

June 30, 2022

**Subject: Supply Chain Update**

Dear Valued Partner,

The challenging global supply environment for electronic components continues to disrupt finished good supplies and create inflationary pressure. The supply of smoke and gas detectors has not been spared. Xtralis has worked relentlessly to minimize impact to and support the business continuity of our channel partners.

We want to share with you some of the critical actions and initiatives the Xtralis team is pursuing to help you continue to serve your customers.

- Capital investments and process improvements  
Invested in production line expansion and process improvements with an emphasis on the VESDA-E and OSID production lines. As an example, production for VESDA-E has consistently increased to currently reach +57% vs last year. Further investment in new production rigs will come live in Q3 this year and should drive an incremental 15% production output.
- Production shift increases  
Increased manufacturing line throughput capacity and implemented new production shifts to help recover the current order backlog as soon as sourcing components are available.
- Sourcing allocation and spot buys  
Used the leverage of Honeywell's sourcing ability to gain priority allocation from key suppliers. In addition, we are securing extra availability of components from the spot buy market and supporting our Tier 1 and 2 vendors to secure their supply.
- Components alternatives qualification and product re-engineering  
Re-engineered products to accommodate alternate electronic components. In the last 24 months, our team has engineered 128 alternate components which have been submitted and approved by all the major approval agencies.

One area we are still striving to resolve is component availability for OSID-DE. The current estimated lead time for new orders of OSID-DE is 190 days. However, we are currently working to secure a component allocation and increase the production capacity by 100%. This should enable us to significantly reduce the current lead time upon receipt of the allocated components. In case of urgent delivery, we encourage you to consider OSID-R as an alternative beam solution to replace your OSID-DE orders.

We understand the challenges and frustration that delivery delays and inflationary pricing has caused. Please know that we are taking, and will continue to take, all actions possible within our control to better position us to meet your needs in dynamic and demanding supply environment.

Sincerely,



Martin Norris  
Global Sales Leader  
Advanced Detection



Marco Di Nubila  
Global Marketing Director  
Advanced Detection