

Kaplan Industries, Inc. Freight Policy Change Announcement

December 15, 2021

Dear Industry Associates:

The last two years have been a challenge for all businesses as a result of the Pandemic. One of the phrases we hear often is, "It will be nice when this Pandemic is over, and things return to normal." In most cases, we will see things return to a more normal business operation, unfortunately though, some of the cost impacts created by the Pandemic have compounded the inevitable changes that needed to be made on long-standing policies. The one cost that industries worldwide have been impacted by dramatically has been transportation, both domestically and internationally.

Over the last year fuel prices have jumped more than 100% and container costs are exceeding \$10,000 and from all indications will continue to increase in 2022. As a result of these unprecedented increases in transportation costs, Kaplan Industries has found it necessary to change its long-standing freight policy. We can no longer absorb or continue to adjust product pricing with these unpredictable freight costs.

Effective January 1, 2022, Kaplan Industries will implement a new freight policy requiring a minimum truck load weight of 10,000 lbs. based on product mix to qualify for freight paid instead of the minimum one hundred cylinders for paid freight. This was a difficult decision to make but we feel our customer base will understand and appreciate more stable product pricing in 2022 by enabling Kaplan to hold the line on pricing by mitigating the impact of fluctuations in transportation costs.

As always, Kaplan appreciates the loyalty of our customers and will continue to operate our business as profitably as possible while also ensuring our quality of products and the safety of our employees.