



GVH Distribution

Family of Companies

May 3, 2024

RE: GVH 1st & 2nd Quarter Market Update

Dear Retail Partners,

As we start the second month of Q2, GVH wants to provide an update on the current market. Below, we have highlighted the top categories where we are experiencing issues and inform you of the solutions GVH is taking to ensure our customers are in stock during the upcoming busy season at the best possible price.

SUMMER VOLUMES

GVH is preparing for our busy summer season and will build inventories on crucial summer categories. When you expect significant volume increases or promotional needs that require volume that is out of the ordinary, we suggest that you meet with your Account Manager to inform them in advance. They also can provide you with seasonal items that will assist you in creating great product presentations to help you sell more! Any extra information allows us to plan accordingly and helps ensure we do not encounter issues on critical items as volumes increase. GVH completed Q1 with great fill rates, and we want to be proactive for the upcoming busy months.

GLOVES

GVH has experienced a couple of price increases this year on disposable gloves due to raw material and freight increases. GVH currently has a nitrile and vinyl glove bid underway to help ensure we remain competitive and combat current and potential future increases in glove prices. The only regular fill rate issues GVH has experienced so far this year with gloves are in the small sizes in branches that carry them.

PAPER PRODUCTS

It has been a more adventurous start to the year for us with paper products. GVH has encountered sporadic fill rate issues with off-size paper bags that are not primarily used in the front end but are still vital for many customers. To help combat these issues, we are currently carrying extra inventory where we can get it. We are also looking to potentially consolidate some of our paper volumes to give us more leverage with our vendor partners with capacity, better pricing, and shorter lead times. On smaller type paper products, we have also experienced some fill rate issues with our vendor partners, but so far, it does not seem to be across a specific product type, but it is more on a vendor-by-vendor basis. GVH will also bid on this business to help combat this and explore options in the marketplace.

FOAM (POLYSTYRENE)

In our high-volume foam branches, the busy time approaches for cups, take-out containers, and protein and produce trays. Currently, our vendor partners are in solid inventory positions. As an extra buffer, GVH is beginning to place POs for these items to help build our inventories and adjust for any volume spikes. As mentioned in the summer volumes section, advance notice of any significant increases you expect on these items ensures we will maintain correct inventories for you.

TRANSPORTATION

As mentioned in the disposable glove section, freight and transportation costs are rising again. Congestion in overseas freight lanes has helped increase import freight and container costs, and so far, fuel domestically is on the rise this year. We have begun to do some forward buying on items GVH imports to help get out in front of the issues and price hikes where it is financially responsible. We appreciate your patience if problems arise with imports and will make sure we have alternative options available if there are supply issues.

COST OF GOODS / COGS

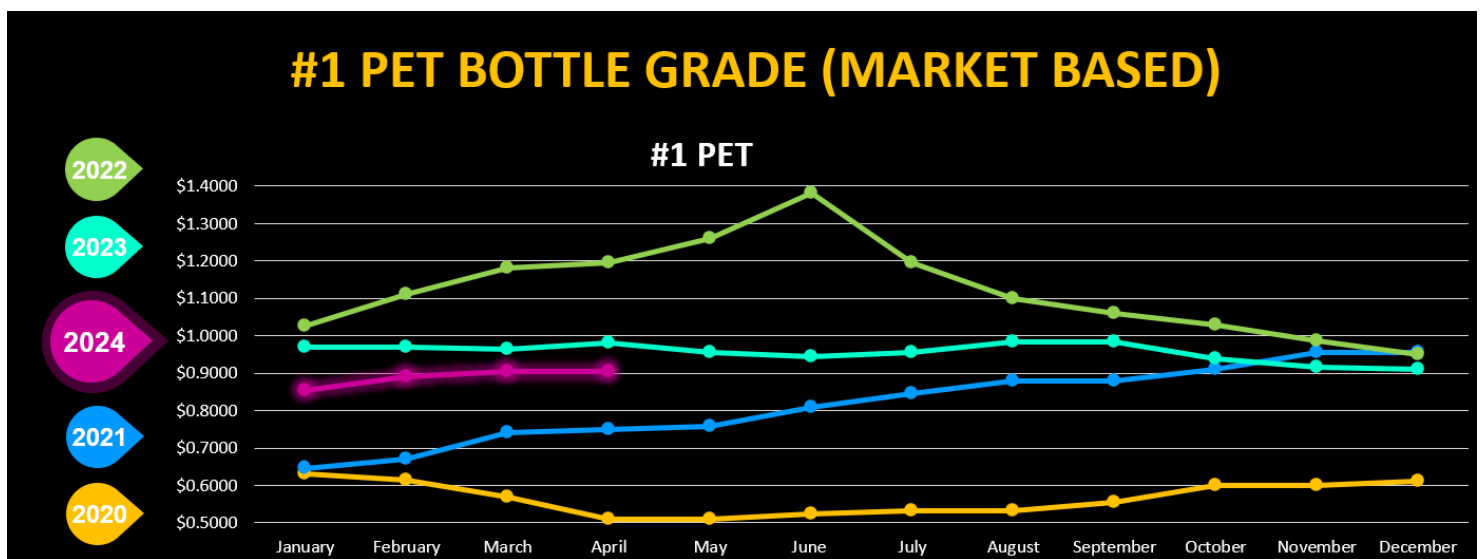
After seeing price declines in late 2023, we received price increases on select substrates. Several vendors announced a polypropylene increase early, and we were able to hold them off as long as we could. There is a drop in April's PP index, so GVH will be reaching out to vendors regarding pricing. We are starting to see increases in paper products. GVH continues to review categories and work with vendors to ensure we have the best possible cost of goods.

MARKET TRENDS

GVH continues to cover pricing and market trends for all the substrates that have an impact on our products so you can know what causes market changes. The resin pricing graphs below are just one component of how a vendor calculates the cost of goods. Other factors include supply and demand, resin availability, freight, manufacturing and operating costs, labor, and surcharges. Please review the following substrate market trends to see what affects the goods and supply costs.

PET MARKET

- Products: Clear Take-Home Food Containers & Bottles, Cups, Deli Containers, Cater Trays
- Vendor examples: Pactiv Evergreen, Anchor Packaging, Dart, Placon, Inline Plastics, Fabri-Kal, Sabert, Inno-Pak, Finline, D&W Fine Pack, Genpak, WNA, Berlin Packaging, Karat Packaging, Inix, TC Robbie, CKF, EasyPak, etc.

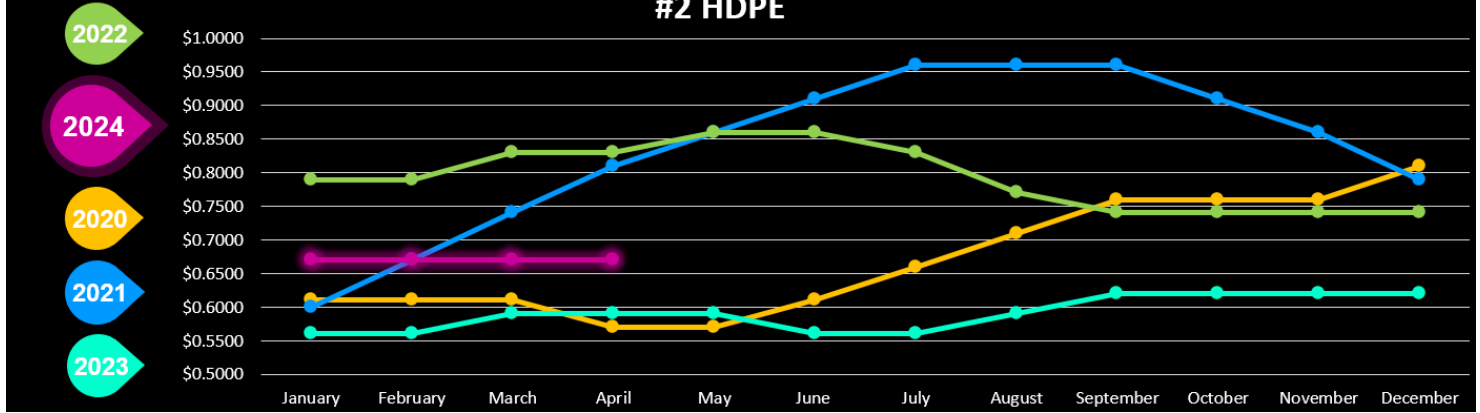


HDPE FILM

- Products: T-Sacks, Poly Bags, Can Liners, Produce Bags
- Vendor examples: Hilex, Crown Poly, Unistar Plastics, Continental Poly, IPS Industries, Inteplast, Fantapak, LK Packaging, Berry Global, Heritage Plastics, Inno-Pak, WSW, Republic Bag, Hercules, etc.
- January 2023, CDI announced a Non-Market Adjustment (NMA) of \$.21 – According to www.chemicaldata.com - This is implemented when it is determined that the level of a price assessment has become inadequately represented.
 - The NMA resets the benchmark but does not affect the price.

#2 HDPE HMW FILM

#2 HDPE

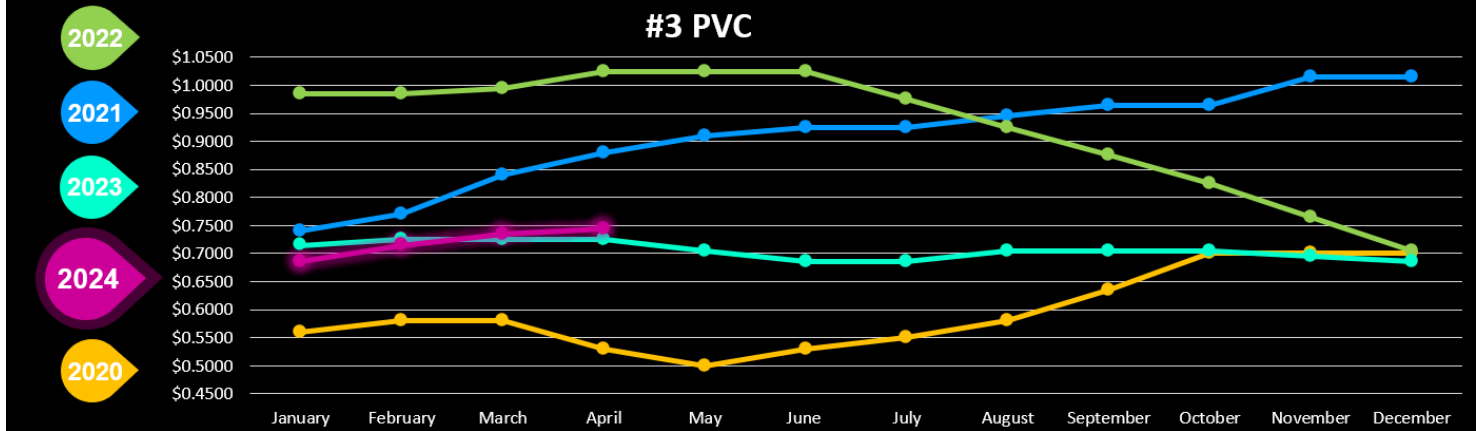


PVC

- Products: Meat Film & Pallet Film
- Vendor examples: Berry Global, Anchor Packaging, XtraPlast, Red Rock, Sigma Plastics, etc.

#3 PVC (SUBSPENSION GRADE)

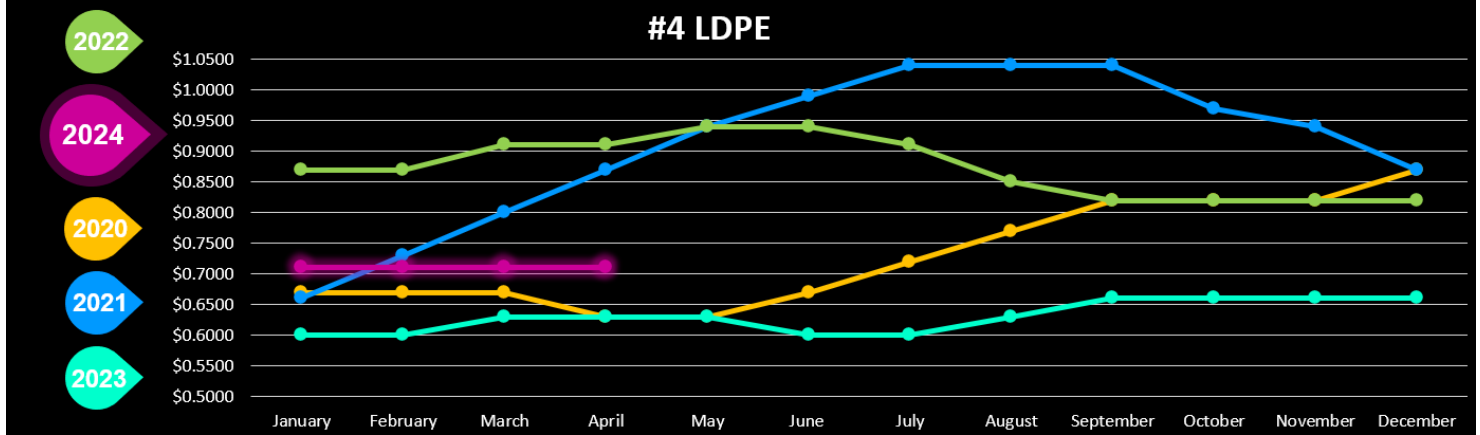
#3 PVC



LDPE FILM

- Products: T-Sacks, Poly Bags, Can Liners, Produce Bags
- Vendor examples: Hilex, Crown Poly, Unistar Plastics, Continental Poly, IPS Industries Inteplast, Fantapak, LK Packaging, Berry Global, Heritage Plastics, Inno-Pak, WSW, Republic Bag, Hercules, etc.
- January 2023, CDI announced a Non-Market Adjustment (NMA) of \$.25 – According to www.chemicaldata.com - This is implemented when it is determined that the level of a price assessment has become inadequately represented.
 - The NMA resets the benchmark but does not affect the price.

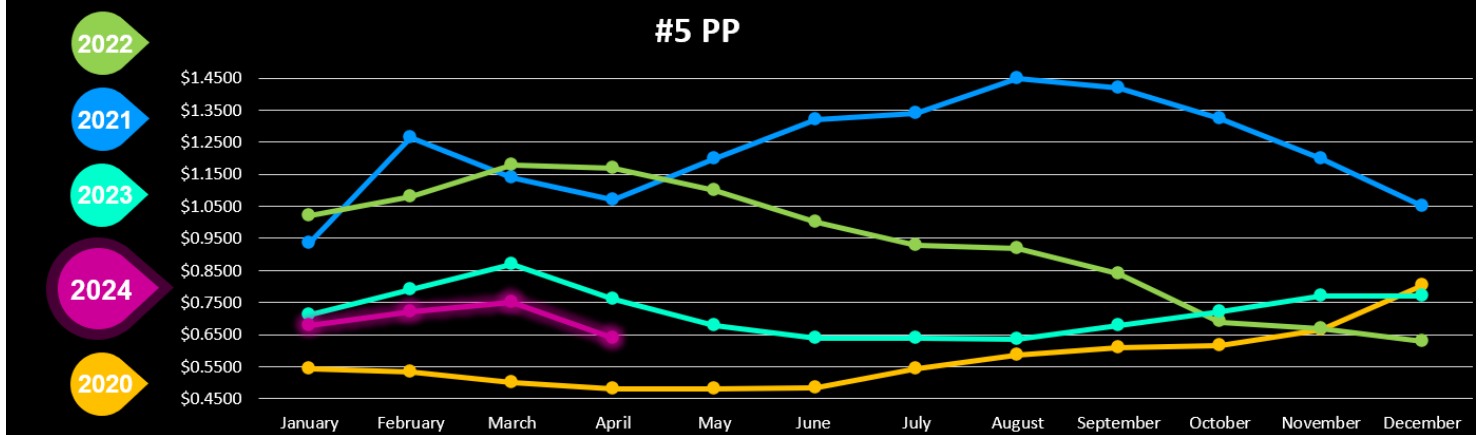
#4 LDPE (FILM LINER GRADE)



POLYPROPYLENE

- Products: Take Out, Reusable Containers, Deli Cups, Roasters & Rib Containers, Cater Trays, Cutlery
- Vendor examples: Pactiv Evergreen, Anchor Packaging, Dart, Placon, Inline Plastics, Fabri-Kal, Sabert, Finline, D&W Fine Pack, Genpak, WNA, Karat Packaging, Inix, Berry Global, Kari-Out, Inno-Pak, Cube Packaging, AmerCareRoyal, Dixie, etc.
- January 2024, CDI announced a Non-Market Adjustment (NMA) of \$.12 – According to www.chemicaldata.com - This is implemented when it is determined that the level of a price assessment has become inadequately represented.
 - The NMA resets the benchmark but does not affect the price.

#5 POLYPROPYLENE (PP)

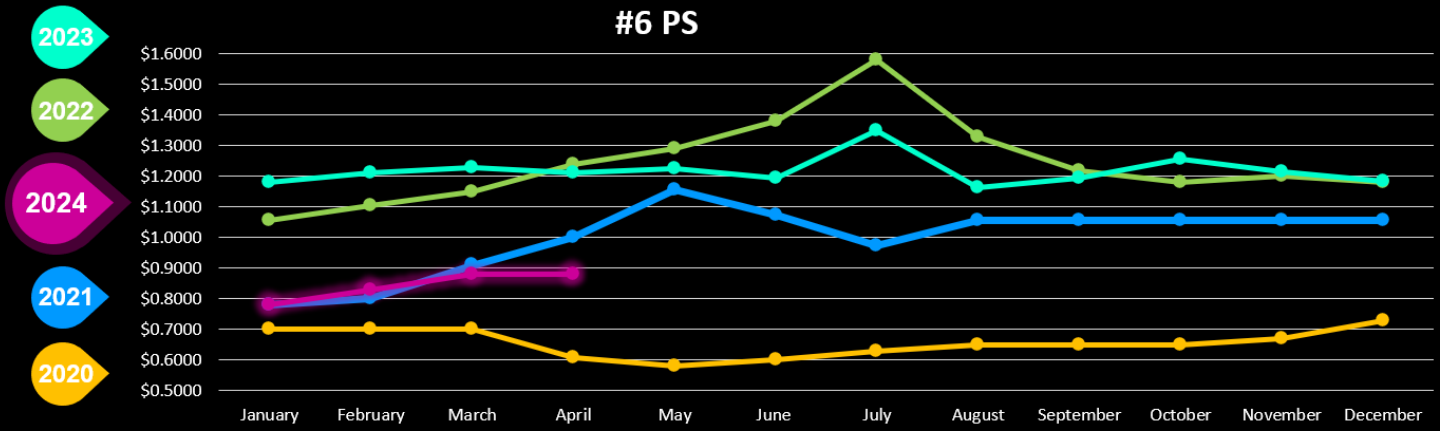


POLYSTYRENE

- Products: Foam Trays, Foam Take Out Containers, Cutlery
- Vendor examples: Pactiv Evergreen, CKF, NPX One, Genpak, Dart, Fabri-Kal, D&W Fine Pack, WinCup, AmerCareRoyal, Reyma, Dixie, etc.
- January 2024, CDI announced a Non-Market Adjustment (NMA) of \$.395 – According to www.chemicaldata.com - This is implemented when it is determined that the level of a price assessment has become inadequately represented.
 - The NMA resets the benchmark but does not affect the price.

#6 POLYSTYRENE (GPPS)

#6 PS



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

Sincerely,

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