



DIVISIONS OF PEACE INDUSTRIES, LTD.

July 11, 2024

To Our Valued Customer,

I am confident that you are aware of the multiple circumstances that are negatively effecting the ocean rates that are rapidly increasing the cost of shipping; below are just a few:

- Ongoing conflict in the Middle East limiting the use of the Suez Canal and requiring the redirection around Africa; creating longer lead times and lack of containers and space
- Additional tariffs for multiple types of products from China are creating a surge of shipments out of China prior to the effect date of these new tariffs
- Increases in blank sailings for ports outside of China
- Bi-monthly peak season surcharges (PSS) and general rate increases (GRI)

As a result, the higher costs have begun to arrive in our three distribution centers and we need to implement an out of warehouse price increase that goes into effect on Monday, July 15th.

July 15, 2024 Out of Warehouse Price Change

- + 4% for 15GA, 16GA, 17GA, & 18GA staples

As mentioned above, the bi-monthly increases being implemented by the ocean carriers are expected to continue for the unforeseen future, therefore we do expect further increases are likely. While shipping increases have also impacted our purchases from China, we've been able to offset these increases with lower material costs, however this is limited and if the shipping continues to increase it will effect our costs out of China as well.

Spotnails will diligently continue to monitor the ocean freight costs and make any changes possible to reduce costs in support of your business and that of your customers. Please feel free to call me directly with any questions you may have. Thank you for your continued support for and trust in Spotnails.

Sincerely,

*Ken Ippoliti*

Vice President of Sales & Marketing

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