

## EU Exit (BREXIT) Planning Information

Dear Customer,

As a Value-Added UK Distributor of many European manufacturer's products, we are being asked with increasing frequency by our customers what our plans are for an EU Exit. Therefore, I have written this letter to clarify our current position.

First, like the government (and everyone else) we do not know yet what will happen. We are in a difficult position just as yourselves due to the lack of clarity with the end deal, but can assure you that all possible scenarios are being discussed internally and with our Partner Suppliers and that we are making all reasonable preparations on a continuing basis.

H-Squared is in the fortunate position to have always maintained significant UK based inventories of not only the most commonly provided batteries, but also a significant stock of the various types of cells we offer to regular customers. We have also within this considered the 'special order' goods that have recurring supply with those of you whom purchase more specialised chemistries in various physical formats.

Secondly, as a key Value-Added supplier whom you have come to trust and rely on, H-Squared has been increasing our overall inventories to provide up to 2½ months provision of all regular moving inventory to give you a buffer in continuity of supply until the actual impact on lead times can be fully understood and reactive measures put in place.

This is in preparation such that even in the worst-case EU exit scenario we will still be able to deliver significantly from our inventories. However, we remain acutely aware that in fact, the worst case could be that replenishment of our stock has extraordinary additional delays placed upon it which may be largely out of both our control and that of our suppliers to manage on your behalf.

Third, as a result of this increased financial demand on our much larger inventory, we will be investing a considerable proportion of our sales revenues by holding this stock in greater quantities and for a longer than 'normal' length of time on your behalf.

All we ask in return is that you please continue to keep your accounts current with us in accordance to your agreed terms to *help us better manage our financial health* through these difficult and unpredictable times- and thank you in advance for your due diligence in this matter.

Finally, on behalf of all of us here at H-Squared we hope this brings a degree of respite to your concerns about our ability to support you through the BREXIT process and helps allay some of the worries and uncertainties which we all share at this time. We are all in this together.

Sincerely & with our Best Regards,

A handwritten signature in black ink, appearing to read 'Robert Molnar', written in a cursive style.

Robert Molnar, General Manager

For: /H-Squared Ltd. (A trading division of UK Electric Ltd.)