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Dear Partners,

Following our previous communications regarding prices, many expected that, towards the end of last year/beginning of this year, there would be some relief in paper production costs and availability to the market as the pandemic was brought under control. In particular, pulp, energy, natural gas, the logistics chain (through its stabilization), chemicals, starches, etc.

Unfortunately, as a result of the outbreak of war between Russia and Ukraine, we were faced with precisely the opposite cost movement. In part, due to anticipated shortages of certain raw materials.

As we announced when implementing the temporary surcharge in October of last year, and also last January, it was agreed it would end in March, and, if necessary in view of the situation that existed at the time, totally or partly integrated in the price list. This is the decision we have taken. Contrary to our expectations, in addition to the surcharge, the new prices will also increase compared to previous ones. One should bear in mind that these prices do not reflect the exorbitant costs that energy and natural gas have reached recently, but given the existing volatility, we have chosen to consider a more stable scenario.

It is important to mention that, between the options of continuing to guarantee the service to the market or face a temporary suspension of the activity, we decided to maintain operations, despite the potential risks. In view of the existing volatility we may, even with the price increase now announced, be operating with negative margins.

The new tables come into force for indent orders starting the 1st of April and all shipments from the 1st of May, with PCL guaranteeing that orders received before the 3rd of March (the date on which we suspended the order confirmation) and produced still in March, the prices would remain the same.

In the case of orders for standard stock products, the new table takes effect on orders received after March 22.

Although these are uncertain times, we are confident that with the understanding, collaboration and commitment of the various agents that are part of this supply chain, this period of disruption will be overcome, as happened in the recent past with Covid-19.

Best Regards

15th March 2022

