

ProCook[®]

Interim Results FY22

16 December 2021



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Interim Results FY22

- Introduction
- Financial review
- Strategy update





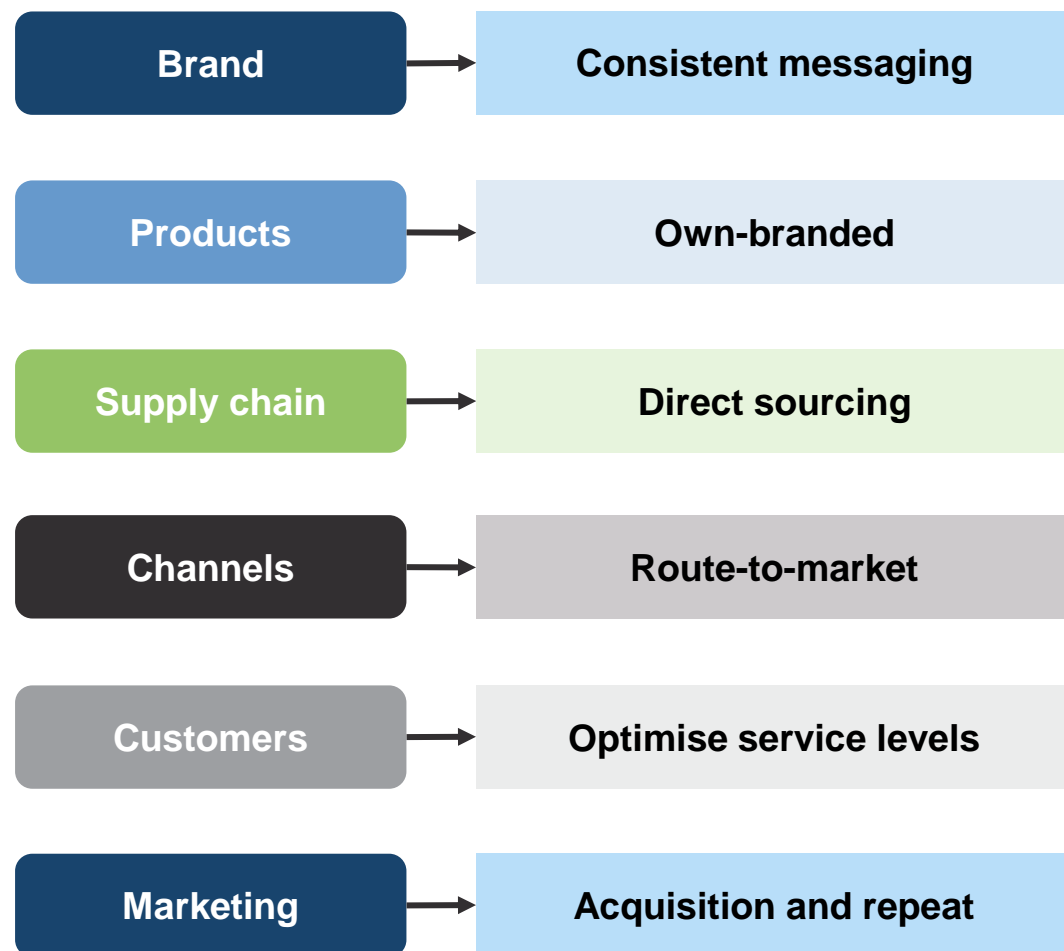
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Introduction

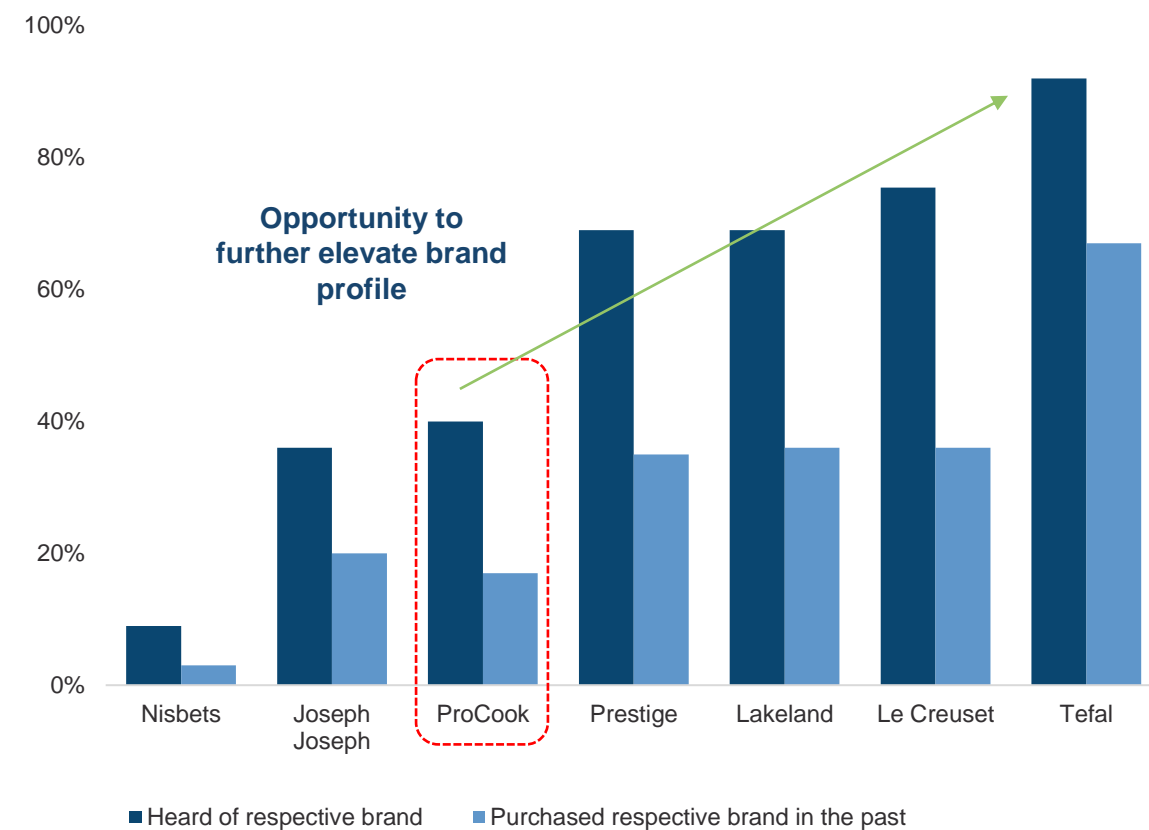
Daniel O'Neill – Founder & CEO

D2C business model – well positioned for continued gains

As a D2C brand, ProCook has complete control of the route-to-market and end-to-end customer proposition creating greater value-for-money and generating healthy margins



ProCook brand recall presents a significant opportunity



Source: YouGov survey undertaken for ProCook. Data shown is based on responses for 9,000 survey participants

H1 Performance highlights

Continuing our track record of sustainable growth

Total YoY sales growth

+34%

Total Yo2Y LFL growth

+143%

Ecommerce Yo2Y LFL growth

+250%

New customers acquired

+319k

Increase in 12m repeat rate to 24.8%

+6.4%pts

Increase in Retail ATV

+7.6%

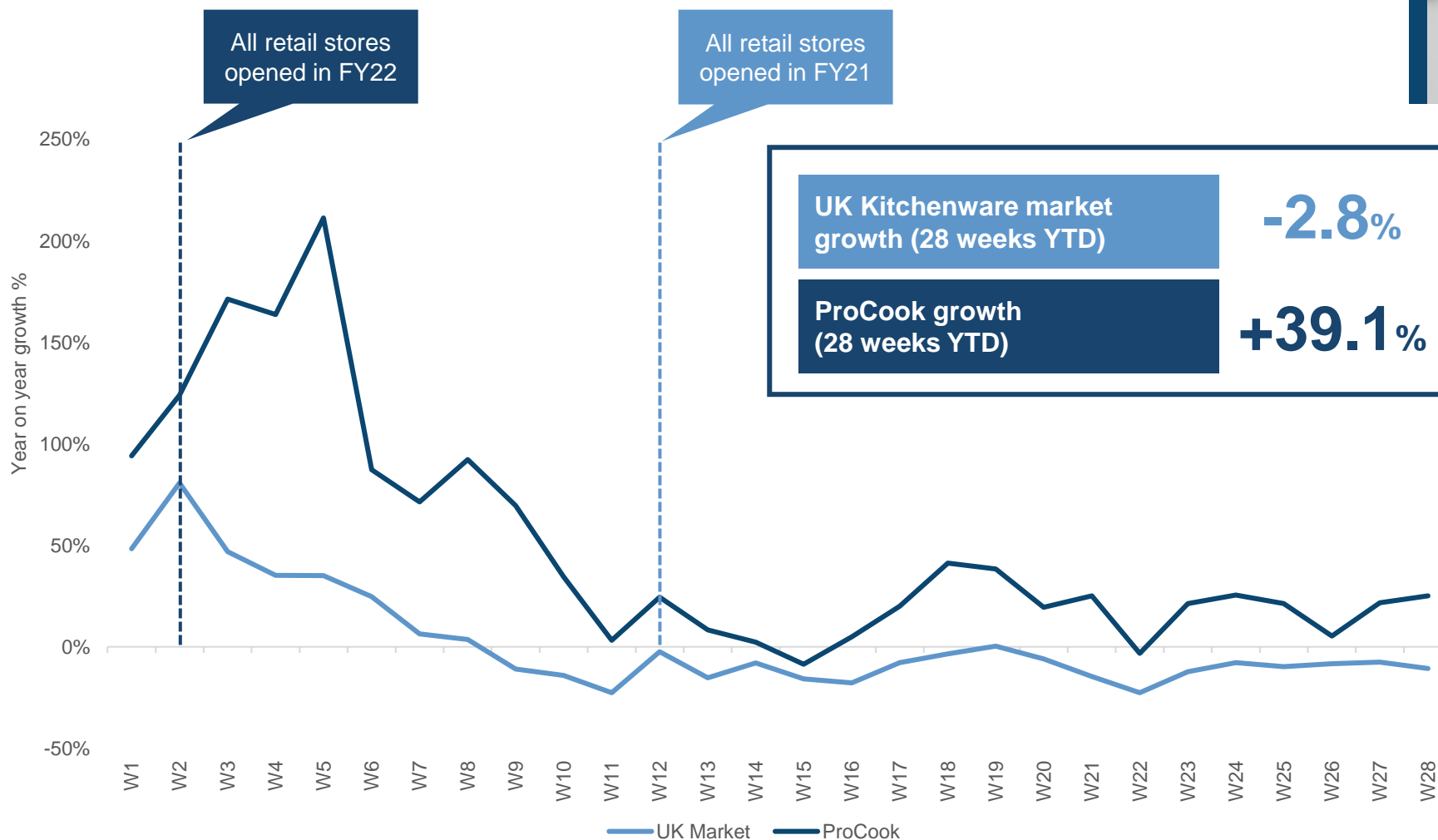
New stores opened YTD

+6



Outperforming the UK Kitchenware Market

41.9%pts ahead of the market in first half; consistently taking market share



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



Developing our customer offer – progress in H1

Becoming the customers' first choice for kitchenware

Delivering organic growth in the UK market

- New checkout, PLP, mobile header, payment options – CRO focus
- 6 new stores, 1 upsize, 1 refit
- Trialling new acquisition channels including paid social and brand campaigns
- London cookery school

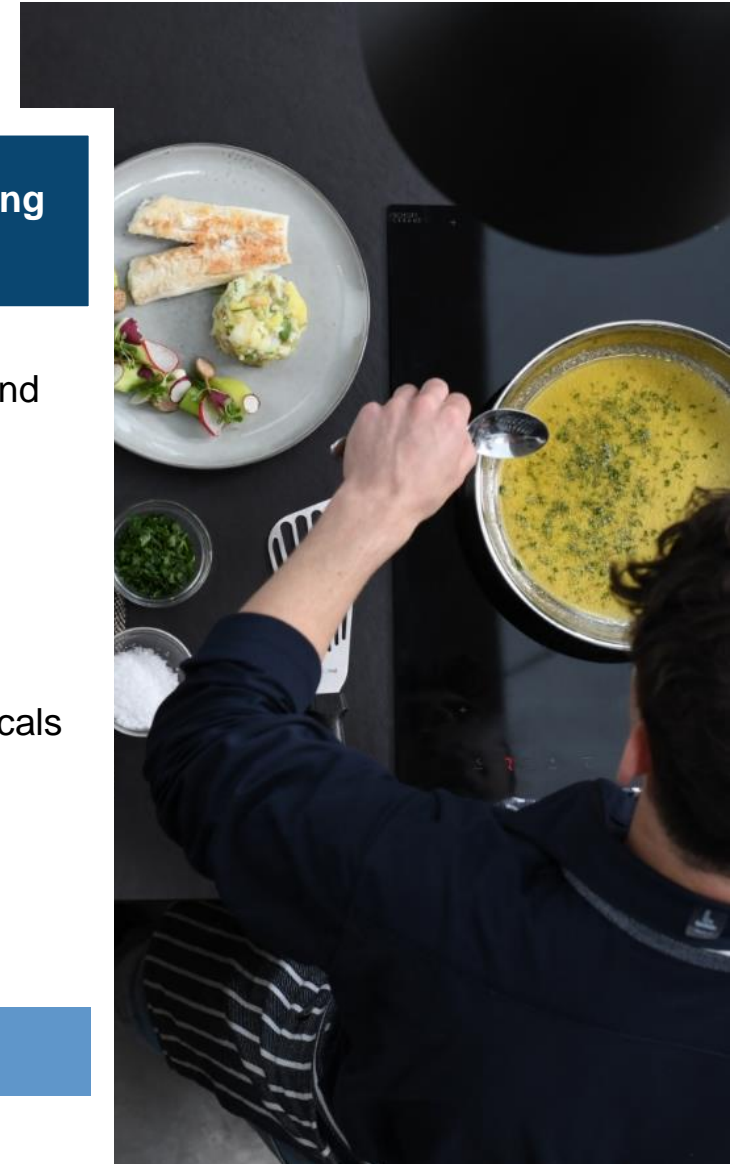
Developing channel capabilities in Europe

- New localised EU website technology stack in development
- Investigating trial store locations with landlords in Germany and NL
- Established distribution operations in NL

Extending and improving product ranges

- Extended glassware and tabletop accessories ranges
- Launched coffee pod range
- Begun design and development of electricals ranges

Building on our strong foundations and established know-how





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Financial review

Dan Walden – CFO

Summary financials

Strong revenue growth of 34.4% YTD. Performance in line with expectations

£m	H1 FY22 ¹	H1 FY21	YoY %
Revenue	32.1	23.9	+34.4%
<i>Gross margin %</i>	67.8%	67.8%	-
Underlying operating profit	3.3	4.5	(26.9%)
<i>Underlying operating profit %</i>	10.4%	19.0%	
Underlying PBT	3.6	4.0	(11.0%)
<i>Underlying PBT %</i>	11.2%	16.9%	
Net bank cash / (debt)	0.9	5.5	
Net debt including lease liabilities	(17.5)	(10.1)	
Net assets	10.7	7.0	

1: Underlying operating profit and PBT presented before adjusting items in H1 FY22 of £1.4m in relation to exceptional IPO costs
 Note: H1 represents the first 28 weeks of the financial year ending 17 October 2021, and 11 October 2020 respectively



Revenue growth

Momentum continues with strong revenue growth of 34.4% (+142.5% Yo2Y LFL) in line with expectations for the first half

£m	H1 FY22	H1 FY21	YoY%	H1 FY20	Yo2Y %
Revenue	32.1	23.9	+34.4%	18.8	+70.8%
Ecommerce	15.2	15.8	(3.7%)	5.6	169.9%
Retail	16.9	8.1	+108.4%	13.2	+28.4%
<i>Ecommerce Mix %</i>	<i>47.3%</i>	<i>66.0%</i>		<i>29.9%</i>	

Ecommerce

- Own website performing well against tough comparatives, +23.5% YoY, +309.7% Yo2Y
- Ecommerce Yo2Y LFL of +249.8%
- Total Ecommerce -3.7% YoY impacted by strategic closure of UK Marketplace channel at end of June 2021 (impact of -17.1%)

Retail

- Retail growth of +108.4% benefiting from ~50% increase in opening time (Covid restrictions LY) and net 4 new stores opened during the period
- Yo2Y LFL of +77.7%



Strong gross profit margins

Gross margins of 67.8% in H1 reflect strong underlying product margins, partially impacted by additional freight costs

£m	H1 FY22	H1 FY21	YoY %
Gross profit	21.7	16.2	+34.4%
Gross margin %	67.8%	67.8%	-
<i>Ecommerce gross margin %</i>	68.0%	68.4%	(40bps)
<i>Retail gross margin %</i>	67.6%	66.5%	+110bps

- Similar gross margins across both channels
- Impact of additional marine freight costs £0.6m (-180bps impact) in the first half, offset in the first half by strong underlying product margins



Healthy channel operating profits

Healthy operating profit contributions delivered through ecommerce and retail channel during seasonally lower part of year

£m	H1 FY22	H1 FY21	YoY %
Ecommerce			
Revenue	15.2	15.8	(3.7%)
Operating profit	3.6	5.4	(33.5)%
<i>Operating profit %</i>	<i>23.5%</i>	<i>34.1%</i>	
Retail			
Revenue	16.9	8.1	108.4%
Operating profit	4.2	1.7	145.5%
<i>Operating profit %</i>	<i>25.1%</i>	<i>21.3%</i>	
Channel operating profit	7.8	7.1	10.0%
Underlying central operating costs ¹	(4.5)	(2.5)	(75.8%)
Underlying operating profit¹	3.3	4.5	(26.9%)
<i>Operating profit %</i>	<i>10.4%</i>	<i>19.0%</i>	

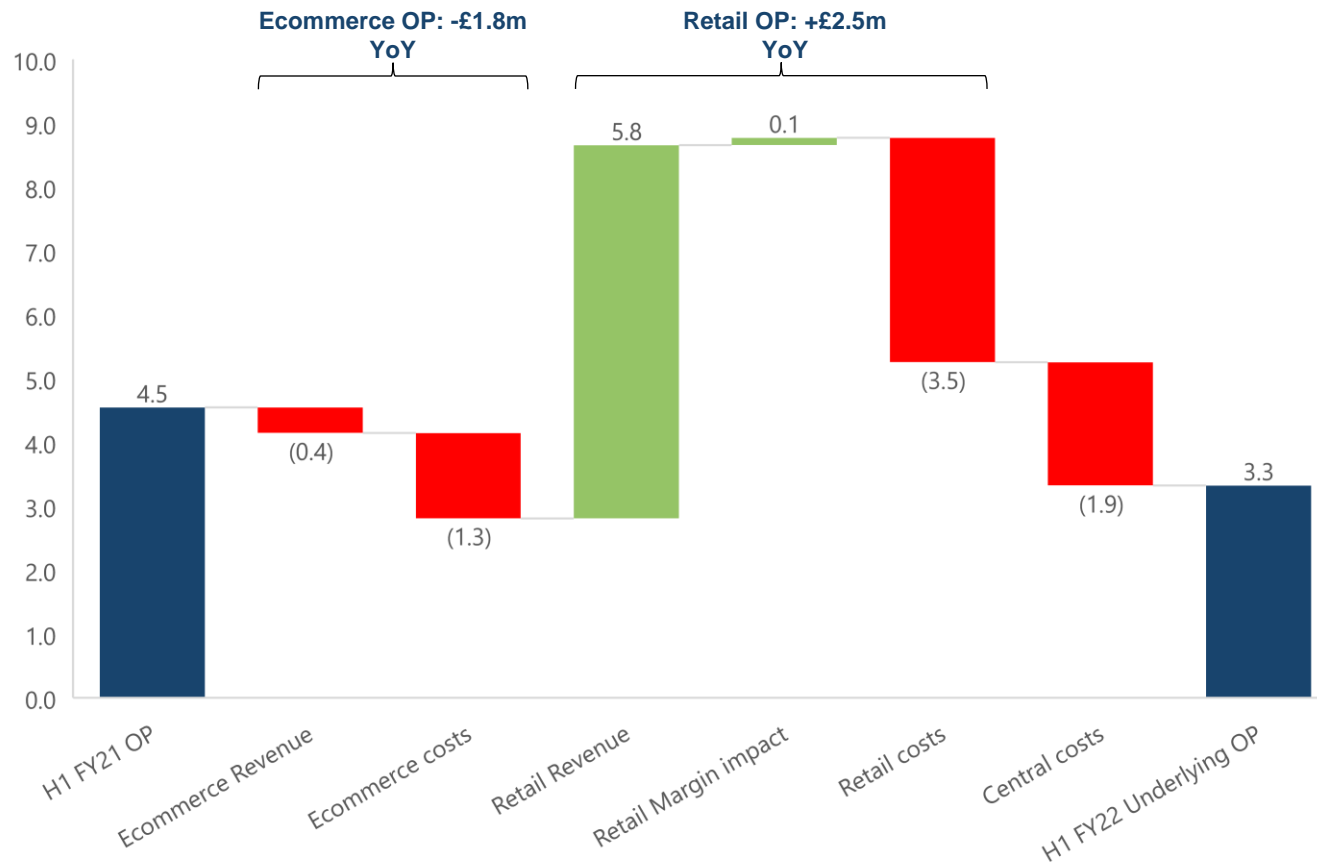
- Total channel operating profit of £7.8m in FY22 YTD, +10.0% YoY
- Ecommerce operating profit margin -10.6%pts lower YoY as expected due to return to normal digital marketing costs as a % of revenue (unusually low cost last year due to higher online demand during Covid-19 restrictions)
- Central cost growth reflects investment for growth in brand marketing and people

1: FY22 Central operating costs and underlying operating profit presented before adjusting items of £1.4m in the 28 weeks in relation to exceptional IPO costs

Underlying operating profit bridge

Underlying operating profits were £1.2m lower year on year, in line with expectations for the interim period

Underlying operating profit analysis (£m)



Ecommerce costs: +£1.3m

- Return to normal digital marketing costs (£1.3m), distribution and warehousing costs (£0.5m), partly offset by;
- Lower marketplace fees +£0.5m

Retail costs: +£3.5m

- New Stores impact (£0.9m)
- Re-opening and volume impact: (£2.6m), including prior year government support

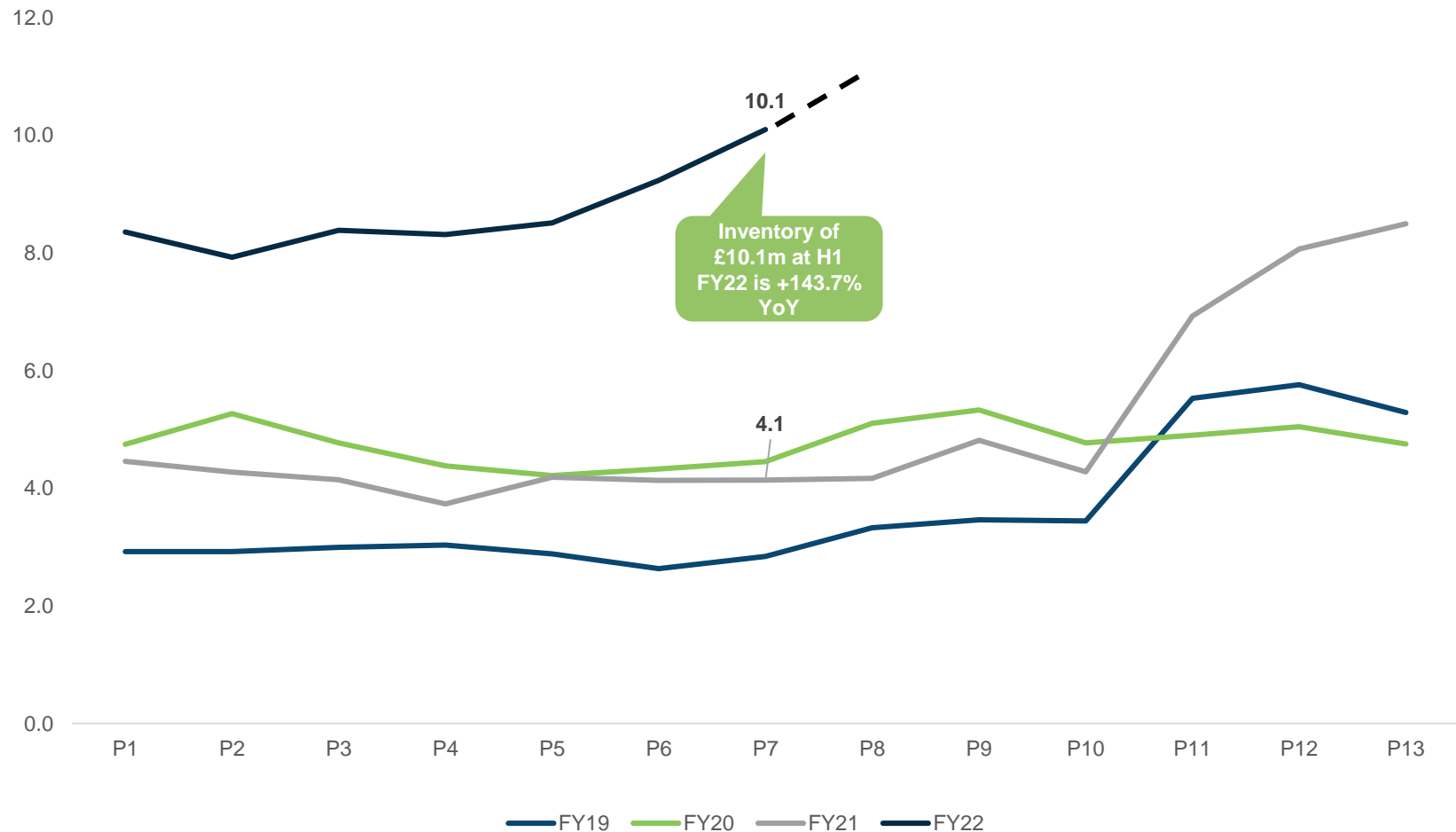
Central costs: +£1.9m

- Investing for growth in brand marketing (£1.0m) and people and other central costs

Inventory Position

ProCook has invested in higher inventory levels to support peak trading, and protect against current supply chain challenges

Inventory on hand (£m)

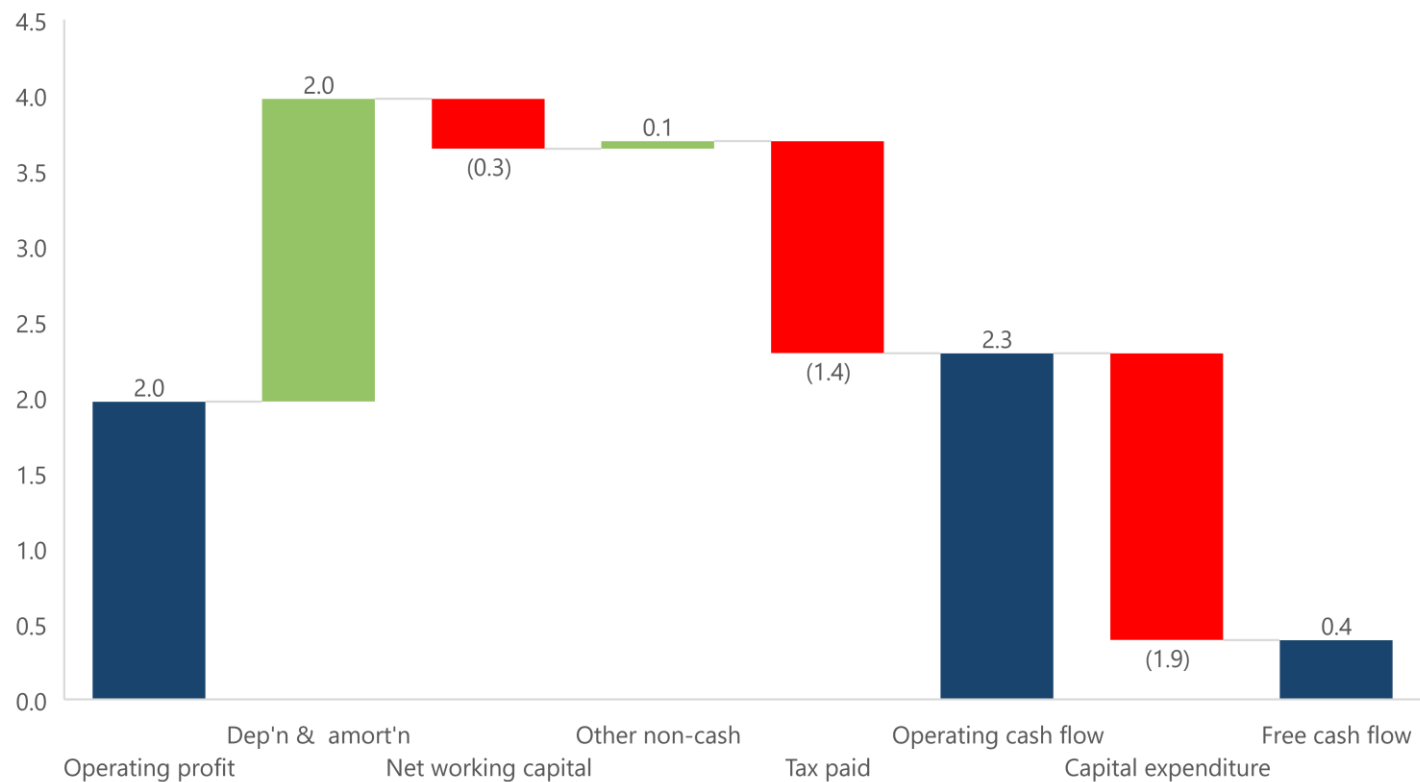


Note: Reflects Inventory on hand (excluding inventory in transit)

- Meticulous management of our supply chain during challenging times
 - Minimal fuel impact
 - Minimal driver cost impact
 - Freight gross profit impact (£0.6m)
- Minimal impact on store deliveries – stronger availability YoY
- Delivery on Time to customers (next day) very strong and in line with historical performance and within SLAs (~99%)
- Well stocked for peak with a strong inbound pipeline

Free cash flow

Free cash flow generation in H1 FY22 reflects the adjusting IPO exceptional costs and increased capital investment. The net cash position remains positive despite being at a seasonal low point at the end of the first half



Note: Operating profit presented after exceptional items of £1.4m in H1 in relation to exceptional IPO costs

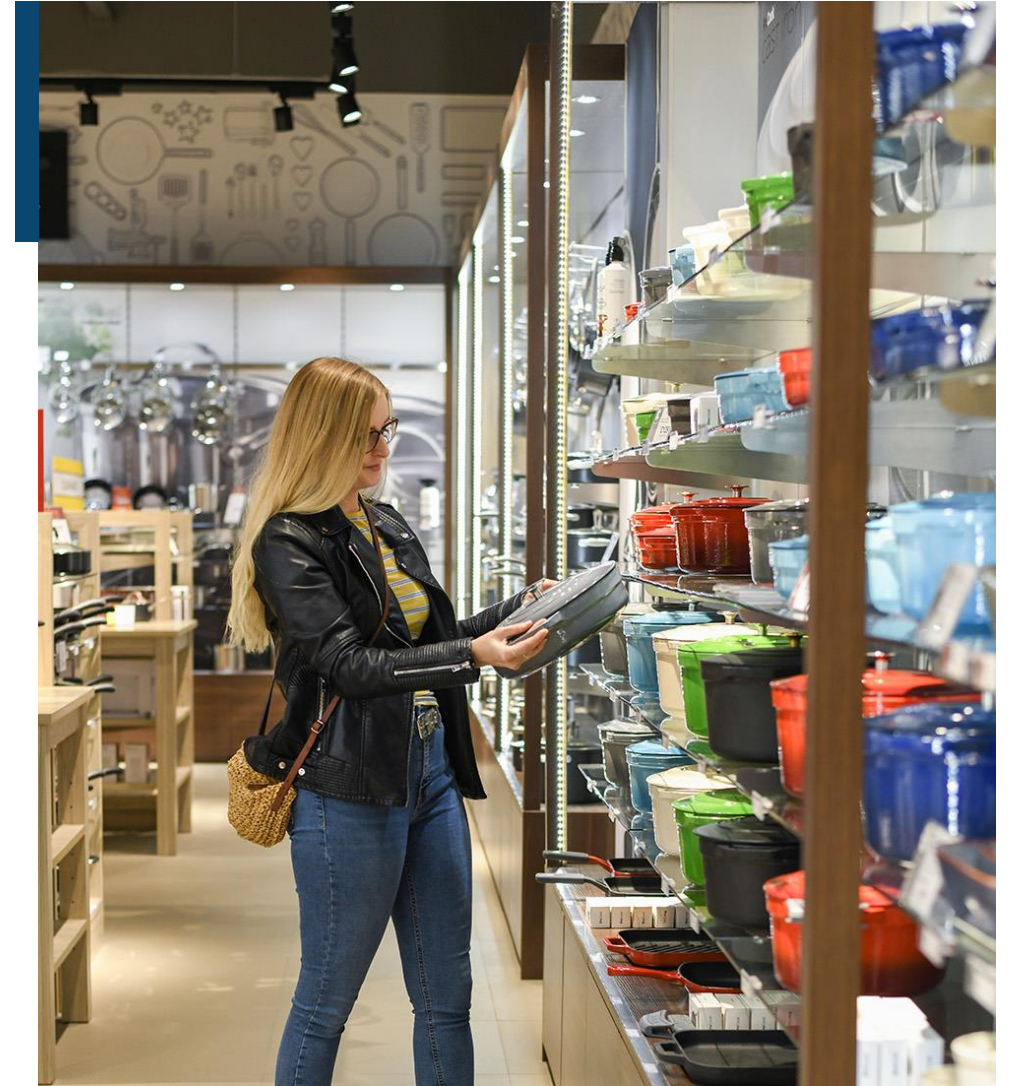


Current trading & outlook

Peak trading performance is in line with our expectations, benefitting from Retail being open for more of H1 this year

- Total sales performance in line with our expectations
- Record Black Friday sales week
- Continued growth on own website
- Significant channel mix shift year on year as retail stores less disrupted (Covid-19 restrictions in prior year)
- Gross margins in line with expectations
- Well set for remainder of peak trading period

Pleased with our performance for the year to date, which is in line with our full year expectations





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Strategy update

Daniel O'Neill – Founder & CEO

Strategic plan

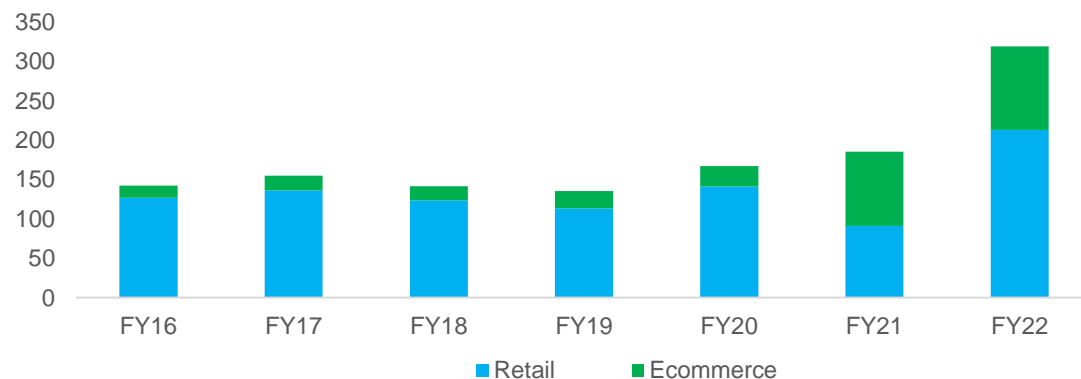
A clear plan for sustainable growth through customer acquisition & retention, supported by channel and product development

<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>

Priority 1: Attracting more customers to our brand

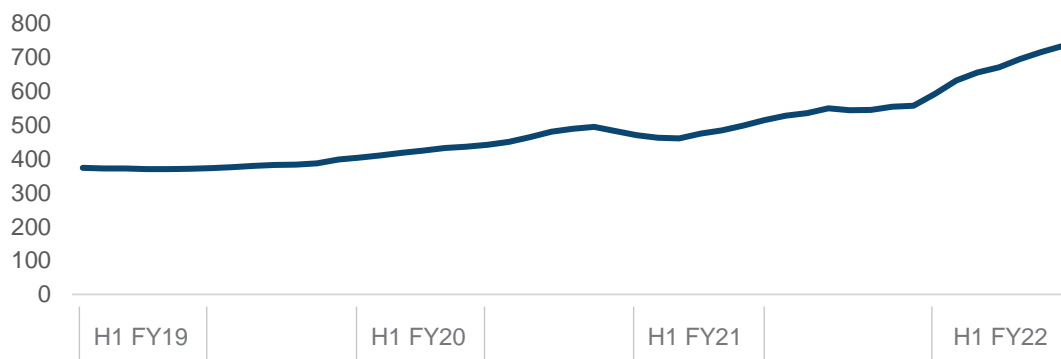
Accelerated growth in new customer acquisition, with profitable-on-first-purchase acquisition costs

New customer acquisitions in H1 ('000) by channel



Note: Ecommerce includes ProCook.co.uk only and excludes any customers acquired through marketplaces

Active customer database ('000)



Note: Active customer defined as a customer that has made a purchase within last twelve months.

— 319k new customers acquired in H1 FY22 (+71% YoY)

- Ecommerce: 106k, (+13% YoY, +305% Yo2Y)
- Retail 213k, (+134% YoY, +51% Yo2Y)

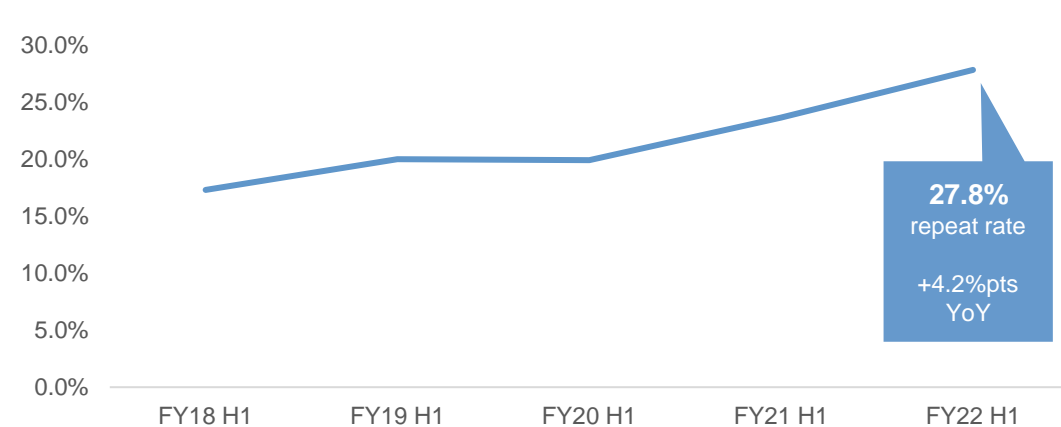
— Active customer database up to 733k (+43% YoY)

— Total customer up to 2.8m (+25% YoY)

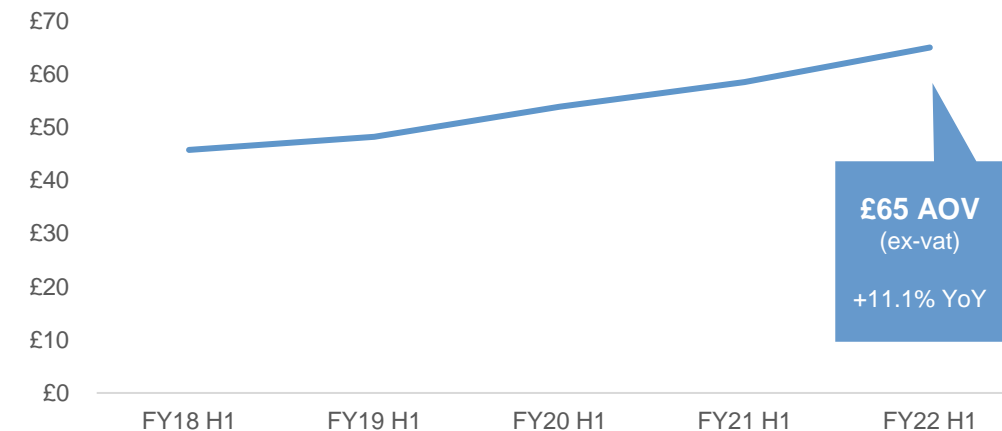
Priority 2: Increasing the life time value of our customers

Increasing repeat rates and average order values both in Ecommerce and Retail channels, combine to enhance life time value

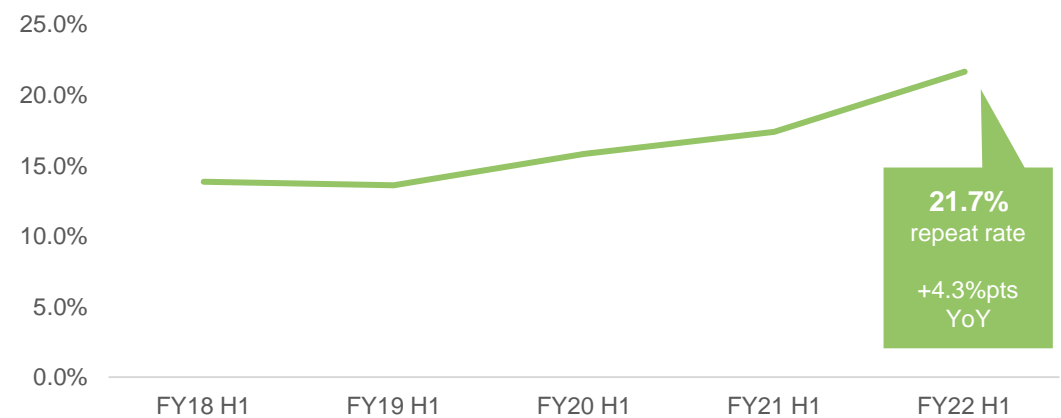
Ecommerce - Repeat purchase within 12 months



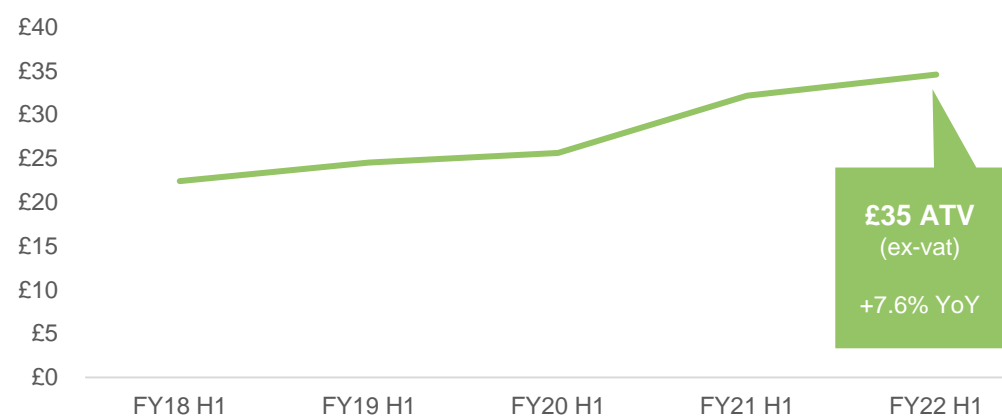
Ecommerce – Average Order Value (£)



Retail - Repeat purchase within 12 months



Retail – Average Transaction Value (£)



Note: Charts shown by financial period 12 months subsequent to acquisition providing a full twelve months upon which to assess repeat rate, Repeat purchases in Ecommerce relates to ProCook.co.uk

Developing our customer offer – our plans for H2 and beyond

Becoming the customers' first choice for kitchenware

Delivering organic growth in the UK market

- Continued CRO focus
- 2 new stores
- Develop paid social capabilities
- Develop London cookery school

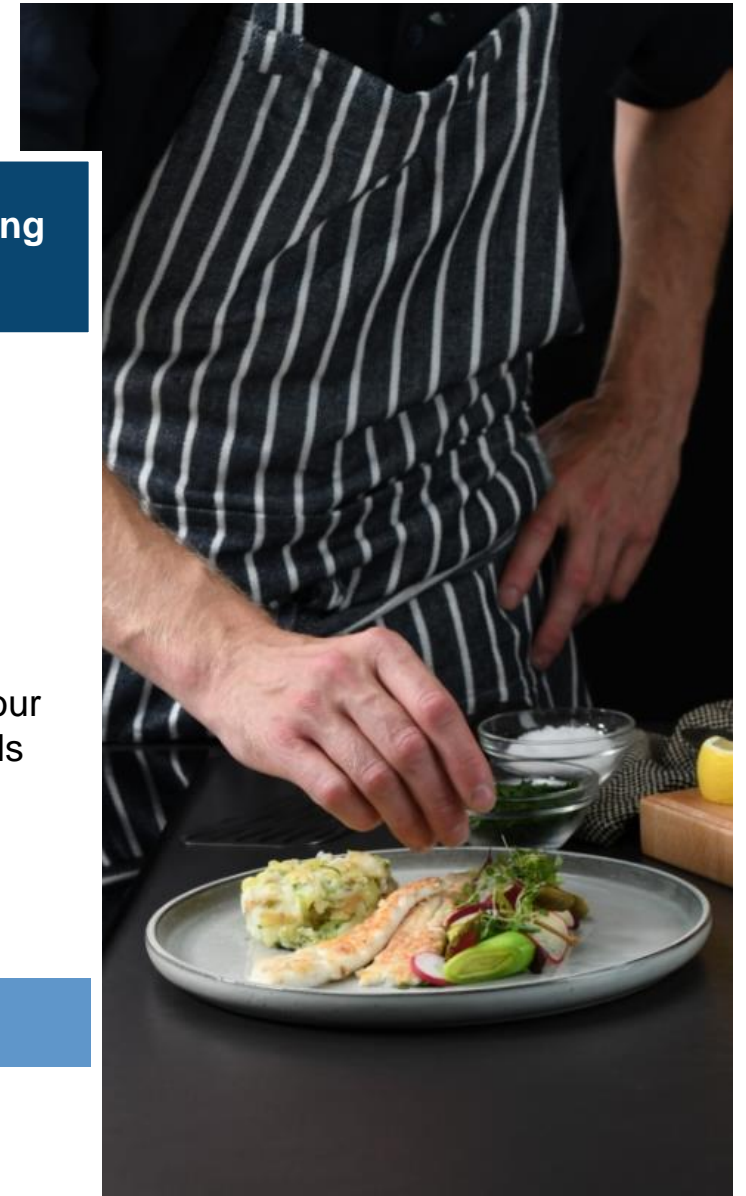
Developing channel capabilities in Europe

- Launch EU website in Germany
- Planning for EU trial store openings in FY23
- Scale up distribution operations in NL ready for EU website trading

Extending and improving product ranges

- Extending tableware ranges in table accessories
- Launch new knives ranges
- Continue to progress our small kitchen electricals offer with suppliers

Building on our strong foundations and established know-how



Building on our foundations – our plans for H2

Investing in our infrastructure to maintain an agile and scalable platform for growth

Continually develop agile and scalable technology solutions	Develop our supply chain capability and capacity	Make ProCook an even better place to work	Reduce our environmental footprint
<ul style="list-style-type: none"> • Complete development of country localisation website technology • Upgrade existing extranet operating systems to new code base and frameworks • Integrate new Email Service Provider technology • Begin development work on new warehouse functionality 	<ul style="list-style-type: none"> • Complete detailed planning for new warehouse transition • Scale up EU operations in Netherlands with 3PL partner • Complete roll-out of Sedex across supplier base 	<ul style="list-style-type: none"> • Launch new employee benefits and SAYE scheme • Continued membership and commitment to living wage foundation • Promote and celebrate recent achievement of “Great Place to Work” certification for existing and new colleagues • Progress BCorp application 	<ul style="list-style-type: none"> • Adopt renewable energy across our operations • Launch partnership with the Woodland Trust for carbon offsetting • Develop our environmental management framework • Develop our range of eco products for launch later in 2022

Summary

The UK's leading D2C specialist kitchenware brand – continuing our track record of sustainable growth

- D2C model provides strong platform for growth
- Continued growth ahead of the UK market
- Increasing repeat rates and ATV metrics – providing increased confidence in life time value opportunity
- Expanding product ranges and routes to market, creating more reasons to shop
- Significant opportunity to build brand awareness
- A committed and highly-skilled team, ambitious about the future
- Strong financial performance in line with expectations



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Appendices



Glossary of terms

12m	12 month full financial year period	H2	Second half of the financial year (24 weeks)
3PL	Third Party Logistics provider	LFL	Like for Like ¹
%pts	Percentage points	IPO	Initial Public Offering
Adjusted EBITDA	Earnings before interest, tax, depreciation, amortisation and unrealised gains/losses on foreign exchange	NL	Netherlands
AOV	Average Order Value (ex-VAT)	PBT	Profit before tax
ATV	Average Transaction Value (ex-VAT)	PLP	Product Landing Page (on website)
bps	Basis points	OP	Operating profit
CRO	Conversion Rate Optimisation	SAYE	Save As You Earn employee share scheme
D2C	Direct to Consumer	YoY	Year on Year (same financial weeks)
EU	European Union	Yo2Y	Year on two Year (same financial weeks)
FY	Financial Year	YTD	Year to date
H1	First half of the financial year (28 weeks)		

1. Like for Like performance measure defined as follows:

Retail Yo2Y LFL – Continuing ProCook retail stores which were trading for at least one full financial year prior to 29 March 2020 inclusive of any stores which may have moved location or increased/ decreased footprint within a given retail centre

Ecommerce LFL / Yo2Y LFL– Continuing ecommerce websites and marketplaces that have been trading for at least one full financial year prior to 4 April 2021 / 29 March 2020, excluding the UK Marketplace which ceased trading on 28th June 2021

Income Statement

H1 - 28 weeks	H1 FY22	H1 FY22	H1 FY22	H1 FY21	YoY% (FY22 Underlying)
£m	Underlying	Adjusting items	Reported	Reported	
Revenue	32.1	-	32.1	23.9	34.4%
Gross profit	21.7	-	21.7	16.2	34.4%
<i>GP%</i>	67.8%		67.8%	67.8%	
Net operating costs	(18.4)	(1.4)	(19.8)	(11.6)	(58.3%)
Operating profit	3.3	(1.4)	2.0	4.5	(26.9%)
<i>OP %</i>	10.4%		6.1%	19.0%	
Finance expense	(0.2)	-	(0.2)	(0.2)	(23.4%)
Other gains/ losses	0.5	-	0.5	(0.3)	-
Profit before tax	3.6	(1.4)	2.2	4.0	(11.0%)
<i>PBT %</i>	11.2%		7.0%	16.9%	
Taxation	(0.7)	0.2	(0.5)	(0.9)	
Profit for the period	2.9	(1.2)	1.7	3.2	(7.7%)
Adjusted EBITDA	5.3	(1.4)	4.0	6.3	(15.0%)
<i>EBITDA %</i>	16.6%		12.4%	26.3%	

Financial position

£m	17 October 2021	4 April 2021
Non current assets	5.3	3.9
Right of use assets	16.6	15.1
Inventories	13.5	9.9
Trade and other receivables	2.1	1.9
Corporation tax	0.6	-
Cash and cash equivalents	4.3	5.9
Total current assets	20.5	17.7
Trade and other payables	(9.6)	(6.6)
Lease liabilities	(2.7)	(2.7)
Borrowings	(3.4)	(2.8)
Corporation tax	-	(0.4)
Total current liabilities	(15.7)	(12.5)
Lease liabilities	(15.7)	(14.1)
Other creditors	(0.2)	(0.2)
Total non current liabilities	(15.9)	(14.3)
Net assets	10.7	10.0

Free cash flow

£m	H1 FY22	H1 FY21
Operating profit (after adjusting items)	2.0	4.5
Depreciation and amortisation	2.0	1.7
Net working capital movement	(0.3)	1.6
Other non-cash movements	0.1	0.1
Tax paid	(1.4)	-
Net cash from operations	2.3	8.0
Net capital expenditure ¹	(1.9)	3.3
Free cash flow	0.4	11.3

1: Net capital expenditure in H1 FY21 includes the net cash impact of the disposal (proceeds of £5.1m) of the Head Office site via a sale and leaseback arrangement during the period

Net cash & treasury

The Group repaid historical debt facilities during FY21, leaving a trade finance facility which it utilises for inventory purchases

£m	28 weeks FY22	28 weeks FY21
Free cash flow	0.4	11.3
Lease liabilities	(1.4)	(1.1)
Financing proceeds/ (repayments)	0.6	(4.9)
Interest	(0.2)	(0.2)
Dividends	(1.0)	(1.0)
Net cash flow	(1.6)	4.2
Net bank cash / (debt) at end of period	0.9	5.5

Trade finance facility

Facility	£5.0m + £1.0m extension option
Expiry	End September 2023
Committed	Yes

Covenants & KPI tests

Covenant: Leverage (net debt:EBITDA)	<2.0x
KPI: Stock ratio (Inventory:facility)	>1.5x

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

