

BREXIT STATEMENT

Softcat plc is committed to ensuring that we continue to provide excellent service to our customers and maintain supportive working relationships with our partners and suppliers following Brexit.

The United Kingdom (UK) formally ceased to be a member of the EU with effect from 11pm (GMT) on 31 January 2020. The transitional period (which largely meant that the previous arrangements continued to apply) expired on 31 December 2020. Following the announcement on 24 December 2020 that the UK and the EU had agreed a new deal, the terms of the new Trade and Co-operation Agreement between the EU and the UK and Northern Ireland came into effect at 11pm (GMT) on 31 December 2020.

Under the new arrangements, the general position is that tariffs and other customs duties and taxes will not be applied to goods coming into the UK from the EU (or vice versa) unless those charges would also apply to the same goods where they are supplied to the internal market. However, there will still be changes to border requirements and this may result in additional fees. We are in regular discussions with our distributors and suppliers as they work through these changes and we are continuing to work together to share best practice and to minimise the impact of these new arrangements on our supply lines.

We will continue to update our plans as more information on the new arrangements (and trade agreements with other non-EU countries) and the practical changes required becomes available but we remain committed to minimising any disruption to our customers. If you have any specific questions in the meantime, please speak to your Softcat account manager.

FAQs:

- **Will Brexit impact product pricing?**
The Trade and Co-operation Agreement generally prohibits tariffs and import taxes but there are some exceptions. We are continuing discussions with our distributors about how best to manage the administrative requirements of the new import and export regime and minimise any cost increases. We can also use our EU operations in Dublin and Amsterdam and our international shipping capability to devise the most cost-effective solution for our customers.
- **What impact will Brexit have on product availability and lead times?**
The UK government has stated that it will not carry out inspections on imports during the first six months of the new regime coming into force but, on the EU side, checks will be taking place with immediate effect. Additionally, the practicalities around changes to customs declarations and other administrative requirements came into immediate effect on 1 January 2021.

We are working with our distributors and suppliers to understand and assess the impact of those changes on their contingency planning but we remain confident in the steps already taken to minimise any delays. For example, several of our distributors and suppliers have worldwide operations so we can use their international capability to ensure that we are sourcing kit from the most appropriate location and we have seen this approach put to good use already to mitigate the impact of the Covid-19 pandemic around the world. Alternative delivery routes, such as air freight and utilising ports around the UK, are also being put into place where appropriate and a number of our suppliers increased their stockholdings within the UK as part of their planning to mitigate the uncertainty around Brexit.

However, despite all these efforts, as the new regime is embedded, it is likely that there will be some restrictions and delays on some product lines over the next few weeks. We are working very closely with manufacturers and distributors and will continue to do so to address this issue. Similarly, we will also continue working with our customers to look at early commitments, prioritisation, bonded stock, alternative lines, and more, to help to eliminate these risks.

If you would like to find out more about international shipping and how we can support your business in managing lead times, please speak to your Softcat account manager.

- **How will Brexit affect data and GDPR?**

The UK is no longer a member of the EU but the UK Data Protection Act 2018 (which implemented the EU General Data Protection Regulation into domestic legislation) remains in force. Additionally, the EU and the UK have agreed that data flows between the UK and the EU can continue as before for the next four months, with the option of a further two month extension. This is dependent upon both sides not making any significant changes to their current processes during this period. The process beyond that four-six month period is still to be determined. We will continue to monitor negotiations between EU and the UK on data flows and data sharing, and the guidance from the Information Commissioner's Office, and update our processes accordingly.

- **How will Brexit affect your staff?**

We are monitoring changes to immigration rules and how this may affect our ability to recruit from overseas. However, we do not anticipate that Brexit will have any significant impact on our operations or our ability to provide continuity of service to our customers.

- **What steps should we be taking now to prepare for the new arrangements?**

Although a deal is now in place, there are still some uncertainties around how the new processes will work in practice and the longer-term arrangements. Accordingly, we recommend that you evaluate your project priorities and pipeline work and consider your requirements in relation to those projects. You may wish to consider making early commitments on those projects, or at least forecasting your requirements and talking to key suppliers at an early stage, to allow you more time for contingency planning to make sure any changes to import and export processes won't derail your projects.

We may be able to secure flexible finance agreements to bridge any budget gaps which may arise as a result of bringing forward projects/stock orders. Please let us know if you require further information on this.

Bonded stock arrangements may be useful in helping you manage your stock requirements, particularly in relation to any critical stock. This enables you to call off the stock as and when you need it, so you can avoid the risk of delays in fulfilling your business as usual requirements and any additional project demands. Softcat has recently expanded our own warehousing capability so we have multiple options available here, including internal stock holding and the ability to hold stock with our distributors.

As always, we're here to help so please let your Softcat account manager or your main contact at Softcat know if you have any specific queries or concerns.