

**Confidential**

April 9, 2020

Dear Customer

**Novel Coronavirus 2019-nCov (COVID-19) – Update VII**

We are providing this further update regarding the situation related to the COVID-19 virus. I wanted to outline the steps we are taking to keep product flowing to our customers given the spread of the virus throughout Europe and North America.

Epidemic prevention and control measures

The safety and well-being of our people remain paramount and we are continuing to follow the recommended pandemic prevention and control measures in our various facilities around the world in accordance with the local government guidance. Since our last update many governmental authorities have imposed more rigorous controls over the movement of people and in some cases “shelter in place” orders that prevent businesses from opening. I am pleased to report that all our shipping and production facilities are currently operational, whereas in geographies with “shelter in place” orders implemented, we have been deemed to be an essential business as we supply product into critical medical applications and critical infrastructure. As long as we can safeguard the well-being of our people and are permitted to stay open we will continue to do so to support our customers.

Our facilities around the world

I am able to confirm that our Kunshan (China) factory is now operating at pre-lunar year levels of capacity. Our Vietnam facility has been operating at normal capacity since 1 February 2020 following the lunar new year holiday. While the supply chain in China is improving rapidly and is almost back to normal, there still remains some component shortages and longer lead times for components that affect both our China and Vietnam factories.

Both our Asia factories have large sales order backlogs due to prolonged shut down of the China supply chain and the high-level of demand for power supplies going into the Healthcare sector. We have seen a strong demand for power supplies used in a broad array of critical medical equipment including mechanical ventilators, CPAP machines, drug delivery systems and patient monitors to aid in the treatment of patients with the COVID-19 virus. We are working to increase capacity by increased hiring and pull in of materials and components to clear this backlog as soon as possible.

Supply chain

Our Global Supply Chain team are working hard to source the materials where we have shortages and are looking at this across our entire product portfolio as many components are common across numerous finished products. We are also procuring from franchised distribution channels where we are unable to source components through our normal channels to satisfy customer demand. Many customers are now enquiring on the status of deliveries and we are focused on accommodating every request. However, please understand, in these unprecedented times it is not possible for us to provide component shortage status on individual orders as this is extremely time consuming and detracts precious Supply Chain resources from actually addressing the shortages we are experiencing. We would greatly appreciate your understanding as we need to be focused on being as efficient as possible.

Summary

The situation continues to evolve, and our thoughts are with the people, families and companies that are directly or indirectly affected by this outbreak. The Global XP team are focused on keeping our facilities operating at maximum capacity where it is safe to do so to maintain a flow of product to you, our customers. I will continue to keep you updated as the situation develops.

Yours truly,



Duncan Penny  
**Chief Executive Officer**  
**XP Power**