



## **Coronavirus Covid-19 Update Statement – September 2020**

### **Outlook**

The outbreak and continued spread of the Coronavirus pandemic has brought about rapidly changing developments to our business. Our primary concern remains the health safety and wellbeing of our colleagues, customers and communities in which we operate.

Many of our customers are suffering severe trading issues as a result of the necessary social distancing and the continuing emergency measures that particularly impact the foodservice, leisure and hospitality industries.

The continuing course of the Coronavirus pandemic is likely to bring about further significant volatility within our market environment, meaning its effects on AFE Group Ltd's business performance cannot be foreseen with certainty at the moment

### **Recent Trading**

These market impacts have had a significant effect on our recent trading results. We are safely managing all our operations to maximize business continuity to support our customers.

The global spread of Coronavirus has also 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 care and diligence shown by our management team in the way they have responded to the global coronavirus pandemic.

### **Operational Developments**

As a consequence of changing customer demand seen at the outset of the pandemic, In April 2020 we took the decision to temporarily suspended production activity in line with government and health authority directions, whilst our national service support operations were realigned to reflect current call activity levels.

All our businesses continued to support our customers through the lockdown period, and are now fully operational with appropriate manpower and staff resource to meet our customer fulfillment and after sales service needs. We have been ascribed essential supplier status by our food retail and healthcare customers and are dedicating particular focus and preference to their requirements.

## **Protecting Our Stakeholders**

Our primary concern is always the health safety and wellbeing of our colleagues; those in our community in which we work; and our customers and supply partners.

All of our facilities have implemented additional cleaning, intensified hygiene and sanitation procedures, and extending the issue of appropriate PPE; whilst also adopting social distancing and work at home protocols as set out in government guidelines. All our facilities meet the government covid secure standards.

A crisis response team comprising our divisional leadership team and members of our parent company executive meets at least weekly to monitor the situation and co ordinate our response.

We are regularly communicating with all our employees to keep them informed of the evolving situation and offering health and wellbeing support in keeping themselves, their families and their colleagues safe and well.

Our leadership team is in close contact with key customers to provide our support and the continued benefit of our know-how and expertise.

## **Protecting Our Financial Position**

We have entered this unprecedented period of uncertainty and business disruption brought about by the Coronavirus pandemic with a strong financial position.

We are taking mitigating actions in anticipation of continued tougher trading conditions. This includes a recruitment freeze in all but exceptional circumstances, cost reduction initiatives, and reductions to capital expenditure unless vital for health and safety or continuity of operations.

We are working closely with our employees, directors and divisional leadership team to deploy the government job protection scheme, and also mitigating personnel costs through management of annual leave and short time working arrangements, salary reductions and deferrals.

## **Protecting Our Funding Position**

AFE Group Ltd has delivered a robust cash position for the financial year ended 31 August 2020. We remain confident in our funding position. There are sufficient funds within the AFE Group and Ali UK Ltd Group cash pooling scheme that are repayable upon demand should the need arise.

We are working with our customers to support payment arrangements and equally committed to agreeing timely payment obligations to our suppliers.