

Changes in freight will impact prices Sep 1st.



Dear Valued Customer,

I would like to take this opportunity to address the escalating supply challenges Nortek Control, and many companies like ours, is currently facing. Operating and finished product costs are rising for much of the manufacturing sector, and Nortek Control is no exception. Component costs that continue to escalate due to reduced supply coupled with increased demand are now pushed even higher due to increased freight shipping rates. The most recent rising costs are largely related to the resurgence of COVID in Asia, which is impacting inbound freight expenses and perpetuating labor shortages in ports. Freight costs are up over 100% since March 2021, and our freight partners have predicted a further increase of over 400% by the end of the year. Adding to price pressures, we are also contending with higher costs of raw materials linked directly to the global supply constraints.

The following Wall Street Journal article highlights the cost control difficulties companies are facing and the challenges navigating the current series of complex and dynamic business operational circumstances:

[https://go.nortekcontrol.com/e/798933/tt-reflink-article-email-share/2zm6jy/334364426?h=MzZ\\_5OpcuxZv2neWKwXxA-tbPWSSkqNzzT9UmF3o6wg](https://go.nortekcontrol.com/e/798933/tt-reflink-article-email-share/2zm6jy/334364426?h=MzZ_5OpcuxZv2neWKwXxA-tbPWSSkqNzzT9UmF3o6wg)

While we are executing measures to mitigate these supply chain stresses with improved forecasting and processing tools, it has become increasingly difficult to absorb the myriad of additional costs we are facing. The exponential rate at which expenses have grown requires that we review our product pricing model over and above the initial price increase implemented in July. We were intentionally conservative at that time knowing that issues with supply, labor, and freight capacity would be ongoing factors.

For reasons detailed above, prices for all Nortek Control branded products must increase 7% effective September 1st. We sincerely apologize for the added stress this puts on your business and hope for your understanding as

this situation is being felt in almost every industry and market worldwide.

Please know we are dedicated to ensuring your continued success. This includes not only finding new ways to minimize these supply chain and cost issues, but the development of technologically advanced products that open new revenue opportunities and improve the lives of your customers. We stand ready to support you and invite you to contact your Regional or National Sales Manager if you have any questions or require assistance.

Sincerely,

Bruce Mungiguerra  
SVP, Global Sales and Marketing