**GVH Distribution**

***Family of Companies***

March 23, 2022
**RE: GVH 1st Quarter Market Update**

Dear Retail Partners,

As 1st quarter of 2022 is near ending, we have yet to see any relief in supply chain challenges that started 2 years ago. As we continue to navigate challenging times, we want to assure you that GVH continues to be proactive in ensuring our customers' supply needs are fulfilled.

## SUPPLY CHAIN

The supply chain continues to be very constrained for Q1. GVH is having increased difficulties with vendors securing reliable carriers, and those carriers are either showing up late for deliveries, or not showing up at all. Additionally, with the cost of fuel rising, we are already seeing suppliers announce price increases and fuel surcharges. Just this week alone, over 10 vendors announced fuel surcharges to prepaid freight deliveries, and we expect more to follow. We are currently pushing back as much as we can on these announcements, and trying to either find work arounds for them, or even alternative sources if it is possible and makes sense.

We have not seen much relief on the import side of the supply chain either, with multiple vendors citing port delays as a factor in late deliveries to our facilities. GVH continues to have a presence importing, but when we can find solutions in North America, we aggressively pursue them.

### ALUMINUM AND FOIL PRODUCTS

Demand is exceedingly high on aluminum; supply is tight, and pricing continues to soar. China curtailed production of aluminum last year as part to reduce carbon emissions and several smelters in Europe have closed due to high energy costs. In addition to this, Russia was one of the leading producers of aluminum in the world. Aluminum is going to be hard to come by well into next year and pricing is expected to continue to rise. Currently, GVH is in a rather good inventory position with most aluminum products, as we bought heavily at the end of 2021. We will continue to purchase aluminum aggressively and attempt to source new suppliers for these type products, in the event that we need them.

### FOAM (POLYSTYRENE)

Availability on foam cups and containers, has really been varying by vendor and volume, but there is still a significant amount of demand for foam in the market. As stated in previous updates, Wincup has been struggling mightily. They are the most difficult vendor to bring in supplemental inventory for because most lids are not interchangeable on cups and containers. Dart is beginning to lift many of their inventory constraints, which is great news, but obviously they still have much to prove. GVH has had great success getting foam from alternate suppliers and will continue to do so as needed. We are still trying to identify the best go forward solutions, for branches that purchase foam in less than truck loads.

### GLOVES

Pricing did go up on vinyl gloves as expected from all our suppliers. At this time, domestic supply on vinyl and nitrile is stable, except on size small, which is hit or miss and procuring latex gloves is still touch and go. GVH continues to keep our avenues open with multiple suppliers to ensure we are in a good glove position, for future supply chain issues.

### CUTLERY AND STRAWS

We continue to see cuts on cutlery and straws from our primary suppliers. We have gone to other sources for both products, including bringing product in from other countries. As far as we can see, these items will remain in short supply, in which GVH will continue purchasing from multiple sources by region and should finally have more imported product arriving this spring.

## PAPER

Small paper products like bread bags, cookie bags, pan liner, and deli sheets, is still one of the toughest categories to procure consistently. Most domestic suppliers have discontinued prints to focus on stock bags just so customers have something. Also, the large major vendors are not taking on new business, so it has been exceedingly difficult to find sources that can and will take on any volume. For this reason, GVH continues to search for other suppliers and entertaining the idea of importing our higher volume items despite the current issues with imports.

Along with small paper products, anything made from paper or paper board is a hard-hit category. This includes soup cups, hot cups, food trays, bakery, and deli boxes. Currently, each of our suppliers of paperboard products have some items they are struggling with. We have been successful in finding substitutions, but in many cases, they are from a different vendor, different color and slightly differ in sizes.

## FILM

Meat film is still on allocation with our largest supplier Berry, but GVH is ordering whatever we can, and staying in good inventory standing overall despite the allocations. Other manufacturer partners have been helpful on meat film, and to this point their product has been well received. We are still seeing some gaps with imported films, and either supplementing with or converting to our secondary suppliers.

## SCALE LABELS

Scale labels are still an area of concern. GVH has been bringing in blank subs for custom printed labels, where we have inventory gaps. Overall, we have continued to keep printed products in good inventory standing, by ordering large quantities. Scale labels are still items to watch going forward as raw material suppliers are still struggling which is causing extended lead times.

## T-SACKS AND PRODUCE BAGS

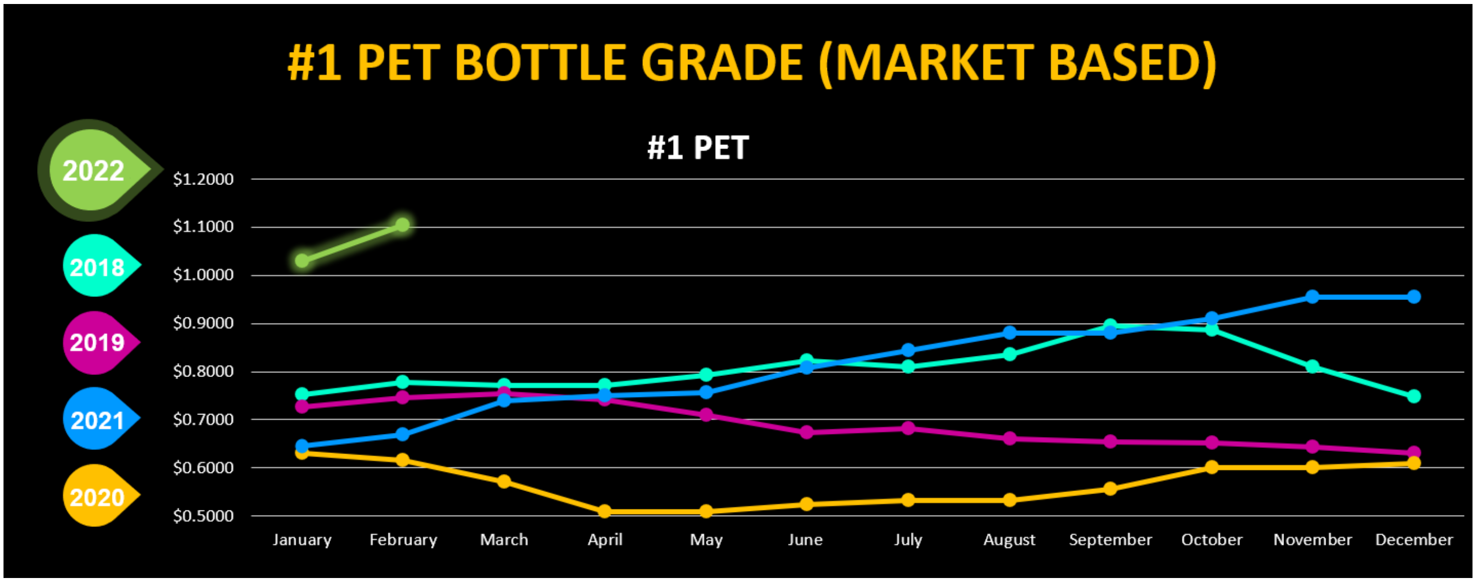
T-sacks have become a category where GVH has had to bring in supplemental bags, for our printed bags. Crown Poly, Hilex, and GVH’s other suppliers have all started to experience supply gaps due to supply chain issues and equipment malfunctions. We have also seen supply gaps with produce bags and meat bags. With produce bags, we have supplemented inventory between suppliers where there are shortages to avoid out of stocks. GVH still has several sources on these product types, and when in a pinch, we can secure supply as needed.

# 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. The below resin pricing graphs is just one component of how a vendor calculates the cost of goods. Other factors include, but not limited to supply and demand, availability of resin, freight, manufacturing and operating costs and labor. Please review the following substrate market trends to see what is affecting the costs of goods and supply.

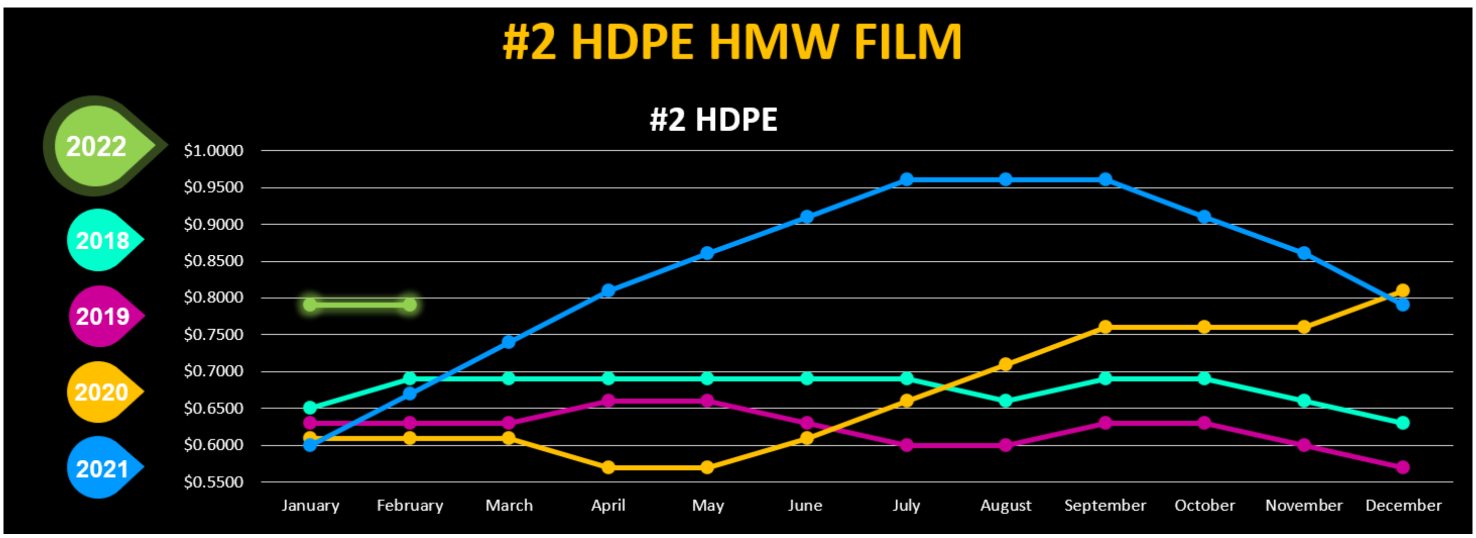
## PET MARKET

- Products: Clear Take-Home Food Containers & Bottles, Cups, Cater Trays
- Vendor examples: Pactiv, Placon, Anchor Plastics, Inline, Fabrikal, Sabert, Dart, Fineline, D&W Finepak, Genpak, WNA, Berlin, Karat Packaging
- February 2021 to February 2022 PET raw material has increased 65%



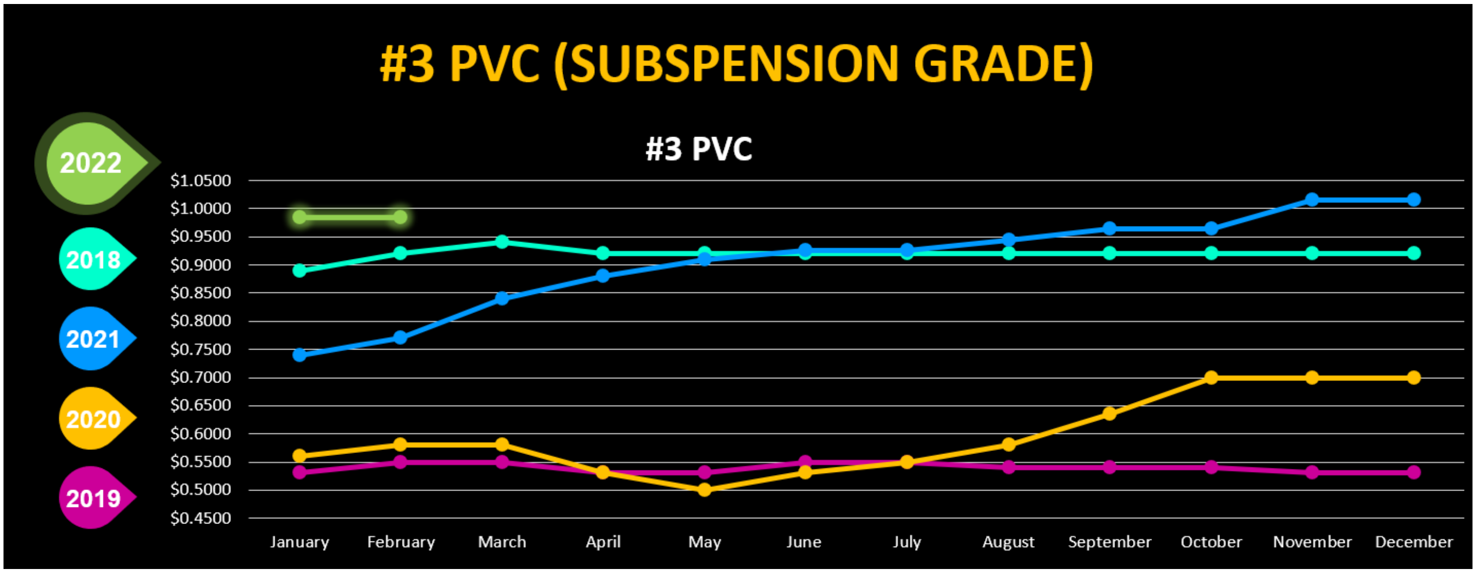

**HDPE FIILM**

- Products: T-Sacks, Poly Bags, Can Liners, Produce Bags
- Vendor examples: Hilex, Crown Poly, Elkay, Berry, Heritage
- February 2021 to February 2022 HDPE raw material has increased 18%



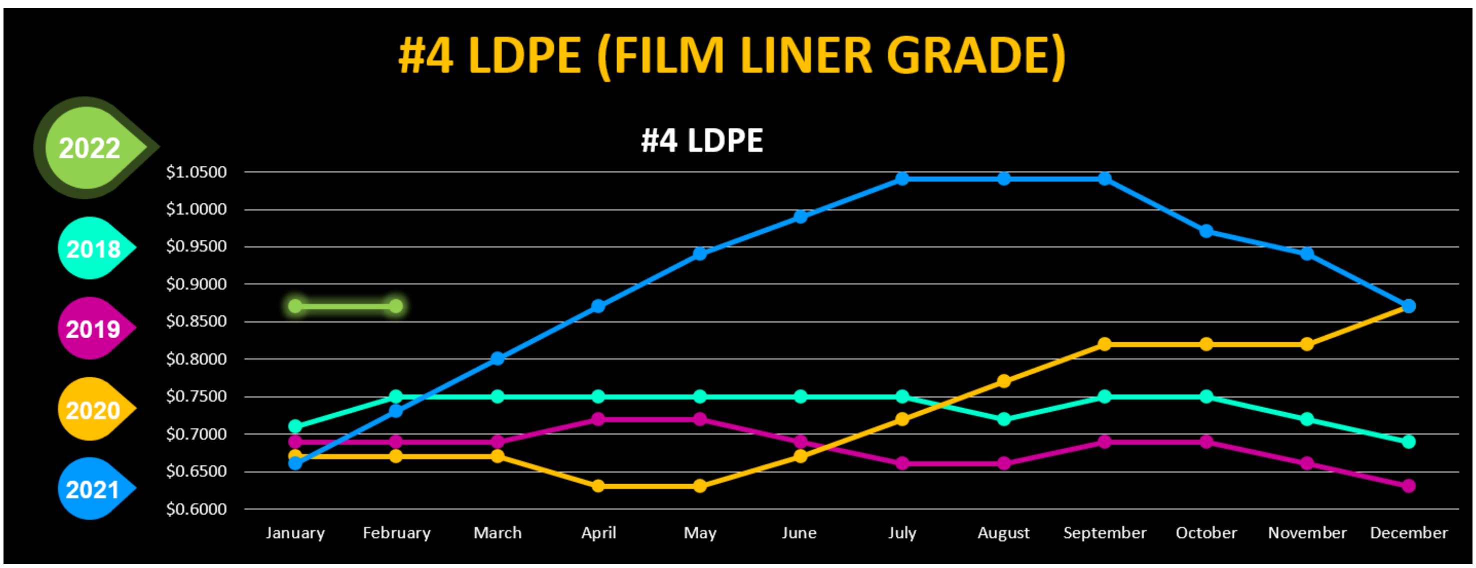

**PVC**

- Products: Meat Film & Pallet Film
- Vendor examples: Berry Global, Anchor, Xtraplast, Red Rock
- February 2021 to February 2022 PVC raw material has increased 28%



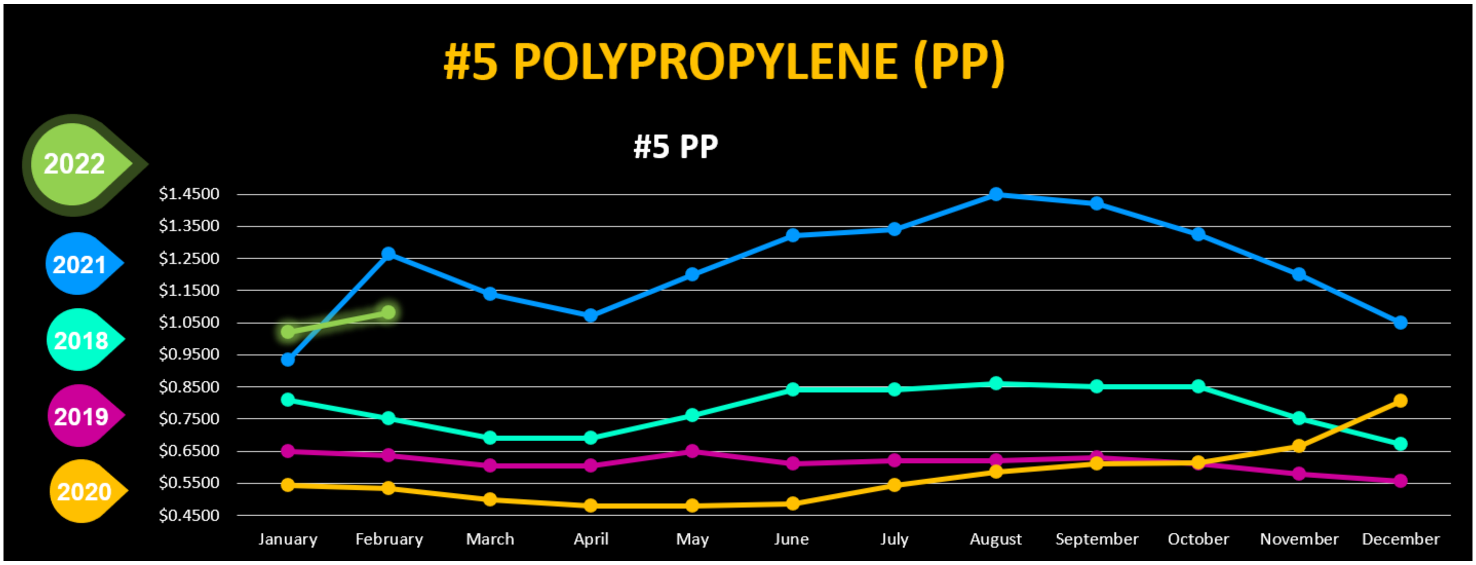

**LDPE**

- Products: T-Sacks, Poly Bags, Can Liners, Produce Bags
- Vendor examples: Hilex, Crown Poly, Elkay, Berry, Heritage
- February 2021 to February 2022 LDPE raw material has increased 19%



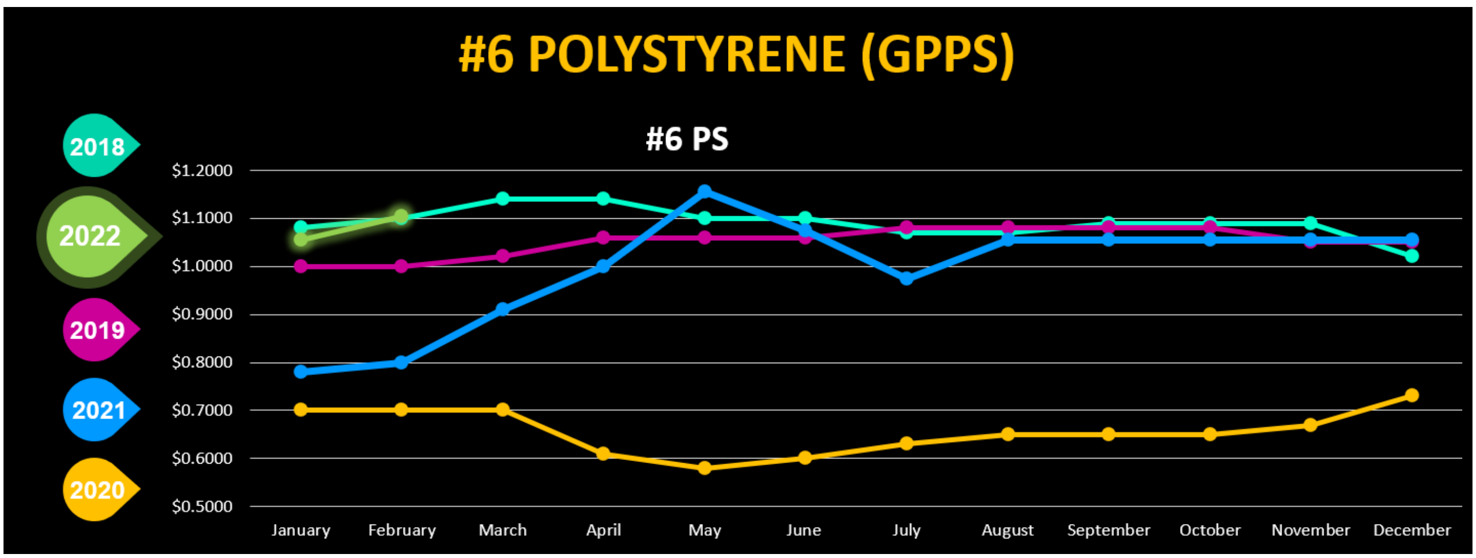

**POLYPROPYLENE**

- Products: Take Out, Reusable Containers, Deli Cups, Roasters & Rib Containers, Cater Trays, Cutlery
- Vendor examples: Pactiv, Placon, Anchor Plastics, Genpak, Fabrikal, Sabert, Dart, Fineline, D&W Finepak, WNA, Berry Containers, Kari-Out, Innopak, Amercare, Karat Packaging
- February 2021 to February 2022 PP raw material has decreased 15%. Note: other factors contribute to pricing.




**POLYSTYRENE**

- Products: Foam Trays & Foam To-go Containers, Cutlery
- Vendor examples: CKF, NPX One, Pactiv, Genpak, Dart, Fabrikal, Easypak, D&W Finepak, Wincup, Amercare
- February 2021 to February PS raw material has increased 38%




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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