Dear Customer

Re: Brexit

Since the United Kingdom referendum result in June 2016 to leave the EU, we have been working closely with several leading institutions to evaluate the possible risks and mitigate the likely consequences Brexit may have. In view of the uncertainty surrounding Brexit we are writing to provide you with our views regarding the possible impact on our industry and our mitigation plans.

What are the risks?

You may be aware that following the referendum there was a substantial drop in the value of the pound and following that, in December 2016, all the main vendors, including Fortinet, Microsoft, HP, Aruba, Lenovo and VMware announced price increases of between 10% and 20%. Most IT hardware and software are priced in dollars and the pound to dollar exchange rate is currently quoted around 1.3, changing slightly daily, but a No Deal Brexit would potentially affect the exchange rate and could ultimately result in price increases.

A No Deal Brexit would also mean increased duties and tariffs along with customs administration costs. Needless to say, a No Deal Brexit could potentially result in stock shortages until we learn how to navigate through these unchartered waters.

In view of the above our fundamental objective is to ensure that we offer continuity of service and supply to our customers. We have been in continuous communication with our suppliers to assess the impact on stock levels and pricing and are therefore putting into place measures to counteract the impact of Brexit.

The key actions we are currently taking are detailed below:

- We are working with our key distributors and tier one vendors to, where possible, ensure that all committed orders are brought into stock as soon as possible. We understand that all vendors and distributors are increasing their UK stock levels to counteract any impact.
- For project work, our team have been reviewing all current orders with a view to obtaining early clarification of specifications and/or quantities to ensure these are ordered ahead of time.
- We are encouraging our customers to review, as soon as possible, their general ICT requirements for 2019 and ensure orders are placed ahead of normal timing to protect against delays and potential increased cost.
- We encourage any of our customers and trading partners to contact us directly if they have any concerns.

We trust that you will find the information above useful and should you wish to discuss any of the points in more detail please do not hesitate to contact us.

Yolanta Gill
CEO, European Electronique