



**May 10, 2021**

Dear Hot Spring® Spas Purchaser,

All of us at Watkins Wellness® thank you for trusting us with your business. Our purpose at *Watkins Wellness* is to produce products that, when regularly used, improve peoples' lives in meaningful ways. As our tagline declares, we want everyone to *Feel Good. Live Well*®.

Since our production and distribution facilities fully reopened in July 2020, after state and country mandated shutdowns due to COVID-19, we have achieved record levels for daily unit output and shipments. As more and more people are becoming aware of the numerous benefits associated with regular hot tub use however, demand for our products has remained at historically high levels, as have order backlogs. This means that wait times for new purchases will be unusually long.

While production resumption has been strong at all our manufacturing sites, many of the suppliers who support our industry have struggled to recover or have been slow to accommodate increases in demand. This too, has added time. In addition, extraordinary events have also disrupted worldwide supply chains. Our business was recently affected by one such event. You may have read about the material shortages that temporarily idled General Motors, Ford Motor Company, and other automobile producers around the world for several weeks. Similarly, material shortages limited Watkins Wellness's production of its Limelight® and Hot Spot® product lines through a large portion of April. Specifically, a North America-wide outage of resins used to provide structural support for spa shells forced a ten-day work stoppage within certain areas of our manufacturing operations. This supply disruption was a direct result of the "polar vortex" that hit the southwest U.S. in February. This unprecedented deep-freeze disabled many chemical feedstock facilities in the Gulf Region, and they were slow to come back on-line. This event effectively stopped the flow of key input chemicals to our vendors, ultimately creating a ripple effect that hampered all North American-based spa producers, including Watkins Wellness.

We are happy to report that full production has resumed in all our facilities. However, the result of the brief shutdown described above is a further delay in the delivery timelines provided to our Hot Spring dealers. The additional delay is several weeks. We are fortunate to have the most trusted and customer-focused dealer network in the world, and we are confident that they are doing everything to ensure you are accurately informed. Please stay close to your selling retailer for all delivery updates.

We realize that waiting months for a spa is not an easy ask, and particularly when further extensions are required. We are all living through extraordinary times. We do though, appreciate your patience, and we are grateful for your understanding. Thank you for both. Please access the [video message here](#) to learn more.

Watkins Wellness has been the leader in the spa industry for more than 40 years, and you can be sure of our commitment to provide the highest quality wellness products to our customers. While the long wait times are not preferred, the relaxation benefits that come with your new Hot Spring spa are worth waiting for. Thank you again for your business.

Wishing you my very best,

A handwritten signature in black ink, appearing to read "Steve", is located at the bottom left of the page.