



Dear Reader,

March 2022

We have pleasure in enclosing our 2nd edition of the Foam Engineers Company Newsletter. In this newsletter we will cover, what's happening at Foam Engineers as well as some of the most recent and current topics within the industry with a view to keeping our customers apprised of the key events. We hope you find this useful and enjoy reading.

Ukraine / Russia Conflict

Like many businesses and individuals worldwide, we are deeply saddened and troubled by Russia's invasion of Ukraine and the impact this unfolding and developing situation is having on businesses and people around the globe. Our thoughts and prayers are with everyone affected by these extraordinary events.

Along with following all new Regulations, Sanctions and UK Government advice, we have also taken our own steps to limit any risk to our business and are keeping as up to date as possible on the evolving situation. We are aware of the concerns our customers will have regarding our supply chain and whether this is likely to have a wider impact of the products we supply. Fortunately, we do not currently trade with Russia or Ukraine and therefore will not be directly impacted, although it is of course worth considering the indirect impact and any knock-on effect within the supply chain which we are keeping a close eye on. We have taken steps to protect Foam Engineers, our valued Customers and Suppliers. Our Finance department is monitoring the situation surrounding the banking sanctions and continues to follow the sanctions and regulations informed by the UK Government and the financial world. Our IT Security department is on increased alert for any cybersecurity threats as we are all warned to expect the potential increase of cyberattacks worldwide. We will, of course, keep you informed of any situation changes and thank you for your support and collaboration to protect our mutual interests. Any further questions should be directed to: sales@foamengineers.co.uk

Supply Chain Disruption

- Supply chain disruption continues, and experts differ on how this might play out during 2022.
- Many companies are looking to turn crisis into opportunity by making supply chains more reliable and resilient.
- Digital mastery of supply chain technologies has been an important discussion point over the years but is now a mainstream requirement for success.

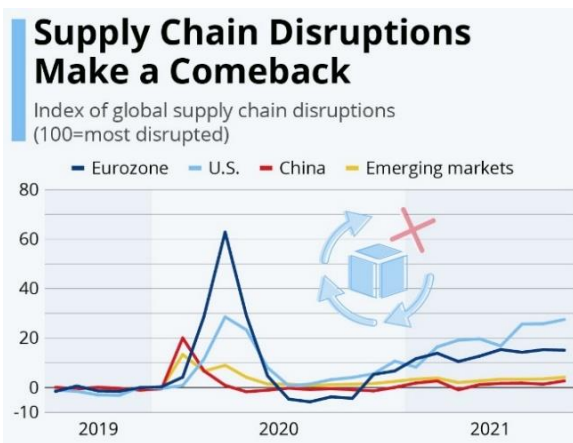


Image: Statista

Despite some easing in recent months, international shipping costs are likely to remain high in 2022. The arrival of the full post-Brexit customs checks introduced in January, has introduced further friction and added costs, leaving many businesses feeling unprepared. Freight transportation and the supply process will continue to change in 2022 with more sustainable practices being adopted, affecting everything from transport vehicles to relocating distribution centers to minimise distance travelled. Industry is collaborating to develop innovative and sustainable practices. We have had to be resilient and capable of adapting to major disruptions helping us develop long-term strategies and solutions to these complex challenges.

The latest news of concern is that operations have reportedly ceased at the Black Sea port, Odessa. Danish shipping company Maersk has announced that its vessels will no longer call at Ukrainian ports for the time being. Many trucking companies are also lacking drivers as they often come from Ukraine and have been recalled for military service.

Uncertainty remains high for supply chains in 2022. Views differ between experts on whether current issues will ease or if this year will remain as volatile as the past 18 months. A UN report recently predicted a 1.5% increase in global inflation due to global shipping challenges. Amid this pessimism, there is a broad view that supply chains are set for a bumpy ride in 2022.

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We are closely monitoring the fragility of our supply chain, working closer than ever with our suppliers. We strongly urge our customers to re-evaluate their stock holding policies with a view to offering Foam Engineers a letter of intent, order coverage or underwrite stock held as RM, WIP, or FG. This will help us to mitigate the risk and avoid any potential disruption and delays to our lead times and deliveries. If you have any concerns that your orders may be impacted, then please do not hesitate to contact our sales team to discuss in more detail.

Economic Projections

Europe, Italy, and the UK reported improved company performance in the second half of 2021 and positive reports and optimistic expectations currently prevail the European plastics industry, with a third of businesses in Europe rating business performance in the second half of 2021 as better or stable versus the first six months of 2021, and about 90% of the firms said they expect an upswing or stability in the coming months. The bad news is that material, energy and shipping costs, and availability issues are set to continue, even though the direct impacts of Covid-19 seem to be disappearing. Suppliers are having to diversify and use alternative materials as viable solutions. We are hopeful that in the second half of 2022 we will see reductions in supply bottlenecks and costs, although, a complete resolution of the complicated situation is not yet foreseeable.

Exploding costs

The pandemic has certainly shaped the concerns of the foam industry over the past two years. In 2021, companies in the industry cited the cost of materials and feedstock availability as their top two concerns, with energy prices in third place. Other major issues were logistics and shipping costs, mainly driven by the pandemic. To underline the obvious, supply bottlenecks and feedstock costs also remain the top two concerns for 2022.

Prices on an upward trend

There hasn't been much change in recent months for chemical prices, the situation is still "dynamic". There are still enormous price differences in the market and a sense of déjà vu regarding the constant attempts by foam manufacturers to pass on price hikes. The outlook for April shows volumes still available. However, where possible, processors are starting to build inventory. The automotive industry is also expected to rebound in the next few months which is driving prices up, although large swings are not expected.

Sustainability - Climate Change Updates



On 2nd March 2022, heads of state, ministers of environment and other representatives from 175 nations endorsed a resolution at the UN Environment Assembly (UNEA) to end plastics pollution and forge an international legally binding agreement by 2024. The resolution addresses the full lifecycle of plastics, including production, design and disposal.

What are we doing at Foam Engineers to reduce our impact on the environment? As a processor of plastic products, we fully understand our potential impact to the environment and our responsibility to reduce this as much as possible. We are currently working on numerous projects and initiatives within the business to achieve this. We call it the Foam Engineers Sustainable Development Program. – We aim to release our brochure on this topic very soon.

LinkedIn

We are dedicated and focused on developing our LinkedIn page and expanding our list of followers. We aim to regularly post updates and share Foam Engineers successes. If you haven't already, we would appreciate you following our Foam Engineers Company page as this is a great way for us to keep you informed of our latest developments. Please click on the link below to follow our page.

<https://www.linkedin.com/company/foam-engineers-ltd/mycompany/?viewAsMember=true>



Foam Engineers Awards Day

On Thursday 17th March Zotefoams visited our company to present our award following our recent win in Zotefoams Centenary Awards for most unique product with our motorcycle entry. Zotefoams are a multi-million-dollar global corporation, we are incredibly proud to have won this award in this category as we very much pride ourselves on our ability to innovate and design unique products which undoubtedly sets us apart in the technical fabrication foam industry.

As ever, wishing you well and thanking you for your continued co-operation and of course your highly valued custom.

Sincerely

Foam Engineers