



GVH Distribution

Family of Companies

May 7, 2026

Dear Valued Customer Partners,

For more than 75 years, GVH Distribution has stood beside its customers through every kind of market. Transparency, integrity, and service guide on how we communicate with you, and that is the spirit of this update. Since our March letter, the supply chain pressures we described have not eased. They have deepened, and the picture across our supplier base has become much clearer with another full month of pricing data and resin market movement now in hand.

The Pressure Has Broadened, Not Subsided. What started as an initial wave of increase notifications in March has become a sustained pattern of back-to-back monthly adjustments from manufacturers across nearly every category we distribute. Suppliers that historically moved on a quarterly cadence are now revising prices month over month, and several have even revised previously announced increases upward inside the same quarter as resin suppliers raise their own pass-throughs. Force majeure provisions remain in place across multiple categories, and a growing number of manufacturers are limiting order quantities and policing larger-than-normal purchase patterns.

Across the supplier letters we have received, the drivers are consistent:

- **Sustained Energy and Feedstock Pressure.** Continued instability in oil and natural gas markets is keeping petrochemical feedstock costs elevated. Resin producers have issued successive monthly increases, and converters are passing those costs through with limited ability to absorb them.
- **Continued Metals Escalation.** Aluminum pricing has continued its upward trajectory, driving further increases on foil and metal-based packaging items beyond what was reflected in earlier announcements.
- **Pulp and Paper Joining the Cycle.** Pulp and paper markets are now contributing to the increased pattern, with mill-level cost pressure on linerboard and medium driving fresh announcements on paper-based packaging.
- **Freight, Energy, and Operating Costs.** Elevated international shipping rates, longer transit times from rerouted vessels, higher domestic delivery costs, and rising energy and utility surcharges continue to layer additional cost into landed pricing.
- **Tightening Supply and Allocation.** More manufacturers are restricting order quantities, requiring orders to call for immediate shipment, and pulling back on guaranteed contract pricing. Availability, not just price, is becoming a real consideration.

Two of the Hardest-Hit Substrates: HDPE and LDPE. Polyethylene-based packaging remains the most concentrated source of cost pressure in our portfolio. Approximately 84% of Middle Eastern polyethylene exports transit the Strait of Hormuz, the same route most affected by current shipping risk. Market resin pricing reflects the strain directly: HDPE film grade has moved from roughly \$0.55 to \$0.95 per pound between January and April 2026, and LDPE film liner grade has moved from roughly \$0.62 to \$1.02 per pound, increases of approximately 65% to 73% at the resin level in just four months.

On the converter side, where customers actually buy, the cumulative effect of stacked monthly announcements through June 1, 2026, has lifted HDPE and LDPE based packaging by approximately 30% to 40% since January 1, with several converters revising previously announced increases upward inside the same quarter as new resin moves came through. We expect this category to remain the most volatile until upstream resin and freight conditions stabilize.

Recap of Other Major Substrates Since January 1, 2026. Pressure is building across the rest of the resin and fiber-based portfolio as well. The figures below reflect approximate cumulative converter-level increases drawn from the supplier letters we have received this year. Underlying market resin pricing is moving even faster, which is why successive monthly converter announcements have been the norm. Actual impact varies by item and contract, and your account team can walk through specific exposure on request.

- **Polypropylene (PP).** Approximately 16% to 20% cumulative increase at the converter level, against an underlying PP resin move of approximately 65% from January to April. Pressure spans foodservice packaging, foam alternatives, and rigid containers.
- **PVC.** Approximately 15% to 20% cumulative increase on packaging films, with several converters revising prior increases upward in May. Underlying PVC resin has moved approximately 22% over the same window. PVC used in disposable gloves is moving substantially more, as covered in the glove section below.
- **Aluminum and Foil.** Approximately 18% to 20% cumulative increase across foil containers, rolls, sheets, and combo packs as LME and Midwest premium pricing continues to climb.

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- **Paper and Pulp.** Approximately 12% to 18% cumulative increase, with mill-level pressure on linerboard and medium translating into successive 7% to 10% converter announcements through Q2. Paper joined the cycle later than resin but is now compounding.
- **PET and CPET.** Approximately 14% to 18% cumulative increase on rigid containers, lids, and clamshells, against an underlying PET resin move of approximately 26% from January to April.

Disposable Gloves: A Closer Look. The disposable glove category deserves its own attention. Demand remains stable and largely need-based, but cost and availability are being driven almost entirely by external forces tied to the same Middle East conflict and oil supply disruption affecting the broader market. The primary inputs for the most widely used disposable gloves are oil-derived synthetics manufactured almost entirely in Southeast Asia. That region is the most exposed to current refinery and logistics disruptions, so glove producers have very little insulation, and no participant in the market is unaffected.

Key constraints currently shaping the glove market include:

- **Raw Material Shortage at the Source.** Upstream petrochemical inputs used to produce nitrile and vinyl gloves are confirmed to be in short supply, and NBR and PVC tightness is already flowing through to the factory level. This is an externally driven supply shock, not a normal pricing cycle.
- **Production and Logistics Disruption in Asia.** Approximately 70% of global disposable glove production sits in Southeast Asia, and the refineries that supply its raw materials are experiencing the most severe disruption. Shipping route risk through the Strait of Hormuz, longer transit times, and higher freight costs are all compounding landed cost pressure.
- **Force Majeure and Mid-Order Repricing.** Manufacturers are invoking force majeure, moving from quarterly to monthly price revisions, and in some cases revising confirmed pricing on open orders. Previously agreed pricing is no longer guaranteed in every case.
- **Supply Allocation.** Producers are allocating limited quantities per customer and prioritizing existing partners. Lead times are extending, and unplanned spot buying is becoming more difficult and more expensive.
- **Substitution Pressure Across Categories.** As nitrile costs rise, demand is shifting toward vinyl, hybrid, and latex alternatives, pulling those categories higher as well. Even natural latex, which is comparatively insulated from oil-driven disruption, is moving up under substitution and demand pressure.
- **A Multi-Month Supply Chain Lag.** Raw material disruption that began earlier this year is still working its way through the supply chain. Factory-level production constraints and replenishment cycles mean we expect noticeable pricing and availability impact to continue through the near term, even if upstream conditions begin to stabilize.
- We share this context not to alarm, but to give you time to plan. We strongly encourage customers who rely on disposable gloves, particularly nitrile, to engage with us early on forecasts, replenishment timing, and any flexibility around substitution where appropriate.

Across every category, our team is doing exactly what we did in March, and more. We are pushing back on supplier increases, validating that what is being passed along is justified, securing inventory positions where we can, and protecting the service levels you have come to expect from GVH. With distribution centers across the country and 99%+ fill rates, our priority is making sure you have what you need when you need it.

Thank you for the long-term relationship and the trust you place in GVH Distribution. We will keep you informed as conditions evolve, and we are always available to talk through the specifics of how this affects your business.

Best regards,

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Management Team