



Date: June 1st, 2020
To: Our valued business partners
Re: Covid-19 Inventory and Business Impact

Hopefully, this letter finds you, your family, and your entire team safe and healthy as we all work through this Covid-19 period. We wanted to provide you with an update on the Petmate business and the impact this crisis and consumer shopping behavior is having on our production, inventory, and service levels.

With 65% of Petmate products made in the USA, proactively planning from the beginning of this crisis was essential. Balancing the safety of our employees along with on-going business continuity to our customers has always, and remains, our top priority. This approach includes:

- Avoid a complete shut-down in our manufacturing and distribution facilities by putting safety protocols in place.
- Both facilities implementing a working protocol of 2 split-shifts designed for zero cross-over between shifts.
- All equipment and facilities have ongoing cleaning and sanitation throughout, and between every shift.
- Limiting the number of employees in a work cell to ensure Petmate is adhering to all social-distancing guidelines and CDC protocols.
- Providing all employees with appropriate PPE to ensure they are protected and giving them the ability to produce and ship clean, safe product.

We are proud to say that with these protocols firmly in place, there has been minimal disruption in service, and we have been able to remain open and operational. It is our intent to continue with this approach knowing it is successful.

That said, we need to plan for current and future state. In the last month, we have seen an increased level in pet ownership due to fostering/adoption, estimated at 4 to 5 million new pet parents, resulting in an unprecedented spike in demand for Petmate products. This new level of demand far exceeds any previous internal forecast or any of the anticipated forecast that our customer base would have provided or expected. Keeping up with this new increased demand while maintaining our COVID-19 protocols will create pressure points on our ability to service our customers in the near term. There will likely be delays and shortages of goods.

We will be adding additional resources and increasing manufacturing capacity but will do so at a pace as to not endanger the safety and health of our team. Additionally, we have placed significant new production orders for any overseas product that may have run low or out of stock. All this in mind, we anticipate service levels returning to a more normal state by early August.

The Petmate team will do everything we can to ship as much as possible on all POs, while providing as much communication on the status of your orders. Your patience and understanding as we collectively work through this unique business environment are extremely appreciated. In the meantime, any visibility to your future forecast that you can provide your Petmate Sales Manager will help tremendously.



Lastly, we wanted to share with you our internal roadmap of our operating priorities. These priorities will drive all of our decisions as we move forward in this environment.

Petmate Vision
Worldwide leader of solutions and excellence in the pet industry

We are passionate about providing fun, trusted, quality products to enhance the lives of pets and their families

Health, Safety & Well-Being of Our Employees	Continuity of Service to Our Retailers & Consumers	Leading for the Future
<ul style="list-style-type: none">Continued monitoring and applying all CDC and other governmental agencies recommended protocolsContinued following of all declarations at the Federal, State and Local levelNew operating Protocols 2020-2021	<ul style="list-style-type: none">Create and deliver value in this new normal; understand the shifting market and sales prioritiesRebalance Retailer priorities and ProductsWorkflow Update: how departments work together, breakdown responsibilities; connect & collaborateRebalance operational needs; remove obstacles	<ul style="list-style-type: none">Reset, Realign and Restart for the new normalFinancial strength and accountabilityPrioritize and focus on the most critical processes to be successfulPlan, Empower and Engage: Diversified roles; a learning mindset

We are in this together and will get through this together knowing the long-standing relationships we have with one another. The best news is the long-term strength in our industry knowing the increase in pet ownership. Thank you for your understanding and as always, your business and partnership.

Sincerely

Steve Clark
Petmate EVP – Sales