

# AMORIM CORK COMPOSITES

Dear Denis Stanislavovitch,

Throughout the last year we have been assisting to shock waves from the Covid pandemic that are causing a huge price pressure on several raw materials and also an unprecedented demand that is straining supply chains and material availability around the world.

As a result of this continuous increase in demand, suppliers of raw materials, packaging and logistical services have reached their capacity limits. In addition, unprecedented force majeure declarations are putting more and more pressure on availability, price, and delivery times.

Most of the composite materials we produce use polyurethane glues as binders, which have seen their prices in the international market increase to almost the double when compared to one year ago.

Moreover, since the last 6 months we have seen the price of energy increasing worldwide to more than three times of its value per Mwh and thus suddenly transforming energy into one of our most relevant production costs.

Also, the cork byproducts we use in our composites have recently increased to more than 10% due to the growing demand that is coming from the stoppers production, which is witnessing record values in 2021 and with a growing outlook for 2022.

On top of this, all the supply chains are being affected by a surge in transport costs that still has no end in sight and is hence placing extra pressure on the costs of everything we purchase.

Until now, we have been enduring most of the burden of all this cost increases on our side but given the continuous high level of price of these raw materials we have to transfer a part of the cost to the market.

Thus, and due to this force majeure context, we are obliged to announce this price increase of **17%** to "Bark" Ltd which will be effective to all orders invoiced as from the 1<sup>st</sup> of January of 2022.

Due to this unforeseen context, we are also faced with an extension of our usual delivery times. We therefore kindly ask you to be aware of this when placing your orders. We are doing our very best to ensure that the impact on your orders is kept to a minimum as we are reinforcing our production capacity to assure that our partners are not affected by further disruptions.

We hope for your understanding and cooperation during this extraordinary time.

Regards,



Alexandre Carneiro - Regional Sales Director Europe&Middle East

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