, business has seen a continuous and unfortunate increase of material cost that has made it very difficult for most companies to endure. Varec is no exception as product pricing has increased 20% on average. Due to the significant increase, Varec will be adding a temporary supply chain surcharge of 5% to products on all new orders effective 8/15/2022.

Varec will continue to work toward stability as our commitment to our customers continues to be our top priority.

I sincerely appreciate your understanding with respect to this temporary surcharge and I will provide updates moving forward in hopes that we can eventually find a more stable and normal market.

Most sincerely,

A handwritten signature in black ink, appearing to read "Alan Terranova", is positioned below the text "Most sincerely,".

Alan Terranova
Director of Sales