



January 7, 2025

Dear Valued Partners,

Over the past 8 months, there have been multiple lessons learned and challenges that we have experienced transitioning our business to SAP. Backorder fulfillment continues to be a challenge. We moved inventory into the appropriate Distribution Centers and scaled the amount of inventory needed, but the amount of backorders needing processed is hindering our ability to service new orders and further decrease lead times. In order to increase efficiencies at our Distribution Centers we will be cancelling all backorders dated prior to 12/16/24. Oatey Directors, RSM's and Rep Agencies will have access to the file that contains the cancellation data and will work with you to communicate this clearly to our customers. We understand there is still demand for these items and we are asking that these be placed on the next stock order.

Lead time -We have seen a reduction in new order lead times. Over the summer we were experiencing 10-12 week lead time on new orders. This has been reduced to 6-8 week lead time.

Backorder Cancellation - Backorders dated prior to 12/16/24 will be deleted from our system Monday 1/13/25.

Fill Rate- We have realized fill rate improvements and are filling new orders at 90% on average. This continues to be an area of focus as we have consolidated all third party warehouses in order to have inventory staged in the appropriate Distribution Center. Our goal remains to get back to 98%+ fill on new orders.

We realize there is still work to be done and we remain committed to lowering lead times and increasing our service levels. Thank you all for your patience and partnership throughout this process.

If you have any questions, please feel free to reach out to me directly.

Sincerely,

Matt Foraker
Senior Vice President, Wholesale
Oatey Co.