

FY24 Interim Results

13 December 2023



Bringing joy to everyday cooking **ProCook®**



Introduction

Lee Tappenden
CEO

ProCook®

First impressions

Significant opportunity to accelerate 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 H1 highlights

Making good strategic progress in challenging trading conditions

DIFFICULT CONSUMER BACKDROP UK revenue -1.2% YoY¹

HOLDING MARKET SHARE with retail outperformance

PRODUCT EXTENSION Electricals Phase 1 range launched

NEW WEBSITE conversion +15% now teething issues resolved

RETAIL EXPANSION 2 new stores, 1 upsize committed

MARGIN RECOVERY GM% +570bps YoY

COST DISCIPLINE on track to deliver £3m cost improvements

¹ Continuing UK business excluding Amazon EU marketplaces





Financial review

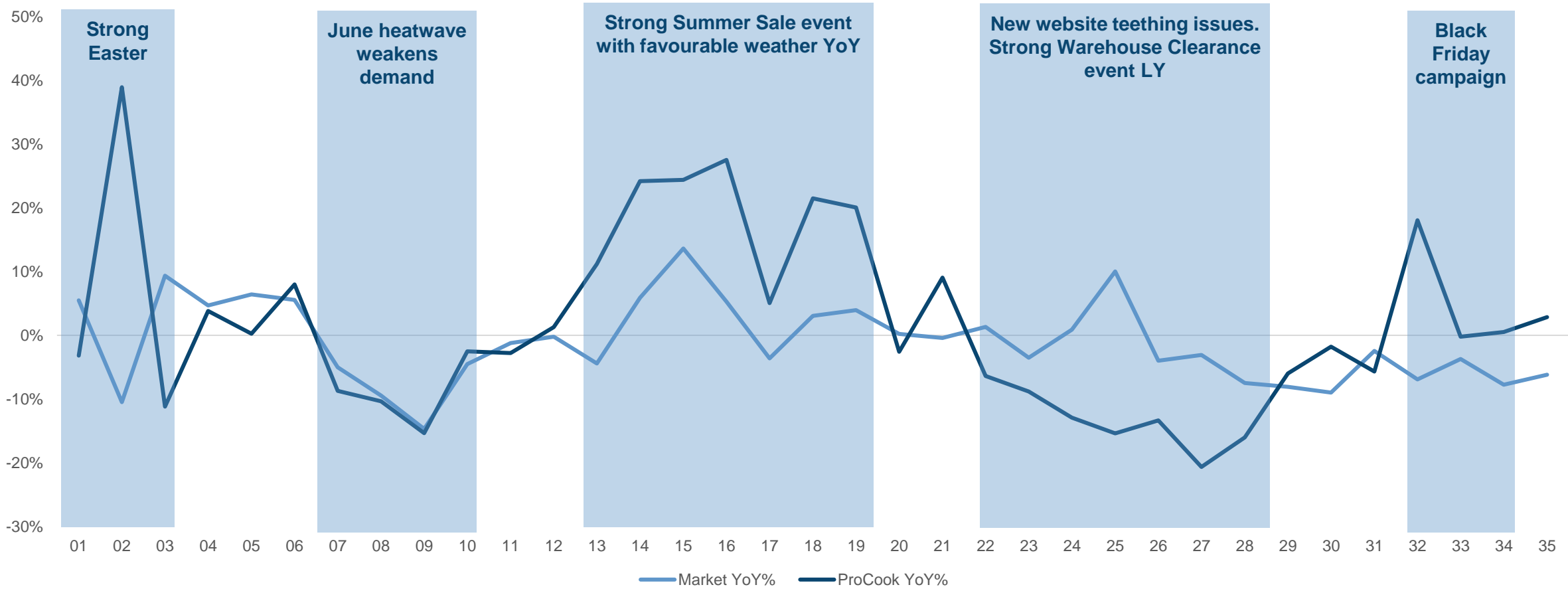
Dan Walden
CFO

ProCook

Market context

Holding market share during challenging volatile trading conditions with a broadly flat market backdrop

UK Market vs ProCook UK growth %



Source: GfK and Management Information

Revenue

Revenue -1.2% YoY excluding the discontinued Amazon channels. Retail channel back to positive LFL growth

£m	H1 FY24	H1 FY23	YoY%
Revenue	26.3	27.4	(3.8%)
Ecommerce	9.1	11.4	(20.2%)
Retail	17.2	16.0	7.9%
LFL Revenue¹	25.3	26.4	(4.4%)
LFL Ecommerce	9.1	10.7	(14.6%)
LFL Retail	16.1	15.7	2.6%

Ecommerce

- Own website -14.6% YoY impacted by lower discounting and website transition
- -£0.7m (-2.6%pt) impact of Amazon EU exit

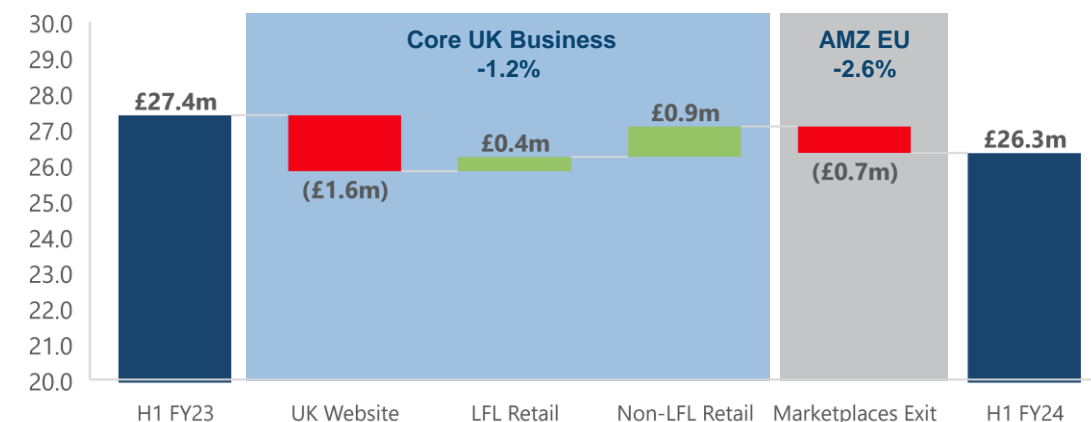
Retail

- Total +7.9% YoY, annualising 3 new stores from LY
- LFL of +2.6%, outperforming the market

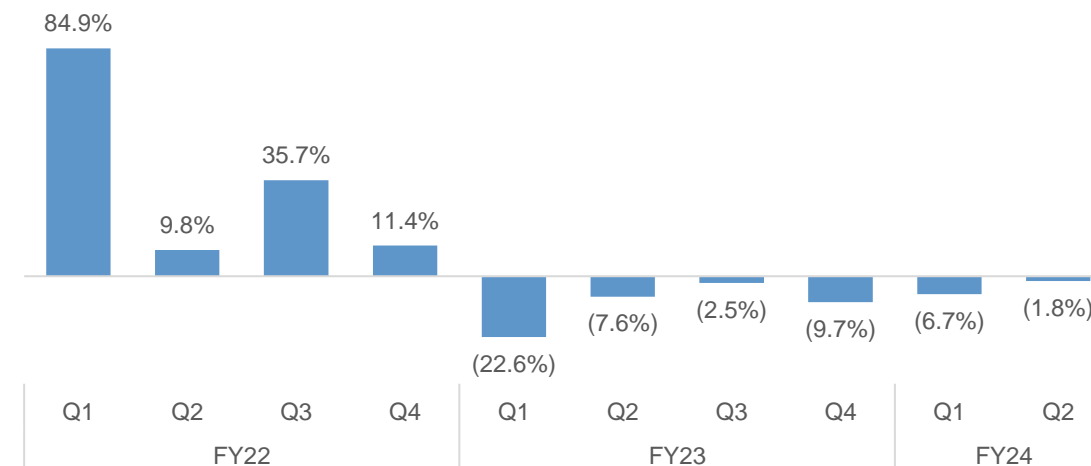
¹ LFL (Like For Like) revenue reflects:

- 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 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 %



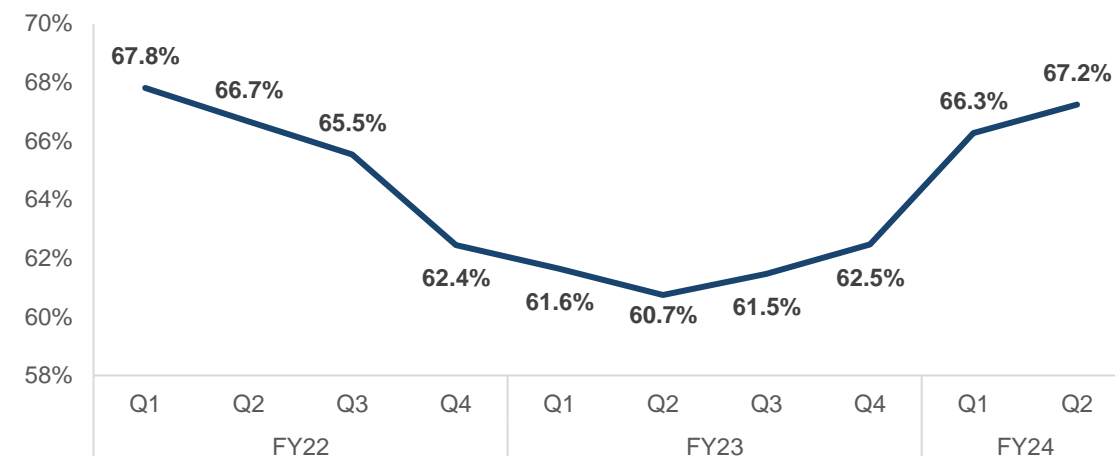
Gross margin

Strong recovery in GM% following unwinding of shipping cost impacts

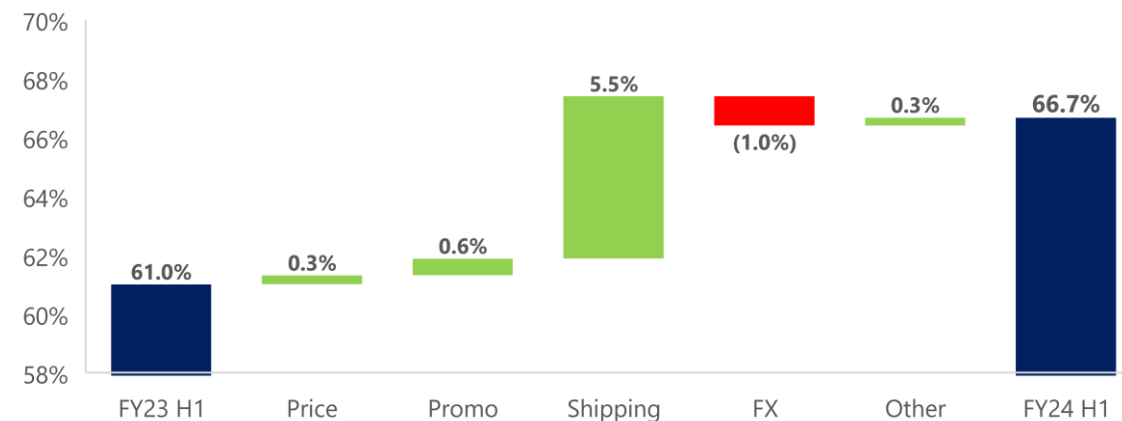
£m	H1 FY24	H1 FY23	YoY %
Gross profit	17.6	16.7	5.1%
Gross margin %	66.7%	61.0%	570 bps
Ecommerce gross margin %	68.0%	60.7%	730 bps
Retail gross margin %	66.2%	61.4%	480 bps

- Unwinding of post-covid heightened shipping costs in inventory
 - Shipping cost back to pre-covid levels
 - Delivering more benefit through supply chain initiatives
- Adverse \$ rate impact year on year
 - Approx 3% impact on COGs YoY
 - Well covered on forward FX hedging
- Targeted reduction in promotional discounting year on year online
- Continued price benefits, will begin to reverse in H2

Gross margin % quarterly trend



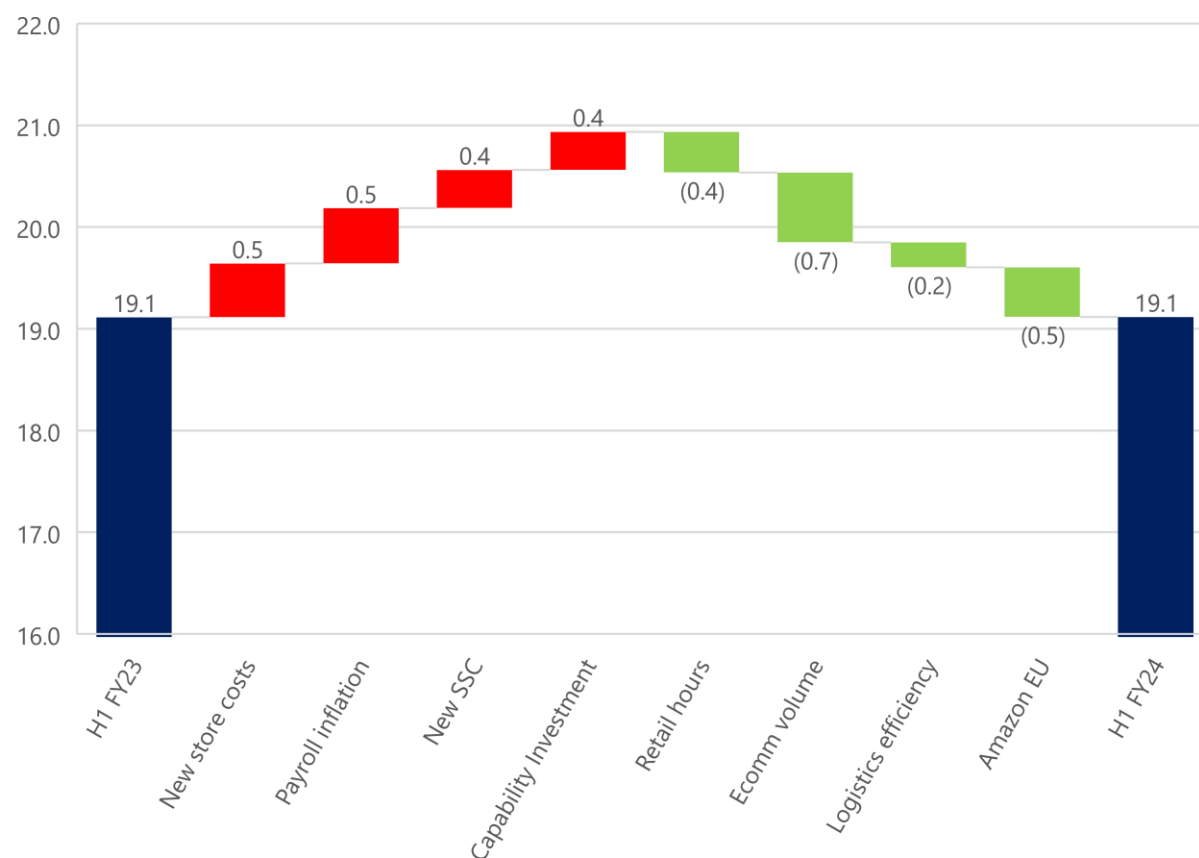
Gross margin % year on year



Operating expenses

H1 operating expenses flat year on year despite inflationary cost pressures and growth investment

Underlying operating expenses £m



Underlying operating profit £m	H1 FY24	H1 FY23	YoY %
Ecommerce	1.9	1.2	53.1%
OP%	20.5%	10.8%	
Retail	2.3	1.2	95.9%
OP%	13.6%	7.3%	

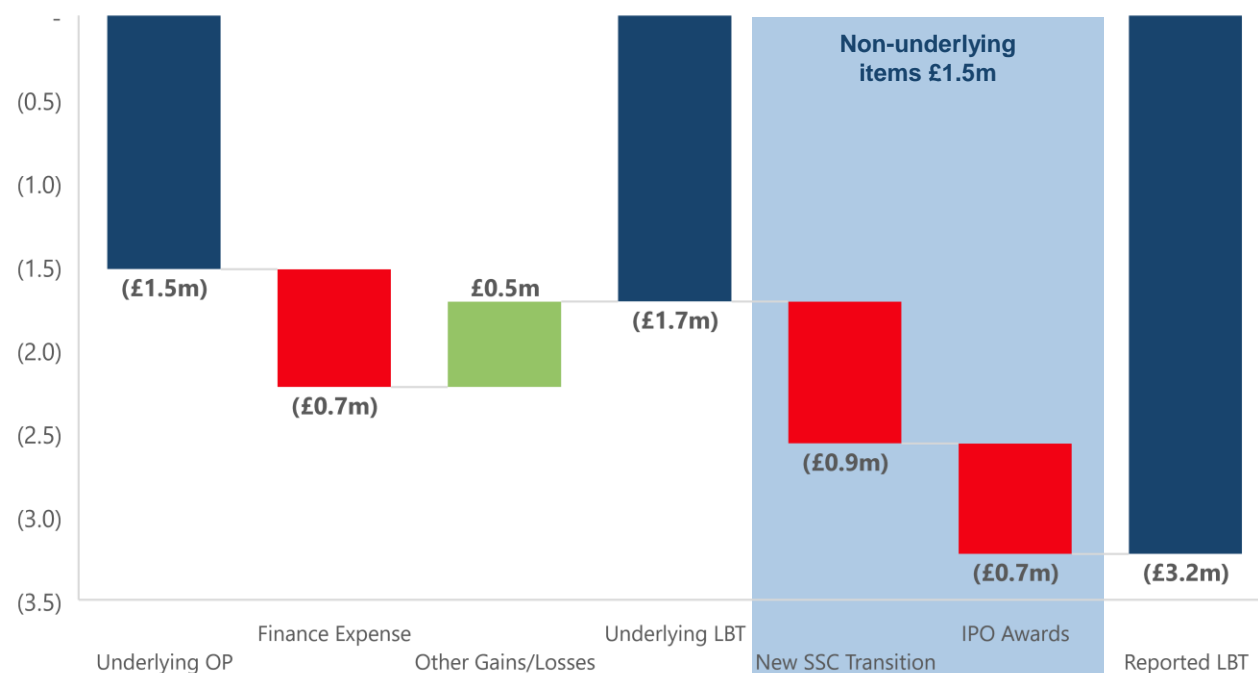
- Significant improvement year on year in combined channel OP% to 16.0% (H1 FY23: 8.8%)
- Cost headwinds: new stores LY, payroll inflation, new SSC
- Offset by:
 - Retail hours efficiencies and structures
 - Logistics efficiencies from move to new SSC
 - Volume related logistics savings and Amazon EU
- £3m cost improvement plan on track to deliver in full in FY24 with savings in operating expenses and cost of goods sold

¹ Underlying operating profit / (loss) presented before non-underlying costs

Profit before tax reconciliation

Underlying operating loss improved YoY by £0.9m (36.3%) to £1.5m in H1 FY24

Underlying operating profit to reported loss before tax £m

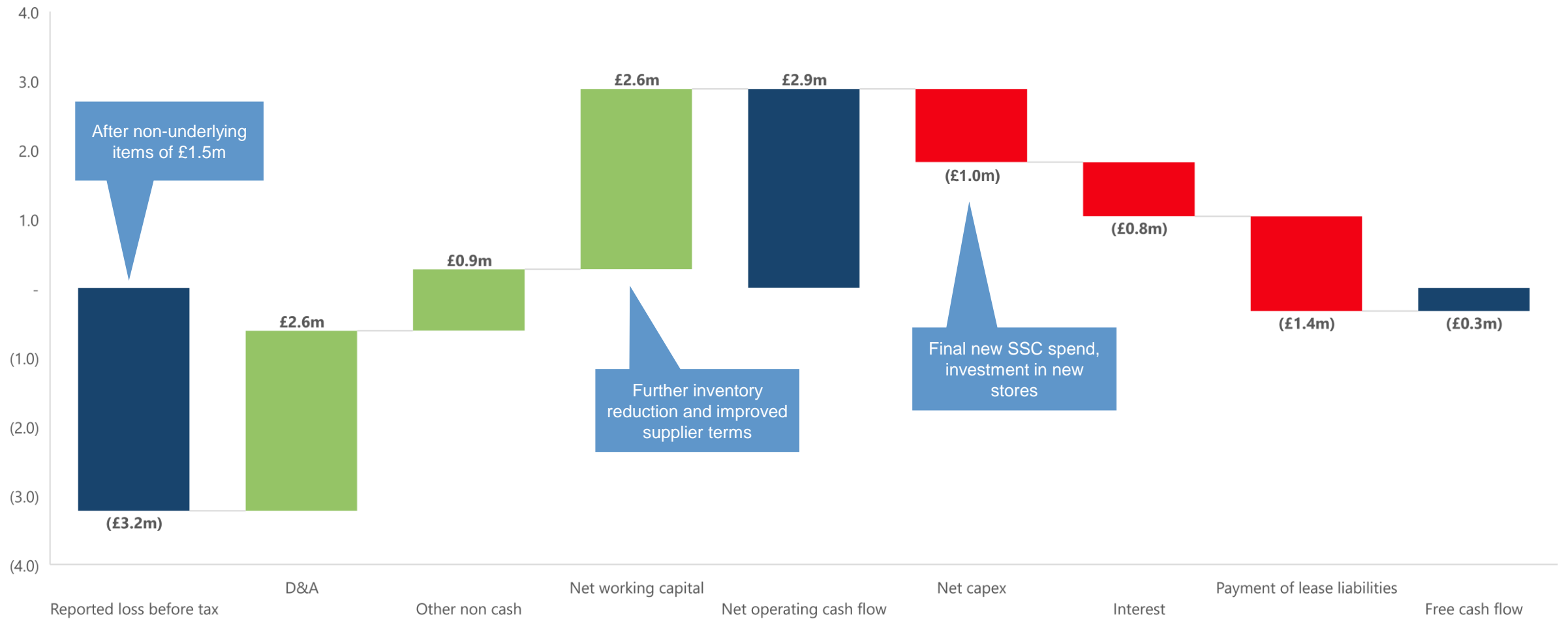


- Significantly higher interest cost YoY due to rates, partly offset by FX gains
- Exited first of two previous distribution centres shortly after HY



Free cash flow

Disciplined cash management in H1 resulting in £0.3m free cash outflow and net debt of £3.2m (FY23 year end: £2.8m). Improved product intake and clearance management whilst maintaining strong availability



¹ Other non cash includes share based payments and finance expenses

Current trading update

Return to market share growth, with stronger Black Friday and improved value offer

£m	8 weeks to 10 Dec 2023		
	FY24	FY23	YoY%
Revenue	13.7	13.5	1.5%
Ecommerce	5.5	6.1	(9.9%)
Retail	8.2	7.4	10.7%
LFL Revenue¹	12.9	13.2	(1.7%)
LFL Ecommerce	5.5	6.0	(8.7%)
LFL Retail	7.5	7.2	4.1%

- Outperforming the market
- Total LFL of -1.7% improved from H1 and LY
- LFL Ecommerce -8.7% with improving trend
- Retail +10.7% YoY including 2 new stores and +4.1% LFL

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 2 April 2023, inclusive of any stores which may have moved location or increased/ decreased footprint within a given retail centre.



Outlook and guidance

FY24 full year guidance

P&L

- Anticipate revenue to be similar to, or slightly ahead of LY
- GM% on track for recovery to ~65% full year
- £3m cost improvement plan, partially offsetting cost pressures
- Non-underlying costs for full year of £1-2m
- H1 typically represents ~40% of FY sales

Cash flow

- Broadly flat working capital for full year
- Capex of £2m including 2 planned new stores and 1 upsize relocation
- Nil corporate tax cash payments
- No interim dividend declared by Board





Strategy update

Lee Tappenden
CEO

ProCook[®]

Good strategic progress in H1

Becoming the customers' first choice for kitchenware

1

Raise brand awareness



- Matt Tebbutt campaign
- Meta growth
- Advocacy referral scheme

2

Improve service excellence



- 4.8 star Trustpilot
- Training and rota scheduling
- Great Place to Work 2023

3

Expand our retail estate



- 2 new stores
- 1 upsize relocation in Q4
- Accelerating new pipeline

4

Develop a world class website



- Fully transitioned to new site
- Resolved teething issues
- Conversion +15%

5

Extend and improve product ranges



- Electricals P1 launched, P2 ordered for Q4 launch
- New cookware and knife ranges launched

6

Deliver supply chain efficiencies



- Full transitioned to new SSC
- Logistics costs -12% YoY
- Improved range availability



Priorities for growth

Building a stronger customer-focused business to deliver profitable and sustainable growth for all stakeholders

Reset our **VALUE POSITION** against our competitive set

Build our **DIGITAL MARKETING** capability

CATEGORY DEVELOPMENT including seasonal

Accelerate growth through **RETAIL EXPANSION**

Improve **USER EXPERIENCE** online

Operate a simpler, more profitable business

Summary

Good **strategic progress** in challenging trading conditions with clear opportunities to accelerate growth over the medium term

Trading metrics improving in a difficult consumer environment

Good **strategic progress** creating a stronger business

Step change as we **focus on customers first**

Confident in long term prospects given **strength of proposition**

Clear opportunities to **accelerate growth**





Appendices

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Income Statement

	H1 FY24	H1 FY24	H1 FY24	H1 FY23	H1 FY23	H1 FY23
£m	Underlying	Non-underlying	Reported	Underlying	Non-underlying	Reported
Revenue	26.3	-	26.3	27.4	-	27.4
Gross profit	17.6	-	17.6	16.7	-	16.7
GP%	66.9%		66.9%	61.0%		61.0%
Net operating costs	(19.1)	(1.4)	(20.5)	(19.1)	(0.7)	(19.7)
Operating (loss) / profit	(1.5)	(1.4)	(3.0)	(2.4)	(0.7)	(3.0)
OP %	(5.8%)		(11.2%)	(8.7%)		(11.1%)
Finance expense	(0.7)	(0.1)	(0.8)	(0.4)	(0.0)	(0.4)
Other gains/ losses	0.5	-	0.5	(0.0)	-	(0.0)
(Loss) / Profit before tax	(1.7)	(1.5)	(3.2)	(2.8)	(0.7)	(3.5)
PBT %	(6.5%)		(12.3%)	(10.3%)		(12.8%)
Taxation	0.4	0.4	0.8	0.5	0.2	0.7
Profit for the period	(1.3)	(1.1)	(2.4)	(2.3)	(0.5)	(2.8)

Financial Position

£m	15 October 2023	16 October 2022	2 April 2023
Non current assets	10.9	8.0	10.5
Right of use assets	25.5	31.8	25.5
Inventories	11.9	12.8	11.5
Trade and other receivables	3.4	3.1	2.2
Corporation tax	0.9	1.0	0.6
Cash and cash equivalents	1.4	2.1	2.0
Total current assets	17.7	19.0	16.3
Trade and other payables	(10.7)	(9.1)	(7.3)
Lease liabilities	(3.8)	(3.3)	(2.8)
Borrowings	(4.6)	(3.4)	(4.7)
Other current liabilities	(0.2)	(0.1)	(0.2)
Total current liabilities	(19.3)	(16.0)	(15.0)
Lease liabilities	(26.3)	(30.5)	(26.4)
Other non-current liabilities	(0.9)	(1.4)	(1.5)
Total non current liabilities	(27.2)	(32.0)	(28.0)
Net assets	7.5	10.9	9.3

Cash flow

£m	H1 FY24	H1 FY23
Reported loss before tax	(3.2)	(3.5)
D&A, impairment and loss on disposal	2.6	2.5
Share based payments	0.7	0.6
Net working capital inflow	2.6	3.8
Finance expense	0.8	0.4
FX (gains)/losses	(0.5)	(0.2)
Net operating cash flow	2.9	3.8
Net capital expenditure	(1.0)	(1.1)
Interest	(0.8)	(0.4)
Payment of lease liabilities	(1.4)	(1.8)
Free Cash Flow	(0.3)	0.4
Change in borrowings	(0.2)	(2.3)
Dividends	-	(0.3)
Net Cash Flow	(0.5)	(2.2)
Cash	1.4	2.1
Borrowings	(4.6)	(3.4)
Net debt / cash	(3.2)	(1.3)

Revolving credit facility	
Facility	£10.0m
Expiry	April 2025
Committed	Yes
Covenants¹	
Leverage: (net debt : EBITDA)	<2.0x
Fixed charge cover: (EBITDAR : Fixed charges)	>1.4x
Trade finance facility	
Facility	£6.0m
Expiry	September 2024
Committed	No
KPI tests	
KPI: Stock ratio (Inventory : facility)	>1.5x

¹ Covenants are calculated on a pre-IFRS 16 basis

- £12.8m available liquidity in current facilities at H1
- Covenant compliance under Base Case scenario
- 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