

# Dennis' Blog

## Bimonthly update

Hello everybody,

Here is my bi-weekly CEO blog which in crisis times is an even more important way to communicate with you all and share my view of the situation and other relevant topics that are going on in our colourful company!

First, some feedback from the board meeting we had March 31st. Using the Zoom technology, we had an efficient and constructive meeting with a lot of praise and appreciation how we are handling and managing the crisis, applying the strategy to minimise the burn rate and to come out stronger. We presented a business plan as a response to the COVID-19 crisis. This plan reflects a 25% sales drop vs budget and is what we believe is a balanced and realistic view of the situation. Because we have such a high fixed cost base, this reduction of sales leads to a significant loss and a real burden on our cash position.

As a consequence, we have to act and plan for non-business critical cost-saving initiatives during the rest of this tough year. Furloughing people to get access to government funds, pausing recruitment, only Health & Safety related investments in the factory and minimising our marketing investments, are all unpopular and challenging decisions to make but ones that we have to make to protect our company. The good news is that the board accepted our base plan, including the losses and cash drain that comes with it. Now it is up to us to stay focussed and allow ourselves to constantly re-plan the plan, so we adjust to the dynamic and uncertain events we have to deal with every day.

To be motivated and get the energy to deal with the daily challenges, it is essential to celebrate success and recognise the hard work and good performance we see across the business. Let me mention just a few;

- Our teams in China are almost back to normal with solid operational stability and no backlog, serving our customers and hitting 80% of budgeted sales
- Increased engagement and communication on our social channels and emails with W&N reaching 400k followers on Instagram
- Double-digit increase in sales out on Amazon across all countries.

Clearly, signs of hope and confidence to build on!

As so many countries are still in lockdown, it is even more encouraging news that:

- Le Mans will re-start from April 14th in a controlled way providing partial output from both the factory and the distribution centre.
- Kidderminster is operating with a skeleton team to serve UK online customers.
- Piscataway so far also has been able to stay open and deliver sales in March close to budget.

I have to repeat that in all sites no compromises are being made with relation to the health and safety of our people.

Next week, I will hold another Virtual Town Hall, which I am looking forward. Rest assured that with the GLT I am 100% committed and confident to lead Colart through this crisis so we can continue to serve our purpose to inspire every artist in the world. Now more than ever, people need the tools to express themselves. Not only because so many are home-bound and bored but moreover because as we all know, our products are perfect enablers to let emotional and uncertain feelings come out in a creative way.

**Stay safe, stay connected and stay creative to ride out the storm and come out stronger!**

Dennis