ProCook

Bringing joy to everyday cooking

Annual Report and Accounts 2023

At a glance

Equipping everyone with the tools to bring joy to everyday cooking

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

Our mission

To be the customers' first choice for kitchenware

"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'm 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.

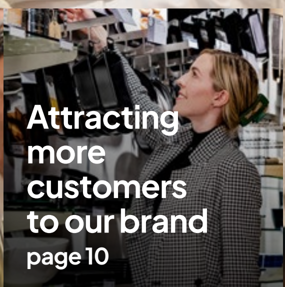
This year the economic backdrop has been one of the toughest I've experienced in my career. Our customers and colleagues have felt the squeeze on disposable incomes as inflation has soared upwards. We have faced challenging trading conditions before, and emerged stronger, more nimble, and more determined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

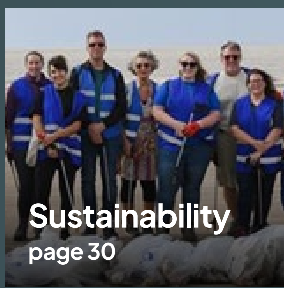
Our team have worked incredibly hard this year as we have faced into these challenges. We have continued to invest in the areas that will support our long-term growth and performance, most notably in our new Distribution Centre and HQ in Gloucester, while taking difficult decisions to manage costs, preserve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

We have spent time working on developing our culture, and our brand purpose, which together will act as a North Star for all of our future activities, and enable us to more effectively communicate our specialist proposition to customers, **equipping everyone with the tools to bring joy to everyday cooking**.

This year our focus on **always doing the right thing** has been exemplified in our certification as a B Corp. We have much more that we must do as a sustainable and responsible business, to protect our planet and give more back to our communities, but I am pleased that we are leading the way on these important issues."

Daniel O'Neill
CEO & Founder





Group overview

Revenue	Gross profit margin % APM	Underlying PBT APM	Free cash flow APM
£62.3m FY23	**61.5%** FY23	**(£0.2m)** FY23	**(£0.5m)** FY23
£69.2m FY22	**65.1%** FY22	**£9.5m** FY22	**(£3.0m)** FY22

Yo3Y LFL Revenue %[1] APM	Number of new customers ('000)	Number of active customers in the last 12 months ('000)	Trustpilot score
112.2% FY23	**692** FY23	**991** FY23	**4.7** FY23
123.5% FY22	**723** FY22	**974** FY22	**4.8** FY22

Number of retail stores	Colleagues employed at reporting date
58 FY23	**624** FY23
55 FY22	**684** FY22

1 Yo2Y LFL for FY22, pre-pandemic comparative

APM This report contains Alternative Performance Measures which may not be defined in accordance with Statutory measures. See page 164 for further information.

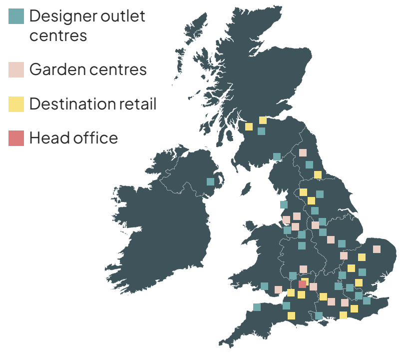
Operational overview

We operate from our distribution centre and headquarters located in Gloucester which is home to our logistics, customer services and all central support functions.

We currently have 58 inspirational retail stores spread geographically throughout the UK located in leisure-based centres.

These stores offer customers convenience, the opportunity to test products, and helpful service from knowledgeable colleagues. Customers can also shop online for home delivery at **www.procook.co.uk**

Our ProCook Cookery School is located above our store on Tottenham Court Road in central London.



Certified B Corporation

Strategic Report

Governance Report

Financial Statements

Visit our website at: **www.procookgroup.co.uk**

Chairman's introduction

> We have a renewed focus in our purpose to equip everyone with the tools to bring joy to everyday cooking, this guides all of our activities and helps us focus our efforts as we move forward to become the customers' first choice for kitchenware"

Greg Hodder
Chairman

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.

Malmo
tableware range

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 on pages 6 to 9 sets out more detail about this important topic, and the next steps we will take are set out in further detail on pages 20 to 21 and in our sustainability report on pages 30 to 50.

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

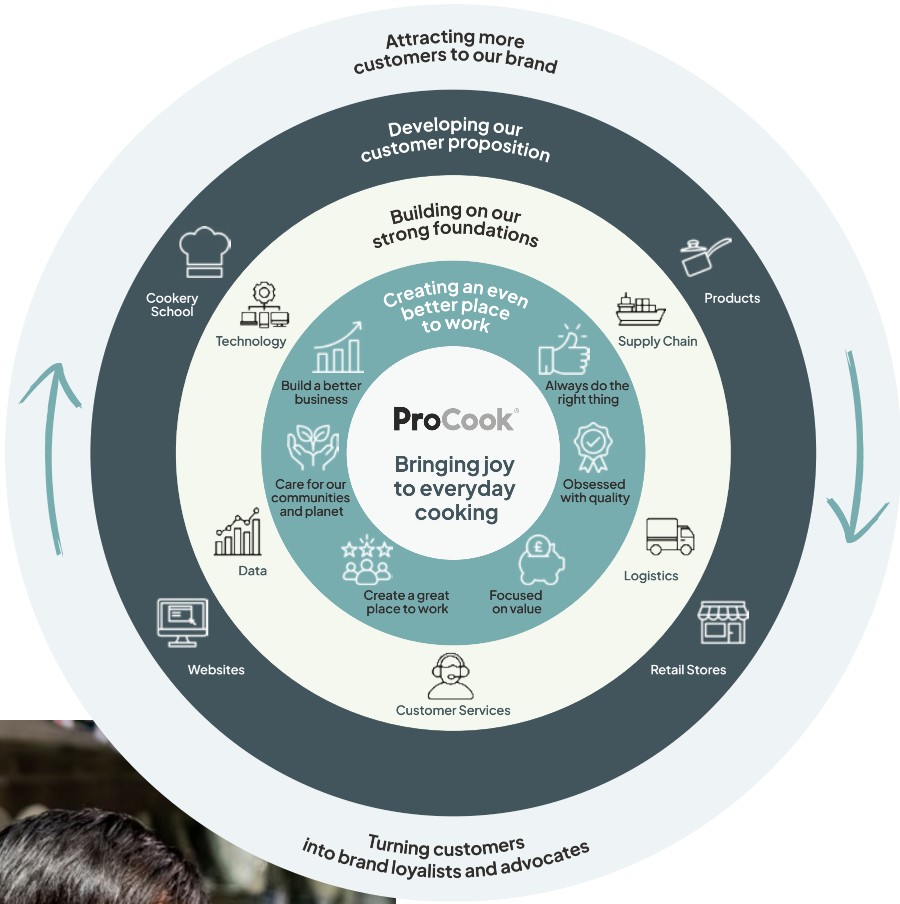
Business model

By cutting out the middlemen we create greater value for our customers, and generate sector-leading margins for ProCook, allowing us to reinvest for future growth.

We design and direct source our products ourselves, and by operating our own routes to market, we deliver better quality products and better service for customers at lower prices.

Through this direct-to-consumer approach, we target savings for our customers of at least 30% against comparable products from competitor brands. Our customers benefit from great advice in our retail stores, along with the ability to trial and test products, and our easy-to-use website offers a range of convenient delivery options to customers.

Our business model



Our customers

We completed over 1.8 million customer transactions in the last year, the vast majority being to customers across the UK. Our customer base is 81% female, with a higher than average level of affluence. We have almost 4 million customers on our database, and, with a market share of just under 2%, we have significant opportunity to raise awareness of our brand in the years ahead, equipping everyone with the tools to bring joy to everyday cooking.

991,000 (+1.8%)

Number of active customers in last twelve months

Elite Tri Ply
cookware range

Our products

We are obsessed with quality and value. Our products are designed, sourced, and refined by our in-house design and purchasing teams, who focus on exceptional quality, functionality, durability, sustainability, and style to ensure our customers can enjoy using them in everyday cooking for many years. We launch new products throughout the year, typically refreshing our range by approximately 25% each year.

Many of our supplier relationships are long established, and we're committed to working in a transparent and fair way. With our focus on manufacturing standards and responsible sourcing, we are supporting our supplier partners to achieve higher standards for their own people, communities, and the planet we all live in.

Our colleagues

As a certified Great Place to Work™ company, we are committed to treating our people well. We employ over 600 colleagues across our stores, headquarters, logistics and customer service operations. Our culture reflects our family heritage, and our teams are agile, collaborative, and passionate in delivering extraordinary customer service.

Our channels

Retail

Our 58 retail stores are geographically spread throughout the UK and provide customers a convenient and inspirational shopping experience, with the opportunity to seek advice from our knowledgeable colleagues and to trial products in store.

Ecommerce

Our proprietary websites are designed to be easy to use and inspirational, with convenient home delivery and payment options for customers. We merchandise products using high-quality imagery and video content produced in our photography studio and our Cookery School to inspire our customers.

Cookery School

Our Cookery School in Central London offers customers the opportunity to enjoy developing their own cooking skills in a relaxed setting with a broad range of specialist courses and events. Our chef-tutors are experts in their respective fields and create fun and memorable experience for our guests.

Our data and technology

Our proprietary technology and comprehensive customer database supports our day-to-day operations and strategic decision-making and provides a strong platform for continued growth. Our operating systems and website channels are continually developed by our own Technology team, allowing us to deliver customer and operating enhancements rapidly. We use best-in-class third-party tools to augment our own platforms where appropriate.

Our logistics and central operations

Our headquarters in Gloucester is home to our logistics and central operations functions including our customer service team which collectively support our customers before, during and after their shopping experience, and lead the continual development of our proposition.

CEO's review

> In this difficult market, we have made strong progress with our strategic priorities which will provide the foundations for future profitable growth over the years ahead."
>
> **Daniel O'Neill**
> CEO and Founder

Bringing joy to everyday cooking

This year the economic backdrop has been one of the toughest I've 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 HQ. Free cash flow improved by £2.5m year on year to an outflow of £0.5m (FY22: outflow of £3.0m).

Damascus 67
knives range

1 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.

2 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. These 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.

CEO's review
Continued

We were pleased to have been recognised by Which? as a Recommended Provider, ranking 4th 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.

3 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.

4 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.

5 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

Further information about our strategic priorities is set out in the following sections:

Read more:
Attracting more customers to our brand - page 10

Read more:
Developing our customer proposition - page 14

Read more:
Building on our strong foundations - page 17

Read more:
Creating an even better place to work - page 18

Read more:
Reducing our environmental footprint - page 20

Stockholm stoneware range

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

1 Attracting more customers to our brand

“

Growing awareness of our brand and our offer is a key lever to drive continued growth and performance. In our newly refined purpose, we have identified our North Star which will provide a consistent guide to all of our activities across ProCook as we equip everyone with the tools to bring joy to everyday cooking.”

Angela Porter
Chief Marketing Officer

Customer awareness of ProCook remains relatively low, providing a significant opportunity for the continued growth and development of our brand.

In our most recent research survey of UK customers, spontaneous awareness of ProCook was just 7%, while prompted awareness was also low at 33%, both well below our competitor peer group. Of the population that is aware of our offer, consideration to purchase is healthy at 44% and the conversion to purchase rate is strong at 29% compared to our peer group.[1]

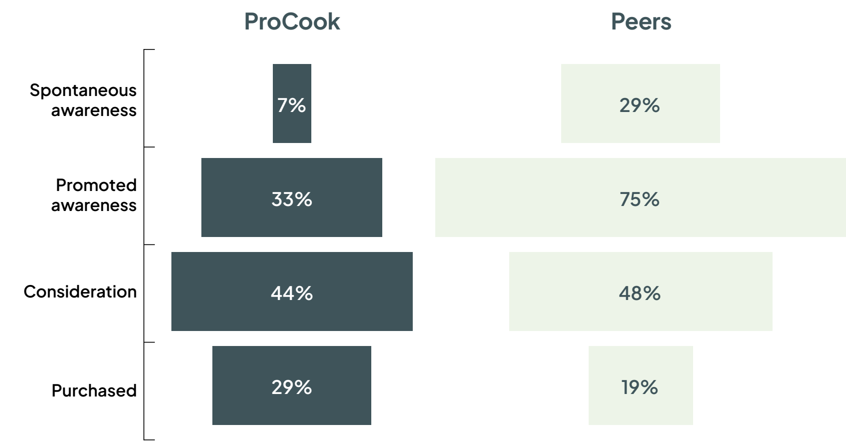
Our brand and proposition are therefore a “best kept secret”; customers who know of us, buy from us, and with our strong service and quality offer at great value we have received over 85,000 5-star ratings on Trustpilot giving us an excellent rating. These customers go on to repeat purchase with us, with approximately a third coming back to shop with us again in the following 24 months after initial purchase.

Our first strategic objective is therefore to attract more customers to our brand, and we plan to do this by:

#1 Raising brand awareness with an effective media plan

#2 Turning new customers into brand loyalists and advocates

Awareness to purchase funnel



1 YouGov Survey, 4000 participants, January 2023. Peer group reflects the combined average results of Tefal and Le Creuset

Developing our brand purpose

During the last year we have revisited our brand purpose and proposition, developing a North Star and a coherent framework that defines why we exist, bringing meaning to our operational activities and clear guiderails to support our decision-making, ensuring that our customer and our purpose are at the heart of all we do.

We are obsessed about our product quality and the better value we offer customers by cutting out the middleman. Our attention and commitment to delivering exceptional service to our customers and creating memorable, stand-out experiences is the best way to ensure that customers will return to shop with us, and recommend our brand to their friends and family.

Our purpose goes beyond just the products we sell and the way we sell them. Our business was founded on a passion for cooking, and collectively we are passionate about helping our customers enjoy cooking. With the right equipment in their kitchens and at their dining tables cooking and dining can be a real pleasure, whether it's for a special occasion, or simply an everyday meal.

We will ensure we deliver this purpose in all we do. By continuing to be obsessed about product quality and value, passionate about the service we offer and creating an experience makes it easy for everyone to enjoy cooking more, we will equip everyone with the tools to bring joy to everyday cooking.

We don't just sell products. We **design** and **source** our **range** to suit ever need, and we **help** customers discover how to **get the best** from our products

Whether you are boiling an egg or cooking a feast, we are **here for it all**

Equipping everyone with the tools to bring joy to everyday cooking

We welcome everyone and want you to find just what you need for **your** kitchen

Having the right kitchenware will transform any simple chore, or complicated task into a more **enjoyable experience**

Product	Service	Experience
Obsessed about quality and value	Welcoming to everyone and passionate about service	Making it easy for everyone to enjoy cooking more

1 Attracting more customers to our brand
Continued

Our priorities

We will attract new customers to the brand and turn them into loyal advocates through a multi-channel and data-driven media strategy.

Raising brand awareness and growing our new customer base will be crucial in the years ahead. Our newly defined purpose will ensure that all messages are aligned and demonstrates how we can help everyone regardless of their cooking mission. We will do this through a data-driven media strategy, using inspiring new creative executions to speak to our target audience based on affluence and interest type. We will drive greater awareness and consideration at the top of the media and marketing funnel which will positively impact our current performance media channels, allowing us to further improve our return on investment and drive efficiencies in overall customer acquisition costs.

Our PR and Social activity will support this, increasing the reach of our ProCook purpose further, with other trusted sources and influencers telling our brand and product stories and showcasing our products in editorial content.

All our activity will be measurable to understand the brand, customer, and commercial impacts individually and collectively, allowing us to strengthen our actions throughout the year.

How we then retain these customers will also draw on our rich customer data. Using our new CRM system to segment our customers in a number of ways will ensure that we are improving repeat purchases by inspiring them with the offers and value they are likely to be interested in at just the right time. We want all of our customers to get what they need from ProCook, and therefore a multi-channel personalisation programme will turn new customers into loyal customers who are also brand advocates.

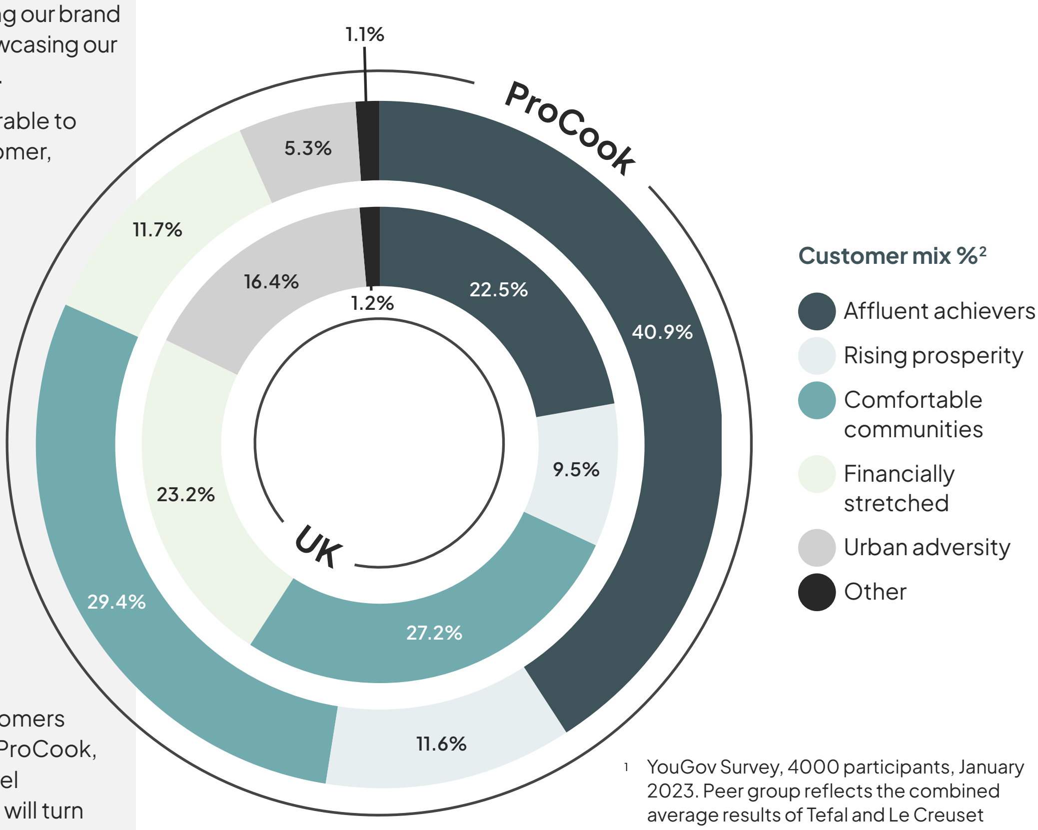
Introducing our customers

Our current customer mix is more heavily weighted to higher affluency groups in the UK compared to the national average, with 20.5% higher mix of the highest two affluency categories compared to a 22.7% lower mix of the lowest two affluency categories. Our customers live comfortable lives and have fewer financial concerns than most, giving them a high proportion of disposable income to spend on hobbies, interests, and their home. They are most likely to be professional couples or retired, who own their own homes.

Our customers are not overly price-sensitive, but they are savvy and do seek quality and value. They typically buy in to brands that demonstrate this and often undertake research before making any major purchases.

55% of adults shop kitchenware once every 6 months, with 8% shopping frequently at least once every 3 months. Maintaining front of mind awareness within the higher frequency groups is key, even when they are not actively in market.[1]

81% Female[2]	**£46k** Average household income[3]	**£79** average spend online
23.6% 12 month repeat rate	**991,000** L12M active customers	**£34** average spend in store



1 YouGov Survey, 4000 participants, January 2023. Peer group reflects the combined average results of Tefal and Le Creuset

2 Greenstone data report (August 2022)

3 Acorn affluency profiling (August 2022)

Consumer trends

Increased interest in cookery shows, health and well being

Cooking is considered as a hobby by 38% of UK adults[4]. The average adult will spend three years of their lives cooking. An evening meal takes on average 49 minutes to cook, but only 23 minutes to eat[5] . Increased interest in nutrition and wellbeing has resulted in a deeper interest in cooking. The UK population enjoy watching other people cooking as much they do spending time in their kitchens. Between *The Great British Bake Off*, *MasterChef* and *Great British Menu*, as well as online recipes and new celebrity cookbooks, people in the UK are, on average, spending over five hours a week looking at and watching "food media". This provides a great opportunity to target our audience when actively engaged in cooking content.

Sustainability in purchasing decisions

Consumers are increasingly concerned about the environmental impact of their buying decisions, and increasing engagement with climate change continues to drive a shift in consumer preferences. Customers are more likely to seek our more natural and organic feeling materials in products they buy, looking for more sustainable and environmentally friendly alternative to synthetic materials. Materials such as wood, bamboo, glass, stone, and ceramic are becoming increasingly popular, with consumers also seeking out products that are handmade or have a unique textures or patterns.

Seeking out greater quality and value

The top concern for 63% of Britons is the state of the economy and their personal finances.[6] It is therefore unsurprising to note that 50% of all customers who are shopping with new brands are doing so based on value for money or better pricing.[7]. However, consumers are seeking more than just price, with quality also being taken into consideration. A secondary trend in value definition is that consumers are seeking more 2-1 benefits with a 16% YOY increase in search queries related to "cheap and best" and emerging trends in "best and sustainable"[8] and such like showing consumers to be demanding more than simply price from products and the brands they shop with.

4 YouGov Survey, 4000 participants, January 2023

5 Tilda Study, March 2022

6 Ipsos Essentials, January 2023

7 McKinsey & Company Europe Consumer Pulse Survey, February 2022.

8 Google trends data, UK, 2022 vs 2021

2 Developing our customer proposition

“We are obsessed with product quality and offering our customers the best possible value by cutting out the middleman through direct sourcing. Operating our own stores and website allows us to provide the best possible service to our customers.”

Daniel O’Neill
CEO & Founder

Our priorities

#1 Retail service excellence

#2 Retail expansion

#3 Develop a world-class website

#4 Extending and improving product ranges

#1 Retail service excellence

Service excellence has never been more important as customers are seeking extra guidance and reassurance about their purchases, in an environment where disposable incomes are under real pressure. We are committed to the highest standards of service, helping to create the best possible experiences for our customers.

With low current unemployment, recruitment has become more challenging and so our continued focus on colleague engagement is key. We are working hard to improve communication, total reward, and wellbeing throughout our business and especially for our retail colleagues, while also ensuring that we have the right people in store at the right time to optimise service for our customers. We are strengthening our management structures to create a stronger performance-based culture where we recognise and celebrate success and provide support to teams that need further development.

In the year ahead we will update and relaunch our colleague training programmes across all retail skills areas, including product, service and selling skills. We will be providing additional training to management on how to consistently achieve the high retail standards we aspire to, while also launching a leadership development and progression programme to support the development of our retail store managers into first class leaders, helping to develop careers and retain talent.

We remain focused on process simplification, using technology where possible, to remove or speed up manual tasks and improve efficiency, allowing more store hours to be focused on customer service.

#2 Retail expansion

Our retail stores are a critical component of our proposition, offering customers the opportunity to test, feel and seek advice on our product range. Our 58 stores are located in leisure destination centres throughout the UK and with retail store sales representing over 70% of the kitchenware market and acting as a brand beacon for awareness and online sales, we have a strong confidence in their role to play for many years ahead.

We have expanded our estate over recent years, adding three new stores in FY23, and increasing selling space through upsize relocations for two more existing stores. Our current average store footprint is 2,100 sq. ft, and our more recent stores openings have been nearer 2,600 sq. ft on average providing more space to showcase ranges including our expanding tableware ranges.

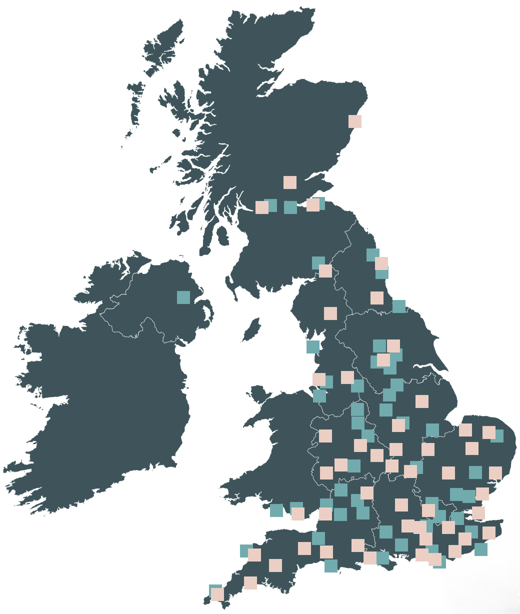
Where we have relocated stores to larger units we have seen a strong return on investment, giving us confidence to continue this strategy for strong performing stores with compromised space.

In the latter part of the year, supported by external expertise, we assessed the potential for retail estate expansion in the UK. This has increased our expectation of how many stores we can open in the UK and provided a list of target location opportunities to consider. We will pursue these newly identified locations with appropriate caution over the years ahead, in this rapidly changing retail environment, setting and monitoring payback periods and minimum contribution targets.

Potential future retail locations

Potential location

Existing location



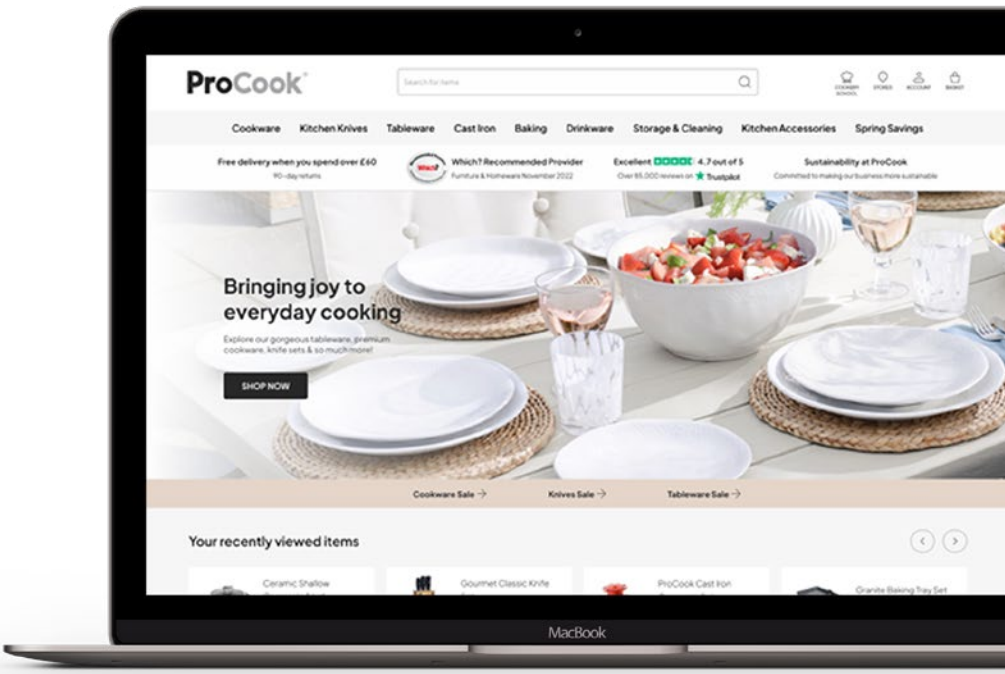
#3 Developing a world class website

77% of adults are likely to research kitchenware online before making a purchase, either in store or online, and so our website must be our biggest and best shop to attract, inspire and engage customers.

Our current website has had a similar customer experience for many years, and while it operates effectively as an ecommerce site, it is in need of modernisation and redesign to improve performance, deliver our brand purpose, and provide our customers with an experience akin to our retail stores.

We have already completed a technical re-platform of our website in the first half of the last year, improving the code base which has made subsequent developments far quicker and has improved site speed. Our next step is to redesign and relaunch the site in its entirety, with a new user experience and functionality improvements. This mobile-first design will aid customers through their shopping journey with calm, clear signposting and engaging content, and enhanced navigation, search, and payment functionality.

Supported by external design consultants, we are making good progress with this programme and anticipate that we will begin thorough A/B testing and migration during summer 2023, ready for full launch before our peak trading period. Post transition, we have developed a roadmap of experiments and functionality improvements through agile development which will allow us to continually improve the user experience.



2 Developing our customer proposition
Continued

New small electricals range

#4
Extending and improving product ranges

During the last year we have continued to improve our product ranges launching 154 new products, and replacing a further 139, with an overall range refresh rate of 20%. Key changes include the introduction of our new Gourmet cookware ranges, refreshing our extensive range of kitchen knives, and extending our tableware, baking and accessories offers.

In the year ahead we will be focused heavily on our cookware ranges, launching on-trend coloured products and stackable (space-saving) cookware, seasoned carbon steel cookware pans and woks and extending our promotional offer.

We will continue to develop our tableware ranges, extending our mugs range, and launching new reactive glazed dining sets to offer more choice to customers in this category.

Our new small kitchen electricals offer is moving forward, creating another reason to shop with ProCook, and having found a new manufacturing partner, we have designed and ordered our first phase of electricals which we will launch in the first half of FY24. We will continue to extend this range throughout the year with additional electricals products.

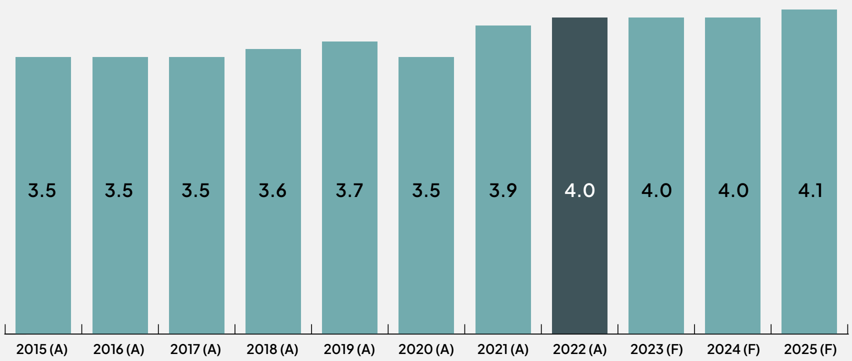
Market overview

The £4bn UK kitchenware market[1] is large and stable, with a track record of steady growth. In 2022 we estimate that our share of the market was 1.85% (FY22: 1.90%). The market comprises three categories: cookware, knives and accessories, and tableware. In 2022, growth in the cookware market (our most developed category) has been more subdued, following strong growth during and post-pandemic. The tableware category which makes up over 50% of the market and where our share remains lowest, grew the most strongly, with our own performance ahead of the market.

During the year, the market experienced a significant channel shift back to retail from ecommerce channels, particularly exacerbated by the Royal Mail strikes during the peak trading period before Christmas 2022. The impact of inflation was also evident with price increases partially offset by reductions in volume.

We estimate the UK small kitchen electricals market is worth approximately £1bn per annum, extending our total market size by 25%.

UK Kitchenware Market (£'bn)



1 Euromonitor International "Homewares in the United Kingdom" April 2023

3 Building on our strong foundations

“We are working hard to build on our foundations, strengthening our business model for the future and providing additional capacity for growth.”

Dan Walden
Chief Financial Officer

Technology and data

Our bespoke technology stack which is highly flexible and customised to our operations is a critical enabler for our ongoing success, and ensuring it’s integrity, resilience and security is paramount. We integrate third party tools to complement our internally developed website and operating systems.

Our longer term technology roadmap sets out the journey we will take towards more microservice-based architecture, carving out functionality to use across our channels and operations, improving resilience and flexibility.

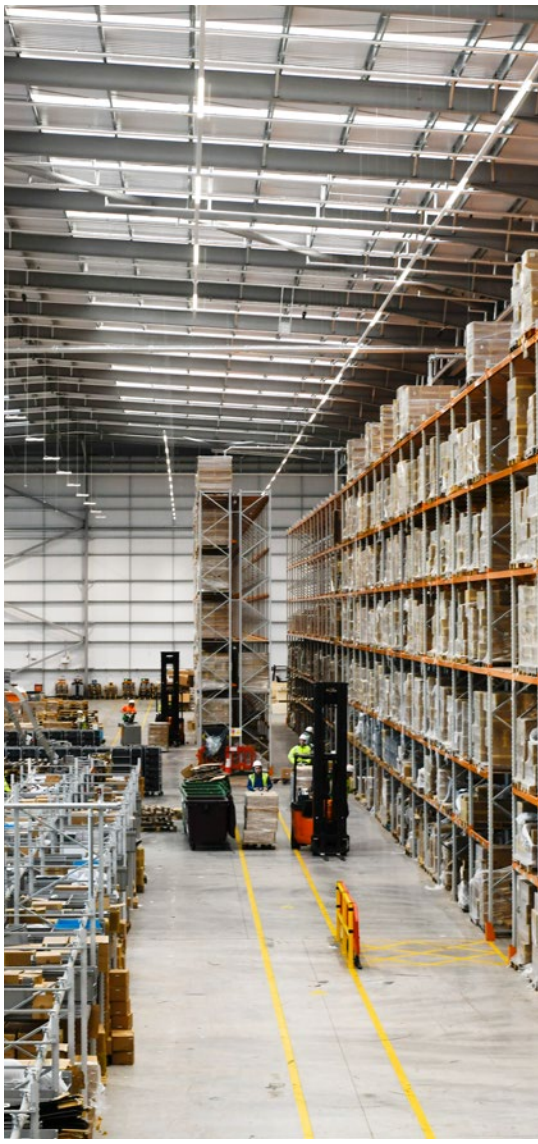
In the next twelve months our development effort will focus on our customer-facing services, primarily our new website design and performance, but also improvements to our payment functionality, and our marketing capabilities.

We will also complete a broad range of initiatives to improve internal operational efficiency, including improving the tools available to our retail colleagues, our warehouse management system, and our financial and reporting systems. We will continue our ongoing efforts to reduce risk, improve resilience and improve our security capabilities across all of our technology.

Logistics and Supply Chain

As we complete the transition into our new distribution centre and headquarters, we bring all of our logistics operations back under one roof, providing the opportunity to realise significant operational savings and reduce emissions as we eliminate the transfer of product between sites. Driving forward our operational efficiency, through the use of a smaller multi-skilled team in our warehouses and greater automation, is our primary focus for the years ahead and particularly the next twelve months.

We will continue to rationalise our stock file, releasing working capital, and reducing clearance and overstock positions through the year. We are enhancing our replenishment and forecasting capability to support this. We expect to launch drop and swap container capability in the months ahead, and utilise ports with closer physical proximity to us, reducing our port to DC haulage costs and emissions.



4 Creating an even better place to work

Our values

- Always do the right thing
- Create a great place to work
- Obsessed with quality
- Care for our community and planet
- Focused on value
- Build a better business

Our priorities

#1
Building an engaging and open culture led by our values

Over the last 12 months, we have delved into the principles that are important to our people, and those which our business have been founded upon. We have articulated these principles in a set of six values, which we have recently launched with our colleagues.

Over the coming months we will embed our purpose and values within our culture, through training and engagement activities which will elevate awareness across all of our teams, creating clear expectations of what we expect of each other, and aligning our activities and priorities.

Maintaining an open culture with engaged colleagues is key to our success. We will continue to listen to feedback through engagement surveys and our Colleague Advisory Panel, ensuring that we prioritise the actions that are most important to our people in creating an even better place to work.

#2
Developing our teams and our leadership capabilities

We are committed to supporting our colleagues' personal development and creating fulfilling careers with progression opportunities. Having relaunched our annual colleague objective setting and appraisal process for the new financial year, we are now increasing our focus on personal development plans.

We will be improving our succession planning capability ensuring that we adequately identify and nurture talent for the future. We will re-launch our Retail career progression and development matrix, with prescribed training for each role level to ensure all colleagues receive quality and comprehensive training as standard. Our programme of bitesize workshops and e-learning platform will support the role out of skills and capabilities training.

Our leadership is key to creating engaged and high performing teams, and we will be launching a leadership development programme for an initial trial cohort which, if successful, can be rolled out to all management and leadership colleagues.

#3
Creating a place where everyone is welcome and wellbeing is prioritised

We expect all colleagues to treat each other, and our customers, with integrity and respect, and we want everyone to feel welcome whether working with us, or shopping with us. This year we will be focusing on increasing awareness around diversity, equality, and inclusion, providing our colleagues with opportunities and resources to learn more about this.

Over time, we will launch a series of internal network groups, sponsored by our Leadership Team. This will commence with our LGBTQ+ and Women in Business groups, providing the opportunity to celebrate diversity and increase support for colleagues.

We will continue to focus on colleague health and wellbeing, developing and launching further policies and procedures, training, and events, which support our Wellbeing and Mental Health policy.

Our colleagues

68%
Colleagues who are female

67%
Colleague engagement score

43%
Leadership team who are female

6%
Gender pay gap

15%
Colleagues from ethnic minorities

#4
Supporting our communities

We are committed to supporting the communities in which we operate and proud to work with Life's a Beach and Young Gloucestershire and others in giving our time, resources, and skills to support their causes.

Our Good Causes Day offers colleagues the opportunity to participate and support charities which are important to them, and we will again raise the profile of this, and encourage greater participation. We will increase our charitable fundraising activities and promote colleague teambuilding through participation in charitable activities across our business.

We are increasing our early careers capacity, providing more work experience, internship, apprenticeship, and graduate opportunities to younger people in our communities to get on the career ladder. Through our work with Young Gloucestershire, we are planning to launch CV and interview preparation workshops led by our colleagues, for those in our communities with barriers to employment, and for students seeking to develop their employability skills.

Our new headquarters – case study

In September 2022, we took possession and began the internal development of our new headquarters in Gloucester.

We had three key priorities at the outset of this significant project:

01
Increase capacity and improve efficiency for our logistics operations

02
Create a great place to work where colleagues can collaborate

03
Ensure our new facility is developed with sustainability in mind

In February 2023 we began the transition into the new site, which consolidates our two existing distribution centres sites into one site and provides significant capacity for future growth in its 167,000 sq.ft. This has allowed us to consolidate two operations into one, creating a single stock-file, a more flexible organisational structure, and eliminating wasteful stock pick activity and transport between locations.

We put in a lot of thought and planning to ensure that this new site would improve colleague wellbeing and provide an environment where colleagues could collaborate more effectively together. We developed a new showroom and a larger studio for developing our own visual and video content. We installed a wellbeing Room, an onsite gym and walking track, a colleague restaurant, and ample breakout space and meeting rooms for meetings and informal interactions.

The new headquarters is certified as BREEAM 'Excellent' passing strong sustainability criteria in several categories, including water, energy, health and wellbeing, waste, pollution, resources, land use and ecology. It has a low impact design and is extremely energy efficient, utilises solar energy and harvests rainwater, allowing us to further reduce our carbon emissions and reduce our water consumption.

5 Reducing our environmental footprint

Certified B Corporation™

As a B Corp we are committed to reducing our impact on the environment for the benefit of our stakeholders as a whole. We continuously strive to improve our own operational practices, promoting the highest social and environmental standards we can achieve.

Being certified holds us accountable to our actions, and we must undergo a reassessment every three years to remain certified. Having achieved the entry threshold in September 2022, we will now focus on improving our practices even further ahead of recertification, with the aim of increasing our score to over 85 points in 2025.

Progressing to Net Zero

We have already made substantial progress in reducing Scope 1 and Scope 2 emissions to just 1.2% of our total emissions through a range of initiatives in recent years. Our CO_2 emissions have reduced by 63% since FY19 whilst our revenue grew by 124% during the same period. We will continue to focus on reducing these further, whilst also taking steps to tackle emissions in the Scope 3 areas which are not directly in our control.

We have identified eight priority actions that we will focus on over the next 12 months to progress our journey towards Net Zero:

Policies
Strengthen and update environmental and ESG policies (e.g. purchasing, energy, waste management, human rights)

Data quality
Identify operational data gaps and improve collection and management (e.g. business travel)

Environmental management system (EMS)
Improve and fully align EMS documents to ISO4001

Engage suppliers
Identify key suppliers for initial engagement and understand their environmental targets

More efficient property
Improve store efficiencies. Understand differences in energy usage of similar size ProCook stores to make improvements and reduce overall energy consumption

Engagement and education
Develop a communication plan informed by a stakeholder analysis to engage colleagues and achieve cross company commitment

Reduce and recycle packaging
Continue to improve our product packaging recyclability and remove single use plastics

Travel
Improve WFH and employee commuting data and distribute sustainable travel plans for our new headquarters

ProCook's Green Team – case study

We launched our Green Team in FY23 with the objective of increasing collaboration to accelerate our progress in reducing our environmental footprint. Our cross-functional Green Team includes colleagues from retail, logistics, marketing, and product departments.

The team meets each month to identify opportunities, share ideas, and implement initiatives to promote more sustainable practices. Each Green Team member acts as 'sustainability champion' driving forward positive change, while motivating and educating their colleagues to be more environmentally aware.

Our Green Team have already implemented a number of initiatives and championed our focus on making simple day to day choices which benefit the environment. The team have introduced 'Meat Free Mondays' in our colleague restaurant; a simple initiative aiming to encourage people to eat less meat and try more vegetarian recipes benefiting both the planet and our colleagues' health, and shared ideas ahead of our Autumn 2022 retail conference to ensure it was our most sustainable conference yet, and the first to be completely free of single-use plastic. Further activities have included the production of engaging waste posters and signage to raise awareness and enhance the recycling effort for all waste streams in our HQ, as well as designing educational material for World Environment Day to help reduce use of bubble wrap and encourage use of 100% recycled paper void material wherever possible.

Engaging with our Stakeholders

Section 172(1) Statement

Our decisions and actions have significant impacts on our stakeholders, and in delivering our strategy and fulfilling our purpose we are guided by our values to **build a better business** and to **always do the right thing**.

We are committed to regular, open and effective engagement with our stakeholders and recognise that this is essential to ensure that the impacts of important decisions are appropriately considered.

Board directors are required under the Companies Act 2006 to promote the success of the Company for the benefit of our members as a whole. In doing so, they must have regard to the interests of all stakeholders. Where the Board does not itself engage directly with certain stakeholder groups, it oversees the engagement activities of management, and receives regular updates on such activities.

The Directors confirm that they have acted in a way that they consider, in good faith, to be most likely to promote the success of the Company for the benefit of its members and stakeholders as a whole, and in doing so have had regard to the matters set out in s172(1) (a) to (f) of the Companies Act 2006.

This confirmation, together with the detail on the following pages comprises our Section 172(1) statement, and sets out how the Board has, in performing its duties over the last year, has had regard to the matters set out in sections 172(1) of the Companies Act 2006 (the 'Act') when performing their duty to promote the success of the Company.

In this section we describe how we engage with of each of our stakeholder groups, developing our understanding of their needs and interests, and how in turn, these are considered by the Board in our decision-making processes. Whilst Directors engage directly with stakeholders on certain topics, stakeholder considerations on the whole are brought to the Board's attention through reports and presentations from the Executive Directors and senior management. This is an integral element of regular Board reporting. Further information can also be found throughout this Strategic Report, and in the detail surrounding key strategic decisions set out in the Governance Report.

Read more:
Strategic Report - pages 2 to 73

Read more:
Board activities - pages 82 to 85

Sanoma glazed tableware range

Customers

Our mission is to become the customers' first choice for kitchenware, and we are recognise that delivering an excellent customer experience is crucial in developing our brand.

What's important to our customers

- Product quality, design, choice, and value for money
- Ease of shopping experience across all touchpoints
- Inspiration and advice
- Sustainability

How the Board engages

- The Board reviews customer KPIs and insight at each Board meeting, including repeat frequency, lifetime values, acquisition performance and satisfaction.
- In light of the Board's commitment to continually improving customer experience it recommended the appointment of a new Chief Marketing Officer role in FY23 to elevate our focus.
- The Board regularly visits our stores providing opportunities to interact with customers for themselves.

How ProCook engages

- We gather data and feedback from our customers on the quality of service and their satisfaction with the products they purchased. We analyse this information to help us identify opportunities to make improvements.
- We conduct mystery shopping activities to ensure our customer experience is as strong as it can be.
- Our direct marketing heritage has meant that we have collected customer data for many years. We now have almost four million customers on our database, and we analyse and interpret customer activity to create more tailored marketing plans to offer a better experience.
- We engage with our customers through a range of activities including social media, emails, and digital content, providing inspiration and guidance. Through these channels we review and respond to customers' comments and other interactions.
- Our colleagues regularly visit stores, to understand the customer experience, identifying opportunities to make improvements.
- Our Cookery School provides the opportunity for us to interact with customers, helping them develop their skills while showcasing our product ranges.

Read more: Introducing our customers - pages 12 to 13

Engaging with our Stakeholders
Continued

Colleagues

Our people are key to the long-term development of our business. Their engagement and motivation is vital to us fulfilling our purpose, living our values, protecting our culture, and delivering our strategic objectives.

What's important to our colleagues

- Our culture and values
- Wellbeing
- Community and the environment
- Regular communication on objectives, performance, and strategy
- Personal development
- Fair reward

How the Board engages

- The Board reviews reports on People KPIs, issues and strategic progress at each board meeting.
- The People Director presents to the Board twice a year, providing the opportunity to discuss and approve our People strategy.
- Engagement survey results, along with action plans, are reviewed and discussed at Board meetings.
- Luke Kingsnorth, the designated colleague engagement Non-Executive Director, attends Colleague Advisory Panels and reports back to the Board (read more on page 77).

How ProCook engages

- Every four weeks we hold a company-wide Town Hall briefing led by the Executive and Leadership Team. These sessions allow us to improve communication and alignment, incorporating performance reviews, a Q&A forum, colleague recognition, and strategy updates.
- The Leadership Team hold weekly/monthly all-hands meetings with their respective functions, ensuring that colleagues have opportunities to contribute to voice issues and develop action plans together. In Retail we hold a conference twice a year to bring our leadership together from across the country, to celebrate performance and plan for the period ahead.
- We offer regular learning and development opportunities for all colleagues via our online training platform, and through face-to-face training sessions including short bite-size sessions. These cover a broad range of development needs from product to leadership, helping our people develop and grow throughout their career.
- We are committed to listening to our colleagues' feedback through engagement surveys. These are anonymous and contain a mix of quantitative and qualitative questions, allowing us to understand what is important. We develop and implement action plans, and ensure we communicate progress against these with our colleagues.
- Our Colleague Advisory Panel meets quarterly to discuss different themes which are important to our colleagues, with representatives from across the business. Recommendations for improvements are presented to the Leadership Team who take responsibility for implementation.
- We are committed to being a Real Living Wage employer, and to offering a strong and fair total reward package which includes a comprehensive range of benefits for all colleagues. We are cognisant of the cost of living impact and have taken appropriate actions to support our colleagues through this difficult period.

Read more:
Creating an even better place to work - pages 18 to 19

Read more:
Sustainability: Our People – pages 31 to 35

Suppliers

Our suppliers are critically important, collaborating with us to design and source new products for our customers, and providing services which allow us to continually develop our customer proposition. We believe in treating everyone fairly, including our suppliers. This has allowed us to build enduring supplier relationships, some for over 20 years, which help ensure that we are always working towards a common goal.

What's important to our suppliers

- Long term partnerships
- Fair terms and conditions
- Transparency in interactions
- Growth opportunity

How the Board engages

- The Board reviews information presented by the Leadership team on the supplier base, including Sedex membership and value of trade. The Board monitors where suppliers are based including ensuring compliance with any government sanctions.
- Board Directors, and especially the Executives, maintain a number of supplier relationships directly themselves, ensuring that relationships are strengthened and strong working conditions are created.
- The Board discusses key supplier partnerships in relation to strategic decisions with the Executive Directors. In the last year these have included decisions made regarding Amazon and EU distribution partners, and the new ProCook HQ in the UK.

How ProCook engages

- We attend product and other relevant trade fairs and conferences to meet with our existing supplier partners and meet potential new suppliers, develop relationships, and remain well informed of industry advances.
- Our membership of Sedex allows us to work with suppliers to promote and improve ethical and environmental standards. As a B Corp certified business, we continue to set rigorous expectations with our suppliers and help them to develop improvement plans where needed to reduce our environmental footprint, and ensure we act as a responsible partner.
- Our design and purchasing teams interact with suppliers frequently, working on new design concepts and range development, through to intake management and planning. We are open, honest, and fair in our approach, and work together to solve challenges that arise.

Gourmet stainless steel cookware range

Engaging with our Stakeholders
Continued

Communities

We are committed to our community and planet, with community acceptance of what we stand for, how we operate and being a force for good, being important in providing us with permission to continue to develop and grow. The positive impact we create reinforces ProCook as a great place to work, and a great place to shop.

What's important to our communities

- Employment opportunities
- Giving back to the community
- Reducing our environmental footprint

How the Board engages

- The Environmental, Social and Governance ('ESG') Director presents to the Board twice a year, providing the opportunity to discuss and approve the strategy, and progress being made.
- Directors participate in various charitable activities with our partners including Life's a Beach to support their causes and raise the profile amongst our colleagues.

How ProCook engages

- We sell Life's a Beach branded products in our stores raising awareness, and generating funds to support the Life's a Beach charity whose aim is to fund schemes to help eradicate single-use plastics from our beaches via education, beach cleans and the promotion of multiple-use products.
- We offer all colleagues the opportunity to take a fully paid day to volunteer for a good cause. We also encourage our colleagues to volunteer on beach clean days with Life's a Beach to make a positive difference in our communities.
- Our partnership with the Woodland Trust provides opportunities for our colleagues to participate in generating woodland spaces for their communities while also mitigating unavoidable Scope 1 and 2 emissions.
- We continually seek to reduce our impact on the environment, through minimising packaging and removing non-recyclable materials, utilising more sustainable materials, minimising energy use, and reducing emissions.
- We engage with our customers on environmental matters, offering product ranges that allow them to make more sustainable choices to help protect their own communities.
- As we have grown, the number of people we employ continues to increase creating paid employment opportunities across the UK. We recruit locally wherever possible, supporting local communities, and we are committed to developing our people to provide fulfilling careers with ProCook.

Supporting Life's a Beach with community events

Read more: Creating an even better place to work – pages 18 to 19

Read more: Sustainability: Our People – pages 31 to 35

Read more: Life's a Beach case study – page 39

Shareholders

The Board recognises that the trust of our shareholders, through their ongoing engagement ensures their continued support and investment, in turn supporting ProCook's continued growth and development.

What's important to our communities

- Strategy development and execution
- Value creation and return on investment (short or long term)
- Strong governance and sustainability

How the Board engages

- The Annual General Meeting ("AGM") provides the Board's primary opportunity to interact with shareholders. At the AGM last year, representatives from approximately 80% of the shareholder base were present at the meeting with over 88% of shareholders votes received for the various resolutions tabled.
- The Board receives and discusses shareholder register analysis each quarter, and reviews feedback from analysts and investors after each results presentation, identifying opportunities for development.
- Communications to investors are reviewed by the Board or delegated to the Disclosure Committee to ensure the messaging and content is clearly presented and complete to aid understanding.

How ProCook engages

- Executive Directors present to investors as part of a scheduled and ad-hoc meeting cadence. These presentations cover key areas of investor focus, including our trading performance, financial results and strategy development and execution.
- Our Company website www.procookgroup.co.uk provides information and latest news updates to our investor community. Included here are of our interim results, final results and a video introduction to ProCook featuring members of our Leadership Team. We publish financial information, RNS announcements as well as detail about our approach to governance and our Company policies.

Baking lessons in our London Cookery School

B Corp - case study

We are committed to doing the right thing, and our B Corp certification means our stakeholders, including customers, colleagues, and investors, can easily identify us as a business with a clear purpose to benefit all stakeholders including our people, our communities, and our planet.

At ProCook we continuously strive to improve our own operational practices, promoting the highest social and environmental standards we can achieve. We are very pleased that the B Corp movement is growing and are proud to be, at the time of certifying, one of just 1000 businesses in the UK which has been awarded the certification.

The B Corp certification process required a rigorous independent analysis of our Company processes, policies, and operational practices, taking almost a year to complete. The threshold for certification is 80 points on the B Impact Assessment (BIA), and the median score for ordinary businesses who currently complete the application process is 50.9 points. This is assessed across five areas: Workers, Governance, Customers, Environment, and Community. Once the application is submitted, B Lab then verify each answer through the provision of additional evidence to validate application responses.

Having achieved the entry threshold in September 2022, we will now focus on improving our practices even further ahead of recertification, with the aim of increasing our score to above 85 points in 2025. Being certified holds us accountable to our actions, and we must undergo a reassessment every three years to remain certified. The BIA score is an important internal metric for us, as it demonstrates our commitment to being a socially responsible and environmentally conscious business.

As part of the global B Corp community, we form a growing movement of businesses working towards a healthier planet, reducing inequality, and building stronger communities, both locally and globally.

Certified B Corporation™

Our results

	ProCook	Comparators		
		Country	Sector	Size
Overall	**80.0**		**50.9**	
Workers	29.0	19.1	15.9	18.0
Governance	8.3	7.7	7.0	6.4
Customers	3.6	2.2	2.3	2.0
Environment	24.0	11.2	11.3	10.8
Community	17.5	12.3	13.0	10.8

Workers evaluates a company's contributions to its employee's financial security, health and safety, wellness, career development, engagement, and satisfaction. It recognises business models designed to benefit employees, and those that have workforce development programmes to support individuals with barriers to employment.

The Governance section considers a company's overall mission, engagement around its social and environmental impact, ethics, and transparency. It also evaluates the ability of a company to protect their mission and formally consider all stakeholders in decision-making through its corporate structure or governance documentation.

Customers evaluates a company's stewardship of its customers through the quality of its products and services, ethical marketing, data privacy and security, and feedback channels. Additionally, it recognises products or services that are designed to address a social problem for its customers or provides a service that improves the social impact of other businesses or organisations.

The Environment assessment looks at the company's overall environmental management practices as well as its impact on the air, climate, water, land, and biodiversity. This includes its own direct impact of operations and that of its supply and distribution channels. It recognises companies with environmentally innovative production processes or products and services that have a positive environmental impact.

In consideration of Community, this section evaluates a company's engagement with and impact on the communities in which it operates, hires from and sources from. It considers diversity, equality and inclusion, economic impacts, social engagement, and charitable giving.

Where we performed particularly well

Factors contributing to our strong score in the Workers evaluation included our safe and welcoming workplaces, our caring and supportive family culture, and our focus on colleague engagement; listening and acting on feedback we receive to make ProCook an even better place to work. Other supporting elements included being a Living Wage Employer, being a non-discriminatory workplace as reflected in our diverse mix of colleagues, and being certified as a Great Place to Work™ and recognised by the UK's Best Workplaces™ for both Wellbeing and Women.

In the customers section of the BIA, our score reflects our obsession with our high-quality products, on which we offer up to 25-year guarantees. Additionally, our stringent data, privacy and security policies and procedures protect our customers. We encourage feedback from our customers and combined with our focus on customer service excellence, we have an "excellent" rating of 4.7 / 5 on Trustpilot with over 95,000 reviews of which over 85,000 are five-star ratings.

Continually improving as a B Corp

Over the years ahead we aim to continually improve our operational practices and our BIA score. Within two years of certification, we will produce an impact report to share our progress. We are dedicated to ensuring all of our colleagues are engaged in our B Corp journey.

We will continually focus on improving our environmental performance both internally and throughout our supply chain. Using our strong supplier relationships, we will work closely with manufacturers to improve the quality of environmental data recording, reduce our environmental footprint, and help eliminate or mitigate Scope 3 emissions wherever we can.

Becoming a B Corp is much more than just a one-off certification, it's a movement for change, which we are committed to making continual progress with and encouraging others to do the same.

Sustainability

“There are very few publicly listed brands certifying as B Corps so we’re incredibly proud to be trailblazing in our sector. The work that goes in to certifying is enormous but worth every effort. Alongside our sustainability goals, B Corp provides a stringent framework against which we can measure ourselves. At ProCook we believe in honouring our responsibilities to people and the planet alongside our commercial goals.”

Daniel O’Neill
CEO & Founder

We have made further strong progress with our sustainability journey this year with highlights including becoming the first FTSE listed retailer to be awarded the B Corp certification, achieving the Great Place to Work™ certification for the second year running, and working with external expert partners to prepare a thorough and comprehensive global carbon footprint analysis.

This analysis, which includes our Scope 3 emissions, will help us in understanding our impact as we progress towards our ambition to achieve net zero. We continue to develop our culture and work environments for our people, to create a thriving and successful, environmentally aware business.

People, product, and planet

We place great importance on improving our sustainability across all aspects of our business, in order to reduce our environmental footprint, and give confidence to our stakeholders that we are doing the right thing.

We are developing our knowledge and experience in environmental reporting, climate change science, and ethical sourcing, and we continue to prioritise the support we give to our colleagues to help make ProCook an even better place to work.

Our certification as a B Corp in September 2022 demonstrates that we are definitely moving in the right direction.

Our People — Creating an even better place to work

People are at the heart of our business, and we are committed to making ProCook an even better place to work. This includes providing our colleagues with a safe and healthy working environment and having an organisational culture which promotes diversity, equality, inclusivity, and personal development. We are proud to be a real Living Wage employer and we support our colleagues to give back to communities through our Good Causes Day and our partnership with Life's a Beach.

We draw inspiration from the foundations and principles that the family business was built upon, and our values support our continued drive to continually strive towards a more sustainable future. We know that listening to our colleagues is the key to improving our business for the future and we continue to seek feedback including through our quarterly Colleague Advisory Panels and our engagement surveys. On an annual basis we invite all colleagues to participate in the Great Place to Work ™ survey and we are pleased to have been certified as a Great Place to Work™ for the second year running. The survey results provide us with valuable insights about our culture and the issues that are important to our colleagues allowing us to develop action plans to address issues and make further improvements.

Responsibility	Daniel O'Neill, CEO and Founder
Link to principal risks	Brand and customer People and culture
Link to strategy	4 Creating an even better place to work
Key stakeholders	Customers, Colleagues, Communities
Link to the United Nations Sustainable Development Goals	3 Good health and well-being; 5 Gender equality; 8 Decent work and economic growth; 10 Reduced inequalities; 16 Peace, justice and strong institutions
Recent recognition, awards, and memberships	• Great Place to Work Certified™ (December 2022) • UK's Best Workplaces™ for Wellbeing • UK's Best Workplaces™ for Women • Real Living Wage Employer • Glassdoor ranking 4.3 / 5 (FY22: 4.6 / 5)

Diversity, equality, and inclusion

We continue to work hard to ensure that everyone who works for us feels included and can be themselves at work. Raising awareness through learning and development is a key tool in helping us achieve this, and we make use our training e-platform, to share, educate and inform our colleagues on diversity, equality, and inclusion.

We strive for an inclusive workplace reflective of our diverse society, supporting all colleagues to learn and grow regardless of age, gender, disability, sexual orientation, ethnicity, or background.

95%
People here are treated fairly regardless of their sexual orientation

93%
People here are treated fairly regardless of their race

92%
People here are treated fairly regardless of their gender

Source: GPTW survey November 2022

Gender and ethnicity pay gap

We are committed to fair reward for all colleagues and achieving gender pay equality across all levels and pay grades in line with the legislation of the Equality Act 2010 requirement of "equal pay for equal work".

Read more:
Our Diversity, Equality and Inclusion Policy is available at www.procookgroup.co.uk

Read more:
Our Gender Pay Gap Report is available at www.procookgroup.co.uk

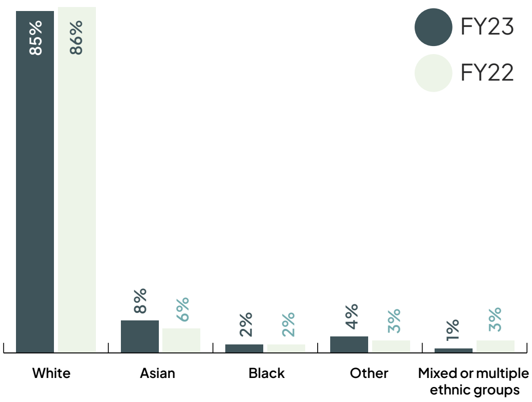
Sustainability
Continued

Colleagues split by gender, age, and ethnicity

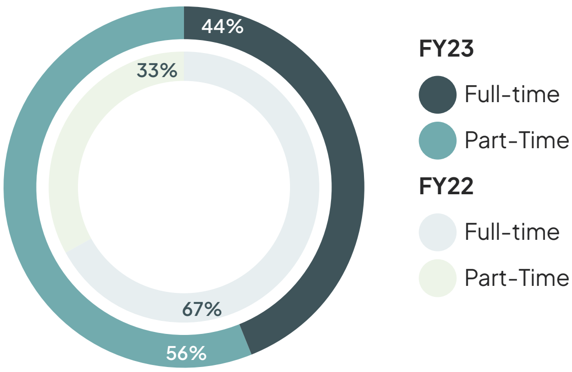
Colleagues by gender	FY23	FY22
Female	67.6%	68.4%
Male	31.7%	30.2%
Non-Binary	0.3%	n/a
Other/Prefer Not to say	0.4%	1.4%
Leadership Team - Female	42.9%	33.3%
Leadership Team - Male	57.1%	66.7%

Colleagues by age group	FY23	FY22
Under 18	8%	5%
18-24	28%	20%
25-34	22%	27%
35-44	14%	16%
45-54	15%	18%
55-64	12%	13%
65+	1%	1%

Colleagues by ethnicity[1]



Colleagues by full time / part time roles



1 Source: FY23 ethnicity information from voluntary colleague survey with 70% of colleagues providing responses at 2 April 2023, and 60% of colleagues providing responses for the survey completed in the prior year in May 2022.

Our Commitments	How we deliver on our commitment	What we are focused on next
We are committed to creating a great place to work, listening to colleague feedback to make continual improvements	Spring and Autumn conferences to educate, inspire and engage colleagues on new product, business developments and performance updates Regular all-colleague engagement surveys, with clear action plans implemented Monthly 'Green team' forum with colleagues identifying and implementing sustainable initiatives Encourage our new colleagues to test and trial our products with complimentary welcome boxes Certified as a Great Place to Work™ for the second year running **NEW in FY23** Launched our Colleague Advisory Panel in Summer 2022 to capture feedback and opportunities for improvement **NEW in FY23** Introduced monthly Town Hall briefings to better communicate key messages, celebrate successes, respond to questions, and recognise exceptional colleague contributions **NEW in FY23**	Embed our new purpose and cultural values across the business through training and engagement activities Deliver on our action plan in response to feedback from our most recent engagement survey Continue our focus on improving colleague health and wellbeing Launch our virtual 'suggestions box' for colleagues to (confidentially) provide feedback and ideas to help make ProCook an even better place to work Relaunch our annual colleague objective setting and appraisal processes, increasing our focus on personal development plans

Our Commitments	How we deliver on our commitment	What we are focused on next
We provide a safe and collaborative work environment	Comprehensive Health & Safety policy and procedures with compliance monitoring to ensure a safe environment for everyone Custom designed headquarters with room for growth and ample meeting and collaboration spaces NEW in FY23	Review and improve where necessary, all colleague welfare facilities in our retail stores Introduce employee Network Support groups, launching our LGBTQ+ group first in FY24 with all groups being sponsored by a member of our Leadership Team
We take the well-being and personal development of our colleagues seriously	Provide a comprehensive learning and development e-platform to support personal development Colleague gym on-site at headquarters with regular group training classes to promote exercise and wellbeing Support colleagues to complete Mental Health First Aid courses Prioritise and monitor internal promotions across our business each year Continually develop our learning and development capability to support personal and business performance Developed our internal communications and created our Sustainability and Wellbeing Portal to share resources NEW in FY23 Implemented Mental Health and Wellbeing Calendar and resources to support colleagues NEW in FY23 Provide a complimentary Employee Assistance Programme with Health Assured to all ProCook colleagues and their families NEW in FY23 Ranked among the UK's Best Workplaces™ (large organisations) for Wellbeing NEW in FY23	Develop and launch supporting policies and procedures to support wellbeing in the workplace Review and relaunch our existing fertility and pregnancy loss policy. Ensure enhanced and specific support is available for colleagues who need it Focus on leadership training, launching a trial programme for a first cohort which, if successful, can be rolled out to all management and leadership colleagues Develop the Retail career progression and development matrix, with prescribed training for each role level to ensure all colleagues receive quality and comprehensive training as standard Develop our succession planning capability ensuring we adequately identify and develop talent for the future
We are committed to supporting the communities in which we operate	Good Causes Day available for all colleagues each year to support a charity or community activity of their choice Raise funds and awareness for our charity partner Life's a Beach through product sales Contribute and donate products to local community groups, charities, and schools Develop relationships in the local community including partnering with Young Gloucestershire to support young people in developing their careers NEW in FY23 Volunteering with Life's a Beach whereby ProCook colleagues can participate in beach and canal cleans NEW in FY23 Disability Confident Employer (Level 2) status achieved to ensure we can support all colleagues effectively NEW in FY23 Membership of the Employer Supported Policing scheme aligned to our existing armed forces covenant and strengthening our commitment to support our colleagues that give back to communities NEW in FY23	Raise the profile of our Good Causes Day amongst colleagues to encourage greater participation and support for charities. Increase our charitable fundraising activities and promote colleague teambuilding through charitable activities across the business Increase our early careers capacity providing more work experience, internships, placements, apprenticeships, and graduate opportunities

Our Commitments	How we deliver on our commitment	What we are focused on next
We will continue to be a Real Living Wage employer and champion equality, diversity, and inclusion	Committed to the Living Wage Foundation as a Real Living Wage employer Target equal pay across genders and comparable role levels Ensure strong representation of women as managers and in senior leadership role. 42.9% of the Leadership Team were women in FY23 Continual focus on total reward package. Current benefits include colleague discount, family and friends discounts, pension, SAYE scheme opportunity, and access to a third-party rewards platform Provision of Whistleblowing Policy and procedures ensuring colleagues feel safe to report issues in confidence if necessary Linked total reward opportunity to personal performance to incentivise personal development and progression NEW in FY23 Diversity, Equality, and Inclusion Policy established NEW in FY23 Deliver regular bitesize training sessions on diversity and inclusion covering topics such as inclusive recruitment NEW in FY23 Recognised as an Inclusive Employer Award by Inclusivity Works, for our flexibility and inclusive recruitment practices for neurodiverse candidates NEW in FY23 Supplemented inflationary pay awards to support those in lower pay brackets during current cost of living crisis NEW in FY23 Ranked amongst the UK's Best Workplaces™ for Women NEW in FY23	Continual review of our total reward package. Launching new salary sacrifice scheme Improve monitoring and collection of colleague ethnicity data including improvements to new starter processes Launch of colleague-led network and support groups sponsored by the Leadership Team to promote and raise awareness of Diversity and Inclusion such as LGBTQ+ and Women in Business groups Extend our provision of work experience opportunities and launch CV and interview preparation workshops led by our colleagues, for those in our communities with barriers to employment, and for students seeking to develop their employability skills Complete overhaul of retail uniforms to ensure they meet all colleagues needs (e.g. menopause, disability friendly)

Wellbeing and Mental Health – case study

We have continued to focus on colleague wellbeing during the last year, launching our new Wellbeing and Mental Health policy, supported by an increasing range of associated policies, resources and activities to support our people.

We introduced a new Employee Assistance Programme (EAP), in partnership with Health Assured, which offers our colleagues and their families a free, 24/7/365 confidential telephone helpline. Each call is handled by a qualified counsellor or advisor offering friendly, non-judgemental support covering a wide range of issues, including anxiety or stress, personal relationships, health issues, grief, bereavements, work pressures and financial problems.

Colleagues have access to an online wellbeing portal and a mobile app, and face-to-face, online or telephone counselling sessions can be arranged for those needing extra support.

We have continued to train and develop our mental health first aiders across our business including our retail stores and, headquarters to spot signs of mental ill health, act as a first point of call for struggling colleagues, provide initial support and help facilitate the provision of additional help where needed.

In January, we launched an Employee Wellbeing Calendar for 2023 with key engagement activities throughout the year for colleagues to participate in, supported by a range of resources to aid mental and physical wellness. All colleagues have access to additional information which is stored in a "wellbeing library" within our Sustainability and Wellbeing portal.

We continue to prioritise our colleagues' health and wellbeing to improve their mental, physical, and financial wellbeing. With the cost-of-living crisis and daily pressures, financial wellbeing is a high priority which we will continue to help our colleagues with in the coming months and years.

Mental well-being	Physical well-being	Financial well-being
Mental health first aiders	Onsite gym and running / walking track at our new headquarters promoting physical exercise	EAP provides financial assistance and guidance
Wellness room in new headquarters	Healthy eating options at our colleague canteen	Provision of resources to educate on financial topics such as personal budgeting and managing debt
Well- being month (January)	Flexible working where the job allows	Fair total reward packaging with range of benefits available to all
Well- being Calendar for 2023, with key engagement dates	Membership to health and fitness app for colleagues	Colleague discounts on our products
Employee Assistance Programme (EAP) offers support for mental health needs	Good Causes Days enabling colleagues to participate in outdoor events	Discounts arranged with third party retailers to help colleagues save money on essentials

Sustainability
Continued

Our Planet — Reducing our environmental footprint

We aim to reduce our environmental impact through developing and improving operational practices. With a high priority focus on carbon reduction, waste elimination and the improvement of our environmental management system including our established environmental and waste policies and processes. We continue to focus on minimising our Scope 1 and 2 carbon emissions, and having now completed our assessment of total emissions including Scope 3, we are in the process of launching actions and further developing our roadmap to tackle these.

Responsibility	Dan Walden, Chief Financial Officer (CFO)
Link to principal risks	Climate change Brand and customer Regulatory compliance
Link to strategy	5 Reducing our environmental footprint
Key stakeholders	Customers Colleagues Suppliers Communities
Link to the United Nations Sustainable Development Goals	
Recent recognition, awards, and memberships	• B Corp Certification (September 2022) • BREEAM Excellent Certified new Distribution Centre and Headquarters • Woodland Trust Woodland Carbon Partner • Gold Standard Carbon Offset with Ecologi • Certified Zero Waste to Landfill (for our Distribution Centre and Headquarters)

Read more:
Reducing our environmental footprint - pages 20 to 21

Read more:
Progressing towards Net Zero - pages 46 to 47

Our Commitments	How we deliver on our commitment	What we are focused on next
Progress our B Corp Score and develop Company Impact Report	Developed processes, practices, and policies to improve sustainability and colleague well- being at ProCook Ongoing commitment to our relationships in the local community including our charitable partner Life's a Beach Achieved B Corp certification in September 2022 NEW in FY23 Aligned our activities, targets, and impacts to the United Nations Sustainable Development Goals NEW in FY23 Raising awareness of the importance of the B Corp initiative with customers through logo placement in our marketing, on our website and on our packaging NEW in FY23	Use our B Corp score as an internal metric to monitor our improvement in each measurable area, aiming to achieve >85 points when re-certifying in FY26 Complete our B Corp Impact Report in FY24 to show our progress and commitment to being a socially and environmentally responsible business Promote our Cycle to Work scheme and car-sharing schemes to encourage colleagues to make more sustainable transport choices Share our experience of best practice within the B Corp and wider retail community Strengthen ESG knowledge, skills, and talent across the business

Our Commitments	How we deliver on our commitment	What we are focused on next
Reduce waste and use sustainable materials throughout our operational activities	Adhering to the Waste Hierarchy of prevention, reuse, recycle, recover, disposal. Certified zero waste to landfill at our Distribution and HQ sites Between 2019-2022 we reduced our packaging by 22% (8 tonnes) despite significant sales volume growth Reduced single-use plastic across the business; all colleagues are provided with reusable bottles in their starter welcome box Utilisation of bio-degradable carrier bags to eliminate plastic waste Provision of a recycling scheme for small home electrical items (WEEE waste) 100% FSC-certified cardboard packaging for home delivery parcels Reuse and repurpose our used store fixtures and equipment wherever operationally possible Significantly reduced usage of plastic bubblewrap (by 14.8%), introducing recycled paper-based box filler NEW in FY23 Introduced regular audits of product packaging to further eradicate single-use plastic. Now, only a small number of products have any single-use plastic content NEW in FY23 Introduced waste posters and signage to raise awareness and enhance recycling effort NEW in FY23	Introduce environmental targets for retail stores and measure improvement Further eliminate single-use plastic in our packaging while maintaining the highest health and safety standards, and avoiding damages which contribute to waste
Develop our environmental framework to strengthen and manage our environmental procedures and policies	ESG roles and responsibilities assigned throughout the business Appointed external consultancy to support the implementation of a coherent Environmental Management System (EMS) Regularly review and monitor our environmental risk register, including climate risks Completed our first EMS developing our processes and policies NEW in FY23 Launched our Executive sponsored ESG committee, reporting to the Board, to accelerate action across the business NEW in FY23	Full alignment with the ISO14001 Environmental Management Framework Further develop our net zero roadmap, implementing initiatives with pace

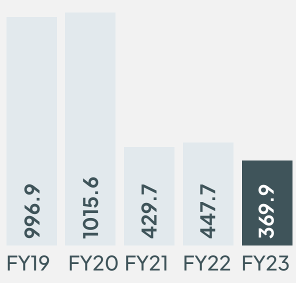
Sustainability
Continued

Our Commitments	How we deliver on our commitment	What we are focused on next
To reduce our carbon emissions to Net Zero, in line with the United Nations Science Based Targets[1] initiative	100% LED lighting in our head office and warehouses, and 95% LED lighting in stores Carbon-neutral home delivery service with DPD, and offset emissions with Ecologi for Evri deliveries Partnership with the Woodland Trust to mitigate Scope 1 and 2 carbon emissions A fully electric Company car fleet Moved our distribution centre and offices to our new highly energy efficient, BREEAM excellent-certified, headquarters NEW in FY23 Further reduced operational energy consumption through suggested improvements NEW in FY23 Developed a long-term carbon reduction strategy in line with the UN Science Based Targets initiative NEW in FY23 External verification of our Scope 1 and 2 carbon emissions with Scope 3 emissions now fully mapped and understood NEW in FY23	Completing our transition towards 100% renewable energy sources (currently at 37% of locations) Improving our suppliers T&Cs to incorporate greater prioritisation to environmental requirements Engaging with our suppliers to understand and positively influence their environmental impact Improve our workplace pension to offer more sustainable investments and reduce our Scope 3 carbon emissions Engaging our colleagues with our net zero roadmap to deliver our priorities and reduce emissions Complete ProCook Travel Plan using Travel to Work Survey data, aiming for a 10% reduction of single occupancy car journeys to HQ by FY29 Further raising customer awareness of product choice impacts, educating on the benefits of buying high-quality, long-lasting products, which have lower impact due to their longevity Continue our drive to reduce energy consumption in our operations

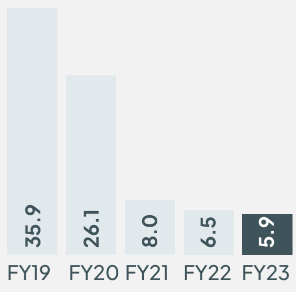
1 The United Nations' Science Based Targets provide a clearly defined pathway for companies to reduce greenhouse gas (GHG) emissions and improve sustainability, helping prevent the worst impacts of climate change.

FSC cardboard packaging with recycled paper void fill

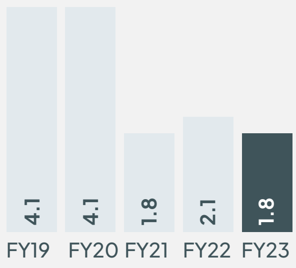
Greenhouse gas emissions[1]



Energy Megawatt hours



tCO_2 /£1m revenue



1 CO_2 emissions are defined as emissions from all Scope 1 and 2 activities relating to the Group's operations.

Life’s a Beach - case study

We work very closely with our chosen charity partner ‘Life’s a Beach’ to take positive environmental action, supporting the eradication of single-use plastics from British beaches, educating children on the danger of litter, and promoting the use of reusable products.

300
volunteers took part

142
bags of rubbish collected from UK beaches

215kg
of plastic waste equivalent

In FY23 we have had a specific focus on increasing colleague engagement with the activities and events which Life’s a Beach undertakes.

During 2022 as a whole we were pleased to support Life’s a Beach in completing seven beach-clean events as well as two canal-clean events which our colleagues and over 300 volunteers took part in, collecting 142 bags, or 215kg of plastic waste from UK beaches.

These events with Life’s a Beach allow our colleagues to explore local beaches and canals, enjoying nature and the outdoors, which is beneficial for both mental and physical health, and team building, and have a positive impact in their local communities. We were pleased to undertake a number of events in collaboration with local community partners such as universities and Girl Guides groups.

We are pleased to support Life’s a Beach in their plan to increase their activity in the coming years, increasing the frequency of clean-up events, developing an outreach programme, and increasing interaction with local schools to enhance education around the impacts of plastic pollution and how to make better choices to reduce, recycle and reuse.

Sustainability
Continued

Our Product — Helping our customers make more sustainable choices

Our high-quality products which are built to last are a critical component of our customer proposition, and we design these with longevity in mind, offering guarantees of up to 25 years. We monitor quality rigorously and listen carefully to customer feedback through Trustpilot product reviews. Our trusted suppliers ensure we provide our customers with the highest quality, most long-lasting, and ethically produced goods that they expect. We continue to promote and ensure responsible manufacturing and have increased the number of Sedex members in our supply chain, ending our relationships with suppliers not able to provide adequate ethical audits.

Responsibility	Daniel O'Neill, Chief Executive Officer, and Founder
Link to principal risks	Supply Chain Climate change Brand and customer
Link to strategy	2 Developing our customer proposition 5 Reducing our environmental footprint
Key stakeholders	Customers Suppliers Communities
Link to the United Nations Sustainable Development Goals	
Recent recognition, awards, and memberships	• Sedex membership • B Corp Certification (September 2022)

Reusable melamine outdoor living and picnic tableware

Our Commitments	How we deliver on our commitment	What we are focused on next
Develop and bring to market products which are of high quality and have longevity offering our customers more sustainable choices	Offer products with product guarantees of up to 25 years Continual focus on Quality Assurance to enhance product quality, reduce fault rates and improve product longevity We have removed all single-use plastic products from ranges and are committed to not selling such products Expanded our range of products that include more sustainable materials, specifically acacia and bamboo NEW in FY23 Introduced new Life's a Beach branded reusable product ranges in Spring 2023, with proportion of sale proceeds donated to the charity NEW in FY23	Launch a recycled product range, with a 98% recycled content to help customers make better choices Further improve range structure to discontinue products with lower longevity Conduct life cycle assessments on product ranges to identify input materials with a lower carbon cost to support our future product development
Promote responsible manufacturing processes across our supply chain with high levels of transparency and compliance in ethical and environmental standards	Membership of Sedex (ethical and environmental compliance monitoring) requiring our suppliers to register with Sedex or an equivalent body Achieved 98% supplier registration with Sedex or equivalent NEW in FY23 Reviewed and challenged supplier compliance results ensuring weaknesses or non-compliance issues are promptly actioned NEW in FY23 Introduced independent product performance and chemical testing on all new ranges, and re-tested all existing core and high-risk product categories NEW in FY23	Increasingly influence suppliers to improve sustainability practices through our strong relationships Enhance our supplier T&Cs to require greater focus on sustainable manufacturing improvements Investigate opportunities to reuse or recycle end of life products helping improve our circular economy Continue to focus on product risk assessments and technical files, ethical and technical audits, and advances in sustainable materials
Minimise waste from product packaging to reduce our environmental footprint	Eliminated less sustainable materials where operationally possible, using options like string, paper ties and tissue paper instead of elastic bands and single use plastic bags Reduced average plastic use in product packaging by 24.6% in 2022 Over 95% of our retail product packaging is plastic-free Product packaging sign-off process improved to incorporated environmental assessment NEW in FY23 Improved product shipping packaging with suppliers to eliminate waste including moving to paper-based tapes instead of plastic NEW in FY23 Improved recycling instructions on product packaging to support customers in their recycling efforts NEW in FY23	Continue to innovate to reduce single-use plastics in product packaging Launch an online recycling guide for customers providing guidance on how to responsibly dispose of ProCook packaging Introduce retail information to better highlight to customers our commitment to reducing plastic packaging

Task Force on Climate-Related Financial Disclosures (TCFD)

In line with the FCA Listing Rule LR 9.8.6R (8), ProCook has made disclosures against the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations on pages 42 to 45. The Director responsible for climate change as a whole is Dan Walden (CFO), supported by the Group's ESG Director and team members. We acknowledge the severity and immediacy of climate change and corresponding financial risks.

We continue to make significant progress in how we monitor, measure, and manage climate change risks and opportunities. We plan to complete our strategy resilience scenario analysis in the year ahead with this being our last remaining area to achieve full compliance with the TCFD recommendations. Reducing our environmental footprint is deeply rooted in our cultural values and is key to our long-term success as a brand which customers and colleagues alike, want to be associated with.

We are aware of growing consumer demand for longer lasting, more sustainable products which are free from single use plastics, and the associated commercial risks and opportunities this creates. Our peak trading period is typically during the late autumn and early winter period. Extreme weather events during this time could disrupt our purchasing and flow of stock, product deliveries to store, customers physically visiting our stores or fulfilment of customer orders for home delivery. To limit potential disruption, we are developing our operational sustainability strategy and risk management processes in response to these climate risks and opportunities.

With time, our understanding of climate change impacts, and subsequently our response, will evolve. Our assessment of climate-related risk will improve accordingly, and we will pursue further initiatives within our ongoing strategy.

Strong governance with oversight by the Board

The Board is responsible for governance across the Group and takes an active role in the oversight of strategy development, culture and risk management which includes the oversight of ESG matters including climate change.

Read more:

Governance Framework – pages 76 to 77

Board activities – pages 82 to 85

What we do already	What we will do next
Climate Change and sustainability topics are discussed regularly by the Board, with deep dive updates throughout the year on ESG progress presented by our ESG Director. Monthly "Green Team" meetings generate ideas and implement initiatives to reduce our environmental impact. The Board reviews ESG progress at least every six months as a standing agenda item with the most recent ESG Board discussion in January 2023. The Audit and Risk Committee reviews the principal risks at least twice a year including those surrounding climate change. Launched an Executive sponsored ESG Committee to oversee the delivery of our strategic objectives and report to the Board on progress against targets.	Continue to educate and engage colleagues on B Corp, climate change and sustainability, through our training e-platform, regular internal comms and our Sustainability and Well-being Portal. Further embed climate related considerations in our strategic and financial planning as climate change impacts become more critical to our business practices.

Prioritising climate change in our strategy

We are committed to integrating climate change considerations into our day-to-day business activities and our strategic objectives. While we recognise that there will be costs associated with investing, implementing, and preventing negative impacts associated with climate change, we are committed to always doing the right thing and creating a responsible and resilient business for all stakeholders. The climate-related risks and opportunities that we have identified over the short, medium and long term are set out in our climate risk register.

The Board has considered the potential impacts to our strategy of climate change risks (as set out on pages 48 to 50, and page 65). These are not considered to have a material effect on the Group's financial projections or strategic priorities over the short to medium term.

Read more:

Climate risk register - pages 48 to 50

Reducing our environmental footprint – page 20

Sustainability: Our planet – pages 36 to 39

What we do already	What we will do next
Reducing our environmental footprint is a key element of our Group's strategy. Alignment of our ESG impacts with the United Nations Science Based Targets initiative to support internal strategic decision- making and focus. Developed our environmental management system and began development of our net zero strategic roadmap in partnership with carbon consultants to deliver carbon emissions reduction throughout our business operations and global supply chain. Identified eight ESG strategic priority actions for completion in FY24, approved by the Board in March 2023.	Continue to invest in resource and expertise to support our transition towards net zero. Develop and implement the eight FY24 priorities for our Scope 1, 2 and 3 carbon reduction strategy. Build on our foundations and demonstrate real progress. Continue to develop our strategic roadmap to achieve net zero, including determining the pace at which we can transition and the tangible initiatives to pursue. Utilise our relationships with key strategic suppliers to influence their environmental commitments, targets, and progress. Undertake a resilience assessment of our business strategy, taking into consideration different climate-related scenarios, including a 2'C or lower scenario.

Task Force on Climate-Related Financial Disclosures (TCFD) Continued

A robust approach to risk management

Climate change is one of the Group's principal risks and uncertainties and is integrated with other risks, which together are overseen and discussed by the Board, the Audit and Risk Committee and Executive team in regular reviews of our principal risks.

Read more:

Climate risk register – pages 48 to 50

Our approach to risk management – page 58

Principal risks and uncertainties: climate change – page 65

What we do already	What we will do next
Clearly defined ESG roles and responsibilities have been established with regards to environmental management. Climate risk register developed which incorporates short, medium, and long-term climate-related risks, with an assessment of potential climate change risks and opportunities that could affect our business over the following time scales: short term (0 to 2 years), medium term (2 to 5 years) and long term (over 5 years). Oversight of risk management is delegated to the Audit and Risk Committee by the Board.	Review and update climate change risk assessments and have these externally reviewed as risks evolve. Monitor and identify changes to climate related risk (increase, no change, decrease), and review this at least bi-annually with the Board. Complete a detailed environmental risk assessment for our global supply chain, with regards to water, biodiversity loss, physical climatic changes, under different climate change scenarios.

Monitoring progress through detailed metrics and targets

Setting targets and monitoring progress against these are critical to ensure that sufficient headway is being made at the required pace. The Board monitors a range of performance indicators including those set our below and our Key Performance Indicators.

Read more:

Key Performance Indicators – pages 52 to 53

Alternative Performance Measures – pages 164 to 166

What we do already	What we will do next
Scope 1, 2 and 3 (over 80% of Scope 3) carbon emissions assessed and reported to the Board annually.	Work with our suppliers and carbon consultants to continue to improve the accuracy and completeness of our carbon emission data, particularly in respect of Scope 3 emissions.
Company Vehicle fleet: 100% electric.	Develop our Net Zero roadmap and associated targets and timescales, assessing in further detail the cost / benefit, pace, and action plan to implement initiatives.
Waste reduction: Zero Waste to landfill certification of our head office and warehouse sites.	Renewable energy sources: Achieve 100% in direct operations by FY25 year end
Sustainable paper: 100% FSC certified paper used across the business.	ESOS Phase 3 recommendations to be integrated into net zero roadmap, identify energy efficiency improvements for stores.
Sustainable home delivery packaging: 100% FSC certified home delivery boxes and paper packaging in use in operations.	Investigate the ProCook stores with the highest kWh/sq.ft. usage to see where improvements can be made in FY24, aiming to reduce energy consumption by >15% in our worst performing stores.
Greenhouse gas emissions: see further detail on page 38.	Engage with all freight and logistics providers regarding the GLEC framework, verify their targets which should be aligned to global target for the logistics sector of Net Zero by 2040.
	Change our workplace pension providers in FY24 to ensure more sustainable investments and reduce carbon emissions (Scope 3, Category 15: Investments).
	Suppliers: engage with our top 10 product suppliers to understand their own environmental performance and action plans.
	Deliver on our 8 immediate priority areas: see further detail on page 47.
	Report annually to the Board on carbon emissions to track and monitor progress towards Net Zero.

Progressing towards net zero

Now that we have completed our full carbon footprint analysis including our Scope 1, 2 and 3 emissions, we have gained a full understanding of the extent of the emissions implicit in our indirect sourcing activities, as set out in the value chain analysis on this page.

These are significant in comparison to the relatively modest emissions from our own operations which the Group has worked hard to eliminate and reduce 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 have had to revise our own internal expectations considering the reality of our ability to influence and improve these indirect emissions with the pace that we would like to.

We have begun a detailed exercise to reassess the timescales on which we can with confidence commit to net zero 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 are committed to making as much progress as we possibly can with our suppliers and partners to reduce our environmental impact.

The Board has determined that it is appropriate therefore to work to an incremental plan where we build foundations, demonstrate progress, and formalise our initiatives and plans for future progress each year. Our progress will be very much dependant on our supplier relationships and their environmental targets/actions as well as external influence.

Value Chain Carbon Footprint (FY22)[1]

Sourcing products and services

90.0%

	tCO_2e	%
Purchased goods and services	29,923	85.5%
Capital goods	1,047	3.0%
Fuel and energy	507	1.5%
Sourcing products and services	31,477	90.0%

Upstream logistics

6.5%

	tCO_2e	%
Transportation and distribution	2,282	6.5%

ProCook operations

2.9%

	tCO_2e	%
Company facilities	16	0.0%
Company vehicles	25	0.1%
Purchased electricity, heating and cooling	400	1.1%
Employee Commuting	529	1.5%
Business Travel	55	0.2%
Waste generated in operations	6	0.0%
ProCook operations	1,031	2.9%

Downstream logistics

0%

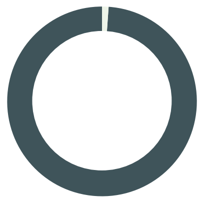
	tCO_2e	%
Delivery transport	0	0%

Other

0.6%

	tCO_2e	%
Investments	190	0.6%
Leased assets	3	0.0%
Other	193	0.6%

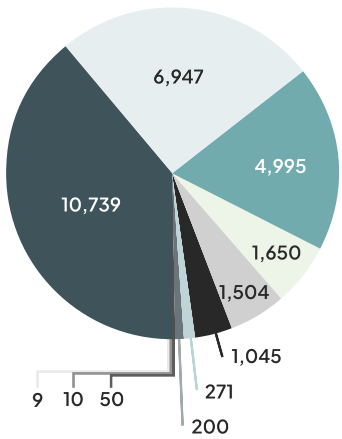
ProCook's Value Chain Carbon Emissions (tCO_2e)[1]



	tCO_2e	%
Scope 1	41	0.1%
Scope 2	400	1.1%
Scope 3	34,542	98.8%

1 Emissions data presented relates to the FY22 baseline year

Sourcing products and services Carbon emissions (tCO_2e) breakdown



- Fabricated metal products, excl. machinery and equipment
- Glass, ceramics and stone
- Basic iron and steel
- Other wholesale products
- Rubber and plastic products
- Wood and wood products
- Furniture
- Other manufactured goods
- Coffee capsules
- Computer, electronic and optical products
- Machinery and equipment

Having already made substantial progress in reducing emissions in Scope 1 and Scope 2 through a range of initiatives in recent years, the Group now has to take steps to tackle the significant emissions in the Scope 3 areas which are not directly in our control.

Mitigating scope 1 and 2 emissions

Continue to improve energy efficiency

Focusing on stores, no/low cost capital expenditure projects

Electric company vehicle fleet

100% already achieved

Carbon mitigation and offsetting for hard-to-reduce emissions

Enhance this with the Woodland Trust and Ecologi

Procurement of 100% renewable energy by year end FY25

Mitigating scope 3 emissions

Continue to make improvements to product and packaging

Material selection, recyclability, working towards a circular economy

Supplier engagement

Develop relationships to understand supplier consumption and targets, establish greater supplier reporting

Strengthen environment policies

Internal and external policies, including our EMS

Our 8 immediate priority areas

Policies
Strengthen and update environmental and ESG policies (e.g. purchasing, energy, waste management, human rights)

Data quality
Identify operational data gaps and improve collection and management (e.g. business travel)

Environmental management system (EMS)
Improve and fully align EMS documents to ISO14001

Engage suppliers
Identify key suppliers for initial engagement and understand their environmental targets

More efficient property
Improve store efficiencies. Understand differences in energy usage of similar size ProCook stores to make improvements and reduce overall energy consumption

Engagement and education
Develop a communication plan informed by a stakeholder analysis to engage colleagues and achieve cross company commitment

Reduce and recycle packaging
Continue to improve our product packaging recyclability and remove single use plastics

Travel
Improve WFH and employee commuting data and distribute sustainable travel plans for our new headquarters

1 Given the inherent challenges in measuring emissions on indirect activities outside of ProCook's control, especially those in scope 2 and 3, the Group has worked with expert carbon consultants making use of best industry practices using judgement and estimates where necessary based on company and country data. There fore there these emissions lack absolute precision but are considered by the Group to be reasonably indicative, and will be refined as more precise data becomes available.

Climate-related risk register

Risk	Opportunity	Indicative timeframe	Link to principal risks	Risk rating
Transition Risks (associated with moving towards a greener, less polluting economy)				
Regulatory risks				
Increased compliance costs and reporting obligations. Increasing extended producer responsibility, driving operational waste disposal costs up (for example packaging and product waste).	Although there may be initial costs, there are also potential operating savings from transitioning towards a more circular business model. Reduction in single-use plastic packaging could decrease waste management costs and improve recycling rates.	Short/ medium term	Regulatory compliance	Medium
Risk of higher climate regulatory requirements, complicating business practices. Increased costs from introduction of carbon taxes, as well as increased taxes for plastics, energy, waste, and fuel as the UK Government aims to meet net zero by 2050 alongside other environmental commitments.	Higher initial costs with new legislation, possible long-term savings through a more thorough sustainability strategy with ambitious targets, improving ProCook's environmental management system, reducing carbon/ energy consumption and single-use plastic use.	Medium term	Regulatory compliance	Medium
Higher costs related to legislation and changes in building efficiency standards.	Savings from more efficient building standards (lower heating costs), as well as opportunity to transition to predominately renewable energy.	Medium/ Long term	Regulatory compliance	Low
Technology Risk				
To achieve a low carbon future, and the targets set out in the Paris Agreement to limit warming to 1.5 °C, new technological advancements will be required. Substitution and transition costs of shifting to lower emissions products, services, and technologies.	Long-term cost savings from using more efficient, economical, and sustainable products, services, and technologies. Some of these technological changes could be driven by regulation and legislation.	Short/ Medium term	Technology platforms, data loss and cybersecurity	Medium
Internal systems becoming inefficient / investments in new technologies becoming outdated.	Accelerated technology capabilities could drive operational efficiencies.	Medium/ Long term	Technology platforms, data loss and cybersecurity	Low

Risk	Opportunity	Indicative timeframe	Link to principal risks	Risk rating
Market Risk				
Changing consumer behaviour. Increasing demand for limited but more sustainable materials (e.g., recycled). Harder to source, could increase manufacturing costs.	Using innovative and alternative materials may become more cost efficient. More ranges with these materials will appeal to sustainability focused customers and will increase brand image and reputation. Our success is dependent on our ability to adapt to meet the progressing expectations of our customers. Consumers are likely to seek more sustainable product choices as public awareness of climate change intensifies.	Short/ Medium term	Brand and customer	High
Increased costs of raw materials for product production.	Raw material prices may fluctuate or increase. Using innovative and alternative materials in products may allow us to be more cost efficient.	Short/ Medium term	Competition, market and macro-economic	Medium
Higher demand for products that align to the circular economy (reuse and repair), reducing new product sales and/or loss of sales to competitors with more sustainable options.	Demand for sustainable product ranges and those associated with the circular economy may increase sales.	Medium/ Long term	Brand and customer	Medium
Reputational Risk				
Unable to recruit and retain top talent if we are not recognised as a responsible business.	Continual improvement of sustainability strategy/ credentials improves reputation and brand image, attracting a broader range of talented and loyal colleagues.	Medium/ Long term	People and culture	Medium
Shifts in consumer preferences, unable to retain and attract customers if we are not recognised as a responsible business.	Continually improving sustainability strategy/ credentials will lead to a better reputation and brand image, attracting a broader range of loyal customers.	Medium/ Long term	Brand and customer	Medium
Increased stakeholder interest in sustainability may lead to investors divesting if we are not recognised as a responsible business.	Continually improving sustainability strategy/ credentials and enhancing transparency will lead to easier access to capital and improved investor sentiment.	Medium/ Long term	Financial and treasury	Medium

Climate-related risk register
Continued

Risk	Opportunity	Indicative timeframe	Link to principal risks	Risk rating
Physical Risks (associated with the physical impacts of climate change)				
Increased risk of extreme weather events (heatwaves, storm surges, drought, flooding, wildfires). Could lead to disruption within the supply chain or damage of buildings, products, and transportation.	Continue to strengthen links with suppliers and distributors and improve communication throughout the supply chain to maximise resilience and minimise disruption.	Short/ Medium term	Climate change	Low
Increased risk of extreme weather events may impact raw material supply, production, and access. Changes in precipitation and temperature can affect the growth of raw materials in some of our product ranges including wood and cotton. Lower supply could increase the cost of raw materials.	We are reliant on raw materials for our products. Strengthened links with suppliers and distributor and improved communication throughout the supply chain will improve resilience and minimise disruption.	Medium/ Long term	Climate change	Low
Risk from reduced employee productivity due to infrastructure disruptions and extremes in weather (predominantly higher temperatures).	Continue to improve colleague working environments and improve communication throughout the business to improve flexibility, maximise resilience and minimise disruption.	Medium/ Long term	Climate change	Low

Non-financial information and sustainability statement

In accordance with Section 414CB of the Companies Act 2006, the statements below set out our approach and commitment to our people, our communities and environment, anti-bribery and corruption, and human rights across the Group.

Additional information on our business model can be found on pages 4 to 5, our approach to risk management on page 58, and our non-financial KPIs on pages 52 to 53.

Our people

We are committed to creating an even better place to work for our people, with a safe working environment and a supportive culture where our colleagues can develop their skills, experience, and careers. We promote wellbeing, inclusion, diversity, and equal opportunities, and we treat everyone with respect, providing fair reward for each of their contributions. Our leadership play a critical role in fostering and developing our culture and our working environments, which is why we're committed to developing the best possible leaders we can.

Read more: Our communities and environment:

Creating an even better place to work: pages 18 to 19

Engaging with our people: page 22 to 27

Sustainability – people: pages 31 to 35

Code of conduct: see www.procookgroup.co.uk

Gender pay gap: see www.procookgroup.co.uk

Diversity, equality, and inclusion policy: see www.procookgroup.co.uk

Mental Health and well- being policy: see www.procookgroup.co.uk

Our communities and environment

ProCook is committed to supporting the communities in which we operate. We offer all colleagues the opportunity to contribute to their communities through our Good Causes Day scheme. We also raise funds for and promote our charity partner Life's a Beach and we develop relationships in our local communities providing mentoring and work experience opportunities for people with barriers to work.

We are proactive in our activities to reduce our impact on the environment. We source quality products that are designed to last, helping customers make more sustainable choices and we eliminate all unnecessary plastics from our packaging. We operate a zero waste to landfill headquarters site, and we are committed to progressively reducing our emissions across all of our operations and supply chain.

Read more: Our communities and environment:

Reducing our environmental footprint: page 20

Engaging with our communities: page 26

Sustainability – communities: page 33

Sustainability – planet: pages 36 to 39

Our BREEAM Excellent-rated distribution centre and headquarters: page 19

Anti-bribery and corruption, and human rights

ProCook is committed to doing the right thing, with robust policies and procedures in place to prevent bribery, corruption, and human rights abuse.

We have established controls around giving and receiving hospitality, entertainment, and gifts, and around the introduction of new supplier partners. Colleagues are required to confirm on an annual basis their understanding of the policies that we have in place around anti-bribery and corruption, and any non-compliance with the policy would result in disciplinary action and possible dismissal.

We are committed to a zero-tolerance policy on modern slavery, and we expect both those who work within our organisation and our external partners to adhere to and respect the highest ethical standards in working conditions. The provenance of our products is of paramount importance to us, and we work closely with our suppliers, staff, and contractors to ensure there is complete transparency in labour conditions at every level of our business and stage of a product's lifecycle. As part of our Modern Slavery framework, we continue to audit and monitor the conditions of our supply chain and internal ecosystem on an ongoing basis to identify improvements and uphold our commitment.

We operate a whistle-blowing helpline for colleagues who may be concerned about these and other topics, and who may prefer to report in confidence. All whistle-blowing contacts are shared with the Audit & Risk Committee for oversight and further investigation if required.

Read more: Our policies on anti-bribery and corruption and human rights:

Code of conduct: see www.procookgroup.co.uk

Anti-bribery and corruption: see www.procookgroup.co.uk

Modern slavery: see www.procookgroup.co.uk

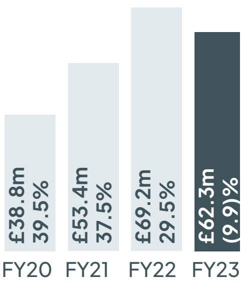
Sustainability – product: pages 40 to 41

Key Performance Indicators

Our Key Performance Indicators (KPIs) are set and monitored by the Board to assess performance across a range of financial and non-financial targets and to help determine senior management remuneration.

Financial

Total Revenue
£m and %



Total revenue of £62.3m (-9.9% vs FY22) reflects the challenging macro-environment, the partial reversal of strong pent-up demand post Covid-19 and strong comparatives from the prior year, and the decisions taken to exit Amazon channels (-4.9% point impact).

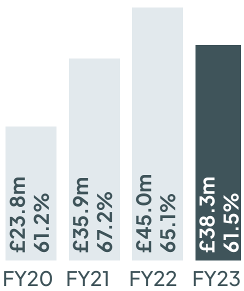
Why this measure matters

Total Revenue is an important indicator of how successful we have been in attracting and retaining customers, and offering high quality, great value products accompanied by excellent service across all of our channels.

Link to strategy

1 2

Gross profit
£m and %



Gross profit reduced to £38.3m (FY22: £45.0m) driven by the combined impacts of lower sales (-£4.5m impact) and higher supply chain costs, largely relating to marine freight costs of inventory (-£2.2m impact).

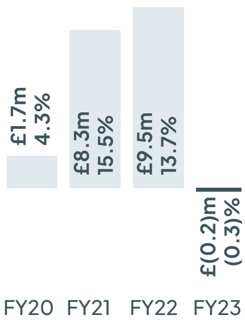
Why this measure matters

This measures our success in sourcing high quality products which offer customers great value (with pricing targeting savings of at least 30% less than comparable products from competitor brands), while still achieving strong gross margins to support the business model.

Link to strategy

2 3

Underlying profit before tax[1] APM
£m and % of revenue



Underlying Profit Before Tax reduced to a loss of £0.2m in FY23 (FY22: profit of £9.5m) reflecting the lower sales performance and gross profit margins, and the inflationary pressures within the Group's overhead cost base.

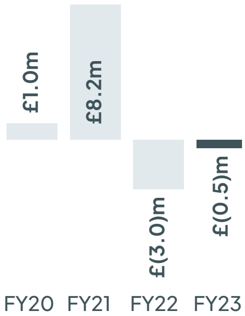
Why this measure matters

This measure highlights the underlying profit performance of the Group and demonstrates our ability to deliver long term profitable growth.

Link to strategy

2 3

Free cash flow[2] APM
£m



Free cash outflow of £0.5m in FY23 (FY22: £3.0m outflow) reflects careful management of cash during a year of significant investment with net capital expenditure of £5.2m (FY22: £3.8m) partly offset by a £3.8m inflow from net working capital (FY21: £3.2m outflow) as we reduced inventory levels as the global supply chain disruption from the prior year eased.

Why this measure matters

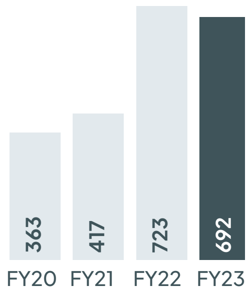
Free cash flow demonstrates the Group's ability to generate cash inflows which can then be utilised to invest in initiatives to support future growth, repayment of debt facilities or to return surplus funds via distributions to shareholders.

Link to strategy

2 3

Customer

Number of new customers
('000)



The Group attracted 692,000 new customers to shop with ProCook during FY23, 4.3% less than in FY22 primarily due to lower Ecommerce revenues. New customers are those who shopped with ProCook for the first time in the year and at that point first registered their customer details on our customer database.

Why this measure matters

Attracting new customers to shop with ProCook is a strategic priority in order to grow brand awareness in the UK. The Board monitors this measure as an indicator of the effectiveness of the Group's marketing activities and the continued progress being made to raise awareness of the ProCook offer.

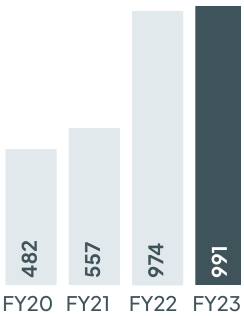
Link to strategy

1

Strategy: 1 Attracting more customers to our brand | 2 Developing our proposition | 3 Building on our strong foundations | 4 Creating an even better place to work | 5 Reducing our environmental footprint

These KPIs provide a range of information aligned to the Group's strategic mission to be the customers' first choice for kitchenware, with our sustainability goals and financial performance in mind. They include people and environmental measures which the Board consider critical to ensure we remain a great place to work for our colleagues, and that we continue to take action to reduce our environmental footprint.

Number of active customers (L12M) APM
('000)



During FY23 the number of active customers in the last 12 months increased to 991,000 (+1.8% YoY) as we continued to attract new customers and drive repeat sales. Of these customers, 299,000 were repeat customers originally acquired in previous periods (FY22: 251,000).

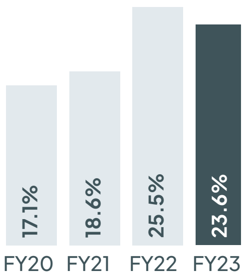
Why this measure matters

This measure of the Group's active customer database is important as an indicator of continued penetration into the markets we operate in. This database allows ProCook to understand shopping behaviours and better target marketing activities

Link to strategy

1

12 month repeat rate APM
%



Our customer's 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.

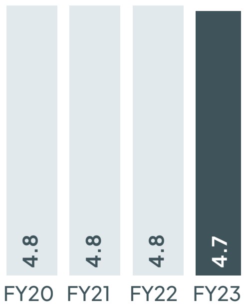
Why this measure matters

We use this metric to understand the Group's ability to retain customers and as an indicator of the Group's ability to increase the life time value of customers.

Link to strategy

1

Trustpilot score
(Max 5)



During the year we have retained our excellent-rated Trustpilot score with over 95,000 reviews now received by the Group of which over 85,000 are five-star ratings. Our score dropped by 0.1 point largely due to the impact of courier disruption caused by the Royal Mail strikes during the Peak trading period.

Why this measure matters

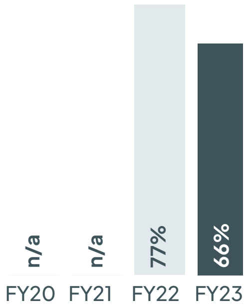
The Group uses the Trustpilot review service to gain valuable customer service and product feedback. These reviews provide other customers confidence in our overall brand proposition.

Link to strategy

1 4

Environmental Social Governance

Colleague engagement score
%



Our most recent colleague engagement survey result which was completed in November 2022 had an overall engagement score of 66% which was down year on year. Survey feedback highlighted the concerns colleagues had around the significant financial pressures caused by the cost of living crisis.

Why this measure matters

This is important to us as colleague feedback helps us to understand what we are doing well and what we need to improve. Our colleagues are key to our long term success.

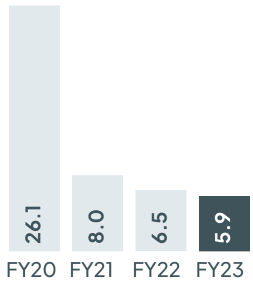
Link to strategy

2 4

Link to sustainability

Our people

CO_2 emissions intensity[3]
tCO_2 / £1m of revenue



CO_2 emissions intensity reduced further in FY23 to 5.9 tonnes of CO_2 per £1m of revenue generated driven by the Group's continued focus on energy reduction initiatives and transition towards green energy supply. This shows continued improvement in our sustainability performance in line with our ambition to reduce our environmental footprint.

Why this measure matters

ProCook is committed to doing the right thing, and reducing our environmental footprint is a key part of this. This measure highlights how well we're doing in reducing harmful greenhouse gas emissions.

Link to strategy

3 5

Link to sustainability

Our planet

1 Further information on how Underlying Profit Before Tax is calculated is set out on page 165.

2 Read more on how Free cash flow is calculated on page 166.

3 CO_2 emissions are defined as emissions from all Scope 1 and 2 activities relating to the Group's operations.

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."

Dan Walden
Chief Financial Officer

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.

Oslo
stoneware range

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 on pages 128 to 129.

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

CFO's Review

Continued

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: Underlying 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 upsized 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 on pages 126 to 128, and 72 to 73 respectively.

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.

Read more:

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.

Read more:

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

Dan Walden

Chief Financial Officer

27 June 2023

Risk Management

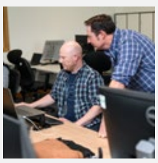
During the year we have faced continued rapid and impactful changes in the macro- environment which, combined with the Group's ambitions to continually develop and deliver profitable growth, highlights the importance of developing and maintaining effective risk management processes. During the year we have continued to develop our internal controls and our risk management framework to enhance our ability to manage risk.

Approach to risk management

Risk management is an integral part of the overall governance and management of the Group, and we continue to develop our risk management framework and associated processes. The Board is ultimately responsible for determining the strategic risks the Group is willing to take to achieve its strategic objectives and enhance the sustainability of value creation, including risks which threaten its business model, future performance, solvency, or liquidity. The Board takes a balanced view on risk to ensure an appropriate position between risk aversion, opportunity, and gains.

The Audit and Risk Committee, with delegated authority from the Board, is responsible for the oversight of the Group's risk management processes and controls. The Executive Directors and Leadership Team ("LT") have responsibility for day-to-day risk management activities, processes, and controls in their respective functions, and support the Audit and Risk Committee in executing their responsibility by ensuring that control processes are operating effectively, risks are being identified and monitored, and changes in the risk environment are being considered.

The Group's approach is set out in our Risk Management Policy which is reviewed annually by the Board to ensure it remains relevant and appropriate. The risk management and control procedures set out in this policy form part of the Group's normal management and governance processes:



Read more:
The Group's Risk Management Policy is available at www.procookgroup.co.uk

Identification: Risks are identified through both a top-down approach (strategic risks) as well as a bottom up (functional risks) approach. Principal risks are identified by the Board and risk appetites are considered and set. Functional risks are identified by LT members or delegates. The focus is on risks the Board is willing to take to achieve its strategic business objectives. New and emerging risks are assessed and determined. The procedure seeks to identify top-down strategic risks and well as bottom-up operational risks.

Assessment: Strategic risks are assessed on at least a 6 monthly basis during LT meetings. The principal risks are revisited and if necessary, updated on a semi-annual basis, in line with the financial reporting timetable. Functional risks are assessed by the LT members or delegates, through maintenance of the risk and control register. The risk and control register is reviewed for completeness and adequacy on a regular basis and included in the LT meeting agendas. The Board will complete an annual horizon scanning exercise.

Management: Risks are recorded in the Risk Register by LT members or delegates (risk owners). Every risk on the register is allocated to an individual and appropriate controls are identified. Risk management is embedded in the operations and Group functions. The process allows colleagues and the Board to monitor risk, as well as demonstrating a shared responsibility for the management of risks.

Reporting: The Risk Registers and management of risk is monitored and reviewed as part of the LT meeting cadence. Reports over strategic risks and functional risks are generated periodically on no less than a semi-annual basis with support from the Finance team / Internal Audit to the LT and from the LT to the Audit and Risk Committee and the Board.

Review: Each Audit and Risk Committee meeting receives an update on risk management across the Group and no less than once a year the Board carries out a review of the risk management process and assesses whether any improvements are necessary. The Board re-evaluates risks measures and determines if controls are appropriate, taking into account business planning. The Board completes an annual review of risk appetite.

Communication and Training: The Board, LT, operational and Group functions receive training and support, utilising external resources as appropriate.

Risk management framework

Board	Audit and Risk Committee	Executive Directors and Leadership Team	Risk process owners
Ultimately responsible for the Group's risk management system and reviewing its effectiveness • Establishes and communicates the Group's Risk Management Policy • Sets the tone and culture for managing risk across the Group • Reviews overall Group principal risks at least annually • Sets the risk appetite of the Group • Ensures responsibility for specific risks are allocated to individual Executive Directors • Performs an annual horizon- scanning exercise for emerging risks • Considers recommendations from the Audit and Risk committee	Responsible for the oversight of risk management processes and controls • Examines and reviews the Group's risk register and internal control environment at least twice a year • Reports to the Board on the status of the risk management processes • Provides guidance on risk and control improvements • Highlights where minimum expected standards are not met • Makes recommendations to the Board about any requirements for independent assurance • Maintains relationships with the independent Auditor receiving their reports on the control environment and any recommended improvements	Day-to-day responsibility for risk management activities, processes, and controls • Ensures the day-to-day effectiveness of risk management activities • Responsibility for risk prioritisation, identification, and assessment at Functional level • Reviews risk assessments, sharing relevant material to the Audit and Risk Committee / Board • Completes an annual horizon- scanning exercise for emerging risks • Reviews the Group's risk register on a quarterly basis • Develops functional risk registers aligned to principal risks where appropriate and required, ensuring regular review of the performance of mitigating controls • Takes action to improve the overall control environment, increasing mitigating activities where necessary	Drives and coordinates local risk assessment and compliance with risk management processes • Actively shares knowledge and best practice through contact with other functional leads • Accepts responsibility for the risk, its evaluation, monitoring it and reporting its status • Coordinates and contributes to the development and maintenance of an appropriate control environment, and reporting the ongoing effectiveness of controls • In combination with the Risk Register Owner, updates the risk report to show the current status

Group risk appetite statement

The Board is responsible for setting the risk appetite for the Group and does so taking into consideration the expectations of its stakeholders and members as a whole. The Group's risk appetite statement provides a useful guide to inform strategic decision-making, facilitate the review of risk management, and to set targets against which risk objectives must be progressed.

We are more open to most strategic and operational risks, recognising the clear growth opportunity ahead, and the need to test and trial new ideas and ways of working. In these areas we have moderate or higher risk appetite.

We are more cautious with regard to financial, regulatory compliance, IT and cyber security, people and culture, and climate change risks. In these areas we have a low- risk appetite.

The Group has a very low appetite for risks which could damage our brand and reputation, including the health and safety of all our colleagues, customers, suppliers, and any non-compliance to our policies and procedures.

Read more:
The Group's Risk Appetite Statement is available at www.procookgroup.co.uk

Professional Stainless Steel cookware range

Principal risks and uncertainties

In accordance with the Group's Risk Management Policy as set out on the previous pages, the Board has undertaken a detailed review of the Group's principal risks and uncertainties, including new or emerging risks, and those that could damage its business model, or adversely impact its operational activities or financial performance and position.

There are three overarching macro events which continue to have a significant impact on the level of risk that the Group currently faces. These are the lasting impacts of Covid-19 and Brexit, the Russian invasion of Ukraine, and the cost- of-living crisis.

These three macro themes have broad-ranging impacts across our principal risks and uncertainties, and therefore have not been presented as individual principal risks themselves.

1. Lasting impacts of Covid-19 and Brexit

While the direct restrictions to customers, colleagues and our business operations which related to Covid-19 have now eased, the Group continues to manage the lasting impacts of both Covid-19 and Brexit which have become largely intertwined within other, subsequent events which together have created significant uncertainty in the macro-environment. These impacts include:

- Economic unpredictability and volatility
- Changing customer preferences, needs and behaviours
- Labour shortages in retail, logistics, manufacturing, and certain support functions
- Supply chain disruption and an inability to interact as effectively with suppliers around the world
- Greater prevalence of physical and mental health issues and the risk of new variants or pandemics
- Increased regulatory complexity when dealing with Europe

2. The Russian Invasion of Ukraine

The impact of the Russian invasion of Ukraine has had a significant impact on our business and our customers, and while the conflict continues these impacts are likely to continue to evolve. As ProCook does not have, nor had, any direct operations in Russia or with sanctioned countries or individuals the direct risks have been limited, however the side effects of the invasion have increased risk in the following ways:

- Inflationary pressures directly impacting business operations and profitability
- Inflationary pressures impacting customers' disposable income and behaviour
- Greater threat to cyber security requiring a direct response through a programme of improvements made in the last 12 months
- Increased foreign exchange volatility and deterioration in Sterling to US Dollar rates as the US Dollar became a global currency safe haven
- Heightened geo-political tension and instability

3. The cost of living crisis

The cost-of-living crisis in the UK, triggered by the factors set out above and compounded by the UK political backdrop, has become more profound as the last year has progressed, resulting in consumer confidence reaching a record low in September 2022 during a period of significant energy price and political uncertainty. The pressures on disposal incomes have become more significant and remain pervasive, and although they are widely projected to ease over the months ahead, in real terms the average consumer is now worse off. These impacts present direct risks for the Group:

- Inflationary pressures on our cost base including fuel, energy, wages, food, raw materials in product costs
- Foreign exchange volatility and heightened cost of debt
- Lower consumer confidence and reduced disposable incomes impacting trading performance
- Increased retail selling prices to partly mitigate cost growth, further impacting trading performance
- Increased competition to acquire customers, particularly through direct paid media marketing channels
- Concerned colleagues who are also struggling with cost- of- living pressure, and impact on morale through this challenging period

Changes to our principal risks and uncertainties

The macro themes set out above have resulted in changes to either the likelihood or impact (or both) of the principal risks that the Group faces. The Board considers that the inherent risk has therefore increased in five of the principal risks, and has decreased in one:

- ↑ The recent and rapid deterioration in the economic and consumer environment has led to a significant downturn in consumer confidence caused by the combined adverse impacts of significant inflation (including the costs of energy, fuel, food and other goods and services), interest rate rises, tax increases and slower wage growth. The Board has determined that the potential impact of **competition, market and macro-economic** risks has increased.
- ↑ Reputational damage to the **brand** is heightened due to increased promotional activity and more frequent direct marketing communications to attract customers in the highly competitive market, and the risk that consumers choose to divert any discretionary spend away from kitchenware products.
- ↑ The pressures on real disposable income for consumers are the same for our colleagues and, combined with the challenge to morale that weaker trading performance creates, as evidenced by our weaker colleague engagement score year on year, there are greater risks around **people and culture** related to retention, recruitment, motivation, and engagement.
- ↑ While we have recruited a large number of new customers this year, we have been more heavily reliant on in-market customer acquisition via paid media channels than in recent years. The cost of this acquisition activity has increased and combined with the market shift back to Retail stores, the Board considers there is a greater risk to **marketing effectiveness**.
- ↑ Recent trading performance, impacted by macro factors has been much more uncertain, and forecasting performance and managing cash and covenants has therefore become more challenging. Equally, interest rate increases, inflationary pressures on costs, and FX volatility have increased **finance and treasury** risks.
- ↓ **Supply chain risk** has decreased as a result of the transition to our new Distribution Centre, consolidating stock and logistics activities, and due to the lower disruption to the marine freight system as the impacts of Covid-19 subside. Additionally, we have completed the implementation of a new courier system, reducing risk to home delivery operations by splitting parcel volumes between multiple partners.

↑ Increase ↓ Decrease

Emerging risks

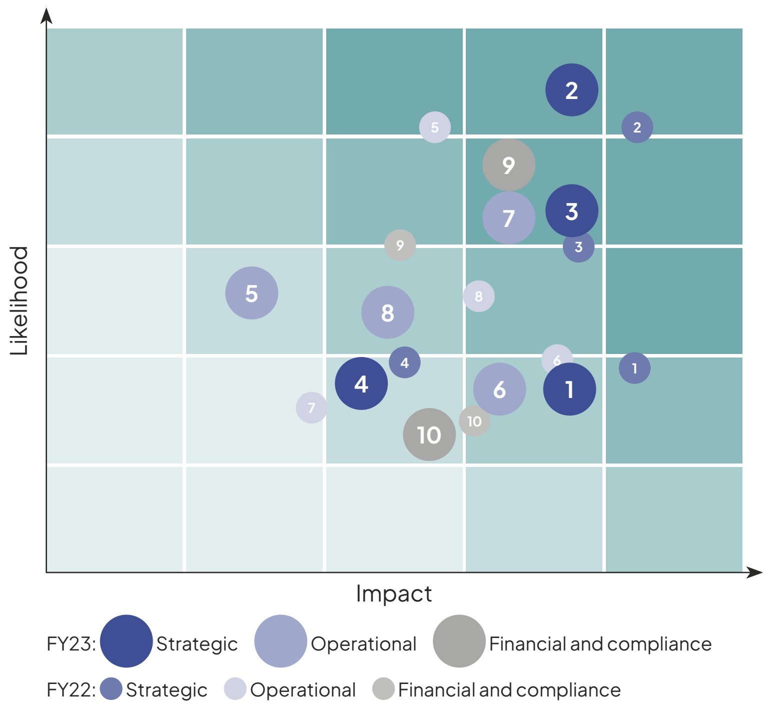
The Board have carefully considered the principal risks and uncertainties, and whether there are any new emerging risks which the Group faces. The principal risks and uncertainties are not exhaustive, and the Group may be exposed to risks wider than those listed, including risks not currently known or identified, or currently deemed to be less material, which may also have an adverse effect on our activities.

Awareness of emerging risks is important to support strategic planning and decision-making, and to identify mitigating actions and controls which may be required as events and risks evolve. The key emerging risks identified by the Board are:

- The cost-of-living crisis with regard to both its duration and how profound its long-term effect will be on consumer behaviour and discretionary spending power
- Geo-political tensions including those related to the Russian war in Ukraine, China (and Taiwan) and other political changes including the UK government election which is anticipated in the next twelve to eighteen months

Principal risk heatmap

The heat map diagram illustrates the Board's assessment of the principal risks and uncertainties, and their movement year on year after the effect of existing or new mitigating internal control activities:



Principal risks and uncertainties
Continued

How our principal risks and uncertainties link to our strategy

The table below highlights how our principal risks and uncertainties link with our strategic priorities, as set out on pages 10 to 20.

Ref	Principal risks and uncertainties	Change vs FY22	1	2	3	4	5
1	Strategy and business change	–	Y	Y	Y	Y	Y
2	Competition, market and macro-economic	↑	Y	Y		Y	
3	Brand and customer	↑	Y	Y		Y	Y
4	Climate change	–	Y	Y	Y	Y	Y
5	Supply chain	↓	Y	Y	Y		Y
6	Technology platforms, data loss and cybersecurity	–	Y	Y	Y		
7	Marketing effectiveness	↑	Y				
8	People and culture	↑	Y	Y	Y	Y	Y
9	Financial and treasury	↑	Y	Y	Y	Y	Y
10	Regulatory compliance	–	Y	Y	Y	Y	Y

Strategic risks

1. Strategy and business change –

Our 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.

Risk Appetite Open (moderate to high)

Link to strategy

1 2 3 4 5

KPIs

- Revenue
- Underlying PBT
- Number of active customers (L12M)

Board oversight

- Annual Board strategy planning day and 3-5 year financial plan review
- Periodic strategic progress updates
- Rotational deep dive strategy sessions at each Board meeting

Executive Responsibility

Daniel O'Neill, Chief Executive Officer and Founder

Context and potential risk impacts

There are currently a number of business- critical change programmes underway including:

1. Creating a world-class website to transform our customer experience online
2. Completing the transition into our new Distribution Centre and realising the operational efficiencies
3. Developing our culture, values, and leadership to support continued growth as we become a larger and more complex business

Each of these have their own inherent risks and require effective programme management and leadership to deliver alongside the full strategic programme, at pace, on time and within budget.

Read more: Our strategy – pages 10 to 20

Potential risk impacts include:

- Failure to meet financial or other non-financial targets
- Loss of customer confidence and reputational damage
- Reduced or limited business growth
- Failure to retain colleagues, or loss of colleague engagement
- Loss of focus on core business activities
- Delays in strategy execution may lead to a loss of investor confidence

Mitigations

- Medium to long term business strategy is developed and reviewed by the Board at least annually
- Steering Groups established for key projects reporting to the Board
- Clear accountability for strategic execution is delegated to the Exec and progress monitored by the Board
- Experienced leadership and stability in the leadership team with a culture of long-term entrepreneurial growth
- Use of external expert advisors to support strategy development and execution where appropriate
- Use of trial / experimentation methodologies for agile change programmes to monitor change impacts

2. Competition, market, and macroeconomic

Our 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.

Risk Appetite Open (moderate)

Link to strategy

1 2 4

KPIs

- Revenue
- Underlying PBT
- Number of active customers (L12M)

Board oversight

- Monitoring market share, competitor, and customer data
- Reviewing and challenging sales performance and cost base efficiency in periodic Board reports
- Developing and monitoring strategic and operational action plans

Executive Responsibility

Daniel O'Neill, Chief Executive Officer and Founder

Context and potential risk impacts

Over recent months, the combined effects of Covid-19, Brexit, and the Russian invasion of Ukraine have continued to evolve and have contributed to significant uncertainty for customers, driven by economic volatility, significant inflation, and cost of living pressures.

This has led to greater competition in the marketplace with increased promotional activity and higher costs to acquire customers.

These external factors may persist for some time.

Potential risk impacts include:

- Reduced profitability and inhibited growth opportunities
- Loss of market share to competitors
- Increases in costs such as fuel, energy, raw materials, marketing, and labour
- Reduced new customer acquisition
- Slower repeat purchase frequency
- Lower average transaction values
- FX and interest rate volatility or higher costs

Mitigations

- Focus on exceptional value and high- quality service with KPI's monitored by the Leadership team
- Continual monitoring of market performance, and competitor activity including pricing and promotions
- Investment in technology and supply chain capabilities to improve customer experience
- Regular range refresh to attract new and repeat business with 154 new launches in FY23
- Increased promotional activity and customer communications around exceptional value
- Achieved "Which" certification and obtained B Corp status, focussing on customer demand for sustainable, high-quality products.
- Extended our foreign exchange hedging policy and coverage in future periods
- Prudent cash management and preservation to minimise debt interest costs
- Identification of business efficiencies, and close working with suppliers to mitigate cost pressures
- Improvements to paid media efficiency using programmatic and AI-bidding technology

Strategy: 1 Attracting more customers to our brand 2 Developing our proposition 3 Building on our strong foundations 4 Creating an even better place to work 5 Reducing our environmental footprint

Risk impact change year on year: No change Increase Decrease New

3. 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.

Risk Appetite Cautious (low)

Link to strategy

1 2 4 5

KPIs

- Revenue
- Number of active customers (L12M)
- Number of new customers
- Trustpilot score

Board oversight

- Monitoring market share, competitor and customer data
- Reviewing and monitoring Trustpilot review KPIs and data
- Review and approval of the ESG strategy

Executive Responsibility

Angela Porter, Chief Marketing Officer

Context and potential risk impacts

Reputational damage to the brand is currently heightened due to increased promotional activity and more frequent direct marketing communications to attract customers in the current, highly competitive, market.

There is increased risk that consumers choose to divert discretionary spend away from kitchenware products while inflationary pressures persist.

Potential risk impacts include:

- Lower new customer acquisition
- Loss of existing customers and repeat business, and lower life time value
- Reduced revenue growth and lower profitability
- Loss of market share to competitors
- Lower colleague retention due to a decrease in engagement with the brand

Mitigations

- Rigorous product quality testing and certification, accompanied by strong warranties. Robust supplier selection with Sedex monitoring to ensure strong ethical and environmental compliance through audits of labour standards, health and safety and environmental assessments
- Technology vulnerability and penetration testing with continual security capability improvement, Payment Card Industry and Data Protection compliance.
- Colleague code of conduct and business culture, monitoring colleague engagement and Glassdoor ratings
- Monitoring of brand health metrics including Trustpilot reviews
- Continued focus on sustainability recognised with B Corp certification

4. 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.

Risk Appetite Cautious (low to moderate)

Link to strategy

1 2 3 4 5

KPIs

- CO_2 emissions

Board oversight

- Deep dive review sessions on ESG provide opportunity to challenge
- Review and approval of the ESG strategy

Executive Responsibility

Dan Walden, Chief Financial Officer

Context and potential risk impacts

ProCook has long been committed to reducing our environmental impact and encouragingly there is now increasing awareness of climate change across our stakeholder groups.

As we transition towards a low-carbon economy there are a variety of potential risks to strategy execution and financial performance including:

- Increasing frequency of natural disasters which could impact our operations including our supply chain
- Legal and compliance changes which may disrupt our operations and increase costs (including taxation)
- Reputational damage due to insufficient progress or compliance failure, which could also result in lower colleague engagement
- Changes in customers preferences may require product or proposition changes which could increase costs

Mitigations

- Focus at Board, Executive and Leadership Team. ESG strategy developed by ESG Director and Green Team in active progress
- Continued partnership with The Woodland Trust to mitigate unavoidable Scope 1 and 2 CO_2 emissions
- BCorp certification awarded in FY23
- Electric vehicle fleet for all Company cars, BREEAM certified new Distribution Centre and HQ
- Removal of all unnecessary product packaging (including single use plastic) across our range
- Comprehensive environmental management system in place for monitoring water, waste, energy and CO_2 emissions
- Environmental marketing to promote sustainable choices

Strategy: 1 Attracting more customers to our brand 2 Developing our proposition 3 Building on our strong foundations 4 Creating an even better place to work 5 Reducing our environmental footprint

Risk impact change year on year: No change Increase Decrease New

Principal risks and uncertainties
Continued

Operational risks

5. 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.

Risk Appetite Open (moderate)

Link to strategy

1 2 3 5

KPIs
- Revenue
- Underlying profit before tax
- Free cash flow

Board oversight
- Deep dive review sessions on supply chain provide opportunity to challenge
- Review and discussion of Stock and Supply Chain Report each Board meeting
- Approval of new Distribution Centre business case

Executive Responsibility

Daniel O'Neill, Chief Executive Officer and Founder

Context and potential risk impacts

We source products from established suppliers around the world and import them directly to our Distribution Centre in the UK from where we operate our own logistics capabilities to despatch products to couriers for home delivery or to our retail stores.

The impacts of the Covid-19 pandemic had a significant effect on sourcing and particularly shipping, which has now eased.

Additionally, we have transitioned our operations from two separate warehouses with further external storage, into our new purpose-built Distribution Centre to provide operational benefits and increased capacity.

These factors have reduced the level of risk however there remain potential risk impacts associated with our supply chain including:

- Delays in product shipments could lead to inventory shortages, availability issues and possible loss of revenue
- Increased costs from input or raw material costs, and/ or higher costs of shipping, could reduce gross margins, or require increased selling prices which may reduce revenue
- Delays in order shipment to customers may damage the overall customer experience and impact brand reputation
- Geo-political tensions or future wars or pandemics may impact our ability to source products of sufficient quality, when needed and at the right price
- Higher inventory levels may lead to increased costs of storage and logistics and lower free cash flow

Mitigations
- Continuous communication with product and freight suppliers
- Robust inventory management including intake planning and availability optimisation. Monitored by weekly reviews with Leadership Team
- Use of well-established outbound suppliers with monthly performance review meetings
- Our new central Distribution Centre brings inventory into one location, adds capacity for growth and will deliver operational efficiencies
- Product supplier base exceeds 100 established suppliers providing flexibility and resilience
- Achieved >98% delivery on time for UK Ecommerce orders

6. Technology platforms, data loss and cyber security

Any 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.

Risk Appetite Cautious (low)

Link to strategy

1 2 3

KPIs

- Underlying profit before tax
- Trustpilot score

Board oversight

- Deep dive review sessions on Technology roadmap and strategy provide opportunity to challenge
- Review and discussion of Technology and Cyber Security Report each board meeting
- Approval of Tech Strategy each year and regular monitoring of development roadmap delivery

Executive Responsibility

Dan Walden, Chief Financial Officer

Context and potential risk impacts

We rely on our technology systems to support our business operations including inventory and supply chain management, recording and processing customer transactions, and in analysing performance results and customer data.

The increasing sophistication and frequency of malicious cyber activity, including the consequence of the Russian invasion of Ukraine and broader geo-political tensions have increased cyber security risk.

Our reliance on third parties to provide technical services including hosting and digital technology presents risks that we do not have full control over.

- Loss of access or functionality could result in loss of revenue and/ or reputational damage and could require significant investment to remediate
- Loss of customer data could cause reputational damage, impact our operations and/ or result in breach of regulations with potential financial penalties
- Delayed implementation of new technologies as our business evolves and becomes even more digitally led could disrupt business operations, slow the pace of strategic progress, or result in higher costs

Mitigations

- Robust security procedures, policies and protocols established, including disaster recovery plans and system documentation
- High level of system monitoring and "on-call" procedures support high level of system up-time (>99.9% in FY23)
- Test and deployment and change management procedures established for technology deployments
- External expertise utilised to support system monitoring, Data Protection and Payment Card Industry compliance
- Regularly perform vulnerability scanning and penetration testing procedures to assess status and identify security and system resilience improvements to make

Strategy: 1 Attracting more customers to our brand 2 Developing our proposition 3 Building on our strong foundations 4 Creating an even better place to work 5 Reducing our environmental footprint

Risk impact change year on year: No change Increase Decrease New

Principal risks and uncertainties
Continued

7. Marketing effectiveness

The Group's future performance depends on customer acquisition and retention with cost-efficient marketing spend, appropriate creative messaging and relevant media mix. 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.

Risk Appetite Cautious (moderate to high)

Link to strategy

I

KPIs
- Revenue
- Underlying profit before tax
- Number of active customers (L12M)
- Number of new customers

Board oversight
- Monitoring and challenging performance across customer and relevant financial KPIs
- Regular deep dive sessions on customer and marketing activity
- Reviewed and approved the brand purpose and proposition framework

Executive Responsibility

Angela Porter, Chief Marketing Officer

Context and potential risk impacts

ProCook has a significant opportunity to grow brand awareness in the UK and expand our customer base. Effective marketing activity is critical to achieve this.

The current macro-environment has led to increased competition to attract and convert customers resulting in higher costs of marketing and promotional activity. This is likely to evolve and persist while conditions remain challenging which could have the following potential impacts:

- Lower marketing effectiveness (either in engagement or cost) could result in lower revenue from fewer new customers or falling repeat rates, and higher costs / lower profits
- Failure to attract new customers and successfully grow brand awareness could limit the achievement of our strategic objectives
- Increased promotional messaging, or higher frequency of communications could deter certain customers and has the potential to damage brand reputation

Mitigations
- The Group ensures the CMO and CEO sign off key messaging and spend within a defined budget
- Monitoring of detailed marketing metrics against budgets including Return on Ad Spend ("ROAS") and Cost per Acquisition ("CPA")
- Communications Framework established to sign off customer messaging
- Attracted 692,000 new customers during FY23, grew our number of active customers (L12M) to almost 1,000,000
- Development of our brand purpose and proposition to provide a "North Star" for all marketing activity
- Continually assess, test and trial new recruitment channels
- Introduced new CRM platform which also acts as email service provider to consolidate activity and improve retention capability through improved segmentation and data analytics

8. 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.

Risk Appetite Cautious (low)

Link to strategy

1 2 3 4 5

KPIs

- Colleague engagement score

Board oversight

- Deep dive review sessions on people and culture strategy provide opportunity to challenge
- Review and discussion of People Report each Board meeting
- Review of annual engagement score results and associated improvement plans
- Designed NED attends Colleague Advisory Panel and reports to the Board
- Succession planning reviewed by the Nominations Committee

Executive Responsibility

Daniel O'Neill, Chief Executive Officer and Founder

Context and potential risk impacts

ProCook employs over 600 committed and talented colleagues, and we believe being an attractive brand to work for, and protecting our culture is critical to our continued success in attracting and retaining top talent.

Current and potential colleagues continue to show greater preference for roles with purpose and greater flexibility to support their own life choices.

The labour market and skills shortages in the UK, coupled with the cost of living crises and our recent softer financial performance, presents a greater risk around retention and recruitment.

- Loss of existing expertise and knowledge could impact operations or delivery of strategic objectives
- Increased risk of cost growth through total reward inflation due to macro-factors
- Higher level of colleague absence or reduction in colleague engagement could impact our operations and customer service

Mitigations

- Monitoring of colleague engagement, turnover and other metrics by the Executive, Leadership Team and Board
- Refreshed people processes with annual appraisal reviews, personal development plans. Continued investment in leaning and development programmes
- Established Code of Conduct explained to all new starters
- Launch of new Company policies including Diversity and Inclusion, Mental Health and Well-being, Stress, and Menopause policies
- Launch of Company values to help protect and develop our culture
- Continued commitment fair reward including the Real Living Wage
- Awarded Great Place to Work™ certification for a second time in FY23

Strategy: 1 Attracting more customers to our brand 2 Developing our proposition 3 Building on our strong foundations 4 Creating an even better place to work 5 Reducing our environmental footprint

Risk impact change year on year: – No change ↑ Increase ↓ Decrease * New

Principal risks and uncertainties

Continued

Financial and compliance risks

9. Financial 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.

Risk Appetite Cautious (low)

Link to strategy

1 2 3 4 5

KPIs

- Underlying profit before tax
- Free cash flow

Board oversight

- CFO reports reviewed and discussed at each Board meeting
- Annual budget and re-forecasts reviewed and approved by the Board
- Audit and Risk Committee reviews financial control framework and risk management framework
- Various policies reviewed and approved by the Board including Treasury Policy and Capital Allocation Policy

Executive Responsibility

Dan Walden, Chief Financial Officer

Context and potential risk impacts

The challenging macro-environment and our weaker financial performance has required even greater level of focus on our cash and covenant management, forecasting and reporting, and thorough review of financial controls. We continue to focus on these ensuring that we have appropriate liquidity headroom, to support our operational performance and strategic objectives.

The rapid deterioration in foreign exchange rates earlier last year, coupled with rising interest rates have increased the risk of higher costs.

Other potential risk impacts include:

- Inaccurate or untimely financial reporting may result in misguided decision- making impacting future performance
- Non-compliance with regulatory requirements including tax could result in fines or penalties and damage our reputation
- Failure in financial controls could result in loss of business assets or higher costs reducing profitability
- Loss of liquidity business flexibility if insufficient headroom maintained to support working capital or investment decisions

Mitigations

- Established relationships with banking partner with £10m available RCF undrawn at year end, with £2.8m of net debt
- External professional support utilised where required for technical advice
- Foreign exchange hedging undertaken to help mitigate risk of volatility within approved Treasury Policy
- Robust approach to budgeting and forecasting throughout the year
- Financial Position, Prospects and Procedures documentation reviewed annually by the Board
- Finance Risk Register and process documentation established continually developed
- Continual focus on enhancing financial internal controls

10. Regulatory compliance and corporate responsibility

Any failure to comply with legal and regulatory obligations, or our wider corporate responsibility could result in financial or legal exposures, or damage to our reputation with our Stakeholders as a responsible brand.

Risk Appetite Cautious (low)

Link to strategy

1 2 3 4 5

KPIs

- Revenue
- Underlying profit before tax

Board oversight

- Corporate governance topics reviewed and discussed at each Board meeting
- CFO reports to the Board on any key internal policy changes seeking approval where needed
- Audit and Risk Committee review regulatory risks as part of risk management procedures

Executive Responsibility

Dan Walden, Chief Financial Officer

Context and potential risk impacts

The legal and regulatory landscape in which we operate remains stringent and is subject to frequent changes and updates which require us to adapt our operational and compliance procedures.

We are committed to compliance with all relevant regulations however any failure to do so could result in a range of potential risk impacts including:

- Regulatory breaches could result in adverse publicity which could damage customer or other stakeholder confidence, and potentially impact revenue growth, profitability or funding
- Potential fines or other penalties for non-compliance, or costs in relation to any legal proceedings or remedial actions
- Potential injury or loss to a colleague, customer or other stakeholder (particularly in the event of a Health & Safety issue)
- Loss of focus on business operations and strategic objectives in the event of a significant a compliance breach

Mitigations

- Group policies and code of conduct shared with colleagues and training provided
- External professional advice obtained on relevant matters e.g. GDPR, property legal advice, employment advice, tax advice
- Health & Safety Manager leads the development of the Groups' Health & Safety Policy and completes site audits and maintains incident reporting and monitoring
- Established policies and procedures for technical topics such as Trading Standards, WEEE, Waste Management, Market Abuse Regulations, GDPR, PCI which are overseen by senior management
- Company Secretary facilitates ongoing review of governance best practice with the Board

Strategy: 1 Attracting more customers to our brand 2 Developing our proposition 3 Building on our strong foundations 4 Creating an even better place to work 5 Reducing our environmental footprint

Risk impact change year on year: No change Increase Decrease New

Assessing long-term viability

In accordance with the UK Corporate Governance Code, the Board of Directors is required to assess the viability of the Group over a longer time period than twelve months to determine whether it has a reasonable expectation that it will be able to continue in operation and meet its liabilities as they fall due, and to issue a 'Viability Statement'.

As part of this assessment, the Board has considered the future prospects of the Group by reference to its current financial position, recent trading performance and market outlook, forecasts and financial projections, its strategy and business model, and its principal risks and uncertainties.

The Board has determined that a three-year viability assessment period covering the three financial years ending 29 March 2026, appropriately reflects the speed of change in the retail and consumer environment and is consistent with the Group's strategic planning cycle. This time period provides a reasonable balance between the long-term nature of investments and the key drivers of near-term business performance.

The Directors have considered the Group's principal risks and have assessed the impact of a range 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, and the recently revised 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 report and include a committed £10m RCF (expiring in April 2025, with a one-year extension option to April 2026), 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 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.
- ProCook ended the financial year with net debt of £2.8m, with £2.0m cash and cash equivalents and drawings on the trade finance facility of £4.7m with available liquidity headroom of £13.2m.

The base case for the scenario modelling extends from the Group's annual budget plan that was approved by the Board in April 2023. Forecasts for FY25 and FY26 are based on the Group's strategic objectives and its five year financial plan, which projects 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 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 macro inflationary pressures and further increases in interest rates throughout the three-year assessment period, resulting in a 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 in FY25 and a 25% decrease in FY26, combining to reflect a 89% reduction in Group revenue growth over the assessment period compared to the base case.
- 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 comfortably within its available borrowing facilities throughout the assessment period and remain compliant

Cast Iron casserole range

with the leverage covenant test. However, it would breach the fixed charge covenant at the Q2 FY24 test date and subsequently breach from Q3 FY25 test dates onwards. 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% compared to the base case 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, and a further reduction in revenue of 25% in FY26 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 (as set out on pages 48 to 50). 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 or new banking terms to support working capital and investment requirements

Conclusion

The Board has undertaken a comprehensive review and assessment of long term viability over the period to 29 March 2026 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 over the Group's long term viability.

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 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 across all three years of the period under review.

The Viability Statement can be found on page 112.

This Strategic Report from page 2 to 73 was approved by the Board of Directors on 27 June 2023 and signed on its behalf by

Daniel O'Neill
Chief Executive Officer
27 June 2023

Dan Walden
Chief Financial Officer
27 June 2023

Chairman's governance letter

> We have become a leaner, more efficient and more decisive Board."

Greg Hodder
Chairman

Dear Shareholder,

I am pleased to present the Company's Corporate Governance Report following its first full year of being listed on the London Stock Exchange. The Board recognises that sound corporate governance is critical to ProCook's long-term success and this year has been a prime example, with the Board adapting to the ever-changing needs of the business. This section of the Annual Report describes our corporate governance structures and processes and how they have been applied during the financial year ended 2 April 2023 (the "period" or "year").

My role as Chair

My role is to ensure that the ProCook Group plc Board operates effectively in delivering the long-term success of the Company for the benefit of all stakeholders. In fulfilling this role, I seek to ensure that Board proceedings are structured and conducted in such a way as to allow all Directors to have the opportunity to express their views openly and that, in particular, the Non-Executive Directors can provide constructive support and challenge to the Executives. More about my role, and the roles of all the Directors and Committees, can be found on pages 77 to 81.

Focus on strategy

Having adapted to life as a listed Company, the Board's key focus during the year was to apply further scrutiny to the Company's strategy and the data that supports this. Strategy was a regular item at the top of the Board agenda; plus, we held a half-day strategy session in January to review progress against the strategic priorities set in the prior year, consider the priorities for the year ahead and to explore whether these remained likely to ensure the long-term success of the business. Further details of our Board activities and discussions, and how these contributed to strategy, can be found on pages 82 to 85.

Board effectiveness

An internal evaluation of the Board and its Committees was carried out in December 2022, led by me as Chair. The purpose of the evaluation was to review the effectiveness of the Board, its Committees and individual Directors. The evaluation was facilitated via an anonymous online questionnaire where the Directors were able to provide comments on a range of matters relevant to Board, Committee and individual performance. The results were shared with the Directors and discussed at the March 2023 Board and Committee meetings with a focus on identifying areas of focus for FY24.

The overall conclusion from the evaluation was that the Board and Committees are operating effectively. However, we also identified areas for improvement and agreed actions to further enhance the quality of our discussions and decision-making. The overriding point was that, in common with many new Boards, we had been erring on the side of politeness and our discussions needed to be more candid, urgent and direct. Since identifying the issue, the quality of dialogue has improved enormously, and we will ensure that this continues. To support this discourse, we also identified areas where management's reports to the Board could be enhanced and will work with the Executive Directors to refine these in the coming months.

Embracing change

It has been a year of change for the Board and an active period for the Nomination Committee. Our COO, Steve Sanders, stepped down from the Board in December ahead of his planned retirement, the announcement of which prompted us to review the size and composition of the Board and Committees earlier than we otherwise would have. As a result, the Board has been scaled down to just two Executive Directors and three Non-Executive Directors (including the Chair). This inevitably meant changes to Committee chairmanships, with Luke Kingsnorth stepping into the role of Remuneration Committee Chair and David Stead taking the Chair of the Audit and Risk Committee.

Furthermore, our CEO and Founder of ProCook, Daniel O'Neill, has reconfirmed his intention to transition away from his CEO role at the appropriate time, and succession planning for that vital position has begun. Further details are set out in the Nomination Committee Report on pages 86 to 88.

The year ahead

Now that the Board has embedded its governance framework and policies and established effective ways of working together both inside and outside the boardroom, I will continually assess and enhance our governance arrangements in line with best practice, the needs of the Company, and the expectations of our stakeholders.

Annual General Meeting

The 2023 Annual General Meeting (''AGM'') will take place at 11.00 a.m. on 19 September 2023 at 10 St Modwen Park, Gloucester, GL10 3EZ. Shareholders are strongly encouraged to register their proxy votes online, regardless of whether they plan to attend the AGM in person, to mitigate against the risk of disruptions such as train strikes. Further details are included in the Notice of AGM which will be sent to shareholders with the prescribed timescales. I look forward to meeting those of you who are able to attend.

Greg Hodder

Chairman

27 June 2023

Compliance with the UK Corporate Governance Code

The Company is required to report on its compliance with the principles and provisions of the 2018 UK Corporate Governance Code ("Code"), a copy of which is available at www.frc.org.uk. The Board considers that it has complied in full with the Code's principles and provisions during the period. Further information on how the Company has complied can be found on the following pages:

⊕ Read more:

Leadership and company purpose: page 82

Division of Directors' responsibilities: pages 80 to 81

Composition, succession and evaluation – Nomination Committee Report: pages 86 to 88

Audit, risk and internal control – Audit and Risk Committee Report: pages 89 to 91

Remuneration – Remuneration Report: pages 92 to 107

Governance Framework

The Board comprises the Chairman, two Executive Directors and two independent Non-Executive Directors ("NEDs").

The Board keeps a formal schedule of matters specifically reserved for its decision. These include the approval of the annual and half-yearly results and associated announcements, recommendation of dividends, convening of shareholder meetings, Board appointments, strategic plans and budgets, ESG plans, significant capex proposals, acquisitions, systems of internal control and risk management and corporate governance arrangements. No one Board member has the power to make decisions on behalf of the Board without the sanction of the other members.

The Board has formally delegated specific responsibilities for audit, risk management and financial control, Board composition and remuneration to three standing Committees, namely the Audit and Risk Committee, Nomination Committee and Remuneration Committee respectively. Each is chaired by the Chairman or an independent NED, enabling the Non-Executives to take an active role in influencing and challenging the work of the Executive Directors. The terms of reference of the Committees are reviewed on a regular basis.

The Board has also established the Disclosure Committee to oversee the identification, management and disclosure of inside information concerning the Company. The Committee comprises the CEO, CFO, Senior Independent Director and Audit and Risk Committee Chair and meets on an ad hoc basis as required.

Board responsibilities

Purpose, Mission and Strategy

- Setting, developing and role-modelling our purpose and business values
- Setting the strategy and mission to deliver on the Company's purpose, and secure the continued growth of the Group over the long term in the interests of all its stakeholders
- Ensuring that appropriate resources are in place to successfully deliver the Company's mission and strategic priorities

Governance

- Instilling and maintaining a positive culture that encourages strong ethical behaviours
- Ensuring that the business control environment is appropriate and operationally effective, and that sound risk management practices are in place
- Oversight of succession planning and talent management
- Setting an appropriate remuneration policy to attract and retain talent
- Ensuring that appropriate information is shared with stakeholders in a transparent way
- Ensuring full compliance with the UK Corporate Governance Code

Performance

- Reviewing performance at an operational and strategic level
- Reviewing the performance of the Board, the Executive Directors and the Leadership Team
- Ensuring that the Board is well equipped with appropriate skills and expertise, and that Committee memberships are appropriate and effective

Board meetings

In advance of its meetings, the Board is provided with an agenda and all relevant documentation in a timely manner to assist in the discharge of its duties and to ensure that decisions are well- informed and made in the best interests of the Company. If a Director is unable to attend a Board meeting, they always have the opportunity to discuss any agenda items with the Chairman before the meeting.

Conflicts of interest are managed in accordance with the procedure described under "Directors' conflicts of interest" on page 110.

Board and Committee meeting attendance

The following table shows the attendance of the Directors at relevant meetings of the Board, Audit and Risk, Remuneration and Nomination Committees during the year. Where Directors had sent their apologies, they were briefed on matters to be discussed at the relevant meeting and their views were considered.

Board and Committee governance structures: How we govern

ProCook Group plc Board of Directors

The Board of Directors as at the date of this report has five members comprising the Chairman, two Executive Directors and two Independent Non-Executive Directors.

For Directors' biographies see pages 78 and 79

Audit & Risk Committee

The committee is made up of two Independent Non-Executive Directors

Key Responsibilities:

Monitoring the integrity of the financial statements of the Company and any formal announcements relating to financial performance.

Reviewing the adequacy and effectiveness of the Company's internal financial reporting and internal control policies and systems.

Overseeing the Company's arrangements for its people to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters.

Reviewing the Company's procedures for detecting fraud and preventing bribery and money laundering.

Overseeing the effectiveness and performance of the external Auditor and making recommendations to the Board regarding their appointment or removal.

Advising the Board on the Company's overall risk appetite, tolerance and strategy, and principal and emerging risks.

Monitoring and reviewing the effectiveness of the Company's risk management framework.

See page 89 for the Audit & Risk Committee's Report

Nomination Committee

The committee is made up of the Chairman, and two Independent Non-Executive Directors

Key Responsibilities:

Reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and making recommendations to the Board with regard to any changes.

Ensuring plans are in place for orderly succession to Board and senior management positions and overseeing the development of a diverse pipeline for succession.

Reviewing the leadership needs of the organisation, both Executive and Non-Executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace.

Identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise.

Evaluating the balance of skills, knowledge, experience and diversity on the Board, and, in light of this evaluation, preparing a description of the role and capabilities required for a particular appointment.

Reviewing the time required from Non-Executive Directors. Performance evaluation is used to assess whether the Non-Executive Directors are spending enough time fulfilling their duties.

See page 86 for the Nomination Committee's Report

Remuneration Committee

The committee is made up of the Chairman, and two Independent Non-Executive Directors

Key Responsibilities:

Recommend to the Board the over-arching principles, parameters and governance framework of the Group's remuneration policy.

Determine, within that framework, individual remuneration and benefits packages of each of the Chair, Executive Directors and senior management.

Review the design of all share incentive plans for approval by the Board and, where required, shareholders.

See page 92 for the Remuneration Committee's Report

Colleague engagement NED

Luke Kingsnorth is the designated Non-Executive Director for Colleague Engagement

The key purpose of this role is to help ensure the views and concerns of the workforce are brought to the Board and taken into account. In doing so this role seeks to:

Understand the concerns of colleagues by attending Colleague Advisory Panel meetings.

Articulate and share insights from colleague feedback in Board meetings.

Ensure the board, and particularly the Executive Directors, take appropriate steps to evaluate the impact of proposals and developments on colleagues and consider what steps should be taken to mitigate any adverse impact.

Feed back to the Colleague Advisory Panel on any relevant Board plans or responses to their feedback.

The designated NED is not involved in the company's whistleblowing procedure.

See page 24 for further detail on Colleague Engagement.

Terms of Reference for each of the Committees are available on ProCook's website at www.procookgroup.co.uk

Name	Board	Audit and Risk Committee	Remuneration Committee	Nomination Committee
Greg Hodder	10/10	n/a	3/3	6/6
Daniel O'Neill	10/10	n/a	n/a	n/a
Dan Walden	10/10	n/a	n/a	n/a
David Stead[1]	10/10	7/7	3/3	5/6
Luke Kingsnorth[1]	9/10	6/7	3/3	6/6

1 Luke Kingsnorth was unable to attend the Board meeting on 23 March 2023 and Audit & Risk Committee meeting on 30 June 2022, and David Stead was unable to attend the Nomination Committee meeting on 12 October 2022, due to existing commitments and the meetings being called at short notice.

Board of Directors

Greg Hodder
Non-Executive Chair

Appointment
29 October 2021

Skills and Experience
Greg brings a wealth of experience with previous Non-Executive Director and CEO appointments and a history of driving fast growth from entrepreneurial companies with particular experience in e-commerce and multi-channel. Greg has spent much of his career working in the retail sector including roles as President of New York-based company Smallbone plc, CEO of Charles Tyrwhitt LLP and Chairman of Majestic Wines plc.

Other Roles
Greg is currently a Non-Executive Director at Jarrold & Sons Ltd and Senior Independent Director at Hotel Chocolat plc.

Daniel O'Neill
Chief Executive Officer
and Founder

Appointment
14 October 2021

Skills and Experience
Daniel founded ProCook over 25 years ago and has been employed full-time in the business since then. Prior to founding ProCook (originally trading as the Professional Cookware Company until 2008) in the 1990s, Daniel had an early career in direct marketing businesses and consultancy services and in software development, developing skillsets and experiences that have provided guiding principles to support the development of the ProCook business.

Other Roles
Daniel holds no significant external directorships.

Dan Walden
Chief Financial Officer

Appointment
14 October 2021

Skills and Experience
Prior to joining ProCook in May 2021, Dan was Chief Financial Officer of Booking.com Transport. Before that, he held several roles at Dunelm Group plc including Group Finance Director and Commercial Finance Director. Before Dunelm, Dan held various senior finance and commercial roles at Halfords and Sainsbury's. Dan is a chartered accountant, having begun his career with KPMG.

Other Roles
Dan holds no external directorships

David Stead
Senior Independent
Non-Executive Director

Appointment
29 October 2021

Skills and Experience
An experienced Director of companies in the UK retail sector, David was Chief Financial Officer of FTSE-listed Dunelm Group plc from 2003 to 2015 and Interim Chief Financial Officer in 2018. Non-Executive positions include Non-Executive Director at Card Factory plc from 2014 to 2021 and Senior Independent Non-Executive Director of Joules Group plc from 2016 to 2023. Prior to these roles, David served as Finance Director for Boots The Chemists and Boots Healthcare International between 1991 and 2003. David is a chartered accountant, having spent the early part of his career with KPMG.

Other Roles
David is currently Chairman of Naked Wines plc.

Luke Kingsnorth

Independent
Non-Executive Director

Appointment

29 October 2021

Skills and Experience

Luke joined Charles Tyrwhitt in 2010 as Ecommerce Director before rising to Ecommerce and Marketing Director in 2012. Between 2016 and 2019 he was focused on establishing the New York office and managing all aspects of the label's North American business, before becoming CEO in 2019. Prior to joining Charles Tyrwhitt, Luke was senior manager at John Lewis Direct, and has held several ecommerce and marketing roles at companies including Eurostar, British Sky Broadcasting Group and Skandia Life and Manpower.

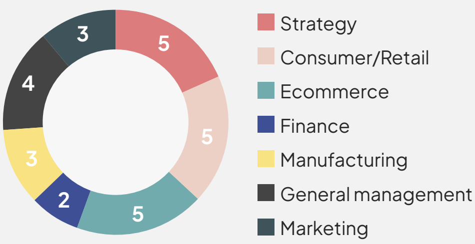
Other Roles

Luke is currently CEO of Charles Tyrwhitt.

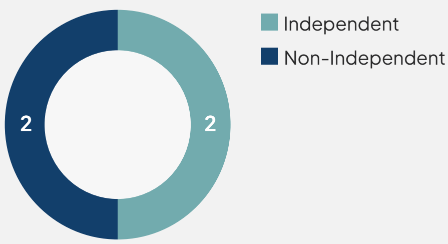
Board Directors

Name	Number of Board Directors	% of the Board	Number of senior Board positions (CEO, CFO, SID and Chair)	Number in Leadership Team	% of the Leadership Team
Men	5	100%	5	4	57.1%
Women	0	0%	0	3	42.9%
White British	5	100%	5	7	100%
Other ethnic groups	0	0%	0	0	0%

Skills and experience



Independence (excl. Chair)



Division of Directors’ responsibilities

Clear division of roles and responsibilities on the Board

The key responsibilities of the members of the Board, including the division of responsibilities between the Chairman and CEO, are set out in the table below.

Role	Responsibilities
Chairman	The Chairman’s principal responsibility is the effective running of the Board and includes: • Ensuring the Board as a whole plays a full and constructive part in the development and determination of the Group’s strategy and overall commercial objectives • Ensuring the Board determines the nature and extent of the significant risks the Company is willing to embrace in the implementation of its strategy • Running the Board and setting its agenda • Ensuring that all Board members are given the opportunity to share their views and participate in the business of the Board • Encouraging all Board members to engage in Board and committee meetings by drawing on their skills, experience and knowledge • Ensuring that there is effective communication by the Group with its shareholders, including by the CEO, CFO and other Executive management • Ensuring that members of the Board develop an understanding of the views of the major investors • Leading the annual evaluation of the performance of the Board, its Committees, and individual directors • Shaping the culture of the boardroom • Ensuring that the Board listens to the views of shareholders, the workforce, customers and other key stakeholders
Chief Executive Officer (“CEO”)	The CEO’s principal responsibility is running the Group’s business, including: • Developing the Group’s purpose, strategy and commercial objectives, and proposing these to the Board • Implementing the decisions of the Board and its Committees • Providing input to the Board agenda, including that from other members of the Executive team • Conducting the affairs of the Group with the highest standards of integrity, probity and corporate governance • Setting an example to the Company’s people and communicating expectations regarding the Company’s culture
Chief Financial Officer (“CFO”)	The CFO is responsible for the overall planning and management of the Group’s financial affairs, including: • Working closely with the CEO to ensure that strategic plans are underpinned by solid financials • Developing the Company’s budget and monitoring performance against this • Assessing the benefit of new investment opportunities and capital expenditure initiatives • Drafting the Company’s statutory financial statements and monthly management accounts • Responsibility for internal control and risk management, in conjunction with the Audit Committee

Role	Responsibilities
Chief Operating Officer ("COO")[1]	During the year, the COO was responsible for overseeing the daily operational and administrative functions of the business, including: • Assessing and enhancing the efficiency of operational processes • Leading staff to achieve sales and organisational objectives • Establishing policies that improve and promote the Company's purpose, values and culture • Ensuring that operational policies and practices drive behaviour and that appropriate standards of governance permeate throughout the organisation • Overall responsibility for People, Health & Safety, Property, and Supply Chain and Logistics
Senior Independent Director ("SID")	The SID's principal responsibility is acting as a sounding board for the Chairman and serving as an intermediary for the other directors and shareholders, including: • Working with the Chairman, Directors and shareholders to resolve significant or sensitive issues • Assisting in the maintenance of the stability of the Board and Company, particularly during any periods of stress • Taking responsibility for an orderly succession process for the Chairman, working closely with the Nomination Committee • Being available to shareholders should they have concerns that are unresolvable through the usual channels of the Chairman, CEO or other Executive Directors • Leading the performance evaluation of the Chairman on behalf of the other directors
Non-Executive Directors ("NEDs")	The NEDs are independent and have been appointed for their knowledge and expertise. Their key role is to contribute to the strategic direction of the Group, including: • Providing healthy debate and challenge, as well as guidance and support, to the Executive Directors • Providing an independent sounding board to the Chairman and Executive Directors • Serving on the Board Committees, with responsibility for the oversight of audit and risk, remuneration, and composition of the Board • Luke Kingsnorth has also been appointed as the designated Non-Executive Director for workforce engagement (see more on page 77)

1 Steve Sanders, the COO, resigned from the Board on 14 December 2022 but carried on as COO until 31 March 2023. In FY24 the duties formerly assigned to the COO will be shared between the CEO and the CFO.

Board activities

Gourmet non-stick cookware range

The Board is collectively responsible for leading and controlling all activities of the Company, with overall authority for establishing the Company's purpose, values and culture and overseeing the management of the Company's business, strategy and development.

The Board sets the Company's strategic direction and approves decision-making and policies of the Group. These decisions are underpinned by regular financial reporting and a robust approach to risk management.

The Board has agreed the Company's purpose: **Equipping everyone with the tools to bring joy to everyday cooking.** This purpose guides the Company's entire strategy and is reflected throughout the organisation's culture.

Link to strategy and stakeholders

Strategy: 1 Attracting more customers to our brand | 2 Developing our proposition | 3 Building on our strong foundations | 4 Creating an even better place to work | 5 Reducing our environmental footprint

Stakeholder: Customers | Colleagues | Suppliers | Communities | Shareholders

Group purpose

1 2 3 4 5

During the year the Group's CMO led a review of the Group's purpose in order to re-consider the principles, values and customer promise that ProCook seeks to live by. The aim was to create a "North Star" to guide all the Group's activities, marketing and development of culture. The Board reviewed and discussed the Group's refined purpose, mission and accompanying values shortly after the year end, and this was launched internally to colleagues in June. The Board expects this new purpose will serve as a helpful guide for future discussions and decision-making in the years ahead.

s.172: Decision-making

In their consideration of the new purpose, the Board discussed its alignment to all stakeholder interests and the Group's existing medium-term strategy which was prepared earlier in the year. The Board agreed that it consistently and concisely articulated the Group's strategic objectives.

The Board considered the impact on colleagues, discussing the need to bring the both the purpose and values to life throughout the business through training, visual signposting, internal communications, and through the behavioural values demonstrated and evidenced in appraisal reviews. The Board supported the colleague launch and roll-out plan developed by the Executive Directors.

The Board also discussed how the new purpose would be communicated with customers and agreed that the CMO should either weave the purpose into the Group's marketing activities.

In the consideration of the new Company values, the Board reflected on the founder's own principles and style which are already embedded in the culture, and how well these new values align. The Board agreed that they were consistent in the way the ProCook operates with its stakeholders including the way ProCook seeks to treat suppliers fairly, and to give back to the communities in which it operates.

Strategy

The Board is keenly focused on strategy and agendas are designed to ensure that the Board dedicates sufficient time to discussing and debating those matters critical to delivering strategic success. During the year, the Board received strategy updates from the Executive Directors at each meeting, and these were complemented by regular deep dives into key areas of strategic focus.

Setting our strategy

1 2 3 4 5

The Board regularly reviews and discusses strategy throughout the year, including at its annual strategy away-day where the key strategic priorities and plans are discussed and approved.

s.172: Decision-making

In approving the Group's strategy, and reviewing and challenging performance since, the Board has considered the impact of its plans and activities across all stakeholders.

Market conditions and opportunities for expansion

1 2

The CMO and CEO present market updates on a regular basis to the Board, allowing consideration and discussion around market share, competitor activity and timeliness of entering into new markets or categories.

s.172: Decision-making

During the year the Board decided to withdraw from EU operations to focus fully on the UK market recognising the challenging trading environment and considering the distraction and projected lack of profitability of these EU markets in early stage development. The Board keeps this decision under review acknowledging the significant market opportunity in the UK.

Customer acquisition and retention

1

The Board regularly monitors customer metrics and has conducted deep dive discussions on digital marketing strategy and brand marketing, customer acquisition and retention.

s.172: Decision-making

The Board considered brand marketing activities and determined that further testing and trialling was required in order to adequately understand return on investment. Additionally, the development of the Group's brand purpose and proposition was considered necessary to ensure marketing activities achieved the desired cut-through in messaging.

Channel development

2

The strategy for new and upsize store openings and website development has been discussed regularly with the Board, including in deep dive strategy sessions. The Board regularly reviews performance by channel, and challenges management on opportunities to make improvements.

s.172: Decision-making

As a result of these reviews the Board recommended that the Executive team seek third party support to assess the current and future retail store estate in the UK to determine the optimum size and location of stores in the UK and to support future opening decision- making. It also challenged retail performance, identifying the opportunity to invest more in the development of our people. Additionally, the Board committed to modernising and re-designing the website channel to provide a more inspirational and stronger customer experience, more akin to the retail stores, and in order to generate stronger returns for investors.

Product development

1 2

Designing and sourcing quality product ranges that customers love to use, are critical to the continued success and growth, and remains a key focus for the Board and Executive team. During the year the Board has monitored progress on new product development, including the new category development in small kitchen electricals.

s.172: Decision-making

Consideration was given by the Board to the quality, timing and launch of the first and subsequent ranges of small kitchen electricals, encouraging the management team to identify manufacturing partners with experience of producing quality products for customers, and to develop a phased roll-out plan to attract more customers to the brand through the introduction of new ranges.

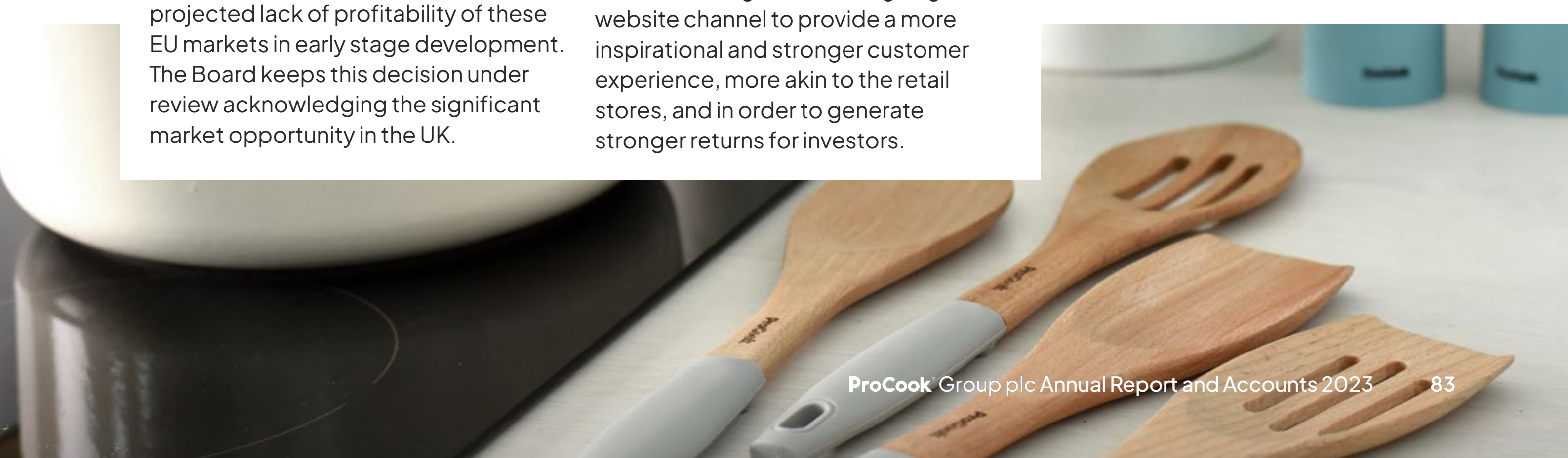
Supply Chain

3

Reducing inventory levels and investing in new Distribution Centre facilities were key priorities for the Board in FY23. The Board regularly reviewed reports on inventory position and projections and approved the investment case in the Group's new headquarters.

s.172: Decision-making

As part of the new headquarters investment case, the Board challenged management on the financial returns for investors, the impact on colleagues and how they would benefit from the new site, and the impact of the new site on the local community.



Board activities Continued

Strategy continued

Technology

1 2 3

As a critical enabler for performance, growth and operations, the Board receives a Technology and Cyber-security Report each meeting and has held two deep-dive sessions on the Tech strategy during the year.

s.172: Decision-making

The Technology roadmap is reviewed each meeting by the Board and any delivery challenges are discussed. The Board supported the development of additional security capability to reduce risk for stakeholders during the year in response to the Russian war in Ukraine, and a range of customer and operational investments including the website technical re-platforming to deliver greater customer experience and stronger operational performance.

ESG strategy

1 2 3 4 5

ProCook aims to be a responsible brand, with a strong ESG focus led by our ESG Director who has reported to the Board twice during the year and presented progress updates on the development of the environmental management system, and the strategy which the Board considered and approved.

s.172: Decision-making

The Group's ESG strategy is recognised by the Board as important to all stakeholders and therefore requires continual focus and progress being made in all areas. During the year following a review of Group emissions analysis the Board reviewed and challenged the quality and compliance of the supplier base, and the ability of the Group to deliver on emission reductions ambitions without their engagement considering how this be best moved forward.

People and culture

Making ProCook an even better place to work is recognised by the Board and Leadership Team as key to our success and we are pleased to report that during the year we were recognised as a Great Place to Work TM and ranked among the UK's Best Workplaces for Well-being for the second year running.

Colleague engagement

1 2 3 4 5

Annual colleague engagement results and action plans are presented to the Board by the People Director for consideration and discussion.

s.172: Decision-making

The Board supported the action plan in response to the FY23 engagement survey which focused on improving communication, enhancing reward and benefits, and making improvements to the clarity of operational activities for Retail colleagues.

Talent recruitment, retention and development

1 2 3 4 5

The Board reviews and discusses People Reports at each meeting, considering relevant metrics including labour turnover and departmental vacancies. Additionally, during strategy deep dives, the Board considers functional leadership capability and development opportunities.

s.172: Decision-making

Following initial discussion at the Nominations Committee, the Board requested an assessment of talent potential and succession planning, identifying and agreeing a number of areas of focus for the Executive team, and leading to the appointment of the Group's first CMO.

Total reward

1 2 3 4 5

The Board receives and considers regular updates from the People Director, including opportunities to enhance the total reward package for our colleagues.

s.172: Decision-making

The Board considered the feedback and recommendations and has supported the Executive team in making reward improvements to help retain and attract the best quality talent in particular through launching a holiday buying scheme, the cost of living crisis response to pay reviews, the Save As You Earn scheme, and a new salary sacrifice pension scheme which is being introduced in July.

Colleague Advisory Panel

2 3 4

In accordance with the Code, the Board has taken a blended approach and launched the Colleague Advisory Panel as well as appointing Luke Kingsnorth as the designated Non-Executive Director to oversee the Company's engagement with the workforce.

s.172: Decision-making

Suggestions from colleagues have given rise to fruitful Board discussions and resulted in a number of tangible actions around recognition, well-being and reward being identified, supported by the Board, and implemented promptly.

Governance

Financial performance

1 2 3 4 5

Financial performance was reviewed and discussed by the Board at each meeting, with detailed reviews undertaken in respect of budgets, reforecasts, long term financial plans and interim and final results.

s.172: Decision-making

Budgets and reforecasts were carefully scrutinised by the Board as the year progressed and the adverse macro backdrop intensified, impacting trading performance. This led to two market announcements reducing sales and profit outlooks during the year.

The Board challenged the Group's cost base and supported the Executive Directors' actions to identify and promptly implement cost savings; it was agreed that an ongoing and robust focus on cost is required.

Cash management and liquidity

1 2 3 4 5

In light of the challenging trading conditions, the Board's focus on cash management was critical and involved review of current position and forecasts provided by the CFO (including facility headroom and covenant compliance) at each meeting.

s.172: Decision-making

The Board supported the actions taken to preserve cash while still investing cautiously in the areas that support long- term growth. The Board supported and regularly monitored the process to renegotiate facility covenant terms with the Group's banking partner.

Risk management

1 2 3 4 5

The Group's risk appetite is set by the Board, and the framework of risk management is reviewed by the Board and Audit and Risk Committee.

s.172: Decision-making

The Board reviewed and rigorously debated the principal risks, and challenged progress made against agreed risk management objectives through the year to enhance the control environment, particularly focused on continual improvements to financial controls following the IPO in November 2021.

Board evaluation

1 2 3 4 5

The Group's first Board effectiveness evaluation was undertaken during the year and the results reviewed and discussed by the Board.

s.172: Decision-making

Consideration was given to the feedback from the evaluation and the Board agreed to enhance the quality of discussions, reporting and decision-making, by collectively and individually being more candid, urgent and direct, to ensure that actions are identified and implemented with greater pace for the benefit of all stakeholders.

Shareholder engagement

The Board is committed to maintaining an open and constructive dialogue with shareholders to ensure there is a common understanding of the strategic objectives, governance and performance of the Company. The Group has appointed financial public relations advisers and corporate brokers to gather investor and analyst feedback, which is presented to and reviewed by the Board.

s.172: Decision-making

The Board supports the CEO and CFO as they undertake investor roadshows following the release of financial results and feedback through careful review and consideration in advance of messaging, presentations and results.

Whistleblowing and compliance

5

The Board is responsible for monitoring and periodically reviewing the Company's whistleblowing, anti-bribery and anti-fraud policies.

s.172: Decision-making

The Board is satisfied that sufficient arrangements are in place to protect stakeholders' interests and assist in the prevention of fraud, enabling colleagues to report irregularities confidentially and allow appropriate investigation and follow-up action to be taken.

Corporate Governance

The Board is responsible for compliance with the UK Corporate Governance Code and considers and discusses regular updates from the Company Secretary at board meetings.

s.172: Decision-making

The Board is satisfied that it operates in compliance with the Code, and that sufficient arrangements are in place to protect stakeholders' interests as a whole.

Strategy: 1 Attracting more customers to our brand; 2 Developing our proposition; 3 Building on our strong foundations; 4 Creating an even better place to work; 5 Reducing our environmental footprint

Stakeholder: Customers; Colleagues; Suppliers; Communities; Shareholders

Nomination Committee Report

Members

- Greg Hodder – Chair
- David Stead – Member
- Luke Kingsnorth – Member

The Committee also included Gillian Davies until her resignation from the Board on 14 December 2022.

Dear Shareholder,

I am pleased to present ProCook's Nomination Committee ('Committee') Report to shareholders for the year ended 2 April 2023. During the year the Committee reviewed and recommended changes to the composition of the Board and senior management team; discussed long-term succession planning and development of the Executive pipeline and recommended the recruitment of a Chief Marketing Officer ('CMO').

Throughout the year, the Executive Directors have also been invited to attend Committee meetings and have provided the Committee with valuable insight into the resourcing needs of the business and actions being taken to ensure the necessary skills and experience are in place to drive the Company's strategy forward. Given the various challenges the business has faced in the year, it has been an active year for the Committee. Most notably, we took the difficult decision to recommend that the size of the Board be reduced to 5, having started the year with a cohort of 7. We have also initiated a formal search for the CEO's eventual successor. I write more about these activities on the following pages.

Key responsibilities

The purpose of the Committee is to establish a formal, rigorous, and transparent procedure for the appointment of new directors to the Board, as required by the UK Corporate Governance Code (the "Code"). The Committee's main responsibilities, as outlined in its terms of reference, are:

- Reviewing the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board and making recommendations to the Board with regard to any changes.
- Ensuring plans are in place for orderly succession to Board and senior management positions and overseeing the development of a diverse pipeline for succession.
- Reviewing the leadership needs of the organisation, both Executive and Non-Executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace.
- Identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise.
- Evaluating the balance of skills, knowledge, experience and diversity on the Board, and, in light of this evaluation, preparing a description of the role and capabilities required for a particular appointment.
- Reviewing the time required from Non-Executive Directors. Performance evaluation is used to assess whether the Non-Executive Directors are spending enough time fulfilling their duties.

Read more:
The Committee's terms of reference are available on the Company's website at www.procookgroup.co.uk

Read more:
The skills and experience of all Committee members can be found on pages 78 to 79.

Read more:
Committee meeting attendance is set out on page 77.

Diversity and Inclusion

Policy Statement

The Board recognises the benefits of diversity in its broadest sense and believes that the Board's capabilities are improved by a diverse balance of skills, expertise, gender, ethnicity, and professional and social backgrounds. Together, this brings the widest possible breadth of perspectives, insights and challenge to the decision-making process, ultimately ensuring the Board and senior management are equipped to promote the long-term success of the Company.

The Board supports the recommendations set out in the FTSE Women Leaders Review on gender diversity and the Parker Review on ethnic diversity.

The Group's policy on Diversity and Inclusion is available on the Company's website.

Objectives and Progress

Supported by the Nomination Committee, the Board will:

- Consider all aspects of diversity, including gender and ethnicity, when reviewing the composition and balance of the Board and when conducting the annual Board effectiveness review.
- Only engage Executive search firms who have signed up to the Voluntary Code of Conduct on gender diversity and best practice.
- Encourage and monitor the development of internal high calibre employees including considering all aspects of diversity to help support the internal talent pipeline for succession at both Board and senior management level.
- Ensure that candidate lists for Non-Executive Director positions are compiled by drawing from a broad and diverse range of candidates, including those who may not have previous listed company experience but who possess suitable skills or qualities.

Unfortunately, the gender diversity of the Board suffered during the year due to the resignation of Gillian Davies (for background and context please refer to "Board composition" below) and we have not yet met the FCA targets of 40% female representation on the Board, one senior Board position being occupied by a female, and one ethnic minority member.

On a positive note, we are pleased to have made progress towards a more diverse senior leadership team. Three out of the seven members (42.9%) are now female, including the key role of CMO, who now regularly attends Board meetings and has been instrumental in bringing focus to the Company's marketing strategy and implementation. Although not a solution to the lack of Board diversity, the Committee feels that the CMO's contributions offset the issue to some extent, while also offering the potential to develop future female Board members within the Company.

Gender balance of senior management and direct reports

The gender balance of the Board is shown on page 79. The gender balance of the Leadership Team is included in the Sustainability section of the Strategic Report on page 32.

Board composition

The Committee was keenly focused on Board composition and succession this year. Following the announcement that the Company's Chief Operating Officer ('COO'), Steve Sanders, intended to retire, the Committee reviewed and proposed changes to the structure of the Board and senior management teams and, as part of this, agreed that in future the COO role (should the Company wish to retain a COO) would not be a Board position.

Consequently, the Committee considered whether it was in the best interests of the Company to continue to have three Non-Executive Directors on the Board and concluded that, provided the Board had the necessary skills and expertise to meet the needs of the Company, it would be beneficial for one of the Non-Executive Directors to stand down. Particularly given that headcount reductions were being made across the business at the time, it was agreed that it would be fair and equitable for the same rigour to be applied to the Board.

The Committee carefully examined the skills and experience of the Non-Executive Directors and noted areas of duplication of expertise. Following consideration, Gillian Davies indicated a willingness to step down, following which the Committee agreed that those skills and experience would be sufficiently covered by the other Non-Executives, save for the fact that this would result in an all-male Board. However, taking all things into account, it was agreed by the Committee, and ultimately the Board, that this course of action was in the best interests of the Company.

Succession planning

The Board has delegated responsibility to the Committee for leading the process for identifying and nominating Board candidates, as well as keeping the diversity of the Board under review. When making a Board appointment, the Committee will seek to identify an individual with the skills, knowledge and experience required to fulfil the role, taking account of the added value that the individual brings to the Board in terms of creating a diverse, and therefore more effective, decision-making body.

The Committee also has responsibility for oversight of the development of a diverse pipeline of potential Directors and senior managers. This is supported by the Group's Diversity and Inclusion Policy described on page 31, which aims to ensure that ProCook's workforce is truly representative of all aspects of society and that employees feel involved, valued and respected.

Nomination Committee Report
Continued

During the year, the Committee reviewed and challenged the structure of the Company's senior management team. We supported the Executive Directors both in and outside the Boardroom and, after much discussion, agreed on a number of changes to role descriptions and reporting lines. Most notably, the role of CMO was created, reporting to the CEO.

CEO search

As previously communicated, it has been Daniel O'Neill's intention to step back from the CEO role at an appropriate point. In February this year, Daniel discussed the timing of this with the Committee and it was agreed that the business had reached a stage where he could begin thinking about making this transition in the medium term. Having founded ProCook over twenty years ago, Daniel's knowledge of the business is unparalleled, and it is his intention to continue to add value by supporting the product development team on a part-time basis.

In March 2023, following a tender process, we engaged Korn Ferry to lead the CEO search and agreed on the skills, experience and personal characteristics required for the role. Korn Ferry is a signatory to the Voluntary Code of Conduct on gender diversity and best practice and the Committee requested that a long list of diverse candidates be drawn up for the Committee's consideration. At the time of writing, the search is ongoing, and we will report to shareholders in due course. Neither the Board nor any of the individual Directors have any connection with Korn Ferry.

Election and re-election of Directors

In accordance with the Code and the Company's articles of association, all Directors will offer themselves for election by shareholders each year at the Company's Annual General Meeting. Both the Committee and the Board are satisfied that all Directors continue to be effective in, and demonstrate commitment to, their respective roles on the Board and that each makes a valuable contribution to the leadership of the Company. The Committee therefore recommends that shareholders vote in favour of all Directors' re-election at the AGM.

Priorities for FY24

Over the coming year, the Committee will focus on the search for a successor to the CEO role and in doing so will have due regard to diversity in all its forms including gender, ethnicity and background. The Committee will continue to keep the size and composition of the Board and its Committees under review to ensure these remain appropriate to the needs of the business.

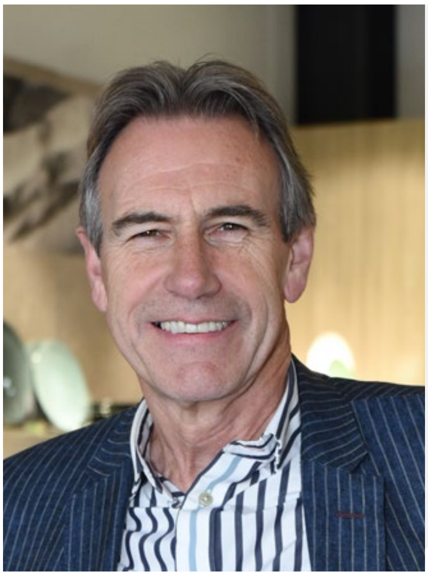
Greg Hodder

Nomination Committee Chair

27 June 2023

Reactive Grey
Cast Iron

Audit and Risk Committee Report



Composition of the Audit and Risk Committee

- David Stead – Chair
- Luke Kingsnorth – Member

The Audit and Risk Committee was chaired by Gillian Davies until her resignation from the Board on 14 December 2022.

The qualifications and experience of all Committee members can be found on pages 78 to 79. All members of the Committee have recent and relevant financial experience and the Committee as a whole has competence relevant to the retail sector.

Committee meetings are routinely attended by the Chairman of the Board, Chief Executive Officer, Chief Financial Officer, and the external Auditor. The Committee also meets separately with the external Auditor without management present at least annually. Committee meeting attendance is set out on page 77.

Dear Shareholder,

I am pleased to present the report of the Audit and Risk Committee ('Committee') for the year ended 2 April 2023. The principal focus of the Committee has been on supporting and guiding the Executive Directors as they continued to enhance internal controls while also dealing with commercial headwinds. The macroeconomic uncertainty seen in FY22 showed little sign of abating during the year, with the war in Ukraine and high levels of inflation continuing to suppress consumer confidence. In the context of this heightened commercial risk, the Committee continued to challenge and support management through the changeable environment that persists for retail businesses.

As discussed further in the Nomination Committee report, the Board was scaled down during the year and, as part of this, Gillian Davies retired as a Director and as Audit and Risk Committee Chair following the release of the Company's FY23 interim results in December, at which point I stepped into the role. I'd like to thank Gillian for her diligent and effective leadership of the Committee during her tenure.

Key responsibilities

The Committee's key responsibilities, as outlined in its terms of reference, are:

- Monitoring the integrity of the financial statements of the Company and any formal announcements relating to financial performance.
- Reviewing the adequacy and effectiveness of the Company's internal financial reporting and internal control policies and systems.
- Overseeing the Company's arrangements for its people to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters.
- Reviewing the Company's procedures for detecting fraud and preventing bribery and money laundering.
- Overseeing the effectiveness and performance of the external Auditor and making recommendations to the Board regarding their appointment or removal.
- Advising the Board on the Company's overall risk appetite, tolerance and strategy, and principal and emerging risks.
- Monitoring and reviewing the effectiveness of the Company's risk management framework.

The Committee's terms of reference are available on the Company's corporate website.

How the Audit and Risk Committee discharges its responsibilities

The Committee has unrestricted access to Company documents and information as well as to employees of the Company and the external Auditor. The Audit and Risk Committee Chair meets regularly with the Chief Financial Officer. Members of the Committee may, in pursuit of their duties, take independent financial advice on any matter, at the Company's expense. The Audit and Risk Committee Chair reports the outcome of Audit and Risk Committee meetings to the Board.

The Audit and Risk Committee meets at least three times a year and has an agenda linked to the events in the Group's financial calendar.

Significant items considered during the year

Internal controls

Management provided an update on internal controls at each Committee meeting, which allowed the Committee to interrogate and provide input on improvements in the following areas:

- Period-End Control Framework
- Tax Governance
- Payment Practices Reporting
- Procure to Pay
- Annual review of FPPP

Audit and Risk Committee Report

Continued

- Corporate Criminal Offence
- Cash and treasury
- Capex controls
- Business continuity

Finance team

As a Committee, we continued to bring our collective experience to bear in supporting management in the further development of the Finance team. At the request of the Committee, management continued to provide detailed team updates to the Committee on a regular basis.

Going concern and viability assessment

In preparation for the publication of the Company's FY23 financial statements, the Committee conducted a comprehensive review of the going concern position. Management prepared a paper setting out the methodology and assumptions used for the assessment of going concern and viability, summarising projected performance over a three-year forecast period, together with sensitivity analysis. The Committee discussed the assumptions and results in detail, including:

- The assumptions driving the base case projections
- Results of the severe but plausible downside scenarios
- The results of the stress tests undertaken
- The variability and fixed nature of the cost base
- The profile of projected cash flows under each scenario and stress test, and any areas where cash headroom may become tighter
- The available finance facilities and the impact of the scenarios and stress tests on meeting covenant tests
- The mitigations available to management should they be needed

Following this detailed review, the Committee noted that under the severe but plausible downside scenario which they have reviewed, the Group is likely to breach its fixed charge covenant. In the base case scenario, and in the other downside scenarios which the Committee reviewed, this covenant is not breached. The Committee therefore acknowledged and confirmed to the Board 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 Committee considered the likelihood of such a severe downside scenario materialising to be low and recognised 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 Committee therefore confirmed to the Board that they were satisfied that the Group should adopt the going concern basis of accounting in preparing the financial information for the year ended 2 April 2023 and that there was a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and will be able to continue in operation and meet its liabilities as they fall due over the viability assessment period.

Financial statements and significant financial judgements

The Committee considered, in particular, the following matters, as identified by the Auditor, in relation to the Group's half-year and full-year financial statements:

- Impairment of GGUs and investments
- Critical accounting judgements and estimates
- IFRS 16 – Leases
- IFRS 2 – Share-based payments
- Going concern and viability

Internal controls

The Committee is responsible for reviewing the Company's internal financial controls and internal control management systems and the Board is ultimately responsible for establishing procedures to oversee the internal control framework.

The Committee received updates on improvements to the Company's internal controls at each of its meetings and has, on behalf of the Board, considered the effectiveness of the internal control systems and risk management processes in place during the year.

Risk management systems

The Board is responsible for the Group's risk management framework and the Committee has been delegated responsibility for reviewing the overall process of assessing business risks and managing the impact on the Group. The Board retains overall responsibility for the level of risk the Group is willing to take and for allocating sufficient resource to the management of business risk.

The Leadership Team reviews the Company risk register regularly and reports any proposed changes to the Audit and Risk Committee and the Board.

As part of the ongoing assessment of the business' principal risks and uncertainties, the Committee has considered several factors including macroeconomic uncertainty, supply chain concentration and disruption, the Ukraine conflict, climate change, as well as cyber and technology risks.

The principal risks and uncertainties of the Group and their mitigation are included on pages 60 to 71. The crystallisation of these risks has been considered in the Viability Statement on page 112 and Going Concern Assessment on pages 126 to 128.

Annual Report and Accounts and results announcements

During the year, the Committee formally reviewed draft interim and full year results announcements and the Annual Report and Accounts. These reviews considered:

- The accounting principles, policies and practices adopted in the Group's financial statements and proposed changes to them.
- Significant accounting issues and areas of judgement and complexity.
- The integrity of the financial and non-financial information.

The Committee was satisfied with management's presentation of the FY23 interim and full year results and announcements and the Annual Report and Accounts.

The External Auditor confirmed to management that they were not aware of any material unadjusted misstatements during the course of their audit.

The Committee has reviewed the Annual Report and Financial Statements and is satisfied that, taken as a whole, they are fair, balanced and understandable and provide shareholders with the necessary information to assess the Group's position and performance, business model and strategy, and should be recommended to the Board.

External Auditor

The Committee oversees the Group's relationship with the external Auditor and makes recommendations to the Board concerning the Auditor's appointment, re-appointment and remuneration. Mazars LLP was appointed as the Group's Auditor during 2021 prior to the IPO and its audit of the Group is in respect of these financial statements for the year ended 2 April 2023. Charlene Lancaster is the Audit Partner. The Committee intends to comply fully with the FRC Guidance on External Auditors and carry out an audit tender at least every ten years and mandatory rotation at least every 20 years.

The Committee considers at least annually the independence and objectivity of the Auditor, taking into consideration the relevant UK professional and regulatory requirements. In March 2023 the Committee reviewed a statement from the Auditor detailing its independence policies and safeguards and confirming its independence. Following this review, the Committee agreed that the Auditor is independent.

The Committee has considered and approved the terms of engagement and fees of the Auditor in respect of the audit of the accounts for the year ended 2 April 2023. Audit fees payable by the Group to Mazars LLP during the year totalled £394k. There were no contingent fee arrangements. Mazars LLP was appointed to carry out certain Agreed-Upon Procedures of the Group's financial information for the 28-week period ended 17 October 2022. The provision of an Agreed-Upon Procedures review is a permissible audit-related service under the FRC's Ethical Standard 2019. The fee for the Agreed-Upon Procedures review was significantly below the 70% cap mandated by the FRC's Ethical Standard. The ratio of non-audit fees to audit fees for the year was 1:40.

The Committee has approved a non-audit services policy and confirms that the work carried out by the Auditor to date has been in accordance with that policy.

To fulfil its responsibility regarding the effectiveness of the external Auditor and oversight of the audit process, principal procedures carried out by the Committee include:

- Review of the relevant skills and experience of the audit partner and team
- Review of the Auditors' planning report detailing scope of the audit, materiality and identification of areas of audit risk
- Consideration of formal reports from the Auditor about the audit process, issues which arose during the audit and their resolution, key accounting issues and judgements
- Consideration of recommendations made by the external Auditor in their management letters and the adequacy of management's response.

Based upon its reviews the Committee has recommended the reappointment of Mazars LLP, as external Auditor, to the Board.

The Committee has reviewed the letter from the FRC regarding its review of Mazars LLP audit of ProCook Group plc for the year ended 3 April 2022. The letter highlights that results were satisfactory, and the Committee has discussed with Mazars the limited number of improvements recommended by the FRC, alongside the actions that they have taken.

Internal audit

During the year, the Group did not have an internal audit function as it had been agreed that the Group's size and activities were such that internal assurance was achievable through other means, including the close involvement of the Executive Directors in the day-to-day running of the Group and regular reviews by management of detailed management information.

The Committee has concluded that regular reporting from and discussions with management remain an appropriate means of obtaining assurance as to the effectiveness of the Group's internal controls, given the size and complexity of the Group, and that a permanent internal audit function is therefore not required at this time. The Committee will review this position at least annually.

Annual evaluation

During the year the Board conducted an internal evaluation of the effectiveness of the Board and its Committees. The review highlighted that the Committee and its Chair perform effectively and there were no material concerns to report.

Priorities for FY24

During the forthcoming year, the Committee will continue to support and challenge management through the evolution of the Group's internal controls framework, as well as ensuring that risks are appropriately managed.

David Stead

Audit and Risk Committee Chair

27 June 2023

Remuneration Committee Report

Committee Members

- Luke Kingsnorth - Chair
- Greg Hodder - Member
- David Stead - Member

Focus areas for FY23

- Review ongoing implementation of the Policy to ensure it operates as intended.
- Monitor developments in best practice.

Dear Shareholder,

Having become Chair of the Remuneration Committee during 2022, I am pleased to present the Directors' Remuneration Report for the year ended 2 April 2023. The report, in line with UK reporting regulations, is divided into three sections:

- This annual statement, which summarises the work of the Committee and our approach to remuneration.
- The Directors' Remuneration Policy, which summarises the policy approved by shareholders at the 2022 Annual General Meeting.
- The annual report on remuneration, which sets out the remuneration arrangements and incentive outcomes for FY23, and how the Committee intends to implement the new remuneration policy in the FY24 financial year.
- As no changes are proposed to the directors' remuneration policy, we will present only one remuneration-related resolution at our forthcoming Annual General Meeting, relating to the advisory vote on the annual statement and the annual report on remuneration.

I have summarised our approach on these below and further details can be found in the Remuneration Report.

I hope you find this report and our Remuneration Policy clear and that you will give your support when voting at our AGM.

I would like to thank my former colleague Gillian Davies who stepped down from the Board during the year, for her hard work and dedication as a member of the Committee. I would also like to thank David Stead for Chairing the Committee effectively since IPO and for the continuing support now as a member of the Committee.

Remuneration for FY23

For the financial year the Group delivered total revenue of £62.3m (9.9% year-on-year decline) and underlying loss before tax of £0.2m (FY22: £9.5m profit).

This performance is reflective of the challenging trading conditions faced during the year which have been impacted by the high level of inflation and resulting fall in real disposable incomes.

Reflecting the difficult trading environment, both the Executive and Non-Executive members of the Board volunteered a reduction in salary/fees with effect from October 2022 to April 2023. This resulted in a 27% reduction in salary over the full year for the Chief Executive Officer and ranged from 5% to 10% for the other members of the Board.

Against the stretching targets set, the outturn for underlying profit before tax is below the level of performance required under the Annual Bonus Plan and therefore there is no bonus being awarded to the Executive Directors in respect of FY23. Further details of performance against the relevant targets can be found on page 103 of this report.

There were no long-term incentives vesting in relation to FY23 performance.

No Committee discretion has been applied to remuneration outcomes.

Directors' Remuneration Policy

In the lead up to admission, the proposed Directors' Remuneration Policy was considered carefully to ensure that, after admission, it incentivises and rewards long-term, sustainable growth of the Company, complies with the UK Corporate Governance Code and is in line with market best practice and the guidelines of UK institutional shareholders and advisory bodies. The policy is designed to provide market- competitive remuneration for the achievement of stretching targets. The incentives are intended to reward for achieving the long-term business strategy, with a significant proportion payable in shares, which must be held long term.

These arrangements were formally approved by shareholders at the 2022 AGM with a 99.99% vote in favour of the resolution to approve the Directors' Remuneration Policy.

A summary of the Remuneration Policy which will continue unamended for FY24 is set out on pages 94 to 101. The Committee does however wish to make a change to the current share dilution limits. The existing plans operate with standard 5% and 10% in 10-year dilution limits. The current discretionary plan limit of 5% is creating a headroom issue given the current market capitalisation of the Company. It is therefore proposed that the relevant scheme rules will be amended to remove the the 5% in 10-year discretionary plan limit, whilst retaining the total 10% in 10-year limit. A resolution to adopt the revised limit will be proposed to shareholder at the AGM.

Board changes

Following the announcement in September 2022 that Steve Sanders would be retiring from the Group, he stood down from the plc Board on 14 December 2022, although he continued in his role as Chief Operating Officer until 31 March 2023, as previously announced. Full details of Steve's leaving arrangements, which are in line with our Policy, can be found in this report.

As announced in October 2022, Gillian Davies also resigned from the Board on 14 December 2022.

Implementation of the Remuneration Policy for FY24

The Remuneration Committee intends to operate the Remuneration Policy for FY24 as follows:

Base salaries

Salaries on admission were set at £300,000 for the CEO and £250,000 for the CFO. The CEO salary will remain unchanged, and the CFO's salary will increase to £260,000, reflecting an inflationary increase of 4%. The wider workforce average increase for the period is 8.9%.

Pensions/benefits

A defined contribution/ salary supplement of 3% of salary will be offered to the current Executive Directors, together with a standard suite of other benefits.

Annual bonus

For FY24, the maximum annual bonus is 100% of salary and payments will be based on 30% underlying profit before tax performance, 30% revenue, 30% free cash flow and 10% colleague engagement score. 25% of any bonus will be deferred into shares for 2 years.

Long-term incentives

A further award is expected to be made in July 2023 under the Performance Share Plan ("PSP"). Award levels will be set at a maximum of 100% of salary for the Executive Directors. Performance targets will be based on EPS performance over the performance period.

The Committee believes that the above approach takes due account of market and best practice and, importantly, also reflects and supports ProCook Group's strategy and promotes the Company's long-term success.

Wider ProCook Team

The Group's employees are critical to the development of the business and the Remuneration Committee takes an active interest in the wider employee base. The Committee is made aware of pay and employment conditions throughout the Group and is mindful of this when making decisions on Executive pay. It also is responsible for reviewing wider all-employee pay.

Participation in the Company's SAYE Scheme is offered to all employees and the second offer was launched in January 2023 with the awards granted on 15 February 2023. 86 colleagues took up the offer, and when combined with the participation under the IPO Employee Share Plan means that a very substantial proportion of the workforce have a direct interest in the share price performance of the Company. The Group intends to continue to offer subsequent SAYE grants annually.

On behalf of the Committee, thank you for reading this report and we look forward to receiving your support at the forthcoming AGM in relation to the pay-related resolution.

Luke Kingsnorth

Remuneration Committee Chair

27 July 2023

Directors' Remuneration Policy

This section sets out the Company's Directors' Remuneration Policy which has been prepared in accordance with the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, as amended in 2013, 2018 and 2019. The Directors' Remuneration Policy was put to a binding shareholder vote at our 2022 Annual General Meeting and took formal effect from that date. The policy will formally apply for three years unless a new policy is presented to shareholders before then.

The Committee has ensured that the Directors' Remuneration Policy and practices are consistent with the six factors set out in Provision 40 of the Corporate Governance Code:

Clarity
Our Directors' Remuneration Policy is well understood by our senior Executive team and is clearly articulated to our shareholders and representative bodies.

Simplicity
The Committee is mindful of the need to avoid overly complex remuneration structures which can be misunderstood and deliver unintended outcomes. Therefore, a key objective of the Committee is to ensure that our Directors' Remuneration Policy and practices are straightforward to communicate and operate.

Risk
Our Directors' Remuneration Policy has been designed to ensure that inappropriate risk-taking is discouraged and will not be rewarded via (i) the balanced use of both annual incentives and long-term incentives which employ a blend of targets, (ii) the significant role played by shares in our incentive plans (together with bonus deferral and shareholding guidelines) and (iii) malus/clawback provisions within all our incentive plans.

Predictability
Our incentive plans are subject to individual caps, with our share plans also subject to standard dilution limits. The use of shares within our incentive plans results in actual pay received being highly aligned to the experience of our shareholders.

Proportionality
There is a clear link between individual awards, delivery of strategy and our long-term performance. In addition, the significant role played by variable pay, together with the composition of the Executive Directors' service contracts, ensures that poor performance is not rewarded.

Alignment to culture
Our Executive pay policies are fully aligned to the Company's culture through the use of metrics in both the annual bonus and PSP that measure how we perform against key aspects of our strategy, which has the objective of delivering sustainable growth in profitability.

The following table summarises the key aspects of the Directors' Remuneration Policy:

Executive Directors

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Base salary To provide competitive fixed remuneration. To attract and retain Executives of a superior calibre.	Base salaries will be reviewed each year by the Committee. The Committee does not strictly follow data but uses market data for similar roles in comparable companies as a reference point in considering, in its judgement, the appropriate level of salary having regard to other relevant factors including corporate and individual performance and any changes in an individual's role and responsibilities.	While there is no prescribed maximum salary or increase, it is anticipated that salary increases will normally be in line with increases to the wider workforce salaries. However, in certain circumstances (including, but not limited to, changes in role and responsibilities, market levels, individual and Company performance), the Committee may make larger salary increases to ensure they are market competitive. The rationale for any such increase will be disclosed in the relevant Annual Report on Remuneration.	n/a

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Benefits To provide competitive fixed remuneration. To attract and retain Executives of a superior calibre.	Executive Directors are entitled to benefits, including life assurance. Executive Directors will be eligible for any other benefits which are introduced for the wider workforce on broadly similar terms, and for other benefits that might be provided based on individual circumstances, if the Committee decides it is appropriate. For external and internal appointments or relocations, the Company may pay certain relocation or incidental expenses as appropriate (for up to two years from recruitment). Any reasonable business-related expenses can be reimbursed (and any related tax met if determined to be a taxable benefit). Executive Directors can also participate in all-employee share plans on the same basis as other employees.	As it is not possible to calculate in advance the cost of all benefits, a maximum is not pre-determined. The maximum level of participation in all-employee share plans is subject to the limits imposed by the relevant tax authority	n/a
Pension To provide employees with long-term savings to allow for retirement planning.	Executive Directors can receive a contribution to a pension arrangement or a cash payment in lieu.	The maximum defined contribution or cash allowance in lieu of pension is limited to the contribution level available to most other employees, which is currently 3% of base salary.	n/a
Annual Bonus Plan Rewards achievement of annual financial and business targets aligned with the Group's KPIs. Bonus deferral encourages long- term shareholding, supports retention and discourages excessive risk taking.	Awards are based on performance, typically measured over one year. Pay-out levels are determined by the Committee after the year end based on performance against pre-set targets. Bonus is normally paid in cash, except not less than 25% of any bonus which is deferred into an award under the Deferred Bonus Plan ("DBP"), typically for a two-year period. The level of deferral and period for deferral may change in relation to future financial years. Dividend equivalents may accrue on deferred shares. The vesting of deferred shares is not subject to any additional performance conditions. Provisions are included which enable the Committee (in respect of both the cash and the deferred elements of bonuses) to recover or withhold value in the event of certain defined circumstances (that is, in cases of misconduct, material misstatement of financial results, error in calculation of a bonus payment and reputational damage).	The normal maximum level of Annual Bonus Plan outcomes is 100% of base salary per annum. The normal maximum will only be exceeded in exceptional circumstances and is subject to an overall limit of 200% of salary in a financial year.	Targets are set annually with measures linked to our strategy and aligned with key financial, strategic and/or individual targets. The performance measures for FY24 are set out on page 107. The performance measures applied may be financial or non-financial, corporate, divisional or individual, and in such proportions as the Committee considers appropriate. A graduated scale of targets is set for each measure, with no pay-out for performance below the threshold level. The Committee has the discretion to amend the pay-out should any formulaic outcome not reflect its assessment of overall business performance.

Directors' Remuneration Policy
Continued

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Long-term incentives To incentivise Executive Directors and deliver long-term performance-related pay, with a clear line of sight for Executives and direct alignment with shareholders' interests.	Awards will be in the form of nil-cost share options. Awards will be granted with vesting dependent on the achievement of performance conditions set by the Committee, with performance normally measured over at least three years. Awards will be subject to a two-year holding period following the end of the performance term, with options typically not being exercisable by participants until the end of the holding period. Dividend equivalents may accrue on awards, to the extent they vest. The PSP includes provisions which enable the Committee to recover or withhold value in the event of certain defined circumstances (that is, in cases of misconduct, material misstatement of financial results, error in calculation of a vesting level and reputational damage).	The normal maximum PSP award is 100% of salary in a financial year. The normal maximum will only be exceeded in exceptional circumstances and is subject to an overall limit of 200% of salary in a financial year.	PSP performance measures may include financial and shareholder value metrics as well as strategic, non-financial measures. The performance measures for FY24 are set out on page 107. The Committee retains the discretion to set alternative measures and weightings for awards over the life of the policy. Targets are set and assessed by the Committee on its discretion. A maximum of 25% of any element vests for achieving the threshold target, with 100% for maximum performance. The Committee has the discretion to amend the vesting level should any formulaic outcome not reflect its assessment of overall business performance.
Share ownership guidelines To align with shareholders' interests and to foster a long-term mindset.	Executive Directors are required to retain all shares that vest, net of any tax liability, under the PSP and DBP awards until the guideline is met. Any share plan awards that have vested but are subject to a holding period and any shares subject to awards under the DBP will be credited for the purpose of the guidelines (discounted for anticipated tax liabilities). Executive Directors will be required to maintain a shareholding in the Company for a two-year period after stepping down from that position, being the full value of the shareholding requirement or the Executive Director's actual relevant shareholding at leaving this position if lower.	200% of base salary for all Executive Directors.	n/a
All-employee share plans To encourage share ownership by employees, thereby allowing them to share in the long-term success of the Group and align their interests with those of the shareholders.	These are all-employee share plans established under HMRC tax-advantaged regimes and follow the usual form for such plans. Executive Directors will be able to participate in all-employee share plans on the same terms as other Group employees.	The maximum participation levels for all-employee share plans will be the limits for such plans contained in their rules which are set by HMRC from time to time.	Consistent with normal practice, such awards will not be subject to performance conditions.

Chair and Non-executive Directors

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
Chair/Non-executive Director fees To enable the Company to recruit and retain Chairs and Non-executive Directors of the highest calibre, at the appropriate cost.	The fees paid to the Chair and Non-Executive Directors aim to be competitive with other fully listed companies of equivalent size and complexity. The fees payable to the Non-executive Directors are determined by the Board, with the Chair's fees determined by the Committee. The Chair and Non-executive Directors will not participate in any cash or share incentive arrangements. The Company reserves the right to provide benefits (including travel and office support) to the Chair and Non-executive Directors where appropriate. Should any assessment to tax be made on such reimbursement, the Company reserves the ability to settle such liability on behalf of the Chair or Non-Executive Director.	The aggregate fees (and any benefits) of the Chair and Non-executive Directors will not exceed the limit from time to time prescribed within the Company's Articles of Association. If the Chair and/or Non-executive Directors devote special attention to the business of the Company, or otherwise perform services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, they may be paid such additional remuneration as the Directors or any Committee authorised by the Directors may determine.	n/a

Notes to the policy table

Legacy arrangements

In approving this remuneration policy, the Company has the authority to honour any previous commitments entered into with current or former directors (such as the payment of a pension or the unwinding of legacy share schemes or historic share awards) that remain outstanding.

As set out in the Prospectus, the Company has various legacy IPO arrangements, some of which remain subject to time vesting post-IPO. Incentive awards granted prior to the introduction of this policy will continue to operate in line with the terms agreed at grant, including the IPO Employee Share Plan awards granted to the Executive Directors that are outlined on page 105.

Summary of decision-making process

In determining the Directors' Remuneration Policy, the Committee followed a robust process which included discussions on the content of the Policy at Remuneration Committee meetings during the year. The Committee considered the input from management and independent advisors, as well as considering views of shareholders and proxy advisory services.

Explanation of performance measures

Annual bonus performance measures are selected annually to align with the Group's KPIs and strategic imperatives and the interests of our shareholders and other stakeholders. Financial measures will normally influence most of the bonus with any remainder based on key strategic and/or personal objectives designed to ensure Executive Directors are incentivised across a range of objectives. Target performance is typically set in line with the year's business plan, with the threshold to stretch targets set around the plan, based on a sliding scale that reflects relevant commercial factors. Only modest rewards are available at threshold performance levels, with rewards at stretch requiring material outperformance of the business plan. Details of the specific measures used for the annual bonus are set out in the annual report on remuneration.

PSP performance measures will be selected to provide a robust and transparent basis on which to measure the Group's performance; link remuneration outcomes to delivery of the business strategy over the longer term; and provide strong alignment between senior management and shareholders. The policy provides for Committee discretion to alter the PSP measures and weightings from year to year. This is to ensure that it can continue to measure performance appropriately, if the Group's strategic ambitions evolve over the life of the policy.

When setting performance targets for the bonus and PSP, the Committee will consider a number of different factors. These may include the Group's business plans and strategy, external forecasts and the wider economic environment.

The Committee retains the discretion to amend the bonus pay-out and the PSP vesting level if any formulaic outcome does not reflect its assessment of overall business performance over the relevant period.

Flexibility, discretion and judgement

The Remuneration Committee operates the annual bonus, DBP and PSP according to the rules of each respective plan which, consistent with market practice, include discretion in a number of respects to the operation of

Directors' Remuneration Policy

Continued

each plan. Discretions include but are not limited to:

- Who participates in the plan, the quantum of an award and/or payment, and the timing of awards and/or payments.
- Whether dividend equivalents will apply to the awards.
- Determining the extent of vesting.
- Treatment of awards and/or payments on a change of control or restructuring of the Group.
- Whether an Executive Director or senior manager is a good/bad leaver for incentive plan purposes and if the proportion of awards that vest do so at the time of leaving or at the normal vesting date(s).
- How and whether an award may be adjusted in certain circumstances (for example, for a rights issue, a corporate restructuring or special dividends).
- What the weighting, measures and targets should be for the annual bonus plan and PSP awards from year to year.
- The ability, within the policy, to adjust targets and/or set different measures or weightings for the applicable annual bonus plan and PSP awards, if the Committee determines that the original conditions are no longer appropriate or do not fulfil their initial purpose. Such changes would be explained in the subsequent Directors' Remuneration Report and, if appropriate, be discussed with our major shareholders.
- The ability to override formulaic outcomes in line with policy.

All assessments of performance are ultimately subject to the Committee's judgement. Any discretion exercised, and the rationale, will be disclosed in the Annual Remuneration Report.

The Committee may make minor amendments to the policy set out above (for regulatory, exchange control, tax or administrative purposes or to take account of a change in legislation) without obtaining shareholder approval for that amendment.

Stating maximum amounts for the remuneration policy

The DRR regulations and related investor guidance encourages companies to disclose a cap within which each element of the Directors' Remuneration Policy will operate. Where maximum amounts for elements of remuneration have been set within the Directors' Remuneration Policy, these will operate simply as caps and are not indicative of any aspiration.

Travel and hospitality

While the Committee does not consider it to form part of benefits in the normal usage of that term, it has been advised that corporate hospitality (whether paid for by the Company or another) and business travel for Directors (and exceptionally their families) may technically come within the applicable rules and so the Committee expressly reserves the right for the Committee to authorise such activities within its agreed policies.

Differences between the policy on remuneration for Directors and remuneration of other employees

While the appropriate benchmarks vary by role, the Company seeks to apply the philosophy behind this policy across the Company as a whole. Where ProCook Group's pay policy for Directors differs from its pay policies for groups of employees, this reflects the appropriate market rate position and/or typical practice for the relevant roles. The Company considers pay levels, bonus opportunity and share awards applied across the Group as a whole when setting the Executive Directors' Remuneration Policy.

Recruitment Remuneration Policy

The Company's Recruitment Remuneration Policy aims to give the Committee sufficient flexibility to secure the appointment and promotion of high-calibre Executives to strengthen the management team and secure the skill sets to deliver our strategic aims.

In terms of the principles for setting a package for a new Executive Director, the starting point for the Committee will be to apply the general Policy for Executive Directors as set out above and structure a package in accordance with that policy. Any caps contained within the policy for fixed pay do not apply to new recruits, although the Committee would not envisage exceeding these caps in practice.

The Annual Bonus Plan, DBP and PSP will operate (including the maximum award levels) as detailed in the general Policy in relation to any newly appointed Executive Director. For an internal appointment, any variable pay element awarded in respect of the prior role may either continue on its original terms or be adjusted to reflect the new appointment as appropriate.

For external and internal appointments, the Committee may agree that the Company will meet certain relocation expenses as it considers appropriate.

For external candidates, it may be necessary to make additional awards in connection with the recruitment to buy out awards forfeited by the individual on leaving a previous employer.

For the avoidance of doubt, buy-out awards are not subject to a formal cap. Any recruitment-related awards which are not buy-outs will be subject to the limits for Annual Bonus Plan and PSP as stated in the general policy. Details of any recruitment-related awards will be appropriately disclosed.

For any buy-outs the Company will not pay more than is, in the view of the Committee, necessary and will in all cases seek, in the first instance, to deliver any such awards under the terms of the existing Annual Bonus Plan, DBP or PSP. It may, however, be necessary in some cases to make buy-out awards on terms that are more bespoke than the existing Annual Bonus Plan, DBP or PSP.

All buyouts, whether under the Annual Bonus Plan, DBP, PSP or otherwise, will take due account of the service obligations and performance requirements for any remuneration relinquished by the individual when leaving a previous employer. The Committee will seek to the extent possible to provide any buy-out award on a broadly like-for-like basis.

A new Chair/Non-Executive Director would be recruited on the terms explained above in respect of the main policy for such Directors.

Service contracts

Executive Directors

The Committee's policy is that each Executive Director's service agreement should be of indefinite duration, subject to termination upon no more than six months' notice by either party. The service agreements of the Executive Directors comply with that policy. Contracts contain provisions allowing the Company to make payments in lieu of notice (albeit not including bonus or benefits) but do not contain change of control provisions.

The Committee reserves flexibility to alter these principles, if necessary, to secure the recruitment of an appropriate candidate and, if appropriate, introduce a longer initial notice period (of up to two years) reducing over time.

The date of each Executive Director's contract is:

- Daniel O'Neill 19 October 2021
- Dan Walden 19 October 2021

Chair/Non-executive Directors

The Chair and each Non-Executive Director is engaged for an initial period of three years. These appointments can be renewed following the initial three-year term. These engagements can be terminated by either party on three months' notice.

Neither the Chair nor any Non-Executive Directors can participate in the Company's incentive plans, are not entitled to any pension benefits and are not entitled to any payment in compensation for early termination of their appointment beyond the three months' notice referred to above.

Name	Date of appointment	Term
Greg Hodder	29 October 2021	3 years
David Stead	29 October 2021	3 years
Luke Kingsnorth	29 October 2021	3 years

The Directors' service agreements and letters of appointment are available for shareholders to view from the Group Company Secretary on request.

Termination/change of control policy summary

It is appropriate for the Committee to consider treatments on a termination having regard to all of the relevant facts and circumstances available at that time. This policy applies both to any negotiations linked to notice periods on a termination and any treatments that the Committee may choose to apply under the discretions available to it under the terms of the Annual Bonus Plan, DBP and PSP.

The Company is entitled to terminate the Executive Directors' employment by payment of a cash sum in lieu of notice equal to salary during what would otherwise have been the notice period. A payment in lieu of notice can, at the Company's discretion, be paid as a lump sum or in equal monthly instalments over the notice period. There is a mechanism in the service agreement to reduce the instalments where the Executive Director commences alternative employment during the notice period. The Company may also terminate the Executive Directors' employment with immediate effect and with no liability to make any further payments in certain prescribed circumstances (e.g., in the case of a serious or repeated breach of the Executive Directors' obligations).

The potential treatments for the various incentive arrangements if there is a termination of employment or a change of control before the awards have vested are summarised in the table below:

Incentives	If a leaver is deemed to be a 'good leaver'; for example, leaving through injury, ill-health, disability, redundancy, sale of business or otherwise at the discretion of the Committee	If a leaver is not a 'good leaver'	Change in control
Annual bonus	Bonuses remain payable on the normal payment date and will be determined on such basis as the Committee may decide, which can include pro-rating for time. Bonuses are not subject to deferral under the DBP.	Annual bonus not generally paid.	Payment is accelerated to the date of the Change of Control. Committee has discretion to determine the extent to which performance targets are achieved as at the Change of Control, or can waive performance targets. Bonuses are pro-rated for time unless the Committee determines otherwise. Bonuses are not subject to deferral under the DBP.
DBP	Upon death, awards become exercisable on the date of death. Awards are not normally subject to pro-rating unless the Committee determines otherwise. For other 'good leavers', awards become exercisable on the vesting date, unless the Committee exercises discretion to allow them to be exercisable from the cessation date. Awards are not normally subject to pro-rating unless the Committee determines otherwise.	All awards will normally lapse.	Awards vest in full.
PSP	Upon death, awards become exercisable on the date of death. If the date of death is during the vesting period, the Committee would need to determine the extent to which the performance targets are achieved on such modified basis as it may consider appropriate and the Awards would be subject to pro-rating, unless the Committee determines otherwise. If the date of death is during the holding period, the Awards are not normally subject to pro-rating, unless the Committee determines otherwise. For other 'good leavers' during the vesting period, awards become exercisable on the vesting date (subject to performance), unless the Committee exercises discretion to allow them to be exercisable from the cessation date (in which case the Committee would need to determine the extent to which the performance targets are achieved on such modified basis as it may consider appropriate). The Awards would be subject to pro-rating unless the Committee determines otherwise. For other 'good leavers' during the holding period, awards become exercisable on the cessation date. The Awards are not normally subject to pro-rating unless the Committee determines otherwise.	All awards will normally lapse, unless the Committee determines otherwise, in which case the Committee has broad discretion to determine the extent to which the Award can be exercised and the timing of exercise.	Awards become exercisable on the Change of Control. If the Change of Control is during the vesting period, the Committee would need to determine the extent to which the performance targets are achieved on such modified basis as it may consider appropriate and the Awards would be subject to pro-rating, unless the Committee determines otherwise. If the Change of Control is during the holding period, the Awards are not normally subject to pro-rating, unless the Committee determines otherwise.
All-employee share plans	As per HMRC regulations.	As per HMRC regulations.	As per HMRC regulations.

The Company has the power to enter into settlement agreements with Directors and to pay compensation to settle potential legal claims. In addition, and consistent with market practice, in the event of the termination of an Executive Director, the Company may contribute towards that individual's legal fees and fees for outplacement services as part of a negotiated settlement. Any such fees will be disclosed as part of the detail of termination arrangements. For the avoidance of doubt, the policy does not include an explicit cap on the cost of termination payments.

External appointments

The Company's policy is to permit an Executive Director to serve as a Non-Executive Director elsewhere when this does not conflict with the individual's duties to the Company, and where an Executive Director takes such a role, they will be entitled to retain any fees which they earn from that appointment (unless the Committee determines otherwise).

Statement of consideration of employment conditions elsewhere in the Group

Pay and employment conditions generally in the Group are considered when setting Executive Directors' remuneration. The Committee receives regular updates on overall pay and conditions in the Group, including (but not limited to) changes in base pay and any staff bonus pools in operation.

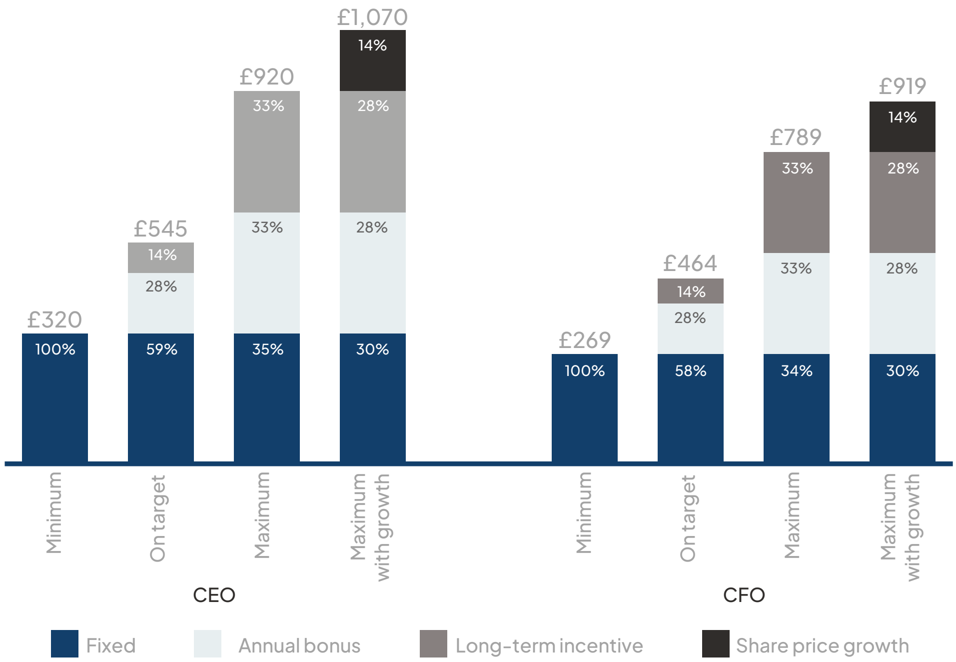
Although the Committee has not, to date, formally consulted with employees on matters of remuneration policy, the Committee will ensure there is appropriate liaison with the People and ESG Director to discuss any remuneration matters which should be considered as part of its annual cycle. Employee engagement scores and other internal surveys will be considered as appropriate.

Statement of consideration of shareholder views

When determining Executives' remuneration, the Committee considers views of shareholders and best practice guidelines issued by institutional shareholder bodies. The Committee is always open to feedback from shareholders on remuneration policy and arrangements, and commits to undergoing shareholder consultation in advance of any significant changes to remuneration policy.

The Committee will continue to monitor trends and developments in corporate governance and market practice to ensure that the structure of the Executive remuneration remains appropriate.

Illustrations of application of remuneration policy (£000)



The charts above aim to show how the remuneration policy for Executive Directors will be applied in FY24 using the assumptions in the table below.

Minimum	• Consists of base salary, benefits and pension. • Base salary is the salary to be paid with effect from 3 April 2023. • Estimated value of a full year's benefits. • Pension measured as the cash allowance in lieu of Company contributions at 3% of salary.

£000	Base salary	Benefits	Pension	Total fixed
Daniel O'Neill - CEO	300	11	9	320
Dan Walden - CFO	260	1	8	269

Target	• Annual bonus: consists of an assumed payment of 50% of maximum opportunity. • Long-term incentives: consists of the threshold level of vesting (25% vesting) under the PSP.
Maximum	Based on the maximum remuneration receivable (excluding share price appreciation and dividends): • Annual bonus: consists of maximum bonus of 100% of base salary. • Long-term incentives: consists of the maximum level of vesting under the PSP of 100% of base salary.
Maximum with Share Price Growth	As per the maximum but with a 50% share price growth assumption for the PSP awards

Annual Report on Remuneration

The Committee

The Remuneration Committee was established with effect from Admission. It is chaired by Luke Kingsnorth, and its other members are Greg Hodder and David Stead.

The Committee's principal responsibilities are to:

- Recommend to the Board the over-arching principles, parameters and governance framework of the Group's remuneration policy.
- Determine, within that framework, individual remuneration and benefits packages of each of the Chair, Executive Directors and senior management; and
- Review the design of all share incentive plans for approval by the Board and, where required, shareholders.

The Chief Executive Officer is invited to attend meetings of the Committee, except when his own remuneration is being discussed, and the Chief Financial Officer and other Executives attend meetings as required. Greg Hodder takes no part in any discussions relating to his own remuneration.

The Committee met three times during the year, with all members of the Committee present at these meetings.

The Committee has formal terms of reference which can be viewed on the Corporate Governance section of the Company's website www.procookgroup.co.uk.

Key activities during the year

During FY23, the Committee carried out the following activities:

- Agreeing the performance against the targets and pay-out for the FY22 annual bonus awards;
- Finalising the Directors' Remuneration Policy for shareholder approval;
- Agreeing Executive Director and senior management base salaries from 1 April 2022;
- Setting the performance targets for the FY23 annual bonus;
- Agreeing the award levels and appropriate targets for the 2022 PSP awards;
- Overseeing the operation of the Group's Save as You Earn scheme; and
- Reviewing the Committee terms of reference.

External adviser

FIT Remuneration Consultants LLP ("FIT"), signatories to the Remuneration Consultants Group's Code of Conduct, were appointed by the Committee following a competitive tender process and provide advice to the Committee on all matters relating to remuneration, including best practice. FIT provided no other services to the Group and, accordingly, the Committee was satisfied that the advice provided by FIT was objective and independent. FIT's fees in respect of FY23 were £19,253 (excluding VAT). FIT's fees were charged on the basis of the firm's standard terms of business for advice provided.

Single total figure table (audited)

The remuneration for the Chair, Executive and Non-Executive Directors of the Company who performed qualifying services during the financial year is detailed below. The Chair and Non-Executive Directors received no remuneration other than their annual fee.

For the year ended 2 April 2023:

£000	Salary/ fees[1]	Taxable benefits[2]	Pension	Bonus	Long-term incentives	Total fixed remuneration	Total variable remuneration	Total remuneration
Daniel O'Neill	219	11	7	—	—	237	—	237
Steve Sanders[3]	188	—	5	—	—	194	—	194
Dan Walden	238	—	7	—	—	245	—	245
Greg Hodder	108	—	—	—	—	108	—	108
David Stead	50	—	—	—	—	50	—	50
Gillian Davies[4]	37	—	—	—	—	37	—	37
Luke Kingsnorth	43	—	—	—	—	43	—	43
Total	883	11	19	—	—	914	—	914

For the year ended 3 April 2022:

£000	Salary/ fees	Taxable benefits[2]	Pension	Bonus	Long-term incentives	Total fixed remuneration	Total variable remuneration	Total remuneration
Daniel O'Neill	124	5	1	—	—	129	—	129
Steve Sanders[3]	170	—	1	—	—	171	—	171
Dan Walden[5]	184	—	1	—	250[7]	185	250	435
Greg Hodder[6]	52	—	—	—	—	52	—	52
David Stead[6]	24	—	—	—	—	24	—	24
Gillian Davies[4]	22	—	—	—	—	22	—	22
Luke Kingsnorth[6]	19	—	—	—	—	19	—	19
Total	**595**	**5**	**3**	**—**	**250**	**602**	**250**	**852**

1 Salary/ Fees were subject to a temporary reduction between October 2022 and April 2023 as outlined in the Chair's Remuneration Committee Report.

2 Taxable benefits comprise life assurance and car allowance.

3 Stepped-down from the Board on 14 December 2022.

4 Appointed 29 October 2021 and stepped down from the Board on 14 December 2022.

5 Appointed 18 May 2021.

6 Appointed 29 October 2021.

7 The CFO Free Share ESP Award as outlined in the IPO Prospectus.

Further information on the FY23 annual bonus (audited)

In FY23, the annual bonus metrics related to on performance against financial targets for 70% of the award (revenue, underlying profit before tax and free cash flow) with 30% of the award being based on other strategic targets (colleague engagement and ESG). The threshold for pay-out of any award was set at a minimum underlying profit before tax of £2.5m.

Specifically, the targets were as follows:

£m	Threshold	Target	Maximum	Actual	Pay-out (% of max)
Revenue (20% of award)	£75.6m	£84.0m	£92.4m	£62.3m	0%
Underlying profit before tax (30% of award)	£9.9m	£11.0m	£12.1m	(£0.2m)	0%
Free cash flow (20% of award)	£10.3m	£11.4m	£12.6m	(£0.1m)	0%
Colleague engagement score (15% of award)	70%	75%	80%	66%	0%
ESG targets[1] (15% of award)	75% attained	100% attained	125% attained	82.5%	0%

1 The ESG targets included completing a Net Zero Gap Analysis, determining Net Zero Roadmap and progression against it, "Excellent" BREEAM classification of the new Distribution Centre and Headquarters building and reduction in emissions intensity (measured as emissions / revenue).

Share awards vesting in respect of FY23

There are no awards due to vest based on performance to 2 April 2023.

Annual Report on Remuneration

Continued

Statement of Directors' shareholding and share interests (audited)

The table below details for each Director, the total number of Directors' interests in shares as at 2 April 2023:

Director	Beneficially owned 3 April 2022	Beneficially owned 2 April 2023[1]	Vested but unexercised awards	Unvested DBP	Unvested PSP[2]	Unvested ESP[3]	Shareholding Guideline (% of salary)[4]	Shareholding Guideline met?[4]
Daniel O'Neill	37,736,902	**38,736,902**	—	—	917,796	—	200%	Yes
Steve Sanders	791,735	**791,735**	—	—	—	1,064,530	200%	No
Dan Walden	—	**50,000**	—	—	937,244	862,068	200%	No
Greg Hodder	24,137	**39,137**	—	—	—	—	—	n/a
David Stead	34,482	**34,482**	—	—	—	—	—	n/a
Gillian Davies	17,241	**17,241**	—	—	—	—	—	n/a
Luke Kingsnorth	10,344	**10,344**	—	—	—	—	—	n/a

1 The beneficial shareholdings set out above include those held by Directors and their respective connected persons as at 2 April 2023 or at the date of stepping down from the Board if earlier.

2 Performance-based share awards granted as nil cost options.

3 Options subject to continued service.

4 Shareholding guidelines for Executive Directors are 200% of salary. The value of the shares has been calculated using the closing ProCook Group plc share price as at 2 April 2023, which was 31p. Executive Directors will be required to retain all shares that vest, net of any tax liability under the DBP and PSP until the guideline is met.

PSP awards granted in FY23

The following awards were granted as nil-cost options under the PSP in FY23:

Director	Date of grant	Basis of award (% salary)	Share price[1]	Number of shares	Face value of award	Exercise period
Daniel O'Neill	8 August 2022	100%	42.2p	710,900	£300,000	August 2027 to August 2032
Steve Sanders	8 August 2022	100%	42.2p	473,933	£200,000	August 2027 to August 2032
Dan Walden	8 August 2022	100%	42.2p	592,417	£250,000	August 2027 to August 2032

1 Based on the share price of 42.2p being the closing share price on the working day prior to award.

The performance conditions, applying to the awards made in August 2022 relate to earnings per share (EPS). More specifically:

Adjusted EPS for FY25 financial year	Portion of award vesting
Above 7.3p	100%
Between 6p and 7.3p	Pro rata on straight-line between 25% and 100%
6p	25%
Below 6p	0%

DBP awards granted in FY23

No DBP awards were granted during the year.

Outstanding share plan awards

Details of all outstanding share awards made to Executive Directors are set out below:

Executive	Award type	Exercise price (p)	Grant date	Interest at 3 April 2022	Awards granted in the year	Awards lapsed in the year	Awards exercised in the year	Interest at 2 April 2023	Exercise period	Notes
Daniel O'Neill	PSP	0	12/11/21	206,896	—	—	—	**206,896**	Nov 26 – Nov 31	1
	PSP	0	08/08/22	—	710,900	—	—	**710,900**	Aug 27 – Aug 32	2
Steve Sanders	PSP	0	12/11/21	137,931	—	137,931	—	**—**	Nov 26 – Nov 31	1
	PSP	0	08/08/22	—	473,933	473,933	—	**—**	Aug 27 – Aug 32	2
	IPO ESP	0	12/11/21	1,064,530	—	—	—	**1,064,530**	Nov 23 – Nov 31	3
Dan Walden	PSP	0	12/11/21	344,827	—	—	—	**344,827**	Nov 26 – Nov 31	1
	PSP	0	08/08/22	—	592,417	—	—	**592,417**	Aug 27 – Aug 32	2
	IPO ESP	0	12/11/21	172,413	—	—	—	**172,413**	Nov 24 – Nov 31	3
	IPO ESP	145	12/11/21	689,655	—	—	—	**689,655**	Nov 24 – Nov 31	3

Notes:

1 See "PSP Awards Granted in FY22" section in the 2022 Directors' Remuneration Report.

2 See "PSP Awards Granted in FY23" section above.

3 See "IPO ESP Awards Granted in FY22" section in the 2022 Directors' Remuneration Report.

During the year ended 2 April 2023, the highest mid-market price of the Company's shares was 130p and the lowest mid-market price was 25.6p. At 2 April 2023 the share price was 31p.

The aggregate gains by all Directors during FY23 was £nil.

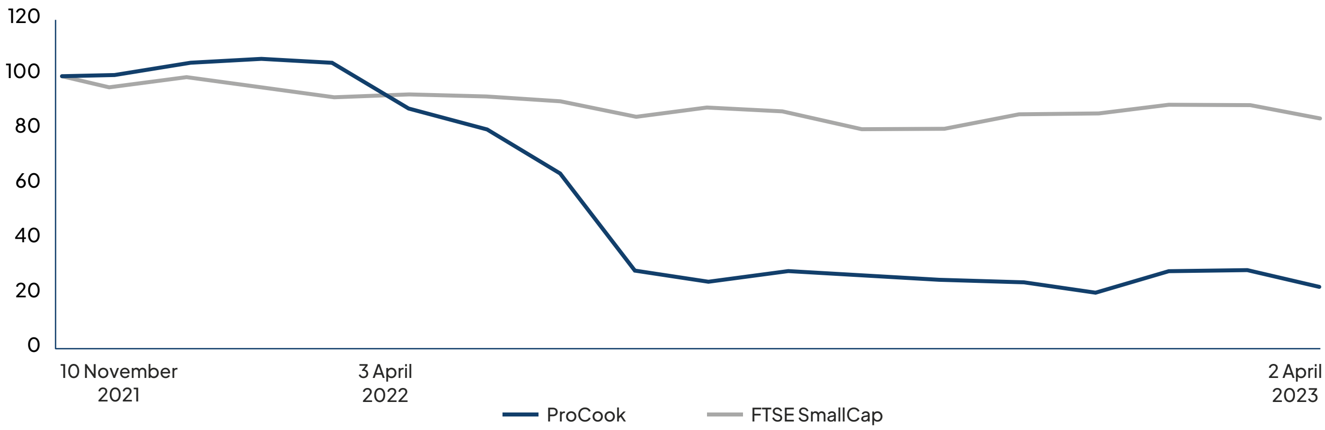
Payments to past directors and in respect of loss of office (audited)

As announced on 26 September 2022, Steve Sanders stepped down from the Board on 14 December 2022. He remained in his role as COO in the Leadership Team receiving a pro-rata salary of £180,000, benefits and pension up to the end of his notice period on 31 March 2023. Since that date, he moved to a part time role on a reduced salary, to facilitate an orderly transition of duties until 27 June 2023. He did not receive an award under the FY23 annual bonus. Upon cessation of employment his outstanding PSP awards lapsed. The IPO ESP awards, that were outlined in the IPO Prospectus, will vest at their original vesting date of November 2023 in accordance with their terms.

Performance graph and CEO remuneration table (unaudited)

The following graph shows the Total Shareholder Return ("TSR") performance of an investment of £100 in ProCook Group plc's shares from its listing in November 2021 to 2 April 2023, compared with a £100 investment in the FTSE SmallCap Index over the same period. The FTSE SmallCap Index was chosen as a comparator because it represents a broad equity market index of similar-sized companies.

Total Shareholder Return Index



Annual Report on Remuneration

Continued

The table below details certain elements of the CEO's remuneration over the same period as presented in the TSR Index graph.

Year	CEO	Single figure of total remuneration (£000)	Annual Bonus pay-out against maximum %	Long-term incentive vesting rates against maximum opportunity %
FY23	Daniel O'Neill	**237**	**0%**	**n/a**
FY22	Daniel O'Neill	129	0%	n/a

Annual change in Directors' remuneration compared with other employees

As we do not yet have data for two full years since listing, it is not possible to provide meaningful year-on-year comparisons. Full disclosure of year-on-year movements will be provided in next year's remuneration report.

CEO to employee pay ratio

The table below shows the CEO to employee pay ratio.

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
FY23	Option A	**11.5 : 1**	**10.8 : 1**	**8.3 : 1**
FY22	Option A	6.2 : 1	5.7 : 1	4.6 : 1

Notes to the CEO to employee pay ratio:

1 Option A which takes into consideration the full-time equivalent basis of all employees and provides a representative result of employee pay conditions across the Company.

2 The ratios shown are representative of the FTE 25th percentile, median and 75th percentile pay for UK employees within the Group during FY23. Full year pay data for the FY23 financial year has been used to calculate the ratios.

3 The pay for part-time employees has been grossed-up to one FTE employee.

4 The Committee has reviewed the employee data and believes the median pay ratio to be consistent with the pay, reward and progression policies for the Company's UK employees over the period.

5 The CEO's pay is based on the single figure of remuneration. Because a large portion of the CEO's pay is variable, the pay ratio is heavily dependent on the outcomes of variable pay plans and, in the case of long-term share-based awards, share price movements. As the CEO's single figure of remuneration for FY22 represented the part year period from IPO, the ratio has increased for the full year in FY23.

The total pay and benefits and the salary component of total pay and benefits for the employee at each of the 25th percentile, the median and the 75th percentile are shown below:

	Salary £000			Total pay and benefits £000		
Year	25th percentile	Median	75th percentile	25th percentile	Median	75th percentile
FY23	**21**	**22**	**27**	**21**	**22**	**29**

Relative importance of spend on pay (unaudited)

The table below details the spend on total employee pay in FY23 as detailed in Note 7 of the Financial Statements, compared with distributions to shareholders by way of dividend, share buybacks or any other significant distributions or payments.

£m	52 weeks ended 2 April 2023	52 weeks ended 3 April 2022
Total gross employee pay	**15.1**	13.7
Dividends/share buybacks	**0.3**	1.9

Statement of shareholding voting

The following table shows the results of the binding Remuneration Policy vote and the advisory Directors' Remuneration Report vote at the 20 September 2022 AGM.

	(Binding Vote – 20 September 2022) Approval of the Directors' Remuneration Policy		(Advisory Vote – 20 September 2022) Annual Report on Remuneration	
	Total number of votes	% of votes cast	Total number of votes	% of votes cast
For (including discretionary)	96,065,973	99.986%	96,065,973	99.986%
Against	13,567	0.040%	13,567	0.040%
Votes withheld	3,564	—	3,564	—

Implementation of policy for FY24 (unaudited information)

Base salary

Base salaries for FY24 are as follows: £300,000 for Daniel O'Neill (FY22: £300,000) and £260,000 for Dan Walden (FY22: £250,000).

Pension

Maximum contribution rates for Executive Directors are 3% of salary. This rate is aligned with the general workforce rate.

Benefits

Details of the benefits received by Executive Directors are set out in the Single Total Figure Table on page 101. There is no intention to introduce additional benefits in FY24.

Annual bonus

The annual bonus opportunity for FY24 will be structured in a broadly similar manner to FY23. The maximum bonus will be 100% of salary and will be payable based on 30% underlying profit before tax performance, 30% revenue, 30% free cash flow and 10% colleague engagement score.

These targets are set in light of internal and external forecasts and will require significant outperformance to generate higher levels of pay-out.

Given the competitive nature of the Company's sector, the specific performance targets for FY24 are considered to be commercially sensitive and, accordingly, are not disclosed at this time, although the targets will be disclosed in next year's report in relation to the bonus outturn.

Long-term incentives

Awards are expected to be made under the PSP in 2023 to the Executive Directors. The structure of the awards is being finalised and details will be included in the RNS announcing the awards at the time of their grant.

Chair and Non-Executive Directors' fees

The fees of the Chair and Non-Executive Directors for FY24 will remain in line with the reduced fees which were implemented from October 2022 onwards as outlined in the Chair's Remuneration Committee Report before returning to their previous levels in FY25 onwards.

Greg Hodder will therefore receive a reduced fee of £95,000 as Chair for FY24.

The Non-Executive Directors each receive a reduced fee for FY24 of £35,000 with an additional fee of £5,000 for each of the Chair of the Audit and Risk Committee and Chair of the Remuneration Committee and an additional fee of £5,000 for the Senior Independent Director.

Directors' Report

This report contains the additional information the Directors are required to include in the Annual Report and Accounts in accordance with the Companies Act 2006 and the Listing Rules.

Disclosures required under Listing Rule 9.8.4R

The information required to be disclosed under Listing Rule 9.8.4R, where applicable to the Company, can be found in this Annual Report and Accounts at the references provided below:

Listing Rule Requirement	Annual Report Location
Interest capitalised	Not applicable
Publication of unaudited financial information	Not applicable
Details of long-term incentive schemes	Pages 96 and 104 to 105
Waiver of emoluments by a Director	Page 92
Waiver of future emoluments by a Director	Page 107
Non-pre-emptive issues of equity for cash	Not applicable
Non-pre-emptive issues of equity for cash by a major subsidiary	Not applicable
Parent participation in a placing by a listed subsidiary	Not applicable
Contracts of significance	Not applicable
Provision of services by a controlling shareholder	Page 111
Dividend waivers	Page 57
Agreements with controlling shareholders	Page 112

Results and dividends

The Company's underlying loss after tax for the year ended 2 April 2023 was £(0.1)m; details are shown in the Consolidated Income Statement on page 122. The Directors are not recommending a final dividend for shareholder approval at the 2023 Annual General Meeting.

Directors

The Directors who held office during the year and up to the date of the signing of this report (unless otherwise indicated) are:

- Greg Hodder
- Daniel O'Neill
- Steve Sanders (resigned 14 December 2022)
- Dan Walden
- David Stead
- Gillian Davies (resigned 14 December 2022)
- Luke Kingsnorth

Biographies for the current Directors appear on pages 78 to 79.

Information on the Directors' remuneration, employee share schemes and service contracts are set out in the Directors' Remuneration Report on pages 94 to 107.

Appointment and replacement of Directors

The rules about the appointment and replacement of Directors are contained in the Company's articles of association ('Articles'). They provide that the Directors may be appointed by ordinary resolution of the shareholders or by the Board. Directors appointed by the Board may only hold office until the next AGM of the Company and then shall be eligible for election. The Company may remove a Director by ordinary resolution where special notice has been given and the necessary statutory procedures are complied with. In line with best practice corporate governance, all Directors will seek re-election at the 2023 AGM.

Re-election

In accordance with the Code and Articles, all Directors are subject to annual re-election by the shareholders at the AGM.

Time commitment

Each Director's other commitments are disclosed and, in the case of significant appointments, approved by the Board in advance. The Board reviews a schedule of Directors' interests at each Board meeting. The Board is satisfied that the other commitments of the Chair and the independent NEDs do not prevent them from devoting sufficient time to the Company. The Executive Directors work solely for the Group and do not hold any significant external directorships.

Access to advice

All Directors have access to the advice and services of the Company Secretary, who is responsible for advising the Board on corporate governance matters. The Directors are able to take independent, professional advice to assist them, if necessary, at the Company's expense.

Powers of Directors

The general powers of the Directors are set out in article 128 of the Company's Articles. This article provides that the business of the Company shall be managed by the Directors, who may exercise all the powers of the Company, subject to any limitations imposed by applicable legislation, the Articles and any directions given by special resolution of the shareholders of the Company.

Compensation for loss of office

The Company does not have arrangements with any Director that would provide compensation for loss of office or employment resulting from a takeover.

Future developments

In accordance with s414C(11) of the Companies Act 2006, the Company has disclosed information about future developments within the Strategic Report on pages 2 to 73.

Additionally, this Directors' Report, Strategic Report and the financial statements contain certain forward-looking statements with respect to the financial condition, performance and business of the Group. All forward-looking statements involve risk and uncertainty because they relate to events and circumstances that may or may not occur in the future. There are a number of factors that could cause actual outcomes to differ from those expressed or implied by any forward-looking statements. Nothing in this Directors' Report and Strategic Report or in these financial statements should be construed as a profit forecast.

Corporate governance

A report on corporate governance and the Company's compliance with the UK Corporate Governance Code is set out on page 75 and forms part of this report by reference.

Post balance sheet events

On 4 May 2023 the Group executed its agreement with HSBC to amend certain terms of its existing Revolving Credit Facility agreement. The amendment has reduced the Fixed Charge Cover covenant from at least 1.70x to 1.25x for the FY23 Q4 and FY24 Q1 test dates and 1.40x thereafter.

Research and development

The Directors consider that investment in research and development ('R&D') is critical to enable the Company to maintain its competitive advantage and continue to grow its market share. The Group employs specialist resources in product design and technology functions at its head office in Gloucester, who work closely with external specialists and overseas factories. R&D expenditure for the year was £nil (FY22: £0.6m).

Asset values

Property, plant and equipment is disclosed in Note 15 of the Consolidated Financial Statements on pages 122 to 155. The Directors do not believe there is any material difference between the carrying value and market value.

Financial instruments

An analysis of the Company's financial instruments, risk management objectives and its exposure to credit and liquidity risk are disclosed in Note 25 of the Consolidated Financial Statements.

Global operations

The Group's Executive head office, accounting, domestic sales and support functions are based in the UK. The Group has 58 stores nationwide.

Political donations

No political donations were made and no political expenditure was incurred during the year.

Charitable donations

Charitable donations of £59k were made during the year.

Stakeholder engagement

Information relating to how the Directors have engaged with employees and other stakeholders, and had regard to the Company's relationships with suppliers, communities and customers when taking key decisions, are set out in the Strategic Report on pages 22 to 27. Our s172(1) Companies Act 2006 statement can be found on page 22.

Colleague involvement

We are committed to colleague involvement in the activities and development of our business. We keep our colleagues informed through regular newsletters and town hall events, and we seek their feedback through surveys and our Colleague Advisory Panel.

Read more:

Engaging with our stakeholders – pages 22 to 27.

Sustainability: Our People – pages 31 to 35.

Colleague advisory panel - page 77.

Share incentive schemes in which employees participate are described in the Annual Report on Remuneration on page 96 and in the Consolidated Financial Statements. The company operates an all-employee SAYE scheme, and also issued shares to qualifying colleagues on IPO.

Equal opportunities

The Group is committed to providing equal opportunities for all existing and potential colleagues, and has established policies and procedures around diversity, inclusivity and equality.

Read more:

Diversity, equality and inclusion policy: see www.procookgroup.co.uk.

Non-financial information and sustainability statement – page 51.

Sustainability: Our people – pages 31 to 35.

Employees with disabilities

The Group is committed to providing equal opportunities for all, including existing and potential colleagues with health conditions, visible and non-visible, who meet the criteria to perform the duties required of a role. Where required, ProCook adjusts working environments or provides other flexible means of working to support colleagues.

Directors' Report
Continued

Greenhouse gas emissions

The information set out below is that required by the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and Companies (Directors' Report and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018.

Greenhouse Gas emissions (tCO_2)

	FY19	FY20	FY21	FY22	FY23
Scope 1 - Direct emissions from gas and fuel	564.3	575.4	177.7	90.6	**70.2**
Scope 2 - Indirect emissions from electricity	432.6	440.2	252	357.1	**299.7**
Total Scope 1 and 2 GHG emissions	**996.9**	**1,015.6**	**429.7**	**447.7**	**369.9**
Revenue £m	27.8	38.9	53.4	69.2	**62.3**
CO_2 emissions intensity (tCO_2 / £1m revenue)	**35.9**	**26.1**	**8.0**	**6.5**	**5.9**

The reduction in direct emissions (Scope 1) in FY23 is due to the Group's continued focus on energy reduction initiatives and transition towards green energy supply. Indirect emissions from electricity consumption decreased in FY23 as we began the transition towards the use of green energy across our property estate. The lower CO_2 emissions intensity highlights the improved emissions efficiency we are achieving as sales volumes grow.

Streamlined Energy and Carbon Reporting (SECR)

Energy (Megawatt hours)[1]	FY19	FY20	FY21	FY22	FY23
Electricity	1.7	1.7	1.1	1.7	**1.5**
Gas	0.3	0.3	0.1	0.1	**0.0**
Fuel	2.2	2.2	0.7	0.3	**0.3**
Total	**4.1**	**4.1**	**1.8**	**2.1**	**1.8**

Consumption of energy decreased -14.3% to 1.8 Megawatt hours during FY23 driven by the above factors and our continued progress with our green energy initiatives across the business.

1 The analysis presented above reflects the Group's operations in the UK. Operations in the EU are through a 3rd party provider. The location-based methodology has been adopted by the Group.

Directors' interests and share options

During the year ended 2 April 2023, no Director had an interest in any significant third-party contract between the Company or any of its subsidiaries. Directors' shareholdings are disclosed in the Annual Report on Remuneration on pages 102 to 107. Details of Directors' share options are set out in Note 27 of the Consolidated Financial Statements.

Directors' conflicts of interest

In accordance with the Companies Act 2006 and the Articles, the Company has arrangements in place to consider and, where appropriate, authorise any Directors' direct or indirect interests which may conflict with those of the Company. Authorisation is only effective where the matter is put to a vote, excluding the Director who is subject to the conflict authorisation. If a Director becomes aware that they or a connected party have an interest in an existing or proposed transaction with the Company, they should notify the Company Secretary as soon as possible. Directors have a continuing obligation to update any changes to potential conflicts and the Board formally reviews any such conflicts periodically. A register of conflicts or potential conflicts is maintained by the Company Secretary and is available to all Directors.

Directors' liability and indemnity insurance

The Company maintains Directors' and officers' liability insurance, which gives appropriate cover for legal action brought against its Directors. In addition, third-party qualifying indemnity provisions (as defined in s234 of the Act) for its Directors and Officers were in force during the year ended 2 April 2023 and remain in force. There were no qualifying pension scheme indemnity provisions.

Articles of Association

A copy of the Articles of Association can be obtained from the Company's registered office and is also available on the Company's website and the Companies House website. The Articles may only be amended by special resolution of the shareholders.

Share capital and waiver of pre-emption rights

The Company has one class of share in issue. The rights attached to each share are identical and each share carries equal rights to dividends, return of capital on the winding up of the Company and one vote at general meetings of the Company. There are no securities carrying special rights. There are no restrictions on the transfer of shares in the Company (other than following a service of notice under s793 of the Act) and there are no restrictions on any voting rights or deadlines, other than those prescribed by law.

Pursuant to the Placing Agreement, except pursuant to certain customary exceptions, Daniel O'Neill, Sarah O'Neill, Michael O'Neill, and Daniel and Sarah O'Neill as trustees of the O'Neill 2021 Discretionary Settlement have agreed they will not (and will use their best endeavours to procure that their connected persons do not) sell or otherwise dispose of their shares in the Company without the prior written consent of the Company's sponsor, Peel Hunt, for 365 days from the date of Admission on 10 November 2021, and to abide by orderly marketing restrictions for a further 365 days thereafter. Further details of the rights and obligations attached to the Company's shares are set out in the Company's Articles.

As at 2 April 2023, the Company had 108,956,624 fully paid ordinary shares of 1p each in issue which are traded on the London Stock Exchange. Details of the share capital at 2 April 2023 are disclosed on page 151.

Authority for the Company to purchase its own shares

In line with the approval granted in the 2022 AGM, a new resolution will be proposed at the 2023 AGM that the Company be authorised to purchase up to approximately 10% of its ordinary shares at the Directors' discretion. If the resolution is passed, the authority will lapse at the conclusion of the 2024 AGM or, if earlier, 15 months from the date of the resolution being passed.

Substantial shareholdings

At 2 April 2023 the Company had been notified of the following disclosable interests of 3% or more in the Company's ordinary share capital:

	As at 2 April 2023	
Shareholder	No. of shares held	% voting rights
Michael O'Neill	36,589,016	33.28
Daniel O'Neill	16,538,725	15.18
Sarah O'Neill	14,798,785	13.58
Fackelmann GmbH + Co. KG	12,183,699	11.18
Daniel O'Neill and Sarah O'Neill as trustees of the O'Neill 2021 Discretionary Settlement	7,399,392	6.79
Canaccord Genuity Wealth Limited	4,210,344	3.86
Employee Benefit Trust (Intertrust Employee Benefit Trustee Limited)	3,596,624	3.30
Schroder Investment Management Ltd	3,308,941	3.04

Between the period end date and 23 June 2023 (being the latest practicable date prior to the date of this report), the Company had been notified of the following holding:

Daniel O'Neill	17,048,725	15.65%
Fackelmann GmbH + Co. KG	14,348,648	13.17%

Provision of services by substantial shareholders

Daniel O'Neill is the Company's Founder and CEO and has a beneficial interest in 36.02% of the Company's issued share capital. This includes shares held by Sarah O'Neill, and by Daniel O'Neill and Sarah O'Neill as trustees of the O'Neill 2021 Discretionary Settlement. Further details can be found in the Annual Report on Remuneration on pages 102 to 107.

Directors' Report
Continued

Significant agreements
Daniel O'Neill, Sarah O'Neill, Michael O'Neill, Richard O'Neill, and Daniel and Sarah O'Neill as trustees of the O'Neill 2021 Discretionary Settlement (together, the "Controlling Shareholders") collectively exercise or control 69.30% of the Company's voting rights. The Company has entered into a Relationship Agreement with the Controlling Shareholders to ensure that the Company is managed for the benefit of its shareholders as a whole and (save in respect of any duties, responsibilities and actions of Daniel O'Neill as an Executive Director and Richard O'Neill as an employee of the Company) independently of the Controlling Shareholders, and that the principle of equality of treatment of shareholders set out in Premium Listing Principle 5 of Listing Rule 7.2.1AR is upheld and maintained. The agreement also ensures that all transactions, agreements and arrangements between the Company and any of the Controlling Shareholders is on an arm's length basis and on normal commercial terms. Both the Company and the Controlling Shareholders have complied with these provisions. The agreement remains in place until the Controlling Shareholders cease to exercise or control 20% or more in aggregate of the total voting rights of the Company. The agreement would also automatically terminate were the Company to cease to be listed on the premium segment of the Official List and admitted to trading on the main market of the London Stock Exchange.

Change of control
Change of control provisions are included in the Company's banking agreements. Should a change of control event occur, the Company's revolving credit facility would be subject to immediate cancellation and the bank may call for immediate repayment of any balance outstanding.

Viability statement
The Board has undertaken a comprehensive review and assessment of long term viability over the period to 29 March 2026 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 over the Group's long term viability.

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 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 across all three years of the period under review.

Directors' statement regarding disclosure of information to the Auditor
The Directors confirm that, so far as they are each aware, there is no relevant audit information of which the Company's Auditor is unaware. The Directors also confirm that they have taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the Company's Auditor is aware of that information.

Appointment of Auditor
On the recommendation of the Audit and Risk Committee, resolutions will be proposed at the 2023 AGM to re-appoint Mazars LLP as Auditor of the Company and to authorise the Audit and Risk Committee to set the Auditor's remuneration.

Annual General Meeting
The Company's AGM will be held at 11am on 19 September 2023. Details of the resolutions to be proposed at the AGM are set out in the Notice of Meeting, which is provided to all shareholders.

The Directors' Report was approved by the Board of Directors and authorised for issue on 27 June 2023.

For and on behalf of the Board

Dan Walden
Chief Financial Officer

27 June 2023

Statement of Directors’ Responsibilities

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law. In addition, the Group consolidated financial statements are required under the UK Disclosure Guidance and Transparency Rules to be prepared in accordance with UK-adopted International Financial Reporting Standards as issued by the International Accounting Standards Board.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the Group’s profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable, relevant and reliable
- State whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006, and as regards the Group financial statements, the UK-adopted International Financial Reporting Standards as issued by the International Accounting Standards Board
- Assess the Group and Parent Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern
- Use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006.

They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities. Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors’ Report, Directors’ Remuneration Report and Corporate Governance Statement which comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group’s website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- The financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- The Strategic Report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation, taken as a whole, together with a description of the principal risks and uncertainties that they face. We consider the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group’s position and performance, business model and strategy.

Daniel O’Neill
Chief Executive Officer

27 June 2023

Dan Walden
Chief Financial Officer

27 June 2023

Independent Auditors' Report
to the members of ProCook Group plc

Opinion
We have audited the financial statements of ProCook Group Plc (the 'parent company') and its subsidiaries (the 'group') for the 52 weeks to 2 April 2023 which comprise the consolidated income statement, consolidated statement of financial position, consolidated statement of cash flows and consolidated statement of changes in equity, parent company statement of financial position and parent company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK-adopted international accounting standards ('IFRS').

The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 2 April 2023 and of the group's loss for the period then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the group financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities and public interest entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern
We draw attention to page 126 in the financial statements, which indicates that under a 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. A covenant breach may require agreement of a covenant waiver, new banking terms or alternative funding arrangements that are not solely executable within the ability and discretion of the Directors. As a result, the Directors therefore acknowledge that this potential breach represents a material uncertainty which may cast significant doubt on the group's and the parent company's ability to continue as a going concern.

As stated on page 128 these events or conditions, along with the other matters as set out in the viability assessment on page 72 of the Annual Report, indicate that a material uncertainty exists that may cast significant doubt on the group's and the parent company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included, but was not limited to:

- Undertaking an initial assessment at the planning stage of the audit to identify events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern;
- Obtaining an understanding of the relevant controls relating to the directors' going concern assessment;
- Making enquiries of the directors to understand the period of assessment considered by them, the assumptions they considered and the implication of those when assessing the group's and the parent company's future financial performance;

- Challenging the appropriateness of the directors' key assumptions in their cash flow forecasts, as described on page 127 by reviewing supporting and contradictory evidence in relation to these key assumptions and assessing the directors' consideration of severe but plausible scenarios. This included assessing the viability of mitigating actions within the directors' control;
- Inspecting the terms of loan agreements and financing facilities for covenants, and assessing the extent to which they are restrictive and have been accurately included in severe but plausible scenarios;
- Inspecting the changes in the terms and conditions of financing facilities and covenants, and any changes in the terms that may impact conclusions in relation to material uncertainties;
- Re-performing directors' calculations and the mathematical accuracy of financial forecasts;
- Performing retrospective analysis to assess budgetary and forecasting accuracy, and the extent to which such performance informs the assumptions in future cash flow forecast;
- Considering the consistency of the directors' forecasts with other areas of the financial statements and our audit; and
- Evaluating the appropriateness of the directors' disclosures in the financial statements on going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

In relation to ProCook Group Plc's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to:

- the directors' identification in the financial statements of the material uncertainty related to the group's and the parent company's ability to continue as a going concern over a period of at least twelve months from the date of approval of the financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We summarise below the key audit matters in forming our opinion above, together with an overview of the principal audit procedures performed to address each matter and our key observations arising from those procedures. The matters set out below are in addition to the "Material uncertainty related to going concern" above which, by its nature, is also a key audit matter.

These matters, together with our findings, were communicated to those charged with governance through our Audit Completion Report.

Independent Auditors' Report

to the members of ProCook Group plc

Key Audit Matter	How our scope addressed this matter
Disclosure of non-underlying items (Group) *Refer to Note 3 – Total non-underlying items - £6,363k* The Directors have determined that non-underlying items should be disclosed separately in the Consolidated Income Statement in order to provide a consistent and comparable view of the underlying performance of the Group. ProCook defines non-underlying as 'transactions that, in the opinion of the Directors, should be disclosed separately from the reported Consolidated Income Statement in order to provide a consistent and comparable view of the underlying performance of the Group. This will include those items that relate to non-recurring events and are material in nature and which have been incurred outside of the normal business operations, including but not limited to restructuring and fund-raising activities.' In current year the following expense items have been classified as non-underlying; • Depreciation, rates, rent and other costs relating to the development of, and transition to, the new Distribution Centre and Warehouse premises (£749k); • The impairment of right-of-use assets and PPE, following an assessment of the carrying value of all retail CGUs as a result of the identification of impairment triggers (£4,405k); and • Consistent with FY22, Share based payment charges relating to the IPO (£1,209k). There is a significant risk relating to the classification of expenses as adjusting items given the impact this may have on the readers of the financial statements and their view of underlying business performance. The determination of such items is judgmental and subject to a higher risk of error and fraud. We attribute the fraud risk to the incentive and opportunities to inflate underlying earnings and performance, which could give rise to an underlying profit rather than a loss.	Our audit procedures included, but were not limited to: • Obtaining and inspecting a management judgement paper on the classification of non-underlying items and challenging management on the rationale for non-underlying expenses. • Challenging management's assessment, calculation and allocation of expenses as adjusting, including the extent to which they are non-reoccurring per the definition determined by management. • Obtaining a breakdown of all non-underlying debit and credit items, challenging management on the nature of the item and agreeing a sample of transactions to supporting evidence such as invoices. • Challenging management on the extent to which the adjusting items are presented fairly as non-IFRS Alternative Performance Measures ('APM') and are balanced and understandable in the annual report. • Comparing APM disclosures to peers to assess the understandability and reasonableness of the disclosures. **Our observations** Based on the work performed we were satisfied that the use of non-underlying items are appropriate and disclosed fairly.

Key Audit Matter	How our scope addressed this matter
Leases – Impairment of store-level CGUs (Group) *Refer to Note 3 – Impairment expense £4,405k* There is a significant risk relating to the carrying value of Right-Of-Use assets ('ROUA') and PPE included in Cash Generating Units ('CGU') is a result of increased economic uncertainty and the performance of the Group. The Directors are required to determine the CGU and assess the CGU for impairment triggers on an annual basis. Where impairment triggers are identified, the Directors are required to calculate a Value-In-Use ('VIU') for each CGU and compare this to the carrying amount of the CGU. There is increased uncertainty in future cashflows at the CGU level, in particular where stores have underperformed versus budget. The calculation of a VIU requires the Directors to make estimates and judgements relating to forecast cash inflows to be generated by the CGUs and determine an appropriate Weighted Average Cost of Capital ('WACC') to discount the forecast cash inflows. Where the VIU is close to the carrying value of the CGU the estimates and judgement might be sensitive, with small changes in the estimates giving rise to material changes in the carrying value of the CGU. These estimates and judgements give rise to a Key Audit Matter and significant risk relating to both error and fraud	Our audit procedures included, but were not limited to: • Obtaining and inspecting a management judgement paper detailing the impairment trigger assessment per IAS 36. • Challenging management on store performance and the completeness and integrity of data used in impairment assessments. • Comparing and contrasting managements impairment trigger assessment to external market data. • Inspecting the completeness of managements impairment assessment and validation that all open stores were included in the assessment. • Inspecting that fixed assets per store have been appropriately allocated to each CGU identified. • Inspecting the contribution of individual stores and performing of retrospective analysis to assess the reasonableness and historical accuracy of forecasts. • Challenging of management on the calculation of the discount rate and the determination that the discount rate is appropriate for the nature of the lease assets. • Using independent valuation experts to assess and challenge the discount rate calculated by management. • Agreeing assumptions to supporting documentation such as board's approved budgets. • Recalculating the mathematical accuracy of the calculations. • Inspecting that impairment losses are disclosed in accordance with applicable accounting standards. **Our observations** Based on the work performed we were satisfied that the impairment attributed to the carrying value of the right-of-use assets and PPE is reasonable per IAS 36.

Independent Auditors' Report

to the members of ProCook Group plc

Key Audit Matter	How our scope addressed this matter
Valuation of investment (Company) *Refer to £117.3m Gross Balance and Net Balance £69.1m* The carrying value of ProCook Group plc's investments in subsidiary is significant, representing 97% of total assets in the entity. There is a risk of error relating to the identification of impairment triggers, and the calculation of a VIU if impairment triggers are identified. As a result of the economic downturn, and market capitalisation lower than the carrying value of the investment, we determined that it was likely impairment triggers had been identified. The VIU assessment requires estimates and judgements to be made to forecast the cash inflows generated by the CGU and determine an appropriate WACC. There is a significant risk of error in relation to the estimation of cash flows, and the determination of the WACC, that could result in material misstatement of the carrying value of the investment in subsidiary. As a result we have determined this to be a Key Audit Matter.	Our audit procedures included, but were not limited to: • Obtaining and inspecting a management judgement paper detailing the impairment trigger assessment per FRS 102 Section 27. • The inspection of management's inputs and key assumptions in VIU calculations, including the mathematical accuracy of the calculations. • Agreeing assumptions to supporting documentation such as board's approved budgets. • Assessing the underlying assumptions behind the impairment assessment, and challenging management on alternative assumptions and estimates by using alternative data sources. • Using independent valuation experts to assess and challenge the discount rate calculated by management. • Comparison of the carrying value with alternative and disconfirming date points, such as the year-end market capitalisation. • Inspecting the disclosures made in the financial statements to ensure they cover the requirements of FRS 102 section 27. **Our observations** Based on the work performed, we were satisfied that the valuation of the investment is appropriate net of the impairment calculated.

Our application of materiality and an overview of the scope of our audit

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Group materiality

Overall materiality	£440k
How we determined it	7.5% set based on a benchmark of underlying profit before tax ('PBT') using an average PBT over the past 3 years.
Rationale for benchmark applied	Profit Before Tax is the primary benchmark for Public Interest Entities. The entity is profit orientated and we have determined that Profit Before Tax is of principal interest to the users of the financial statements. Average PBT has been selected due to the fluctuation of PBT for the period ended 2 April 2023.
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. We set performance materiality at £286k, which represents 65% of overall materiality on a rounded basis.
Reporting threshold	We agreed with the directors that we would report to them misstatements identified during our audit above £22k as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Parent company materiality

Overall materiality	£220k
How we determined it	0.3% of Total Equity
Rationale for benchmark applied	ProCook Group Plc is a holding entity, and therefore not profit or revenue focused. Total Equity is deemed to be the most appropriate benchmark for the users of the financial statements. We have selected 0.3% of Total Equity which is capped at component materiality.
Performance materiality	Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. We set performance materiality at £153k, which represents 70% of overall materiality.
Reporting threshold	We agreed with the directors that we would report to them misstatements identified during our audit above £10k as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements, such as assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of our risk assessment, our understanding of the group and the parent company, their environment, controls, and critical business processes, to consider qualitative factors to ensure that we obtained sufficient coverage across all financial statement line items.

Our group audit scope included an audit of the group and the parent company financial statements. Based on our risk assessment, all components of the group, including the parent company, were subject to full scope audit performed by the group audit team. Our audit scope covered 100% of revenue, total assets and PBT. All components were audited by the same audit team.

At the parent company level, the group audit team also tested the consolidation process and carried out analytical procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information.

Other information

The other information comprises the information included in the Annual Report and Accounts 2023 other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements;
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Guidance and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- information about the parent company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

Independent Auditors' Report

to the members of ProCook Group plc

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the:

- strategic report or the directors' report; or
- information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- a corporate governance statement has not been prepared by the parent company.

Corporate governance statement

The Listing Rules require us to review the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to ProCook Group Plc's compliance with the provisions of the UK Corporate Governance Statement specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified, set out on page 128;
- Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why they period is appropriate, set out on page 112;
- Directors' statement on fair, balanced and understandable, set out on page 113;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks, set out on page 62;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems, set out on page 90; and
- The section describing the work of the audit committee, set out on page 90.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 113, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the group and the parent company and their industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation and data protection.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Gaining an understanding of the legal and regulatory framework applicable to the group and the parent company, the industry in which they operate, and the structure of the group, and considering the risk of acts by the group and the parent company which were contrary to the applicable laws and regulations, including fraud;
- Inquiring of the directors, management and, where appropriate, those charged with governance, as to whether the group and the parent company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence with relevant licensing or regulatory authorities;
- Reviewing minutes of directors' meetings in the year; and
- Discussing amongst the engagement team the laws and regulations listed above, and remaining alert to any indications of non-compliance.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as: tax legislation, pension legislation, the Companies Act 2006.

In addition, we evaluated the directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls. We determined that the principal risks related to posting manual journal entries to manipulate financial performance and management bias through judgements and assumptions in significant accounting estimates, in particular in relation to the definition of non-underlying items, impairment of retail and warehouse CGU's, revenue recognition (which we pinpointed to cut-off) and significant one-off or unusual transactions.

Our procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud;
- Addressing the risks of fraud through management override of controls by performing journal entry testing; and
- Seeking disconfirming evidence by obtaining external records to assess management assumptions against.

The primary responsibility for the prevention and detection of irregularities, including fraud, rests with both those charged with governance and management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

The risks of material misstatement that had the greatest effect on our audit are discussed in the "Key audit matters" section of this report.

A further description of our responsibilities is available on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

We were appointed by the Audit and Risk Committee on 22 November 2021 to audit the financial statements for the period ending 3 April 2022 and subsequent financial periods. The period of total uninterrupted engagement is 2 years, covering the periods ending 3 April 2022 to 2 April 2023.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the parent company and we remain independent of the group and the parent company in conducting our audit.

Our audit opinion is consistent with our additional report to the audit committee.

Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Charlene Lancaster (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

One St Peter's Square
Manchester
M2 3DE

27 June 2023

Consolidated Income Statement

For the 52 weeks ended 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	6	**51**	**–**	**51**	407	–	407
Operating profit/(loss)		**752**	**(6,159)**	**(5,407)**	9,173	(9,400)	(227)
Finance expense	9	**(861)**	**(204)**	**(1,065)**	(623)	–	(623)
Other (losses)/gains	10	**(55)**	**–**	**(55)**	944	–	944
(Loss)/profit before tax		**(164)**	**(6,363)**	**(6,527)**	9,494	(9,400)	94
Tax credit/(expense)	11	**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	13	**(0.12)p**		**(4.53)p**	7.34p		(0.01)p
Earnings per ordinary share - diluted	13	**(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	14	**235**	363
Property, plant, and equipment	15	**7,781**	5,801
Right-of-use assets	16	**25,450**	20,985
Deferred tax asset	11	**2,520**	1,175
Total non-current assets		**35,986**	28,324
Current assets			
Inventories	17	**11,515**	16,759
Trade and other receivables	18	**2,240**	1,975
Current tax asset		**611**	271
Cash and cash equivalents	19	**1,962**	3,782
Total current assets		**16,328**	22,787
Total assets		**52,314**	51,111
Liabilities			
Current liabilities			
Trade and other payables	20	**7,276**	8,278
Lease liabilities	16	**2,836**	2,844
Provisions	21	**200**	173
Borrowings	22	**4,716**	5,540
Total current liabilities		**15,028**	16,835
Non-current liabilities			
Trade and other payables	20	**954**	816
Lease liabilities	16	**26,430**	19,605
Provisions	21	**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	26	**1,090**	1,090
Ordinary Shares to be issued	27	**6,891**	5,801
Share Premium	26	**1**	1
Retained earnings	26	**1,308**	6,519
Total equity and reserves		**9,290**	13,411

The consolidated financial statements on pages 122 to 155 were approved by the Board of Directors on 27 June 2023 and were signed on its behalf by:

Dan Walden
Chief Financial Officer

27 June 2023

Consolidated Statement of Cash Flow

For the 52 weeks ended 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	15	**967**	860
Amortisation of Intangible assets	14	**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	16	**4,034**	3,056
Impairment	2	**4,405**	–
Unrealised FX (gains)/losses	10	**518**	(1,098)
Share Based Payments		**1,090**	5,837
Finance expense	9	**1,065**	623
Decrease/(Increase) in inventories	17	**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	21	**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	15	**(4,928)**	(3,165)
Purchase of intangible assets	14	**–**	(348)
Lease inception costs		**(460)**	(248)
Lease incentives received		**204**	–
Net cash (used in) investing activities		**(5,184)**	(3,761)
Financing activities			
Interest paid on borrowings		**(294)**	(156)
Interest paid on lease liabilities	9	**(771)**	(467)
Proceeds from borrowings		**18,689**	28,320
Repayment of borrowings		**(19,701)**	(25,583)
Lease principle payments	16	**(3,625)**	(2,910)
Proceeds from the issue of shares		**–**	54
Dividends paid	12	**(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 ended 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	27	–	–	5,837	–	**5,837**
Ordinary dividends paid		–	–	–	(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	27	–	–	1,090	–	**1,090**
Ordinary dividends paid	12	–	–	–	(272)	**(272)**
As at 2 April 2023		**1,090**	**1**	**6,891**	**1,308**	**9,290**

Financial Statements

Consolidated Financial Statements Accounting Policies

General Information

The Group financial statements consolidate those of the ProCook Group plc (the ‘Company’) and its subsidiaries, together referred to as the ‘Group’. The Company financial statements on pages 156 to 163 present financial information about the Company as a separate legal entity, and not about the Group as a whole.

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.

The principal accounting policies adopted in the preparation of the financial information are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

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 set out below and in note 22:

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 (as set out on page 48 to 50). 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

Consolidated Financial Statements Accounting Policies Continued

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.

Further information regarding the Group's business activities, together with the factors likely to affect its future development, performance and position is set out in the Strategic Report on pages 2 to 73.

Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The key estimates and judgements that are used within the financial statements are set out below:

Judgement: Lease terms and expiries

Judgement is exercised in determining the lease term and expiry date of the lease. IFRS 16 defines the lease term as the non-cancellable period of a lease together with the options to extend or terminate a lease, if the lessee were reasonably certain to exercise that option, or when either the lessee or the lessor each has the right to terminate the lease without permission from the other party with no more than an insignificant penalty. The Group has assessed the likelihood of exercising a break option by considering current economic and market conditions, current trading performance, forecast profitability, the significance of any fees payable, and the level of capital investment in the property, as well as the status of any open dialogue with Landlords. The Group typically determines the lease term to be the full term of the lease, assuming that any option to break or extend the lease is unlikely to be exercised and it is not reasonably certain on inception, that the Group will continue in occupation for any period beyond the lease term. Subsequent adjustments are made to the lease terms where break options are reassessed and determined more likely than not to be exercised.

Judgement: Indicators of Impairment

The Group has determined that only stores that have been open and trading for at least 24 months would be assessed for impairment triggers. However, where maturing stores are not yet on track to meet their original business case performance (or projected to be), the Group has determined it is appropriate to include such stores in any such assessment. The Group has reviewed recent financial performance of individual CGUs and considered the wider economic environment, and a range of other potential factors, to identify any indicators of impairment.

The Group has concluded that given the uncertainty in the macro-economic backdrop, and the recently experienced decline in like-for-like sales, that there were indicators of impairment at the year-end date which therefore required further assessment for potential impairment across all CGUs. Additionally, given the Group's transition to its new Distribution Centre and Warehouse premises, there are indicators of impairment in respect of the two pre-existing sites which will soon no longer be operational.

Estimate: Discount rates

IFRS 16 states that the lease payments shall be discounted using the lessee's incremental borrowing rate where the rate implicit in the lease cannot be readily determined. Accordingly, all lease payments have been discounted using the Group's incremental borrowing rate (IBR). The IBR has been determined by using a range of data including current economic and market conditions, review of current debt and capital within the Group and comparisons against seasoned corporate bond rates. A 100 basis points increase in the IBR across all leases would lead to a decrease in the lease liability of £(0.5)m (2022: £(0.9)m). Further details can be found in note 16.

Estimate: Dilapidations

The Group has estimated the dilapidations provision in respect of anticipated future restoration costs of each of the Group's leasehold properties in the event that any individual location is vacated by the Group.

These future costs are estimated based on actual retail property historical average costs per square foot (or the Group's best estimates for non-retail sites where appropriate) the Group has incurred to vacate and make good a property plus inflation, and any specific contractual requirements detailed within lease contracts. The provision for restoration costs have been discounted to their present value and unwound using an appropriate risk-free rate. A 10 percentage point increase in the estimated cost per square foot would result in an increase in the dilapidations provision of £0.07m (2022: £0.05m). Further details can be found in note 21.

Estimate: Impairment Provision

The Group has performed an impairment assessment in respect of all Retail CGU's which have indicators of impairment as well as the Group's two Distribution / Headquarter sites which will soon no longer be operational following the transition to the Group's new site.

To perform the Retail CGU impairment assessment, the Group has determined the value-in-use of each CGU over its remaining useful life. In doing this, estimates have been made on future financial performance in order to determine a reasonable estimate for the value-in-use of each CGU. The forecast financial performance based on the Group's five-year plan, has been prepared utilising both historical experience as well as forward-looking estimates with respect to trading conditions and performance. In this assessment, consideration has been given to the directly attributable profits generated by each CGU after all directly attributable costs including logistics, occupancy, and salary costs as well as a proportion of central costs. Once all future cash flows have been estimated, they have been discounted using the Group pre-tax WACC of 12.8%.

To perform the impairment assessment in respect of the Group's two Distribution/ Headquarter sites, consideration has been given to future anticipated sub-lease income which will be generated from the sites, as well as the occupancy costs (including lease liability costs) over the remaining life of the lease to their lease expiry or break point. Consideration has also been given to the duration with which the properties will be empty to accurately estimate future income.

The Group has determined that it is appropriate to recognise an impairment provision of £3.3m in respect of retail CGUs and £1.1m in respect of the two Distribution / Headquarter sites, both of which have been expensed to the Consolidated Income Statement within 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. A 100 basis points reduction in forecasted sales growth would lead to an increase in the retail impairment provision of £0.2m. A one percentage point increase in the weighted average cost of capital would lead to an increase in the retail impairment provision of £56k. A three month delay beyond what has been assumed in obtaining a new tenant in the disused warehouses would lease to an increase in the impairment provision of £0.3m.

Basis of consolidation

Group companies included in the consolidated financial statements for FY23 include ProCook Group plc and all subsidiary undertakings, which are those entities which it controls. ProCook Group plc controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to ProCook Group plc until the date that control ceases. The Company assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control indicators listed above.

Where necessary, amounts reported by subsidiaries have been adjusted to conform with ProCook Group plc's accounting policies.

Transactions eliminated on consolidation

Intra-group balances, and any unrealised gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the financial information. Losses are eliminated in the same way as gains, but only to the extent that there is no evidence of impairment.

Consolidated Financial Statements Accounting Policies Continued

Revenue recognition

The Group records customer transactions through its store point of sale systems and its ecommerce platforms. Revenue is recognised at the point in time when the Group delivers a product or service to a customer, whether this be at the point of sale in store, or later upon delivery to a customer. Payment of the transaction price is due immediately when the customer purchases the product in store or upon ordering online.

Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Revenue is reduced for estimated customer returns, and other similar allowances.

Deferred income

Sales made through the Group's website are recognised at the point the product is delivered to the customer. Deferred income is recognised as a creditor at the point where the order has been received and not yet despatched, or where the goods have been despatched but are yet to be delivered to the customer.

Refunds and returns

At the point at which goods are supplied, the Group provides customers with a right to return goods within a 90-day period for a full refund subject to certain terms and conditions. The Group has established a refunds and returns other payables balance within the Consolidated Statement of Financial Position to provide for the expected level of returns on sales made before the period end but returned after the period end. The provision for returns is calculated based on estimated refund and return rates using historical trends. The associated estimated value of cost of sales related to the returned items is also reflected within inventory.

Expenses

Share-based payments

The Group operates a number of shared based compensation plans which are all equity settled, in exchange for services received from employees. The fair value of these compensation plans is calculated at the grant date using the Black-Scholes model. The resulting cost is expensed to the Consolidated Income Statement over the vesting period. The value of the expense is adjusted to reflect expected and actual levels of vesting, considering any performance conditions which may apply to individual plans.

Social security contributions payable in connection with the grant of the share options are considered an integral part of the grant itself and the expense is treated as a cash-settled transaction.

No other entities in the Group other than ProCook Group plc have issued any equity-settled share-based incentives.

Employee benefits

The costs of short-term employee benefits are recognised as an expense in the Consolidated Income Statement as incurred. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Pensions

The Group operates a defined contribution pension scheme using an external pensions partner. Contributions to the scheme are expensed to the Consolidated Income Statement in the period to which the contributions relate. The assets of the scheme are held separately from those of the Group.

There have been no significant changes during the period relating to the current scheme, nor its membership and terms and conditions.

Non-underlying items

Non-underlying items are defined as transactions that, in the opinion of the Directors, should be disclosed separately from the reported Consolidated Income Statement in order to provide a consistent and comparable view of the underlying performance of the Group. This will include those items that relate to non-recurring events and are material in nature and which have been incurred outside of the normal business operations, including but not limited to restructuring and fund-raising activities.

Finance income and expenses

Finance income comprises interest on bank deposits.

Finance expense comprises of interest payable on the Group's finance facilities and lease liability interest which are expensed to the Consolidated Income Statement in the period in which they are incurred.

Other operating income

Other operating income represents all other income received by the Group.

This includes rental income and Government grants. Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received, and the Group will comply with all relevant conditions. Government grants relating to costs are deferred and recognised in the Consolidated Income Statement over the period necessary to match them with the costs that they are intended to compensate.

Foreign currency translation

Transactions in foreign currencies are recorded at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies, are retranslated at the rate of exchange prevailing at the end of the reporting period. Any exchange gains or losses are recognised in the Consolidated Income Statement.

Current and deferred taxation

Taxation, comprising current and deferred taxation, is recognised in the Consolidated Income Statement, except where a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity, respectively.

Current tax on profits or losses for the period, is calculated based on tax rates and laws that have been enacted or substantively enacted by the reporting date in the UK where the Group operates and generates taxable income.

Deferred tax balances in the Consolidated Statement of Financial Position are recognised in respect of all temporary differences that have originated but not reversed by the balance sheet date, except where:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the Group can control their reversal and such reversal is not considered probable in the foreseeable future.

Where applicable the Group makes claims for Research and Development (R&D) tax reliefs in accordance with the Research and Development Expenditure Credit (RDEC) scheme. Qualifying projects are assessed to ensure the claims made fit the criteria and definitions set out by the UK HM Revenue and Customs. R&D tax relief claims are recognised in the tax expense line of the Consolidated Income Statement.

Dividends

Ordinary dividends proposed by the Board of Directors are only recognised in the Consolidated Statement of Financial Position when they have been approved by the shareholders, and the Company is obliged to make payment.

Intangible assets

Intangible assets with finite useful lives that are either acquired separately or internally developed are carried at cost less accumulated amortisation and accumulated impairment losses.

Directly attributable costs associated with software development by the Group's own IT experts, in respect of customised IT programmes and systems controlled by the Group are capitalised as intangible assets, provided they meet the following recognition requirements:

- The development costs can be measured reliably
- The project is technically and commercially feasible
- The Group intends to and has sufficient resources to complete the project
- The Group has the ability to use or sell the software
- The software will generate probable future economic benefits.

Software development costs not meeting these criteria are classified as research or maintenance expenditure and are expensed to the Consolidated Income Statement as they are incurred. Directly attributable costs include employee costs incurred on software development and external developer costs.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Consolidated Financial Statements Accounting Policies Continued

Intangible assets are amortised on a straight-line basis over their estimated useful lives. Assets under construction are capitalised as expenditure is incurred, with amortisation commencing from the point at which the asset starts being utilised by the Group. Annual impairment assessments are undertaken to ensure the valuations remain appropriate. Amortisation is provided on the following basis:

• Intangibles (Software)	3 years, straight line

Property plant and equipment

Property, plant, and equipment acquired and owned by the Group is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Assets under construction are capitalised as expenditure is incurred and tested for impairments annually. Depreciation is expensed to the Consolidated Income Statement to allocate the cost of assets, less any residual value, over their estimated useful lives, using the straight-line method. Depreciation is provided on the following basis, from the point at which the asset starts being utilised by the Group:

• Land and buildings	5 – 10 years, straight line
• Plant and machinery	10 – 20 years, straight line
• Fixtures and fittings	3 – 10 years, straight line (or over term of the lease)
• Motor vehicles	3 years, straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date. At each reporting period end date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount is the higher of the asset's fair value less any costs to sell and its value in use. If the recoverable amount of an asset is estimated to be less than it's carrying amount, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognised immediately in the Consolidated Income Statement.

Gains and losses on disposals are determined by comparing any proceeds on disposal with the carrying amount and are recognised in the Consolidated Income Statement.

Leased assets

At inception of a new contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether a physically distinct asset can be identified; the Group has the right to obtain substantially all of the economic benefits from the asset throughout the period of use; the Group has the ability to direct the use of the asset over the lease term; and is able to restrict the usage of third parties as applicable.

Leases are recognised in the Consolidated Statement of Financial Position as a right-of-use asset with a corresponding lease liability except for:

- Leases of low value assets (less than £5,000); or
- Leases with a duration of 12 months or less.

Right-of use-assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where the Group is contractually required to dismantle, remove, or restore the leased asset.

Lease liabilities are recognised in the Consolidated Statement of Financial Position measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used.

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted in favour of the Group if it is reasonably certain to access that option; and
- Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of the termination option being exercised.

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term. When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the revised discount rate applicable at the date of estimation. An equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

Where the Group's property leases contain variable payment terms, payments determined as variable are treated as a charge to the Consolidated Income Statement and not capitalised. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term.

Dilapidations

The value of any provision for contractually committed future costs to dismantle, remove or restore a leased asset are included in the initial measurement of a right-of-use asset.

Inventories

Inventory is recognised in the Consolidated Statement of Financial Position at the lower of cost and net realisable value. Cost is determined on a weighted average cost basis and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the amount that can be realised from the sale of the inventory in the normal course of business after allowing for the costs of realisation.

Inventory in transit at the period end is included within inventory at cost, where ownership of legal title by the Group can be readily determined.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of inventory over its estimated selling price less costs to sell is recognised as an impairment loss in the Consolidated Income Statement. In the current period, the Group has determined that it should reduce the carrying value of inventory to recognise the estimated exposure to writing off damaged items held at cost within inventory at the year end, which will subsequently be disposed of by the Group when identified as damaged of faulty after the year end. Reversals of impairment losses are also recognised in Consolidated Income Statement.

Trade and other receivables

Trade receivables are initially recognised when they are originated.

The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default or any other failure to make payment to the Group in line with agreed terms, at any point during the life of the financial instrument. In calculating this, the Group uses its historical experience, external indicators, and forward-looking information to calculate the expected credit losses.

The Group assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics based on grouping debt by days overdue.

Cash and cash equivalents

Cash and cash equivalents are liquid financial assets and include cash in hand, deposits held on call with banks, cash in transit to the Group in respect of debit and credit card receipts, and other short-term liquid investments with original maturities of three months or less.

Trade and other payables

Trade and other payables are recognised at fair value on the Consolidated Statement of Financial Position.

Consolidated Financial Statements Accounting Policies Continued

Financial instruments

Financial instruments are all financial assets and financial liabilities that comprise a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity and are detailed in note 25.

Financial assets and financial liabilities are recognised in the Consolidated Statement of Financial Position when the Group becomes party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable (other than financial assets or liabilities at fair value through profit or loss are added to or deducted from the fair value as appropriate, on initial recognition.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled, or expires. A financial asset is derecognised when the rights to receive cash flows from the asset have expired.

The fair values of financial instruments measured at amortised cost and derivative instruments recognised at fair value are disclosed in note 25.

Financial assets

Financial assets are subsequently classified into the following categories:

- Financial assets at fair value through profit or loss;
- Fair value through other comprehensive income; or
- Amortised cost.

The classification depends on the nature and purpose of the financial asset (i.e., the Group's business model for managing the financial assets and the contractual terms of the cash flows) and is determined at the time of initial recognition.

They are measured at amortised cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets not held at amortised cost or fair value through other comprehensive income are held at fair value through profit or loss. At present the Group only has financial assets held at amortised cost, apart from derivatives which are measured at fair value through profit or loss.

Financial liabilities

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements.

Equity instruments are any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments are recognised at proceeds received net of issue costs.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or financial liabilities at amortised cost, which are measured using the effective interest method. At present the Group only has financial liabilities held at amortised cost, apart from derivatives which are measured at fair value through profit or loss.

Impairment of financial assets

IFRS 9 requires the use of forward-looking information to recognise expected credit losses – the 'expected credit loss model'. Recognition of credit losses is not dependent on the Group first identifying a credit loss event; instead, the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Derivatives

Derivatives are initially recognised in the Consolidated Statement of Financial Position at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in the Consolidated Income Statement within other gains/(losses) immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in Consolidated Income Statement depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

Provisions

Provisions are recognised in the Consolidated Statement of Financial Position where a legal or constructive obligation has been incurred which will probably lead to an outflow of resources that can be reasonably estimated. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting end date, taking into consideration the risks and uncertainties surrounding the obligation. The timing of cash outflows are by their nature uncertain and are therefore best estimates. A contingent liability is disclosed where the existence of the obligations will only be confirmed by future events, or where the amount of the obligation cannot be measured with reasonable reliability.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value. When a provision is measured at present value, the unwinding of the discount is recognised as a finance cost in the Consolidated Income Statement in the period in which it arises.

Warranties

All ProCook products are offered with a warranty ranging from 12 months to 25 years. This warranty provides the customer with the right to return the product, should it not be performing in the manner as described when the product was purchased. The customer is then entitled to a replacement product free of charge.

All warranties in the Group are assurance type warranties as the Group assures that the product will perform as expected. The Group's warranties do not provide any additional services to the customer and are not able to be purchased separately; the warranties provide a guarantee to the customer that the product will perform as expected.

The Group maintains a warranty provision in respect of future expected cost of claims outstanding at the year-end, based on sales which are accompanied by product warranties made prior to the financial year-end and historical return rate trends.

Dilapidations

The Group maintains a dilapidations provision in respect of its future restoration cost obligations in respect of leasehold properties occupied by or previously occupied by the Group as at the financial year-end, based on historical average costs incurred to vacate and make good a property, and any specific contractual requirements detailed within lease contracts.

Borrowings

Interest-bearing loans are initially recorded at their fair value and subsequently held at amortised cost. Arrangement and transaction fees incurred are amortised over the term of the loan. Borrowings are classed as current liabilities unless the Group has a right to defer settlement of the liability for at least 12 months after date of the Consolidated Statement of Financial Position.

Share Capital

Changes in the share capital structure are recognised within equity on the Consolidated Statement of Financial Position, with any excess over the nominal share price being recognised within Share premium. Where the Company purchases its own equity share capital (treasury shares) the consideration paid, including any directly attributable incremental costs, is deducted from the equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently sold or reissued, any consideration received net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is an indication of impairment. For impairment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating unit or CGU). As a result, some assets are tested individually for impairment, and some are tested at the CGU level. Management considers CGUs to be determinable by individual store and the various ecommerce platforms.

Assets and CGUs are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets or CGU's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use.

Consolidated Financial Statements Accounting Policies Continued

To determine the value-in-use, management estimate expected future cash flows from the CGU and determine a suitable discount rate to calculate the present value of those cash flows. Discount factors are determined for the CGU to reflect current market assessments of the time value of money and asset-specific risk factors.

Impairment charges are allocated on a pro-rata basis in accordance with the CGU's carrying amounts. In allocating the impairment loss to a CGU the carrying amount of each asset within the CGU is reduced to the highest of either its fair value less costs to sell; value-in-use; or nil. Recognition of impairment losses do not result in a recognition of a liability. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the assets or CGU's recoverable amount exceeds its carrying amount.

Segmental reporting

The Group's operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors. The Board is identified as the Chief Operating Decision-Maker ('CODM') for the business and is responsible for making strategic decisions, allocating resources, and assessing performance of the operating segments. The Group is considered to have two operating segments: Ecommerce and Retail.

Revenues and underlying operating profits for both segments are generated from the sale of kitchenware and related products. Each segment has separate operational characteristics and are identifiable by way of where the customer completes their transaction; either in a retail store, or via one of the ecommerce website platforms the Group has operated during the year.

New standards, amendments, and interpretations

New standards impacting the Group that have been adopted for the financial year ended 3 April 2022 and year ending 2 April 2023 are as follows:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Annual Improvements to IFRS Standards 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41);
- References to Conceptual Framework (Amendments to IFRS 3).

Following an assessment, the Group have determined that these standards do not have a material impact upon the Group's Consolidated Financial Statements.

New standards, amendments and interpretations not yet adopted

There are several standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early. The following amendments are effective for the period beginning 3 April 2023:

- IFRS 17 (including the June 2020 amendments to IFRS 17) Insurance Contracts
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 1 Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies
- Amendments to IAS 1 non-current liabilities with covenants
- Amendments to IAS 8 Definition of Accounting Estimates
- Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IFRS 16 Sale and Leaseback

The Group do not expect these standards to have a material impact on its Consolidated Financial Statements either in the current reporting period or future reporting periods.

Notes to the Consolidated Financial Statements

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

Total R&D expenditure included in operating expenses for the 52 weeks ended 2 April 2023 was £nil (52 weeks ended 3 April 2022: £0.6m).

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.

3. Non-underlying items continued

£'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 Income Statement.

£'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 loss		
Ecommerce	**4,588**	8,056
Retail	**5,319**	9,635
Central costs	**(9,155)**	(8,518)
Non-underlying operating costs[1]	**(6,159)**	(9,400)
Operating loss	**(5,407)**	(227)
Non-underlying finance costs[2]	**(204)**	–
Finance costs	**(861)**	(623)
Other (losses)/gains	**(55)**	944
(Loss)/profit before tax	**(6,527)**	94

1 Included in non-underlying costs for the 52 weeks ended 2 April 2023 is an impairment charge of £3.3m in respect of the Retail segment, and £1.1m in respect of central segment (3 April 2022: £nil).

2 Non-underlying finance costs are the interest costs on the lease liability for the new head office site.

Substantially all of the assets of ProCook Group plc are located in the UK.

5. Auditor Remuneration

The Group's total fees paid or payable to its auditor in respect of the audit of the Group's financial statements and for other services provided to the Group:

£'000	52 weeks ended 2 April 2023	52 weeks ended 3 April 2022
Audit of Consolidated Financial Statements	**39**	25
Audit of the Parent Company and Group subsidiary entities	**355**	120
Other services[1]	**10**	13
Total auditor remuneration	**404**	158

1 The Group engaged the auditor to undertake certain agreed upon procedures in respect of the interim financial statements.

6. Other income

£'000	52 weeks ended 2 April 2023	52 weeks ended 3 April 2022
Other income	**51**	112
Government grants	**–**	295
Total other income	**51**	407

The government grants received in the 52 weeks ended 3 April 2022 relate to the Government's Coronavirus Job Retention Scheme ('CJRS'), the Government Business Rates Relief Scheme and local restrictions support grants. There are no unfulfilled conditions or contingencies attached to these grants that have been recognised.

7. Employee numbers and costs

The average monthly number of colleagues employed by the Group including Directors was:

	52 weeks ended 2 April 2023	52 weeks ended 3 April 2022
Retail and distribution staff	**564**	601
Support staff	**121**	82
Total	**685**	683

The total remuneration of all employees including Directors includes:

£'000	52 weeks ended 2 April 2023	52 weeks ended 3 April 2022
Wages and salaries	**12,952**	12,572
Social security contributions and similar taxes	**1,139**	947
Other pension costs	**305**	192
Total	**14,396**	13,711

Details of Directors' remuneration including base pay, short and long-term incentive schemes and pension entitlements are disclosed in the Directors' Remuneration Policy and Annual Report on Remuneration on pages 94 to 107.

8. Retirement benefit plan

The Group operates a defined contribution retirement benefit scheme for all qualifying employees. The scheme is administered and managed by a separate third-party specialist pension scheme provider. The total expense recognised in the Consolidated Income Statement for the 52 weeks ended 2 April 2023 was £305k (3 April 2022: £192k) and represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

9. Finance expense

£'000	52 weeks ended 2 April 2023	52 weeks ended 3 April 2022
Interest on borrowings and other interest	**294**	156
Interest on lease liabilities	**771**	467
Total finance expense	**1,065**	623

10. Other gains and losses

£'000	52 weeks ended 2 April 2023	52 weeks ended 3 April 2022
(Loss)/gain on derivatives	**(518)**	1,098
Exchange rate gains/(losses)	**463**	(154)
Total gains (losses)	**(55)**	944

11. 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% (2022: 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:

11. Tax expense continued

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.

12. 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 £0.7m 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.

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.

13. 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[1]	52 weeks ended 2 April 2023 Reported	52 weeks ended 3 April 2022 Underlying[1]	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

1 Underlying earnings per ordinary share is a non-IFRS measure.

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14. Intangible assets

£'000	Software	Assets under construction	Total
Cost			
At 4 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 4 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 Income Statement within operating expenses throughout the period.

15. Property, plant, and equipment

£'000	Land and Buildings	Plant and Machinery	Fixtures and Fittings	Motor Vehicles	Assets under Construction	Total
Cost						
At 4 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 4 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**

15. Property, plant, and equipment continued

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.

16. Leased assets

The Group leases a number of assets, with all lease payments fixed over the lease term. Where there are leasehold properties which hold a variable element to lease payments made these are not fixed and not capitalised as part of the right of use asset. All expected future non-variable cash out flows are reflected within the measurement of the lease liabilities at each period end.

	As at 2 April 2023	As at 3 April 2022
Number of active leases	**71**	71

The Group's leases include leasehold properties for commercial and head office use, motor vehicles and plant equipment. The leases range in length from 2 to 20 years and vary in length depending on lease type. Leasehold properties hold the longest-term length of up to 20 years, plant, and equipment up to 5 years, and motor vehicles of up to 5 years.

Extension, termination, and break options

The Group occasionally negotiates extension, termination, or break clauses in its leases. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

On a case-by-case basis, the Group will consider whether the absence of a break clause would expose the Group to excessive risk. Typically, factors considered in deciding to negotiate a break clause include:

- The length of the lease term;
- The economic stability of the environment in which the property is located; and
- Whether the location represents a new area of operations for the Group.

Incremental borrowing rate

The Group has adopted a rate with a range of 2% - 6% as its incremental borrowing rate, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security, and conditions. This rate is used to reflect the risk premium over the borrowing cost measured by reference to the Group's financing facilities.

Short term or low value lease expense

No short term or low value leases existed during the financial period.

16. Leased assets continued

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				
4 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. A total impairment charge of £4.4m has been recognised, spread proportionately across the Right-of-use asset (£2.5m) and Property, plant, and equipment (£1.9m).

16. Leased assets continued

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)	(4,396)
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.

Reconciliation of minimum lease payments and present value:

£'000	As at 2 April 2023	As at 3 April 2022
Within 1 year	**4,147**	3,325
More than 1 year and less than 5 years	**14,064**	11,448
After 5 years	**17,066**	10,300
Total including interest cash flows	**35,277**	25,073
Less: interest cash flows	**(6,011)**	(2,624)
Total principal cash flows	**29,266**	22,449

Reconciliation of current and non-current lease liabilities:

£'000	As at 2 April 2023	As at 3 April 2022
Current	**2,836**	2,844
Non-current	**26,430**	19,605
Total	**29,266**	22,449

17. Inventories

£'000	As at 2 April 2023	As at 3 April 2022
Finished goods and goods for resale	**11,515**	16,759

The cost of Group inventories recognised as an expense in the period to 2 April 2023 amounted to £24.0m (3 April 2022: £23.4m). This is included in cost of sales.

Within inventory the Group has recognised a provision relating to damaged stock of £123k as at 2 April 2023 (2022: £157k).

18. Trade and other receivables

£'000	As at 2 April 2023	As at 3 April 2022
Trade receivables	–	87
Other receivables	**840**	748
Derivative financial instruments	–	148
Prepayments	**1,400**	992
Total	**2,240**	1,975

All trade receivables are due within one year from the end of the reporting period. No impairment was incurred on trade receivables during the period and the expected credit loss provision held at period end is nil (2022: nil). No material amounts are overdue (2022: nil).

Included in other receivables at the period end is supplier deposits of £512k (3 April 2022: £290k).

19. Cash and cash equivalents

£'000	As at 2 April 2023	As at 3 April 2022
Cash at bank available on demand	**1,180**	3,058
Cash in transit	**782**	724
Total	**1,962**	3,782

20. Trade and other payables

£'000	As at 2 April 2023	As at 3 April 2022
Amounts falling due within one year		
Trade payables	**1,796**	3,280
Other payables	**477**	154
Accruals	**2,768**	2,294
Deferred income	**81**	95
Derivative financial instruments	**369**	–
Other taxation and social security	**1,785**	2,455
	7,276	8,278
Amounts falling due after one year:		
Accruals	**954**	816
Total	**8,230**	9,094

The Directors consider that the carrying value of trade and other payables approximates to their fair value. Trade payables are non-interest bearing and are typically settled monthly. The accruals falling due after one year relate solely to the Employer National Insurance contributions payable on Share Schemes.

21. Provisions

£'000	As at 2 April 2023	As at 3 April 2022
Amounts falling due within one year		
Warranties	**116**	133
Dilapidations	**84**	40
	200	173
Amounts falling due after one year:		
Warranties	**7**	7
Dilapidations	**605**	437
Total	**812**	617

Provisions for warranties are largely short term in nature given the Group's experience of the timing of such claims being largely made within the first year of purchase. The estimated costs to service these claims have minimal uncertainty as they are based on the cost of the Group's products.

Provisions for dilapidations are based on the Group's past experience of existing leasehold property sites. It is estimated that all dilapidations provisions will occur at the end of the term of the lease.

£'000	Dilapidations	Warranties	Total
At 3 April 2022	**476**	**141**	**617**
Additions during the year	227	197	424
Unwinding of discount rate	6	–	6
Utilised during the year	(20)	(215)	(235)
At 2 April 2023	**689**	**123**	**812**

22. Borrowings

£'000	As at 2 April 2023	As at 3 April 2022
Current		
Bank loans	**4,716**	5,540
Total borrowings	**4,716**	5,540

As at 2 April 2023 the Group has access to an uncommitted trade finance facility which expires on 1 October 2023, although is expected to be renewed at that date, with a maximum limit of £6.0m. There are no covenants associated with this facility. The following amounts had been drawn down and were outstanding at 2 April 2023: £4.7m (3 April 2022: £5.5m).

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. No amounts were drawn on this facility at the year end date (3 April 2022: Nil).

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 Group has a debenture in place during the year which related to a fixed charge over all present freehold and leasehold property provided as security to the Group's Revolving Credit Facility which will remain in place throughout the term of the facility agreement.

23. Derivatives

The Group's local currency is Pounds Sterling but due to purchases of goods and services in foreign currencies the Group seeks to reduce foreign exchange risk by entering into forward contracts and other derivatives. At 2 April 2023, the outstanding contracts all mature within 18 months of the period end, with committed purchases of $21.5m (3 April 2022: $33.6m).

The contracts are measured at their fair value, which is determined using valuation techniques that utilise observable inputs. The key inputs used in valuing the derivatives are the forward exchange rates. The fair value movement of the foreign currency contracts are detailed in note 10 above.

There were no designated hedges in place during the current or proceeding financial year.

24. Changes in liabilities arising from financing activities

£'000	At 3 April 2022	Repayments	Interest	New borrowings	Other gains and losses	At 2 April 2023
Short-term borrowings	5,540	(19,995)	294	18,689	188	**4,716**
Lease liabilities	22,449	(4,396)	771	15,893	(5,451)	**29,266**
Total liabilities from financing activities	27,989	(24,391)	1,065	34,582	(5,263)	**33,982**

25. Financial Risk Management

Financial risk management

The Group is exposed through its operation to the following financial risks: credit risk, interest rate risk, foreign exchange risk and liquidity risk. Risk management is carried out by the Directors of the Group. The Group uses financial instruments to provide flexibility regarding its working capital requirements and to enable it to manage specific financial risks to which it is exposed.

The Group finances its operations through a mixture of debt finance, cash and liquid resources and various items such as trade debtors and trade payables which arise directly from the Business's operations.

For further information on the Group's Capital allocation and dividend policy, please see page 51.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. To minimise the risk, the Group endeavours only to deal with companies which are demonstrably creditworthy and this, together with the aggregate financial exposure, is continuously monitored. The maximum exposure to credit risk is the carrying value of its financial receivables, trade and other receivables and cash and cash equivalents as disclosed in the notes to the financial information.

The receivables' age analysis is evaluated on a regular basis for potential doubtful debts, considering historic, current, and forward-looking information. No impairments to trade receivables, have been made to date. Further disclosures regarding trade and other receivables are provided within the notes to financial statements.

Credit risk also arises on cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "B+" are accepted.

Currently all financial institutions whereby the Group holds significant levels of cash are rated from B+ to A+.

Interest rate risk

As at 2 April 2023 the Group's only drawn borrowings are through its trade finance facility with a floating interest rate linked to the United States Federal funds rate. This is variable on the amount drawn down and there is no fixed settlement date, therefore the interest rate risk exposure for the Group is minimal. The Group also has a £10m RCF with a floating interest rate linked to the Bank of England base rate. The Group's policy aims to manage the interest cost of the Group within the constraints of its financial borrowings. The Group does not currently use any form of derivatives to manage interest rate volatility or future rate increases, however it does seek to minimise interest costs through careful management of its use of facilities.

25. Financial Risk Management continued

Foreign exchange risk

Foreign exchange risk arises when the Group enter transactions in a currency other than their functional currency. The Group's policy is, where possible, to settle liabilities denominated in a currency other than its functional currency with cash already denominated in that currency.

The Group makes purchases of goods and services from overseas in foreign currencies and uses additional means to cover its exposure to the foreign exchange movement. The Group uses various financial derivatives such as forward exchange contracts, to help mitigate movements in foreign currency to restrict losses and to ascertain control of expected cash out flows. All the Group's foreign exchange contracts are designated to settle the corresponding liability.

Liquidity risk

The Group seeks to maintain sufficient cash balances to support its working capital and investment requirements. Management reviews cash flow forecasts on a regular basis to determine whether the Group has sufficient available cash to meet support its operational and investment activities.

Financial assets

Financial assets measured at amortised cost, which approximates to fair value, comprise trade receivables, other receivables, and cash.

£'000	As at 2 April 2023	As at 3 April 2022
Trade receivables	–	87
Other receivables	**840**	748
Cash at bank and on hand	**1,180**	3,782
Total	**2,020**	4,617

Financial assets measured at fair value include derivative financial assets:

£'000	As at 2 April 2023	As at 3 April 2022
Derivatives	–	148
Total	–	148

In the 52 weeks ended 3 April 2022, derivatives assets were included within the balance sheet under trade and other receivables and were recognised under level 2 of the fair value hierarchy.

Financial liabilities

Financial liabilities measured at amortised cost comprise trade and other payables, accruals, borrowings, and lease liabilities:

£'000	As at 2 April 2023	As at 3 April 2022
Trade payables	**1,796**	3,280
Other payables	**477**	154
Accruals	**2,768**	3,110
Borrowings	**4,716**	5,540
Lease liabilities	**29,266**	22,449
Total	**39,023**	34,533

25. Financial Risk Management continued

Financial liabilities measured at fair value include derivative financial liabilities, as follows:

	As at 2 April 2023	As at 3 April 2022
Derivatives	**369**	–
Total	**369**	–

In the 52 weeks ended 2 April 2023, derivatives liabilities are included within the balance sheet under trade and other payables and are recognised under level 2 and 3 of the fair value hierarchy.

A maturity analysis of the Group's financial liabilities is shown below. With the exception of lease liabilities (whose payment schedule spans the term of the respective lease agreements, please see Note 16 for further details) and national insurance contributions on share based payments, the Groups' other liabilities as at 2 April 2023 are all due within less than one year:

£'000	As at 2 April 2023	As at 3 April 2022
Due within one year:		
Trade payables	**1,796**	3,280
Other payables	**477**	154
Accruals	**2,768**	2,294
Borrowings	**4,716**	5,540
Lease liabilities	**2,836**	2,844
Total	**12,593**	14,112

	As at 2 April 2023	As at 3 April 2022
Due within one year:		
Derivatives	**369**	–
Total	**369**	–

£'000	As at 2 April 2023	As at 3 April 2022
Due after one year:		
Accruals	**954**	816
Lease liabilities	**26,430**	19,605
Total	**27,384**	20,421

Further maturity of the Group's lease liabilities is set out in note 16. All other liabilities which are due after one year are due to be settled within five years.

The currency profile of the Group's cash and cash equivalents is as follows:

£'000	As at 2 April 2023	As at 3 April 2022
Sterling	**1,531**	3,368
US Dollar	**249**	135
Euro	**182**	279
Total	**1,962**	3,782

25. Financial Risk Management continued

Foreign denominated asset and liability balances held at the year-end are as follows:

£'000	As at 2 April 2023	As at 3 April 2022
Current assets		
Cash and cash equivalents	**431**	414
Current liabilities		
Trade and other payables	**1,134**	1,155
Borrowings	**4,716**	5,512
Total	**6,281**	6,667

Substantially all of the trade and other payables positions and borrowings positions shown above are denominated in US Dollars.

Further information relating to the Group's hedging of these assets and liabilities is set out in note 23. A $0.01 change in the Sterling to USD exchange rate would result in a £60k increase/ decrease in the Consolidated Income Statement.

Capital disclosures

The capital structure of the business consists of cash and cash equivalents, debt, and equity. Equity comprises share capital and retained profit and is equal to the amount shown as 'Equity' in the balance sheet. As at 2 April 2023 debt comprised solely of the borrowings on the Group's trade finance facility which is set out in further detail above and in the notes to the accounts.

The Group's objectives when maintaining capital are to:

- Safeguard the Group's ability as a going concern so that it can continue to pursue its growth plans.
- Provide a reasonable expectation of future returns to shareholders.
- Maintain adequate financial flexibility to preserve its ability to meet financial obligations, both current and long term.

The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and adjusts it in the light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debt.

During the periods presented the Group's business strategy remained unchanged.

During the periods presented the Group maintained compliance with all relevant facility covenants.

26. Share capital and reserves

£	As at 2 April 2023	As at 3 April 2022
Allotted, called up and fully paid		
108,956,624 Ordinary Shares of 1p each	**1,089,566**	1,089,566
Total	**1,089,566**	1,089,566

Only one class of shares have been issued which have full voting, dividend, and capital distribution rights.

Reserves

The following describes the nature and purpose of each reserve within equity:

Share premium account: Proceeds received in excess of the nominal value of shares issued, net of any transaction costs

Share option reserve: Used to recognise the value of equity-settled share-based payments expenses. See note 27 for further details on share-based payment plans.

Retained earnings: All other accumulated net gains and losses and transactions with shareholders not recognised elsewhere.

27. Share based payments

The Group operates several equity-settled share based compensation plans for employees. The vesting date for each scheme is the last day of the contractual life of the scheme. The terms and conditions of the grants are detailed below:

Date of grant	Share Scheme	No. of options	Exercise price (pence)	Vest conditions	Vest Date
12-Nov-21	Leadership IPO Award	3,173,876	0	No	12 November 2021
12-Nov-21	Employee IPO Award 1[1]	1,198,688	44	Yes	12 November 2023
12-Nov-21	Employee IPO Award 2[1]	1,198,688	29	Yes	12 November 2023
12-Nov-21	Employee IPO Award 3[1]	1,198,688	15	Yes	12 November 2024
12-Nov-21	Executive IPO Award 1[1]	172,413	0	Yes	12 November 2024
12-Nov-21	Executive IPO Award 2[1]	689,655	145	Yes	12 November 2024
12-Nov-21	Leadership ESP Award FY22	706,896	0	Yes	12 November 2024
10-Jan-22	SAYE FY22[1]	435,255	112	Yes	12 November 2024
08-Aug-22	Leadership ESP Award FY23[2]	2,618,481	0	Yes	8 August 2025
17-Feb-23	SAYE FY23[1]	1,330,364	27	Yes	17 February 2026
Total		**12,723,004**			

1 There are no performance conditions attached to these schemes, except that the employee is required to be in employment with ProCook Group plc on the vest date.

2 The performance conditions for this scheme are set out within the Annual Report on Remuneration on page 104.

The weighted average remaining vest period is 21 months as at 2 April 2023. The fair value of all share options granted are calculated at the date of grant using a Black-Scholes option pricing model. Given the Group's admission to the London Stock Exchange in November 2021, at the date of issue, volatility remained relatively unknown. A reasonable volatility expectation has therefore been applied by the Group, based on a review of similar businesses' historical share price volatility.

Detail of inputs are shown below:

Leadership IPO Award	2022
Share price at date of grant	160 pence
Exercise Price	0 pence
Volatility	50%
Expected life	3 years
Risk Free rate	0.67%
Dividend yield	1.19
Fair value per option	156 pence

Employee IPO Award 1	2022
Share price at date of grant	160 pence
Exercise Price	44 pence
Volatility	50%
Expected life	1 year
Risk Free rate	0.67%
Dividend yield	1.19
Fair value per option	115 pence

27. Share based payments continued

Employee IPO Award 2	2022
Share price at date of grant	160 pence
Exercise Price	29 pence
Volatility	50%
Expected life	2 Years
Risk Free rate	0.61%
Dividend yield	1.19
Fair value per option	127 pence

Employee IPO Award 3	2022
Share price at date of grant	160 pence
Exercise Price	15 pence
Volatility	50%
Expected life	3 years
Risk Free rate	0.61%
Dividend yield	1.19
Fair value per option	140 pence

Executive IPO Award 1	2022
Share price at date of grant	160 pence
Exercise Price	0 pence
Volatility	50%
Expected life	1 year
Risk Free rate	0.67%
Dividend yield	1.19
Fair value per option	154 pence

Executive IPO Award 2	2022
Share price at date of grant	160 pence
Exercise Price	145 pence
Volatility	50%
Expected life	3 years
Risk Free rate	0.67%
Dividend yield	1.19
Fair value per option	56 pence

Leadership ESP Award FY22	2022
Share price at date of grant	160 pence
Exercise Price	0 pence
Volatility	50%
Expected life	3 years
Risk Free rate	0.67%
Dividend yield	1.19
Fair value per option	154 pence

27. Share based payments continued

SAYE FY22	2022
Share price at date of grant	160 pence
Exercise Price	112 pence
Volatility	50%
Expected life	3 years
Risk Free rate	0.67%
Dividend yield	1.19
Fair value per option	70 pence

Leadership ESP Award FY23	2023
Share price at date of grant	43 pence
Exercise Price	0 pence
Volatility	50%
Expected life	3 years
Risk Free rate	2.46%
Dividend yield	1.98%
Fair value per option	40 pence

SAYE FY23	2023
Share price at date of grant	41 pence
Exercise Price	27 pence
Volatility	76%
Expected life	3 years
Risk Free rate	2.29%
Dividend yield	3.10%
Fair value per option	22 pence

Details of the total number of share options granted, exercised, lapsed and outstanding at the end of each period as well as the weighted average exercise prices in £ ("WAEP") are as follows:

	As at 2 April		As at 3 April	
	2023	WAEP (£)	2022	WAEP (£)
Outstanding at beginning of period	**8,774,159**	**0.29**	858	141.5
Granted during the period	**3,948,845**	**0.09**	8,774,159	0.29
Forfeited/lapsed during the period	**–**		(858)	(142)
Exercised during the period	**–**		–	–
Outstanding at period end	**12,723,004**	**0.23**	8,774,159	0.29
Exercisable at end of period	**–**	**–**	–	–

A corresponding charge to the Consolidated Income Statement of £1.1m (2022: £5.8m) has been made in respect of these share options in the period (excluding employer's national insurance contributions of £0.1m). In total, £1.2m has been recognised as a non-underlying cost and £0.1m as an underlying credit.

28. Contingent liabilities

The Group had no contingent liabilities at the year-end date (2022: none).

29. Related Parties

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

Transactions with Quella Bicycle Limited, a related party by virtue of one of the Group's Directors (Daniel O'Neill) holding a financial interest, relate to the renting of warehouse space from ProCook Limited. During the year, Quella Bicycle Limited were charged £7k for the warehouse rental (3 April 2022: £16k). Payments from Quella totalled £7k during the year (3 April 2022: £19k). The amount receivable at 2 April 2023 was £7k (3 April 2022: £7k).

Transactions with Life's a Beach Limited, a related party by virtue of one of the Group's Directors (Daniel O'Neill) being a trustee, relate to charitable donations made on ProCook sales and other associated transactions. During the year, ProCook sales generated £52k of donations payable to Life's a Beach (3 April 2022: £20k). During the year, ProCook made payments to Life's a Beach of £52k (3 April 2022: £62k). The amount payable at 2 April 2023 was £7k (3 April 2022: £7k).

Transactions with a director (Daniel O'Neill) in respect of payment of a historical dividend balance outstanding amounted to £19k during the period (3 April 2022: £77k). Amounts included in other payables at the period ending 2 April 2023 was £nil (3 April 2022: £19k).

Details of the remuneration of the Board can be found on pages 94 to 107.

Parent Company 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			
Investment in subsidiary	4	**69,091**	117,300
Deferred tax asset		**2,292**	1,559
Total non-current assets		**71,383**	118,859
Current assets			
Other receivables	5	**169**	111
Deferred tax asset		**–**	80
Total current assets		**169**	191
Total assets		**71,552**	119,050
Liabilities			
Current liabilities			
Trade and other payables	6	**3,254**	1,370
Corporation tax payable		**76**	76
Total current liabilities		**3,330**	1,446
Non-current liabilities			
Trade and other payables	6	**749**	816
Total non-current liabilities		**749**	816
Total liabilities		**4,079**	2,262
Net assets		**67,473**	116,788
Equity and reserves attributable to Shareholders of ProCook Group plc			
Share capital	7	**1,090**	1,090
Share Option Reserve	8	**6,891**	5,801
Share Premium	7	**1**	1
Retained earnings	7	**59,491**	109,896
Total equity and reserves		**67,473**	116,788

The Company made a loss after tax of £50.1m in the 52 week period to 2 April 2023 (3 April 2022: £5.5m).

The financial statements for ProCook Group Plc (Company Registration No. 13679248 (England and Wales)) on pages 156 to 163 were approved by the Board of Directors on 27 June 2023 and signed on its behalf by:

Dan Walden

Chief Financial Officer

27 June 2023

Parent Company Statement of Changes in Equity

For the 52 weeks ended 2 April 2023

£'000s	Note	Share capital	Merger relief reserve	Share Premium	Share Option Reserve	Retained earnings	Total equity
On incorporation, 14 October 2021		**–**	**–**	**–**	**–**	**–**	**–**
On acquisition of ProCook Limited		–	117,300	–	–	–	**117,300**
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**
Total comprehensive loss for the period		–	–	–	–	(5,504)	**(5,504)**
Ordinary dividends paid	3	–	–	–	–	(900)	**(900)**
As at 3 April 2022		**1,090**	**–**	**1**	**5,801**	**109,896**	**116,788**
Total comprehensive loss for the period		–	–	–	–	(50,133)	**(50,133)**
Employee Share Based Payment Awards		–	–	–	1,090	–	**1,090**
Ordinary dividends paid	3	–	–	–	–	(272)	**(272)**
As at 2 April 2023		**1,090**	**–**	**1**	**6,891**	**59,491**	**67,473**

Parent Company Financial Statements Accounting Policies

General Information

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 is that of a holding company. The principal activities of its subsidiaries are set out in Note 4 to the financial statements.

Basis of preparation

The financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and FRS 102 "The financial reporting standard applicable in the UK and Republic of Ireland" (FRS 102"). In accordance with the exemption allowed by Section 408(3) of the Companies Act 2006, the Company has not presented its own income statement or statement of comprehensive income. The financial statements are presented in Pounds Sterling, 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 has 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.

The principal accounting policies adopted in the preparation of the financial information are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

The Group has taken the following permissible disclosure exemptions under FRS 102:

- Exemption from presenting a Statement of Cash Flow and related notes
- Partial exemption from share-based payment disclosures
- Exemption from disclosing related party transactions entered into between wholly owned subsidiaries

Going concern

In their consideration of going concern of ProCook Group plc, 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.

Further information regarding the Directors approach to assessing going concern is set out on pages 126 to 128 of the consolidated financial statements.

Critical accounting estimates and judgements

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Judgement – Indicator of impairment (investment in subsidiaries)

The Group has considered indicators of impairment for the investment in subsidiaries which reflect the trading entities of the Group. Notably the share price declined substantially since the last financial year end, an effect which was particularly evident after the Group updated the markets on its trading performance and outlook on 10 June 2022 and again on 14 December 2022, and has remained at a similar level since. Given the share price fall, and the lower profitability in the financial year ended 2 April 2023, the Group has judged there to be an indicator of impairment, and as such a review of the valuation of the investment in subsidiary has been undertaken.

Estimate: Investment in Subsidiaries

Since the acquisition of ProCook Limited was obtained via a share for share exchange, the cost of the investment was determined to be the fair value of ProCook Limited. Without external market valuations, business valuations are inherently estimation and judgement based. The best available internal and market data was used by management to determine the valuation at that time.

Subsequent to the initial recognition, management has considered indicators of impairment, and has reviewed the valuation of the investment in subsidiaries. The subsidiaries' performance and viability is assessed for the entity as a whole. In line with FRS 102, the management therefore considered the assessment on a single CGU basis as appropriate.

This review has considered the future anticipated financial performance and cash generation of the Group over a forecast period based on the Group's five year financial plan and reflecting a terminal growth rate of 2% which we consider to be cautious and given the Group's historical growth record and its opportunity for continued growth in the markets in which it operates.

The forecast reflects revenue and cost growth assumptions in respect of the Group's Retail and Ecommerce activities, as well as expected capital investments and net working capital requirements. The assessment approach considered value in use, by way of a discounted cash flow methodology and was compared to EV/ EBITDA multiple valuations.

The revised carrying value of the investment is £69.1m which reflects an impairment charge of £48.2m. The sensitivity of the valuation estimates is such that a 5% compound reduction in projected revenue growth in each year of the assessment period (53% reduction in projected revenue growth over five years) would result in a £11.7m reduction in the value of the Investment in Subsidiaries held on the Statement of Financial Position. A one percentage point increase in the weighted average cost of capital which has been applied would result in a £7.2m reduction in the value of the Investment in Subsidiaries held on the Statement of Financial Position. Further detail on investment in subsidiaries can be found in note 4.

Expenses

Share-based payments

The Company operates a number of shared based compensation plans which are all equity settled, in exchange for services received from employees. The fair value of these compensation plans is calculated at the grant date using the Black-Scholes model. The resulting cost is expensed to the Income Statement over the vesting period. The value of the expense is adjusted to reflect expected and actual levels of vesting, considering any performance conditions which may apply to individual plans.

Social security contributions payable in connection with the grant of the share options are considered an integral part of the grant itself and the expense will be treated as a cash-settled transaction.

Employee benefits

The costs of short-term employee benefits are recognised as an expense in the Income Statement as incurred. The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the Company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Pensions

The Company operates a defined contribution pension scheme using an external pensions partner. Contributions to the scheme are expensed to the Income Statement in the period to which the contributions relate. The assets of the scheme are held separately from those of the Company.

There have been no significant changes during the period relating to the current scheme, nor its membership and terms and conditions.

Parent Company Financial Statements Accounting Policies

Continued

Current and deferred taxation

Taxation, comprising current and deferred taxation, is recognised in the Income Statement, except where a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity, respectively.

Current tax on profits or losses for the period, is calculated based on tax rates and laws that have been enacted or substantively enacted by the reporting date in the UK where the Company operates and generates taxable income.

Deferred tax balances in the Statement of Financial Position are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except where:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Where applicable the Company makes claims for Research and Development (R&D) tax reliefs in accordance with the Research and Development Expenditure Credit (RDEC) scheme. Qualifying projects are assessed to ensure the claims made fit the criteria and definitions set out by the UK HM Revenue and Customs. R&D tax relief claims are recognised in the tax expense line of the Income Statement.

Dividends

Ordinary dividends proposed by the Board of Directors are only recognised in the financial statements when they have been approved by the shareholders, and the Company is obliged to make payment.

Investment in subsidiaries

Investment in subsidiaries are recognised at cost less accumulated impairments. During the previous year, the cost of the acquisition of the ProCook Limited Group was recognised at the fair value of the shares issued in the share for share exchange, over the nominal value of the shares, as required under Section 612 of the Companies Act 2006. During each subsequent reporting period an impairment assessment is undertaken to ensure the valuation remains appropriate. All impairment losses will reduce the carrying value of the investment and be charged to the Income statement during the year in which the impairment is recognised.

Trade and other receivables

Trade and other receivables are initially measured at the transaction price less transaction costs and are subsequently carried at amortised cost using the effective interest method.

The Company assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics based on grouping debt by days overdue. The Company also considers the potential for default or any other failure to make payment to the Company. Trade and other receivables are only derecognised when the right to the contractual cash flows from the asset expire or are settled.

Trade and other payables

Trade and other payables are initially recognised at the transaction price and are subsequently carried at amortised cost. They are recognised as current liabilities if payment is due within 12 months. Otherwise, they are recognised as non-current.

Share Capital

Changes in the share capital structure are recognised within equity on the Statement of Financial Position, within any excess over the nominal share price being recognised within the share premium reserve. Where the Company purchases its own equity share capital (treasury shares) the consideration paid, including any directly attributable incremental costs, is deducted from the equity attributable to the Company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently sold or reissued, any consideration received net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

Notes to the Parent Company Financial Statements

1. Employee numbers and costs

The Company's employees are the Chairman, two Non-Executive directors and two Executive directors (the Group Board). Full details of the Directors' remuneration and interests are set out in the Remuneration Report on pages 94 to 107. Share-based payments details are given in note 8.

The Company operates a defined contribution retirement benefit scheme for all qualifying employees. The scheme is administered and managed by a separate third-party specialist pension scheme provider. The total expense recognised in the Income Statement for the 52 weeks ended 2 April 2023 was £16k (3 April 2022 £2k) representing contributions payable to these plans by the Company at rates specified in the rules of the plans.

2. Auditors Remuneration

£'000	52 weeks ended 2 April 2023	23 weeks ended 3 April 2022
Fee payable for the audit of the Company's financial statements	8	8
Total audit remuneration	8	8

3. Dividends

£'000	52 weeks ended 2 April 2023	Dividend per share (pence)	52 weeks ended 3 April 2022	Dividend pershare (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 £0.7m 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.

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.

4. Investment in subsidiaries

ProCook Group plc owns 100% of the shares in ProCook Limited. Management determined the valuation of ProCook Limited at the acquisition date and has performed an impairment assessment at the reported date further details of which are set out in the above "critical accounting estimates and judgements". An impairment of £48.2m was identified on the original valuation of £117.3m.

ProCook Group plc substantially owns directly or indirectly the whole of the issued and fully paid ordinary share capital of its subsidiary undertakings. The subsidiary undertakings of ProCook Group plc are presented below:

Subsidiary undertaking	% of ordinary shares held	Principal activity
ProCook Limited	100%	Retail of kitchenware
ProCook (Kitchens) Limited[3]	100%[1]	Property holding company
ProCook (Steamer Trading) Limited[3]	100%[1]	Property holding company
ProCook B.V (Registered in The Netherlands)[1]	100%[1]	Retail of kitchenware[2]

1 Share capital held by subsidiary undertaking

2 ProCook B.V. is not yet trading.

3 The group will be applying audit exemptions to both ProCook (Kitchens) Limited and ProCook (Steamer Trading) Limited

Financial Statements

Notes to the Parent Company Financial Statements

Continued

4. Investment in subsidiaries continued

For the year ended 2 April 2023, ProCook (Kitchens) Limited (company number 11816559) and ProCook (Steamer Trading) Limited (company number 11749708) have taken advantage of s479A-479C of the Companies Act 2006 (Act) which allows companies to claim exemption from audit. The ultimate parent company, ProCook Group plc guarantees all outstanding liabilities to which the subsidiary companies are subject at the end of the financial year to which the guarantee relates, until they are satisfied in full.

ProCook Group plc, the Company, and its subsidiaries (excluding ProCook B.V) are incorporated and domiciled in the UK. The registered office is ProCook, 10 St. Modwen Park, Gloucester, GL10 3EZ.

ProCook B.V., incorporated in the Netherlands, has a registered office at Veerpolder 1-B, 2361KV, Warmond, The Netherlands.

5. Other receivables

£'000	As at 2 April 2023	As at 3 April 2022
Other receivables	**159**	104
Prepayments	**10**	7
Total	**169**	111

All receivables are due within one year from the end of the reporting period. No impairment was incurred on trade receivables during the period. No material amounts are overdue.

6. Trade and other payables

£'000	As at 2 April 2023	As at 3 April 2022
Amounts falling due within one year:		
Accruals	**512**	97
Amounts owed to group undertakings	**2,742**	1,273
Total	**3,254**	1,370

£'000	As at 2 April 2023	As at 3 April 2022
Amounts falling due after one year:		
Accruals	**749**	816
Total	**749**	816

The Directors consider that the carrying value of trade and other payables approximates to their fair value. Trade payables are non-interest bearing and are normally settled monthly.

7. Share Capital and Reserves

£	As at 2 April 2023	As at 3 April 2022
Allotted, called up and fully paid		
108,956,624 Ordinary Shares of 1p each	**1,089,566**	1,089,566
Total	**1,089,566**	1,089,566

Only one class of shares have been issued which have full voting, dividend, and capital distribution rights.

Reserves

The following describes the nature and purpose of each reserve within equity:

Share premium account: Proceeds received in excess of the nominal value of shares issued, net of any transaction costs

Share option reserve: Recognises the value of equity-settled share-based payments expenses. See note 8 below and note 27 in the Group's consolidated financial statements for further details on share-based payment plans.

Retained earnings: All other accumulated net gains and losses and transactions with shareholders not recognised elsewhere.

8. Share based payments

The Company operates several equity-settled share based remuneration schemes for employees. The vesting date for each scheme is the last day of the contractual life of the scheme. The terms and conditions of the grants are detailed below:

Date of grant	Share Scheme	No. of options	Exercise price (pence)	Vest conditions	Vest Date
12-Nov-21	Leadership IPO Award	3,173,876	0	No	12 November 2021
12-Nov-21	Employee IPO Award 1[1]	1,198,688	44	Yes	12 November 2023
12-Nov-21	Employee IPO Award 2[1]	1,198,688	29	Yes	12 November 2023
12-Nov-21	Employee IPO Award 3[1]	1,198,688	15	Yes	12 November 2024
12-Nov-21	Executive IPO Award 1[1]	172,413	0	Yes	12 November 2024
12-Nov-21	Executive IPO Award 2[1]	689,655	145	Yes	12 November 2024
12-Nov-21	Leadership ESP Award FY22	706,896	0	Yes	12 November 2024
10-Jan-22	SAYE FY22[1]	435,255	112	Yes	12 November 2024
08-Aug-22	Leadership ESP Award FY23[2]	2,618,481	0	Yes	8 August 2025
17-Feb-23	SAYE FY23[1]	1,330,364	27	Yes	17 February 2026
Total		**12,723,004**			

1 There are no performance conditions attached to these schemes, except that the employee is required to be in employment with ProCook Group plc on the vest date.

2 The performance conditions for this scheme are set out within the Annual Report on Remuneration on page 104.

Fair Value Calculations

The fair value of all share options granted are calculated at the date of grant using a Black-Scholes option pricing model. Further detail is provided on pages 152 to 154.

An expense of £1.0m has been recognised in the Income Statement during the period in respect of the share schemes in place, with a corresponding entry in the share option reserve.

Details of the number of share options granted, exercised, lapsed and outstanding at the end of each period as well as the weighted average exercise prices in £ ("WAEP") are as follows.

	As at 2 April		As at 3 April	
	2023	WAEP (£)	2022	WAEP (£)
Outstanding at beginning of period	**8,774,159**	**0.29**	858	141.5
Granted during the period	**3,948,845**	**0.09**	8,774,159	0.29
Forfeited/lapsed during the period	**–**		(858)	(142)
Exercised during the period	**–**		–	–
Outstanding at period end	**12,723,004**	**0.23**	8,774,159	0.29
Exercisable at end of period	**–**	**–**	–	–

9. Contingent liabilities

The Group had no contingent liabilities at the year-end date (2022: none).

Financial Statements

Alternative Performance Measures (APMs)

The Group monitors a range of measures to track financial and operational performance. These include alternative performance measures which may not be defined in accordance with statutory measures (IFRS) and are therefore prone to varying calculations and as such may not be comparable between different companies, although they may be similarly titled.

The Group considers these alternative performance measures to be helpful in providing stakeholders with additional information on the performance of the business, although recognises that they should not be considered a substitute for, or superior to, IFRS measures.

To support the understanding of these APMs, details and definitions of the Group's measures are provided as follows:

APM	Rationale	Closest equivalent IFRS measure	Reconciliation to IFRS measure	Definition and reconciliation
Like-for-like ("LFL") revenue growth %	Provides an understanding of the performance of the existing and continuing business on a consistent basis year on year before the effect of new store or ecommerce launches	Movement in revenue year on year in the Consolidated Income Statement	Revenue from non like-for-like stores and ecommerce channels	LFL revenue growth % is a revenue performance measure which 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.

Year on Year	FY23 £'000	FY22 £'000	Var %
LFL Revenue[3]	**54,118**	60,584	(10.7%)
LFL Ecommerce[3]	**24,872**	27,945	(11.0%)
LFL Retail[3]	**29,246**	32,639	(10.4%)
Non LFL Revenue	**8,222**	8,570	
Non LFL Ecommerce[3]	**781**	4,387	
Non LFL Retail[3]	**7,441**	4,183	
Total Revenue	**62,340**	69,154	(9.9%)
Total Ecommerce[3]	**25,653**	32,332	(20.7%)
Total Retail[3]	**36,687**	36,822	(0.4%)

Year on 3 Year	FY23 £'000	FY20 £'000	Var %
LFL Revenue	**44,566**	21,004	112.2%
LFL Ecommerce	**24,872**	8,086	207.6%
LFL Retail	**19,694**	12,918	52.5%
Non LFL Revenue	**17,774**	17,951	
Non LFL Ecommerce[3]	**781**	6,398	
Non LFL Retail[3]	**16,993**	11,553	
Total Revenue	**62,340**	38,955	60.0%
Total Ecommerce[3]	**25,653**	14,484	77.1%
Total Retail[3]	**36,687**	24,471	49.9%

<table>
<tr><th>APM</th><th>Rationale</th><th>Closest equivalent IFRS measure</th><th>Reconciliation to IFRS measure</th><th>Definition and reconciliation</th></tr>
<tr><td>Gross Margin %</td><td>This measures our success in sourcing high quality products which offer customers great value, while still achieving strong gross margins to support our business model.</td><td>Gross profit</td><td>Not applicable</td><td>Gross profit presented as a percentage of revenue.

Gross profit represents revenue less cost of goods sold inclusive of costs incurred to get inventory to its final selling location and condition.
<table>
<tr><th>£'000 / %</th><th>FY23</th><th>FY22</th></tr>
<tr><td>Revenue</td><td>62,340</td><td>69,154</td></tr>
<tr><td>Gross Profit</td><td>38,346</td><td>45,043</td></tr>
<tr><td>Gross Margin %</td><td>61.5%</td><td>65.1%</td></tr>
</table></td></tr>
<tr><td>Non-underlying items</td><td>Excluding these items from profit measures provides readers helpful additional information about the underlying performance of the Group, consistent with how performance is planned, and reported to the Board.</td><td>None</td><td>See Note 3 in the consolidated financial statements</td><td>Non-underlying items are defined as transactions that, in the opinion of the Directors, should be disclosed separately from the reported Consolidated Income Statement in order to provide a consistent and comparable view of the underlying performance of the Group. This will include those items that relate to non-recurring events and are material in nature and which have been incurred outside of the normal business operations, including but not limited to restructuring and fund-raising activities.</td></tr>
<tr><td>Underlying operating profit

Underlying profit before tax

Underlying profit after tax</td><td>The Group consider these to be important measures of profit performance, helpful to the readers, and consistent with how Group performance is planned and reported to the Board.</td><td>Operating profit

Profit before tax

Profit after tax</td><td>Non-underlying items (see note 3 in the consolidated financial statements)</td><td>Statutory IFRS profit measures before the impact of non-underlying items. Treatment is consistent between financial periods.</td></tr>
<tr><td>Effective tax rate</td><td>This measure is useful to understand the tax expense recognised in the Income Statement compared to the headline tax rate in force for the financial year.</td><td>None</td><td>Not applicable</td><td>Tax expense in the Consolidated Income Statement taken as a percentage of profit before tax.
<table>
<tr><th>£'000 / %</th><th>FY23</th><th>FY22</th></tr>
<tr><td>Underlying (loss) / profit before tax</td><td>(164)</td><td>9,494</td></tr>
<tr><td>Tax credit/ (expense)</td><td>29</td><td>(1,900)</td></tr>
<tr><td>Effective tax rate %</td><td>17.6%</td><td>20.0%</td></tr>
</table></td></tr>
<tr><td>Net capital expenditure</td><td>This measure is useful to highlight the net cash investment made by the Group in long- term assets which will provide economic benefits over a longer time frame.</td><td>Net cash used in investing activities</td><td>See Consolidated statement of cash flows</td><td>Calculated as capital expenditure in respect of purchases of Property, Plant and Equipment, Intangible assets, and costs associated with lease arrangements, less proceeds from sale of fixed assets.
<table>
<tr><th>£'000</th><th>FY23</th><th>FY22</th></tr>
<tr><td>Purchase of property, plant, and equipment</td><td>4,928</td><td>3,165</td></tr>
<tr><td>Purchase of intangible assets</td><td>–</td><td>348</td></tr>
<tr><td>Lease inception costs</td><td>460</td><td>248</td></tr>
<tr><td>Lease incentives received</td><td>(203)</td><td>–</td></tr>
<tr><td>Net capital expenditure</td><td>5,185</td><td>3,761</td></tr>
</table></td></tr>
</table>

Alternative Performance Measures (APMs)

<table>
<tr><th>APM</th><th>Rationale</th><th>Closest equivalent IFRS measure</th><th>Reconciliation to IFRS measure</th><th>Definition and reconciliation</th></tr>
<tr><td>Free cash flow</td><td>This measure is useful to understand the level of free cash generated which could be retained for future investment by the business, utilised to repay any debt or distributed to shareholders.</td><td>Net movement in cash and cash equivalents</td><td>See CFO's report</td><td>Net (decrease)/increase in cash and cash equivalents before dividend payments, proceeds from the issue of shares, and proceeds/ (repayments) from borrowings.
<table>
<tr><th>£m</th><th>FY23</th><th>FY22</th></tr>
<tr><td>Net decrease in cash and cash equivalents</td><td>(1.8)</td><td>(2.1)</td></tr>
<tr><td>Add back dividends paid</td><td>0.3</td><td>1.9</td></tr>
<tr><td>Add back change in borrowings</td><td>1.0</td><td>(2.7)</td></tr>
<tr><td>Add back proceeds from the issue of shares</td><td>–</td><td>(0.1)</td></tr>
<tr><td>Free Cash Flow</td><td>(0.5)</td><td>(3.0)</td></tr>
</table></td></tr>
<tr><td>Net cash/ (debt)</td><td>This measure is useful to understand the financial stability of the business and as an indicator of leverage.</td><td>None</td><td>Not applicable</td><td>Net cash/ (debt) comprises of cash and cash equivalents less borrowings. This definition of net cash/ (debt) does not include lease liabilities, derivatives or any contingent consideration which may be conditional upon future events which are not yet certain at the year- end date.
<table>
<tr><th>£'000</th><th>FY23</th><th>FY22</th></tr>
<tr><td>Cash and cash equivalents</td><td>1,962</td><td>3,782</td></tr>
<tr><td>Borrowings</td><td>(4,716)</td><td>(5,540)</td></tr>
<tr><td>Net debt</td><td>(2,754)</td><td>(1,758)</td></tr>
</table></td></tr>
<tr><td>12 month repeat rate %</td><td>This measure is useful to understand the Group's ability to retain customers and as an indicator of the Group's ability to increase the life time value of customers.</td><td>None</td><td>Not applicable</td><td>The 12 month repeat rate reflects the percentage of new customers who first purchased from the Group in the preceding financial year, who have made at least one subsequent purchase in the 12 months since their first purchase.</td></tr>
<tr><td>Number of active customers</td><td>This measure of the Group's active customer database is useful as an indicator of continued penetration into the markets we operate in. This database allows ProCook to understand shopping behaviours and better target marketing activities.</td><td>None</td><td>Not applicable</td><td>Active customers are those that have completed at least 1 purchase during the last 12 months and whose customer details are recorded on our customer database.</td></tr>
</table>

Contacts and Advisors

ProCook Group plc (registered office)

ProCook
10 St. Modwen Park
Gloucester
GL10 3EZ

Email: investor.relations@procook.co.uk
Tel: 0330 100 1010

Corporate broker and financial advisor

Peel Hunt LLP
100 Liverpool Street
London
EC2M 2AT

Registrar

Link Group
10th Floor
Central Square
29 Wellington Street
Leeds
LS1 4DL

Solicitor

Eversheds Sutherland (International) LLP
115 Colmore Row
Birmingham
B3 3AL

Independent Auditor

Mazars LLP
1 St Peter's Square
Manchester
M2 3DE

Banking

HSBC UK Bank Plc
3 Temple Quay
Bristol
BS1 6DZ

Financial Public Relations

MHP Group
60 Great Portland Street
London
W1W 7RT

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ProCook®

ProCook
10 St. Modwen Park
Gloucester
GL10 3EZ

procookgroup.co.uk