



February 18th, 2025

RE: Tariff Environment Impacting Cost/Price Dynamic

We are in a fluid environment with regards to tariffs on global imports. Our goal is to provide our customers with high-quality products at competitive prices, but due to recent changes in tariff regulations, we must unfortunately announce another necessary price adjustment. On February 7th, we announced a 6-8% price increase on construction fasteners due to the tariffs associated to fentanyl announced by President Trump on February 1st.

If the United States does not reach any settlements on these tariffs, we will increase our construction fastener pricing by 18-25% (instead of the 6-8% price increase previously announced), depending on the product category and country of origin, effective March 1st on all of our full pallet pricing and March 17th on all of our less than pallet per item contract pricing. Additionally, all direct container shipments arriving after March 7th, 2025, will be repriced to account for the new tariffs. Effective immediately we will be implementing a process to ensure a fair allocation of our product based on historical purchases at the Ship To level.

This change is driven by the following tariff measures now in effect:

1. **Sec 301 Tariff** – 25% on steel products from China, in effect since 2019 and has been built into our existing cost structure.
2. **New Fentanyl Tariff** – 10% on all goods from China, effective as of February 4th, 2025 (excluding goods already in transit) (Note: Canada and Mexico face a 25% tariff, delayed by 30 days.)
3. **New Sec 232 Tariff** – 25% on steel derivatives and finished goods from all countries, in effect as of March 12th.

These tariffs stack so some products will face a tariff of 60%. Per Chapter 73 of the Harmonized Tariff Schedule of the United States (HTSUS), nails (Subheading 7317) and screws (Subheading 7318) are classified under steel products, further confirming their tariff implications. We will continue to build all applicable tariffs, duties, and freight into our pricing rather than separating them out, in order to provide you with a clear, all-inclusive price.

We sincerely appreciate your understanding and cooperation as we navigate these complex changes. We are committed to working closely with you during this time and will continue to communicate any tariff changes in the future. In the meantime, if you have any questions, feel free to reach out to your National Nail field sales or inside sales representative. Thank you for your continued support of our CAMO, ProFit and Stinger brands.

Sincerely,

A handwritten signature in black ink that reads 'Jason Fretz'.

Jason Fretz
Vice President Sales National Nail