



Diamond Electronics Limited
Electronic Component Solutions

Dear Sir/Madam

The default setting for the country to exit the European union is currently the 31st of October 2019. With that date quickly approaching, we feel it is important to update our customers of our no-deal planning.

We as a company import from many different countries worldwide and export to many countries too, both inside and outside the EU.

We are registered for EORI. All our workforce are currently UK nationals or EU nationals with settled status, so there is a low probability of losing staff in the event of a no-deal.

As was the case for the 31st March exit date we feel the biggest short-term risk is the potential border issues delaying goods crossing the border into the UK. We believe that worse case this may delay goods going either way by up-to 2 weeks. Our short-term response to this is to adjust internal stock levels for products that could be affected.

If there is no resolution to the Brexit negotiations, it may be prudent for companies to look at addressing their own purchasing plan and where possible look at placing these additional order requirements as soon as possible to ensure availability of stock. We have planned for increased stock levels during this period.

Medium-term we will adjust incoming goods lead times to allow for potential border delays once we know if and what these involve. We currently purchase goods that carry up to 30 weeks lead times and manage the supply chain of these goods to our customer's expectation through planning and stock holding. If we must plan on 8 weeks lead time for goods that are normally 6 weeks, then this is well within our capabilities as this frequently happens in the course of normal business.

An additional medium-term risk is the weakness of GBP vs the Euro and the US Dollar. We have already seen a significant reduction in the value of GBP against many currencies. In the event of a no-deal Brexit we may see another significant decline in its value. We have taken positions on both currencies, but regrettably any major changes may be reflected in price increases, should the volatility continue beyond 2019.

This statement may be amended in the future as further information becomes available.

Darren Hesketh- Managing Director