

March 12, 2020

AXON Energy Services FAQs on the Recent Coronavirus Outbreak (COVID-19)

1. Do you currently have any part of your supply chain that is dependent upon Chinese supply?

By Product Line:

- 16A Products (BOPs, Spools, Flanges, Connectors) – **No dependence on Chinese suppliers.**
- 6A Products (Gate valves, Chokes, Manifolds) – **No dependence on Chinese suppliers.**
- 16D Products (Control Units) – **No dependence on Chinese Suppliers.** However, some of our suppliers do get critical inputs from China, such as accumulator bottle shells, and we have requested they advise on any supply disruptions. None are reported or expected at this time.

2. Do you have any service crews or operational locations in China? If so what kind of service or operations?

None.

3. Do you expect any disturbance in your core activities due to the persistence of COVID-19 over the coming weeks or months?

Nothing at this time. Obviously, the situation is fluid and can change, but local cases in the Houston area are few and isolated as of this writing. Health officials have stated the warmer humid environments will fare better in terms of the virus and its ability to spread. Given the normal weather patterns we experience in Houston, we expect significant improvement in our local risk profile in about 30 days.

4. Do you have a Business Continuity Plan (BCP) in place to take care of a situation like this?

Yes, in conjunction with all our stakeholders, we have developed and implemented a detailed written Coronavirus response plan to mitigate the risks to our employees, customers, and stakeholders.

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5. **Do you currently have adequate safety stock levels of critical production inputs to permit business operations according to Plan?**

We have previously identified our critically sourced items and already have them under “Kanban Style” planning systems with adequate safety stock for surge demand or supply disruption.

6. **Do you expect manufacturing delays?**

Not at this time, but the situation can change. However, the vast majority of our critical suppliers are not located in China, Italy, South Korea, or Japan and **we have adequate stocks for current and expected near term demand.**

7. **Do you see logistical delays?**

None at this time, but availability of outbound shipping capacity is being monitored closely.

8. **Are your manufacturing facilities still up and running or are they shut down due to the COVID-19 virus crisis?**

We are up and running and expect to stay that way.



Keith Klopfenstein
Chief Executive Officer
AXON Energy Services