



March 5, 2025

Dear Valued Partners,

Subsequent to our prior communication on February 7, 2025 regarding the Executive Order signed by President Trump announcing the imposition of a 10% tariff on product imported from China, additional tariffs were announced and have gone, or are scheduled to go, into effect. These new tariff announcements are in addition to any previously communicated, or implemented tariffs, and therefore require us to adjust our previously communicated price adjustment.

Additional tariffs:

- 1) **China tariffs:** 10% tariffs on products imported from China, announced February 27<sup>th</sup> and effective March 4, 2025. This is incremental to our previously communicated 10% China tariff, increasing this tariff to 20%
- 2) **Mexico and Canada tariffs:** 25% tariffs on products imported from Mexico and Canada, initially announced February 1<sup>st</sup> and effective March 4, 2025
- 3) **Modification and expansion of Section 232 Tariffs:** 25% tariffs on steel derivatives and 10% tariffs on aluminum were previously implemented in 2020; however product imported from certain countries were exempt, and the tariff only applied to certain product types

On February 11, 2025, it was announced that the Section 232 Tariffs will be modified to end all country exemptions and will be expanded to include a 25% tariff on additional product types, as well as increasing aluminum tariffs from 10% to 25%. The additional product types will include all steel Fasteners, inclusive of previously exempted types of nails, screws and staples. Steel derivative products that have been subject to the 232 Tariff since 2020 (e.g. 21-degree Collated Nails), will have no change and not be subject to additional 232 increases. The modified and expanded tariff is scheduled to take effect on March 12, 2025.

To simplify the implementation of price adjustments resulting from these tariffs, and to provide you with an all-in price, we will consolidate adjustments for these additional announcements with the adjustments noted in our February 7<sup>th</sup> communication and implement changes concurrently for all four tariff actions:

- 20% tariffs on products imported from China, of which, the first 10% went into effect February 4, 2025 and the second 10% went into effect on March 4, 2025
- 25% Mexico and Canada Tariffs on products imported from Mexico and Canada, which went into effect on March 4, 2025
- 25% Section 232 Tariffs on steel derivatives and aluminum products, currently scheduled to go into effect on March 12, 2025
  - Note that this product specific tariff is incremental to any country of origin tariffs, so products could be subject to multiple types of tariffs (e.g. Coil Roofing Nails, which are now subject to

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Section 232 Tariffs would receive an incremental 45% tariff if imported from China (25% Section 232 + 20% China))

As we have done in the past, PrimeSource will work diligently to minimize our collective risk and exposure to tariffs; however, as a result of these recent announcements, our company must adjust market pricing on a portfolio of our imported products.

Price adjustments:

- Effective April 4, 2025, we will be implementing price adjustments ranging from 5% to 45%, depending on product category, on all warehouse sales for product categories impacted by these tariffs.
- For direct container sales, price adjustments on impacted categories will be effective as of the respective tariff dates, with the adjustment amounts varying by the above applicable tariff & timing outline. You will receive an updated order confirmation shortly after the implementation date.

Your field sales representative will work directly with you on the implementation of the new pricing.

Thank you for your understanding in this complex and evolving environment, and we will update you if the current tariff situation evolves further. As always, we appreciate your business and thank you for your support and partnership.

David Deaton

EVP, Sales

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