

December 18, 2023

To Our Valued Customers,

As we come to the end of 2023, the team at Basic American Foods wants to thank you for your partnership throughout this year. We have many accomplishments to celebrate and recognize some challenges that we are working to resolve as quickly as possible. I want to personally apologize on behalf of our organization for our short-term supply outages and regret any disruption this has created your organization and with your customers. Over our long history serving you, we have maintained exceptional fill rates, quality levels, and overall service, which we take great pride in. Recently, we have experienced business challenges which have led to some out-of-stock situations. The challenges include:

1. Record low potato crop availability for production this year led to less pounds produced in our plants in 2023. We were forced to significantly allocate products to our customers across our channels to provide service the best way possible. These unprecedented conditions meant we could not sufficiently build inventory levels to normalized volumes to support 2023 demand.
2. In addition, our Moses Lake production facility experienced a fire in the summer of 2023 that impacted the granule production lines and created out-of-stock situations on our granule Safe-T-Cans® as well as some foods that require granules as an ingredient. We are fortunate to have fully recovered from the fire and are back in stock on these items.
3. Lastly, we have experienced lower than average production rates on some manufacturing lines due to a myriad of reasons including labor shortages and the effect of the transition to the new potato crop.

We are working diligently to recover and stabilize our supply base to be back to servicing you at the levels you expect and need from us. Our team is actively working to resolve these challenges, and we recognize the urgency.

At this time, we believe we will continue to have intermittent out-of-stock occurrences on mashed, hashbrown and casseroles through January 2024. Based on current production plans, we estimate to be back in stock on all items by the end of February 2024, and we will proactively communicate as soon as items are available.

Thank you for your partnership and understanding, and we look forward to a strong new year.

Sincerely,

Nicole Strohmman  
Chief Commercial Officer  
Basic American Foods