



Dear Valued Customer,

You may have experienced some backorders in GROHE products in the past driven by brushed nickel finished product.

This temporary availability constraint on brushed nickel products stems from the relocation of our PVD machine from one of our production facilities in Germany to our Americas manufacturing facility in Canada. The rationale for the move is to improve our supply chain with shorter and more reliable lead-times by bringing the color finish production process closer to the market. This move reduces our reliance on external subcontractors and enables our Americas operation greater flexibility to manage the production decisions. The project scope was not only to move the plant equipment, but also required the transfer of over 300 finished good production lines from Germany to Canada. The complexity of this project impacted our stock levels causing customer backorders on key EN0 product lines. The equipment transfer and startup of PVD processing in Canada was recently completed.

We have only a few remaining supply bottlenecks to work through, but our supply capacity is ramping up rapidly and we should see significant backorder reductions by the end of October with our core safety stocks being built back up over the next few months.

As a result of the PVD equipment transfer into the region, our expectation going forward is that our service level on EN0 products will be much higher and more reliable than it has ever been in the past. We have also taken the step to increase our minimum stock levels while we settle our new processes down to further minimise any potential impacts.

We hope this explains the situation and the actions we are taking to ensure timely delivery of product to our customers. Our goal is to get back to our high fulfillment standards in the coming months.

We apologize for any inconvenience and truly appreciate your business. Please do not hesitate to contact me if you have any further questions or issues.

Best regards,

A handwritten signature in black ink, appearing to read "Alex Davidkhanian", is written over a horizontal line.

Alex Davidkhanian
Vice President Sales