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Dear Partners,

After having controlled, at least immediately and in a regional way, the pandemic effects of Covid-19, we are now facing new challenges, which in economic terms and companies' sustainability (which will be reflected in the short term equally in people) are a disruptive factor, the consequences of which are yet to be assessed. We refer to the brutal increase and scarcity of raw materials and some specific services.

Prado - Cartolinas da Lousã has been accommodating a significant part of these increases, as the price corrections carried out in May and August only offset a small part of those, verified in the various factors of production.

The expectation was that the situation would be reversed, which did not happen, having been verified an exponential increase instead, with special focus on Natural Gas and Energy. Not wanting to mention in detail what happened with the costs of various raw materials and subsidiaries, as well as some services, such as transport, (situations that cut across the entire business structure) we mention, as example, the pulp that has been stable for the last three months after having reached the historic peak of USD 1,140, but 67.6% more compared to the price at the beginning of January.

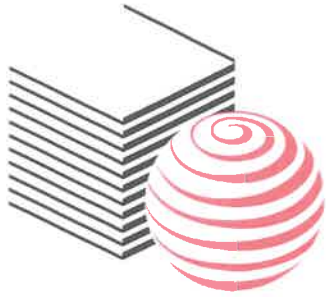
The energy area is even more dramatic, since, given the prices that Prado supported at the beginning of the year, Electric Energy and Natural Gas are, to date, about 5 times more expensive, being, together, the second factor of production with greater prominence, for example higher than personnel costs.

In view of this situation, it is impossible not to take measures, otherwise the continuity of production will be questioned, even if temporarily. In view of the available information, the perspective of adjustment of these factors of production in the very short term does not present itself as a credible scenario, but on the other hand there is an expectation of some adjustments starting in the very beginning of 2022, therefore it was decided to implement a Temporary Surcharge – Raw Materials, in the amount of €100 per ton, which will be applied to all products and markets from November 1st.

This rate will be analysed on a monthly basis, and may be adjusted downwards or upwards, according to the evolution of costs. At this time, we consider its existence limited until the end of March 2022. However, if there is no significant change in current external conditions then, it will be included in the price lists.

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P R A D O
CARTOLINAS DA LOUSÃ

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In short, orders from stock received until the 27th October and shipped until the 29th October, are not covered by this surcharge.

As per indent orders, as long as they are received by the 29th October, and confirmed for production and shipping in November, the surcharge will not either be applied.

We hope to count on your comprehension in a subject that is detrimental to everyone and, for Prado in particular, the application of this surcharge compensates only a small part of these hikes. This will only guarantee the minimum working conditions, thus maintaining the service to our customers without disruptions and without compromising the quality of our products.

If you have any doubts about this communication, our commercial services are available to clarify them.

Lousã, October 18th, 2021

Prado – Cartolinas da Lousã, S.A.