

July 1, 2021

Dear Valued Distribution Partner,

As we all continue to navigate today's macro and micro economic challenges, Broan-NuTone is committed to keeping our customers updated regarding product availability and providing the best possible support for your business. We are working diligently to provide you with the most current information possible, knowing this information could change in the coming weeks.

We continue to communicate specific products and skus that have been impacted by the pandemic and a disrupted supply chain. Some categories are normalizing, while others we expect will continue to see constraints through Q1 of next year. Coupled with the challenges of the supply chain, strong demand in residential new construction, remodeling and retail stores is creating additional strains on our operations. The world-wide semiconductor shortage is also impacting our products, including sensors and LED lighting.

As many have heard, international cargo freight out of Asia continues to be a major issue for the supply chain. Container availability from overseas is on a bidding basis, and the ports on the West coast are backed up sometimes for weeks. With the global economy quickly bouncing back from Covid, transportation becomes critical and as demand increases, supply decreases. A cost of containers from China to California has increased 3-4X since the beginning of the year. Port closures across China have created significant backlogs of containers to be loaded on freight ships. With all these challenges, we have continued to invest where needed to keep the flow of products as consistent as possible to our customers.

Commodity pricing remains highly volatile and as result we are seeing costs increase well above forecasted levels.

- Copper pricing has been highly volatile, rising to the highest levels in over a decade (+86% YoY). The demand for copper by electric vehicles, growing infrastructure spending and continued labor challenges in the mining industry are the main drivers.
- Steel pricing remains at record highs and we are seeing an additional 21% increase from Q1 to Q2; +140% since last year. Domestic shortages and strong demand are the primary drivers of steel volatility.
- Pricing for aluminum is up 21% from Q1 to Q2. due to high demand from infrastructure and construction. Like steel, producers are struggling to catch up since they idled their capacity due to the Covid-19 outbreak.
- Lumber prices are affecting more than home construction costs. Last year, lumber used for the manufacturing of pallets was priced at approximately \$350 board ft. and was recently priced at over \$3000! Pallet costs – if you can even find them – have gone from \$6 to over \$20.
- Packaging has not escaped the price increases as there have been at least three increases for pulp of at least \$50/ton just in the past 6 months.



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With the continued impacts on both materials and transportation, Broan-NuTone is announcing a 6.5% price increase on all brands effective September 1, 2021. We have included some charts highlighting some of the items noted above.

If you have any questions, please reach out to your Account Manager for additional information.

Sincerely,

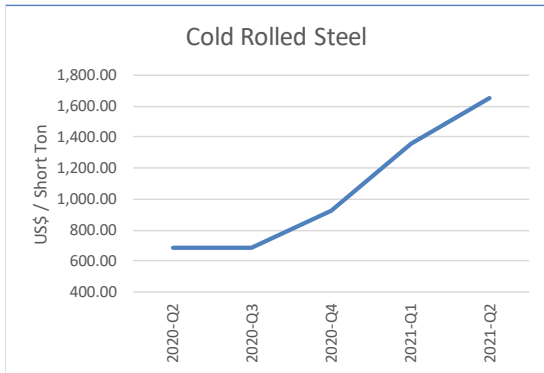
Chris Kroeninger  
VP Sales – Appliance & Pro Channels

John Scinocca  
GM AQH – Canada

Jason Christensen  
VP Sales – Retail & Private Brands

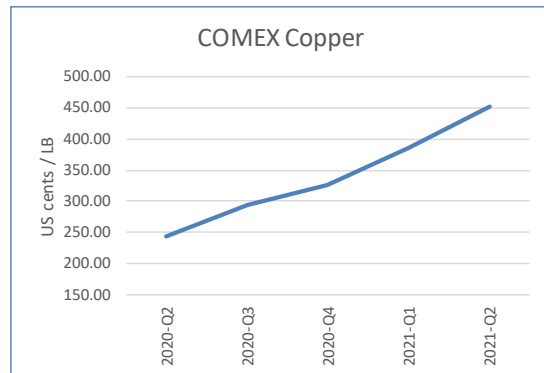
Frank Carroll  
President & CEO

**Key Commodity Price Trends**



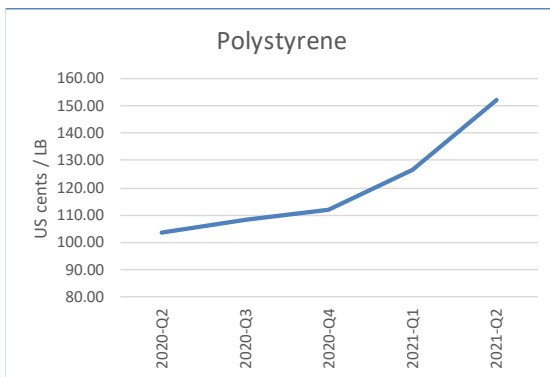
**2021 Q2 vs 2020 Q2 +139.9%**  
**2021 Q2 vs 2021 Q1 +21.5%**

*Per IHS Markit: United States, Spot Price, Cold Rolled Coil (CRC) Steel*



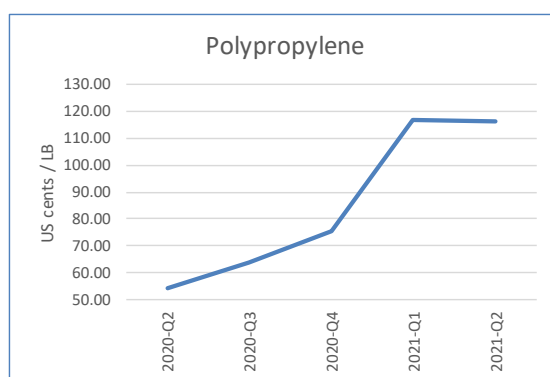
**2021 Q2 vs 2020 Q2 +86.1%**  
**2021 Q2 vs 2021 Q1 +17.2%**

*Per IHS Markit: United States, Copper High Grade Comex Spot Price*



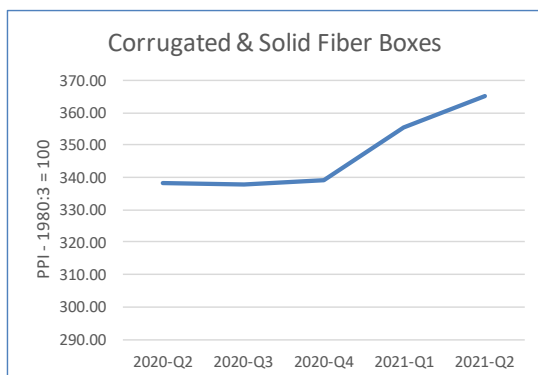
**2021 Q2 vs 2020 Q2 +47.2%**  
**2021 Q2 vs 2021 Q1 +20.1%**

*Per IHS Markit: United States, Polystyrene General Purpose, Contract-Market Price Delivered*



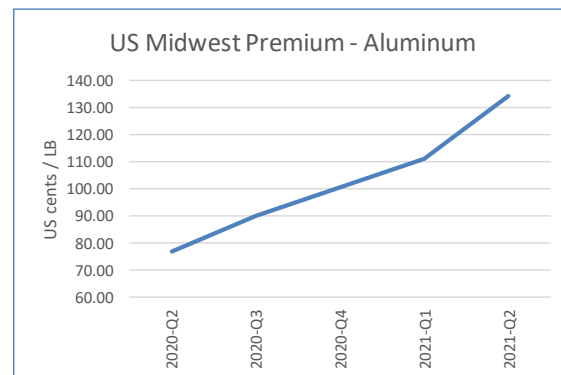
**2021 Q2 vs 2020 Q2 +114.8%**  
**2021 Q2 vs 2021 Q1 -0.6%**

*Per IHS Markit: United States, Polypropylene GP-Homopolymer, Domestic Market Contract Price Delivered*



**2021 Q2 vs 2020 Q2 +7.9%**  
**2021 Q2 vs 2021 Q1 +2.7%**

*Per IHS Markit: Producer Price Index, Corrugated and Solid Fiber Boxes*



**2021 Q2 vs 2020 Q2 +74.4%**  
**2021 Q2 vs 2021 Q1 +20.7%**

*Per IHS Markit: United States, Aluminum Primary Ingot, Midwest Delivery*