

ProCook®

Bringing joy to everyday cooking

FY24 Annual Results | 26 June 2024

Certified



Corporation





Introduction

Lee Tappenden
CEO

ProCook®



First impressions reinforced

Significant opportunity to accelerate profitable growth

Strength in own-brand, direct-sourced model

Specialist retail with high quality product range

Low awareness, strong loyalty once discovered

Outstanding service, passionate colleagues

Strong and well-established infrastructure

FY24 strategy highlights

Good progress to support our new strategic growth agenda

NEW WEBSITE PLATFORM improving UX and conversion

RETAIL EXPANSION 2 new stores, 1 upsize relocation

PRODUCT EXPANSION Electricals phases 1&2 launched

VALUE PROPOSITION Price cuts on ~40% of range

STORE SUPPORT CENTRE Transition complete, 2 sites assigned

LEADERSHIP TEAM The right team now in place



FY24 performance highlights

Improving performance, continuing into Q1 FY25

GROWING MARKET SHARE with retail outperforming

IMPROVING SALES MOMENTUM UK revenue +1.7% YoY¹

MARGIN RECOVERY GM% +420bps YoY

COST DISCIPLINE £3m improvement plan delivered

PROFIT IMPROVEMENT U/L EBITDA £7.4m, U/L PBT £1m

CASH GENERATION Free cash flow of £2.0m

¹ Continuing UK business excluding Amazon EU marketplaces





Financial review

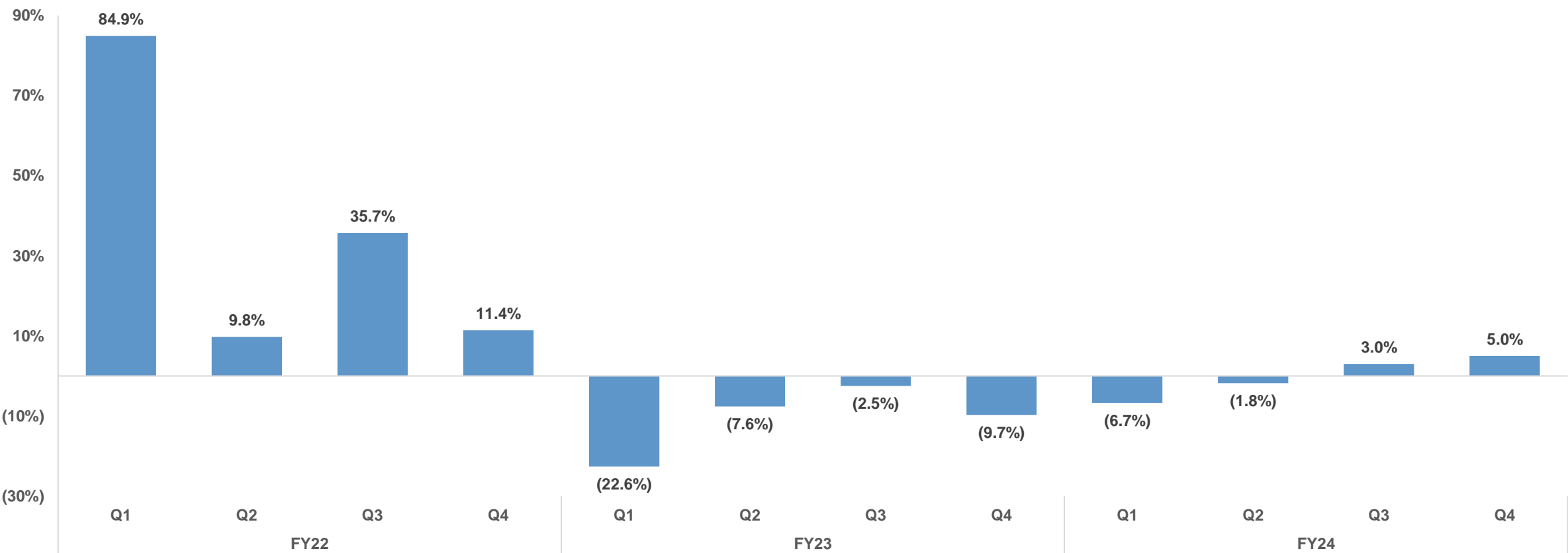
Dan Walden
CFO

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Revenue momentum building

FY24 revenue +0.4% YoY, and +1.7% YoY excl. discontinued Amazon EU channels. Retail driving growth whilst website sales were impacted by platform migration disruption

Quarterly revenue growth %



Income statement

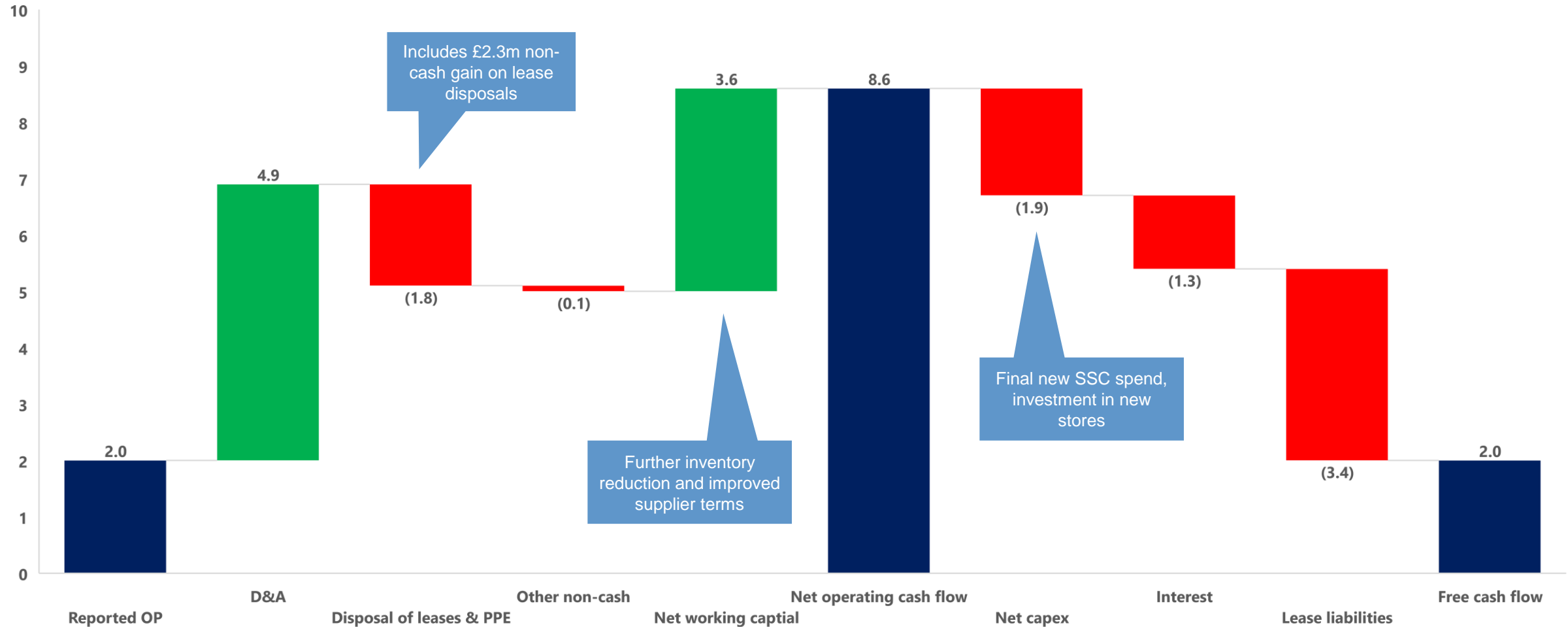
Return to profit in FY24, gross profit recovered as expected, strong cost discipline in face of inflationary pressures

£m	FY24	FY23
Revenue	62.6	62.3
Gross profit	41.1	38.3
GP%	65.7%	61.5%
Net operating costs	(39.0)	(37.6)
Operating profit	2.1	0.8
OP %	3.4%	1.2%
Finance expense	(1.2)	(0.9)
Other gains/ losses	0.1	(0.1)
Underlying PBT	1.0	(0.2)
PBT %	1.6%	(0.3%)
Non-underlying items	(0.3)	(6.4)
Reported PBT	0.7	(6.5)
Underlying EBITDA	7.4	5.6

- Revenue growth of 1.7% excluding discontinued channels
- Gross margins +420bps driven by lower freight costs
- Operating costs +£1.4m year on year:
 - Cost headwinds: new and existing stores, payroll inflation, new SSC
 - Website disruption impact on performance marketing
 - Investment in ATL marketing and capability
 - Volume related logistics savings and Amazon EU
 - £3m cost improvement plan delivered to help mitigate
- Non-underlying items include SSC transition and old lease disposals, SLT restructuring

Free cash flow

Disciplined cash management resulting in generation of £2.0m free cash flow, and net debt reducing to £0.7m (FY23: £2.8m). Improved product intake and clearance management reducing inventory by £1.8m year on year



Note: Other non-cash includes share-based payments and exercise of share options

FY25 Q1 trading update

Continued trading momentum with positive LFL's in both Retail and Ecommerce

£m	Q1 FY25	Q1 FY24	YoY%
Revenue	11.3	10.7	5.6%
Ecommerce	4.1	3.9	5.5%
Retail	7.2	6.8	5.6%
LFL Revenue¹	10.9	10.5	3.5%
LFL Ecommerce	4.1	3.9	5.5%
LFL Retail	6.8	6.6	2.4%

- Total LFL of +3.5% continuing the improving trend of previous quarters
- LFL Ecommerce +5.5% accelerating year on year
- Retail +5.6% YoY including Bracknell opening this year, net new stores from last year, and +2.4% LFL
- Continue to outperform the market

¹ LFL (Like For Like) revenue reflects:

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





Strategy update

Lee Tappenden
CEO

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Our refreshed customer promise

Bringing joy to everyday cooking





Growth opportunity

Leverage existing business model and previous investments to accelerate profitable growth

Expand our **RETAIL STORE** network in the UK

Improve our **PRODUCT OFFER** including seasonal

Enhance **CUSTOMER EXPERIENCE** especially online

Accelerate **BRAND AWARENESS** through effective marketing

Transform our **SUPPLY CHAIN** to improve availability

Building a more customer focused and more profitable business

Our plan for profitable growth and value creation

Becoming the customers’ first choice for kitchenware

Medium term objectives

100
UK retail stores

£100m
Revenue

10%
Operating profit margin

Our strategic priorities

Accelerate profitable sales growth

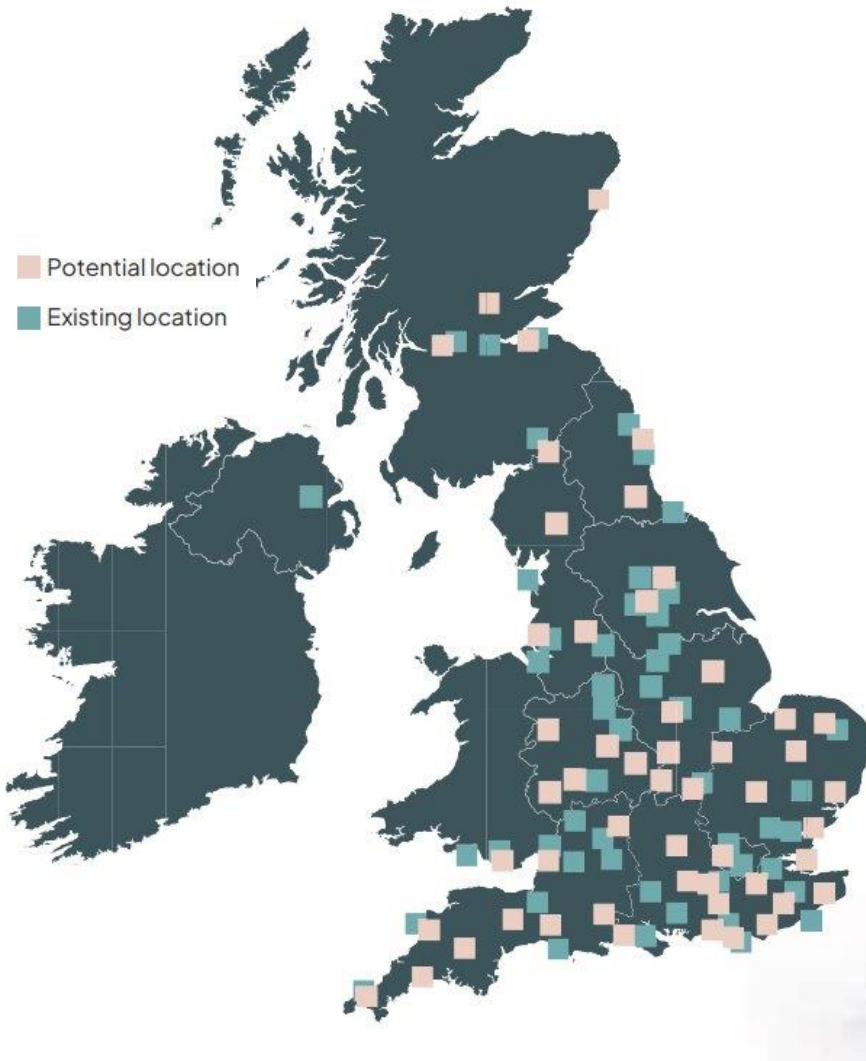
Improve operating efficiency

Create an even better place to work

Being a force for good

Expand our UK store network

Enable more customers to shop with us as we accelerate towards 100 profitable stores



- **Enable more customers to shop with us**
 - Current estate only covers ~35% of UK population
 - Open approx. 5 to 10 stores / year
 - Disciplined payback criteria – 2Y target
 - Improve format incrementally over time
- **£15m - 25m sales from new stores**

Strengthen our specialist product offer

Create more reasons to shop with us, adding more inspiration and broadening our appeal to more customers



- **Create more reasons to shop with us**
 - Extend ranges in categories where we under-index
 - Building on success of Electricals launch
 - Expand seasonal and promo offer
 - Rationalise our supplier base
 - Improve clarity of price and range architecture
- **£5 - 10m additional LFL sales + margin gains**

Deliver best in class omnichannel service

Putting the customer first to drive improved service and a seamless experience across in-store and online



- **Become the first choice for kitchenware**
 - Focus on NPS at every touchpoint removing friction from the customer experience
 - Increased product and sales training for all store colleagues
 - Eliminate in-store tasks to increase service hours
 - Deliver UX improvements online
- **£5 - 10m additional LFL sales through conversion and ATV improvements**

Grow brand awareness and customer engagement

Help more new customers discover ProCook, encourage more existing customers to shop with us again



- **Help more customers discover us**
 - Increase retail presence and explore new sales channels including Marketplaces
 - Social marketing to accelerate awareness
- **Drive repeat purchase rate across channels**
 - Add more personality and seasonal inspiration
 - Focus on personalisation, loyalty and advocacy
- **Increase L12M active customers to >1.5m**

Supply chain transformation

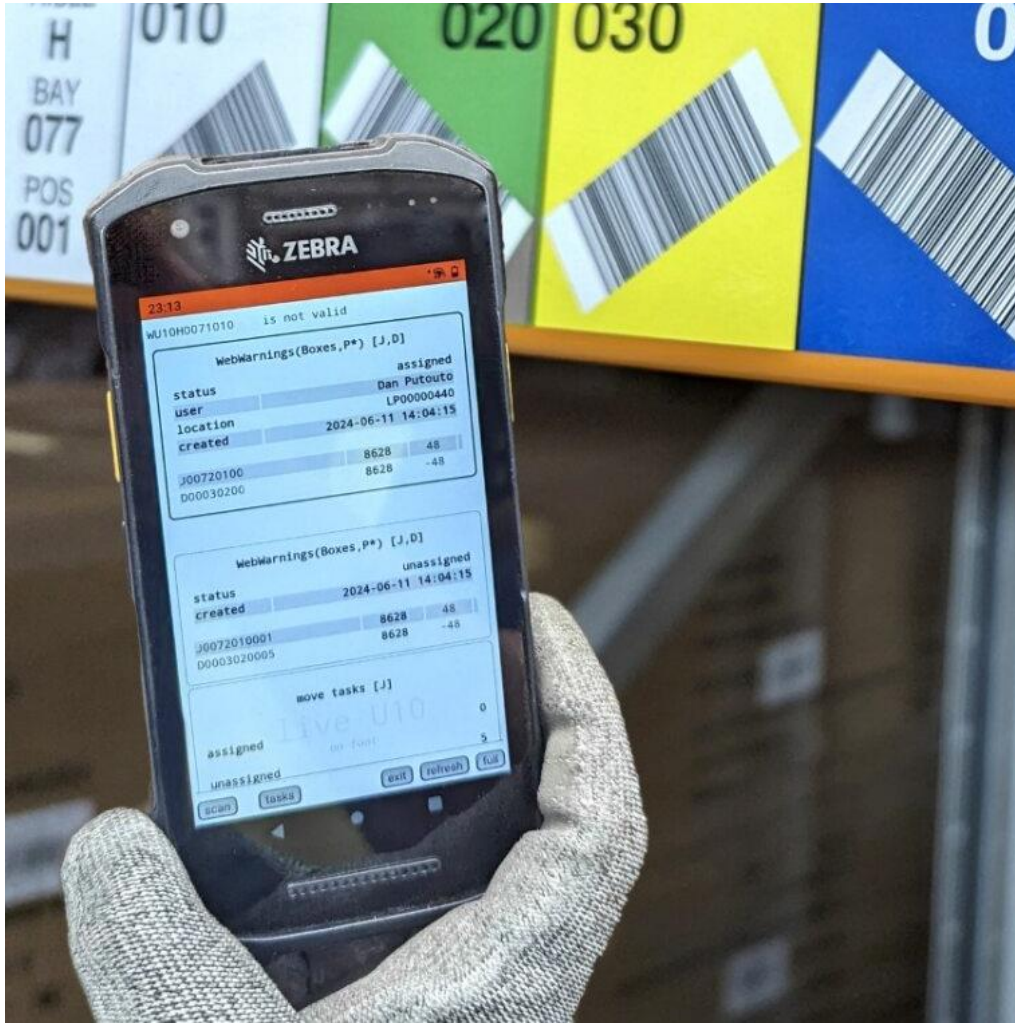
Make our operations more efficient to deliver better service and availability for customers at lower cost



- **Improving availability whilst reducing cost**
 - Tailored store delivery schedules
 - New delivery equipment to reduce damages and stock loss
 - Reduce handling time in stores
 - Optimised pack sizes
- **Improve availability in store (£1m - £2m revenue benefit) and cost to revenue ratios by 20%**

More resilient and scalable tech solutions

Trusted technology which is easier for customers and colleagues to use



- **Technology to support profitable growth**
 - Continually improve UX on our website
 - Enhanced WMS and store stock management tools
 - Improve resilience and security capability
 - Extend use of AI and ML technologies through the business
- **Leverage our fixed cost base by using technology to make us more efficient**

Create an
even better
place to
work

Create an even better place to work

Developing our people capabilities and culture for our future



- **Developing our people and culture**
 - Create new regional training coaches
 - Leadership development programme
 - Building a high-performance culture
 - Supporting colleagues through cost of living challenges
- **Increased colleague engagement and retention**

Being a force for good

Doing business the right way as a responsible retailer



- **Reducing our environmental footprint**
 - Clear 8-point plan to reduce our carbon emissions
 - 2040 Net Zero commitment; engaging with suppliers critical
- **Caring for our communities**
 - Work with FoodCycle – our new charity of the year
 - Continue to support Life's a Beach and Young Gloucestershire

Medium term targets

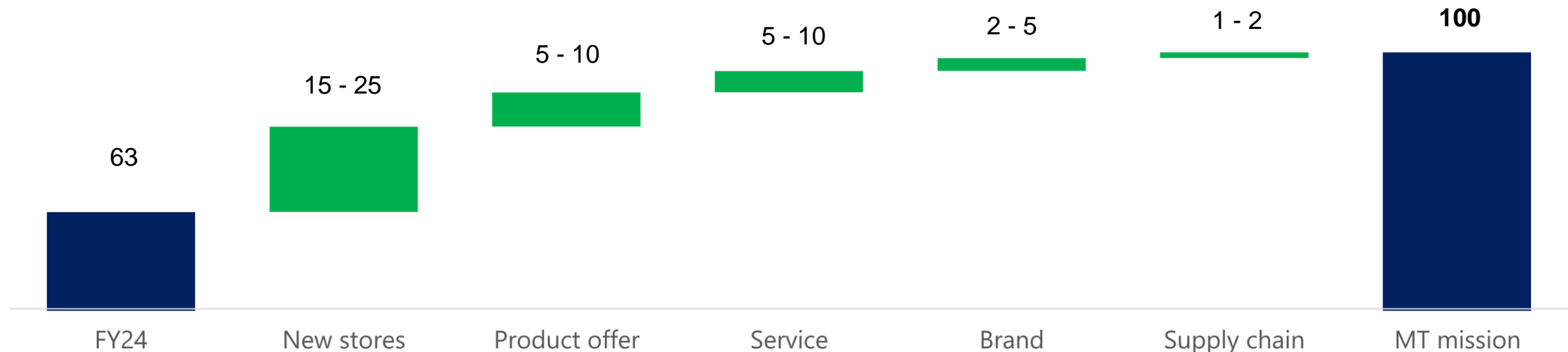
Accelerating profitable growth

100
UK retail stores

£100m
Revenue

10%
Operating profit margin

Revenue ambition £m



Outlook and guidance

Accelerating profitable growth

P&L

- 10 new stores planned
- Low single-digit LFL revenue growth
- GM% similar year on year
- Channel costs grow with volume
- Non-underlying SBP costs of £0.5m
- H1 typically ~40% of FY sales

Cash flow

- Working capital to increase by ~£1m
- New store capex ~£0.3m each
- Nil corporate tax cash payments in FY25
- No dividend planned for FY25



Summary

Good strategic progress and improving performance; clear on our route forward to accelerate profitable growth over the medium term

Improving **sales momentum** throughout LY and Q1

Investment and **strategic progress** will support growth

Transitioning to a **customer 1st** culture

Confident in long term prospects given **strong unique proposition**

Clear plan to **accelerate profitable growth**

100

UK retail stores

£100m

Revenue

10%

Operating profit margin



A rustic wooden table is elegantly set for a meal. In the foreground, a white plate holds round crackers, a small cluster of dark grapes, and a pat of butter, with a knife resting beside it. To the right, a bowl of fresh green salad with cherry tomatoes and blueberries sits next to a tall, ribbed glass of water. Further back, another bowl contains sliced cucumbers and tomatoes. A wooden cutting board in the center holds several slices of crusty bread. To the left, a small vase with a single pink flower adds a touch of color. The background shows more plates with fruit and bread, and another glass of water. The overall atmosphere is warm and inviting, suggesting a healthy and delicious meal.

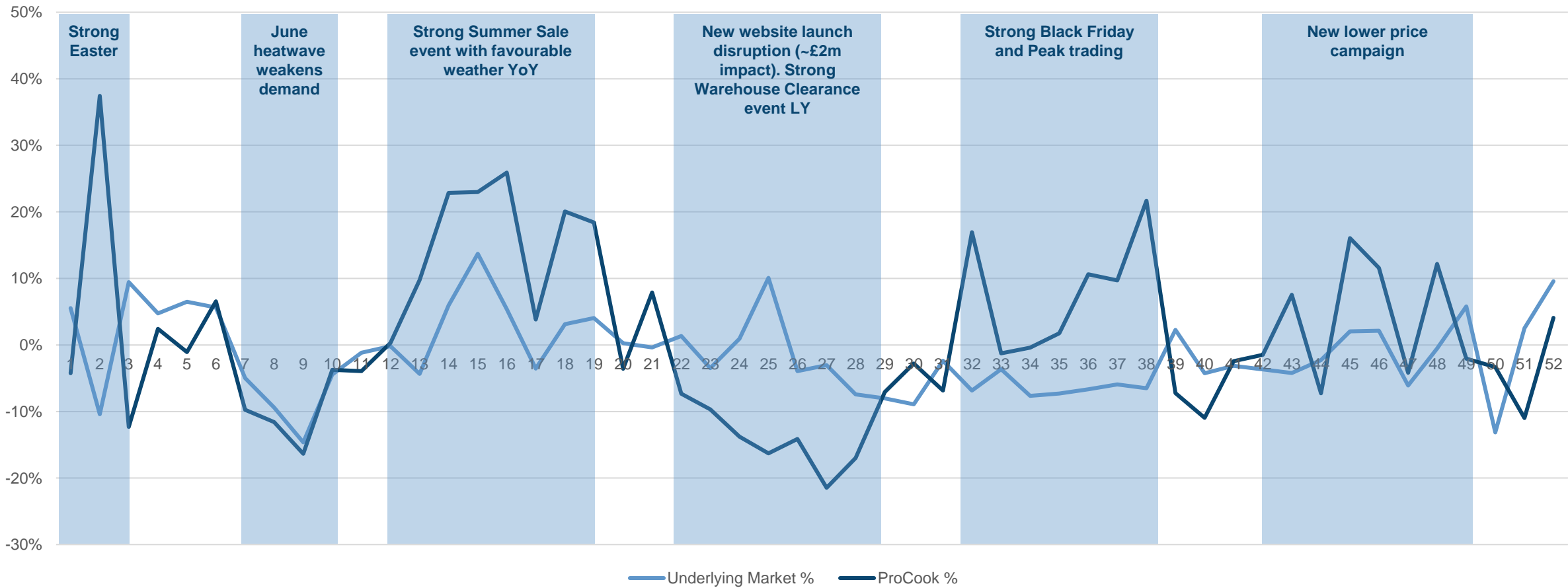
Appendices

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Market context

Growing market share during a year of challenging trading conditions, and despite adverse impact of website transition disruption

UK Market vs ProCook UK growth %



Source: GfK and Management Information

Revenue

Revenue +1.7% YoY excluding the discontinued Amazon channels. Retail channel back to positive LFL growth, momentum building

£m	FY24	FY23	YoY%
Revenue	62.6	62.4	0.4%
Ecommerce	22.7	25.6	(11.5%)
Retail	39.9	36.7	8.7%
LFL Revenue¹	58.5	59.6	(2.0%)
LFL Ecommerce	22.7	24.9	(8.7%)
LFL Retail	35.8	34.8	2.8%

Ecommerce

- Own website -8.7% YoY impacted by website transition
- -£0.8m (-1.3%pt) impact of Amazon EU exit

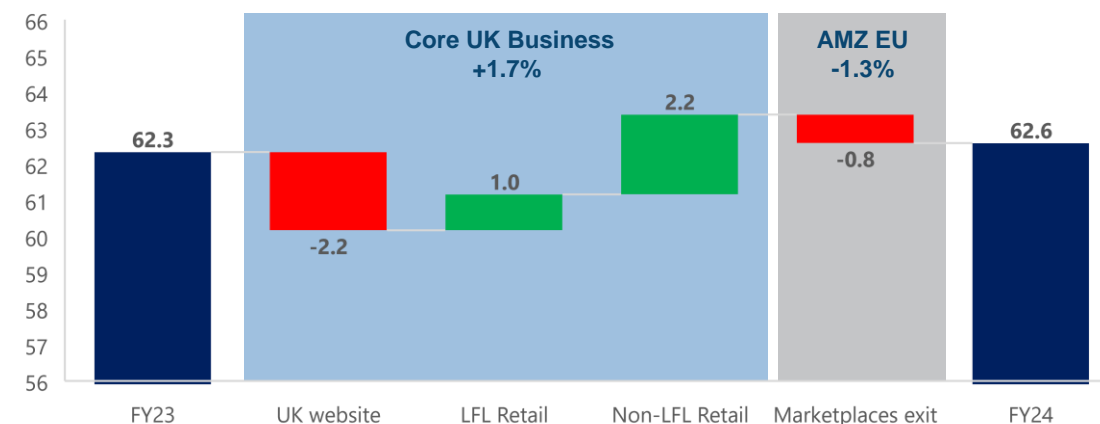
Retail

- Total +8.7% YoY, 2 new stores plus 3 new stores annualising from LY
- LFL of +2.8%, outperforming the market

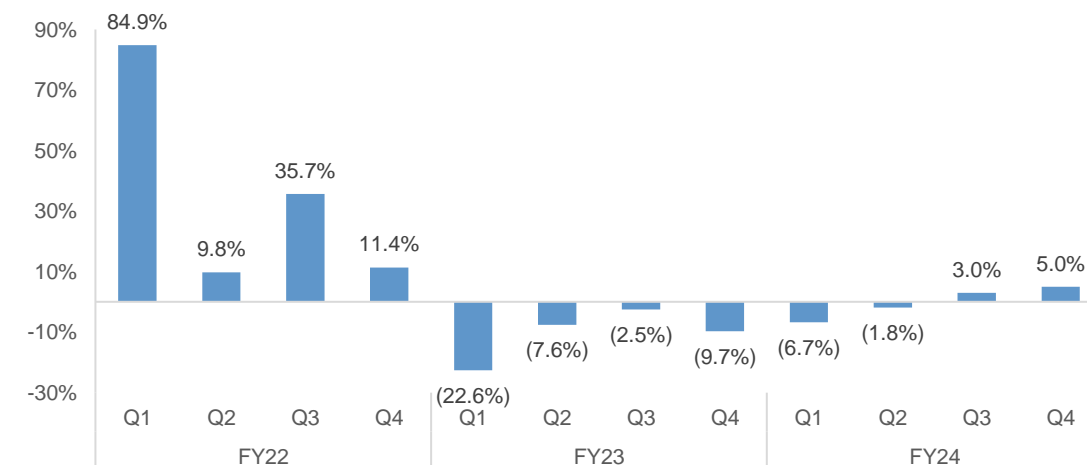
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- Ecommerce YoY: ProCook direct website channel only.
- Retail YoY: Continuing Retail stores which were trading for at least one full financial year prior to the 2 April 2023, inclusive of any stores which may have moved location or increased/ decreased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

Year on Year revenue £m



Quarterly revenue growth %



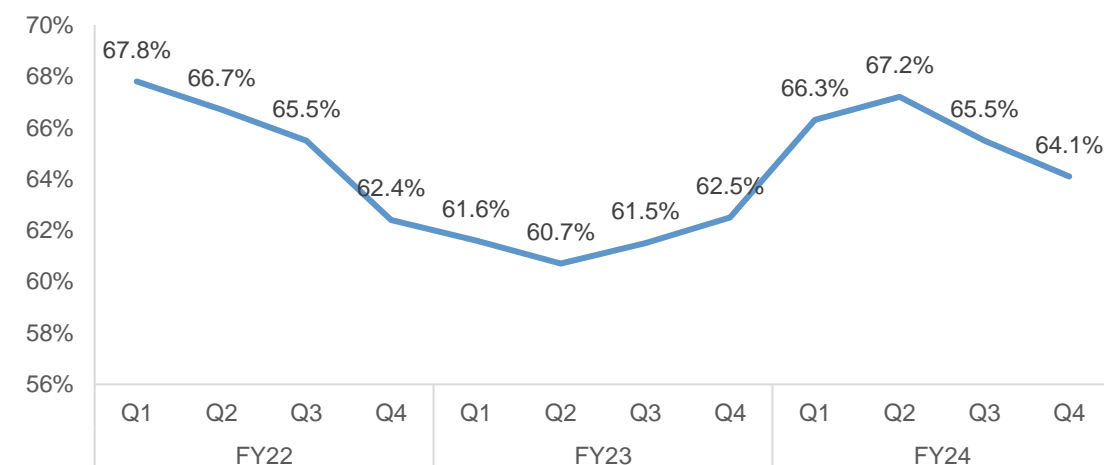
Gross margin

Strong recovery in GM% following unwinding of shipping cost impacts

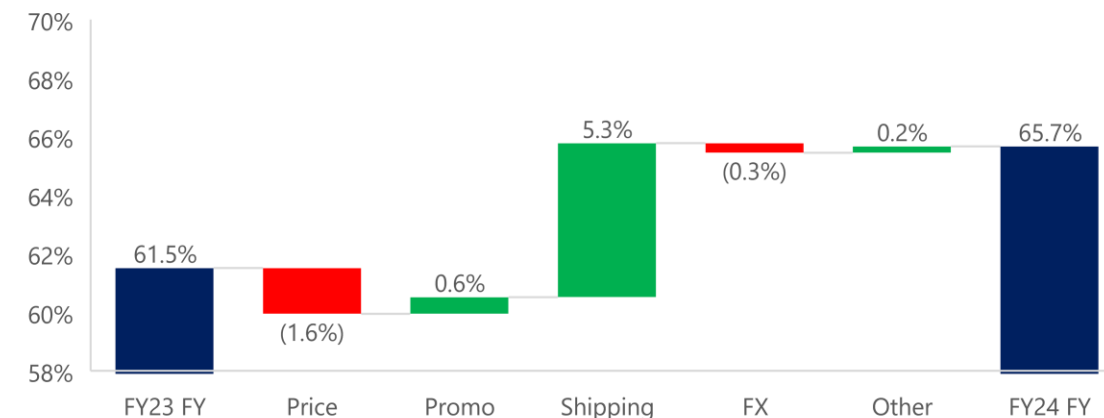
£m	FY24	FY23	YoY %
Gross profit	41.1	38.3	5.1%
Gross margin %	65.7%	61.5%	420 bps
<i>Ecommerce gross margin %</i>	67.5%	61.7%	580 bps
<i>Retail gross margin %</i>	64.8%	61.4%	340 bps

- Unwinding of post-covid heightened shipping costs in inventory
 - Shipping cost back to pre-covid levels last year
 - Container rates increasing in FY25 due to Suez crisis
- Price impact reflects investment in value proposition from Q3
 - Price cuts of ~40% of range
 - Carefully monitoring volume impact
- Targeted reduction in promotional discounting year on year online

Gross margin % quarterly trend



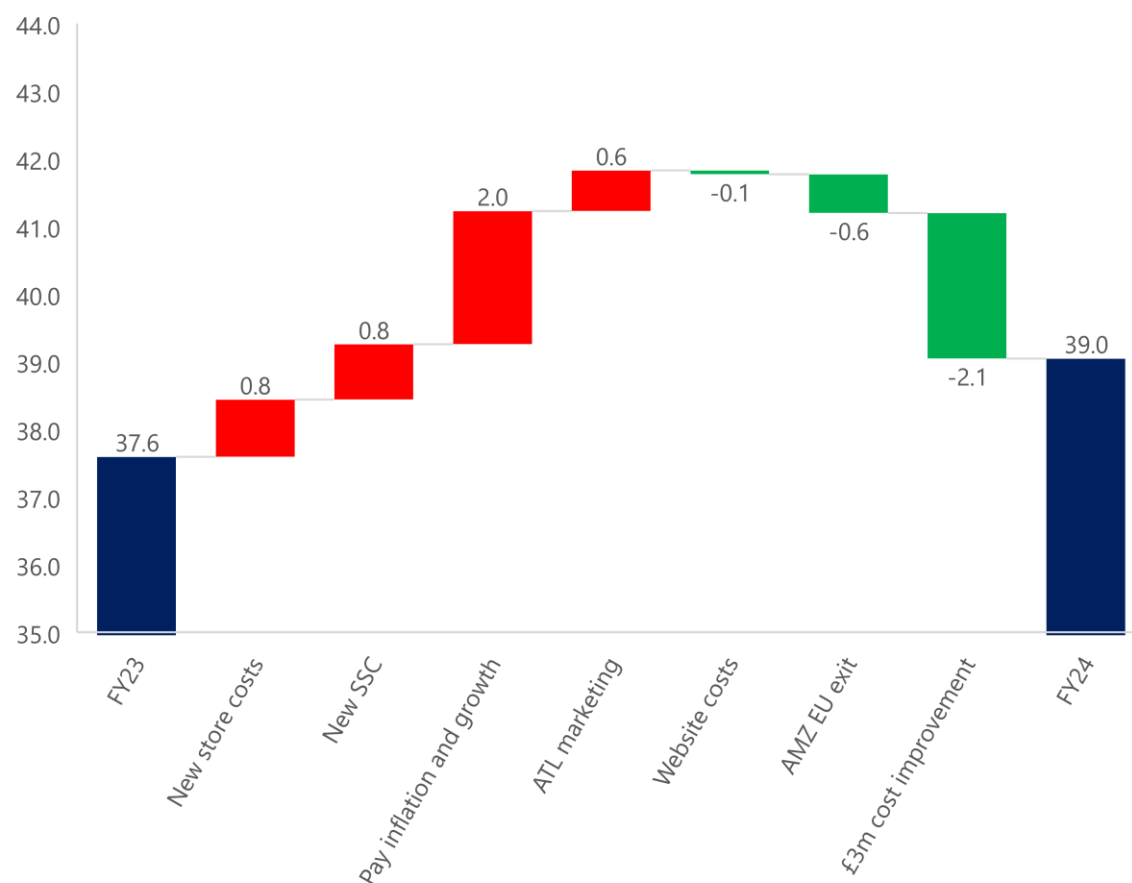
Gross margin % year on year



Operating expenses

Operating expenses reflect known investments and inflationary impacts combined with website disruption costs, less the impacts of lower Ecommerce volumes, cost improvement savings year on year

Underlying operating expenses £m



Underlying operating profit £m ¹	FY24	FY23	YoY %
Ecommerce	5.3	4.6	16.1%
OP%	23.5%	17.9%	
Retail	8.2	5.3	54.5%
OP%	20.6%	14.5%	

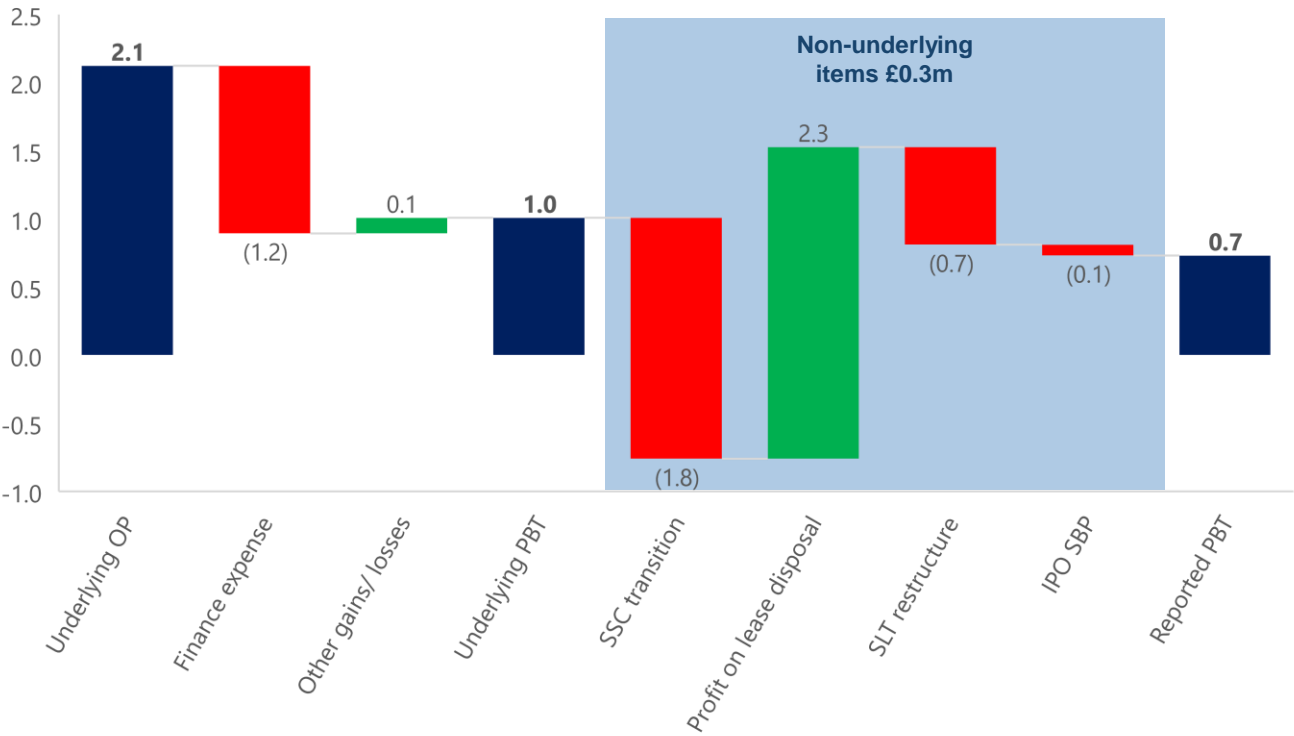
- Significant improvement year on year in combined channel OP% to 21.6% (FY23: 15.9%)
- Cost headwinds: new stores, payroll inflation, new SSC
- Investment in ATL marketing campaign
- Website disruption impact on performance marketing, net off by lower volumes
- Savings from Amazon EU exit
- Annualisation impact of £3m cost improvement plan

¹ Underlying operating profit presented before non-underlying costs

Profit before tax reconciliation

Underlying operating profit improved YoY by £1.4m to £2.1m in FY24 with Underlying PBT increasing to £1.0m at the top of our expected range

Underlying operating profit to reported profit before tax £m



— Assigned both of the previous DC/ HQ leases during the year



Income Statement

£m	FY24			FY23 (Restated)		
	Underlying	Non-underlying	Reported	Underlying	Non-underlying	Reported
Revenue	62.6	-	62.6	62.3	-	62.3
Gross profit	41.1	-	41.1	38.3	-	38.3
<i>GP%</i>	<i>65.7%</i>		<i>65.7%</i>	<i>61.5%</i>		<i>61.5%</i>
Net operating costs	(39.0)	(0.1)	(39.1)	(37.6)	(6.2)	(43.8)
Operating profit	2.1	(0.1)	2.0	0.8	(6.2)	(5.4)
<i>OP %</i>	<i>3.4%</i>		<i>3.2%</i>	<i>1.2%</i>		<i>(8.7%)</i>
Finance expense	(1.2)	(0.1)	(1.4)	(0.9)	(0.2)	(1.1)
Other gains/ losses	0.1	-	0.1	(0.1)	-	(0.1)
Profit before tax	1.0	(0.3)	0.7	(0.2)	(6.4)	(6.5)
<i>PBT %</i>	<i>1.6%</i>		<i>1.2%</i>	<i>(0.3%)</i>		<i>(10.5%)</i>
Taxation	(0.2)	-	(0.1)	-	0.4	0.4
Profit for the period	0.8	(0.2)	0.6	(0.2)	(6.0)	(6.1)

Financial Position

£m	31 March 2024	2 April 2023 (Restated)
Non current assets	9.0	8.9
Right of use assets	20.5	25.5
Inventories	9.7	11.5
Trade and other receivables	3.7	2.2
Corporation tax	0.1	0.6
Cash and cash equivalents	2.0	2.0
Total current assets	15.6	16.3
Trade and other payables	(10.4)	(7.3)
Lease liabilities	(3.3)	(2.8)
Borrowings	(2.8)	(4.7)
Other current liabilities	(0.3)	(0.2)
Total current liabilities	(16.8)	(15.0)
Lease liabilities	(19.3)	(26.4)
Other non-current liabilities	(0.6)	(1.5)
Total non current liabilities	(19.9)	(28.0)
Net assets	8.4	7.7

Cash flow

£m	FY24	FY23
Reported loss before tax	0.7	(6.5)
D&A, impairment and loss on disposal	3.1	9.5
Share based payments	0.2	1.1
Net working capital inflow	3.6	3.8
Finance expense	1.4	1.1
FX (gains)/losses	(0.4)	0.5
Tax paid	-	(0.1)
Net operating cash flow	8.6	9.3
Net capital expenditure	(1.9)	(5.2)
Interest	(1.3)	(1.1)
Payment of lease liabilities	(3.4)	(3.6)
Free Cash Flow	2.0	(0.5)
Change in borrowings	(2.0)	(1.0)
Dividends	-	(0.3)
Net Cash Flow	0.0	(1.8)
Cash	2.0	2.0
Borrowings	(2.8)	(4.8)
Net debt / cash	(0.7)	(2.8)

Revolving credit facility

Facility	£10.0m
Expiry	April 2026
Committed	Yes

Covenants¹

Leverage: (net debt : EBITDA)	<2.0x
Fixed charge cover: (EBITDAR : Fixed charges) ²	>1.4x

Trade finance facility

Facility	£6.0m
Expiry	September 2024
Committed	No

KPI tests

KPI: Stock ratio (Inventory : facility)	>1.5x
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¹ Covenants are calculated on a pre-IFRS 16 basis,

² Fixed charge cover covenant temporarily reduced to 1.3x for FY24 Q4 and FY25 Q1 and Q2

- £15.3m available liquidity in current facilities at year end
- Positive and long-standing relationship with HSBC, in ongoing and regular dialogue

Glossary of terms

12m	12 month full financial year period	KPI	Key Performance Indicator
bps	Basis points	LBT	Loss before tax
D&A	Depreciation and Amortisation	LFL	Like for Like
EBITDA	Earnings before interest, tax, depreciation and amortisation	IPO	Initial Public Offering
EBITDAR	Earnings before interest, tax, depreciation, amortisation and rent	OP	Operating profit
EU	European Union	PBT	Profit before tax
FY	Financial Year	SSC	Store Support Centre (including Distribution Centre)
GP	Gross profit	UX	User Experience
H1	First half of the financial year (28 weeks)	YoY	Year on Year (same financial weeks)
H2	Second half of the financial year (24 weeks)	YTD	Year to date