



SUPPLY UPDATE TO OUR CANADIAN COMMERCIAL CUSTOMERS REGARDING COVID-19 PRECAUTIONARY MEASURES

March 23, 2020

As an integrated company, Kal Tire owns and operates our own distribution centres, supply transportation fleet, retread plants, stores and service network and have full visibility into our supply and service capacity. Since the onset of the Covid19 outbreak, we have taken proactive measures to manage our inventory levels to mitigate against supply disruptions and ensure continuity of supply for our customers. We also have visibility several months ahead in our supply chain and are in constant contact with our key suppliers around the world.

You may have recently seen announcements from major tire suppliers (Bridgestone, Michelin and others) about temporary shutdowns of some of their North American facilities. This is similar to temporary closures that occurred in January and February in China – to which we have since seen Chinese tire factories return to normalized levels of production in most cases. We are in constant communication with our North American suppliers – and at this time, they assure us that these recent, temporary closures will not impact their ability to supply product to the Canadian market as they have considerable inventories pre-built in their supply chains.

We have recently seen examples of customers seeking to order an inordinate amount of product that is not consistent with their normal purchases. We want to re-assure our customers that we do not foresee shortages of products or anything that would impede our ability to deliver essential tires to our Canadian network. We would encourage customers to maintain good communication with your Kal Tire sales representative about your product needs and again, we discourage bulking up or hoarding product as this is not necessary.

We understand how critical it is for our customers who are part of, or related to, essential services in Canada, have what they need from us to do so. We will continue to update you should things change, but as mentioned, we do not foresee shortages of products or the ability to service you when needed.

Sincerely,

A handwritten signature in black ink, appearing to read "Cam Johnston".

Cam Johnston
Senior VP Wholesale and Supply

A handwritten signature in black ink, appearing to read "Bart Crawley".

Bart Crawley
VP Sales