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----High Importance Communication----

To: All Mold-Rite Plastics Customers
From: Brian Bauerbach, President and CEO
Date: February 23, 2021
RE: Resin Situation Update

Mold-Rite Customers,

Staying true to our core Mold-Rite values of transparency and open communication, we want to provide an update on the dire situation happening in the resin industry.

Resin supply and pricing has been spiraling since December due to hurricanes in late 2020, various outages at multiple producers, higher than usual demand, and then a shortage of PGP feedstock. All of these events have driven historically and dangerously low levels of resin inventory and enormous increases in polypropylene (PP) cost, which you have seen reflected in our pricing.

The winter storm and freezing temperatures that gripped Texas and caused many electrical outages has now made this very difficult situation significantly worse. As of today 88% of the US PP resin production capacity is offline and 89% of US PE production capacity is offline. Monomer and Polymer plants damaged by the freezing temperatures are projected to be offline for several more days. As a result this significant loss of capacity for an extended period of time, essentially all polyolefin resin suppliers have declared Force Majeure. This impacts not only PP but also PP co-poly, PE, and even PCR supply. Although MRP sources a majority of our resin outside of Texas and the Gulf Coast, our resin supply is being affected due to the PP suppliers declaring Force Majeure on all PP.

It is not clear to us at this point what the full impact of these events will be. However, there will clearly be further price escalation and most likely supply disruption of resin and eventually other raw materials that utilize resins (e.g. induction liner, colorant, hot melt, etc.). Our sourcing and executive teams are working diligently to find solutions and minimize the impact but we want you to know that the situation is very bad and likely will have a negative impact on all of us. We are assessing the situation continuously and intend to communicate with you frequently as events unfold, as often as daily, if necessary.

Thank you for your patience and trust during this time. Our mission, as always, is to be the most responsive, flexible and customer oriented supplier of specialty packaging in the industry and we commit to working through this together!

Sincerely,
Brian Bauerbach
President and CEO