BREXIT STATEMENT

Our Strategy

We keep up to date with the progression of Brexit discussions and the potential changes and impacts of the legislation on our business. Our management along with external advisors monitor how our business may be impacted and react to minimise any disruption which may be caused by the Brexit process.

Our Workforce

We are currently not dependent on non-UK EU Citizens and do not foresee any effect on our workforce through changes in legislation, immigration or any changes to the wider labour market.

Business Continuity and Resilience

We do not currently foresee any supply chain issues. Our suppliers are located within the UK. The effects of border controls on our suppliers obtaining their raw materials & products is unknown, however, we believe that in working with our UK supply chain partners we will be able to overcome any immediate impact.

Our supply partners are controlling the cost of component parts and raw materials through a robust supply chain management program. Components are purchased in bulk, in advance and they hold significant stocks of components ready for manufacture in the UK. We also have a number of suppliers who hold stock of finished products within the UK.

We have identified dual sourcing options for our products and do not use a single source solution. We believe this approach will allow us to meet product demand or source appropriate alternative products if required.

Business Continuity and Resilience

As noted above the main risk would come from any delay in our suppliers obtaining raw materials & products from out with the UK due to delays / changes in UK border control. We believe our ability to deliver contracts will not be adversely affected, as we will work with all our UK partners to hold sufficient stocks to meet our customers' requirements.

Scenario Planning

We have developed a loose plan for each scenario, based on the 'soft', 'mid' and 'hard' scenarios outlined in the table below. However, as the Brexit deal will have many more variables than we are able to predict, we are only able to implement potentially mitigating factors prior to a final deal being negotiated.

	Soft	Mid	Hard
Features	• UK maintains access to the single market. • Limits on, but no barriers to, free movement. • Many EU laws and regulations still apply.	• No free movement of labour. • Border controlled movement of goods.	• UK leaves the single market. • Customs border between the EU and UK. • Standard WTO tariffs applicable.
Risks	• Potential changes to legislation. • Potential increases in lead times and costs from import/export duties (indirectly though our supply chain) • Currency movements. (indirectly though our supply chain)	• Stricter immigration controls. • More complex supply chain. • Currency movements. (indirectly though our supply chain)	• Increased uncertainty and volatility in the supply chain. • Increased product cost as a result of a more complex supply chain and tariff costs. • Increased complexity of the workforce. • Currency movements. (indirectly though our supply chain)
Mitigations	• Review of legislation changes as known. • Review our stock holding levels for our main product /contracted lines in order to mitigate any increased lead times. • Maintain / extend our fixed price agreements with our supply chain partners in order to overcome the indirect risk of currency movements.	• Review of legislation changes as known. • Review our stock holding levels for our main product / contracted lines in order to mitigate any increased lead times. • Maintain / extend our fixed price agreements with our supply chain partners in order to overcome the indirect risk of currency movements. • Identify members of the supply chain that could pose a threat to our operations post Brexit and ensure mitigation measures are in place.	• Review of legislation changes as known. • Review our stock holding levels for our main product / contracted lines in order to mitigate any increased lead times. • Maintain / extend our fixed price agreements with our supply chain partners in order to overcome the indirect risk of currency movements. • Identify members of the supply chain that could pose a threat to our operations post Brexit and ensure mitigation measures are in place. • Ensure our supply partners have component stocks in place, to provide a transition period after Brexit in order to minimise disruption.