



GVH Distribution

Family of Companies

April 30, 2021

RE: GVH March – April Market Update

Dear Retail Partners,

As we head into the middle of the second quarter, the supply chain continues to be challenged, even as the health and weather of our nation improves. Please read below as we have addressed the most pressing issues and we want to assure you that GVH continues to be proactive in ensuring our customer supplies needs are being fulfilled.

SUPPLY CHAIN

The supply chain continues to be a new adventure every day. We thankfully experienced some short-term relief on imports with port congestion and lead times, but our understanding is that this is a temporary scenario. Over the next couple months, we are expecting ports to become more congested than they were before. This is becoming such a problem, that many importers are experimenting with new routes, and new places to import from. On products where GVH directly imports, we are planning for longer lead times (as long as 4 months sometimes) and holding more inventory. In addition to port congestion, there is a shortage of containers, and rail cars. Loading ports are so backed up, vessels are overbooked 3-4 weeks in advance. This of course, causes freight rates to increase as well. Domestically, carriers are also struggling to keep up, driven by such high demand for their service. GVH is experiencing more carriers missing appointments than ever before, and we are utilizing our vendor partners, and often even our own carrier broker to help combat the delivery problems.

GLOVES

The situation on gloves is very similar to our previous market update, except we anticipate that it is going to be more difficult to import gloves in a timely fashion in the coming months. Vinyl is in solid supply, but nitrile and latex remain hard to come by. We have offered blend options on nitrile where we see the most need and expect to be receiving more containers in the very near future. If you have an immediate need for a blended glove, please make sure to reach out to your salesperson.

MEAT TRAYS

Since our last update, meat trays continue to be difficult to procure. All our meat tray suppliers still have us on allocation, with some vendors temporarily discontinuing some sizes again. Recently, we learned that one of CKF's tray manufacturing plants that affects our west coast business, is running at a limited capacity due to a COVID outbreak. GVH is still in a good position on meat trays, but we have had to be creative with substitutions on size and color.

FRONT-END PAPER BAGS

Although GVH is in a good position on front-end paper relative to the industry, paper bag availability continues to decline rapidly, and we would potentially see this affect pricing (again). GVH has ample supply of plain handle bags, and non-handle bags we bought in anticipation of this, and we will continue pulling paper bags wherever we can to keep our customer base in business on front-end paper.

RIB CONTAINERS

As stated in previous updates polypropylene pricing has increased significantly and capacity is at an all-time low. This is affecting rib containers right now as we go into the season for ribs. Every vendor is struggling however, Anchor, our largest supplier of rib containers is where we are seeing the most struggle. GVH has had to utilize other vendors, and alternate sub options from Anchor when available to account for volume. It is going to continue to be an uphill battle for the foreseeable future with both full and half rib containers, and GVH is taking as an opportunity to source alternatives, and attempt to make the negative, a positive and generate a savings from this.

PRICING

GVH continues to receive price increases, thankfully not at the same rate as in the past. We are hoping pricing will start to even out. There was a shift downward on Polypropylene (PP) in March and April as most plants have resumed production from the deep freeze in February, however, the market on PP remains tight and very volatile. HDPE/LDPE continues to rise due to plant outages, low inventories, and raw materials. Also due to plant closures and limited inventories, PET rose slightly. PVC had another jump due to low inventories and increase demand. Polystyrene is a category that has jumped significantly from February. We are seeing the affects of plant outages, limited inventories, increased demand, and raw materials.

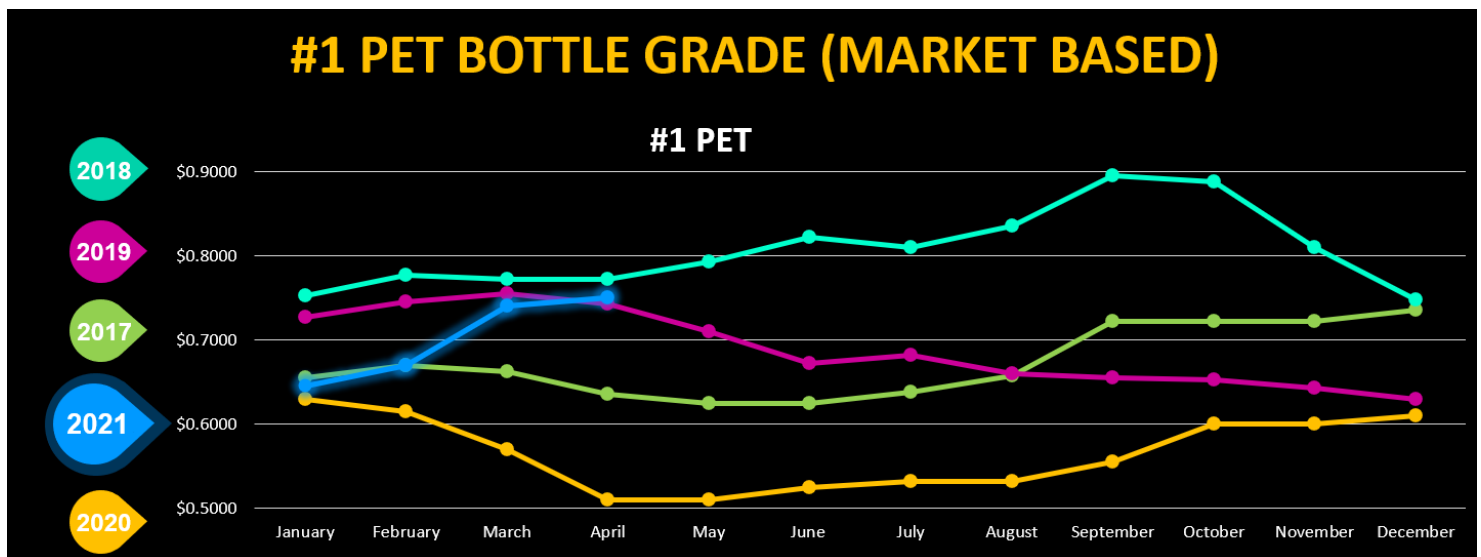
According to Plastics Today, experts are estimating more than 5 billion pounds of resin was lost because of the deep freeze in the South and it will take months for producers to fill orders complete, restock their inventories, lift allocations, and withdraw force majeure declarations.

MARKET TRENDS

GVH continues to cover pricing and market trends for all the substrates that impact the products we provide so you can be aware of what causes market changes. Please review the following substrate market trends to see what is affecting costs of goods and supply.

PET MARKET

- Products: Clear take-home food containers & bottles.
- Vendor examples: Pactiv, Placon, Anchor Plastics, Inline, Fabrikal, Sabert, Dart, Fineline, D&W Finepak, Genpak, WNA, Berlin
- April 2020 to April 2021 PET raw material has increased 39%.

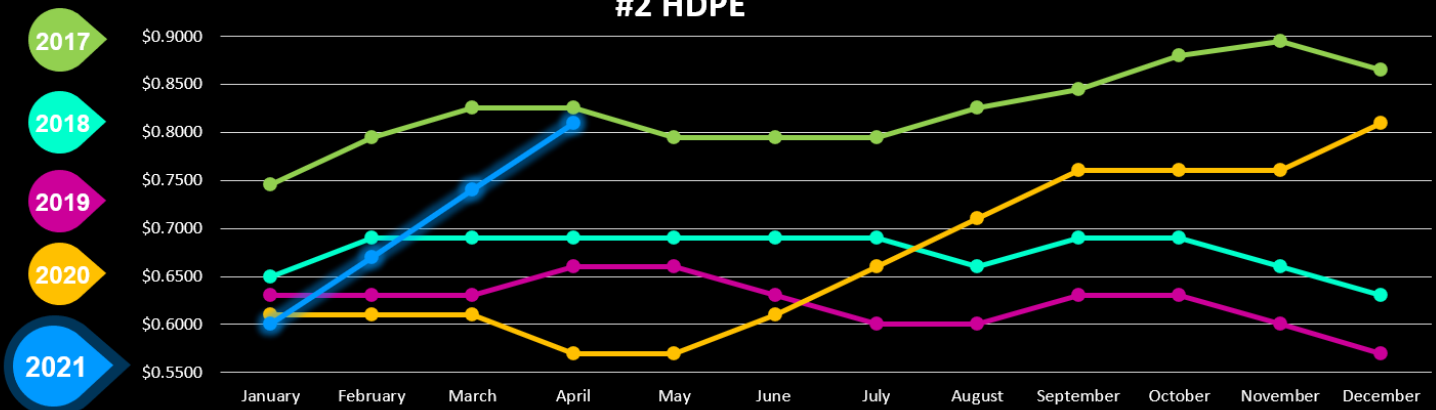


HDPE FILM

- Products: T-Sacks, Poly Bags, Can Liners, Produce bags
- Vendor examples: Hilex, Crown Poly, Elkay, Berry, Heritage
- April 2020 to April 2021 HDPE raw material has increased 88%
- CDI announced a Non-Market Adjustment (NMA) of \$.26 – According to www.chemicaldata.com - This is implemented when it is determined that the level of a price assessment has become insufficiently representative.
 - The NMA resets the benchmark, however, does not change the price

#2 HDPE HMW FILM

#2 HDPE

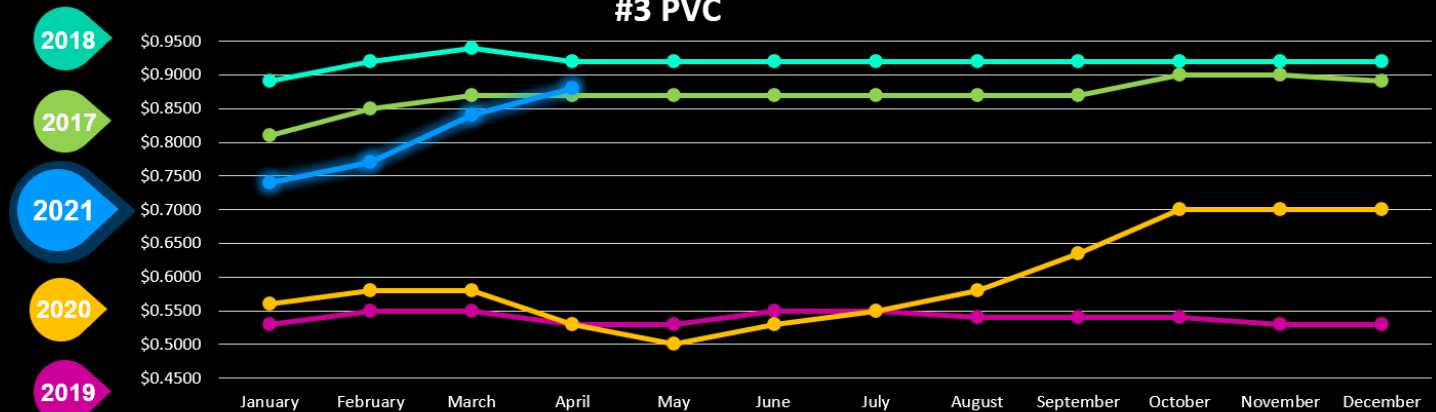


PVC

- Products: Meat Film & Pallet Film
- Vendor examples: Berry Global, Anchor, Xtraplast, Red Rock
- April 2020 to April 2021 PVC raw material has increased 50%

#3 PVC (SUBSPENSION GRADE)

#3 PVC

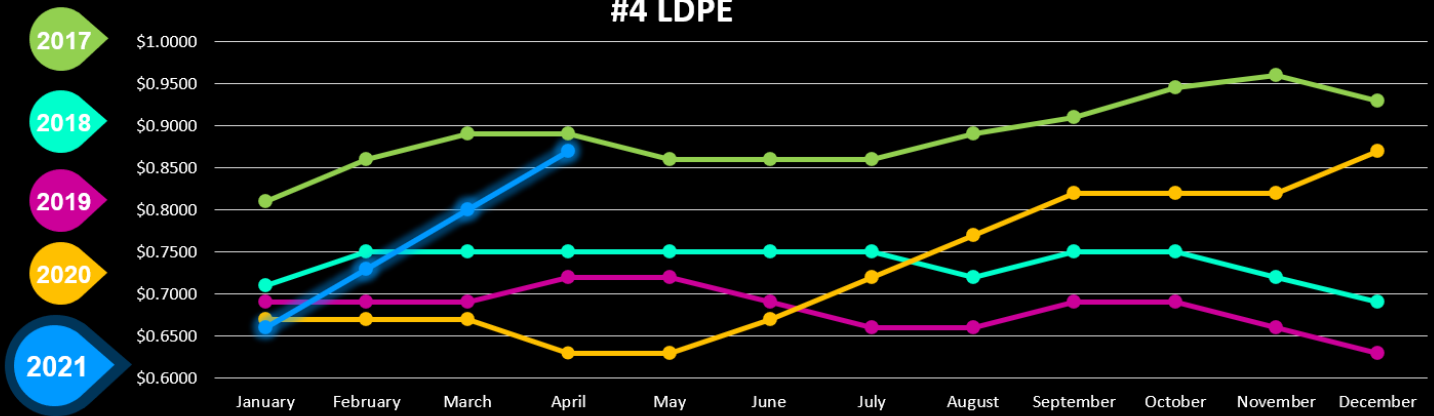


LDPE

- Products: T-Sacks, Poly Bags, Can Liners, Produce Bags
- Vendor examples: Hilex, Crown Poly, Elkay, Berry, Heritage
- April 2020 to April 2021 LDPE raw material has increased 79%
- CDI announced a Non-Market Adjustment (NMA) of \$.26 – According to www.chemicaldata.com - This is implemented when it is determined that the level of a price assessment has become insufficiently representative.
 - The NMA resets the benchmark, however, does not change the price

#4 LDPE (FILM LINER GRADE)

#4 LDPE

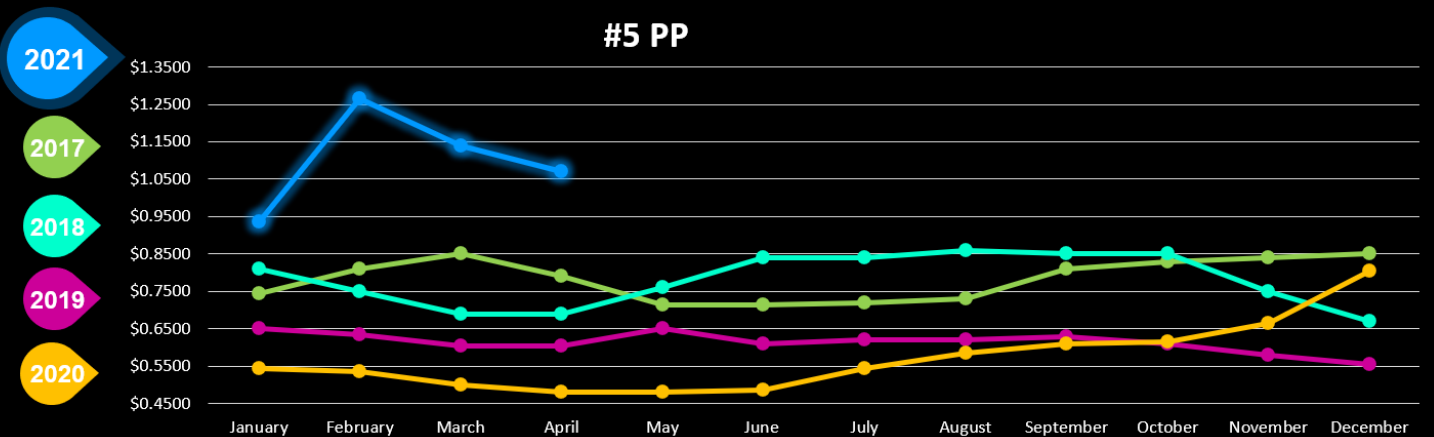


POLYPROPYLENE

- Products: Take Out, Reusable Containers, Deli Cups, Roasters & Rib Containers
- Vendor examples: Pactiv, Placon, Anchor Plastics, Genpak, Fabrikal, Sabert, Dart, Fineline, D&W Finepak, WNA, Berry Containers, Kari-Out, Innopak
- April 2020 to February 2021 PP raw material has increased 123%

#5 POLYPROPYLENE (PP)

#5 PP

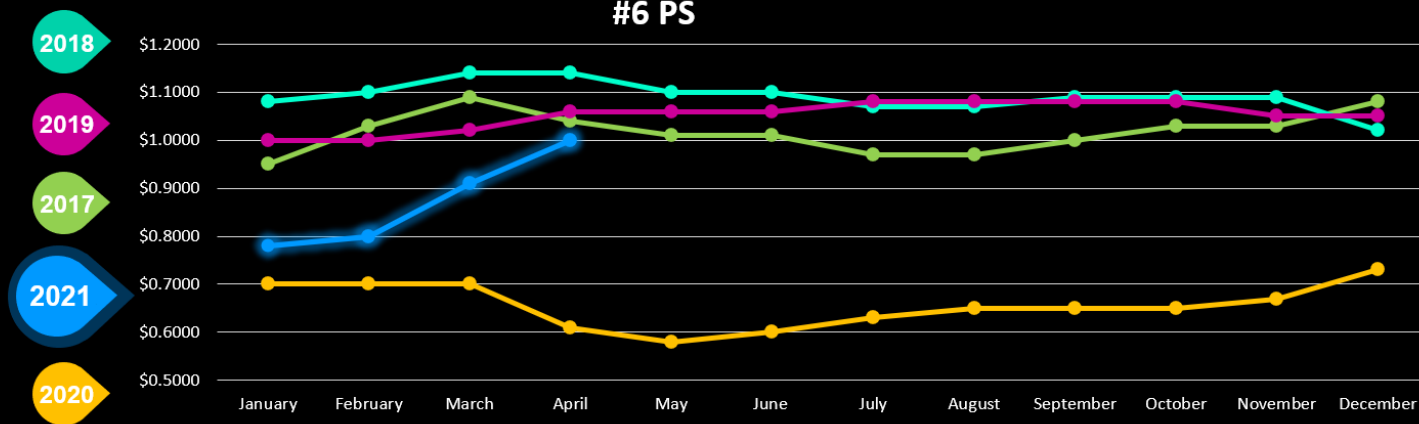


POLYSTYRENE

- Products: Foam Trays & Foam To-go Containers
- Vendor examples: CKF, NPX One, Pactiv, Genpak, Dart, Fabrikal, Easypak, D&W Fine Pack, Wincup
- April 2020 to April 2021 PS raw material has increased 64%

#6 POLYSTYRENE (GPPS)

#6 PS



We hope you find this information useful for your business. As always, GVH is committed to working with our retailers and vendor partners so we may provide solutions. We appreciate your support and value our relationship, and please reach out to us with any questions!

Sincerely,

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