26 June 2024

ProCook Group plc

Annual Results for the 52 weeks ended 31 March 2024

Good strategic progress and trading momentum; clear route to accelerate profitable growth over the medium term

ProCook Group plc ("ProCook" or "the Group"), the UK's leading direct-to-consumer specialist kitchenware brand, today reports its Annual Results for the 52 weeks ended 31 March 2024.

	FY24	FY23	YoY
Revenue	**£62.6m**	**£62.3m**	**0.4%**
Gross Profit	**£41.1m**	**£38.3m**	**7.2%**
Gross profit margin%	*65.7%*	*61.5%*	*420bps*
Underlying profit / (loss) before tax[1]	**£1.0m**	**(£0.2m)**	
Underlying profit / (loss) before tax %	*1.6%*	*(0.3%)*	
New customers acquired ('000)	687	692	(0.7%)
Number of active customers L12M ('000)[2]	1,047	991	+5.6%
12 month repeat rate %[3]	21.3%	23.6%	(2.3%pts)

FY24 highlights

- Total revenue of £62.6m increased by 0.4%, or 1.7% excluding the Amazon channels which we exited over the last two years
- LFL revenue decreased by 2.0% YoY reflecting improving trend and building of momentum as we moved through the year
  - LFL Retail revenue grew by 2.8% reflecting new product launches and continued focus on customer service
  - LFL Ecommerce declined by 8.7% primarily driven by disruption from the transition to our new website platform which was completed during the year and is now delivering stronger conversion rates and reduced time to develop new customer features
- Grew our share of the UK kitchenware market[4], driven by Retail channel outperformance
- Growth in L12M active customers of +5.6% YoY to over one million customers. Successfully attracted 687,000 new customers to shop with the brand in FY24
- Gross profit margin % improved as expected, following higher supply chain costs and foreign exchange impacts in FY23, whilst improving value for customers through meaningful price cuts on approximately 40% of the range during the year
- Underlying PBT of £1.0m (FY23: Underlying LBT of £0.2m) reflecting improved gross margins and strong cost discipline despite significant inflationary cost pressures
- Launched the first two phases of our new small kitchen electricals ranges winning multiple industry awards already
- Completed the transition into our new Store Support Centre providing capacity for growth, and delivering operational supply chain efficiencies as expected
- Opened two new stores in Trafford Centre and Watford and one upsize relocation in Cheshire Oaks during the year
- Strong cash management and careful inventory planning improved free cash flow to £2.0m (FY23: outflow of £0.5m)
- Year-end net debt of £0.7m (FY23: £2.8m) with available liquidity in cash and committed/ uncommitted facilities of £15.3m at year end

A refreshed strategy to accelerate growth over the medium term

- Building on our specialist customer proposition, unique business model and strong foundations to deliver sustainable and profitable growth for all our stakeholders, targeting 100 retail stores in the UK, £100m revenue, and 10% operating profit margin over the medium term
- Strategic priorities:

1. **Accelerate profitable sales growth:** By expanding our store network, strengthening our product offer, delivering best-in-class omnichannel customer service and growing brand awareness and customer engagement
2. **Improve our operating efficiency**: Through supply chain transformation and developing resilient and scalable technology solutions
3. **Create an even better place to work:** By developing our teams and leadership capabilities and building a high performance culture
4. **Being a force for good:** By reducing our environmental footprint and caring for our communities

- New Leadership Team in place and energised to execute the refreshed strategy to accelerate profitable growth over the medium term

Current trading and outlook

The Group has had a strong start to the new financial year with trading momentum continuing to build on the trend established during the last financial year. During the first quarter of FY25, we delivered like for like sales growth of 3.5% with positive year on year performance in both Retail (+2.4% LFL) and Ecommerce channels (+5.5% LFL). Including the effect of new stores (net of store closures last year) our total revenue increased by 5.6%.

Whilst mindful of the uncertain macro backdrop, we are confident in our unique specialist proposition and encouraged by the improving momentum we have been delivering over the last year.

In FY25 we expect to deliver modest revenue growth, primarily driven by a recovery in Ecommerce sales following the disruption last financial year, and the planned opening of ten new stores in the year. We anticipate maintaining gross margins, whilst delivering products at unbeatable value. Our continued focus on cost discipline across our business is expected to deliver further operating efficiencies which will allow us to re-invest carefully to accelerate future profitable growth.

Despite the continued macro-economic and geo-political challenges, our refreshed strategy and strengthened customer focus is beginning to deliver improved performance and we have both the opportunity and a clear plan to accelerate this further.

Lee Tappenden, CEO, commented:

“We have made good strategic progress and improved our trading performance throughout the last year, growing revenue, returning to profitability, and reducing net debt through positive cash generation.

“Our unique direct-sourced and own-brand specialist proposition which offers high quality product at unbeatable value, with outstanding customer service, resonates very well with customers. This, combined with our strong foundations and a fragmented marketplace, provides a significant opportunity to raise brand awareness, expand our customer base, and increase our market share. We have a clear plan to accelerate profitable growth and we are focused on building a stronger customer-focused business that will support our growth ambition.

“Our performance during the first quarter of FY25 demonstrates continuing momentum, and, whilst the market remains subdued and uncertain, we are confident that we can build on our recent performance, delivering sustainable and profitable growth for all our stakeholders in the current financial year and beyond.”

For further information please contact:

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Next scheduled event:

ProCook expects to release its FY25 quarter two trading update in mid October 2024.

Notes to editors:

ProCook is the UK’s leading direct-to-consumer specialist kitchenware brand. ProCook offers a direct-to-consumer proposition, designing, developing, and retailing a high-quality range of cookware, kitchenware and tableware which provides customers with significant value for money.

The brand sells directly through its website, www.procook.co.uk, and through 58 own-brand retail stores, located across the UK.

Founded over 25 years ago as a family business, selling cookware sets by direct mail in the UK, ProCook has grown into a market leading, multi-channel specialist kitchenware company, employing over 600 colleagues, and operating from its Store Support Centre in Gloucester.

ProCook has been listed on the London Stock Exchange since November 2021 (PROC.L).

Further information about the ProCook Group can be found at www.procookgroup.co.uk.

Quarterly revenue performance

	FY25 (52 weeks ending 30 March 2025)						
£m	**Q1**	**Q2**	**H1**	**Q3**	**Q4**	**H2**	**FY**
Revenue	**11.3**						
Revenue growth %	5.6%						
LFL revenue[5]	**10.9**						
LFL growth %	3.5%						

	FY24 (52 weeks ending 31 March 2024)						
£m	**Q1**	**Q2**	**H1**	**Q3**	**Q4**	**H2**	**FY**
Revenue	**10.7**	**15.7**	**26.3**	**23.1**	**13.2**	**36.2**	**62.6**
Revenue growth %	(6.7%)	(1.8%)	(3.8%)	3.0%	4.8%	3.6%	0.4%
LFL revenue[6]	**10.1**	**14.8**	**24.9**	**21.4**	**12.2**	**33.6**	**58.5**
LFL growth %	(8.3%)	(2.1%)	(4.7%)	(0.6%)	1.5%	0.2%	(2.0%)

Notes

[1] Underlying profit/ (loss) before tax is presented before non-underlying items of £0.3m in FY24, and £6.4m in FY23

[2] Number of active customers reflects those customers on our database who have purchased in the last 12 months

[3] 12 month repeat rate reflects the % of customers first acquired in a previous financial year which have made at least one subsequent purchase in the following financial year

[4] Management estimate based on internal sales data GFK market weekly sales information

[5] LFL (Like For Like) revenue in FY25 reflects:

- Ecommerce LFL – ProCook direct website channel only.
- Retail LFL – Continuing Retail stores which were trading for at least one full financial year prior to the 31 March 2024, inclusive of any stores which may have moved location or increased/ decreased footprint within a given retail centre.

[6] LFL (Like For Like) revenue in FY24 reflects:

- Ecommerce LFL – ProCook direct website channel only.
- Retail LFL – Continuing Retail stores which were trading for at least one full financial year prior to the 2 April 2023, inclusive of any stores which may have moved location or increased/ decreased footprint within a given retail centre.

Chair's introduction

Since I joined ProCook shortly before the IPO in November 2021, we have been through a period of significant change as the Group became a larger and a publicly-listed business. We have navigated extremely challenging trading conditions which have affected consumers disposable income and inflated our cost base, whilst making the right investment decisions for continued long term growth. The journey has not been easy, but we are beginning to see momentum build in the Group's trading performance, returning ProCook to growth, profitability and positive cash generation.

In September last year our new CEO Lee Tappenden succeeded Daniel O'Neill, the Group's founder who has now transitioned to a Non-Executive role. Lee has brought energy, vision and different perspectives. In the months since Lee's arrival, the pace of change and urgency of delivery has been renewed, and we have greater clarity around strategic priorities and direction. The open and ambitious culture built by Daniel over the years, has been a galvanising force with our colleagues working together to build a better business and to better serve our customers.

Lee has established his new Leadership Team for the next chapter, and we now have a majority of women around the Leadership Team table having welcomed Marta Navas as Ecommerce Director, Claire Tait as Marketing Director and Laurie Haughton as Commercial Director. The right senior team is now in place to accelerate profitable growth over the medium term.

ProCook is a business which has a unique position in its sector, with our own-brand and direct-sourced specialist offer. Our customer proposition is excellent, providing customers high quality products at unbeatable value always with outstanding service both in-store and online. Once discovered, customers are great advocates, but our market share and brand awareness remain low providing significant opportunity for growth, while our strong business foundations provide a solid platform from which we can build on.

Our refreshed strategy is rightly focused on capturing this growth opportunity. Our store network today serves less than 40% of the UK population and by expanding our physical footprint we will not only drive profitable sales growth, but our increased physical presence will act as a beacon for the brand helping to raise awareness. The launch of tableware in 2019 and electricals in 2023 give us confidence that we can continue to develop the product range, extending and adding new categories and adding more seasonal relevance and inspiration which we know our customers want. Whilst ProCook's customer service is already excellent-rated, this will be elevated to a new level by an even deeper focus on our customer which, accompanied by our brand building activities particularly through digital channels, will allow us to increase awareness, advocacy and loyalty.

Cost pressures remain high, and a relentless focus on cost-discipline and operational efficiency is critical. By improving supply chain effectiveness and use of technology, the Group will reduce costs to serve and become more nimble.

Dividend

In light of the continued macro uncertainty, and the Group's plans to continue to invest in areas which will support future performance and growth, the Board is not recommending a dividend payment for this financial year in order to preserve cash within the business during this period. The Board will continue to review dividend payments in future periods in line with the Group's Capital Allocation Policy.

Our Board

I am committed to ensuring that the Board remains focused on strategy development and execution whilst we continue to take our governance commitments very seriously. These two parallel tracks are key to generating a sustainable business that delivers for all our stakeholders.

The Non-Executive Directors continue to work very well with the Executives and wider Leadership Team, providing relevant sector experience and skills with pragmatic knowledge-sharing and insight, combined with appropriate challenge on strategic, operational and governance matters.

In June, we welcomed Meg Lustman to our Board as Non-Executive Director and Chair of the Remuneration Committee. Meg brings over 35 years of retail experience to the Board which will be invaluable as we continue to build on the growing momentum in our performance.

Luke Kingsnorth, our Non-executive Director and Remuneration Committee Chair, who has been with us since IPO and added tremendous value over the last three years, has now stood down from the Board to focus on other professional commitments and I would like to thank him for his consistently high quality contributions during his time with us.

Being a force for good

ProCook is a responsible retailer, an ethos which is embedded in our proposition and cultural values. We remain focused on listening to our colleagues and creating an even better place to work. Our continued membership of the Real Living Wage Foundation reflects our commitment to support our people as best we can through the pressures of the cost-of-living crisis, providing fair pay for all.

We are taking the right steps to progress our ambition to achieve net zero by 2040 and, as a B Corp, we believe that we can be a force for good, encouraging customers and other organisations to make positive choices which help protect our planet and better serve the communities we operate in.

The support from all our people and suppliers to our mission has been outstanding and on behalf of the Board, I would like to express our sincere thanks.

Greg Hodder

Chair
25 June 2024

CEO's review

I am pleased to provide my first report as CEO of ProCook and I would like to take the opportunity to thank all ProCook colleagues for the very warm welcome and their continued commitment, passion and customer-focus during what has been an extremely challenging trading environment over the last two years.

In the months since I joined, my initial impressions of the business have been reinforced. The Group has real strength in its own-brand, direct sourced model, providing a specialist retail offer with a high quality product range. The service delivered by our passionate colleagues in our retail stores is outstanding, and this helps build strong loyalty once customers find us.

I am pleased that the team under Daniel O'Neill's leadership have invested wisely in capability and infrastructure, building solid foundations to support future growth.

These strong foundations and our unique specialist proposition, combined with low brand awareness and a fragmented marketplace, provide a significant opportunity for us to accelerate profitable growth.

Building momentum and improving performance

Trading momentum has improved throughout the last financial year and ProCook has returned to profit and generated positive cash flows in FY24.

Market conditions have remained challenging with the macro backdrop impacting customers' disposable incomes and spending decisions. Total revenue of £62.6m was up 0.4% year on year, and when excluding the impact of discontinued Amazon EU channels that were exited last year, revenue increased by 1.7% reflecting modest market share gains.

Gross margins recovered to 65.7% (FY23: 61.5%) following the impact of heightened shipping costs in last year's results, and with continued cost discipline the Group has delivered an improved underlying profit before tax of £1.0m (FY23: loss of £0.2m). Statutory reported profit before tax increased to £0.7m (FY23: loss of £6.5m, including £4.4m of impairment expenses).

Retail performance has remained resilient with revenue increasing by 8.7% including like for like growth of 2.8% and the impact of new and upsized stores. We took the opportunity to close three smaller, less profitable, garden centre stores in quarter four as lease break points became available. Like for like growth was driven by product innovation including the launch of new Electricals ranges, pricing improvements for customers, and continued focus on delivering outstanding customer service.

Ecommerce revenue declined by 11.5% including a 2.8% point impact of the discontinued Amazon channels, and lower sales on our own website which reduced by 8.7% year on year. Performance on our own website was impacted by disruption from the transition to a new platform which began in early Summer and had lasting effects through to Black Friday, and has since improved, delivering stronger conversion rates and reduced time to develop new customer features.

The Group ended the financial year with net debt of £0.7m (FY23: £2.8m) reflecting free cash flow generation of £2.0m (FY23: outflow of £0.5m) and available liquidity of £15.3m.

Our strategy for growth

Over the last 28 years ProCook has developed its business model to offer customers high quality products at unbeatable value, delivered with outstanding multichannel service. During the year the Group further improved its excellent-rating from Trustpilot with over 110,000 5-star reviews received and was again recognised by Which? as a Recommended Provider ranking joint second in the UK by customer review score.

Following a period of significant growth before and during Covid-19, the Group has gone through a period of significant change in the last two years, consolidating operations, investing for future growth, and we have now established our new Leadership Team for the next chapter after welcoming our new Ecommerce, Marketing and Commercial Directors to the team.

During the months since I joined the Group, I have worked with the Board and Leadership Team to develop a refreshed strategy to drive forward our specialist proposition and unique business model with the focus, energy and pace needed to accelerate our mission to become the customers' first choice for kitchenware. Our plan will deliver sustainable and profitable growth for all of our stakeholders and we are targeting 100 retail stores in the UK, £100m revenue, and 10% operating profit margin over the medium term. The activities which we will be pursuing in the years ahead are as follows:

1. Accelerate profitable sales growth

Expand our store network: Enabling more customers to shop in our stores by increasing physical retail coverage towards 100 profitable stores across the UK.

Strengthen our product offer: Creating more reasons to shop with us by adding extended ranges and improving our seasonal and promotional campaigns, adding more inspiration and broadening our appeal.

Deliver best in class omnichannel customer service: Putting the customer first to deliver even better service and a seamless experience across in-store and online, however our customers want to shop with us.

Grow brand awareness and customer engagement: Helping more customers discover ProCook for the first time, and encouraging more existing customers to shop with us again by adding more personality and personalisation.

2. Improve our operating efficiency

Supply Chain Transformation: Transforming our supply chain to better serve our retail stores and customers, by increasing delivery frequency, reducing out of stocks and improving availability whilst operating at a lower cost.

Resilient and scalable Technology solutions: Developing and evolving our technology solutions and capabilities to support greater operational efficiency while improving ease of use for our customers and colleagues.

3. Creating an even better place to work

Developing our teams and our leadership capabilities: Enhancing our service and product training for all customer-facing colleagues to further improve customer experience and focusing on our leadership development to ensure we deliver on our accelerated growth ambition.

Building a high performance culture: Adding greater pace and urgency into our ways of working to ensure our people are focused on the right priorities and deliver effectively together as one team.

4. Being a force for good

Reducing our environmental footprint: Continuing the great work that has already been achieved to help protect our planet, by progressing our action-plan to deliver on our commitment of Net Zero by 2040.

Caring for our communities: Increasing our support for the local communities in which we operate, acting as a force for good for society as a whole.

Outlook for the year ahead

The Group has had a strong start to the new financial year with trading momentum continuing to build on the trend established during the last financial year. During the first quarter of FY25, we delivered like for like sales growth of 3.5% with positive year on year performance in both Retail (+2.4% LFL) and Ecommerce (+5.5% LFL). Including the effect of new stores (net of store closures last year) our total revenue increased by 5.6%.

Whist mindful of the uncertain macro backdrop, we are confident in our unique specialist proposition and encouraged by the improving momentum we have been delivering over the last year.

In FY25 we expect to deliver modest revenue growth, primarily driven by a recovery in Ecommerce sales, following the website transition disruption last financial year, and the planned opening of ten new stores in the current year. We anticipate maintaining gross margins, whilst delivering products at unbeatable value. Our continued focus on cost discipline across our business is expected to deliver further operating efficiencies which will allow us to re-invest carefully to accelerate future profitable growth.

Despite the continued macro-economic and geo-political challenges, our refreshed strategy and strengthened customer focus is beginning to deliver improved performance and we have both the opportunity and a clear plan to accelerate this further.

Lee Tappenden
Chief Executive Officer
25 June 2024

CFO's review

Trading momentum has improved throughout the year resulting in total continuing business revenue growth of 1.7% year on year, while gross margins have increased by 420bps as expected. These impacts, combined with our focus on cost discipline and delivering improved operating efficiency in the face of significant inflationary cost pressures, has resulted in a return to profit and positive cash generation.

Revenue

£m/ %	FY24 £m	FY23 £m	*YoY growth %*
Revenue	**62.6**	**62.3**	***0.4%***
Ecommerce	22.7	25.6	*(11.5%)*
Retail	39.9	36.7	*8.7%*
LFL Revenue	**58.5**	**59.6**	***(2.0%)***
Ecommerce	22.7	24.9	*(8.7%)*
Retail	35.8	34.8	*2.8%*

Total revenue in FY24 (the 52-week period ending 31 March 2024) increased by 0.4% to £62.6m (FY23, the 52-week period ending 2 April 2023: £62.3m). Excluding the year on year impact of the discontinuation of the Amazon EU channels in FY23, total revenue grew by 1.7%. Trading performance improved through the year with total like for like revenue returning to growth in the fourth quarter.

We have marginally increased our share in the UK Kitchenware market[1] during the year, driven by resilient Retail revenue growth which outperformed the market. Our mix of revenue remains more heavily weighted to Ecommerce (36%) than the wider market (26%).

Ecommerce revenue decreased by 11.5% to £22.7m (FY23: £25.6m) including the £0.8m impact of lower sales year on year from the discontinued Amazon channels. Like for like revenue from our own website channels declined by 8.7% year on year, largely the result of disruption caused by the transition to our new website during the year.

Retail revenue increased by 8.7% year on year to £39.9m (FY23: £36.7m), benefitting from the three new stores opened last year and the two new stores opened in the year, partly offset by the closure of three smaller garden centre stores during the final quarter. Like for like Retail revenue grew by 2.8% year on year. At the end of the financial year our UK Retail estate comprised 57 stores.

[1] Management estimates based on internal sales data and GFK weekly kitchenware sales data.

Gross profit

Gross profit of £41.1m in FY24 (FY23: £38.3m) reflected improved gross margins of 65.7% (FY22: 61.5%) which were driven by the reduced impact of heightened marine freight costs which had adversely impacted cost of goods sold over the last financial year (+530 bps impact), and lower levels of promotional activity year on year (+50 bps impact). These positive effects were partly offset by our drive to improve our value proposition, offering better pricing for customers across the majority of the range from Q3 onwards, which was carefully applied and monitored through the remainder of the year (-160 bps impact).

Operating expenses and other income

Underlying operating expenses net of other income

Total underlying operating expenses net of other income were £39.0m (FY23: £37.6m) representing 62.3% of sales (FY23: 60.3%). The growth in costs was driven by a number of key factors:

- Expenses in relation to the two new stores and one relocation upsize opened this year and the annualisation of the three new stores opened last year: +£0.8m
- Annualisation of new Store Support Centre (“SSC”) occupancy costs compared to previous HQ and Distribution Centres: +£0.8m
- Pay inflation and capability investment: +£2.0m
- Above the line marketing campaign investment: +£0.6m
- Increased digital marketing costs driven by website disruption (£0.8m) offset by volume reduction (-£0.9m): -£0.1m
- Lower costs from the discontinued Amazon EU marketplace channels: -£0.6m
- Annualisation of FY23 £3m cost savings programme: -£2.1m

Other income

Total other income of £49k in FY24 (FY23: £51k) related solely to rental income.

Non-underlying operating expenses

It is the Group’s policy to disclose separately such items that relate to non-recurring events and are material in nature, and incurred outside of the normal business operations, in order to provide a consistent and comparable view of the underlying performance of the Group. Non-underlying operating expenses in FY24 were £0.1m (FY23: £6.2m).

Consistent with prior years, expenses in respect of employee share-based awards which relate to the IPO event in FY22, which itself is non-recurring, have been presented as non-underlying costs. These expenses are expected to continue into FY25 up to the third anniversary of the IPO in November 2024.

During FY24, the Group completed the final elements of consolidation of warehouse operations into its new SSC, with subsequent assignment of the two pre-existing warehouse leases to new tenants later in the year. Operating and finance expenses associated with the costs of transitioning into the new site, dual occupancy of the new or previous sites, and exit costs associated with the disposal of the two previous sites of £1.2m in FY24 (FY23: £0.5m) have been presented as non-underlying costs as these items are non-recurring, dual-running and transition-related. Non-underlying finance expenses relate to interest on lease liabilities relating to the disused warehouses.

Assignment of the leases, resulting in derecognition of the related right-of-use assets and liabilities and disposal of related fixed assets, resulted in gains of £1.9m, including the reversal of £1.1m of prior year impairment provisions against these two sites which were treated as non-underlying costs. The prior year impairment assessment considered a number of estimation factors at that time, including the length of time each property would remain vacant. The reversal in current year reflects the leases being assigned to new tenants in shorter timescales than those previously assumed.

During the year, there was a significant amount of change in the Group’s senior management team, following the announcement that the Group’s Founder Daniel O’Neill would step down from his role as CEO and transition to a Non-Executive Director role. The one-off costs associated with recruiting a new CEO and a subsequent restructuring of the senior management team totalling £0.7m have been treated as non-underlying given their material and one-off nature. Management considers that separate disclosure of this restructuring cost as non-underlying provides additional useful information to the users of the financial statements around the day to day trading performance of the Group.

The Group carried out an impairment assessment as at 31 March 2024 which did not result in any expense (or reversal of previous expense) to the Consolidated Income Statement. (2023: £3.3m in respect of Retail CGU impairment and £1.1m) in respect of the Group's two pre-existing distribution / head office sites).

Operating profit

Total underlying operating profit for the period was £2.1m (FY23: £0.8m). Ecommerce operating profitability improved from 17.9% of revenue to 23.5% benefitting from the improved gross profit margins, exit of the EU marketplaces and operational efficiencies year on year, partly offset by higher digital marketing costs. Retail profitability improved from 14.5% of revenue to 20.6%, also benefitting from revenue growth, improved gross profit margins, and operating efficiencies. The total operating profit from the Ecommerce and Retail channels combined was £13.5m (FY23: £9.9m). Central costs increased by £2.3m year on year driven by increased costs associated with the new SSC, pay inflation and other central cost investments including brand marketing campaigns.

£m	**FY24**	**FY23**
Underlying operating profit		
Ecommerce	5.3	4.6
Retail	8.2	5.3
Central costs	(11.4)	(9.1)
Total	**2.1**	**0.8**
Underlying operating profit % of revenue		
Ecommerce	23.5%	17.9%
Retail	20.6%	14.5%
Central costs	(18.3%)	(14.7%)
Total	**3.4%**	**1.2%**

Total reported operating profit, after the £0.1m of non-underlying expenses set out above was £2.0m (FY23: £5.4m operating loss).

Profit and earnings per share

Underlying profit before tax was £1.0m (FY23: £0.2m underlying loss before tax).

During the year, there was a net expense of £1.2m (FY23: £1.1m) in respect of financial items in the period. Financial items included interest expenses on lease liabilities and borrowings of £1.4m (FY23: £1.1m), and other gains in respect of foreign exchange of £114k (FY23: £55k loss).

After non-underlying items, reported profit before tax was £0.7m (FY23: £6.5m loss before tax). Reported profit after tax was £0.6m (FY23 restated: £6.1m reported loss after tax).

The effective tax rate on underlying profit before tax was 16.4% (FY23 restated: 6.7%).

Earnings per share

Underlying basic earnings per share for the year increased to 0.77 pence (FY23 restated: -0.14 pence) and underlying diluted earnings per share increased to 0.73 pence (FY23 restated: -0.14 pence).

Reported basic earnings per share for the year increased to 0.56 pence (FY23 restated: -5.59 pence) and reported diluted earnings per share for the year increased to 0.53 pence (FY23 restated: -5.59 pence).

Prior period restatement

The deferred tax asset in the financial years ending 3 April 2022 and 2 April 2023 has been restated in relation to share based payments. Further information relating to this restatement is set out in the notes to the Consolidated Financial Statements.

Cash generation and net debt

We have continued to carefully manage our cash position during the year, resulting in free cash flow of £2.0m (FY23: -£0.5m outflow) and a reduction in net debt to £0.7m (FY23: £2.8m) with available liquidity headroom of £15.3m (FY23: £13.2m).

£m	**FY24**	**FY23**
Reported profit before tax	**0.7**	**(6.5)**
Depreciation, amortisation, impairment, and (profit)/ loss on disposal	3.1	9.5
Share based payments	0.2	1.1
Finance expense	1.4	1.1
Unrealised FX (gains)/ losses	(0.4)	0.5
Net working capital	3.6	3.8
Tax paid	(0.0)	(0.1)
Net operating cash flow	**8.6**	**9.3**
Net capital expenditure	(1.9)	(5.2)
Interest	(1.3)	(1.1)
Payment of lease liabilities	3.4	(3.6)
Free cash flow	**2.0**	**(0.5)**
Movement in borrowings	(2.0)	(1.0)
Dividends paid	-	(0.3)
Movement in cash and cash equivalents	**0.0**	**(1.8)**

£m	**FY24**	**FY23**
Cash and cash equivalents	2.0	2.0
Borrowings	(2.7)	(4.8)
Net (Debt)/ Cash	**0.7**	**(2.8)**

The reported profit before tax in the year includes £0.3m of non-underlying operating and finance expenses, which resulted in £2.5m of cash outflow (FY23: £0.7m cash outflow).

A reduction in net working capital resulted in a cash inflow of £4.0m in the year (FY23: £3.8m) reflecting our planned reduction of inventory and an increased trade payable position. Inventory on hand at the year-end (excluding inventory in transit) was £8.1m (FY23: £9.5m) down 14.9% year on year. Total inventory at the year-end was £9.7m (FY23: £11.5m).

Net capital expenditure of £1.9m in the year primarily related to the final elements of investment in the new SSC, and the two new stores and one upsized relocation store which opened during the year. In the prior year, net capital expenditure of £5.2m largely related to the investment in the new SSC and new and relocating store investments.

As at 31 March 2024, the Group held a current tax asset of £0.1m (FY23: £0.6m) and a deferred tax asset of £0.7m (FY23 restated: £0.9m). We anticipate, based on our current financial projections, that this deferred tax asset will be utilised against taxable profits generated within the next two financial years.

Banking agreements

The Group has access to a committed £10m Revolving Credit Facility ("RCF") to provide additional cash headroom to support operational and investment activities. Additionally, the RCF agreement provides an accordion option, subject to the lender's approval, to extend the facility by a further £5m.

Shortly after the year-end, on the 19 April 2024, the Group successfully arranged a one-year extension to the RCF which extends the expiry date out to April 2026. Additionally, the terms in respect of the fixed charge cover covenant were amended, in order to provide additional headroom against that covenant in light of the Group's performance over the last two financial years. The revised covenant test requires EBITDAR to be no less than 1.30x fixed charges for the FY24 Q4 and FY25 Q1 and Q2 test dates, and 1.40x thereafter. The leverage coverage remains unchanged with net debt to be no greater than 2.0x EBITDA. Both covenants are tested quarterly and are calculated on a last 12 month rolling, pre-IFRS 16 basis.

The Group's ability to meet these covenants has been stress tested as part of going concern and viability considerations.

The Group has retained its access to an existing uncommitted £6.0m trade finance facility, which is due to expire on 31 August 2024, although is expected to be renewed at that date. There is a performance KPI (inventory to payables ratio), which is monitored on a quarterly basis, however, there are no covenants or guarantees or other collateral associated with this facility.

Capital allocation and dividend policy

In normal circumstances, the Board currently believes that, to ensure operating flexibility through the business cycle, it must maintain a minimum unrestricted cash/ debt headroom which the Board reviews on an annual basis, or more frequently as required. Maintaining this headroom provides a level of flexibility sufficient to fund the working capital and investment needs of the Group (as well as set aside an appropriate operating reserve for unexpected events).

The Group's dividend policy targets an ordinary dividend pay-out ratio of 20-30% of profit after tax during the financial year to which the dividend relates. The Board anticipates, under normal circumstances, that it will consider returning surplus cash to shareholders if average cash/ debt headroom over a period consistently exceeds the minimum headroom target, subject to known and anticipated investment plans at the time.

The full capital and dividend policy is available on the Group's website at www.procookgroup.co.uk.

Dividends

Due to the ongoing challenging consumer environment and the uncertainty that it creates around trading performance, and, therefore, taking a cautious and responsible decision to preserve cash within the business during these times, the Board have not recommended any final dividend in respect of FY24.

Treasury management

The Group is exposed to foreign currency risk through its trading activities. The main source of this relates to stock purchases from non-UK suppliers, which accounts for approximately 95% of the Group's annual stock purchases. To manage the exchange rate risk, a mixture of standard ("vanilla") forwards and outperformance trades are utilised. The Group seeks target levels of coverage for future USD payments, as determined by internal forecasts and the Group's Treasury Management Policy.

Given the level of USD transactions and cover obtained via financial instruments, the Group is exposed to a counter-party risk with each of the financial institutions where arrangements are held. The Group manages this risk by ensuring only highly credited institutions are used and limiting the level of exposure with each.

The Group is also exposed to interest rate risk where the Group has financial obligations that give rise to a variable interest charge. To minimise the charges and exposure driven by interest rates, the Group ensures that credit facilities are used optimally in parallel with the latest interest rate information and forecasts.

Tax strategy

The Group's tax policy is to manage its tax affairs in a responsible and transparent manner in line with our commitment to high corporate governance standards. This ensures the Group complies with the relevant legislation and has due regard to our reputation and thus seek to promote the long-term success of the Group and deliver sustainable shareholder value.

A full copy of the Tax Strategy is available on the Group's website at www.procookgroup.co.uk.

Going Concern

The financial statements have been prepared on a going concern basis. The Group has reported a profit before tax of £0.7m after non-underlying items for the financial year ended 31 March 2024 (FY23: loss before tax of £6.5m) and had a net asset position of £8.4m as at 31 March 2024 (2 April 2023 restated: £7.7m), with a net current liabilities position of £1.2m (2 April 2023: net current assets of £1.3m). The Group had net debt (cash and cash equivalents less borrowings) of £0.7m at 31 March 2023 (2 April 2023: £2.8m) with available liquidity headroom of £15.3m.

In their assessment of going concern the Board has considered a period of at least 12 months from the date of signing these financial statements. In considering whether it is appropriate to adopt the going concern basis in the preparation of the financial statements, the Directors have considered the Group's principal risks and uncertainties and have assessed the impact of a range of downside scenarios, including a severe but plausible downside scenario, on the Group's expected financial performance, position, and cash generation. The scenarios have been informed by a comprehensive review of the macroeconomic environment, including consideration of the recent fall in inflation, and anticipated decline in interest rates, alongside geo-political tensions including the impacts on our supply chain.

Consideration has been given to the availability of facility headroom and covenant compliance within the Group's financing facilities, the recently extended RCF agreement and amended fixed charge covenant terms, details of which are as follows:

- ProCook's bank facility agreements and the associated covenants are set out in the CFO's Review within this annual report and include a committed £10m RCF (expiring in April 2026, although expected by management to be renewed at that date), with a £5m accordion option to the RCF, subject to lender approval, and an uncommitted £6m trade finance facility.
- Shortly after the year-end, on the 19 April 2024, the Group successfully arranged a one-year extension to the RCF which extends the expiry date out to April 2026. Additionally, the terms in respect of the fixed charge cover covenant were amended, in order to provide additional headroom against that covenant in light of the Group's performance over the last two financial years. The revised covenant test requires EBITDAR to be no less than 1.30x fixed charges for the FY24 Q4 and FY25 Q1 and Q2 test dates, and 1.40x thereafter. The leverage coverage remains unchanged with net debt to be no greater than 2.0x EBITDA. Both covenants are tested quarterly and are calculated on a last twelve month rolling, pre-IFRS 16 basis.

The base case for the scenario modelling extends from the Group's annual budget plan that was approved by the Board in March 2024 and updated in its most recent forecast during quarter one and approved by the Board in June 2024. Forecasts for FY26 are based on the Group's strategic objectives and its five year financial plan, which projects forwards from the latest FY25 forecast.

Key assumptions include Ecommerce and Retail like for like revenue growth, gross margin performance, the financial impacts of opening of new stores (including capital investments and time to maturity), operational efficiencies being delivered, investment in marketing activity, and the appropriate level of inventory required to maintain strong product availability for customers.

In their consideration of the Group's principal risks and uncertainties the Board believes that the most likely and most impactful risks that the Group faces are those surrounding customer and macro-economic factors, and supply chain disruption risk, both of which are heightened as a result of the current macro-environment and geo-political tensions.
The Board has reviewed the potential downside impact of these risks unfolding, modelled under a number of scenarios including a severe but plausible downside scenario which reflected the following assumptions:

- A significant reduction in customer demand and shopping frequency, caused by continued disposable income pressures and consumer caution in light of political uncertainty, and additional cost impacts driven by continued supply chain disruption associated with the Suez Canal diversions. The impacts of these factors have been reflected in an 8% lower revenue performance in the FY25 year compared to base case, increasing to a 16% decrease in FY26 and a 22% decrease in FY26, combining to reflect a 22% reduction in Group revenue growth over the twelve month assessment period compared to the base case.
- Included within this lower sales scenario, are fewer new store openings in FY26 on the basis that there would be lower management confidence of positive return on investment from such openings.
- A reduction in gross margins in FY26 compared to the base case by 100bps to reflect heightened supply chain costs.

Under this severe but plausible downside scenario, and before mitigating actions, the Group would remain comfortably within its available borrowing facilities throughout the assessment period and remain compliant with the fixed charge covenant test. However, it would breach the leverage covenant at the Q2 FY25 test date given the level of planned and committed inventory intake and new store openings during the first half of FY25.

The Board has also reviewed a reverse stress test which has been applied to the base case model to determine the level of sales decline which would result in a breach of financial covenants. A reduction in revenue, with no mitigations applied, of approximately 8% from Q2 FY25 onwards would be required to breach fixed charge covenants at that quarter-end test date. A further reduction in revenue of 22% in FY26 would be required to breach fixed charge covenants in that year.

The other downside scenario linked to the key principal risks and uncertainties, which was considered by the Board, had a less severe cumulative impact than the severe but plausible downside scenario outlined above and in this scenario neither of the covenants would be breached, and the Group would remain comfortably within its available borrowing facilities throughout the assessment period.

The Board has also considered the potential impacts of climate change risks. These are not considered to have a material effect on the Group's financial projections over the assessment period.

If any of the downside scenarios were to arise, including the severe but plausible downside scenario and the reverse stress test scenario, there are a series of mitigating actions that the Group could seek to implement to protect or enhance financial performance and position including to:

- Increase selling prices for products which have lower price elasticity to help offset additional sourcing costs
- Increase promotional activity to accelerate trading performance and reduce stock levels, or alternatively, reduce promotional activity to better protect gross margins
- Reduce paid media marketing spend and postpone or reduce other planned marketing activities
- Reduce variable costs in operational functions to reflect the lower sales volumes
- Reduce central overhead costs (including headcount investment) over the short or medium term
- Delay new store openings or capital expenditure in technology and logistics
- Renegotiate or seek extended payment terms with suppliers on a permanent or temporary basis
- Seek alternative forms of financing or new banking terms to support working capital and investment requirements

Conclusion
The Board has undertaken a comprehensive review and assessment of going concern including the Group's financial projections, debt servicing requirements, available facility headroom and liquidity, and its principal risks and uncertainties. In the base case and downside scenarios which the Directors have reviewed, the Group remains comfortably within its available facility headroom, and no facility covenants would be breached. However, the Directors recognise that under the severe but plausible downside scenario, the Group could breach its leverage covenant unless mitigating actions were to be successfully applied sufficiently in advance to prevent such a breach, or were it to agree a covenant waiver, new banking terms, or alternative funding arrangements, none of which can be guaranteed. The Directors therefore acknowledge that this potential breach represents a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

The Board considers the likelihood of such a severe downside scenario materialising to be low and recognises the range of mitigating actions available to the Group to prevent such a breach occurring, and the positive and long-standing relationship which the Group has with its banking partner HSBC. The Directors therefore have a reasonable expectation that the Group has adequate resources to continue in operational existence and meet its liabilities as they fall due over the period of at least 12 months from the date of approving these financial statements. Accordingly, the financial statements have been prepared under the going concern basis of accounting.

Principal risks and uncertainties

The Board continually reviews and monitors the risks and uncertainties which could have a material effect on the Group's results. A summary of the principal risks is set out below:

Risk	**Impact**
Strategy and business change	Failure to identify and successfully execute appropriate strategies to develop and grow the brand over the medium to long term could be affected by a range of factors including changes in competition or products, consumer behaviours and trends, inadequate change management or leadership. This could slow or limit the growth of the business, distract from and / or damage the overall customer proposition, incur additional cost or serve to demotivate colleagues if not led effectively.
Competition, market and macroeconomic	Failure to adapt to changing consumer needs given external macro factors, and to maintain a compelling customer offer compared to competitors could limit or reduce profitability and opportunities for growth. Macroeconomic factors which reduce consumer confidence and / or disposable incomes or create additional cost pressures could impact revenue growth and profit generation.
Brand and customer	Reputational damage leading to loss of consumer confidence in ProCook products or services, which could be caused by a variety of factors including customer data loss, product quality, health and safety, level of direct marketing activity, ethical or sustainability concerns, poor customer service or, regulatory non-compliance.
Climate change	Any failure to implement our ESG ambitions within acceptable timescales and deliver on stakeholder expectations to reduce the environmental impact of our business and progress towards our net zero targets. These include actions linked to our ESG strategy and managing the potential consequences of climate change on our business. Failure to meet the expectations of our customers, colleagues, investors and other stakeholders, may impact our brand reputation and future trading performance.
Supply chain	Failure to source products effectively and efficiently, potentially relating to geopolitics surrounding Far East manufacturing reliance, or to ensure inventory is maintained in the right volumes at the right locations could adversely impact our short and medium term operational and financial performance.
Technology platforms, data loss and cyber security	Failure to develop and maintain appropriate technology to support operations, or the loss of key platforms or data due to cyber-attacks or other failures without an adequate response, could lead to reputational damage, fines or higher costs, or a loss of stakeholder and customer confidence in our Brand.
Marketing effectiveness	Any failure to attract new customers and retain existing customers in a cost-effective and engaging way could impact short term performance and medium strategic growth ambitions.
People and culture	Any failure to attract, retain and develop the right talent, skills and capabilities or to successfully protect and develop our culture could impact operational activities including customer service and our longer-term strategic objectives.
Finance and treasury	Any failure to effectively manage our financial affairs and ensure an appropriate financial position and sufficient liquidity for future growth, or any failure in financial planning, financial reporting, compliance with tax legislation, or the maintenance of a robust financial control environment, could impact our ability to deliver our strategic objectives, as well as have an adverse impact on business viability.
Regulatory and compliance	Any failure to comply with legal and regulatory obligations, or our wider corporate responsibility could result in financial or legal exposures or damage our reputation with our Stakeholders as a responsible brand.

Dan Walden
Chief Financial Officer
25 June 2024

Consolidated Income Statement

For the 52 weeks to 31 March 2024

		52 weeks ended 31 March 2024			52 weeks ended 2 April 2023 (restated)[1]		
£'000s	Note	**Underlying**	**Non-underlying**	**Reported**	Underlying	Non-underlying	Reported
Revenue	1	**62,585**	**-**	**62,585**	62,340	-	62,340
Cost of sales		**(21,486)**	**-**	**(21,486)**	(23,994)	-	(23,994)
Gross profit		**41,099**	**-**	**41,099**	38,346	-	38,346
Operating expenses	2	**(39,025)**	**(145)**	**(39,170)**	(37,645)	(6,159)	(43,804)
Other income		**49**	**-**	**49**	51	-	51
Operating profit/(loss)		**2,123**	**(145)**	**1,978**	752	(6,159)	(5,407)
Finance expense		**(1,230)**	**(132)**	**(1,362)**	(861)	(204)	(1,065)
Other gains/(losses)		**114**	**-**	**114**	(55)	-	(55)
Profit/(loss) before tax		**1,007**	**(277)**	**730**	(164)	(6,363)	(6,527)
Tax (expense)/credit	5	**(165)**	**45**	**(120)**	11	424	435
Profit/(loss) for the period		**842**	**(232)**	**610**	(153)	(5,939)	(6,092)
Total comprehensive income/(loss)		**842**	**(232)**	**610**	(153)	(5,939)	(6,092)
Earnings per ordinary share - basic	7	0.77p		0.56p	(0.14)p		(5.59)p
Earnings per ordinary share - diluted	7	0.73p		0.53p	(0.14)p		(5.59)p

[1] The tax (expense)/credit and earnings per share, in the financial year ending 2 April 2023 has been restated in relation to deferred tax on share based payments. Further information relating to this tax restatement is set out in note 5, and the impact on earnings per share is set out in note 7.

Consolidated Statement of Financial Position

As at 31 March 2024

£'000s	Note	**As at 31 March 2024**	As at 2 April 2023 (restated)[1]	As at 3 April 2022 (restated)[1]
Assets				
Non-current assets				
Intangible assets	8	104	235	363
Property, plant, and equipment	9	8,232	7,781	5,801
Right-of-use assets	10	20,522	25,450	20,985
Deferred tax asset	5	655	894	702
Total non-current assets		**29,513**	**34,360**	**27,851**
Current assets				
Inventories		9,716	11,515	16,759
Trade and other receivables		3,742	2,240	1,975
Current tax asset		145	611	271
Cash and cash equivalents		2,005	1,962	3,782
Total current assets		**15,608**	**16,328**	**22,787**
Total assets		**45,121**	**50,688**	**50,638**
Liabilities				
Current liabilities				
Trade and other payables		10,431	7,276	8,278
Lease liabilities	10	3,347	2,836	2,844
Provisions		253	200	173
Borrowings		2,754	4,716	5,540
Total current liabilities		**16,785**	**15,028**	**16,835**
Non-current liabilities				
Trade and other payables		48	954	816
Lease liabilities	10	19,295	26,430	19,605
Provisions		565	612	444
Total non-current liabilities		**19,908**	**27,996**	**20,865**
Total liabilities		**36,693**	**43,024**	**37,700**
Net Assets		**8,428**	**7,664**	**12,938**
Equity and reserves attributable to Shareholders of ProCook Group plc				
Share capital		1,090	1,090	1,090
Share option reserve		4,099	6,891	5,801
Share Premium		1	1	1
Retained earnings		3,238	(318)	6,046
Total equity and reserves		**8,428**	**7,664**	**12,938**

[1] The deferred tax asset in the financial years ending 3 April 2022 and 2 April 2023 has been restated in relation to deferred tax on share based payments. Further information relating to this restatement is set out in note 5, and the impact on earnings per share is set out in note 7.

Consolidated statement of cash flows

For the 52 weeks to 31 March 2024

£'000s	Note	**52 weeks ended 31 March 2024**	52 weeks ended 2 April 2023
Cash flows from operating activities			
Profit/(Loss) before tax		730	(6,527)
Adjustments for:			
Depreciation of property, plant, and equipment	9	936	967
Amortisation of Intangible assets	8	131	128
Loss on disposal of property, plant, and equipment	2	457	37
Gain on disposal of leases	2	(2,301)	(75)
Depreciation of right-of-use assets	10	3,945	4,034
Impairment of non-current assets	2	-	4,405
Unrealised FX (gains)/losses		(411)	518
Share Based Payments		514	1,090
Cash outlay on exercise of share options		(360)	-
Finance expense		1,362	1,065
Operating cash flows before movements in working capital		**5,003**	**5,642**
Decrease/(Increase) in inventories		1,799	5,244
Increase in trade and other receivables		(1,459)	(413)
Increase/(Decrease) in trade and other payables		3,255	(1,233)
Increase in provisions		5	195
Income taxes paid		(9)	(97)
Net cash flows from operating activities		**8,594**	**9,338**
Investing activities			
Purchase of property, plant, and equipment	9	(1,844)	(4,928)
Lease inception costs		(71)	(460)
Lease incentives received		60	204
Net cash used in investing activities		**(1,855)**	**(5,184)**
Financing activities			
Interest paid on borrowings		(367)	(294)
Interest paid on lease liabilities	10	(982)	(771)
Proceeds from borrowings		23,974	18,689
Repayment of borrowings		(25,923)	(19,701)
Lease principal payments	10	(3,398)	(3,625)
Dividends paid		-	(272)
Net cash (used in) financing activities		**(6,696)**	**(5,974)**
Net movement in cash and cash equivalents		**43**	**(1,820)**
Cash and cash equivalents at beginning of the period		1,962	3,782
Cash and cash equivalents at end of period		**2,005**	**1,962**

Consolidated statement of changes in equity

For the 52 weeks to 31 March 2024

£'000s	Note	Share capital	Share Premium	Share Option Reserve	Retained earnings	Total equity
As at 3 April 2022 (restated)[1]		**1,090**	**1**	**5,801**	**6,046**	**12,938**
Total comprehensive loss for the period (restated)		-	-	-	(6,092)	**(6,092)**
Employee Share Based Payment Awards		-	-	1,090	-	**1,090**
Ordinary dividends paid	6	-	-	-	(272)	**(272)**
As at 2 April 2023 (restated)[1]		**1,090**	**1**	**6,891**	**(318)**	**7,664**
Total comprehensive profit for the period		-	-	-	610	**610**
Employee Share Based Payment Awards		-	-	514	-	**514**
Exercise of share options		-	-	(3,306)	2,946	**(360)**
As at 31 March 2024		**1,090**	**1**	**4,099**	**3,238**	**8,428**

[1] The deferred tax asset in the financial years ending 3 April 2022 and 2 April 2023 has been restated in relation to deferred tax on share based payments, with resulting decreases to retained earnings in each period. Further information relating to this restatement is set out in note 5, and the impact on earnings per share is set out in note 7.

Notes to the consolidated financial statements

For the 52 weeks ending 31 March 2024

General Information

The financial information set out herein does not constitute the Company's statutory financial statements for the periods ended 31 March 2024 or 2 April 2023, but is derived from those financial statements. The financial statements were approved by the Board of directors on 25 June 2024. Statutory financial statements for 2024 will be delivered to the Registrar of Companies in due course.

The auditors have reported on those financial statements; their reports were (i) unqualified, (ii) contained a reference to the material uncertainty in respect of going concern to which the auditor drew attention by way of emphasis without modifying their report, (iii) did not contain a statement under Section 498 (2) or (3) of the Companies Act 2006.

Basis of preparation

These consolidated financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006, UK-adopted IFRS as issued by the International Accounting Standards Board. The consolidated Group financial statements are presented in Pounds Sterling, being the Group's functional currency, and generally rounded to the nearest thousand. They are prepared on the historical cost basis, unless otherwise stated.

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements. Further information on going concern is set out in the CFO's Review.

1. Revenue

Group revenue is not reliant on any single major customer or group of customers. Management considers revenue is derived from one business stream being the retail of kitchenware and related products and services.

Customers interact and shop with the Group across multiple touchpoints and their journey often involves more than one channel. The Chief Operating Decision-Maker is the Board of Directors of ProCook Group plc. The Board reviews internal management reports on a frequent basis, and in line with internal reporting, the channel reporting below indicates where customers complete their final purchase transaction.

During the financial year ended 31 March 2024, all of the Group's operations were carried out in the UK, the Group ceased its trading operations in the European Union during the financial year ended 2 April 2023. All revenue is from external customers.

£'000	**52 weeks ended 31 March 2024**	52 weeks ended 2 April 2023
United Kingdom	62,585	61,550
European Union	-	790
Total revenue	**62,585**	62,340

2. Operating expenses

Operating profit/(loss) for the periods is stated after charging:

£'000	**52 weeks ended 31 March 2024**	52 weeks ended 2 April 2023
Depreciation of tangible fixed assets	**936**	967
Amortisation of intangible assets	**131**	128
Depreciation of right-of-use assets	**3,945**	4,034
Impairment of tangible fixed assets	**-**	1,944
Impairment of right-of-use assets	**-**	2,461
Variable lease payments	**637**	785
Gain on disposal of leases	**(2,301)**	(75)
Loss on disposal of property, plant, and equipment	**457**	37

3. Non-underlying items

Consistent with prior years, expenses in respect of employee share-based awards which relate to the IPO event in FY22, which itself is non-recurring, have been presented as non-underlying costs. These expenses are expected to continue into FY25 up to the third anniversary of the IPO in November 2024.

During FY24, the Group completed the final elements of consolidation of warehouse operations into its new Store Support Centre ("SSC"), with subsequent assignment of the two pre-existing warehouse leases to new tenants later in the year. Operating and finance expenses associated with the costs of transitioning into the new site, dual occupancy of the new or previous sites, and exit costs associated with the disposal of the two previous sites of £1.2m in FY24 (FY23: £0.5m) have been presented as non-underlying costs as these items are non-recurring, dual-running and transition-related. Non-underlying finance expenses relate to interest on lease liabilities relating to the disused warehouses.

Assignment of the leases, resulting in derecognition of the related right-of-use assets and liabilities and disposal of related fixed assets, resulted in gains of £1.9m, including the reversal of £1.1m of prior year impairment provisions against these two sites which were treated as non-underlying costs. The prior year impairment assessment considered a number of estimation factors at that time, including the length of time each property would remain vacant. The reversal in current year reflects the leases being assigned to new tenants in shorter timescales than those previously assumed.

During the year, there was a significant amount of change in the Group's senior management team, following the announcement that the Group's Founder Daniel O'Neill would step down from his role as CEO and transition to a Non-Executive Director role. The one-off costs associated with recruiting a new CEO and a subsequent restructuring of the senior management team totalling £0.7m have been treated as non-underlying given their material and one-off nature. Management considers that separate disclosure of this restructuring cost as non-underlying provides additional useful information to the users of the financial statements around the day to day trading performance of the Group.

The Group carried out an impairment assessment as at 31 March 2024 which did not result in any expense (or reversal of previous expense) to the Consolidated Income Statement. (2023: £3.3m in respect of Retail CGU impairment and £1.1m in respect of the Group's two pre-existing distribution / head office sites).

£'000	**52 weeks ended 31 March 2024**	52 weeks ended 2 April 2023
SSC transition-related costs	**1,213**	545
Net profit on reassignment of leases	**(1,867)**	-
Senior management restructuring costs	**718**	-
Share based payments	**81**	1,209
Impairment expense	**-**	4,405
Non-underlying operating expenses	**145**	6,159
Non-underlying finance expense	**132**	204
Non-underlying loss before tax	**277**	6,363

4. Segmental reporting

The Chief Operating Decision Maker (CODM) is the Board of Directors and segmental reporting analysis is presented based on the Group's internal reporting to the Board. At 31 March 2024, the Group had two operating segments, being Ecommerce and Retail. Central costs are reported separately to the Board. Whilst central costs are not considered to be an operating segment, it has been included below to aid reconciliation with operating profit as presented in the Consolidated Income Statement.

£'000	**52 weeks ended 31 March 2024**	52 weeks ended 2 April 2023
Revenue		
Ecommerce	**22,695**	25,653
Retail	**39,890**	36,687
Total revenue	**62,585**	62,340
Operating profit/(loss)		
Ecommerce	**5,325**	4,588
Retail	**8,220**	5,319
Central costs	**(11,422)**	(9,155)
Non-underlying operating costs	**(145)**	(6,159)
Operating profit/(loss)	**1,978**	(5,407)
Finance costs	**(1,230)**	(861)
Other (losses)/gains	**114**	(55)
Non-underlying finance costs	**(132)**	(204)
(Loss)/profit before tax	**730**	(6,527)

5. Tax expense

The tax expense for the periods presented differ from the standard rate of UK corporate income tax applicable in the financial year. The differences are explained below:

£'000	**52 weeks ended 31 March 2024**	52 weeks ended 2 April 2023 (restated)
Current taxation		

Corporate income tax charge for the period	**-**	-
Adjustments in respect of previous years	**(119)**	(243)
	(119)	(243)
Deferred tax		
Origination and reversal of temporary differences	**336**	(479)
Impact of change in tax rate	**-**	-
Adjustments in respect of prior periods	**(97)**	287
Total tax (credit)/expense	**120**	(435)

The tax charge reconciles with the standard rate of UK corporate income tax as follows:

£'000	**52 weeks ended 31 March 2024**	52 weeks ended 2 April 2023 (restated)
Profit on ordinary activities before tax	**730**	(6,527)
UK Corporate income tax at standard rate of 25% (2023: 19%)	**183**	(1,240)
Factors effecting the charge in the period:		
Tax effect of expenses that are not deductible for tax purposes	**153**	(20)
Adjustments in respect of prior years	**(119)**	(243)
Other permanent differences	**(128)**	-
Fixed asset differences	**9**	-
Adjustments in respect of prior periods (deferred tax)	**(97)**	287
Adjustments to brought forward values	**(13)**	-
Remeasurement of deferred tax	**132**	781
Total taxation expense/(credit)	**120**	(435)

The taxation expense for the period as a percentage of underlying profit before tax (the effective tax rate) was 16.4% (2023: 6.7%).

The standard rate of UK corporate income tax was 25% for the 52 weeks ended 31 March 2024 (2 April 2023: 19%). Deferred tax balances reflect future corporation tax rates of 25%.

The deferred tax asset has arisen due to accelerated capital allowances on items of property, plant and equipment, the timing of future vesting dates in respect of share-based payments and carried forward losses from the previous financial year. The amounts have been presented on a net basis to follow the way in which they will be recouped by the Group.

The deferred tax assets recognised as at 3 April 2022 and 2 April 2023 have been restated. Both financial years showed an overstated deferred tax asset due to the deferred tax on future-vesting share based payments having previously been recognised based on the fair value of the options granted instead of the available future tax relief (the available tax relief being based on the difference between exercise price and market value as at the reporting date, accruing over the time period from grant until vest date).

Restated brought forward movements:

£'000	Short-term timing differences	Accelerated capital allowances	Share based payments	Carried forward losses	**Total**
Deferred tax asset as at 3 April 2022 (as reported)	-	(479)	1,654	-	1175
Remeasurement of deferred tax on share options	-	-	(473)	-	(473)
Deferred tax asset as at 3 April 2022 (restated)	**-**	**(479)**	**1,181**	**-**	**702**
(Debit)/Credit to profit and loss	-	(601)	(838)	1,631	192
Deferred tax asset as at 2 April 2023 (restated)	**-**	**(1,080)**	**343**	**1,631**	**894**

Movement in the year:

£'000	Short-term timing differences	Accelerated capital allowances	Share based payments	Carried forward losses	**Total**
Deferred tax asset as at 2 April 2023 (restated)	-	(1,080)	343	1,631	894
(Debit)/Credit to profit and loss	112	(516)	(132)	297	(239)
Deferred tax asset at 31 March 2024	**112**	**(1,596)**	**211**	**1,928**	**655**

Carried forward tax losses arise from the losses incurred during the previous financial year. The recognition of the deferred tax asset in relation to the carried forward losses is judged to be appropriate given the Group's projections of sufficient future taxable profits against which such deferred tax assets could be offset.

6. Dividends

£'000	**52 weeks ended 31 March 2024**	**Dividend per share (pence)**	52 weeks ended 2 April 2023	Dividend per share (pence)
Final dividend for the period ended 3 April 2022	**-**	**-**	272	0.9 pence
Interim dividend for the period ended 2 April 2023	**-**	**-**	-	-

The FY22 final dividend of £1.0m was declared representing 0.9 pence per share, however £0.7m of this dividend was waived by certain shareholders. The final dividend was paid to the shareholders on the register at close of business on 2 September 2022. No dividends were declared or paid in the 52 weeks to 31 March 2024.

7. Earnings per share

Basic earnings per share is calculated by dividing the profit for the period attributable to equity holders of the Group by the weighted average number of ordinary shares in issue.

Diluted earnings per share is calculated by dividing the profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the period plus the weighted average number of ordinary shares that would have been issued on the conversion of all dilutive potential ordinary shares into ordinary shares.

	52 weeks ended 31 March 2024	52 weeks ended 2 April 2023
Weighted average number of shares	**108,956,624**	108,956,624
Impact of share options	**7,072,398**	9,126,940
Number of shares for diluted earnings per share	**116,029,022**	118,083,564

			Restated[3]	
£'000	**52 weeks ended 31 March 2024 Underlying[1]**	**52 weeks ended 31 March 2024 Reported**	52 weeks ended 2 April 2023 Underlying[1]	52 weeks ended 2 April 2023 Reported
Profit/(loss) for the period	**842**	**610**	(153)	(6,092)
Earnings per ordinary share – basic	**0.77p**	**0.56p**	(0.14)p	(5.59)p
Earnings per ordinary share – diluted[2]	**0.73p**	**0.53p**	(0.14)p	(5.59)p

[1] Underlying earnings per ordinary share is a non-IFRS measure.
[2] In the 52 weeks ended 2 April 2023 the impact of share options was anti-dilutive.
[3] The deferred tax asset in the financial years ending 3 April 2022 and 2 April 2023 has been restated in relation to share based payments. Further information relating to this restatement is set out in note 11.

8. Intangible assets

£'000	Software	Assets under construction	Total
Cost			
At 3 April 2022	257	158	415
Additions	-	-	-
Transfers out of Assets under construction	158	(158)	-
At 2 April 2023	415	-	415
Additions	-	-	-
31 March 2024	**415**	**-**	**415**
Accumulated amortisation			
At 3 April 2022	52	-	52
Charge for the period	128	-	128
At 2 April 2023	180	-	180
Charge for the period	131	-	131
31 March 2024	**311**	**-**	**311**
Net book value			
At 3 April 2022	205	158	363
At 2 April 2023	235	-	235
31 March 2024	**104**	**-**	**104**

Amortisation was recognised in the Consolidated Statement of Income within operating expenses throughout the period.

9. Property, plant and equipment

£'000	Land and Buildings	Plant and Machinery	Fixtures and Fittings	Motor Vehicles	Assets under Construction	Total
Cost						
At 3 April 2022	12	487	8,462	29	425	9,415
Additions	-	-	1,112	-	3,816	4,928
Transfers	175	21	2,418	-	(2,614)	-
Disposals	-	-	(241)	-	-	(241)
At 2 April 2023	**187**	**508**	**11,751**	**29**	**1,627**	**14,102**
Additions	-	153	1,327	-	364	1,844
Transfers	-	-	1,532	-	(1,532)	-
Disposals	-	(296)	(615)	-	(35)	(946)
31 March 2024	**187**	**365**	**13,995**	**29**	**424**	**15,000**
Accumulated depreciation and impairment						
At 3 April 2022	3	63	3,541	7	-	3,614
Charge for the period	3	34	925	5	-	967
Disposals	-	-	(204)	-	-	(204)
Impairment	1	101	1,838	4	-	1,944
At 2 April 2023	**7**	**198**	**6,100**	**16**	**-**	**6,321**
Impairment reallocation[1]	132	(10)	(121)	(1)	-	-
Charge for the period	-	29	903	4	-	936
Disposals	-	(130)	(359)	-	-	(489)
31 March 2024	**139**	**87**	**6,523**	**19**	**-**	**6,768**
Net book value						
At 3 April 2022	9	424	4,921	22	425	5,801
At 2 April 2023	180	310	5,651	13	1,627	7,781
At 31 March 2024	**48**	**278**	**7,472**	**10**	**424**	**8,232**

[1] A detailed review of prior year impairment allocation to individual assets was performed during the period, resulting in a revised allocation of the charge across the different asset classes, As the overall effect of the reallocation is immaterial to the financial statements, retrospective application has not been required.

Assets under construction includes retail store equipment and fixtures acquired but not yet in use.

Impairment tests have been carried out where appropriate, with no impairment charges recognised in the 52 weeks ended 31 March 2024 (FY23: £1.9m).

Depreciation was recognised in the Consolidated Income Statement within operating expenses throughout the period.

10. Leased assets

Right-of-use assets included in the Consolidated Statement of Financial Position were as follows:

£'000	Leasehold Property	Motor Vehicles	Plant and Equipment	Total
Cost				
At 3 April 2022	26,225	236	68	26,529
Additions	16,336	-	-	16,336
Re-measurement[1]	(4,371)	-	-	(4,371)
Disposals	(1,706)	(54)	(29)	(1,789)
At 2 April 2023	36,484	182	39	36,705
Additions	2,712	-	53	2,765
Re-measurement[1]	1,021	-	-	1,021
Disposals	(8,876)	(57)	-	(8,933)
At 31 March 2024	**31,342**	**125**	**92**	**31,558**
Accumulated depreciation and impairments				
At 3 April 2022	5,430	87	27	5,544
Charge for the period	3,959	64	11	4,034
Disposals	(701)	(54)	(29)	(784)
Impairment	2,461	-	-	2,461
At 2 April 2023	11,149	97	9	11,255
Charge for the period	3,874	54	17	3,945
Disposals	(4,107)	(57)	-	(4,164)
Impairment	-	-	-	-
At 31 March 2024	**10,916**	**94**	**26**	**11,036**
Net Book Value				
At 3 April 2022	20,795	149	41	20,985
At 2 April 2023	25,335	85	30	25,450
At 31 March 2024	**20,425**	**31**	**66**	**20,522**

For impairment testing purposes, the Group has determined that each store is a separate CGU. Each CGU is tested for impairment at the balance sheet date if any indicators of impairment exist.

The value in use of each CGU is calculated based on the Group's latest budget and forecast cash flows, covering a three-year period, which have regard to historic performance and knowledge of the current market, together with the Group's views on the future achievable growth. Cash flows beyond this three-year period are extrapolated using longer-term growth rates based on management's future expectations. These have been prepared utilising both historical experience as well as a forward-looking estimates with respect to trading conditions and performance, together with allocations of central overheads and an estimate of Ecommerce contribution attributable to customers first acquired in retail stores, reflecting the omnichannel nature of our business, based on historical sales data.

The key assumptions in the value in use calculations are the growth rates of sales and gross profit margins, changes in the operating cost base, long-term growth rates and the risk-adjusted pre-tax discount rate.

The pre-tax discount rates are derived from the Group's weighted average cost of capital, which has been calculated using the capital asset pricing model, the inputs of which include a country risk-free rate, equity risk premium, Group size premium and a risk adjustment (beta) along with the cost of debt. The resulting pre-tax discount rate used was 13.4% (FY23: 12.8%). Impairment tests have been carried out where appropriate, with no impairment charges recognised in the 52 weeks ended 31 March 2024 (2023: total impairment charge of £4.4m, being £2.5m relating to Right-of-use assets and £1.9m relating to Property, plant, and equipment.)

Lease liabilities included in the Consolidated Statement of Financial Position were as follows:

£'000	Leasehold Property	Motor Vehicles	Plant and Equipment	Total
At 3 April 2022	22,269	141	39	22,449
Additions	15,893	-	-	15,893
Remeasurement[1]	(4,371)	-	-	(4,371)
Interest expense	768	2	1	771
Lease payments	(4,318)	(67)	(11)	(4,396)
Disposals[2]	(1,080)	-	-	**(1,080)**
At 2 April 2023	**29,161**	**76**	**29**	**29,266**
Additions	2,665	-	53	2,718
Remeasurement[1]	1,126	-	-	1,126
Interest expense	978	1	3	982
Lease payments	(4,311)	(48)	(21)	(4,380)
Disposals[2]	(7,070)	-	-	(7,070)
At 31 March 2024	**22,549**	**29**	**64**	**22,642**

[1] Remeasurements have arisen where rentals have been subject to indexation or rent reviews, or where store lease rental terms and lease expiry dates have been renegotiated.

[2] Disposals in the year predominantly related to the assignment of leases relating to two distribution centres which were surplus to requirements after the transition to the new Store Support Centre at the beginning of FY24. In the prior year impairment charges of £0.9m were recognised against these leases based on a Value In Use assessment which considered a number of estimation factors at that time, including the length of time each property would remain vacant.