



ProCook[®]

FY23 Interim Results

14 December 2022

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ProCook[®]

Introduction



FY23 H1 summary

Challenging trading conditions, good strategic progress

CONSUMER CONFIDENCE revenue -14.5% year on year

MARKET -6.3% year on year

COST PRESSURES underlying losses in H1 of £2.8m

MARKETING new CMO and refreshed approach

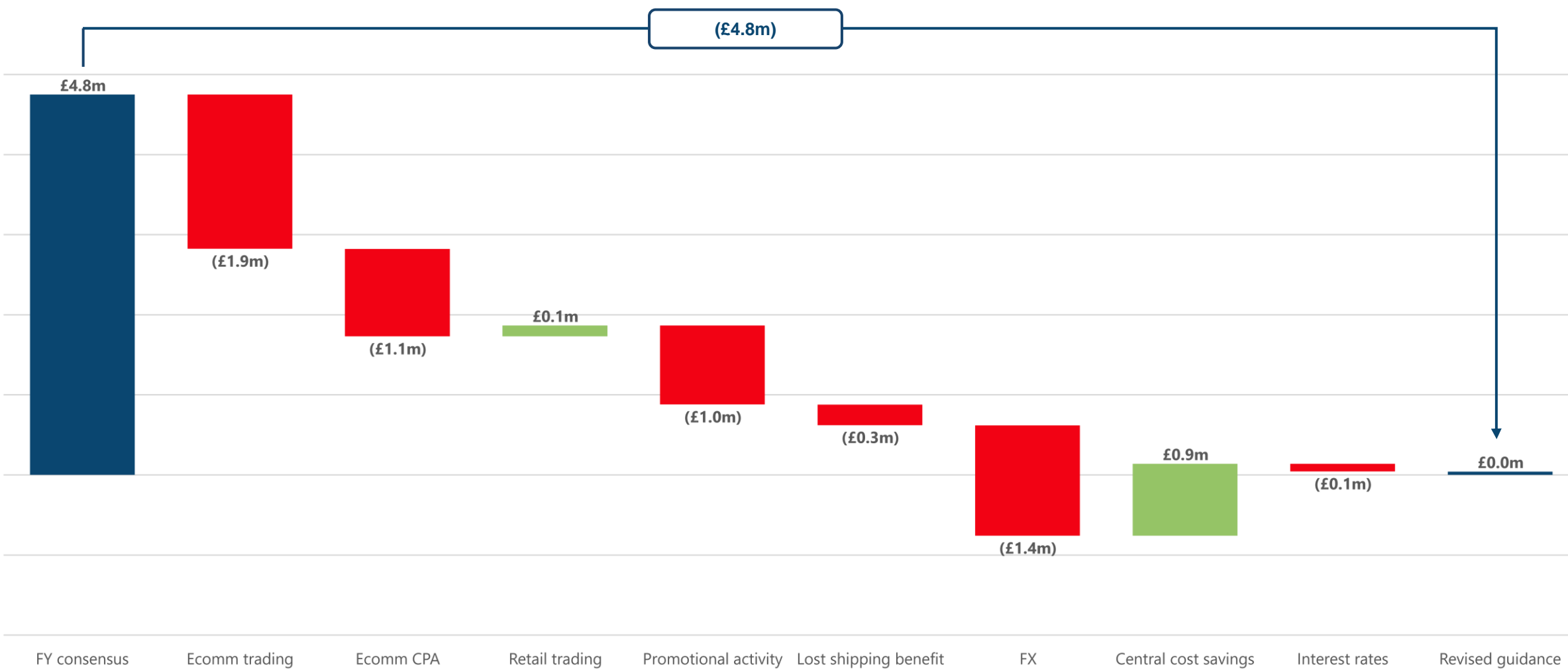
NEW DC & HQ on track to open in FY23

B CORP reflecting commitment to building a responsible brand



Revised full year guidance

Underlying profit before tax FY23 (£m)¹



¹ Underlying profit before tax presented before exceptional costs

Key learnings and actions

There are areas where we can improve both in the near term, and into next year to support trading performance and profitability

PRICING AND MARGIN increased discipline and earlier action

PROMOTIONS key to improving conversion in current climate

CRM CRITICAL monitoring full recovery post system migration

BRAND MARKETING to reduce reliance on paid media

COST BASE PRESSURES to be tackled urgently



Cost reduction plan

A clear plan to deliver £3m in annualised savings for FY24 onwards, of which £0.5m will be realised this year

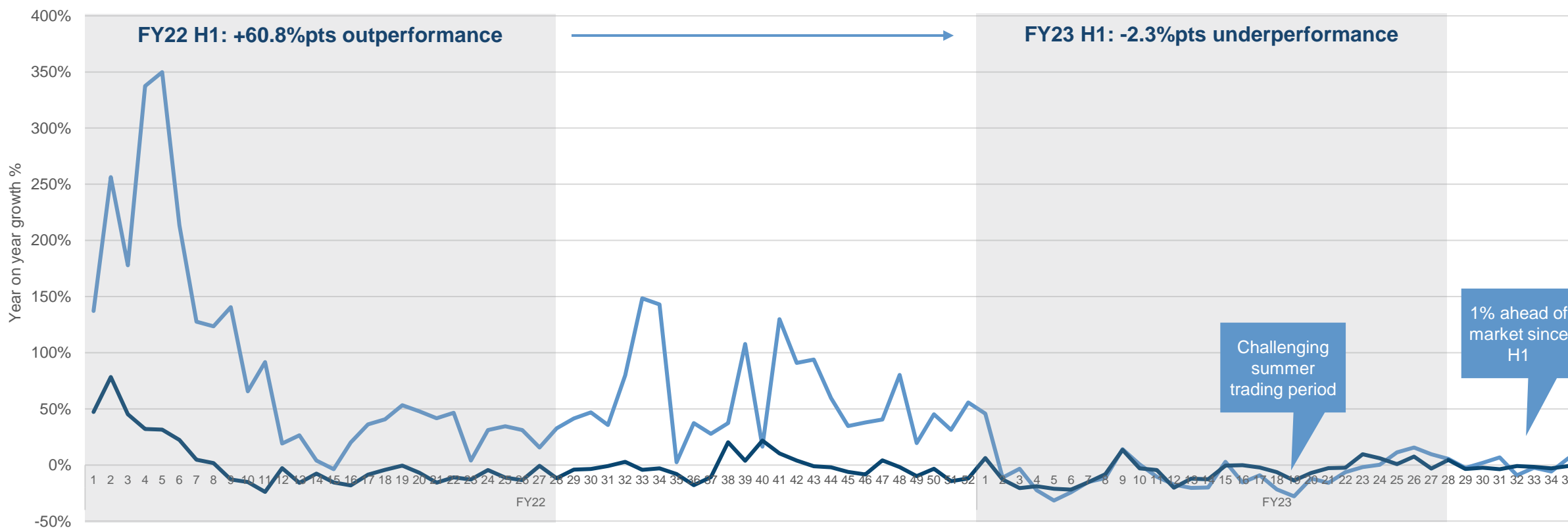
	Ecommerce	Retail	Central	£m
1	New DC: logistics efficiencies			0.8
2		Scheduling improvements and operational efficiencies		0.8
3	Home Delivery: courier optimisation			0.3
4			Board costs	0.5
5	Procurement and cost discipline			0.6

Returning to market share growth after a difficult first half

Market down -6.3% compared to ProCook UK (ex. Amazon) -8.6% in H1, returned to modest market share gains since half year

H1 FY23 Sales	YoY%
UK Kitchenware market	(6.3%)
ProCook UK (ex. Amazon)	(8.6%)
ProCook UK total	(13.0%)

UK Market vs ProCook UK (ex. Amazon) growth %



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Financial review



H1 Summary financials

Challenging trading conditions impacting performance results

£m	H1 FY23	H1 FY22	YoY %	H1 FY20 ¹	Yo3Y %
Revenue	27.4	32.0	<i>(14.5%)</i>	18.8	45.6%
<i>LFL %</i>			<i>(16.2%)</i>		119.7%
Gross profit	16.7	21.3	<i>(21.6%)</i>	12.1	37.5%
<i>GM%</i>	61.0%	66.6%	<i>(560bps)</i>	64.6%	<i>(360bps)</i>
Underlying (LBT) / PBT²	(2.8)	3.8		0.1	
<i>Underlying (LBT) / PBT %</i>	<i>(10.3%)</i>	11.8%		0.5%	
Net bank cash / (debt)	(1.3)	0.9		(5.7)	
Net debt including lease liabilities	(35.1)	(19.2)		n/a	
Net assets	10.9	10.4		3.9	

¹ H1 FY20 based on management accounts pre IFRS conversion which is not considered materially different for this period

² Underlying profit before tax presented before exceptional costs



Revenue

Revenue of £27.4m was -14.5% YoY and +119.7% LFL vs pre-pandemic

£m	H1 FY23	H1 FY22	YoY %	H1 FY20	Yo3Y %
Revenue	27.4	32.0	(14.5%)	18.8	+45.6%
Ecommerce	11.4	15.1	(24.5%)	5.6	+102.6%
Retail	16.0	16.9	(5.6%)	13.2	+21.2%
LFL Revenue¹	23.6	28.2	(16.2%)		+119.7%
LFL Ecommerce	10.7	12.4	(13.6%)		+258.8%
LFL Retail	12.9	15.8	(18.3%)		+49.1%

Ecommerce

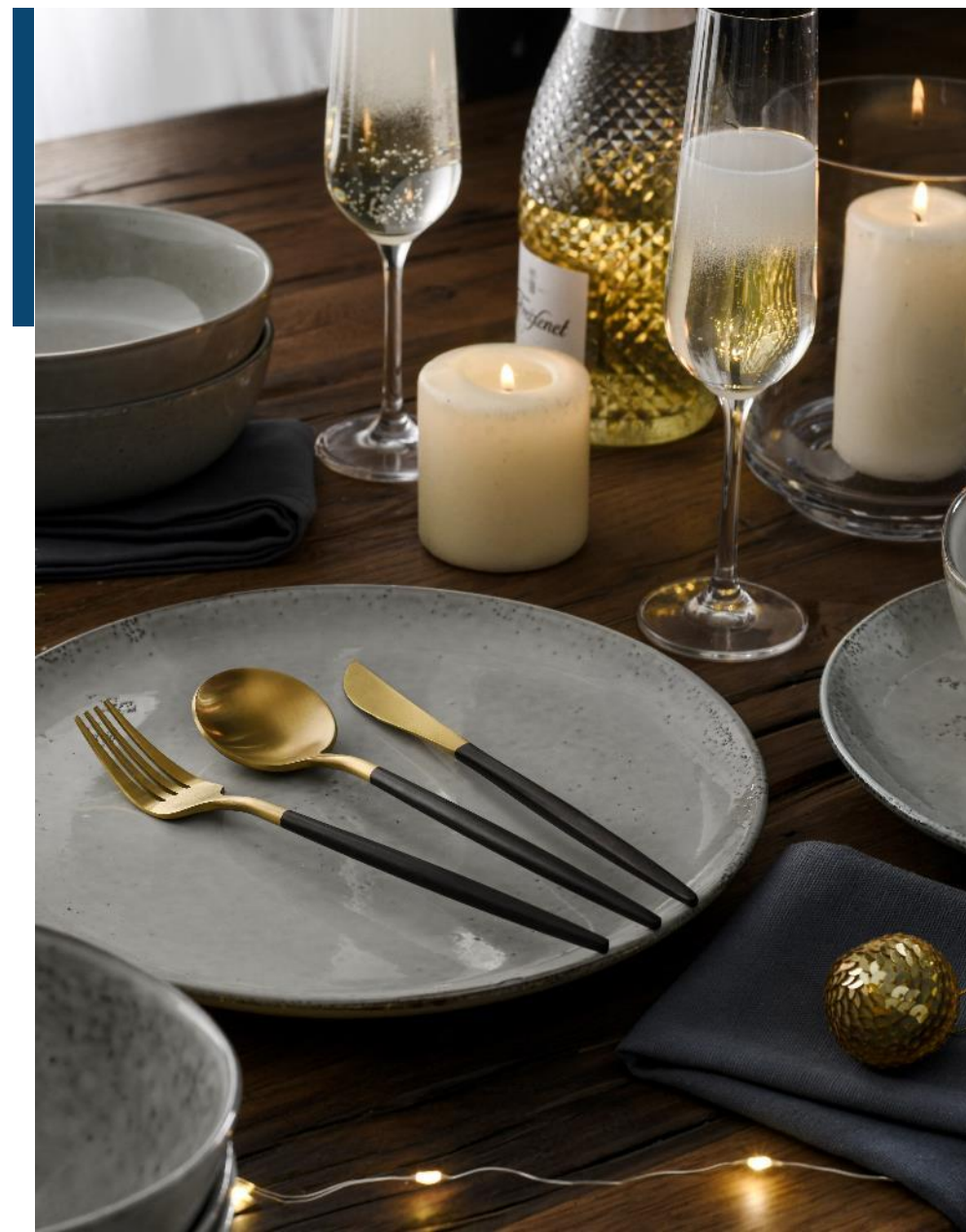
- Own website -13.6% YoY (+258.8% Yo3Y)
- Total Ecommerce -24.5% YoY including -£2.3m (-15.0%pt) impact of Amazon

Retail

- Retail -5.6% YoY, with one new store opened in first half
- Yo3Y LFL of +49.1%

¹ LFL (Like For Like) revenue reflects:

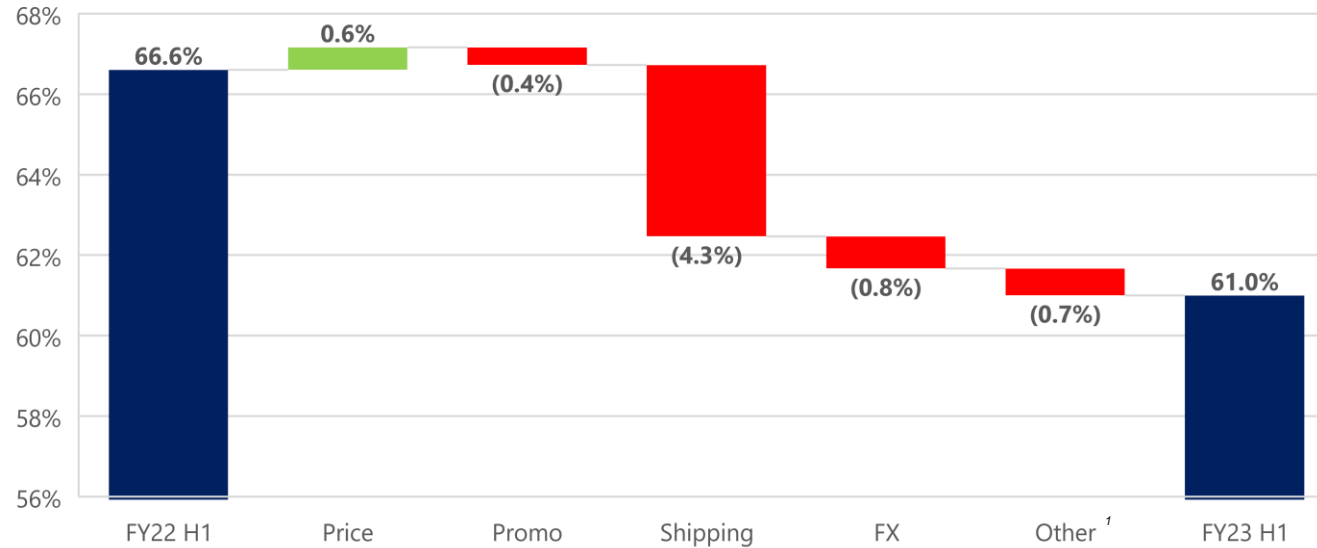
- Ecommerce YoY and Yo3Y: ProCook direct website channel only.
- Retail YoY: Continuing Retail stores which were trading for at least one full financial year prior to the 3 April 2022, inclusive of any stores which may have moved location or increased/ decreased footprint within a given retail centre.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



Gross margins

Gross margins of 61.0% reflect higher shipping costs in inventory cost, FX impacts and increased promotional activity

£m	H1 FY23	H1 FY22	YoY %
Gross profit	16.7	21.3	<i>(21.8%)</i>
Gross margin %	61.0%	66.6%	<i>-560bps</i>
<i>Ecommerce gross margin %</i>	<i>60.7%</i>	<i>67.4%</i>	<i>-660bps</i>
<i>Retail gross margin %</i>	<i>61.4%</i>	<i>66.0%</i>	<i>-460bps</i>



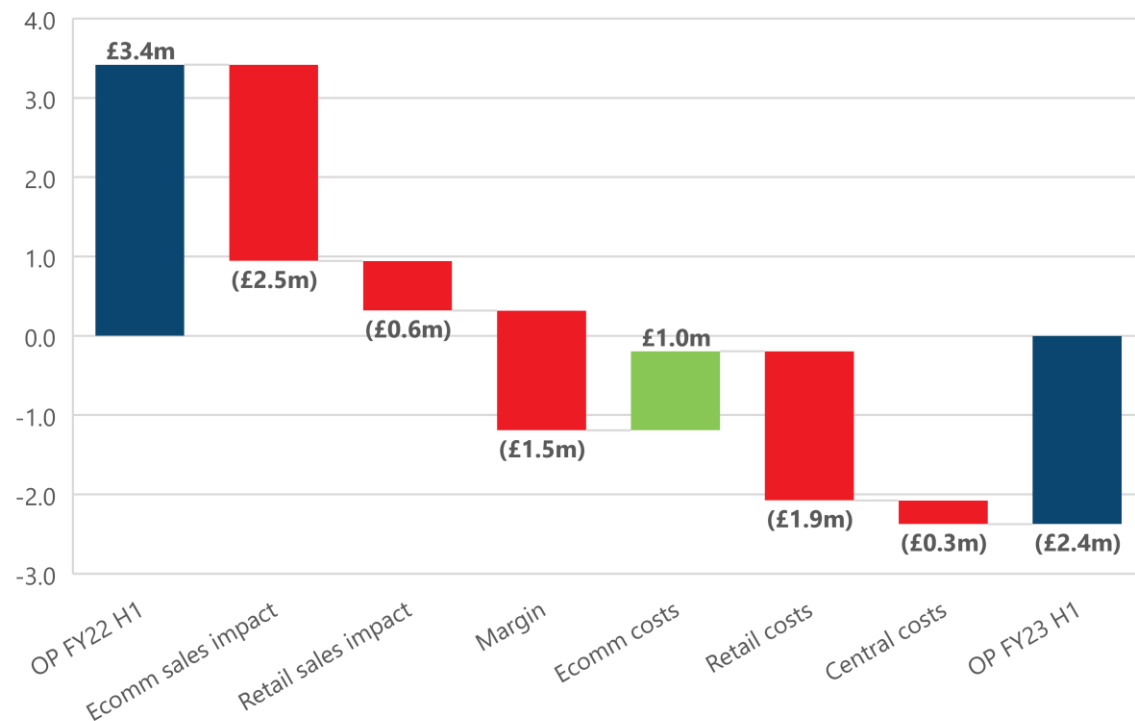
¹ "Other" includes mix effect, faulty goods write-offs and stock loss



Underlying operating profit

Underlying operating loss of -£2.4m¹ reflects the impact of lower sales and GM%, and higher costs YoY

Underlying operating profit £m



£m	H1 FY23	H1 FY22	YoY %
Ecommerce operating profit	1.2	3.5	(64.6%)
<i>Ecommerce OP%</i>	10.8%	23.1%	
Retail operating profit	1.2	4.4	(73.5%)
<i>Retail OP%</i>	7.3%	26.1%	

Ecommerce

- CPA increased to £24 in H1 (H1 FY22: £16)
- Volume / Amazon cost savings due to exit

Retail

- Rates increase post Covid-reliefs, energy and wage inflation
- One new store TY, net six new stores annualising from LY

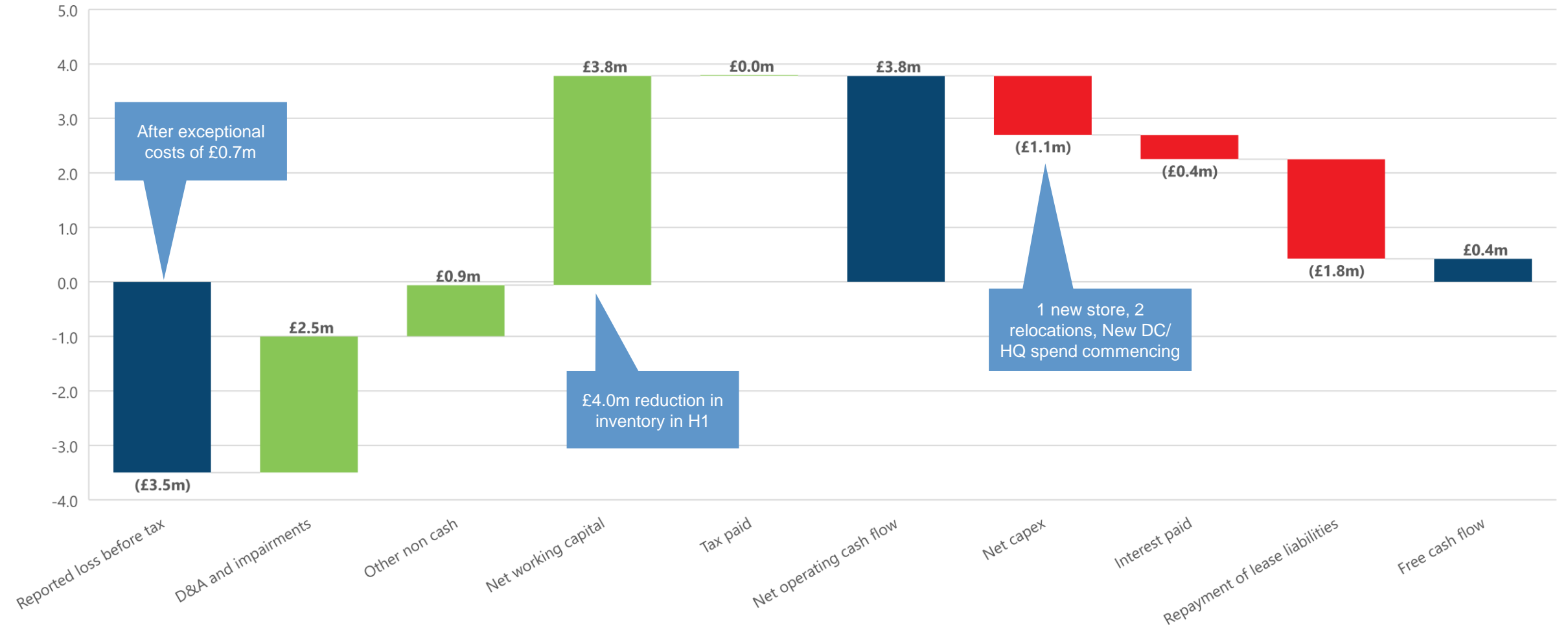
Central

- Annualisation of plc costs post IPO in Nov 2022
- Lower brand marketing spend YoY

¹ Underlying operating profit / (loss) presented before exceptional costs

Free cash flow

Free cash inflow of £0.4m in H1 with operating cash flow benefiting from £4.0m inventory reduction post year end. Capital investment H2-weighted in respect of new DC and HQ fit out



Net debt and finance facilities

Net debt at the end of the first half was £1.3m (FY22 year end: £1.8m) with available liquidity of £14.7m

£m	H1 FY23	H1 FY22
Free Cash Flow	0.4	(1.2)
Dividends	(0.3)	(1.0)
Change in borrowings	(2.3)	0.6
Net Cash Flow	(2.2)	1.6
Cash & Cash equivalents	2.1	4.3
Borrowings	(3.4)	(3.4)
Net (Debt) / Cash	(1.3)	0.9

- Final dividend of 0.9p paid September, waived by O'Neill family
- Comfortable with liquidity availability in current facilities
- Covenant compliance under Base Case scenario
- Positive and long-standing relationship with HSBC, in ongoing and regular dialogue

Revolving credit facility	
Facility	£10.0m
Expiry	April 2025
Committed	Yes
Covenants¹	
Leverage: (net debt : EBITDA)	<2.0x
Fixed charge cover: (EBITDAR : Fixed charges)	>1.7x
Trade finance facility	
Facility	£6.0m
Expiry	September 2023
Committed	No
KPI tests	
KPI: Stock ratio (Inventory less payables : facility)	>1.5x

1: Covenants are calculated on a pre-IFRS 16 basis

Current trading update

Returning to market share growth, however lower than anticipated Black Friday

8 weeks to 11 Dec 2022					
£m	FY23	FY22	YoY%	FY20	Yo3Y %
Revenue	13.5	14.3	(5.7%)	7.3	+83.7%
Ecommerce	6.1	6.9	(12.6%)	3.2	+87.4%
Retail	7.4	7.3	0.7%	4.1	+80.8%
LFL Revenue¹	12.0	12.8	(6.4%)		+116.0%
LFL Ecommerce	6.0	6.4	(6.0%)		+201.0%
LFL Retail	6.0	6.4	(6.9%)		+52.5%

- Ecommerce -12.6% including -6.6%pts impact of Amazon EU
- Retail +0.7% YoY, one additional new store opened last week
- ProCook UK (ex. Amazon) +1.0% ahead of market

¹ LFL (Like For Like) revenue reflects:

- Ecommerce YoY and Yo3Y: ProCook direct website channel only.
- 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.
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Outlook and guidance

Revised FY23 full year guidance

P&L

- Revenue of £60 – 65m for full year
- GM% to partially recover in second half as shipping impact subsides
- Target cost savings of £0.5m in this year, with annualised £3.0m benefit next year
- Underlying PBT to be approximately breakeven
- Non-underlying costs of £2.0m for full year (incl. IPO share awards and DC/ HQ pre-opening costs)

Cash flow

- Further inventory reduction offset by historical VAT payments
- Capex of £6m for full year including new DC/ HQ
- Nil corporate tax cash payments
- No interim dividend proposed by Board



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Strategy update



Strategic plan

Medium to long term strategy remains unchanged, sharpened focus on organic growth in the UK for now

<p>Our purpose and ingredients for success</p>	<p>Sharing our passion for cooking</p> <ul style="list-style-type: none"> We design & source beautiful products at great value We create inspirational & memorable experiences for customers We offer friendly, knowledgeable service customers can trust 			
<p>Our mission and strategic priorities</p>	<p>To be the customers' first choice for kitchenware</p> <ul style="list-style-type: none"> Attract more customers to our brand Increase the life time value of our customers 			
<p>Develop our customer offer</p>	<p>Organic growth in the UK market</p>	<p>Develop channel capabilities in Europe</p>	<p>Extend and improve product ranges</p>	
<p>Build on our foundations</p>	<p>Continually develop agile and scalable technology solutions</p>	<p>Develop our supply chain capability and capacity</p>	<p>Make ProCook an even better place to work</p>	<p>Reduce our environmental footprint</p>

People and ESG

Doing the right thing for our people and the environment

People

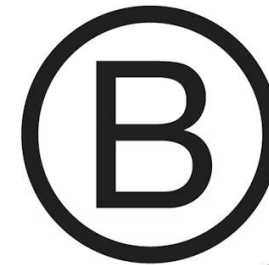
- Certified by Great Place To Work 2nd year in a row
- Launched our new colleague advisory panel
- ‘Inclusive Employer’ Award from Inclusivity Works

ESG

- B Corp certification awarded in October – first FTSE retailer
- BREEAM certified new DC & Head Office
- Progressing well with our roadmap to Net Zero



Certified



Corporation

This company meets the highest standards of social and environmental impact

Building on our foundations

Developing an agile and scalable platform for future growth

Logistics and HQ

- Build phase of new DC and HQ complete, internal fit out underway
- On track to become operational in Q4 FY23
- Significant efficiency gains next year

Technology

- Strong roadmap progress
- Prioritising customer experience and operational efficiency
- Security and stability enhancements



H2 Focus

Short term, we are focused on maximising trading performance and profitability

- 1 **Deliver new promotional calendar**
- 2 **Accelerate retention using new CRM platform**
- 3 **Optimise ROAS using AI**
- 4 **CRO improvements on our website**
- 5 **Focus on service in retail**
- 6 **Deliver the cost savings plan**



Looking ahead

Confident in our future, well positioned to grow market share

MARKET SHARE opportunity is significant

STORES expansion will raise awareness and support growth

ECOMMERCE user experience improvements within reach

MARKETING opportunity to drive awareness and consideration

EFFICIENCIES to improve our operational leverage

CATEGORY EXPANSION through kitchen electricals



Summary

Focused on making ProCook a stronger and more sustainable business for all our stakeholders

- Macro environment and exceptionally hot summer created significant trading challenges
- Good strategic progress in H1
- Performance and cost metrics improving
- Confident in long term prospects given strength of proposition





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Appendices

Investment Case

1

Market

Highly attractive market dynamics with a fragmented competitive landscape in the UK and overseas



2

D2C Brand

D2C business model transcends all aspects of the business



- a. Products
- b. Supply chain
- c. Channels
- d. Customer
- e. Marketing

3

Infrastructure

Well invested infrastructure provides an agile and scalable platform for growth



4

Growth

Clear strategy for growth through customer acquisition & retention, and channel development



5

Financials

Consistent growth in revenue and stable margins leading to excellent cash conversion



6

Management

Highly experienced management team with strong governance framework



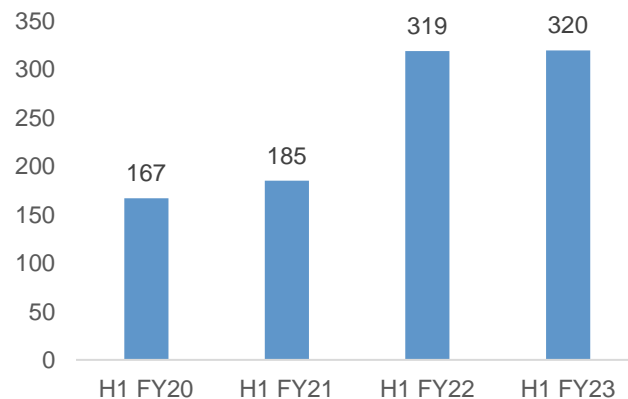
Attracting, engaging and retaining more customers

Active customer base¹ has exceeded 1m, with new acquisition steady year on year and repeat rates improving

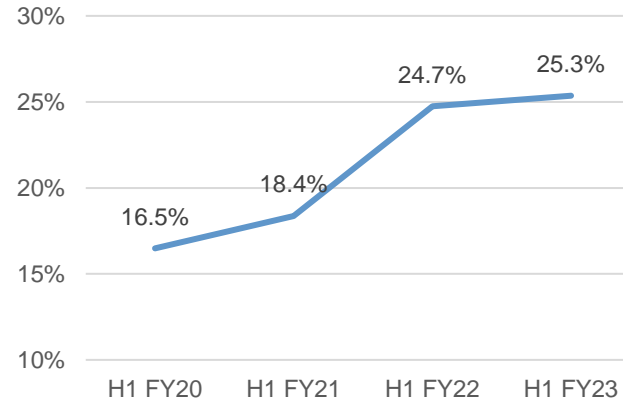
Marketing

- Enhance retention with new CRM platform
- Increased customer data collection
- Extend reach with digital catalogues & social
- Continue programmatic brand trials
- Benefit of automated paid media bidding

New Customers Acquired ('000)



12 Month Repeat Rate



1: Customers who purchased from ProCook in L12M and whose details are on our customer database



Developing our customer offer

Focusing on service and product proposition

Ecommerce

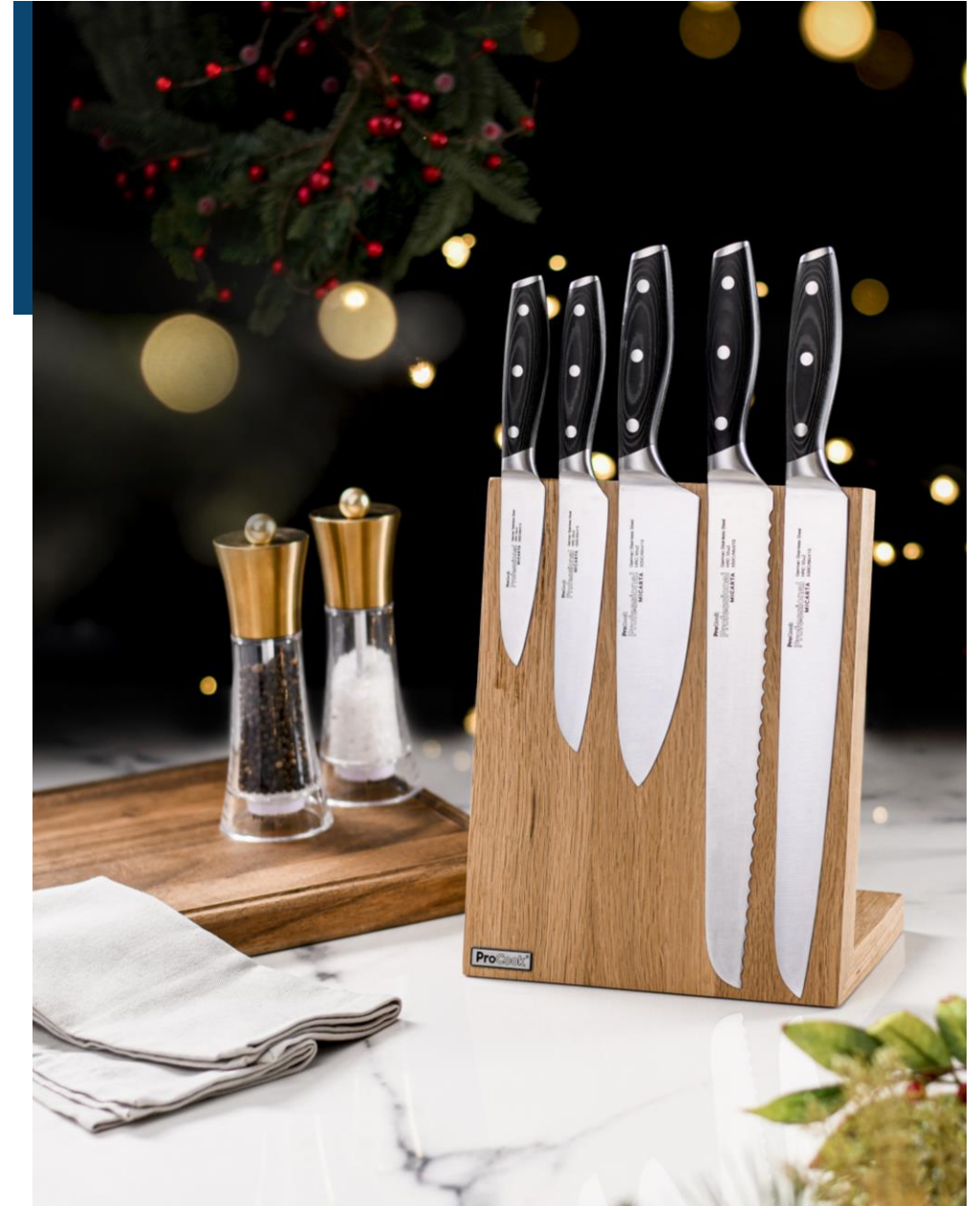
- Faster UX development post re-platform
- Design re-fresh

Retail

- Using our “Selling Circle” training to improve conversion and ATV
- 2 new stores opened, expecting 1-2 more in rest of year
- 2 upsized relocations opened

Products

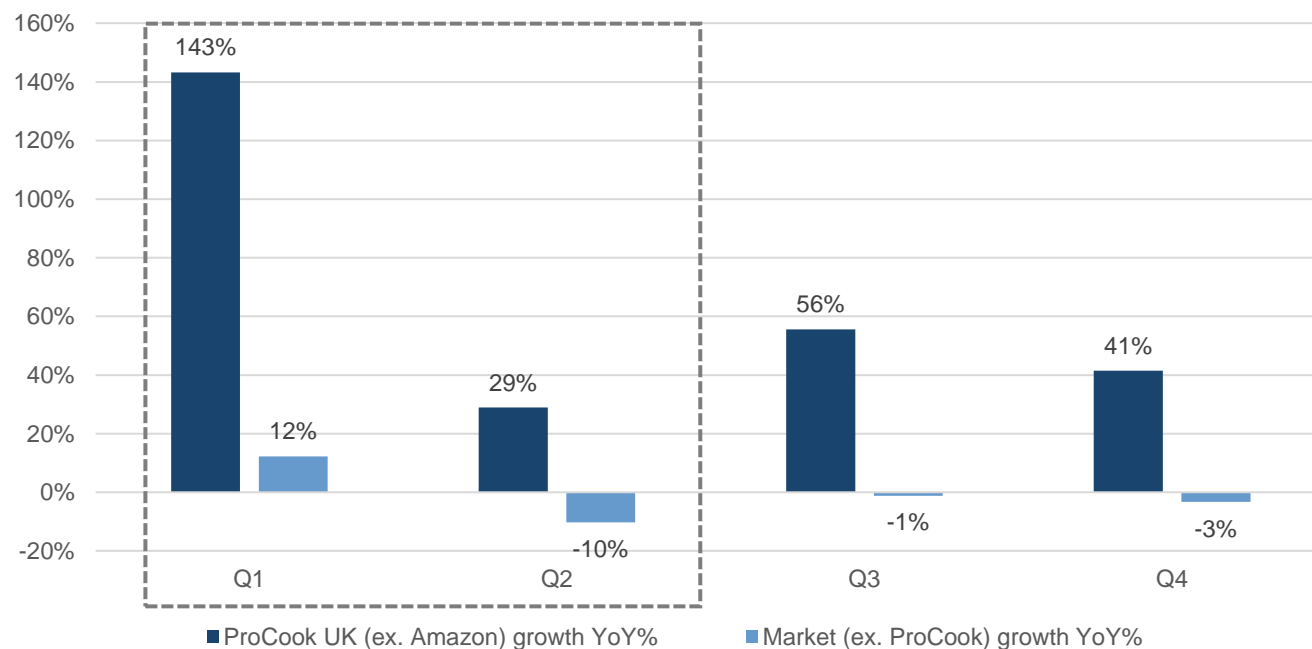
- Continue to refresh product range
- 5 key new ranges launched already and improving sales performance
- Kitchen electricals to launch shortly after year end



Exceptional performance last year in H1

Trading comparatives were particularly strong in H1 with +60.8% growth last year, softening later in the year

Revenue growth % and market growth % by quarter



- Pent up demand as retail reopened
- Ecommerce remained strong before summer
- Strategic exit of Amazon UK at end of June 2021, withdrawal from Amazon EU this year

Note: UK Kitchenware market growth YoY (excluding ProCook) calculated using weekly GfK data and management estimates.



Profit before tax reconciliation

H1 underlying losses before tax of -£2.8m, reported loss before tax was -£3.5m after exceptional costs

	H1 FY23	H1 FY23	H1 FY23	H1 FY22
£m	Underlying	Non-underlying	Reported	Underlying
Operating (loss) / profit	(2.4)	(0.7)	(3.0)	3.5
OP %	(8.7%)		(11.1%)	11.0%
Finance expense	(0.4)	(0.0)	(0.4)	(0.3)
Other gains/ losses	(0.0)	-	(0.0)	0.5
(LBT) / PBT	(2.8)	(0.7)	(3.5)	3.8
PBT %	(10.3%)		(12.8%)	11.8%

Finance costs

- Finance expenses +£0.1m YoY due to rise in interest rates
- FX gains of £0.5m in FY22 on hedging contracts

Non-underlying costs

- Employee share-based IPO awards of £0.6m (non-cash)
- New DC and HQ pre-opening costs of £0.1m



Income Statement

	H1 FY23	H1 FY23	H1 FY23	H1 FY22	H1 FY22	H1 FY22
£m	Underlying	Non-underlying	Reported	Underlying	Non-underlying	Reported
Revenue	27.4	-	27.4	32.0	-	32.0
Gross profit	16.7	-	16.7	21.3	-	21.3
<i>GP%</i>	<i>61.0%</i>		<i>61.0%</i>	<i>66.6%</i>		<i>66.6%</i>
Net operating costs	(19.1)	(0.7)	(19.7)	(17.8)	(1.4)	(19.2)
Operating (loss) / profit	(2.4)	(0.7)	(3.0)	3.5	(1.4)	2.2
<i>OP %</i>	<i>(8.7%)</i>		<i>(11.1%)</i>	<i>11.0%</i>		<i>6.8%</i>
Finance expense	(0.4)	(0.0)	(0.4)	(0.3)	-	(0.3)
Other gains/ losses	(0.0)	-	(0.0)	0.5	-	0.5
(Loss) / Profit before tax	(2.8)	(0.7)	(3.5)	3.8	(1.4)	2.4
<i>PBT %</i>	<i>(10.3%)</i>		<i>(12.8%)</i>	<i>11.8%</i>		<i>7.6%</i>
Taxation	0.5	0.2	0.7	(0.7)	0.2	(0.5)
Profit for the period	(2.3)	(0.5)	(2.8)	3.1	(1.2)	1.9

Financial position

£m	16 Oct 2022	17 Oct 2021
Non current assets	8.0	5.0
Right of use assets	31.8	18.2
Inventories	12.8	13.8
Trade and other receivables	3.1	1.7
Corporation tax asset	1.0	0.6
Cash and cash equivalents	2.1	4.3
Total current assets	19.0	20.4
Trade and other payables	(9.2)	(8.8)
Lease liabilities	(3.3)	(3.2)
Provisions	(0.1)	(0.2)
Borrowings	(3.4)	(3.4)
Total current liabilities	(16.0)	(15.5)
Lease liabilities	(30.5)	(17.2)
Other non-current liabilities	(1.4)	(0.5)
Total non current liabilities	(31.9)	(17.7)
Net assets	10.9	10.4

Cash flow

£m	H1 FY23	H1 FY22
Reported profit before tax	(3.5)	2.4
D&A, impairment and loss on disposal	2.5	1.9
Share based payments	0.6	-
Net working capital outflow	3.8	(0.7)
Finance expense	0.4	0.3
FX (gains)/losses	(0.2)	(0.5)
Tax paid	-	(2.0)
Net operating cash flow	3.8	1.9
Net capital expenditure	(1.1)	(1.9)
Interest	(0.4)	(0.3)
Payment of lease liabilities	(1.8)	(0.9)
Free Cash Flow	0.4	(1.2)
Dividends	(0.3)	(1.0)
Change in borrowings	(2.3)	0.6
Net Cash Flow	(2.2)	(1.6)
Cash	2.1	4.3
Borrowings	(3.4)	(3.4)
Net debt / cash	(1.3)	0.9

Revolving credit facility

Facility	£10.0m
Expiry	April 2025
Committed	Yes
Covenants¹	
Leverage: (net debt : EBITDA)	<2.0x
Fixed charge cover: (EBITDAR : Fixed charges)	>1.7x

Trade finance facility

Facility	£6.0m
Expiry	September 2023
Committed	No
KPI tests	
KPI: Stock ratio (Inventory : facility)	>1.5x

¹ Covenants are calculated on a pre-IFRS 16 basis

Glossary of terms

12m	12 month full financial year period	EU	European Union
%pts	Percentage points	FY	Financial Year
AI	Artificial Intelligence	GP	Gross profit
AOV	Average Order Value (ex-VAT)	H1	First half of the financial year (28 weeks)
ATV	Average Transaction Value (ex-VAT)	H2	Second half of the financial year (24 weeks)
bps	Basis points	KPI	Key Performance Indicator
BREEAM	Building Research Establishment Environmental Assessment Method	LBT	Loss before tax
CMO	Chief Marketing Officer	LFL	Like for Like
CRM	Customer Relationship Management	IPO	Initial Public Offering
CRO	Conversion Rate Optimisation	OP	Operating profit
D&A	Depreciation and Amortisation	PBT	Profit before tax
D2C	Direct to Consumer	ROAS	Return on Ad Spend
DC	Distribution centre	UX	User Experience
ESG	Environmental, Social and Governance	YoY	Year on Year (same financial weeks)
EBITDA	Earnings before interest, tax, depreciation and amortisation	Yo2Y	Year on two Year (same financial weeks)
EBITDAR	Earnings before interest, tax, depreciation, amortisation and rent	YTD	Year to date