

From the desk of Monty Bisson

Subject: Tariffs

To our family of dealers. As most are aware, the new tariffs are affecting incoming parts at the port of Los Angeles. Mosquito prides itself on our “Made in USA” products. So, this change has proven to be painful for us. For years our goal has been to control our supply chain. Over the last 5 years we have invested heavily in tooling, molding machines etc.; slowly eliminating offshore vendors. Unfortunately, some of our components such as motors, sewn products, bags, aluminum tube, brushes, some plastic tools, etc., have no suppliers available in the United States.

Additionally, the tariffs vary by product category and implementation times. Note that time is counted when a ship arrives at the port, not when it leaves China.

I have attached a sample of our last week tariff bill. Note that the cost for 21 boxes is \$2,316.76. (\$110 per box!) In addition, we issued a new purchase order for a new injection mold which was originally priced at \$31,500. The Chinese tool maker notified us that the tariff was going to be \$8,700 making the tool new cost \$40,200. It’s more than just parts cost that make this situation difficult.

With that said, Mosquito has no choice but to increase prices on individual product categories as a separate line item. Similar to a fuel surcharge on freight bills.

Why a separate line item and not a permanent price increase?

1. The tariffs increase over 3 months, so calculating the dollar amount will be difficult.
2. The possibility of the tariff being canceled would cause us further confusion as we try to reduce prices to pre-tariff levels.
3. Our staff will be working overtime to find other vendors outside of China for tooling these components ourselves.

Temporary surcharge will consist of the following:

1. Back packs – 3% increase
2. Wet/Drys – 2% increase
3. Extractors – 2% increase
4. Tools and accessories – 15% increase (Excluding our “American Floor Tool” line as they are molded in California)

Thank you for your understanding.