



January 4th, 2021

Dear Customer,

As a valued, longstanding customer and partner of Sierra Wireless, securing your business continuity is important to us. We are focused on the timely delivery of our products to you. This is a follow-up update to the original letter dated May 21, 2020.

We are writing to inform you that the demand fluctuations and supply chain challenges resulting from the COVID-19 pandemic continue to disrupt Sierra Wireless' normal business operations. Since February, we have been implementing significant measures worldwide to safeguard our customers, business partners and employees. In addition, global supply chain and production capacity have been impacted by COVID-19 and many of our suppliers' operations have been constrained by governmental measures implementing restrictions designed to prevent the spread of the virus. These measures are limiting travel and restricting logistics, as well as resulting in temporary or partial closure of supplier manufacturing facilities. Many of the key component suppliers, especially those components coming from a fabrication plant, are out to over 26-week lead times. We need your help with 12-month rolling forecasts and 16-week lead time on purchase orders so that we can meet your production requirements.

We have taken all possible steps to mitigate any impact on the supply of our products, including securing material well ahead of receiving your purchase orders. However, despite our efforts, we are experiencing a continuous increase in component lead times, higher costs, and on-going logistics challenges, while at the same time seeing large fluctuations in customer forecasts and orders.

It is vital for us that customer forecasts and orders remain reasonably reliable to enable us to align our material supply and manufacturing capacity. We are therefore maintaining the order procedures that we first communicated to you in May 2020¹. We are communicating these procedures again to you so that you can plan accordingly and minimize unforeseen disruptions to your business:

- Minimum 16-week lead time for all products. Any orders received inside lead time or exceeding the forecasted quantity will be confirmed on a case-by-case basis only and will be subject to expedite fees determined by Sierra Wireless.
- Orders are non-cancellable, as per our General Terms & Conditions of Sale.
- Current pricing will still apply and payment terms will remain in effect.

¹ These procedures do not create any legally binding obligations on Sierra Wireless. Unless you have a signed supply agreement with Sierra Wireless, all orders will continue to be governed by Sierra Wireless' General Terms & Conditions of Sale available at www.sierrawireless.com/legal/terms



- These procedures are contingent on customers continuing to provide monthly a 12-month rolling forecast that includes current orders plus forecast for the following 36 weeks.
- If we do not receive a rolling forecast on a consistent and timely basis, the lead time for new orders will be a minimum of 20 weeks.

These changes will help us prepare our supply chain and manufacturing capacity to deliver your orders and ensure your business continuity. We are working to return to a normal 12-week lead time for all products, contingent on customers continuing to provide a monthly 12 months rolling forecast that includes the current orders plus forecast for the following 40 weeks. We expect to achieve a 12-week lead time over 2021. I will provide follow-on guidance as the situation improves.

Due to the exceptional circumstances that we are facing and that may still evolve in the near future, we are counting on your support and collaboration. We may revise these procedures in the future as the situation evolves.

Best regards,

A handwritten signature in black ink, appearing to read "Roy MacLean".

Roy MacLean
SVP, Customer Experience