August 2, 2021

Pricing and Order Management Event

Dear American Bath Group Valued Distributor:

Thank you for your continued support and patience as we navigate this challenging environment.

Despite slight stability in raw material availability, input costs continue to soar from raw material to labor to logistics. And thankfully, with your help, allocation has created a more structured order entry environment. Despite these sequential improvements, we must take further action to improve the customer experience.

Our main priority is to reduce open orders to a manageable level. Additionally, we remain in a position of force majeure with many vendors therefore we must address rising input costs. Details of upcoming changes are below.

Open Order Management
- We will honor all open purchase orders scheduled to ship through September 17.
  - All orders scheduled to ship after September 17 will be cancelled (we estimate this to be approximately 25% of current open orders).
  - All cancelled orders will be confirmed through cancellation confirmations.
- New orders can be submitted starting August 9 with updated pricing.
- Products currently on allocation will follow their set allocation program.

Order Entry
- Due to the cancellation process, order entry will be halted for the week of August 2-6.
  - If orders were to proceed, they would be captured in the cancellation process.

Pricing
All new orders will require price adjustments to mitigate this unprecedented inflation. Details are as follows:
- All brands, all channels and all finishes will receive an approximately 9.5% adjustment.
- Orders received after close of business (5 pm CST) on August 6 will require new pricing.
- New net sheets will be delivered August 6.
- Electronic pricing files will be available August 13.

We believe this plan will help us improve communication, lead time and service levels.

Thank you for your continued partnership and support.

Will Rice
Executive Vice-President Sales & Brand Strategy
American Bath Group