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CELLULOSE INSULATION PRODUCER :: SINCE 1978

August 9, 2021

ONGOING ECONOMIC EMERGENCY!

Dear Applegate Insulation Customer:

Hyperinflation continues its assault.

Since our July 12th first ever announcement of a commodity surcharge, our costs have continued to rapidly raise far beyond our wildest expectations.

While we are disappointed that these cost increases are unrelenting, they require us to increase our commodity surcharge to 19.3% effective September 1, 2021.

Here are just a few examples of the unprecedented cost increases that have afflicted us:

Fiber costs up over 50%, Labor costs up over 40% and another ingredient (part of our proprietary formulation) is up 64%.

Because our cost increases are arriving with little or no lead time, we are unable to commit to any significant lead time for notifications of future price increases. Consequently, we strongly encourage you to not commit to any guaranteed pricing to your customers or, be sure to include a pricing escalation clause if you do.

While there has been significant allocation activity by our competitors, we have done our best to avoid these and so far, we have been able to do so. However, if supply and labour constraints continue unabated into the future we cannot guarantee that we won't have to resort to allocations at some future point.

The surcharge will be adjusted (higher or lower) based on future circumstances.

We appreciate and value your business and regret the circumstances in which we all find ourselves.

Sincerely,

Aaron Applegate and the Applegate Team