

BREXIT IMPACT STATEMENT

BACKGROUND

Since the Referendum result of 2016 we have been continually assessing what the eventual Brexit outcome might mean for our business, customers, suppliers and staff.

With the increased likelihood of a so-called “No Deal” Brexit we have revisited our analysis on what we assume to be a “worst case” scenario of reduced freedom of movement of goods and labour between the UK and the EU and the imposition of tariffs between the 2 jurisdictions.

Our conclusions are set out below:

SUPPLIES

A relatively small percentage of goods offered by Winlock are EU manufactured, with the overwhelming proportion being made in the UK or in Asia. As HMRC has already published its’ tariff regime post-Brexit assuming “No Deal” we can deduce that the impact on supplies will be limited to a relatively small percentage of products that are sourced from or shipped through the EU.

Tariffs may add a small amount to cost for EU supplied products but this additional cost is not significant to our business as a whole.

We anticipate some delays to incoming goods from the EU, particularly those not arriving containerised. However we do not expect these delays to significantly disrupt supplies as we will plan to hold additional stocks where this risk exists.

CUSTOMERS

In view of our conclusions with regard to supplies we see no significant impact on our UK customers, although they may well face problems in the cost and supply of other materials, notably glass, plastic, steel and aluminium. We are not in a position to assess the likely impact of these indirect factors but to the extent they have an effect it will tend to reduce material supply, push up costs and reduce demand.

Our Non-EU export customers are unlikely to see any significant impact on supply.

We see a significant risk of disruption in the short term to our EU export customers as they may face tariffs and queues at the EU border. This is most likely to be a problem for our Republic of Ireland customers and we will be working closely with them to ensure minimal disruption to their business ensues.

STAFF AND THE LABOUR MARKET

We do not believe that any EU nationals currently living and working in the UK will be required to leave post Brexit and all indications from the government are that their rights will be protected irrespective of any lack of agreement on reciprocal rights for UK nationals in the EU. Hence any EU nationals employed by Winlock will continue to be free to live and work in the UK. Looking more widely the fenestration and construction sectors have a relatively high dependency on EU nationals within the workforce and we anticipate that there will be some skill shortages in our sector as workers returning home are less likely to be replaced by new inward migration of EU nationals. This will tend to push up wage costs and reduce supply of products and indirectly reduce demand for Winlock goods and services. However, this effect will not be immediate rather it will develop over time.

REGULATORY REGIMES AND STANDARDS

We anticipate that for the foreseeable future testing to EU product and safety standards will continue to be accepted in the UK market and we will continue to issue Declarations of Performance based on EN standards where requested.