

Re: ****UPDATED ***** Supply Chain Impact

Date: July 8th 2021

Dear Valued Customer,

As an update to our previous announcement dated April 6th 2021, the global electronic component shortage continues to impact our the supply chain for manufacturing Dejavoo payment devices. Like all other manufacturers, our main terminal provider (Castles Technologies Co, LTD.) continues to experience challenges in securing components to build our terminals and have formally advised us and provided hard evidence on increases in components costs, therefore, at no avail, increasing Dejavoo Systems products costs.

These costs are increased slightly higher than originally estimated and therefore we have made modifications to the chart below regarding this **temporary direct price increase** as we navigate through this global crisis. As the supply chain improves, we expect Castles to resume previous prices which immediately will be reflected in our market pricing.

The price increases below will go into effect before the end of July 2021. To secure ~10,000 units in July (out of our 40,000 back ordered with the factory at the present time) and to have a high probability for an additional 10,000 units during the month of July we have accepted a price increase due to components Castles purchased at "market" where components are sold at a premium.

We anticipate receiving these units including Z8, Z11 and Z6 from the factory within the next couple of weeks. Orders shipping from this inventory will see this new pricing reflected on the invoices. Z8's will increase an additional \$5.00 per unit, Z11 and Z6 models will increase \$10.00 more per unit.

On a positive note, part of the increase is an improvement made to Z11's, the memory capacity is now doubled to 256MBs. Furthermore, as a reminder, to control costs and expedite production for our main products (such as Z8's and Z11's) we have accepted a new Desk Top model (Z8/Z11) without Dial Modem.

As an FYI, an additional 20,000 units are targeted to be built in August. Should that take place, we will close our back orders and hope to resume normalcy moving forward.

We apologize for the short notice. But buying more expensive components in this market is a decision we had to take "on the spot" while some missing components became available. Even at a slightly higher price. Dejavoo continues to have on-going discussions with the Castles team to effectively manage this impact to the supply chain. Castles continues to assure us that they are doing everything possible to minimize the amount of time that this increase will be in effect and will reduce our prices back to normal as soon as possible, as soon as this happens, we will pass the decrease back to our valued customers.

Below lists the Price List for Dejavoo Terminals and PINPADs, including the new increases for Z8, Z6 and Z11.

Product	Increase April 2021	Increase July 2021	Total Increase to Date
Z8 WIFI – No Modem	\$5.44	\$5.00	\$10.44
Z8 WIFI – With Modem	\$7.44	\$5.00	\$12.44
Z11 WIFI - 256MB – No Modem	\$6.32	\$10.00	\$16.32
Z11 WIFI – 256 MB – With Modem	\$8.32	\$10.00	\$18.32
Z3	\$5.44	NA	\$5.44
Z6	\$5.22	\$10.00	\$15.22
Z9 WIFI	\$8.96	NA	\$8.96
Z9 Wi-Fi/4G	\$11.60	NA	\$11.60

Sincerely,

Joe Casella
President
Dejavoo Systems