ADVANCED PRESSURE TECHNOLOGY

Manufacturing Status Update 22

April 4, 2024

Note: This is update #22 which reports our recent capacity additions, capacity constraints and improved lead times.

We are pleased to report our lead times are continuing to shorten. Lead times are now 38-42 weeks for all standard products with the exception of regulators and flow switches. Standard regulators are 42-46 weeks and flow switches are 52-56 weeks. Based on current market conditions, we forecast lead times to drop by about 2 weeks each month for the next 5 months. These lead times are subject to change at any time and are only guidelines which can vary for a variety of reasons including a rapid increase in demand. A confirmation copy of the order is sent after the order has been processed which states the actual delivery commitment that may differ from the date requested on the purchase order. A blog post on our website defines 'standard' product and quantities.

AP Tech continues to operate two 10-hour shifts during the work week, in addition to a single shift on Saturday. We continue to add more clean room space and production staff. The completion of our first clean room expansion was reported at full capacity in update #16. We reported our second clean room expansion is now complete and operational in update #20. From April 2021 our total capacity in Napa has doubled (2x).

SMC, our parent company, is collaborating closely with us on many fronts, including parts supply. As reported in update #18, we are pleased to announce our BCP[1] manufacturing facility at the SMC USA headquarters in Noblesville, IN is now manufacturing a limited number of AP Tech parts. The BCP factory's capacity and range of products will continue to expand. The new Noblesville BCP cleanroom is completed and select parts are in production, more models are entering production over the next few months. We shipped our first models to stock in February 2024. Machine tools have been added in SMC Vietnam and our other key suppliers, feeding our factories with more parts.

We forecast all quoted orders with delivery after September 2024 to ship on time. Quoted lead times include late delivery, if any. In March 2024, orders were shipping 7.8 weeks late on average. Individual product line on time delivery performance varies, please contact your AP Tech distributor or the factory for more specific guidelines.

Based on current forecasts, we expect to generally achieve on-time delivery in Q3 of 2024 with some product lines achieving on-time delivery earlier than others. Please contact your distributor or factory for more details. We forecast 6-month delivery lead times on standard products at this time, subject to changes in our demand forecast.

Due to late shipments, we are unable to expedite orders or commit to deliveries shorter than our standard lead times today. Manufacturing time has been, and is being, fully allocated for orders without a buffer (time reserved) to enable shorter deliveries. When asked for our best delivery, that is what is quoted, the

first time that it is asked. Many ask us to try again for better delivery but, unfortunately, we are unable to comply with such requests.

The supply chain is recovering but shortages remain. There are some materials through finished goods used in our products that are still in short supply, but the situation has improved. We are still experiencing late shipments from our suppliers which result in product shipments later than promised dates. We have expanded our qualified suppliers and single source suppliers are now minimized. These steps are adding significantly to our capacity.

Regarding noteworthy specific shortages, PCTFE supply has improved greatly, and we currently do not expect any broad PCTFE material shortages.

We are also experiencing flow switch supply chain constraints causing flow switch shipments to be especially delayed. Please contact your AP Tech distributor or the factory for specific order shipment forecasts. We are actively engaged in recovery actions to address this issue.

We appreciate your continued support of AP Tech. As the industry grows, we plan to increase our capacity faster. The Napa facility has already doubled capacity since 2021. Our new BCP facility provides our customers with multiple manufacturing locations and increased capacity creating a more resilient supply chain and improved lead times.

This update provides our current status which is subject to change. More detailed monthly updates are available from AP Tech by request.

[1]BCP is an acronym for Business Continuity Planning which concerns planning to maintain product supply when facing adversities such as natural disasters or a pandemic such as COVID. Separating manufacturing sites by geographic location rather than having them all in one area is a BCP fundamental.