



## **Brexit Update Statement – September 2020**

AFE Group imports and exports goods across the European Union, and employs EU citizens in the UK. We also have business operations in the European Union. The UK has now left the EU and there is now a transition period until the end of 2020 while the UK and EU negotiate additional arrangements.

The UK government has confirmed plans to introduce import controls on EU goods at the border after the transition period ends on 31 December 2020.

Thereafter, with less than 100 days remaining until the end of the transitional period it is not clear what mitigation plans the UK, EU or individual member states will put in place should there be no agreement. There is still a great deal of uncertainty and therefore our contingency plans are intended to allow for a degree of flexibility in the interim period.

Currency volatility arising in the financial markets and from the unprecedented impacts of the coronavirus pandemic have impacted on our cost base and trading results.

We have restructured certain areas of our business as a result of the trading impacts of coronavirus. We are confident that we maintain the requisite skilled labour to meet our operational and customer fulfilment needs.

AFE Group Businesses have prepared for the possibility of no agreement after the transition period and the resultant risks of border delays, customs processing and obligations to comply with any new regulations. We are working with our European and International suppliers in order to maintain continuity of production and supply through increased inventory and warehousing. We have also realigned our inventory levels during the transition period to take account of potential transport and shipping delays that may arise. We already have in place the necessary registrations to meet customs declarations when moving goods in and out of the UK, Northern Ireland and the European Union.

Brexit uncertainty has brought about some supply chain disruption and delivery delays from some of our Asia and mainland Europe supply partners. These delays have been manageable within our wider inventory and production planning and have not adversely disrupted our operations. Operational disruption has been modest as a result of the diligence shown by our management team in recognising the various Brexit scenarios that we may face.

We continue to follow existing guidance on the GDPR and monitor the ICO website for any developments in guidance during the remainder of the transition period.

AFE Group is also closely engaged with our industry trade association to fully understand and embrace any changes to regulations that affect our business and product certification. We have contributed to governmental consultations and regular meetings on potential regulation and standards changes and their likely impact on our business, and customers.

The UK government has reached an agreement with the EU that will protect EU citizen's rights in the UK after it leaves the EU. AFE Group will support and assist EU citizen colleagues in applying to stay in the UK and also support UK national colleagues working in the EU to make sure they are correctly registered as resident in the respective EU member state and can continue to travel freely within the EU for business purposes.

AFE Group has a proven ability to generate cash including during uncertain economic periods. We have an appropriate level of debt and access to necessary credit lines in association with omnibus facilities provided via our parent company. We are maintaining an open dialogue regarding Brexit impacts with all key stakeholders and industry bodies.