



September 4th, 2020

Dear Saratoga Spa Dealer,

A month has passed since our last correspondence and we at Saratoga Spa Company wanted to give you an update as it relates to our current position with our production schedule, vendor supply challenges and anticipated price increase for 2021.

Vendor supply issues continue to severely challenge our ability to maintain our production schedule. It also impacts our ability to improve on production lead time. We are now being affected by both Cabinet and Acrylic sheet delays. The impact is across lines and affects Acrylic color selection as well as Cabinet styles and colors. Please be aware of potential delays on previously scheduled products that you may have already received verbal or written confirmations. As we stated in the last announcement, we anticipate ongoing vendor supply challenges into 2021 and this may cause a change in standard product components and features.

We are currently booked solid into March 2021 and we are working diligently to manufacture each of your spas in the order they are received. Please control expectations with your customers as it relates to lead times. Please use time windows, not dates, when discussing lead times at the time of sale. Also, please inform your customers up front that production times are subject to change and delays as the Covid impact remains very fluid on the supply chain. Due to these current challenges, we have no room in the schedule to expedite special circumstances.

Lastly, we wanted our Dealers to know that orders scheduled into 2021 will be subject to a January 1st price increase. We have already been alerted by vendors to expect price increases by years end. The labor and operations cost have continued a steady rise since our return to manufacturing. We wanted to alert you now, so you are prepared when selling 2021 product. As always, we will do our best to minimize the impact and create a blended increase across product lines. We currently do not have the data necessary to establish January 1st, 2021 pricing. We do however encourage you to protect your margin when forward selling into 2021. We will not issue confirmations on 2021 production until a new price list is posted. All production orders scheduled after January 1st, 2021 will be subject to the new pricing.

The Saratoga Spa Production and Customer Service team has produced at exceptional levels during unprecedented demands doubling same time last year's output. Our production team has maintained a solid attendance record and their attention to detail during these times has been outstanding. We understand none of this is easy right now, for you our Dealers and our Staff here in Latham. Even in the most challenging times we are dedicated to a quality product with the quickest possible turnaround time so please accept our gratitude for your partnership as we strive to you deliver outstanding products and service.

Sincerely,

Jay Ahl
Director of Sales and Marketing
Saratoga Spa Company

33 Wade Rd • Latham, NY 12110
Phone: 518-786-1111 • Fax: 518-782-0632

(www.saratogaspas.com)