

Melexis Technologies NV

Transportstraat 1
3980 Tessenderlo
Belgium

Tessenderlo, 16th April 2020

Subject: Force majeure declaration – Reservation of capacity

Dear Sir/Madam,

The COVID-19 pandemic outbreak continues to impact each of us in an unprecedented way. Besides its consequences on our daily life and the tremendous pressure it puts on our Health Organizations & Services, it impacts the industry's way of working.

Governments' measures to curb the COVID-19 pandemic have unfortunately established an unavoidable and unforeseeable regular production impossibility in many regions. Even when some exceptions are made, they are circumscribed, business and country specific. This, but also the fact that the pandemic is not at the same evolutionary stage in all countries – e.g. China is on the road to recovery, Europe is in full lockdown, while central America now starts taking action – have caused a mismatch between supply and demand. In Melexis' experience, such misalignment is felt the strongest in the segment of temperature sensors: while the production of components is dropping, the demand is rising trailed by medical applications.

In this unpredictable global situation, the supply chain of our product line “temperature sensors” has been severely affected by public health measures. This is true especially for our assembly suppliers in the Philippines and Malaysia. Two countries that have implemented stringent social distancing orders, preventing our suppliers from operating without interruptions and/or at full capacity.

For these reasons, we are compelled to declare and formally notice the abovementioned causes of force majeure affecting the delivery obligations of temperature sensors already undertaken by Melexis, either directly or via its distributors. Furthermore, and for the reasons already explained, in order to guarantee the fair treatment of our customers to the extent consented by our production capacity, we hereby reserve, for all the purchase orders already accepted, and for all the orders that will be hereafter accepted, the right to allocate our supplies of products in any manner that is fair and reasonable, but that might not always meet your demand.

In order to mitigate the effects of this force majeure situation, we have to rely on your cooperation; so please continue to share with us your specific needs per product and production site, together with any other useful detail such as your inventory levels. Based on this information, and providing we have sufficient capacity, we will come back to you with updated delivery schedules, which we request you to promptly approve in order to secure supply, but which might be subject to variations given the volatile circumstances.

Melexis regrets, as many in these difficult times, the adoption of the above measures, but this is the only way to run our business in the framework of our corporate values of respect and fairness towards our customers. That stated, it goes without saying that we will use our best efforts to satisfy your demand in the mutual interest of our companies.

This letter is confidential and it is sent under preservation of all legal and contractual rights and actions.

With best regards,

Veerle Lozie

[Veerle Lozie \(Apr 16, 2020\)](#)

Veerle Lozie

VP Operations and IT