28 June 2023

ProCook Group plc

Preliminary Results for the 52 weeks ended 2 April 2023

Emerging stronger from difficult trading conditions through good strategic progress

ProCook Group plc ("ProCook" or "the Group"), the UK's leading direct-to-consumer specialist kitchenware brand, today reports its preliminary results for the 52 weeks ended 2 April 2023.

	FY23	**FY22**	**YoY**
Revenue	**£62.3m**	**£69.2m**	**(9.9%)**
Gross Profit	**£38.3m**	**£45.0m**	**(14.9%)**
Gross profit margin%	*61.5%*	*65.1%*	*(360bps)*
Underlying (loss) / profit before tax[1]	**(£0.2m)**	**£9.5m**	**(102.1%)**
Underlying (loss) / profit before tax %	*(0.3%)*	*13.7%*	*(14.0%pts)*
New customers acquired ('000)	692	723	(4.3%)
Number of active customers L12M ('000)[2]	991	974	+1.8%
12 month repeat rate %[3]	23.6%	25.5%	(1.9%pts)

Financial and strategic highlights

- Total revenue of £62.3m declined by 9.9%, or 5.0% excluding the Amazon channels which we exited over the last two years
- LFL revenue declined by 10.7% YoY against outperformance in the prior year and remained +112.2% Yo3Y (pre-pandemic) highlighting the substantial gains we have maintained over the last three years[4]
- Broadly held our UK kitchenware market share[5] YoY in a year of significant trading uncertainty, despite a significant shift away from online sales
- Growth in L12M active customers of +1.8% YoY to almost one million customers. Successfully attracted 692,000 new customers to the brand in FY23
- Gross profit margin % held back by higher supply chain costs and foreign exchange impacts, partly offset by pricing; supply chain costs now largely unwound, with marine freight costs stabilising back to pre-pandemic levels
- Underlying LBT of £0.2m (FY22: Underlying PBT of £9.5m) reflecting lower sales, gross margin impacts, inflationary cost pressures and investment in capability to drive continued growth
- Completed the opening of our new Distribution Centre and HQ in Gloucester which provides a significant increase in capacity and potential for operational efficiency benefits
- Became the first UK-listed retailer to achieve B Corp certification
- Recognised by Which? as a Recommended Provider, ranking fourth amongst a large peer group based on customer feedback
- Careful working capital management supported investment in capital spend and improved free cash flow year on year
- Year-end net debt of £2.8m (FY22: £1.8m)

Current Trading and Summary Outlook

Trading conditions during the first quarter of FY24 to 26 June 2023 have remained challenging, with the continued impact of inflation and further interest rate increases. Revenue of £10.7m was 6.7% lower year on year with LFL revenue down 7.9% year on year impacted by the warm weather and soft homewares market during May and June. Our share of the market[5] has remained flat year on year during the first quarter. Excluding the impact of discontinued Amazon channels, total revenue was down 3.9% year on year.

The market led shift back towards retail shopping and away from online has continued in the first quarter. Our retail stores continue to outperform online, with 0.2% growth in retail like for like revenue in the first quarter, and total retail revenue growth of 7.3%. Revenue from our website was down 18.8% year on year, partly impacted by a higher level of promotional activity last year.

The outlook remains challenging and much is uncertain. While there are indications that inflationary pressures will ease over the months ahead, UK consumers have suffered a significant adverse impact on disposable incomes and discretionary spending power.

Despite this, we see clear opportunities ahead of us to attract more customers to the ProCook brand and grow our market share, by building a better business through developing our products, service and operating model, thereby emerging stronger from this challenging period.

Daniel O'Neill, CEO and Founder, commented:

"In the 27 years since we first founded ProCook our focus on product quality, value and service have served as the key pillars of our customer offer, and I am pleased that this year we have again increased our active customer base, added three more retail stores and upsized two more, and retained our excellent-rated Trustpilot score. Our value for money offer has enabled us to retain a resilient trading performance despite the many headwinds.

"This year the economic backdrop has been one of the toughest I have experienced in my career. Our customers and colleagues have felt the squeeze on disposable incomes as inflation has soared upwards. We have faced challenging trading conditions before, and emerged stronger, more nimble, and more determined to press ahead with our mission to become the customers' first choice for kitchenware.

"I am pleased with the strong strategic progress we have made this year, despite the challenging economic backdrop. In opening our new distribution centre, simplifying our operations to focus on the UK, improving our in-store and online experience, and becoming a B Corp, while also extending and improving our product ranges, we have made significant steps forward. We have continued to invest in the areas that will support our long-term growth and performance, while taking difficult decisions to manage costs and preserve cash.

"We know that our proposition continues to resonate very well with customers, and with our progress this year, we have built a better business, paving the way for improved performance and future profitable growth in the years ahead."

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Next scheduled event:

ProCook expects to release its FY24 quarter two trading update in late October 2023.

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 HQ 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

	FY24 (52 weeks ending 31 March 2024)						
	Q1	**Q2**	**H1**	**Q3**	**Q4**	**H2**	**FY**
Revenue	**£10.7m**						
Revenue growth %	(6.7%)						
LFL revenue	**£10.2m**						
LFL growth %	(7.9%)						

	FY23 (52 weeks ending 2 April 2023)						
	Q1	**Q2**	**H1**	**Q3**	**Q4**	**H2**	**FY**
Revenue	**£11.4m**	**£15.9m**	**£27.4m**	**£22.4m**	**£12.6m**	**£35.0m**	**£62.3m**
Revenue growth %	(22.6%)	(7.6%)	(14.5%)	(2.5%)	(9.7%)	(5.2%)	(9.9%)
Yo3Y revenue growth %	35.5%	54.0%	45.6%	78.8%	64.6%	73.4%	60.0%
LFL revenue	**£10.0m**	**£13.6m**	**£23.6m**	**£19.7m**	**£10.8m**	**£30.5m**	**£54.1m**
LFL growth %	(17.1%)	(15.6%)	(16.2%)	(3.8%)	(9.4%)	(5.9%)	(10.7%)
Yo3Y LFL growth %	133.3%	110.4%	119.7%	108.7%	103.2%	106.7%	112.2%

	FY22 (52 weeks ending 3 April 2022)						
	Q1	**Q2**	**H1**	**Q3**	**Q4**	**H2**	**FY**
Revenue	**£14.6m**	**£17.5m**	**£32.1m**	**£23.0m**	**£14.0m**	**£37.0m**	**£69.2m**
Revenue growth %	84.9%	9.8%	34.6%	35.7%	11.4%	25.4%	29.5%
Yo2Y revenue growth %	72.9%	69.3%	70.9%	84.0%	85.8%	84.7%	78.0%
LFL revenue	**£11.2m**	**£14.3m**	**£25.5m**	**£18.6m**	**£10.9m**	**£29.5m**	**£55.0m**
LFL growth %	96.7%	19.5%	44.4%	34.1%	7.7%	23.0%	32.1%
Yo2Y LFL growth %	167.7%	131.5%	146.2%	105.7%	109.1%	107.0%	123.5%

Notes

[1] Underlying profit before tax is presented before non-underlying items of £9.4m in FY22 in relation to IPO costs and IPO-related share-based awards
[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] LFL (Like for Like) revenue reflects:

- Retail YoY – Continuing Retail stores which were trading for at least one full financial year prior to the 3 April 2022, inclusive of any stores which may have moved location or increased/ decreased footprint within a given retail centre.
- Retail Yo3Y – Continuing Retail stores which were trading for at least one full financial year prior to the 29 March 2020, inclusive of any stores which may have moved location or increased/ decreased footprint within a given retail centre.
- Ecommerce YoY and Yo3Y – ProCook direct website channel only.

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

Chairman's Statement

In a year which has been challenging for many reasons, not least the impact of inflation on the cost of living for our customers and our colleagues, I am pleased that ProCook has delivered a resilient trading performance. We broadly maintained market share in the UK, while making significant progress on strategic priorities which will support the development of the brand in the years ahead.

The year has been a pivotal one for a number of reasons. We completed the transition away from unprofitable Amazon channels, reducing revenue by 4.9% year on year, in order to focus fully on attracting customers to shop directly with the brand. Additionally, the opening of our new Distribution Centre and HQ has been a key strategic achievement, which paves the way for improved operational efficiency in the years ahead and provides capacity for continued growth.

We have relaunched our brand purpose and Company values, based on the ethos and principles of the business which was first established in the late 1990's by the O'Neill family. Equipping everyone with the tools to bring joy to everyday cooking clearly articulates why we do what we do. This will guide all of our activities and help us focus our efforts as we move forward to become the customers' first choice for kitchenware.

The significant inflationary and cost of living pressures have presented challenges for our business, as well as for our customers, colleagues, and suppliers, and is evident in our gross margins following the impact of heightened shipping costs post Covid-19. However, we are confident in our strategy, our business model, and our proposition. We have the right plans and foundations to deliver sustainable, profitable growth over the medium to longer term and we are focused on developing our business to be stronger and even more appealing to customers.

I would like to thank all of the ProCook team, suppliers, and partners on behalf of the Board for their resilience in the face of difficult conditions and in their efforts to continually improve our proposition and serve our customers with such commitment.

Governance and CEO succession planning

We are committed to the highest standards of corporate governance, and I am pleased to report that the Board considers that it has complied in full with the UK Corporate Governance Code's principles and provisions during the year.

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

During the year, we have reduced the size of the Board to five members, following the retirement in Spring 2023 of Steve Sanders, who has been instrumental to ProCook's growth and success over the last seven years, and as Gillian Davies stepped down from the Board at the same time as Steve in December 2022. I would like to reiterate my thanks, on behalf of the Board, to both Steve and Gillian for their contributions to the Board during their tenure.

Daniel O'Neill has indicated his intention to step back from the CEO role at an appropriate point. Daniel has discussed the timing of this with the Nominations Committee and it was agreed that the business had reached a stage where he could begin thinking about making this transition. Having founded ProCook over twenty years ago, Daniel has deep knowledge of the business, and it is his intention to continue to add value by supporting the product development team on a part-time basis. The Board has therefore commenced a search process to ensure effective succession planning and in the meantime, Daniel will remain in the role, until a suitable successor is appointed, and an orderly handover is complete.

Sustainability

The Group's new values highlight ProCook's commitment to always doing the right thing, and that is exemplified by the successful achievement of the B Corp certification during the year, with ProCook becoming the first UK listed retailer to achieve this award. This reflects the Group's long-held commitment to building a responsible brand with a strong purpose; having already celebrated many milestones including eliminating and mitigating Scope 1 and 2 emissions, committing to the real Living Wage, and being recognised as one of the UK's Best Workplaces™.

The Group reported carbon neutral status for Scope 1 and 2 emissions last year, and since then the Leadership Team have completed the work to understand and measure Scope 3 emissions and have begun to develop strategies to eliminate and mitigate them over the years ahead. This is a critical task, necessary to help protect our planet for future generations, but we recognise it is challenging given the nature of global supply chains and is not something that can be solved in the immediate term. It will instead be achieved through continually caring for our community and planet, and I am pleased to see plentiful evidence of this in both the day-to-day operational decision-making, and broader strategic decisions that the Group takes.

Daniel O'Neill, in his report, sets out more detail about this important topic and the next steps we will take.

Dividend

With the wider macro-economic uncertainty in mind, and therefore taking a cautious and responsible decision to preserve cash within the business during these times, the board is not recommending a dividend payment for this financial year. The Board will continue to review dividend payments in future periods in line with the Group's capital allocation policy.

Outlook

The outlook remains challenging and much is uncertain. While there are indications that inflationary pressures will ease over the months ahead, UK consumers have suffered a significant adverse impact on disposable incomes and discretionary spending power.

Despite this, we see clear opportunities ahead of us to attract more customers to the ProCook brand and grow our market share, by building a better business through developing our products, service and operating model, thereby emerging stronger from this challenging period.

Greg Hodder

Chairman

27 June 2023

CEO's Review

Bringing joy to everyday cooking

This year the economic backdrop has been one of the toughest I have experienced in the 27 years since we founded the business. Our customers and colleagues have felt the squeeze on disposable incomes as inflation has soared upwards.

As a specialist kitchenware brand, our value for money offer has enabled us to retain a resilient trading performance despite the many headwinds. We have faced challenging trading conditions before, and emerged stronger, more nimble, and more determined to press ahead with our mission to become the customers' first choice for kitchenware.

Our team have worked incredibly hard this year as we have faced into these challenges. We have continued to invest in the areas that will support our long-term growth and performance, most notably in our new Distribution Centre and HQ in Gloucester, while taking difficult decisions to manage costs, preserve cash, and improve our focus on our core business in the UK, resulting in the exit of our EU operations.

We have spent time this year developing our people and culture, and our new brand purpose; equipping everyone with the tools to bring joy to everyday cooking. This purpose accompanied by our new Company values which reflect the principles upon which we have always worked, together provide a North Star for our future activities.

Challenging trading conditions

The significant pressures on consumers' disposable income, due to the high inflation macro-environment, have led to very difficult trading conditions in FY23. Our total revenue of £62.3m was 9.9% lower year on year, in part due to the decisions we took to exit unprofitable Amazon Marketplace channels including in the EU, which reduced revenue by 4.9%. Sales in our core UK business were down 5.0% year on year, yet still up 112.2% on a like-for-like basis ("LFL") compared to pre-pandemic (FY20), and we broadly held our share of the UK kitchenware market year on year despite a significant shift away from online sales (a channel which we over-index in) as consumers returned to physical retail shopping.

Cost inflation impacted our gross margins, particularly the post-pandemic heightened shipping costs and the adverse movement in foreign exchange rates, and these impacts were only partly offset by price increases. As a result, our gross profit margins declined by 3.6% points year on year to 61.5%. While we are seeing some easing of these gross margin impacts, other inflationary cost pressures, including wages, energy and fuel costs remain high in the current financial year.

We have made difficult choices to manage and right-size our cost base during the year. We have implemented a plan to deliver £3.0m of annualised cost savings, which we expect to realise the benefits of in the current financial year and beyond.

Underlying profit before tax reduced to a loss of £0.2m in the year (FY22: £9.5m profit), and after non-underlying items including impairment charges, we reported a loss before tax of £6.5m.

We maintained a strong focus on cash management with tight discipline of working capital, while investing in the areas that will continue to drive our business forward including three new stores openings, two upsized store relocations, and our new distribution centre and headquarters. Free cash flow improved by £2.5m year on year to an outflow of £0.5m (FY22: outflow of £3.0m).

Attracting more customers to our brand

In a recent survey that we commissioned with YouGov, spontaneous awareness of ProCook was just 7% of the UK population, with prompted awareness at 33%. Combined with our relatively low kitchenware market share, which we estimate is approximately 2%, this provides a significant opportunity to grow our customer base over the medium term.

During the last year we attracted a further 692,000 new customers to shop with us (FY22: 723,000) and increased our active customer base to 991,000 (FY22: 974,000). Our 12 month repeat rate decreased by 1.9% points year on year to 23.6%, largely reflecting the market-driven channel shift back towards Retail which has historically had a lower repeat frequency. Retail repeat rates increased year on year, while Ecommerce repeat rates slowed slightly.

We have invested in and implemented a new CRM platform. This will provide us greater opportunity to increase loyalty and advocacy through improved segmentation, greater personalisation, and a broadening of our communications across more customer channels including social media.

We cautiously reduced our brand marketing spend in the year while we revisited our brand purpose, which, now refreshed, will provide improved clarity to our future marketing messaging.

Developing our customer proposition

During the year we made the considered decision to discontinue our operations on Amazon marketplace channels, including in the EU, in order to focus more fully on our UK market and our own direct consumer proposition. The Amazon channels historically provided a lower contribution than our core business, and added complexity to our business model, which we are pleased to have eliminated.

While performance in our own Ecommerce website has been difficult, with LFL sales declining by 11.0% largely driven by changing customer shopping preferences between channels, exacerbated by the Royal Mail strikes during December, we have made positive progress in developing our capabilities. We completed a technical re-platform of our website in the first half of the year, improving the code base which has made subsequent developments far quicker and has improved site speed. We have enhanced our delivery offer for customers to include a named day and a cheaper 2-3 day service, improved product range navigation, and experimented with a wide range of smaller changes. During the latter part of the year, we initiated a programme of work to overhaul the design and user experience on our website which is progressing well, and we plan to test and launch this to customers during the summer.

We have increased our Retail estate to 58 stores, adding three new stores in destination retail locations, and completing upsize relocations for two existing stores during the year. Early performance in these new stores has been strong and we expect a combined payback on investment of less than one year. We have also worked hard to improve retail service in existing stores, and through continued investment in training and development, we have improved conversion rates and average transaction values which had been impacted by the macro-environment.

In the latter part of the year, supported by external expertise, we developed our understanding of the potential for retail estate expansion in the UK, increasing our expectation of how many stores we can open in the UK and providing a list of target location opportunities to consider further. While we will pursue these newly identified locations with appropriate caution in this rapidly changing retail environment, we are excited by the opportunities ahead of us to extend our customer reach and firmly believe that bricks and mortar retailing is a key component of our proposition.

We were pleased to have been recognised by Which? as a Recommended Provider, ranking fourth amongst a large peer group based on customer feedback, noting in particular our product quality and range. Our continued focus on product development has resulted in the launch of 154 new products in the year with a range refresh rate of 20%. We have been cautious in our pricing, carefully monitoring the impact of increases we have had to make in response to cost pressures and retaining our relative value advantage.

We have identified a new manufacturing partner and worked together to design the first phase of our range of small kitchen electricals during the year, ready for launch in H1 FY24. We are excited by the potential opportunity that this new complementary category brings in creating another reason to shop with ProCook, extending our total market size by a quarter, and enabling us to attract a new group of in-market customers to our brand.

Building on our strong foundations

A key strategic priority for us this last year has been the development of our new distribution centre and headquarters in Gloucester which we began to transition into during February 2023. This new facility provides significant capacity for growth and will allow us to achieve efficiencies in our logistics operations, as well as providing a more collaborative and inspirational workplace for our office-based colleagues. We are focused on completing the transition and realising the efficiencies that this new site provides.

We have continued to develop our technology capabilities, and our team have successfully delivered a comprehensive roadmap of initiatives this year, building on our core bespoke platforms. Their focus has been to support customer experience and revenue growth initiatives, operational efficiencies, and reduce risk through a range of infrastructure and cyber security improvements.

Creating an even better place to work

We are committed to continually making ProCook an even better place to work. We recognise that the last year has been challenging for our colleagues, and while it is disappointing to see our engagement score drop year over year, we welcome the opportunity to receive feedback and to identify more ways to support our team. During the year we launched our Colleague Advisory Panel and regular monthly Town Hall meetings, improved our benefits and total reward package (including our response to the cost of living crisis), and reiterated our commitment to the Real Living Wage Foundation.

We were pleased to be recognised again as a Great Place to Work™ for the second year running and for two categories, Women and Wellbeing, to have finished inside the top tier as well as being ranked amongst the UK's Best Places to Work.

Reducing our environmental footprint

In October 2022, we were certified as a B Corp following a rigorous assessment and enormous team effort across our business. There are very few publicly listed brands certified as B Corps and so we are incredibly proud to be trailblazing in our sector. Alongside our sustainability goals, B Corp provides a stringent framework against which we can measure ourselves.

Now that we have completed our full carbon footprint analysis including our Scope 1, 2 and 3 emissions, we have gained a fuller understanding of the extent of the emissions implicit in our indirect sourcing activities. These are significant in comparison to the relatively modest emissions from our own operations which we have worked hard to reduce or eliminate over recent years. As a result of the emissions in our supply chain not being directly in our control and being in sectors and countries where no clear de-carbonisation plans exist yet, we are undertaking a detailed exercise to reassess the timescales on which we can commit to net zero with confidence across our value chain as a whole and in the meantime, we have set out eight initial priorities to progress in the next twelve months. We believe in honouring our responsibilities to people and the planet alongside our commercial goals, and we are committed to making as much progress as we possibly can with our suppliers and partners to reduce our environmental impact.

Emerging stronger than ever

I am pleased with the strong strategic progress we have made this year, despite the challenging economic backdrop. We have faced challenging conditions before in our 27-year history, and by focusing on our customers and improving our business model for the long term, we have always emerged stronger.

In opening our new distribution centre, simplifying our operations to focus on the UK, improving our customers' in-store and online experience, and becoming a B Corp, while also extending and improving our product ranges, we have made significant steps forward. We know that our proposition continues to resonate very well with customers, and with our progress this year, we have built a better business, paving the way for improved performance and profitable growth in the years ahead.

Daniel O'Neill

CEO and Founder

27 June 2023

CFO's Review

Trading performance has been challenging over the last financial year, with revenue excluding the discontinued Amazon channels declining by 5.0%, margins under pressure from heightened freight costs and foreign exchange, and inflationary pressures impacting our cost base. We have carefully managed our cash flows, while still investing in the areas which will support improved operational performance and profitability in the years ahead, and we have reduced costs which will benefit the current financial year and beyond.

Revenue

£m / %	**FY23 £m**	***YoY growth %***	***Yo3Y growth %***
Revenue	**62.3**	***(9.9%)***	***60.0%***
Ecommerce	25.6	*(20.7%)*	*77.1%*
Retail	36.7	*(0.4%)*	*49.9%*
LFL Revenue	**54.1**	***(10.7%)***	***112.2%***
Ecommerce	24.9	*(11.0%)*	*207.6%*
Retail	29.2	*(10.4%)*	*52.5%*

Total revenue in FY23 (the 52-week period ending 2 April 2023) reduced by 9.9% to £62.3m (FY22, the 52-week period ending 3 April 2022: £69.2m). This included a £3.4m or 4.9 percentage point reduction in revenue in respect of discontinued Amazon channels. Compared to FY20 pre-pandemic, total revenue remains 60.0% ahead, reflecting like for like growth of 112.2%.

We have broadly maintained our share in the UK Kitchenware market, which as a whole, has experienced a significant shift in sales mix back towards physical Retail stores (from Ecommerce channels) compared to the last financial year. Based on Euromonitor's total UK kitchenware market size for the 2022 calendar year[1], we estimate that our share of the market remained similar year on year at 1.85% (2021: 1.90%), and broadly flat year on year for the financial year ended 2 April 2023.[2]

Ecommerce revenue decreased by 20.7% to £25.6m (FY22: £32.3m) including the £3.4m impact of lower sales year on year from the discontinued Amazon channels. Revenue from our own website channels declined by 11.0% year-on-year, remaining 207.6% compared to pre-pandemic performance in FY20, driven by the challenging macro trading environment and the market-wide return of customers to physical retail stores throughout the year.

Retail revenue was broadly flat year on year, declining by 0.4% to £36.7m (FY22: £36.8m), benefiting from the eight new stores opened last year and the three new stores opened in the year. Like-for-like Retail revenue was down 10.4% year on year against strong comparatives due to pent up demand post Covid-19 restrictions, and was also impacted by consumer spending which impacted customer conversion rates. Compared to FY20 pre-pandemic, on a like-for-like basis, revenue in existing stores remained up 52.5%. The three new stores openings in the current year increased our UK Retail estate to 58 stores.

[1] Euromonitor "Homewares in the UK report" April 2023. The 2021 UK Kitchenware market size has been revised upwards to £3.9bn from £3.4bn as reported in April 2022.

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

Gross profit

Gross profit of £38.3m in FY23 (FY22: £45.0m) reflected the lower revenue performance and was compounded by lower gross margins of 61.5% (FY22: 65.1%) which were driven by the heighted costs of marine freight (-270 bps impact), adverse foreign exchange movements (-130 bps impact) in costs of goods sold, and higher levels of promotional activity to support revenue performance (-20 bps impact). These adverse effects were partly offset by selling price increases which were carefully applied and monitored throughout the year (+70 bps impact).

Operating expenses and other income

Underlying operating expenses net of other income

Total underlying operating expenses net of other income were £37.6m (FY22: £35.9m) representing 60.3% of sales (FY22: 51.9%). This growth in costs was driven by a number of key factors:

- Existing store rent and rates[3] uplifts: +£1.3m
- Expenses in relation to the 3 new stores opened this year and the annualisation of the net six new stores opened last year: +£2.0m
- Increased digital marketing costs: +£1.1m
- Annualisation of plc expenses including the Board and professional fees: +£1.1m
- Central cost inflation and investment: +£0.5m
- Partly offset by lower costs in the Amazon marketplace channels (UK and EU) and website volume-related savings: -£3.1m
- Partly offset by lower marketing spend: -£1.0m

[3] Retail costs benefitted in the prior year from the property rates 'holiday' by approximately £1.3m. This temporary relief came to an end in April 2022.

Other income

Total other income of £0.1m in FY23 (FY22: £0.4m) related solely to rental income.

In the prior year, £0.4m of other income was reported in respect of the final elements of the Government's Coronavirus Job Retention Scheme and Business Rates Relief scheme which came into effect during the pandemic while our stores (as 'non-essential' retail stores) were closed for significant periods of time. These have been included in the above explanations on a net basis as they relate directly to operating costs in relation to our Retail stores.

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 FY23 were £6.2m (FY22: £9.4m).

Consistent with FY22, expenses in respect of employee share-based awards which relate to the IPO event in that year, which itself is non-recurring, have been presented as non-underlying costs. These expenses amounted to £1.2m in the year ended 2 April 2023 (FY22: £6.7m). These expenses are expected to continue through relevant vesting periods to FY25.

During the year ended 2 April 2023, the Group consolidated its head office and warehouse operations into a new site. Non-underlying operating expenses associated with occupying the site while its development was completed, and transitioning into the new site during the year were £0.7m. A smaller residual expense is expected in FY24 as the transition fully completes.

The Group's impairment assessment has resulted in an expense to the Consolidated Income Statement of £3.3m (2022: £nil) in respect of Retail CGU impairment and £1.1m (2022: £nil) in respect of the Group's two pre-existing distribution / head office sites. Further detail of this impairment assessment is set out in note 3.

In FY22, non-underlying items included expenses of £2.7m in relation to the IPO.

Operating profit

Total underlying operating profit for the period was £0.8m (FY22: £9.2m). Ecommerce operating profitability declined from 24.9% of revenue to 17.9% impacted by the lower gross profit margins, and higher costs of customer acquisition year on year. Retail profitability reduced from 26.2% of revenue to 14.5%, driven by the lower sales performance and gross profit margins year on year, and the impact of increased rates costs which benefitted from relief in the prior year. The total operating profit from our Ecommerce and Retail channels combined was £9.9m (FY22: £17.7m). Central costs increased by £0.6m year on year driven by full year annualisation of plc and board costs and wage inflation, partly offset by lower brand marketing spend year on year.

£m	**FY23**	**FY22**
Underlying operating profit		
Ecommerce	4.6	8.1
Retail	5.3	9.6
Central costs	(9.1)	(8.5)
Total	**0.8**	**9.2**
Underlying operating profit % of revenue		
Ecommerce	17.9%	24.9%
Retail	14.5%	26.2%
Central costs	(14.7%)	(12.3%)
Total	**1.2%**	**13.3%**

Total reported operating loss, after the £6.2m of non-underlying expenses set out above was £5.4m (FY22: £0.2m).

Profit and earnings per share

Underlying loss before tax was £0.2m (FY22: Underling profit before tax of £9.5m).

During the year there was an expense of £1.1m (FY22: £0.3m gain) in respect of financial items in the period. Financial items included interest expenses on lease liabilities and borrowings of £1,065k (FY22: £623k), and other losses in respect of foreign exchange of £55k (FY22: £944k gain).

After non-underlying costs, loss before tax was £6.5m (FY22: £0.1m profit before tax). Reported loss after tax was £4.9m (FY22: £0.1m).

The effective tax rate based on underlying profit before tax was 17.6% (FY22: 20.0%).

Earnings per Share

Underlying basic earnings per share for the year decreased to -0.12 pence (FY22: 7.34 pence) and underlying diluted earnings per share decreased to -0.12 pence (FY22: 6.76 pence).

Reported basic earnings per share and reported diluted earnings per share for the year were -4.53 pence (FY22: -0.01 pence).

Cash generation and net cash/ debt

We have carefully managed our cash position during the year, preserving cash in the business while investing in the areas that will support our long term growth. During the year we improved our free cash outflow by £2.5m to £0.5m (FY22: outflow of £3.0m) and ended the year with net debt of £2.8m (FY22: net debt £1.8m), with available liquidity headroom of £13.2m (FY22: £14.2m).

£m	FY23	FY22
Reported profit before tax	**(6.5)**	**0.1**
Depreciation, amortisation, impairment, and profit/loss on disposal	9.5	4.1
Share based payments	1.1	5.8
Finance expense	1.1	0.6
Unrealised FX (gains)/losses	0.5	(1.1)
Net working capital	3.8	(3.2)
Tax paid	(0.1)	(2.0)
Net operating cash flow	**9.3**	**4.3**
Net capital expenditure	(5.2)	(3.8)
Interest	(1.1)	(0.6)
Payment of lease liabilities	(3.6)	(2.9)
Free cash flow	**(0.5)**	**(3.0)**
Movement in borrowings	(1.0)	(2.7)
Proceeds from the issue of shares	-	0.1
Dividends paid	(0.3)	(1.9)
Movement in cash and cash equivalents	**(1.8)**	**(2.1)**

£m	FY23	FY22
Cash and cash equivalents	2.0	3.8
Borrowings	(4.8)	(5.5)
Net (Debt)/ Cash	**(2.8)**	**(1.8)**

The lower reported profit before tax in the year includes £6.2m of non-underlying expenses which resulted in £0.7m of additional cash outflows (FY22: £2.2m).

A reduction in net working capital resulted in a cash inflow of £3.8m in the year (FY22: £3.2m outflow) reflecting our planned reduction of inventory. Inventory on hand at the year-end (excluding inventory in transit) was £9.5m (FY22: £15.2m) down 37.5% year on year. Total inventory at the year-end was £11.5m (FY22: £16.8m).

Net capital expenditure of £5.2m in the year primarily related to the investment in the new distribution centre and HQ, and three new stores and two upsize relocation stores which opened during the year. In the prior year, net capital expenditure of £3.8m largely related to the eight new store openings and the ProCook Cookery School.

There was £0.1m of corporation tax paid in the year reflecting the Group's lower profitability (FY22: £2.0m). As at 2 April 2023, we had a current tax asset of £0.6m (FY22: £0.3m).

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. This facility expires in April 2025 and has a one-year extension option available to extend the term to April 2026. 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 5 May 2023, the Group successfully finalised an amendment to the RCF terms in respect of the fixed charge cover covenant which had been agreed with HSBC during March 2023, in order to provide additional headroom against that covenant given that the Group's EBITDA performance declined during the year and would have breached the covenant test at the FY23 Q4 test date. The revised test requires EBITDAR to be no less than 1.25x fixed charges for the FY23 Q4 and FY24 Q1 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 Group's ability to meet these covenants has been stress tested as part of going concern and viability considerations, which is described in more detail in the Going Concern section below.

The Group has retained its access to an existing £6.0m trade finance facility, which is due to expire on 23 September 2023, although is expected to be renewed at that date. There are no covenants associated with this facility. The terms of this facility are consistent with normal practice.

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% to 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

During the first half of the year ended 2 April 2023, the Group paid the final dividend in respect of FY22 of 0.9p per share. Dividend waivers by the O'Neill family shareholders, to preserve cash within the business, reduced the total dividend paid by £0.6m to £0.3m.

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 FY23.

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 loss before tax of £6.5m after non-underlying items for the financial year ended 2 April 2023 (FY22: profit before tax of £94k) and had a net asset position of £9.3m as at 2 April 2023 (3 April 2022: £13.4m), with a net current asset position of £1.3m (3 April 2022: £6.0m). The Group had net debt (cash and cash equivalents less borrowings) of £2.8m at 2 April 2023 (3 April 2022: £1.8m) with available liquidity headroom of £13.2m.

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 the Group's experience of trading through challenging periods such as the Covid-19 pandemic, and the most recent macro-economic downturn in which consumers have been impacted by significant inflationary pressures.

Consideration has been given to the availability of facility headroom and covenant compliance within the Group's financing facilities, details of which are as follows:

1. An uncommitted trade finance facility of £6.0m. There are no covenants associated with this facility.
2. A Revolving Credit Facility ("RCF") of £10.0m which was entered into on 20 April 2022 (expiring in April 2025, with a one-year extension option to April 2026) with two covenants in respect of fixed charge cover and leverage. Shortly after the year-end, on the 5 May 2023, the Group successfully finalised an amendment to the RCF terms in respect of the fixed charge cover covenant, which had been agreed with HSBC during March 2023 in order to provide additional headroom against that covenant given that the Group's EBITDA performance declined during the year and would have breached the test at the end of the financial year without action. The revised test requires EBITDAR to be no less than 1.25x fixed charges for the FY23 Q4 and FY24 Q1 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 calculated on a last twelve month rolling, pre-IFRS 16 bases.

The base case for the scenario modelling extends from the annual budget plan that was approved by the Board in April 2023. Forecasts for future periods are based on the Group's strategic plan and its five year financial plan, which project forwards from the FY24 budget.

Key assumptions include Ecommerce and Retail like for like revenue growth, gross margin performance reflecting the return to more normal marine freight costs, the financial impacts of opening of new stores (including capital investments and time to maturity), operational efficiencies being delivered, investment in brand marketing activities, and the appropriate level of inventory required to maintain strong 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, marketing effectiveness, and financial and treasury risks, all of which are heightened as a result of the current macro-environment.

The Board has reviewed the potential downside impacts 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 macro inflationary pressures and further increases in interest rates throughout the going concern period, resulting in a 15% lower revenue performance in the FY24 year to go compared to base case (with LFL revenue declining a further -5%pts compared to year to date performance), increasing to a 20% decrease compared to base case in FY25.

- Heightened competition to acquire customers in the market as demand falls, results in a 10% increase in the cost of customer acquisition through online channels.
- The level of promotional activity required to convert customers increases and coupled with a deterioration in GBP against the US dollar, gross profit margins reduce by 200bps compared to base case, commencing in H2 FY24.
- The increase in interest rates results in an increase of 100bps in the Group's cost of borrowing through its facilities.

Under this severe but plausible downside scenario, and before mitigating actions, the Group would remain within its £10m committed borrowing facilities throughout the next 12 months, and remain compliant with the leverage covenant test. However, it would breach the fixed charge covenant at the Q2 FY24 test date. The Group has a positive and long-standing relationship with its banking partner HSBC, however there is no guarantee that a covenant waiver, new banking terms, or alternative funding arrangements could be agreed within an acceptable period, and there is therefore the risk that current funding arrangements could be withdrawn.

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 11% in Q2 FY24 (representing a year on year decline in LFL revenue of 12% in the remainder of FY24), would be required to breach fixed charge covenants at that quarter-end test date. A further reduction in revenue of 21% in FY25 would be required to breach fixed charge covenants in that year.

The other downside scenarios linked to the key principal risks and uncertainties, which were considered by the Board, have a cumulative impact which was similar to the severe but plausible downside scenario outlined above.

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, above-the-line or retention marketing spend
- Reduce non-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 capital expenditure in retail, technology, and logistics
- Renegotiate payment terms with suppliers
- Seek alternative forms of financing 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 scenario, and in the other 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 is likely to breach its fixed charge covenant, unless mitigating actions can be applied sufficiently in advance to prevent such a breach, requiring agreement of 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, 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

27 June 2023

Consolidated Income Statement
For the 52 weeks to 2 April 2023

		52 weeks ended 2 April 2023			52 weeks ended 3 April 2022		
£'000s	Note	Underlying	Non-underlying	Reported	Underlying	Non-underlying	Reported
Revenue	1	**62,340**	**-**	**62,340**	69,154	-	69,154
Cost of sales		**(23,994)**	**-**	**(23,994)**	(24,111)	-	(24,111)
Gross profit		**38,346**	**-**	**38,346**	45,043	-	45,043
Operating expenses	2	**(37,645)**	**(6,159)**	**(43,804)**	(36,277)	(9,400)	(45,677)
Other income		**51**	**-**	**51**	407	-	407
Operating profit/(loss)		**752**	**(6,159)**	**(5,407)**	9,173	(9,400)	(227)
Finance expense		**(861)**	**(204)**	**(1,065)**	(623)	-	(623)
Other (losses)/gains		**(55)**	**-**	**(55)**	944	-	944
(Loss)/profit before tax		**(164)**	**(6,363)**	**(6,527)**	9,494	(9,400)	94
Tax credit/(expense)	5	**29**	**1,559**	**1,588**	(1,900)	1,720	(180)
Profit/(loss) for the period		**(135)**	**(4,804)**	**(4,939)**	7,594	(7,680)	(86)
Total comprehensive income/(loss)		**(135)**	**(4,804)**	**(4,939)**	7,594	(7,680)	(86)
Earnings per ordinary share - basic	7	(0.12)p		(4.53)p	7.34p		(0.01)p
Earnings per ordinary share - diluted	7	(0.12)p		(4.53)p	6.76p		(0.01)p

Consolidated Statement of Financial Position

As at 2 April 2023

£'000s	Note	**As at 2 April 2023**	**As at 3 April 2022**
Assets			
Non-current assets			
Intangible assets	8	**235**	363
Property, plant, and equipment	9	**7,781**	5,801
Right-of-use assets	10	**25,450**	20,985
Deferred tax asset	5	**2,520**	1,175
Total non-current assets		**35,986**	**28,324**
Current assets			
Inventories		**11,515**	16,759
Trade and other receivables		**2,240**	1,975
Current tax asset		**611**	271
Cash and cash equivalents		**1,962**	3,782
Total current assets		**16,328**	**22,787**
Total assets		**52,314**	**51,111**
Liabilities			
Current liabilities			
Trade and other payables		**7,276**	8,278
Lease liabilities	10	**2,836**	2,844
Provisions		**200**	173
Borrowings		**4,716**	5,540
Total current liabilities		**15,028**	**16,835**
Non-current liabilities			
Trade and other payables		**954**	816
Lease liabilities	10	**26,430**	19,605
Provisions		**612**	444
Total non-current liabilities		**27,996**	**20,865**
Total liabilities		**43,024**	**37,700**
Net Assets		**9,290**	**13,411**
Equity and reserves attributable to Shareholders of ProCook Group plc			
Share capital		**1,090**	1,090
Ordinary Shares to be issued		**6,891**	5,801
Share Premium		**1**	1
Retained earnings		**1,308**	6,519
Total equity and reserves		**9,290**	**13,411**

Consolidated statement of cash flows

For the 52 weeks to 2 April 2023

£'000s	Note	52 weeks ended 2 April 2023	52 weeks ended 3 April 2022
Cash flows from operating activities			
(Loss)/Profit before tax		(6,527)	94
Adjustments for:			
Depreciation of property, plant, and equipment	9	967	860
Amortisation of Intangible assets	8	128	52
Loss on disposal of property, plant, and equipment	2	37	135
Profit on termination of leases		(75)	(50)
Amortisation of right-of-use assets	10	4,034	3,056
Impairment	2	4,405	-
Unrealised FX (gains)/losses		518	(1,098)
Share Based Payments		1,090	5,837
Finance expense		1,065	623
Decrease/(Increase) in inventories		5,244	(6,671)
Increase in trade and other receivables		(413)	(372)
(Decrease)/Increase in trade and other payables		(1,233)	3,822
Increase in provisions		195	59
Income taxes paid		(97)	(2,041)
Net cash flows from operating activities		**9,338**	**4,306**
Investing activities			
Purchase of property, plant, and equipment	9	(4,928)	(3,165)
Purchase of intangible assets	8	-	(348)
Lease inception costs		(460)	(248)
Lease incentives received		204	-
Net cash (used in) investing activities		**(5,184)**	**(3,761)**
Financing activities			
Interest paid		(294)	(156)
Interest paid on lease liabilities		(771)	(467)
Proceeds from borrowings		18,689	28,320
Repayment of borrowings		(19,701)	(25,583)
Lease principle payments	10	(3,625)	(2,910)
Proceeds from the issue of shares		-	54
Dividends paid	6	(272)	(1,900)
Net cash (used in) financing activities		**(5,974)**	**(2,642)**
Net movement in cash and cash equivalents		(1,820)	(2,097)
Cash and cash equivalents at beginning of the period		3,782	5,879
Cash and cash equivalents at end of period		**1,962**	**3,782**

Consolidated statement of changes in equity

For the 52 weeks to 2 April 2023

£'000s	Note	Share capital	Share Premium	Share Option Reserve	Retained earnings	Total equity
As at 4 April 2021		-	-	-	9,505	**9,505**
Total comprehensive loss for the period		-	-	-	(86)	**(86)**
Bonus issue		117,300	-	-	(117,300)	**-**
Capital reduction		(116,300)	-	-	116,300	**-**
Share options exercised		54	1	-	-	**55**
Issue of shares		36	-	(36)	-	**-**
Employee Share Based Payment Awards		-	-	5,837	-	**5,837**
Ordinary dividends paid	6	-	-	-	(1,900)	**(1,900)**
As at 3 April 2022		**1,090**	**1**	**5,801**	**6,519**	**13,411**
Total comprehensive loss for the period		-	-	-	(4,939)	**(4,939)**
Employee Share Based Payment Awards		-	-	1,090	-	**1,090**
Ordinary dividends paid	6	-	-	-	(272)	**(272)**
As at 2 April 2023		**1,090**	**1**	**6,891**	**1,308**	**9,290**

Notes to the consolidated financial statements

For the 52 weeks ending 2 April 2023

General Information

The financial information set out herein does not constitute the Company's statutory financial statements for the periods ended 2 April 2023 or 3 April 2022, but is derived from those financial statements. Statutory financial statements for 2023 will be delivered to the Registrar of Companies in due course. The financial statements were approved by the Board of directors on 27 June 2023. 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.

ProCook Group plc (the Company) is a public limited company incorporated and domiciled in England and Wales under the Companies Act 2006 (Registration number: 13679248). The registered office is ProCook, 10 St. Modwen Park, Gloucester, GL10 3EZ.

The principal activity of the Company together with its subsidiary undertakings throughout the period is the sale of kitchenware and related products in stores and via ecommerce platforms.

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.

The majority of the Group's operations are carried out in the UK, with a smaller proportion of the Group's revenue being generated in the European Union. During the financial year ended 2 April 2023 the Group ceased its trading operations in the European Union. All revenue is from external customers.

£'000	**52 weeks ended 2 April 2023**	52 weeks ended 3 April 2022
United Kingdom	**61,550**	66,124
European Union	**790**	3,030
Total revenue	**62,340**	69,154

2. Operating expenses

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

£'000	**52 weeks ended 2 April 2023**	52 weeks ended 3 April 2022
Depreciation of tangible fixed assets	**967**	860
Amortisation of Intangible assets	**128**	52
Amortisation of right-of-use assets	**4,034**	3,056
Impairment of tangible fixed assets	**1,944**	-
Impairment of right-of-use assets	**2,461**	
Variable lease payments	**785**	985
Loss on disposal of property, plant, and equipment	**37**	174

3. Non-underlying items

Consistent with FY22, expenses in respect of employee share-based awards which relate to the IPO event in that year, which itself is non-recurring, have been presented as non-underlying costs. These expenses are expected to continue through relevant vesting periods to FY25, albeit these costs reduce over time.

During the financial year ended 2 April 2023, the Group consolidated its head office and warehouse operations into a new site. Operating expenses of £0.7m associated with occupying the site while its development was completed, and the costs of transitioning into the new site have been presented as non-underlying costs as these costs are non-recurring, dual-running and transition-related.

The Group's impairment assessment has resulted in an expense to the Consolidated Income Statement of £3.3m (2022: £nil) in respect of Retail CGU impairment and £1.1m (2022: £nil) in respect of the Group's two pre-existing distribution / head office sites. These have been presented as non-underlying items as each are material in nature, and by virtue of their relationship to future performance, are not considered related to the performance of the financial year ended 2 April 2023.

£'000	**52 weeks ended 2 April 2023**	52 weeks ended 3 April 2022
IPO Associated costs	-	2,742
Share based payments	**1,209**	6,658
Headquarters transition-related costs	**749**	-
Impairment expense	**4,405**	-
Total	**6,363**	9,400

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 2 April 2023, 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 Statement of Income.

£'000	**52 weeks ended 2 April 2023**	52 weeks ended 3 April 2022
Revenue		
Ecommerce	**25,653**	32,332
Retail	**36,687**	36,822
Total revenue	**62,340**	69,154
Operating profit		
Ecommerce	**4,588**	8,056
Retail	**5,319**	9,635
Central costs	**(9,155)**	(8,518)
Non-underlying operating costs	**(6,159)**	(9,400)
Operating loss	**(5,407)**	(227)
Non-underlying finance costs	**(204)**	-
Finance costs	**(861)**	(623)
Other (losses)/gains	**(55)**	944
(Loss)/profit before tax	**(6,527)**	94

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 2 April 2023**	52 weeks ended 3 April 2022
Current taxation		
Corporate income tax charge for the period	**-**	1,384
Adjustments in respect of previous years	**(243)**	-
	(243)	1,384
Deferred tax		
Origination and reversal of temporary differences	**(1,632)**	(920)
Impact of change in tax rate	**-**	(284)
Adjustments in respect of prior periods	**287**	-
Total tax (credit)/expense	**(1,588)**	**180**

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

£'000	**52 weeks ended 2 April 2023**	52 weeks ended 3 April 2022
Profit on ordinary activities before tax	**(6,527)**	94
UK Corporate income tax at standard rate of 19% (2021: 19%)	**(1,240)**	18
Factors effecting the charge in the period:		
Tax effect of expenses that are not deductible for tax purposes	**(20)**	446
Adjustments in respect of prior years	**(243)**	-
Adjustments in respect of prior periods (deferred tax)	**287**	-
Remeasurement of deferred tax for changes in tax rates	**(372)**	(284)
Total taxation (credit)/expense	**(1,588)**	**180**

The underlying taxation expense for the period as a percentage of profit before tax (the effective tax rate) was 17.6% (2022: 20.0%).

The standard rate of UK corporate income tax was 19% for all periods presented. 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 and the timing of future vesting dates in respect of share based payments. The amounts have been presented on a net basis to follow the way in which they will be recouped by the Group. The following is the analysis of the deferred tax balances for financial reporting purposes:

Movement in the year:

£'000	Accelerated capital allowances	Share based payments	Carried forward losses	**Total**
Deferred tax asset as at 3 April 2022	(479)	1,654	-	1,175
(Debit)/Credit to profit and loss	(601)	315	1,631	1,345
Deferred tax asset at 2 April 2023	**(1,080)**	**1,969**	**1,631**	**2,520**

Carried forward losses arise from the tax losses incurred during this financial year. This has been recognised as a deferred tax asset as the Group believes there is a high degree of likelihood there will be sufficient future profits to offset against over the medium term planning cycle.

6. Dividends

£'000	**52 weeks ended 2 April 2023**	**Dividend per share (pence)**	52 weeks ended 3 April 2022	Dividend per share (pence)
Final dividend for the period ended 4 April 2021	**-**	**-**	1,000	1.0 pence
Interim dividend for the period ended 3 April 2022	**-**	**-**	900	1.0 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 £0.6m 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.

The FY22 interim dividend of £1.0m was declared and paid representing 1.0 pence per ordinary share, however £0.1m of this dividend was waived by certain shareholders.

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 2 April 2023	52 weeks ended 3 April 2022
Weighted average number of shares	**108,956,624**	103,509,034
Impact of share options	**9,126,940**	8,774,159
Number of shares for diluted earnings per share	**118,083,564**	112,283,193

£'000	**52 weeks ended 2 April 2023 Underlying**	**52 weeks ended 2 April 2023 Reported**	52 weeks ended 3 April 2022 Underlying	52 weeks ended 3 April 2022 Reported
(Loss)/profit for the period	**(135)**	**(4,939)**	7,594	(86)
Earnings per ordinary share – basic	**(0.12)p**	**(4.53)p**	7.34p	(0.01)p
Earnings per ordinary share – diluted	**(0.12)p**	**(4.53)p**	6.76p	(0.01)p

8. Intangible assets

£'000	Software	Assets under construction	**Total**
Cost			
At 5 April 2021	-	67	67
Transfers out of Assets under construction	67	(67)	-
Additions	190	158	348
At 3 April 2022	257	158	415
Additions	-	-	-
Transfers out of Assets under construction	158	(158)	-
At 2 April 2023	**415**	**-**	**415**
Accumulated Amortisation			
At 5 April 2021	-	-	-
Charge for the period	52	-	52
At 3 April 2022	52	-	52
Charge for the period	128	-	128
At 2 April 2023	**180**	**-**	**180**
Net book value			
At 4 April 2021	-	67	67
At 3 April 2022	205	158	363
At 2 April 2023	**235**	**-**	**235**

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 5 April 2021	34	320	6,044	4	-	6,402
Additions	34	167	2,514	25	425	3,165
Disposals	(56)	-	(96)	-	-	(152)
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**
Accumulated depreciation and impairments						
At 5 April 2021	9	32	2,726	4	-	2,771
Charge for the period	3	31	818	8	-	860
Disposals	(9)	-	(3)	(5)	-	(17)
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**
Net book value						
At 4 April 2021	25	288	3,318	-	-	3,631
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**

Assets under construction includes retail store equipment and fixtures acquired but not yet in use, and certain assets relating to the new distribution centre and head office which had not been fully developed or commissioned at 2 April 2023.

Impairment tests have been carried out where appropriate and an impairment charge of £1.9m has been recognised in the 52 weeks ended 2 April 2023 (3 April 2022: £nil). This impairment charge relates to a retail wide impairment review where certain stores have been identified as impaired.

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 5 April 2021	20,437	179	29	20,645
Additions	7,843	57	39	7,939
Re-measurement[1]	241	-	-	241
Disposals	(2,296)	-	-	(2,296)
At 3 April 2022	26,225	236	68	26,529
Additions	16,336	-	-	16,336
Re-measurement	(4,371)	-	-	(4,371)
Disposals	(1,706)	(54)	(29)	(1,789)
At 2 April 2023	**36,484**	**182**	**39**	**36,705**
Accumulated amortisation and impairments				
At 4 April 2021	2,779	19	13	2,811
Charge for the period	2,974	68	14	3,056
Disposals	(323)	-	-	(323)
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**
Net book value				
At 4 April 2021	17,658	160	16	17,834
At 3 April 2022	20,795	149	41	20,985
At 2 April 2023	**25,335**	**85**	**30**	**25,450**

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 for any indicators of impairment. Due to the macro-economic environment in the UK, all stores have been assessed for impairment.

The value in use of each CGU is calculated based on the Group's latest budget and forecast cash flows, covering a five-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 five-year period are extrapolated using a long-term growth rate based on management's future expectations.

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.

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

£'000	Leasehold Property	Motor Vehicles	Plant and Equipment	Total
At 4 April 2021	19,281	155	15	**19,451**
Additions	7,615	57	39	**7,711**
Remeasurement[1]	241	-	-	**241**
Interest expense	462	4	1	**467**
Lease payments	(3,286)	(75)	(16)	**(3,377)**
Disposals	(2,044)	-	-	**(2,044)**
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)	**(4,255)**
Disposals	(1,080)	-	-	**(1,080)**
At 2 April 2023	**29,161**	**76**	**29**	**29,266**

[1]Remeasurements have arisen where store lease rental terms and lease expiry dates have been renegotiated.