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Price Increase Announcement

8/28/26

To Our Valued NPC Colored Sealants Customer,

We thank you for your business. The short version of this letter is: NPC is increasing our pricing between 8-9% (50 cents per tube) depending on product, product color and order size effective on all orders shipped after Sept 20th.

During the past 4 years NPC employees have done their utmost to improve efficiencies by reducing production costs without sacrificing product quality, packaging quality and delivery rates. We substantially increased raw material inventories before the Iran war started to avoid the anticipated (resin, aluminum and oil-based products) shortages and inflation. In 2026 we have held off adjusting our pricing during the majority of the building season, significantly sacrificing margin while waiting to see if the Middle East situation would settle down and markets would stabilize. It has been almost 4 years (Nov 2022) since NPC has increased our per tube pricing. Our costs are up over 30% since 2022 and we absorbed much of that through operations improvement. We held off as long as possible to support you during these challenging times but need to increase now to remain a healthy, reliable supplier.

If that is all you care to know, stop reading right here and go about your day.

However, if you would like to know more of our reasoning behind why we need to increase our Wholesale Pricing please read on. Hopefully our insights will help you make decisions that are beneficial for your company.

For two years, many customers have been asking when we were going to raise prices. The cost pressures have been obvious to all. This year we have had quite a few of our customers asking specific questions about how the Middle East and tariff wars are affecting our product line. Short answer is the war and tariffs are negatively affecting both pricing and raw material availability, and will continue to do so for the foreseeable future. There were significant upward pricing pressures before the Iranian war and tariff battles started but we decided to wait it out and see if it would settle back down before we raised prices.

We do not anticipate that the cost inputs to sealants will stabilize anytime soon. The major cost inputs to sealants are rubbers, resins, packaging (cardboard and aluminum), shipping, energy and labor. We are again taking the position that price is not as important as a reliable quality supply. Rubbers and resins both have oil as their starting point, so our suppliers' costs are up and they certainly passed those cost to us. There was a global shortage of resins most of 2026 as a result of the Iranian war. Our choice to increase resin inventory late 2025 and to always use the higher quality (i.e., stable and consistent) materials meant we did not experience the shortages our competitors did. And we could buffer the price fluctuations for an extended period. In 2026 resin suppliers dumped many years worth of off spec material into the market but the higher quality resin used by NPC commands higher margins for them so they were preferentially produced. Preferentially utilizing domestic (more expensive but better quality) suppliers also meant shorter and simpler supply chains. That has translated to less volatility in supply. Rubbers followed the same story.

The tariff wars between Canada and the USA have very significantly impacted the cost of aluminum and cardboard. Tubes, plungers and boxes have collectively tripled in price since 2022. Canada supplies 61% of aluminum and 30% of soft wood to the USA. We use double foil composite tubes because plastic tubes always reduce shelf life by many years. We've repeatedly tested every plastic tube available. All of them cost more AND none of them provide the shelf-life you should expect. The only manufacturer of ring-seam plungers (vital for sealing the tube and ensuring long shelf-life) decided to discontinue making them. Essentially forced the cartridge user market to push-in plungers so the plunger manufacturer could manufacture more efficiently and lower their cost. NPC invested in our own equipment to make ring-seam plungers so that you can always have a reliable high-quality sealant product. Those costs are not part of this increase. They are just part of our promise to always focus on reliability and quality. Packaging (all paper products) costs are up and are likely to substantially increase during the remainder of 2026 strictly due to tariff disputes. Our focus on reduction of waste, reuse, and repurposing of everything has help blunt those cost increases the past few years. We hope that the geopolitical difference between the USA and Canada will calm down in the next few years and the tariffs recede. It likely won't be fast as trust has been lost between both sides.

Shipping cost (diesel), energy (gas and electricity) and labor have gone up for everyone, and need no explanation. We believe our long track record of reliability using our 'direct to branch' model ensures that you have fresh product without you bearing the costs of warehousing and additional shipping from a central distribution center. (As many of you are aware, NPC was able to weather the Covid years better than our competition and we managed to supply our existing customer base the colored sealants you needed on regular short lead times. We also did not discontinue any Standard colors but instead added over 35 Standard and 50 premiums colors to our existing 250 color offering in an attempt to meet your needs over that period of time.) In the end, trust enables simplicity and cost savings for you.

While we are not able to control raw material cost or shortages, we have been able to cushion some of their effects and try to ride out the storm behind the scenes. We strive to be "the most stable" supplier that you purchase any goods from. We fully understand that you have 100's of other issues to deal with daily. Hopefully, you place an order with us and can forget about checking on it because you have faith that NPC orders consistently show up at your dock on the scheduled date and are problem free. We fully realize that our product line is not the least expensive per tube. We know there is value for you to just place an order and then it shows up with the correct amount of cases, correct color names and basically problem free a week or less later.

Because we value all our customers and recognize the difficulty in the housing market the past few years, we have fully shared the burden by delaying an increase until it hurt to the bone. Regarding the broader housing market, if the government could solve the cost and interest rate issue, they would have done so already. Any action the government takes to lower either housing prices or interest rates has a political cost too high. We don't see any governments becoming fiscally responsible any time soon to solve the interest rate issue. So, we think the housing market will bump along as is for quite a while without dramatic changes.

Cost matters but we will never cheapen our product quality, or reduce our service to reduce prices. I would rather tell you pricing is moving up a bit versus, "sorry, we can't ship that color to you for 2 months". NPC will continue to be proactive in order to stay a reliable, efficient supplier to you. We have chosen to take this route versus reductions in color selections, long lead times, shorting tube fill rates or reducing product quality. When contractors need quality colored sealants they tend to want them quickly. We are doing everything in our power to keep our lead times normal through this busy season and ask that you do not double/triple up on your order sizes to "beat an increase".

We are grateful and thank you for choosing NPC Colored Sealants as your supplier. Every order you place with us is appreciated! We will continue to serve you to the best of our ability and wish you all success.

Our staff and your local NPC service representative are both available to answer any specific questions You may have. We all thank you for choosing NPC Colored Sealants as your supplier.

Sincerely,

A handwritten signature in cursive script that reads "Tom Stefely".

Tom Stefely

G.M