



**Dordrecht Nov 22, 2021**

**Subject: Price adjustments per January 1, 2022**

Dear client,

First of all, we sincerely hope that you and your family are all health and safe. The Pandemic isn't gone yet, where we all have hoped the Autumn and Winter of 2021/2022, would be one with less daily cases and less people being hospitalized, compared to previous year. The way the Pandemic is developing again in Europe is a concern to all of us.

I would like to draw your attention to the following topic; like many businesses around the world, we have been heavily impacted by rocketing commodity prices – some of which have increased by more than 100%. For example, Arabica coffee on the ICE Futures U.S. exchange has doubled in price over the last 12 months with crops in Brazil already wilting after the worst dry spell in the last decades.

Further compounding this are a struggling global supply chain, disruptions to the shipping industry, the ongoing pressure climate change has on agriculture and the huge impact this has on the costs of the raw materials needed.

We have done everything we can do to postpone and minimize the impact of this. Also Pelican Rouge Coffee Roasters B.V. has experienced a steep increase in our raw material prices. These increased prices can directly be linked to hot drinks such as Coffee, Creamers and Milk, (flavoured) Cappuccino's and Cocoa drinks.

A few examples:

- Green coffee: during the last months the prices have increased by over 40% and compared to one year ago with more than 100%. Main reason is the 35% lower crop in Brazil caused by unfavourable weather conditions;
- Availability of Coconut Oil (Creamers) in the last 6 months is limited, mainly caused by Typhoon 'Goni' in the Philippines which effected 28% of the yield;
- Due to rebuild of the stocks in China (a.o. milk powders), prices are heavily under pressure and increased with 30% in the last 6 months;
- Despite or maybe due to Covid there have been substantial rises in our general business and operating costs. For example, the inbound transportation costs have risen by 5 – 15% due to the insufficient availability of logistical resources, but a steep increase of mineral fuels;
- Next to the price increases, we received from our suppliers also comments on issues with the availability of raw materials like wood, used for pallets, and corrugated cartons and this continues to be a challenge, and increased costs for other packaging materials.

Pelican Rouge Coffee Roasters have managed to mitigate a significant part of these increases and we continue to work hard to mitigate the effects of price increases from our suppliers and increased costs. We have managed to secure raw materials although for some raw materials, the lead-times are doubled.

Unfortunately, we cannot continue to absorb the additional raw material costs. Therefore, this letter is a formal notification that, we will be implementing price increasements on the products you successfully buy from us.

Below you will find your new pricelist effective for all deliveries after January 1, 2022

Should you wish to discuss the price increases further, and would like to have some more back ground or commodity insights or our new product developments, please feel free to contact your contact person

May I take this opportunity to thank you for your understanding and continued business with us.

Yours faithfully,

**Jankees Rovers**

Export Director Pelican Rouge Coffee Roasters B.V.