

Notice - Electronics Surcharge

January 5, 2022

Dear valued customer,

As you are aware, the global post-pandemic shortage of materials and electronics continues to cause significant price, allocation, and delivery challenges across many industries. This has caused Kollmorgen, and others, to operate in an environment of allocation and longer lead times.

With a commitment to ensuring some level of supply of Kollmorgen electronics products to our customers, Kollmorgen has paid steadily increasing premiums throughout 2021 to an ever-expanding range of suppliers, including electronics brokers. This approach has been necessary to prioritize orders and to maintain an allocated level of delivery in the face of intense competition for limited supplies.

Kollmorgen believed its pricing action of October 1, 2021 would mitigate these cost pressures. Unfortunately, the supply of electronic components has tightened even further. To maintain our production and continue the flow of products to our customers, we must purchase material at unprecedented price premiums. While, to date, Kollmorgen has been able to absorb a significant portion of this cost, we are no longer able to do so.

Effective January 15, 2022, we will administer a temporary surcharge of 35% for the following electronic products:

- AKD Standard, AKD Special, AKD-Near Servo Drives, AKD Programmable Drive
- AKD2G Servo Single Access, AKD2G Servo Dual Axis
- KAS Programmable Automation Controllers
- KC1 Drive
- MKD Multi-Axis Slice
- S200, S300, S400, S600, S700

Kollmorgen will invoice this surcharge upon shipment of all open orders, whether or not a surcharge is listed on the purchase order. This surcharge will remain in effect until further notice, and both the list of products and the surcharge amount may be adjusted to reflect market changes. It is our full intention to reduce or eliminate the surcharge once component availability and pricing normalizes.

In order to minimize the impact to our customers, Kollmorgen is only passing along a portion of these unprecedented component costs, as their overall impact is more significant. We are committed to work with you through these difficult times to ensure continued flow of product wherever possible.

Our engineering, procurement, and manufacturing teams are responding with urgency in this challenging time. We are pursuing all available options to help keep your production lines up and running and to minimize the time the surcharge remains in place. We'll communicate updates and alternatives to you as quickly as they become available.

Thank you for your continued business and for your understanding of the situation. We appreciate your partnership now more than ever.

Please direct specific questions to your customer service team or Kollmorgen salesperson.

Sincerely,

Jeff Czarnecki
Vice President, Kollmorgen Global Marketing