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July 01, 2026

Dear Valued Customer,

Our partnership over the years has been built on mutual growth, collaboration, and trust. We appreciate your business and the confidence you continue to place in AlphaProTech as a supplier of cleanroom and disposable apparel.

Over the past several quarters, manufacturers across every industry have faced significant increases in raw materials, freight, labor, and general inflation. Despite these increases, AlphaProTech has absorbed a meaningful portion of these costs. The resulting August 2026 price adjustment reflects only the costs that could not reasonably be absorbed while maintaining the quality and service levels our customers expect.

To that end, last month we submitted our updated pricing file, which will become effective August 3, 2026. The primary factors supporting this adjustment are summarized below.

Raw Material Costs: Resin costs have increased over 50% since March 1, 2026, resulting in an average 22.3% increase in our finished goods costs. Global resin prices have increased an additional 12.9% since June 1, 2026.

- Tariffs: Following the February 20, 2026, SCOTUS ruling establishing a flat 10% tariff rate, AlphaProTech elected not to pass through the full increase in cost of goods sold. Instead, we reduced the August price adjustment by an amount equivalent to the tariff relief realized under the ruling.

- **Although tariffs have since been reduced to a flat 10%, the continued escalation in raw material and freight costs et al has resulted in a net August 2026 price adjustment of approximately 14.8% (unweighted).**

- In 2025, AlphaProTech implemented cumulative price increases totaling approximately 20% (10% in July, 7% in November due to tariffs, and 3% related to inflation). During that period, we absorbed a significant portion of tariff costs, which ranged from 25% to 50%.

Transportation – Ocean Freight: In April 2026, freight costs to ship a 40-foot container from India and Sri Lanka increased 53.1%, rising from an average of $3,066 to $4,695 per container. Since June 1, 2026, those costs have increased further to more than $6,500 per container.

- Continued recovery in global shipping demand, coupled with limited container availability, continues to place upward pressure on ocean freight rates.

Inflation: The U.S. Consumer Price Index (CPI), published June 10, 2026, reported annual inflation of 4.2% for May 2026, contributing to continued increases in operating and labor costs.

Labor: Manufacturing labor costs in both the U.S. and Asia have continued to rise due to wage inflation and competitive labor markets, further increasing production costs.

While these market conditions have required a pricing adjustment, we have taken a disciplined and balanced approach to minimizing the impact on our customers. By absorbing a meaningful portion of tariff-related costs and carefully evaluating all cost drivers, we believe this pricing action remains both necessary and competitive.

We remain committed to being a valued, long-term supplier and sincerely appreciate your continued partnership and trust. We look forward to supporting your business for many years to come.

Respectfully,

Chris

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