



December 2022

Dear Customers

On behalf of all the team at Loscam I wish to thank you for your continued patience and understanding during this difficult time. We appreciate that disrupted pallet supply has impacted all of you and that frustration levels likely remain high.

This year has marked our 80th anniversary and for much of this amazing journey, Loscam has offered trusted reliability around both equipment supply and quality. Unfortunately, the pandemic and its many implications has driven an unexpected and sustained demand on our wooden pallet pool. As the market accelerated towards relief in additional inventory levels, the volume of pallets required quite simply could not keep up. And whilst we continue to do all we can to grow the available pool, this was always going to take time especially given limited timber supply within the global market.

Our approach to these challenges has remained one of ensuring we protect the interests of all existing customers and understanding disruption was inevitable it would be a shared pain. This demanded the Loscam team work tirelessly in resolving, best we could, the many challenges presented across our significant national customer network. These efforts have seen some significant achievements including:

- A 50% increase in capital investment growth
- 56% growth in pallet purchases against 5-year historical trend
- Accommodated significant average volume growth across the market
- More than doubled the number of suppliers providing timber including overseas sourcing
- Continuing to place a hold on all new wooden pallet business to focus on servicing our existing customers

The supply challenge has also seen the emergence of some significant changes to how the national pallet pool flows. We remain concerned around the poor return rates back to Loscam and continue to work hard with retailers, suppliers, industry groups and government to hopefully see a return to more conventional trending. This is critical in both ensuring a high-quality, fit for purpose pool but also allows fair distribution of pallets across the entire market.

Looking forward to 2023, we have planned a further 44% increase in pallet purchases along with increased capital investment of 78%. We will also maintain existing interventions in ensuring our existing customer base is best protected. This is a continued significant commitment by Loscam in ensuring your confidence around ongoing reliable supply returns as soon as possible.

These efforts and recent trends provide us with confidence that we should soon start seeing a general trend of gradual improvement in pallet availability. Our team and investors understand the importance of this being realised and remain totally committed to doing so. Once again, we really do appreciate your ongoing patience and understanding whilst we get there.

Wishing you, your team and families all enjoy a very Merry Christmas and safe New Year.

Kind Regards

Daniel Bunnett
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