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Dear Partners,

In these uncertain and startling times, it is not easy for us to announce a new price hike.

We are well aware that if we consider the implementation of surcharges, this is the fifth time we have increased our prices in a one-year period. Believe us, we would prefer not to, but that would compromise Prado's permanence, or, at the very least, the normal activity and maintenance of a service regarding delivery dates, stock levels, in other words, mischaracterizing what has been Prado's relationship with the market over many years.

We are also aware of the problems that our customers experience in passing on price increases to the market, as there is always a delay in the process, a period in which new levels of costs are already borne, without any impact on the price level, which reverts into lost margin. However, this is the dilemma that Prado also faces.

With the aforementioned increases, Prado's average price rose by around 40%. It is a very high figure, but on the other hand, just to name a few of the resources, we supported a 50% increase in pulp costs (from June 2021 to July 2022), energy increased, in the same period, on average, around 300%, natural gas 500% (as of today, it is priced for August at € 222 in the TTF, that is, if this price level is maintained, more than 12x the amount that Prado paid until September 2021).

Other raw materials and supplementary products have been increasing above double digits and there are some, supported by our cost structure, which rose above triple digits (starches, pallets, among others).

Given this reality, it is impossible not to reflect part of these increases in prices, lightened by the fact that, as a result of very high demand, there were some productivity gains, with a part that necessarily affects negatively the company's results.

The spectre of a shortage of raw materials is a transversal concern to all operators in the paper chain, and Prado is, within the possible and viable options, actively looking for alternatives that allow it to continue working without disruption.

Even in terms of energy, work is already underway to install a biomass-based power plant, which will reduce Prado's dependence on natural gas for steam production, and it is expected to start operating later this year.

We hope on your understanding and preference, with our firm commitment that we will do everything to continue to offer our products without compromising quality and maintaining the usual Prado level of service.

Best regards

Lousã, July 27, 2022

