

# ProCook

Annual Report and  
Accounts 2022

# Passionate about cooking



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# ProCook



**Our purpose**  
Sharing our passion  
for cooking

**Our mission**  
To become the customers'  
first choice for kitchenware

ProCook is the UK's leading direct-to-consumer specialist kitchenware brand. Operating a direct-to-consumer business model, designing, sourcing, and retailing a high-quality range of cookware, kitchen accessories and tableware we provide customers with exceptional value for money with our price promise of being at least 30% cheaper than comparable products from other brands.

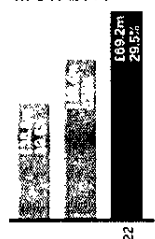
We sell our ranges directly through our own proprietary website, [www.procook.co.uk](http://www.procook.co.uk), and through 55 own-brand retail stores, located across the UK in popular leisure-based destination retail centres. Our products are also available in Germany and France with delivery options extending to Belgium, Austria, Luxembourg, the Netherlands, and Poland.

Founded over 25 years ago as a family business, selling cookware sets by direct mail in the UK, ProCook has grown into a market leading, multi-channel specialist kitchenware company, employing over 700 colleagues, and operating from our Head Office in Gloucester.

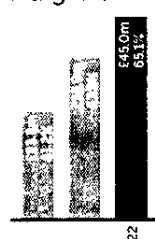


## Performance highlights

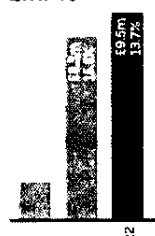
Revenue £m/  
Growth %



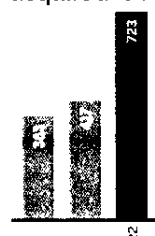
Gross Profit £m/  
Margin %



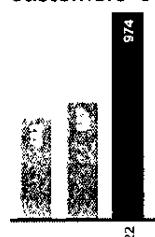
Underlying PBT  
£m/%



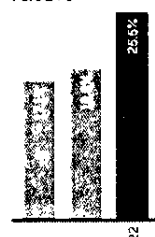
New customers  
acquired '000



Number of active  
customers '000



12 month repeat  
rate%



## Financial and strategic highlights

- Strong revenue growth of +29.5% (+78.0% vs FY20), with retail stores re-opened following the end of Covid-19 restrictions, and our UK website up +250.3% vs FY20, highlighting the strength of our multichannel proposition
- LFL revenue growth of 32.1% (+123.5% vs FY20) and opened eight new stores during the year
- Outperformed the UK kitchenware market (by +36.0pts)<sup>1</sup>; consistently taking market share with substantial future opportunities to continue to penetrate the UK market
- Growth in active customers of +74.9% YoY. Attracted 723,000 new customers
- Increased 12-month repeat rates to 25.5% (+6.9% YoY)
- Strong gross margins of 65.1%, down YoY as expected after impact of supply chain cost pressures
- Underlying PBT of £9.5m (FY21: £8.3m) reflecting shift back to more normal operating costs post-pandemic
- New £10m revolving credit facility secured in April 2022 increasing total facilities to £16m. Year-end net debt of £1.8m (FY21: net cash £3.1m)
- Great place to Work Certification™ awarded in year
- Carbon neutral for Scope I and II emissions, developing roadmap to Net Zero including scope III
- Successful IPO with ProCook Group plc listing on the premium segment of the London Stock Exchange on 12 November 2021
- Final dividend of 0.9p proposed by the Board, reflecting our strong financial performance in the year

<sup>1</sup> UK Kitchenware market growth (excluding ProCook) calculated using weekly GfK data and management estimates

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Visit our website at:  
[www.procookgroup.co.uk](http://www.procookgroup.co.uk)

# Why Invest in ProCook

We're passionate about cooking and on a mission to become the customers' first choice for kitchenware. We are the UK's leading direct-to-consumer ("D2C") specialist kitchenware brand with considerable opportunity to develop and grow our customer base.

**01**

## Market

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

**02**

## Growth

Clear strategy for sustainable long term growth through customer acquisition and retention, channel and category development

**03**

## D2C Brand

D2C business model and own brand offer provides a significant competitive advantage, with control of the entire customer journey

**04**

## Financials

Track record of revenue growth, with strong product and operating margins, and cash generation

**05**

## Infrastructure

Well invested infrastructure provides an agile and scalable platform for growth

**06**

## Management

Highly experienced management team, with a strong entrepreneurial and family-oriented heritage creating an ambitious growth culture





# At a Glance

55

Stores nationwide

2

Distribution centres covering 91,000 sq.ft.

578k

Parcels sent in FY22

4.8

Excellent-rated on Trustpilot

1600

Individual kitchenware products

700

Colleagues sharing a passion for cooking

0

Carbon emissions for home delivery

0

Waste to landfill (in our central operations)

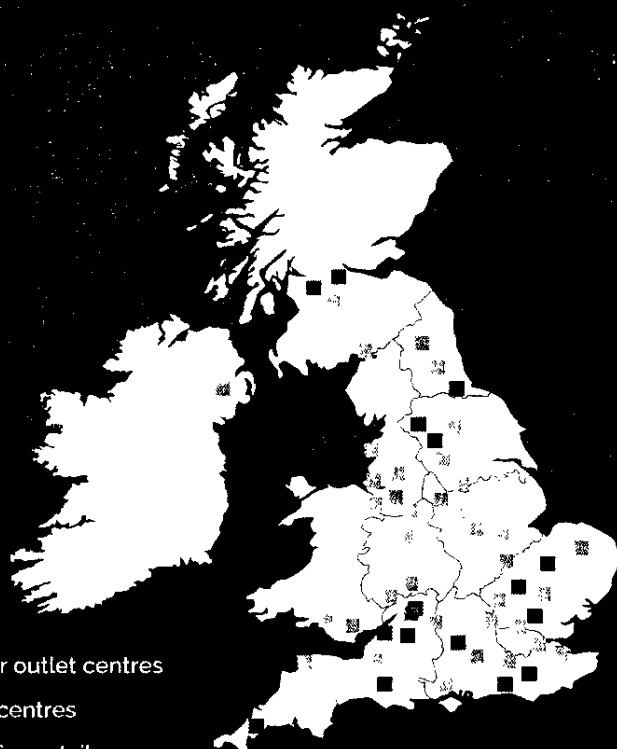


## Where we operate

In the UK, our customers can shop with us in 55 of our stores located in leisure-based designer outlets, destination retail centres and garden centres. Offering our customers unrivalled choice, convenience, and the opportunity to pick up and test our products, they will be greeted by our knowledgeable and helpful colleagues to help them find exactly what they're looking for.

Our customers can also shop with us at our dedicated website [www.procook.co.uk](http://www.procook.co.uk). As well as being easy and intuitive to use, our online shopping experience provides our customers with our latest great offers, as well as next-day delivery as standard when ordering before 7 pm, and for free when spending over £50.

In 2021, ProCook opened its new Cookery School, located above the new ProCook Tottenham Court Road store in central London, providing a fantastic facility for individuals and groups to develop their own passion for cooking, and allowing ProCook to develop digital content for marketing and customer engagement.



-  Designer outlet centres
-  Garden centres
-  Destination retail
-  Head Office

## At a Glance CONTINUED

### Our products

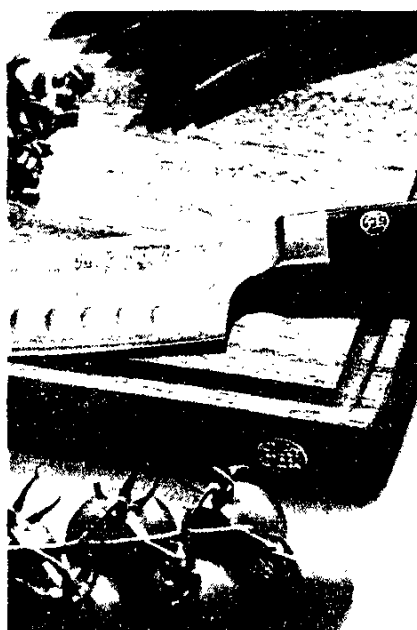
At ProCook, we're passionate about creating high-quality products that appeal to a broad range of customers. Designed in-house, our extensive, stylish range of cookware, kitchen accessories and tableware products deliver our customers superb functionality and high levels of performance in the kitchen.

Enabled by our direct-to-consumer model, our pricing strategy targets savings of at least 30% for the customer compared to similar-quality products from other brands, so we're able to offer excellent-quality products that are built to last, all at great value.



#### Cookware

Offering superb quality, durability and functionality for a better cooking experience, our cookware has a range to suit everyone.



#### Kitchen accessories

From professional quality kitchen knives to niche kitchen gadgets, our extensive accessories range offers everything for the home cook.



#### Tableware

Our expanding tableware range includes stylish dinnerware to suit all tastes and budgets, as well as drinkware and accessories for every occasion.

## The ProCook Promise



#### British Design

Products are designed and refined by our in-house design team



#### Guaranteed Quality

ProCook offers excellent-quality products with strong guarantees



#### Why Pay More?

ProCook targets savings of at least 30% compared to other leading brands

## Our purpose and mission

ProCook is focused on delivering sustainable and profitable growth, creating long-term value for our customers, communities, colleagues and our shareholders.

## Our purpose and brand proposition

### Sharing our passion for cooking



We design and source beautiful products at great value



We create inspirational and memorable experiences for customers



We offer friendly, knowledgeable service customers can trust

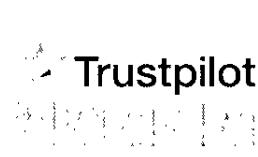
## Our mission and strategic priorities

### Our mission is to be the customers' first choice for kitchenware

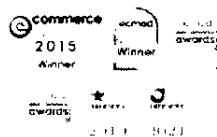
- 01 Attract, engage and retain more customers
- 02 Develop our customer proposition
- 03 Build on our foundations



## Awards and accreditations



Rated excellent  
Over 81,000 reviews



Direct Commerce  
Awards  
Winner 2021



The Sunday  
Times HSBC  
International  
Track 2021



Living wage  
employer



Great place  
to work

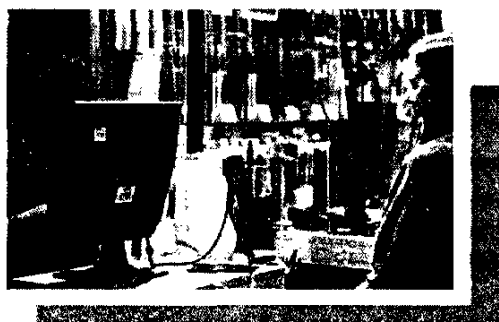


Official Woodland  
Trust partner

# Our History

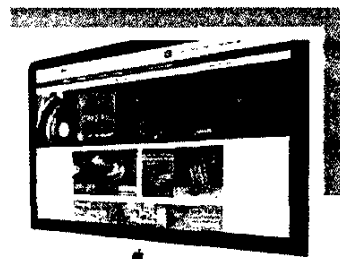
ProCook began its journey over 25 years ago, as a family business selling cookware sets by direct mail in the UK.

The first sales were made through an advert in the Good Food Magazine featuring a 12-piece stainless steel cookware set which retailed at £199. The pan set was sourced directly from the Far East and over 350 orders were placed from that single page advertisement. The O'Neill family founders had spotted an opportunity in the marketplace to offer high-quality, great-value, kitchenware products directly to the consumer.



1996

Professional Cookware Company founded by the O'Neill Family



2005

Transactional website launched, with a focus on proprietary platforms

1999

Opened first designer outlet centre store in Mansfield offering extended kitchenware ranges



2008

Rebranded to ProCook – beginning the transition to selling own-brand direct-sourced products exclusively



2016

Began trading on Amazon DE,  
followed by Amazon FR one year later

2020

Accelerated online trading in  
response to the Covid-19 pandemic



2019

Acquired Steamer Trading, adding  
scale and national footprint

2021

Listed on Premium Segment of the London  
Stock Exchange on 12 November 2021

Opened 8 new stores in the UK, taking  
total retail estate to 55 stores



# Chairman's Statement



**We have a clear purpose to share our passion for cooking, and our mission to become the customers' first choice for kitchenware drives our focus.**

**Greg Hodder**  
Chairman

I am pleased to report on our first annual results as a publicly listed company. The year has *been challenging in many ways*; however, the business has made considerable progress. During the year, we significantly grew our customer base, delivered another record sales performance, and expanded our store portfolio and product range, whilst also completing our initial public offering ('IPO').

I would like to thank all of our ProCook team, suppliers and partners on behalf of the Board for their energy and dedication to continually improving our customer proposition.

The return to a more normal *life for our customers following the Covid-19 restrictions* which dominated so much of the previous two years offered a welcome boost to trading in the year as our retail stores re-opened. Fortunately, the impact of the Omicron variant, which resulted in lower footfall during quarters three and four, was relatively short lived. Global supply chain disruptions have continued to present multiple and complex challenges and our buying, logistics and supply chain teams have had to work tirelessly to resolve these whilst we also invested in inventory to protect availability for customers during this period.

The more recent onset of the *significant inflation and cost of living pressures* has presented new challenges for our business, as well as for our customers, colleagues and suppliers. However, we are confident that our strategy and proposition will

deliver sustainable, profitable growth over the medium to longer term, and we are highly *focussed on emerging from these near-term headwinds* as an even stronger business.

We have a clear purpose to share our passion for cooking, and our mission to become the customers' first choice for kitchenware drives our focus on raising brand awareness, attracting new customers and increasing the lifetime value of customers. Excellent progress has been made with these key strategic objectives over the last year.

## Governance

As a Board, we are committed to the highest standards of corporate governance, and I am very pleased to now be working with our Non-Executive Directors – David Stead, Gillian Davies and Luke Kingsnorth – each of whom have brought deep and highly relevant sector experience and skills to the Group, since we formed the Board in October 2021, prior to the IPO.

The Board is working very well with the Executive Directors and wider Leadership Team, balancing a healthy challenge on strategic, operational and governance matters, with pragmatic knowledge-sharing and support to help achieve our strategic ambitions.

## Sustainability

ProCook is committed to doing the right thing with a long-standing focus on improving sustainability and I am encouraged by the progress made in this area over

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# 73.8%

growth in active customers

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the last year. Having already reported carbon neutral status for Scope I and II emissions during the year, the Leadership Team are now completing the work to establish the roadmap of actions needed to mitigate Scope III emissions and achieve Net Zero by our target date of 2030, whilst also further eliminating waste across the business including single-use plastics.

Additionally, the group has been recognised as a "Great Place to Work" during the year, testament to the efforts to create an inclusive, engaging and caring workplace. We also continue to support a number of important community initiatives.

Our Chief Executive Officer, in his review, sets out more detail about this important topic and the next steps we will take. I am pleased to witness the high level of engagement right across the business towards sustainability as a whole, and as a Board we are committed to reducing our impact on the environment and creating an even better place to work.

## Dividend

As a result of the Group's strong performance in the year and our confidence in the Group's ability to deliver sustainable, profitable growth over the medium to longer term, and in line with our capital allocation policy, the Board is pleased to recommend a final dividend of 0.9p per share.

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# 0.9 pence

final dividend per share

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Subject to approval at the AGM, payment is expected to be made in late September.

## Outlook

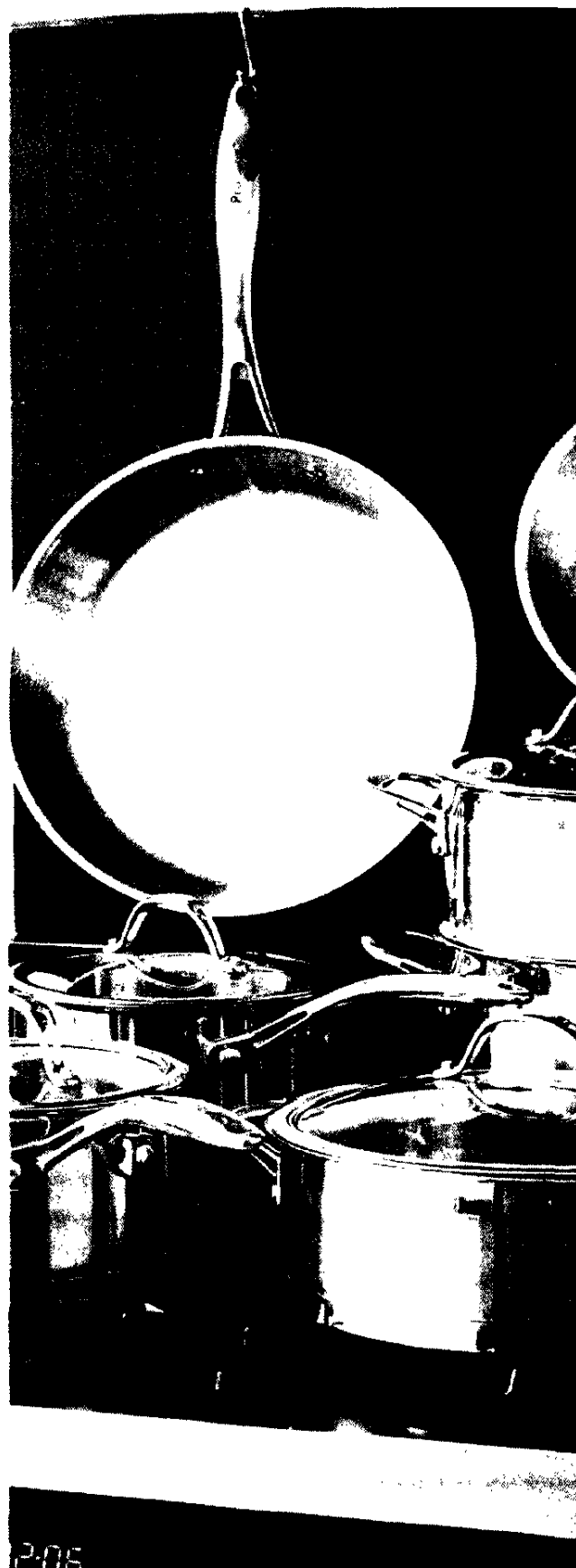
It is clear that the current macro environment is extremely challenging and is having significant impacts on consumer behaviour. However, ProCook offers exceptional value across different price points, and our market opportunity remains highly attractive. We are financially strong, with a flexible and resilient business model and we are continually enhancing our customer proposition and marketing activities.

By focusing our efforts on the core organic UK market opportunity in the short term, we are confident that we can emerge from these difficult market conditions in a stronger position to capture the clear opportunities ahead of us.

Gavin Knight

Chairman

4 August 2022









# Strategic Report

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# Our Marketplace

## A large and fragmented kitchenware market provides opportunity for growth

Our primary market is the UK kitchenware market which is large and fragmented providing ProCook a significant opportunity for growth. Euromonitor<sup>1</sup> estimate the market size was £3.4bn in the calendar year 2021, growing by +7.8%. We estimate that our share of this market increased to 2.2% in 2021 (2020: 1.7%).

Between 2015 and 2019 (being the last full year prior to the impact of Covid-19), the industry grew steadily at a compound annual growth rate (CAGR) of +1.6% and has historically remained resilient during economic downturns. In 2020, the market contracted by -6.8% driven by the enforced store closures to counter the spread of Covid-19. Whilst ecommerce sales grew significantly, sporadic access to retail, exacerbated by major supply chain issues reduced sales as consumers were unable to access products and brands conveniently and consistently.

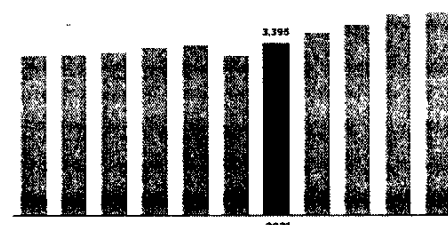
Following this decline, growth of +7.8% in 2021 was driven by the full reopening of retail stores from April 2021 onwards, as consumers continued to place increased value on their home environments, spending significantly more time cooking and entertaining at home.

Looking forward, Euromonitor estimates that UK sales of kitchenware in 2025 will grow to £4.0bn, representing a CAGR of +3.1% from 2019 supported by sustained interest in cooking and entertaining at home as consumers on average will spend more time at home compared to pre-pandemic. Stronger growth potential will be restrained by the inflationary macro environment which will drag on consumer's disposable incomes.

We note that whilst this market size forecast is largely driven by price effects rather than volume in the next two to three calendar years, the heightened uncertainty in the consumer environment mean that such forward-looking expectations should be taken with a degree of caution.

ProCook's wider market opportunities include small kitchen electricals which we understand has a market size in the UK in excess of £1bn, as well as overseas EU markets including Germany, France and the Netherlands which together had a kitchenware market size of approximately £8bn in 2020.

UK kitchenware market size



## Macroeconomic landscape

The current UK consumer environment has deteriorated significantly and rapidly over recent months driven by rising inflation, reaching +9.1% in May 2022, causing a cost-of-living squeeze as domestic budgets are impacted by increased energy, fuel and grocery prices, compounded by higher interest rates and taxes.

The two key macro-economic causes are the legacy of Covid-19 disruption in manufacturing and supply chains, and the Russian war on Ukraine.

Consumer confidence has deteriorated to record low points, worse than the 2008 financial crisis and the height of the Covid-19 pandemic. Many economists are predicting this inflationary pressure has not yet peaked, and there is much uncertainty around how long this will last.

Against this backdrop, consumers are increasingly having to make difficult choices about where to spend and how to cut back. This has already had wide-ranging adverse effects on the Retail sector as a whole.

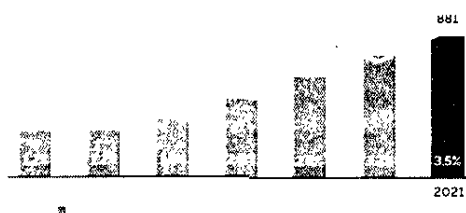


<sup>1</sup> UK Kitchenware market size data (presented in retail selling prices including VAT) is sourced from analysis by Euromonitor in their "Homewares in the UK" report dated May 2022. ProCook market share data is estimated by ProCook based on these market sizes.



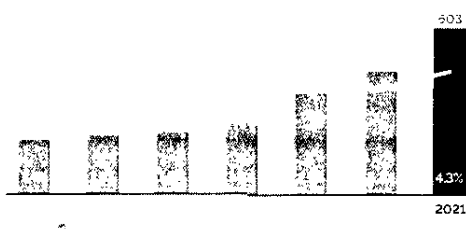
## Kitchenware

Cookware, comprising stove-top and ovenware products, had a market size of £881m in 2021 and we estimate we grew our share to 3.5% in 2021 (2020: 3.2%). Cookware is ProCook's heritage category, our range features quality products at good, better, best price points to suit customers' needs, tastes and cooking preferences.



## Kitchen accessories

Kitchen accessories, comprising kitchen utensils and food storage products, had a market size of £603m in 2021 and we estimate our share increased to 4.3% in 2021 (2020: 3.2%). As a kitchenware specialist our broad range of utensils, knives, and other kitchen accessories provide choice, convenience and great value for customers.



## Tableware

This category is ProCook's newest, and comprises dinnerware, cutlery and beverageware. With a market size of £1.9bn in 2021, this presents a significant opportunity for growth as our share is still small: we estimate that we increased our share to 0.9% in 2021 (2020: 0.5%). We see continued opportunity to expand and develop our ranges and attract more customers to ProCook in this category.



## Consumer trends

### 01

#### Sustainability

Customers are increasingly aware of a brand's sustainability credentials and are making more sustainable choices in their own lives. This is likely to become increasingly important for ProCook as brands compete to retain newly acquired millennial consumers, a group whose interest in kitchenware grew during the pandemic.

The durability of our products which are designed to last many years, alongside our focus on reducing our environmental footprint is important for our customers. The progress we have already made is giving us more confidence to be more vocal about our existing credentials in our messaging to customers.

### 02

#### Increase in home cooking

The impact of the pandemic has resulted in a substantial and sustained increase in home-cooking and home-entertaining as consumers spent more time in their homes, and continue to do so with home-working remaining far more common-place. Publicly available research indicates that 91%<sup>2</sup> of consumers expect to continue to cook at home either as much, or more than they did during the pandemic.

The current cost of living pressures are creating significant challenges for consumers. We expect that the trend of eating-in versus out is likely to remain in play at least for the short to medium term as eating-out becomes increasingly expensive.

### 03

#### Ecommerce growth

Physical retail still has a significant role to play in kitchenware providing a setting for customers to test, seek advice and take products home the same day. Currently more than 70% of kitchenware sales are still completed in a store environment.

However, ecommerce sales of kitchenware have grown significantly during the last few years, and we expect this trend to continue as younger generations of customers who are typically more at ease purchasing online, form a larger part of the sales mix.

# Our D2C Business Model

## Our resources

### Our brand

We offer beautiful high-quality products at great value, accompanied by high levels of service and inspiration, allowing us to generate loyal customers for the long term. We are still increasing awareness of our proposition to a wider customer group and there remains a significant opportunity to raise our profile further in the years ahead.

### Our people and culture

Our culture reflects our family heritage. Our people and teams are agile, collaborative and customer-focused. With high colleague engagement, our people are loyal and committed to continually developing our brand and customer proposition.

### Our supply chain

Product ranges are designed, sourced and refined by our design, design and product teams. We direct source all of our products from our manufacturing suppliers through long-term partnerships, many of which have grown since the business first began. We maintain two distribution centres to deliver to stores, our retail stores and home delivery operations. Our novel D2C and online model, which we expect to grow in FY24, provides another channel for continued growth.

### Our retail network

Our retail stores are geographically spread throughout the UK and offer our customers a convenient and inspirational shopping experience, with the opportunity to seek advice from our highly trained colleagues and to try products in-store. Located in leisure-based retail destinations (designer outlet centres, garden centres and regional shopping centres) our stores are profitable and our brand has continued to reach new customers.

### Our technology

Our proprietary technology design and development team has built a robust and scalable system architecture that supports our operations and provides a strong platform for continued growth. Our systems and website channels are modern, mobile-first and are continually developed by our own technology team, allowing us to deliver customer and operating data across all of our channels. Our data is used to inform our marketing and operational decisions where appropriate.

As a direct-to-consumer brand, we have complete control of routes to market and our customer proposition enabling us to offer beautiful products at great value for our customers. Our resilient and scalable model is supported by our well-invested infrastructure, our remarkable people and our culture which has supported our continued growth.

## Our Purpose

## Sharing our passion for cooking

### Our Ingredients for success



We design and source beautiful products at great value



We help create inspirational and memorable experiences for our customers

### Our activities

#### Engaging our customers

We love to cook, and we're passionate about sharing this with our customers. Attracting, engaging and retaining customers is a key focus for us in driving continued growth. Our focus on service excellence across all touchpoints helps ensure customers are well looked after. We engage with our customers via social media, email and other media channels and increasingly in our Cookery School.

#### Product design and development

Our in-house design teams work closely with our suppliers on initial design through to product enhancement. Our teams focus on quality, functionality, durability and sustainability, and style to create products our customers can enjoy for many years. We launch new products throughout the year, typically refreshing our range by 25% each year.

### How we create value for customers

- Cutting out the middlemen; great quality products at lower prices
- Designing product ranges to offer durability and excellent performance
- Warranties of up to 25 years, offering peace of mind
- Excellent-rated service both in our stores and for home delivery with next-day delivery as standard
- Inspiration including recipe ideas, "how to" guides and cookery school lessons helping improve skills in a hands-on, relaxed atmosphere in central London

## Sustainable value creation

### Our customers

We cut out the middlemen by designing and direct-sourcing our products ourselves, and operating our own routes to market, delivering better quality products for customers at lower prices. Through our D2C model, we save the customer at least 30% against comparable products from competitor brands. Our customers benefit from great advice in our retail stores, along with the ability to try and test products, and our home delivery service offers next day delivery as standard.

### Our people

As a certified Great Place to Work<sup>SM</sup> company, we are committed to treating our people well and we continually listen to our colleagues to find ways to improve our business for the long term. Our colleagues are key to our success, and we are committed to paying our colleagues at least the Real Living Wage, providing diversity and inclusion and supporting wellbeing and development. We provide workplaces which are collaborative and safe spaces and encourage and support our colleagues to give back to our local communities.

### Our suppliers

Many of our suppliers are independent and established in the manufacturing industry. Our supply chain is transparent and fair, with a strong 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 communities

Locally we support a number of initiatives including the Goughs Lane L&L C&M Project in Gloucestershire and a local women's refuge. During FY22 we raised funds and donated products to support refugees in Ukraine. We continue to support local charities locally which support the education of young people, mental health services and the provision of care for the elderly.

### Our shareholders

Our focus is on the long-term of business and growth of the financial performance for our shareholders. We have a strong commitment to our shareholders and we are committed to providing a strong return on investment for our shareholders. We are committed to providing a strong return on investment for our shareholders.



We offer friendly, knowledgeable service customers can trust

### Sourcing and supply chain management

Working with our suppliers, primarily in the Far East, we bring new products to the market and maintain high availability across the range. Our supply chain teams manage the ordering, shipping and importing right through to delivery into our stores and to customers homes, via our two distribution centres in Gloucester.

### Routes to market

#### Ecommerce

Our Ecommerce teams manage our trading and customer experience across our platforms including the UK website, and our cookery school website. We merchandise products using high quality imagery produced in our photography studio to inspire our customers

#### Retail

Our Retail offer provides a convenient and inspirational setting for customers to seek advice, browse the range, and select products to take home today. Our stores are clean and uncluttered, and well-stocked, showcasing good/better/best product ranges effectively so customers can make the right choice.

1. How well we manage our value chain to drive growth

- Continued growth in customer acquisition and retention
- Controlling pricing and promotional activity, including product launches and replacement cycles in a way that is not possible in a wholesale model
- Maintaining strong product and channel operating margins
- Monitoring marketing spend and return on investment
- Managing our cost base carefully, ensuring that we are being as efficient as possible
- Investing for long-term growth with careful business case consideration

# Our Strategy

## Becoming the customers' first choice for kitchenware

Our mission is to become the customers' first choice for kitchenware, creating sustainable and long term value for all our stakeholders.

We have a clear strategy to raise awareness of the exceptional value and service proposition we offer, growing our customer base, and sharing our passion for cooking.

## Our ingredients for success



We design and source beautiful products at great value



We create inspirational and memorable experiences for customers

## Our strategic priorities

# 01

### Attracting, engaging and retaining more customers

Growing brand awareness and market share through engagement and inspiration

# 02

### Developing our proposition

Continually improving our product and service offer, across all channels

# 03

### Building on our foundations

Committed to creating an even better place to work, reducing our environmental footprint and investing for profitable growth



We offer friendly, knowledgeable service customers can trust

## How we will move forward

- Create and share inspirational digital content using our own Cookery school
  - Develop brand campaigns that resonate with customers
  - Enhancing our digital marketing capabilities
  - Utilise our rich customer data more effectively
- 
- Extend and improve existing ranges especially in tableware
  - Intense focus on service-excellence across all customer touchpoints
  - Develop new categories to create more reasons to shop with us including small kitchen electricals
  - Improve customer experience online, making it easier to shop with us
  - Develop our Retail estate, adding more locations, and increasing the size of our stores to better showcase product
  - Entering into additional overseas markets at the right time
- 
- Open our new Distribution Centre to improve efficiency and add capacity for growth
  - Continually develop our Tech capabilities to support operations and customer insight
  - Create a fantastic new office environment for our colleagues, improving personal development and collaboration across teams
  - Improve how we engage with, listen and learn from our colleagues
  - Develop and implement our roadmap to Net Zero emissions by 2030
  - Further eliminate waste, and develop our product ranges to be more sustainable

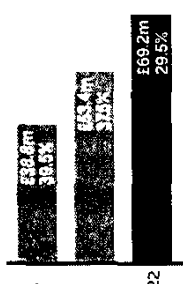


# Key Performance Indicators

The Board monitors a range of financial and non-financial measures to assess performance and to determine remuneration targets for senior management.

## Financial KPIs

### Total revenue £m and %



#### Performance

Total revenue of £69.2m reflects continued strong sales growth of 29.5% (+78.0% vs FY20) with retail stores re-opened following the end of Covid-19 restrictions, and our UK website up +250.3% vs FY20. This highlights the strength of our multichannel proposition, as we significantly outperformed the UK Kitchenware market by +36.0pts<sup>1</sup>.

#### Why this measure matters

Total revenue is an important indicator of how ultimately 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.

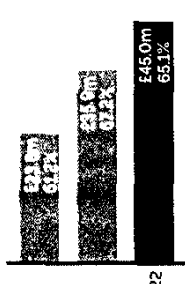
#### Link to strategy

Becoming customers' first choice for kitchenware

Developing our customer offer

<sup>1</sup> UK Kitchenware market growth (excluding ProCook) calculated using weekly GfK data and management estimates

### Gross profit £m and %



#### Performance

Gross profit increased to £45.0m (FY21: £35.9m) driven by our continued sales growth. As expected, our strong gross margins reduced to 65.1% (-210bps YoY) primarily as a result of the considerable global supply chain challenges which led to higher marine freight costs.

#### Why this measure matters

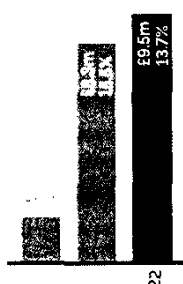
This measures our success in sourcing high quality products which offer customers great value (with pricing targeting savings of at least 30% less than comparable products from competitor brands), whilst still achieving strong gross margins to support the business model.

#### Link to strategy

Becoming customers' first choice for kitchenware

Developing our customer offer

### Underlying Profit Before Tax<sup>2</sup> £m and % of revenue



#### Performance

Underlying Profit Before Tax increased to £9.5m representing 13.7% of revenue (FY21: £8.3m, 15.5%) reflecting a return to a more normal Ecommerce mix as Retail stores reopened, and a more normal level of operating costs post-pandemic.

#### Why this measure matters

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

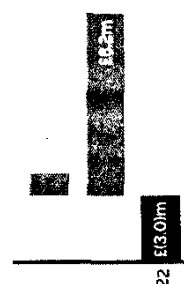
#### Link to strategy

Developing our customer offer

Build on our foundations

<sup>2</sup> Further information on how Underlying Profit Before Tax is calculated is set out on page 114.

### Free cash Flow<sup>3</sup> £m



#### Performance

Free cash flow of -£3.0m in FY22 includes £2.2m of cash outflows in relation to the IPO, net capital expenditure of £3.8m (FY21: net proceeds of £3.1m) and £3.2m investment in net working capital (FY21: £3.9m) to protect inventory availability during the current period of increased global supply chain disruption.

#### Why this measure matters

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.

#### Link to strategy

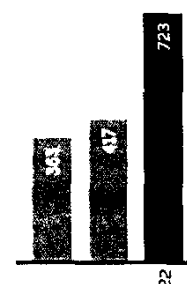
Developing our customer offer

Build on our foundations

<sup>3</sup> Further information on how Free Cash Flow is calculated is set out on page 26.

## Customer KPIs

### Number of new customers ('000)



#### Performance

The Group attracted 723,000 new customers to shop with ProCook during FY22, +73.8% more than in FY21, continuing the trend of attracting more customers each year. 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 as we continue to increase brand awareness in the markets in which we operate. The Board monitors this measure as an indicator of both the effectiveness of the Group's marketing activities, and the growth of the brand's profile in the marketplace.

#### Link to strategy

Becoming customers' first choice for kitchenware

Attract, engage and retain more customers





These Key Performance Indicators (KPIs) provide a range of information pertinent to the Group's strategic mission to be the customers' first choice for kitchenware whilst also considering financial performance and the delivery of sustainable and profitable growth. Furthermore, they reflect People and Environmental measures which the Board considers to be critical to our long-term success by making ProCook an even better place to work and by reducing our environmental footprint.

#### Environmental Social Governance KPIs

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



##### Performance

During FY22 the number of active customers in the last 12 months increased to 974,000 (+74.9% YoY) reflecting the combined effect of new customers acquired in the year and increasing repeat rates. Of these customers, 251,000 were repeat customers originally acquired in previous periods (FY21: 141,000).

##### 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

Becoming the customers' first choice for kitchenware

Attract, engage and retain more customers

##### 12-month repeat rate %



##### Performance

Our customers' 12-month repeat rate improved +6.9 percentage points year on year to 25.5% reflecting strong progress made to re-engage customers and the increasing mix of Ecommerce customers which have a higher repeat rate than Retail customers.

##### Why this measure matters

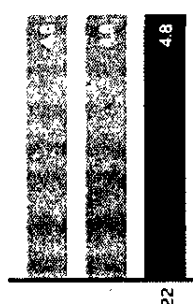
We use this metric to understand the Group's ability to retain customers and as an indicator of the Group's ability to increase the lifetime value of customers.

##### Link to strategy

Becoming the customers' first choice for kitchenware

Attract, engage and retain more customers

##### Trustpilot score (max 5)



##### Performance

During the year we have retained our 4.8 excellent-rated Trustpilot score with over 81,000 reviews now received by the Group.

##### 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

We offer friendly, knowledgeable service customers can trust

We design and source beautiful products at great value

##### Colleague engagement score %



##### Performance

Our inaugural colleague engagement survey which was completed in November 2021 provided an overall engagement score of 77%. Historically engagement was assessed across the business at different points in the year. We have now created consistent approach to measure our progress each year.

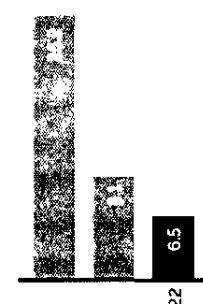
##### Why this measure matters

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

Make ProCook an even better place to work

##### CO<sub>2</sub> emissions intensity<sup>4</sup> tCO<sub>2</sub>/£1m of Revenue



##### Performance

CO<sub>2</sub> emissions intensity reduced further in FY22 to 6.5 tonnes of CO<sub>2</sub> per £1m of revenue generated by the Group. The Group appointed a new ESG Director in 2021 to increase the level of focus on this important topic.

##### 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

Reduce our environmental footprint

<sup>4</sup> CO<sub>2</sub> emissions are defined as emissions from all Scope I and II activities relating to the Group's operations.

## CEO's review



**The Group has achieved a great deal during the last year in pursuit of our mission to become the customers' first choice for kitchenware and our attention remains on providing our customers with great products, exceptional value and the best possible service."**

**Daniel O'Neill**  
Chief Executive Officer

Over the last year we have made considerable progress in developing our customer proposition and direct-to-consumer model.

I am pleased with our trading performance and the strategic progress we have made during what has been a challenging period. Despite these challenges, our business is now much larger and stronger than pre-pandemic, with more customers and significantly improved sales and profits.

The Group has achieved a great deal during the last year in pursuit of our mission to become the customers' first choice for kitchenware, and I would like to personally thank all of our people and partners, who have accomplished so much together over recent years.

Current market conditions have changed rapidly due to rising inflation and the cost-of-living squeeze, with consumer confidence deteriorating to lows not seen for many years. We have adjusted quickly to the reality of this new trading environment, but uncertainty remains around how prolonged this difficult trading environment may be.

Despite this backdrop, as a direct-to-consumer kitchenware specialist, our attention remains on providing our customers with great products, exceptional value and the best possible service. We are confident that our proposition will continue to attract new customers to ProCook and that we can cater for all budgets and tastes, with our commitment to creating exceptional value through pricing which is at least 30% cheaper than comparable products from competitor brands.

We are energised by the longer term opportunities we see ahead of us to develop the ProCook brand and our sharpened focus on the core UK market opportunity during these difficult times, will give us the capacity to reinforce and strengthen our market position and customer proposition, leaving us better placed to capture wider growth opportunities as trading conditions improve.

### **Performance in FY22**

#### **Strong trading momentum**

We are pleased with our strong revenue growth of 29.5% in FY22, which represented a +78.0% increase on FY20 (pre-pandemic) and a compound annual growth rate exceeding +30% over the last five years. This performance reflected our consistent outperformance of the UK kitchenware market, which enabled us to further grow our market share.

Early in the year we were pleased to re-open our Retail stores following the disruption and closures related to Covid-19 restrictions in the previous financial year. Our like for like Retail revenue was +69.3% compared to FY20 supported by strong conversion and increased average transaction values. Additionally, we opened eight new stores during the year (and closed two) in retail destination locations extending our retail portfolio to 55 stores, as well as launching our first Cookery School on Tottenham Court Road, London.

Our Ecommerce performance reflected two key factors: the shift back to retail-based shopping by consumers and the strategic exit of the Amazon UK Marketplace at the end of June 2021. Whilst total Ecommerce revenue declined by -18.9% as



# 723,000

new customers

a result of these factors, our like for like Ecommerce revenue remained up +197.1% compared to FY20 reflecting the step change in performance achieved through our own website.

Gross margin declined by -210bps year on year due to the continued global supply chain disruption and the higher costs incurred to import products. During the year revenue growth was driven by volume and product mix as we chose to hold our pricing to maximise value for customers. We maintained our disciplined focus on our cost base throughout the year, whilst investing in specific initiatives to support our growth ambitions. We delivered underlying profit before tax of £9.5m (FY21: £8.3m) after the return to a more normal level of operating costs post-pandemic, higher central costs reflecting our becoming a plc, and as we continued to invest for long term growth.

### Customer first focus drives growth

As a direct-to-consumer business, our customers' experience is key to our continued success and we are pleased to have retained our excellent-rated Trustpilot score of 4.8. Our growth opportunity is significant and successfully attracting and retaining customers is our highest strategic priority.

During the year we accelerated new customer acquisition, attracting 723,000 new customers to shop with ProCook (+73.8% year on year). Our active

# 123%

Yo2Y LFL

customer database reached 974,000 customers at the end of the year (+74.9% year on year) and our total customer database was approximately 3.2 million customers.

Additionally, we have made strong progress with customer retention activities including improved re-targeting, better email collection in-store and enhanced customer segmentation, resulting in our 12-month repeat purchase rate increasing during the year to 25.5% (FY21: 18.6%). In Ecommerce this rose by +3.8% points to 27.9%, and in Retail by +4.3% points to 21.4%.

Average Transaction Values (ATV) continued on an upward trajectory driven by the customer-focused improvements we have made. In Retail we increased overall value for customers through add-on items and enhanced product training for our colleagues with ATV increasing to £35 (+7.3% year on year). In Ecommerce, we have improved the overall shopping experience on our website with improved navigation tools, increased payment options and redesigned product landing pages. Ecommerce ATV increased to £67 (+8.9% year on year) which was also supported by the higher mix of customers transacting on our own direct website.

### Focused on sustainability

Our business has always been focused on doing the right thing, and we are pleased with the progress we have made in the last 12 months.

The appointment of our ESG Director this year has helped us gain further momentum in the implementation of our ESG strategy.

We are committed to making ProCook an even better place to work and were delighted to be certified as a Great Place to Work™ during the year as well as receiving two awards from the UK's Best Workplaces for being ranked 60 in the top 100 large organisations and being ranked 45 in the top 100 large organisations for Colleague Wellbeing. We have made good progress with our B Corp application. Of course, there is more to do, and we will be shortly launching a new colleague advisory panel to help us listen more and capture feedback and ideas from right across the business.

We are passionate about reducing our environmental footprint and our partnership with The Woodland Trust to mitigate unavoidable Scope I and II emissions has enabled some of our colleagues to utilise their "Great Causes" day (which we offer all colleagues) to support replanting activities in the UK. We have taken further steps to eliminate single use plastics in our operations and now have minimal plastic product packaging left in our ranges. Having now developed our environmental management framework we are finalising our roadmap to achieve Net Zero emissions (including scope III) by our target date of 2030.

As a responsible employer and corporate citizen, we continue to promote equality, diversity and inclusion, and our work with the GEM Project, supports people in Gloucestershire overcome challenges to employment and

## CEO's review CONTINUED

helps them move closer towards or into work. In March we were awarded the Gloucestershire Inclusive Employer award. We began participation in the *Disability Confident Committed* scheme this year, and plan to move this forward another level in the coming months.

### **Becoming the customers' first choice for Kitchenware** **Well positioned in a large market opportunity**

The UK kitchenware market in which we operate in is large and typically quite stable. Experience tells us that the market is relatively resilient in difficult economic times as consumers eat out less and entertain more in their homes.

As a direct-to-consumer specialist retailer, our business model allows us to offer customers exceptional value through our high quality direct-sourced products, designed by our own team, and which span a range of styles and price points to suit individual needs, tastes and budgets. These value for money credentials, accompanied by our conveniently located stores and strong service, provide a level of resilience to the current macro challenges.

In our core UK market, we have a significant opportunity to raise brand awareness and increase market share, which we estimate was 2.2% in 2021, as we pursue our mission to become the customers' first choice for kitchenware.

### **Attract, engage and retain more customers**

Prompted recall of the ProCook brand is still below 40% in the UK (with some of our competitors enjoying over 70%).

Our opportunity to raise customer's awareness of what we offer is therefore significant. Showcasing our passion for cooking through 'how to' guides, *recipes and lifestyle content* combined with our quality product range and leading pricing will allow us to inspire and engage our customers.

Having recently welcomed our new Chief Marketing Officer, Angela Porter, we are now refreshing our brand marketing strategy. We will be accelerating our top-of funnel campaign activity utilising digital content, much of which we will create in our own cookery school which doubles as a studio and media hub. We are optimising our paid media activities implementing automated bidding and integrating customer data to deliver enhanced conversion tracking.

We are in the process of implementing a powerful new customer experience platform which will also serve as our email service provider. We will use this new technology to drive forward our retention marketing activities. We will improve segmentation of customers cohorts, enhance our targeting and re-targeting activities across our sales channels and introduce greater personalisation all whilst gaining valuable and deep insights into customer behaviour and activity.

### **Developing our proposition**

We are committed to developing our own ecommerce platforms to enable us to engage more effectively and directly with our customers. As a result, we expect to withdraw from our remaining Amazon EU activities during the next few months in order to focus fully on this priority.

Our own website already performs well, as our recent benchmarking exercise conducted by external specialists has concluded, however we have identified where we can make further improvements, and we have developed an experimentation roadmap for user experience and conversion optimisation in the months ahead. We are planning to migrate the website to the new codebase that we developed for the EU during FY22 to benefit from improved site speed, enhanced security and reduced ongoing development time. Focusing on the UK first will deliver benefits more quickly and allow us to optimise the website, ready for when we choose to roll out Ecommerce trading to new territories.

Our 55 retail stores, which are designed to inspire customers, provide a convenient opportunity to test, seek advice and take products home the same day. Our focus in the short term is on the key retail metrics that drive performance, so we are rolling out further training for our colleagues and elevating our customer service focus. In the year ahead we are planning to open approximately four new stores in the UK, as well as relocating at least two stores to larger sites within existing retail centres to provide more space to better display product ranges, particularly tableware.

Our comprehensive product range across Cookware, Kitchen Accessories and Tableware has over 1,600 SKUs which are ProCook own-brand, designed by us and direct-sourced from our manufacturing partners.



We construct ranges within clear price and quality/feature hierarchies providing customers choice over what suits their needs best. We are committed to our pricing model, saving the customer at least 30% against comparable products from competitor brands, and are confident that this offers our customers exceptional value for money. Looking ahead we are excited by the opportunity to extend our Tableware offer as we further penetrate this large segment of the kitchenware market. Equally, we expect to launch the first phases of our new ranges of Kitchen Electricals within the coming year, which will provide another reason for our existing customers to shop again with ProCook and allow us to attract new customers to the brand.

#### **Building on our foundations**

The rapid growth of the business over recent years has meant our head office working space and logistics efficiency has been compromised. We are very much looking forward to moving into our new BREEAM certified Distribution Centre and HQ later in FY23. This will improve efficiency and capacity in our logistics operations and provide an inspiring environment for our colleagues to flourish and teams to collaborate, pushing us on to greater achievements in the years ahead.

Our proprietary technology platforms support our operations across the business and coupled with best-in-class third-party technologies, allow us to be nimble, efficient and highly customer-oriented. We have a full development roadmap for the year ahead, including the implementation of the

new customer experience platform, migration to our new codebase for our UK website, improvements to our warehouse management system and security enhancements, alongside continual website performance improvements.

We remain fully committed to investing in our infrastructure and foundations to ensure we have an agile and scalable platform that will support future growth.

#### **Current Trading and Outlook**

Based on GfK data we estimate the UK Kitchenware market contracted during the first quarter of our FY23 financial year by approximately -12%. In light of this macro-economic backdrop, our exceptional outperformance of the market in the first quarter of last year which provides tough comparatives (FY22 Q1: Total revenue +84.9%, LFL revenue +96.7%, UK revenue excluding Amazon +143.3%), and our strategic exit of Amazon UK in June 2021, our sales performance in the first quarter of FY23 has declined year on year. Revenue in the UK, excluding Amazon, was -9.0% year on year, outperforming the market, and +49.9% compared to Q1 FY20. Total revenue in the first quarter of £11.4m was -21.6% year on year, but +35.5% compared to Q1 FY20 (pre-pandemic).

The rapid deterioration in the consumer and macro environment means that we have now had to adjust and re-prioritise our focus. We are well placed to manage these current challenges with a strong financial position, a resilient business model, a clear strategy for sustainable

and profitable growth, and a customer proposition focused on exceptional service, quality and value. We will continue to invest in the initiatives that will drive our brand forward, making ProCook a stronger, more sustainable business for all of our stakeholders and with a sharpened focus on our core UK market in the short term.

In line with our recent trading update on 10 June 2022, the Board expects that revenue for FY23, will be broadly in line with the last year, with underlying profit before tax of between £4-6m, reflecting ongoing investment in future growth, cost inflation and a return to a more typical seasonal second half weighting. We are confident that the Group remains well placed to capture increased share of its large and growing market and deliver medium to long term growth and value to all stakeholders.

**DAVID O'NEILL**

**Chief Executive Officer**

4 August 2022

# CFO's Review



**We have delivered another strong financial performance in FY22 despite the increasingly challenging market backdrop. Revenue grew by 29.5% to £69.2m as we continued to grow our market share, and underlying profit before tax of £9.5m represents 13.7% of revenue. We have continued to invest with the long term in mind, in areas that will support sustainable and profitable growth and the achievement of our strategic priorities.\***

**Dan Walden**  
Chief Financial Officer

## Revenue

	FY222 £m	YoY growth %	Yo2Y growth %
<b>Revenue</b>	<b>69.2</b>	<b>29.5%</b>	<b>78.0%</b>
Ecommerce	32.3	(18.9%)	124.9%
Retail	36.8	171.9%	50.5%
<b>LFL Revenue</b>	<b>55.0</b>	<b>32.1%</b>	<b>123.5%</b>
Ecommerce	31.0	(2.2%)	197.1%
Retail	24.0	140.7%	69.3%

Total revenue in FY22 (the 52-week period ending 3 April 2022) increased by +29.5% to £69.2m (FY21, the 53-week period ending 4 April 2021: £53.4m). Compared to FY20, total revenue growth was +78.0%, reflecting like for like growth of 123.5%.

We have continued to grow our market share, significantly outperforming the UK Kitchenware market. Based on our analysis of weekly GfK data, our year-on-year growth was +36 percentage points ahead of the market. Based on Euromonitor's updated total UK kitchenware market size for 2021 calendar year<sup>1</sup>, we estimate that our share of the market grew from 1.7% in 2020 to 2.2% in 2021.

Ecommerce revenue decreased by -18.9% to £32.3m (FY21: £39.9m) reflecting the strategic decision we took at the end of June 2021 to exit the UK Amazon marketplace which reduced our overall Ecommerce revenue by -£6.8m (-17.2%). Revenue from own website declined by just -1.5% year-on-year, remaining +250.3% compared to pre-pandemic performance in FY20, despite the return of customers to physical retail stores very early in the year.

Retail revenue grew by +171.9% to £36.8m (FY21: £13.5m), benefiting from the stores being open for almost all of the year (Covid-19 restrictions in FY21 meant that our stores were only open for approximately 50% of the year). On a two-year like-for-like basis, revenue in existing stores in FY20 grew by +69.3%. During the year we opened eight new stores in destination retail centres and closed two high street stores increasing our retail store estate to 55 stores.

## Gross profit

We delivered gross profits of £45.0m in FY22 (FY21: £35.9m) maintaining strong gross margins of 65.1% (FY21: 67.2%), despite choosing to hold selling prices to maximise value for customers, whilst in the midst of significant global supply chain challenges. The cost impact of increased marine freight costs during the year was approximately -200bps year-on-year.

## Prior year adjustment

Following careful review of the costs associated with transporting inventory to its final selling location we have concluded that it is appropriate to recognise such costs within gross profit. We have adjusted for this in the current and prior year to aid comparability. This adjustment has reduced gross

<sup>1</sup> In the May 2022 'Homewares in the UK report' from Euromonitor the 2020 UK Kitchenware market size has been revised downwards, as a result of subsequently obtaining more accurate and complete historic numbers for the full year, to £3.1bn from £3.6bn as reported in April 2021

margin in FY22 by approximately -210bps (FY21: approximately -140bps). A corresponding credit has been made to reduce operating costs resulting in nil net effect on profits in either financial year.

### Operating expenses and other income

#### Underlying operating expenses net of other income

Total underlying operating expenses net of other income were £35.9m (FY21: £26.2m) representing 51.9% of sales (FY21: 49.0%). This growth in costs was driven by a number of key factors:

1. Year-on-year effect of existing retail stores fully reopening: +£5.7m
2. New costs in relation the net six new stores opened in the year: +£1.7m
3. Variable costs in relation to continuing ecommerce channels as cost per acquisition returned to more normal pre-pandemic levels: +£0.7m
4. Variable cost savings from the exit of the UK Amazon marketplace: -£0.6m
5. New headcount related costs in central functions to support growth: +£0.7m
6. Additional spend on brand marketing to increase customer awareness: +£0.9m
7. Other central overhead cost increases including audit and professional fees, IT and facilities: +£0.7m

Retail costs benefited from the continued property rates 'holiday' during the year by approximately £1.3m. This temporary relief came to an end in April 2022.

#### Other income

Total other income of £0.4m in FY22 (FY21: £2.8m) relates to the Government's Coronavirus Job Retention Scheme and Business Rates Relief scheme which came into effect during the pandemic whilst 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

Non-underlying operating expenses in FY22 of £9.4m include non-recurring costs in relation to the IPO of £2.7m (2021: £nil) and costs in respect of employee share-based IPO awards of £6.7m (2021: £nil).

Expenses in relation to these IPO awards are expected to continue through relevant vesting periods to FY25, albeit these costs reduce over time.

### Operating profit

Total underlying operating profit for the period was £9.2m (FY21: £9.7m). The significant change in channel mix year on year, as retail fully re-opened, resulted in a large year on year shift in channel profitability. Ecommerce operating profitability declined from 35.5% of revenue to 24.9% as demand reduced and costs per acquisition rose back to pre-pandemic levels. Retail profitability doubled from 13.1% of revenue to 26.2%, benefiting from the significant growth in sales year on year. The total operating profit from our Ecommerce and Retail channels combined was £17.7m (FY21: £15.9m) an +11.1% increase. This growth was offset by the investment in brand marketing and other central costs as set out below.

£m	FY22	FY21
<b>Underlying operating profit</b>		
Ecommerce	8.1	14.1
Retail	9.6	1.8
Central costs	(8.5)	(6.2)
<b>Total</b>	<b>9.2</b>	<b>9.7</b>
<b>Underlying operating profit % of revenue</b>		
Ecommerce	24.9%	35.5%
Retail	26.2%	13.1%
Central costs	(12.3%)	(11.7%)
<b>Total</b>	<b>13.3%</b>	<b>18.2%</b>

# CFO's Review CONTINUED

Total reported operating loss, after the £9.4m of non-underlying costs relating to the IPO in the current year was -£0.2m (FY21: profit of £9.7m).

## Profit and earnings per share

Underlying profit before tax was £9.5m representing 13.7% of revenue (FY21: £8.3m, 15.5%).

During the year there was a net gain of £0.3m (FY21: -£1.4m net loss) in respect of financial items in the period. Financial items included interest expenses on lease liabilities and borrowings of -£0.6m (FY21: -£0.5m) offset by unrealised gains of +£0.9m on derivatives and foreign exchange differences on the translation of dollar denominated assets and liabilities. (FY21: -£0.9m loss).

After non-underlying costs, we reported a profit before tax of £0.1m (FY21: £8.3m). Reported loss after tax was £0.1m (FY21: £6.4m profit).

The effective tax rate based on underlying profit before tax was 20.0% (FY21: 22.5%).

## Earnings per Share

Underlying basic earnings per share for the year increased to 7.34 pence (FY21: 6.42 pence) and underlying diluted earnings per share increased to 6.76 pence (FY21: 5.92 pence).

Reported basic earnings per share for the year were (0.01) pence (FY21: 6.42 pence) and reported diluted earnings per share were (0.01) pence (FY21: 5.92 pence).

## Cash generation and net cash/debt

The Group had a free cash outflow of £3.0m in the current period (FY21: inflow of £8.2m) and ended the year with net debt of £1.8m (FY21: net cash £3.1m).

£m	FY22	FY21
<b>Reported profit before tax</b>	<b>0.1</b>	<b>8.3</b>
Depreciation, amortisation, impairment and profit/loss on disposal	4.1	3.8
Share based payments	5.8	-
Finance expense	0.6	0.5
Unrealised FX (gains)/losses	(1.1)	0.9
Net working capital outflow	(3.2)	(3.8)
Tax paid	(2.0)	(2.0)
<b>Net operating cash flow</b>	<b>4.3</b>	<b>7.7</b>
Net capital expenditure	(3.8)	3.1
Interest	(0.6)	(0.5)
Payment of lease liabilities	(2.9)	(2.1)
<b>Free Cash Flow</b>	<b>(3.0)</b>	<b>8.2</b>
Cash and Cash equivalents	3.8	5.9
Borrowings	(5.5)	(2.8)
<b>Net (Debt)/ Cash</b>	<b>(1.8)</b>	<b>3.1</b>

The lower reported operating profit in the year includes the £9.4m of non-underlying expenses which resulted in £2.2m additional cash outflows compared to FY21.

Our increased net working capital position resulted in a cash outflow of £3.2m in the year (FY21: £3.8m) reflecting our continued investment in inventory to protect trading and ensure strong levels of availability during this period of global supply chain disruption. Inventory on hand at the year-end (excluding inventory in transit) was £15.2m (FY21: £8.1m) up +86.4% year on year. Total inventory at the year-end was £16.8m (FY21: £10.1m). The increase in inventory was partly offset by higher trade and other payables including a higher VAT payable (£1.9m), as a result of the Group's creation of a VAT Group earlier in the year, which will be paid early in the new financial year.

Net capital expenditure of £3.8m in the year primarily related to the eight new stores opened

during the year including the new Cookery School at Tottenham Court Road, London. In the prior year, there was a net capital expenditure cash inflow of £3.1m after net proceeds of £5.1m in relation to the sale and leaseback of the head office site in Gloucester.

Tax payments of £2.0m (FY21: £2.0m) reflect payments in advance based on the anticipated full year current tax charge, which has reduced as we have finalised our assessment of disallowable costs and share-based awards in relation to the IPO and completed our transition to IFRS as part of the year end close. As at 3 April 2022, we have a current tax asset of £0.3m which is currently being recovered.

## Banking agreements

After the year end, on 20 April 2022, the Group entered into an agreement for 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 two one-year extension options. The terms of the facility are consistent with normal practice and include covenants in respect of leverage (net debt to be no greater than 2.0x EBITDA) and fixed charge cover (EBITDAR to be no less than 1.7x fixed charges). Both covenants are calculated on a 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 elsewhere in this report.

As part of this new agreement, the Group has retained its access to the existing £6.0m trade finance facility (although this is now an uncommitted facility), which is due to expire in September 2023. The terms of the facility are consistent with normal practice.

Additionally, the RCF agreement provides an accordion option, subject to the lender's approval, to extend the facility by a further £5m.

### 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. The Group's full capital and dividend policy is available on our website at [www.procookgroup.co.uk](http://www.procookgroup.co.uk).

### Dividends

Prior to the IPO in FY22 the Group paid dividends to the existing shareholders at that time, totalling £1.9m (FY21: £1.5m), of which £1.0m was paid in the first half of the year, and the remaining £0.9m was paid in November 2021.

As a result of the Group's strong performance in the year and the Board's confidence in the Group's ability to deliver sustainable, profitable growth over the medium to longer term, and in line with our capital allocation policy, the Board has recommended to pay a final dividend of 0.9p per share. Subject to approval by shareholders at the AGM, the final dividend will be paid on 30 September 2022 to shareholders on the register on 2 September 2022.

### 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.

A copy of the Group's tax strategy is available on our website at [www.procookgroup.co.uk](http://www.procookgroup.co.uk).

### IPO

On 12 November 2021, the Group successfully completed its Initial Public Offering and was admitted to the premium segment of the London Stock Exchange.

A Group reorganisation was completed prior to admission, with ProCook Group plc incorporated as a holding company above the existing trading entities. Further details on this re-organisation are set out on pages 118 and 144.

# CFO's Review CONTINUED

## Alternative Performance Measures (APMs)

We monitor a range of measures to track our financial and operating performance. As some of these measures are not determined in accordance with statutory measures (IFRS), they are therefore prone to varying calculations and may not be comparable with similarly titled measures presented by different companies. To support the understanding of APMs presented by the Group, further explanations are set out below.

APM	Definition and reconciliation	Rationale
<b>12 month repeat rate %</b>	The 12 month repeat rate reflects the percentage of customers who have made at least one subsequent purchase in the 12 months since their first purchase.	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.
<b>Effective tax rate</b>	Tax expense taken as a percentage of profit before tax.	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.
<b>Free cash flow</b>	Net (decrease)/increase in cash and cash equivalents before dividend payments, proceeds from the issue of shares, and proceeds/ (repayments) from borrowings.	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.
<b>Gross margin %</b>	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.	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) whilst still achieving strong gross margins to support the business model.
<b>LFL % (Revenue)</b>	LFL % is a revenue performance measure which reflects continuing 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, and continuing ecommerce websites and marketplaces that have been trading for at least one full financial year prior to 29 March 2020, excluding the UK Marketplace which ceased trading on 28 June 2021.	This measure is useful to provide an understanding of the performance of the existing business on a consistent basis year on year before the effect of new store openings or new website launches.
<b>Net capital expenditure</b>	Capital expenditure in respect of purchases of Property Plant and Equipment assets, Intangible assets, and costs associated with lease arrangements, less proceeds from sale of fixed assets.	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.
<b>Net cash/debt</b>	Cash and cash equivalents less borrowings.	This measure is useful to understand the financial stability of the business and as an indicator of leverage.
<b>Number of active customers</b>	Active customers are those that have completed at least one purchase during the last 12 months and whose customer details are recorded on our customer database.	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.

Sam Walden  
Chief Financial Officer

4 August 2022

# Engaging with our Stakeholders

The Directors are responsible for promoting ProCook's long-term success by creating sustainable value for the benefit of our stakeholders as a whole.

This responsibility is discharged by the role that the Directors play in strategic decision-making, including approval of the Group's strategy, budgets and key investment programmes, leadership and organisational changes, and key policies.

At ProCook, our key stakeholders include our customers, our people, our suppliers, our shareholders, and the communities in which we operate.

The Board is committed to regular and effective engagement with our key stakeholders and recognises that this is essential to ensure that the impact, on all stakeholders, of important decisions and opportunities is considered. Where the Board does not itself engage directly with certain stakeholder groups, it ensures that appropriate activities of management, such as ProCook, and receives updates from the management on such activities.

The following content sets out how the Directors have responded to the matters set out in the table of stakeholder interests. As set out in the table when performing their duty to promote the success of the Company, in this section we describe how we engage with each of our stakeholder groups, demonstrate our understanding of their needs and interests and how it has been considered by the Board in our decision-making processes.



## Our new Distribution Centre and Head Office

The Directors have been planning our new home for over twelve months to create capacity for continued growth and a new, more sustainable, working environment to support our people and our communities. The Board has reviewed and approved the plans for the new development taking into account both the merit of the business case, as well as the broader impact the development will have on our people, our customers and our communities.

By working together with one of our long-standing property partners, we have customised the specification of the new site which will be BREEAM certified, utilising the latest construction techniques to harvest water, reduce energy loss and use more sustainable construction materials. Once operational, the new Distribution Centre will allow ProCook to be more efficient in use of transportation, reducing deliveries between sites, and cutting back on emissions.

As part of the development preparation, ProCook has established a team from across different departments to lead the project. This is chaired by our COO who reports on progress to the Board.

A key part of the project has been engaging with our colleagues. Regular progress updates are shared, and colleagues have participated in surveys to highlight what really matters to them in their new working environment. As a result, we have incorporated an indoor and outdoor gym, a running track, outdoor eating spaces with trees and shrubs, and a new open-plan office environment with a colleague restaurant to support collaboration and wellbeing.

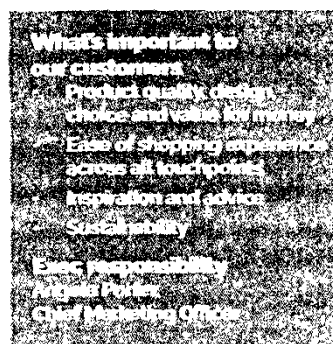
# Engaging with our Stakeholders CONTINUED

## Our customers



Our mission is to become the customers' first choice for kitchenware, and we recognise that delivering an excellent customer experience is key to customer retention and developing the brand's reputation. Listening to and learning from feedback and using customer insight to improve our proposition is essential to allow us to grow our brand awareness and market share.

The Board has already held a number of discussions on the topic of customer experience in the recent months since IPO, and as a result of these discussions have decided to, and have recently concluded, the appointment of a new Chief Marketing Officer to elevate our customer focus further.



### How we engage Customer feedback

We gather feedback from our customers on the quality of service they received and their satisfaction with the products they purchased. This data is analysed and presented to the Board to review and discuss each month as one of our Key Performance Indicators.

This feedback is used to help us identify where we need to make improvements, and also to identify opportunities for future developments.

### Store visits

Our Board regularly visit our stores providing opportunities to interact with customers and experience for themselves how our offer resonates.

### Customer data

ProCook's direct marketing heritage has meant that customer data was collected from day 1. We now have over 3 million customers on our database, and we analyse and interpret information to create a more tailored communication plan, including frequency, content and product recommendations, to create a better experience.

### Marketing activities

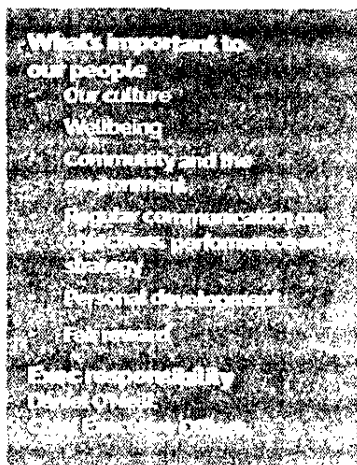
We engage with our customers through a range of marketing activities including social media, emails and digital content, providing inspiration and guidance. Through these channels we review and respond to customer's comments and other interactions. Our new Cookery School in central London is providing the opportunity for us to spend time with customers, interacting with them, showcasing our product ranges, and sharing our passion for cooking.



## Our people

Our talented and committed people are key to the long term development of our brand. The Board is focused on protecting and developing our culture, the training and development needs of individuals, succession planning, and creating great career opportunities for all.

For more information on our people please see our Sustainability section on pages 35 to 41.



### How we engage

#### Our People strategy

In the last year we have made substantial progress in implementing colleague-focused initiatives ranging from mental-health first aiders, new training programmes including professional development, improving our diversity and inclusion policies, and re-launching our 'Great Causes' day after the pandemic.

We were pleased to be certified a Great Place to Work™ but there is much more we can do and we are making continual headway. The Board receives updates from the People Director twice a year, providing the opportunity to discuss and approve our

people strategy, as well as receiving a monthly update report highlighting progress and key issues, and setting out our People-related KPIs.

#### Colleague engagement surveys

We have recently introduced bi-annual colleague engagement surveys to gather feedback from our colleagues. These are anonymous and contain a mix of quantitative and qualitative questions, capturing free-text comments allowing the Group to understand what the key issues are directly from our colleagues. Results are analysed and presented, along with action plans, to the Board by the People Director. Once agreed, these action plans are communicated back to our colleagues, demonstrating our commitment to listening and making improvements.

#### Colleague advisory panel

The Board recently committed to forming a new Colleague advisory panel, to launch this summer. This will be attended by Board members and colleagues from across the business in an informal

discursive setting. We plan to have key discussion topics shared in advance, allowing colleague representatives to collect input from their peers, as well as allowing time for broader discussions. The Board anticipates that this will provide a new inclusive way to listen to and respond to colleagues' feedback, ideas and recommendations.

#### Fair reward

ProCook is committed to a fair reward and understands that clear benefits and an equitable pay structure is key to attracting and retaining talent. We are proud to be a Real Living Wage employer as a minimum for all our employees and our benefits programme includes monthly and Christmas bonus opportunities. The Board recognises the importance of incentivising employees over the long-term, as demonstrated by its IPO colleague award, and its commitment to Company-wide all-employee share plans. For more information, please see our Remuneration Committee Report from pages 93 to 97 of this report.



# Engaging with our Stakeholders CONTINUED

## Our suppliers

We have worked with many of our suppliers for many years, some since the business began in the 1990's, developing enduring and collaborative relationships. As a D2C business, our suppliers are a key component of what we do, working together to design and bring to market new products and customer offer developments.

### What's important to our suppliers

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

**Exec responsibility**  
Steve Sanders,  
Chief Operating Officer

### How we engage

#### Trade fairs and supplier visits

Whilst trade fairs and supplier visits have been more challenging to attend recently due to the Covid-19 pandemic, they typically provide a fantastic opportunity for our teams including our Executive Directors to meet and develop relationships with our supplier base, work on new products together, and understand the latest in manufacturing developments. We look forward to being able to attend these more fully again in the months ahead.

#### Sedex

Our membership of Sedex allows us to work with suppliers to promote and improve ethical and environmental standards.

We set rigorous expectations with our suppliers and help them to develop improvement plans where needed. We work together to identify ways to reduce our environmental footprint, identifying more sustainable input materials and packaging.

#### Product design and supply chain

Our design and purchasing teams interact with suppliers frequently, working on new design concepts and range development, through to intake management and planning. The relationships we have nurtured over many years are built on openness and trust, we are honest and reasonable in our approach, and work together to solve challenges that arise.

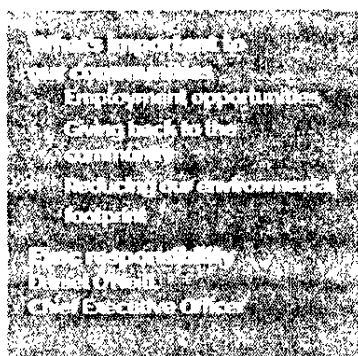




## Our communities

ProCook is committed to doing the right thing and to reducing our environmental footprint. The impact on our environment and the communities in which we operate are key to how we do business. In January 2022, the Board approved our ESG strategy agreeing our key sustainability commitments. The Board worked with senior management to understand areas where progress has been made already, and areas where there are further opportunity to make a positive impact.

For further details please see the Sustainability section of this report on pages 35 to 41.



### How we engage

#### Supporting local groups and charities

ProCook raises funds to support Life's a Beach – a 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. Additionally, we support the local charity, Going the Extra Mile (GEM) Project, who are working help people overcome challenges to employment and move them closer towards or into work.



#### Reducing our environmental footprint

Our partnership with the Woodland Trust is providing opportunities for our colleagues to participate in creating woodland spaces for their communities whilst also mitigating unavoidable Scope I and II emissions. Our beach and canal clean-up days with Life's a Beach allow our colleagues to get out and make a difference for the communities they live and work in. We engage with our customers on environmental matters too, offering product ranges that allow them to make more sustainable choices to help protect their own communities.

#### Creating employment

As ProCook has grown, the number of people employed by the Group has also grown. We continue to recruit locally wherever possible, providing opportunities for those in our communities, and are committed to training and developing our people to provide fulfilling careers as ProCook continues to grow.

# Engaging with our Stakeholders CONTINUED

## Our Shareholders

The Board recognises that the support of our shareholders, both before and after IPO, is integral to our continued growth and development. As we prepared for IPO, the Board maintained open dialogue with existing shareholders and new potential investor. A new CFO was appointed to strengthen the Executive team and lead Investor Relations activity ensuring ongoing clarity of engagement. External advisors provided useful guidance to the Board prior in the run-up to IPO, and their appointment since continues to help the Board determine the best approach to key investor matters.

### What's important to our shareholders

- Strategy
- Value creation
- Governance

**Exec responsibility**  
Dan Walden,  
Chief Financial Officer

### How we engage Investor meetings

Both prior to, and following the IPO, the Executive Directors have presented on multiple occasions to investors as part of a scheduled and ad-hoc meeting cadence. These presentations have covered key areas of investor focus, including our investment case, trading updates and financial results.

### Corporate website

Our [procookgroup.co.uk](http://procookgroup.co.uk) website provides helpful information and latest news updates to our investor community. Included here are video recordings of our interim results, final results and an Introduction to ProCook featuring a number of our Leadership Team. We publish all key financial information, including RNS announcements and highlights on the Investor section of our website.

### Timetable of investor/shareholder meetings

Meeting	Date(s)
Investor roadshow (pre-IPO) attended by Executive Directors	October 2021
Interim results presentation and one to one investor meetings with CEO and CFO	16-17 December 2021
Shareholder meetings and Q&A sessions held with CEO and CFO following Q3 trading update	18 January 2022
CFO presents on Digital Strategy at FinnCap's D2C conference	27 January 2022
Shareholder meetings and Q&A sessions held with CEO and CFO following Q4 trading update	21 April 2022

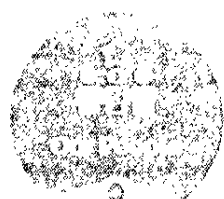


# Sustainability

We are committed to doing the right thing, it's a long-held value that has helped share our business and continues to contribute to our success, benefiting our customers, colleagues and the communities we operate in.

In the past year we have elevated our focus, appointing an ESG Director to oversee and drive forward our progress as we seek to enhance the sustainability of our business, creating an even better place to work and continually reducing our environmental footprint.

We have made big steps forward in the last 12 months by reducing and mitigating Scope 1 and 2 carbon emissions, being recognised as a Great Place to Work™ and increasing our focus on responsible product manufacturing and supply chain. There is more we will do over the next 12 months and years ahead to support our ambition of achieving Net Zero by 2030 and embedding our culture and values across our business and supply chain.



Sustainability

Our Product



## Our people

### Making ProCook an even better place to work

We are committed to making ProCook an even better place to work, continually listening to our colleagues, customers and supplier partners to improve our business for the long term.

Our code of conduct and welcome handbook which we provide all new colleagues when they join sets out our values and provides helpful hints and tips to help colleagues settle in. We share and explain our policies including anti-corruption and bribery, equal opportunities and data protection with all our colleagues, providing regular training updates.

Our colleagues are key to our ongoing success, and we are committed to paying fairly (including the Real Living Wage), promoting diversity and inclusion, and supporting colleague wellbeing and development. We provide workplaces which are collaborative and safe spaces, and we encourage and support our colleagues to give back to our communities as a socially responsible employer.

#### Exec responsibility

Daniel O'Neill, Chief Executive Officer and Founder

#### Link to principal risks

- Brand and customer
- People and culture

#### Link to strategy

- Create an even better place to work

#### Key stakeholders

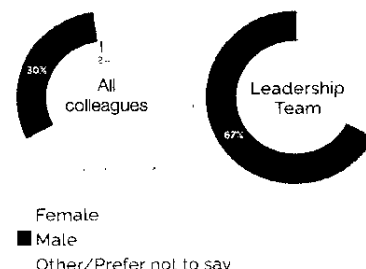
Colleagues, customers, communities

#### Recent recognition, awards and memberships

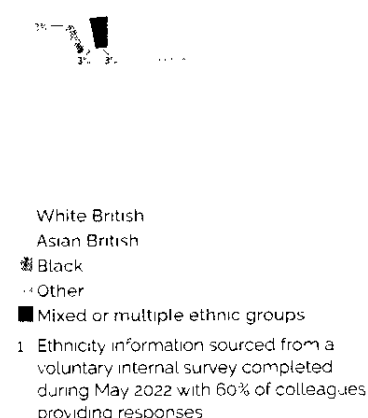
Great Place to Work Certified™

Ranked #60 in the 2022 UK's Best Workplaces™ (large category) and #45 for Wellbeing Real Living Wage Foundation Glassdoor ranking 4.6/5

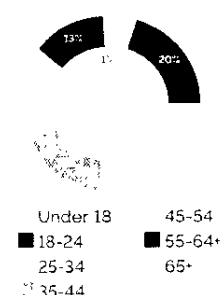
### Colleagues split by gender



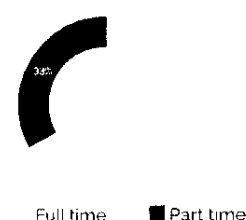
### Colleagues split by ethnicity¹



### Colleagues split by age group



### Full time/Part time roles



# Sustainability CONTINUED

Our commitments	Prior achievements	FY22 achievements	What we will do next
<b>We are committed to creating a great place to work, listening to colleague feedback to make continual improvements</b>	<p>Welcome boxes for new colleagues</p> <p>Bi-annual colleague conferences</p>	<p>Certified by Great Place to Work<sup>1st</sup> and ranked 60th in the UK's Best Workplaces<sup>TM</sup> amongst large organisations</p> <p>Completed two six-monthly all-colleague engagement surveys, with clear action plans implemented</p> <p>Set up a "Green Team" with monthly meeting of employees across the business interested in making our company more sustainable</p>	<p>Develop our internal comms and portal on sustainability and wellbeing to celebrate and share progress</p> <p>Continue to improve employee engagement - using 2021 results as a benchmark</p> <p>We will introduce advisory panels from Summer 22 across the business to increase communication and ensure any suggestions and ideas are captured from the ground up</p>
<b>We are committed to supporting the communities in which we operate</b>	<p>Annual Good Cause volunteering/charity day available to all colleagues</p> <p>Product sales and charitable collections supporting Life's a Beach charity in our retail stores and online</p> <p>Donations of laptops to local schools, and products to a local women's refuge</p>	<p>Launched work with The GEM Project to support individuals with barriers returning to education or work</p> <p>Re-launched our Good Causes charity days post Covid-19 restrictions</p> <p>Became a member of the Disability Confident Government scheme</p> <p>Contributed to community groups, charities and schools</p> <p>Worked closely with Gloucester Ukrainian Aid to support Ukraine by donating ProCook products and raising fundraising efforts by our colleagues</p>	<p>Expand our charitable work and relationships in the local community</p> <p>Provide local people struggling with barriers to work with mentoring and work experience days</p> <p>Increase our volunteer work with Life's a Beach, participating in beach and canal cleans</p>
<b>We will continue to be a real living wage employer and champion equality, diversity and inclusion</b>	<p>Similar pay across genders</p> <p>72% of our managers are women</p> <p>Real Living Wage Foundation member</p>	<p>Maintained our commitment to the Living Wage Foundation as a Real Living Wage employer</p> <p>Continued to review and improve our total reward package introducing new benefits for colleagues</p> <p>Introduced a new Whistleblowing Policy and a new Diversity and Inclusion Policy</p>	<p>Continual review of our total reward package</p>
<b>We provide a safe and collaborative work environment</b>		<p>Continually reviewed and improved health and safety compliance ensuring a safe environment for everyone</p> <p>Committed to our new Head Office site in Gloucester (opening 2023) and began design work on our new collaborative office workspace</p>	<p>Regular audits carried out by our Facilities and Operations Manager to ensure that we adhere to high health and safety practices at all times.</p> <p>A feedback process is in place for all to highlight any potential health and safety issues and near misses</p>
<b>We take the wellbeing and personal development of our colleagues seriously</b>	<p>Launched a learning and development platform to support personal development</p> <p>Colleague gym on-site at Head Office to promote exercise and wellbeing</p>	<p>Ranked #45 in UK's Best Workplaces<sup>TM</sup> large organisations for Wellbeing 2022</p> <p>Monthly training modules launched including product and service training, diversity and inclusion, data protection and environmental awareness</p> <p>Supported 12 colleagues to complete Mental Health First Aiders courses</p> <p>19 Retail internal promotions to Supervisor or Management positions, 10 internal promotions in Head office and warehouse.</p> <p>Ran our first 'Wellness' month in January providing a range of engaging activities, podcasts and training for colleagues via our learning platform</p>	<p>Relaunch of personal development planning and training for developing careers</p> <p>Provide training opportunities which support personal and business performance</p> <p>Develop our Mental Health awareness and wellbeing programmes</p>



Case study  
Wellbeing month

In January 2022 we held our inaugural wellbeing month. We created a wellbeing calendar with a variety of inclusive activities and training sessions including meditation sessions, yoga training and healthy eating awareness. We provided a library of learning content and podcasts with wellbeing hints and tips shared with colleagues to try out each day. We also provided a series of additional reading recommendations offering the opportunity for colleagues to reflect on their achievements and learnings and focus on their personal wellbeing.



We used our learning and development platform to make additional modules available including topics such as wellbeing and resilience, stress management and the importance of movement.

During wellbeing month, we supported 12 colleagues to become mental health first aiders with training sessions organised across the business in our retail stores, head office and warehouse. These colleagues are now trained to spot signs of mental ill health, provide initial support and help facilitate the provision of additional support where required. We relaunched our Good Causes Day, where employees can take a full paid day off work to volunteer at a charity or project of their choice, helping to give back, boost morale and increase the focus on our communities within our teams. We also launched our new Lunch and Learn programme for the year ahead, including sessions on healthy eating and exercise, diversity and inclusion, inclusive recruitment, and personal and professional development.

# Sustainability CONTINUED

## Our planet

### Reducing our environmental footprint

We are committed to reducing our environmental footprint with our target of Net Zero greenhouse gas emissions (full scope) by 2030, whilst continually reducing and eliminating waste and single-use plastics throughout our business.

#### Exec responsibility

Steve Sanders, Chief Operating Officer

#### Link to principal risks

- Climate change
- Brand and customer
- Regulatory compliance

#### Link to strategy

- Reduce our environmental footprint

#### Recent recognition, awards and memberships

Woodland Trust Woodland Carbon Partner

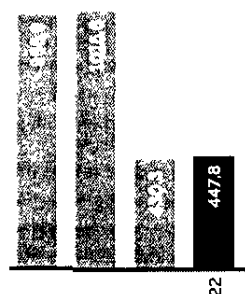
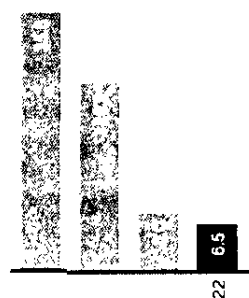
Certified Zero Waste to Landfill (for our Head Office and Distribution operations)

#### Key stakeholders

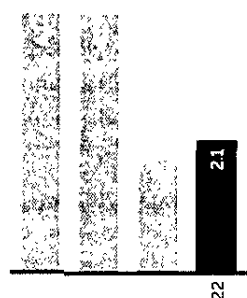
Suppliers, colleagues, customers, communities

Our commitments	Prior achievements	FY22 achievements	What we will do next
<b>Reduce our carbon emissions aiming to achieve net zero by 2030</b>	Introduced 100% LED lighting in our Head Office and Warehouses, and 98% LED lighting in stores  Introduced carbon-neutral home delivery service with DPD	Partnered with the Woodland Trust to mitigate our unavoidable Scope I and II emissions  Completed the migration to a fully electric company car fleet  Progressed our B Corp application which is now under review	Further reduce our energy consumption across our operations  Progress towards 100% renewable energy sources  Align to the UN backed Science Based Targets <sup>1</sup> initiative for a long-term carbon reduction strategy and aim to achieve Net Zero emissions by 2030  To open a new BREAAAM certified sustainable Distribution Centre and HQ  Complete ISO14001 accreditation by 2025
<b>Reduce waste and use sustainable materials throughout our operational activities</b>	Zero waste to landfill certification at our Distribution and HQ sites  Reduced single-use plastic across the business, all employees are provided with reusable bottles  Carrier bags in store made from recycled bottles  Offered a recycling scheme for small home electrical items (WEEE waste)	Introduced 100% FSC-certified cardboard packaging for home delivery parcels	Utilise 100% FSC paper and cardboard products throughout our entire supply chain  Set individual environmental targets for retail stores  Complete a review of home delivery packaging, further eliminating remaining non-recyclable materials
<b>Develop our environmental performance through the implementation of our environmental procedures and policies</b>	Roles and responsibilities assigned throughout the business	Appointed external experts to support the preparation of a coherent environmental management system for monitoring  Developed our environmental risk register	Aim to be ISO14001 certified by 2025  Develop our roadmap to Net Zero by 2030 setting out the detailed targets we will aim to deliver

<sup>1</sup> 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

tCO<sub>2</sub> emissionstCO<sub>2</sub> / £1m revenue

## Energy Megawatt hours



## Case study

## Woodland Trust Partnership

We recently announced our partnership with the Woodland Trust to mitigate our current unavoidable Scope 1 and 2 carbon emissions, as part of the Company's long-term sustainability strategy. The strategy follows the Environment Agency's road map for reducing carbon emissions and reaching net zero by 2030.

We have proactively begun reducing carbon emissions through a number of initiatives which include partnering with DPD for carbon neutral parcel delivery, operating an all-electric fleet of company vehicles, switching to LED lighting and operating a zero waste to landfill policy at our headquarters. Our partnership with the Woodland Trust helps us mitigate remaining emissions.

The Woodland Carbon scheme is designed to transform businesses' carbon emissions by planting trees and creating new woodland areas. This, in turn, removes carbon dioxide from the environment and boosts biodiversity through the generation of new habitats, providing a beautiful community where people can enjoy nature.

In addition to the core purpose of the partnership, our colleagues have the opportunity to get their hands dirty and join the Woodland Trust on crucial planting days throughout the year.

# Sustainability CONTINUED



## Our product

### Helping our customers make more sustainable choices

Our product, which we design and source ourselves, is a key ingredient to our continued success and we believe that we can help our customers make better choices by making it easier for them. We are committed to only bringing to market products which have been responsibly manufactured, are of high quality and longevity and are built to last.

We are committed to encouraging our customers to make choices for the long term and do so by offering guarantees of up to 25 years on our products, thus ensuring better value for customers and lesser impacts on the environment.

**Exec responsibility**  
Daniel O'Neill, Chief Executive Officer and Founder

### Link to principal risks

- Supply chain
- Climate change
- Brand and customer

### Link to strategy

- Developing our customer proposition
- Reducing our environmental footprint

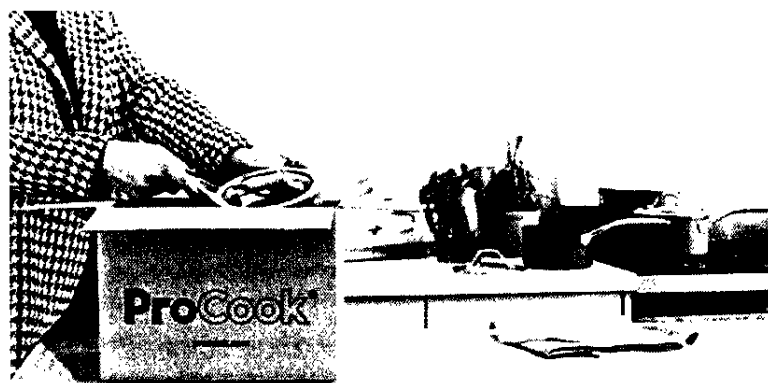
### Recent recognition, awards and memberships

Sedex membership

### Key stakeholders

Suppliers, customers

Our commitments	Prior achievements	FY22 achievements	What we will do next
Develop and bring to market products which are of high quality and have longevity offering customers sustainable choices	Broad range of product guarantees up to 25 years	Recruited Quality Assurance expertise to enhance product quality, reduce fault rates and improve longevity	Expand breadth of testing and longevity assessments  Develop more innovative product ranges helping customers to be environmentally friendly
Monitor supplier manufacturing procedures across our supply chain with high levels of compliance to ethical and environmental responsibility		Joined Sedex (ethical and environmental compliance monitoring), and promoted membership across our supplier base (95% of our suppliers are now registered)	Ensure any new suppliers are signed up to Sedex or equivalent programme prior to placing first orders  Monitor supplier compliance results ensuring action plans are in place and being implemented within agreed timeframes for any high to medium risk grade audit result within the last 2 years
All product packaging will be reviewed to ensure it has a minimal impact on the environment	Introduced more sustainable options where possible, using materials like twine, string and paper instead of single use plastics  Achieved over 90% plastic-free for in-store product packaging  Environmental impacts of new ranges assessed before design sign-off	We have recently phased out elastic bands and plastic bags in cutlery packaging to use tissue paper and paper ties  Reduced average plastic use in product packaging by 24.6%  Improved recycling instructions on packaging to make recycling clearer to the consumer  Launched more environmentally friendly product protection solutions for home delivery customers (e.g., recycled paper void, bubble wrap alternatives)	Continue to reduce single-use plastics and improve environmental credentials of product protection solutions for home delivery  Enhance our working relationships with suppliers to improve our product and packaging requirements  Investigate an in-store return scheme to bring back faulty or end of life products to be recycled helping move kitchenware towards a circular economy  Ensure that any remaining unavoidable single-use plastic used is made from recycled content



#### Case study

#### Reducing the impact of our Home Delivery Packaging

Throughout the last year we have trialled a range of initiatives aimed to reduce the net environmental impact of our home delivery packaging, whilst still protecting products from damage in transit, as part of our commitment to reducing our environmental footprint.

Initial results are encouraging, and we have already made positive steps forward. We have trialled utilising 100% recycled paper for box void fill – this has been successful and is being taken forward. We have trialled and introduced paper tape to seal boxes, in place of plastic tape – this too has now been adopted. We have arranged a review of box dimensions and quality of packaging with independent packaging experts, who have fed back opportunities to help us reduce sizes to avoid unnecessary packaging materials which we are now implementing.

Additionally, where we have considered bubble wrap is required to protect fragile item, we have identified opportunities to utilise thinner grade plastic materials which are now on order.



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

Over the last year, we have made significant progress in the approach we take to monitor, measure and manage climate change risks and opportunities.

Doing the right thing and reducing our impact on the environment is engrained in our culture and key to our long-term success as a brand customers and colleagues alike, want to be associated with.

Area of focus	Progress to date	Future focus
<b>Governance</b>	<p>ESG Strategy approved by the Board including our 2030 Net Zero targets</p> <p>The Board has received regular progress updates and deep dive presentations on ESG topics including Climate Change</p> <p>"Green Team" launched to improve sustainability and climate awareness across the business and to generate ideas and implement initiatives which will reduce our environmental impact</p>	<p>Board to review ESG progress at least every six months as a standing agenda item</p> <p>ESG steering group has been launched for FY23 and is chaired by the CEO</p> <p>Introduction of additional working groups and senior management oversight / responsibility for different environmental and climate-related issues</p>
<b>Strategy</b>	<p>Sustainability / ESG confirmed as a key area for strategy moving forwards – "reducing our environmental footprint"</p> <p>Partnered with the Woodland Trust to mitigate unavoidable Scope I and II emissions planting more than 1.15 hectares of new UK woodland, which also supports biodiversity</p> <p>Undertaken a range of initiatives to reduce packaging (including single use plastic) consumption and increase reuse and recycling of packaging</p> <p>Reduced emissions and improved our broader environmental management capabilities</p> <p>Appointed external expertise to support the development of an environmental management system, an environmental risk register, and undertake a climate change risk assessment</p> <p>Completed 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). Please see the table on page 51</p>	<p>Build our detailed roadmap in partnership with our carbon consultants to meet our targets gaining a better understanding of the key drivers of carbon reduction through our supply chain</p> <p>Develop and implement the next steps of our ambitious Scope I, II and III carbon reduction strategy to meet our target of Net Zero by 2030</p> <p>Alignment with the United Nations Science Based Targets initiative</p> <p>Raise awareness and increase engagement with sustainability and climate related initiatives both internally and externally through ESG quarterly updates and our Bitesize CSR newsletter</p> <p>Continue to review and adopt circular economy principles into our product and packaging design and use. Future focus from Quality Assurance and the Buying team will include prioritising materials that have a lower impact on the environment</p>
<b>Risk management</b>	<p>Developed the climate risk register and incorporated short, medium and long-term climate-related risks</p> <p>Clearly defined roles and responsibilities have been established with regards to environmental management</p>	<p>Complete climate change risk assessments with our external partners</p> <p>Monitor and identify changes to climate related risk (increase, no change, decrease), and review this at least bi-annually with the Board</p> <p>Develop a more in depth understanding of possible climate change related risks and impacts</p> <p>Complete a detailed risk assessment of our entire supply chain, particularly with regards to water, biodiversity loss, physical climatic changes, under different climate change scenarios</p>
<b>Policy and targets</b>	<p>Scope I and II Emissions reported</p> <p>Company Vehicle fleet 100% electric</p> <p>Zero Waste to landfill certification of our head office and warehouse sites</p> <p>100% of remaining Scope I and II emissions mitigated with the Woodland Trust</p> <p>100% FSC certified paper used business-wide</p> <p>100% FSC certified home delivery cardboard boxes and paper packaging</p>	<p>Work with our carbon consultants to produce a Net Zero road map during FY23 to include:</p> <ul style="list-style-type: none"> <li>An energy system audit report with recommendations for improvements</li> <li>GHG footprint analysis of Scope I, II and at least 80% of Scope III emissions, with recommendations</li> </ul> <p>Committed to mitigating unavoidable Scope I and II emissions with the Woodland Trust for FY22</p>





## Net Zero 2030 target

The Board approved our ambition to achieve Net Zero emissions by 2030 across Scope I, II and III at the January 2022 Board meeting.

We have already taken steps to substantially reduce and mitigate (offset) remaining Scope I and II emissions effective from FY21 and we are committed to maintaining and improving this position in future years. Our focus is on the reduction of carbon emissions as a priority over mitigation and we are working with external experts to complete a Net Zero gap analysis and detailed roadmap. This will include a comprehensive assessment and measurement of our Scope III emissions, and the development of a means to measure and monitor this on an ongoing basis through our Environmental Management System.

We are committed to reducing our environmental footprint and look forward to reporting on our progress in the years ahead.

## Governance

### Board oversight

In January 2022, a formal presentation on sustainability and ESG strategy was presented to the Board for review and approval. This included our roadmap for the future and set out our ambitions and the actions which will be taken to make progress. Information was shared with the Board about our current Scope I and II emissions, the carbon reductions we have achieved to date, and the approach we are taking to mitigate remaining Scope I and II emissions.

### Management's role

In FY22 an ESG Director was appointed, reporting into the CEO to increase oversight and leadership of this topic. Throughout the year,

the Executive Directors have worked with the ESG Director to support activities and make progress on a range of related initiatives throughout the business. The Leadership Team as a whole are engaged with climate related initiatives as part of our strategic objective to reduce our impact on the environment.

### Next steps

- Monitor progress at the Board, extending our discussion to include new and emerging climate change risks, challenges and opportunities
- Consider the short, medium and long-term climate risks and the importance of managing these moving forward
- New ESG steering group will meet at least 4 times per year, chaired by our CEO, who will provide regular updates to the Board
- The Audit and Risk Committee will continue to review and assess new and emerging risks in relation to climate related risks and mitigations

## Strategy

### Climate-related risks and opportunities

Climate related risks and opportunities are already widely considered in our day-to-day business operations and integrated into our strategic objectives. Whilst we may initially incur higher operational costs from implementing, preventing and responding to climate risks, we firmly believe that doing the right thing now will help us create a stronger and more resilient business for the long term. Climate related factors are considered across a range of activities for example new stores, our new head office

and warehouse sites, product design, packaging design, supplier selection, transport including company vehicles and home delivery partners. Responsibility to make the right decisions is assigned to appropriate functional owners throughout the business and is overseen by the Executive Directors.

### Developing our environmental management system

We have appointed external partners to support us in developing a robust system to measure, monitor and identify climate and environmental factors which impact our business. We consider this important to the success of our strategic objectives as it will enable us to be more proactive in making the positive steps we need to take to reduce our impact on the environment and achieve Net Zero by 2030.

### Next steps

- Further develop our detailed roadmap to reduce our impact on the environment and achieve Net Zero by 2030
- Complete the development of our environmental management system
- Increase colleague and supplier engagement, sharing objectives and timescales for completion
- Work with our Green-team to identify additional opportunities to make a difference
- Extend our networks outside of ProCook, to share insights, gain collective support and make faster progress

# Task Force on Climate-Related Financial Disclosures (TCFD) CONTINUED

## Risk management

Climate change is considered a principal risk in our risk register, and is discussed with our Board, Audit and Risk Committee and Executive team as part of a twice-yearly formal review of our principal risks. The key elements of climate change risk and the opportunities these provide are set out in our Climate-related risk register on page 51.

Further information about our approach to risk management can be found on page 46, this explains how responsibility for risk management is allocated and how that responsibility is discharged by our Board, Audit and Risk Committee, and Executive team. Detail on our Climate change risk is set out in the principal risk section on page 47.

## Developing our detailed climate risk register

We have appointed external partners to support us in developing a more detailed climate change risk register which we anticipate completing within the next financial year. This will help us develop a more in depth understanding of possible climate change related risks and their impacts. We will also undertake a more detailed risk assessment associated with our entire supply chain, particularly with regards to water, biodiversity loss and physical climatic changes, under different climate change scenarios.

## Next steps

- Complete the detailed climate risk register during FY23
- Identify actions to help mitigate risks, and assign business owners to progress these in line with the overall climate and environmental strategy
- Launch regular review of the register, to identify new and emerging risks, and to monitor our progress with mitigating activities

## Climate-related risk register

Risk	Opportunity	Indicative timeframe	Link to principal risks
<b>Transition Risks (associated with moving towards a greener, less polluting economy)</b>			
<b>Regulatory risk</b>			
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
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
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

Risk	Opportunity	Indicative timeframe	Link to principal risks
<b>Technology risk</b>			
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	Short/ medium term	IT platforms, data loss and cybersecurity
Internal systems becoming inefficient / investments in new technologies becoming outdated	Accelerated technology capabilities could drive operational efficiencies.	Medium/ long term	IT platforms, data loss and cybersecurity
<b>Market Risk</b>			
Changing consumer behaviour. Increasing demand for limited but more sustainable materials (e.g., recycled). Harder to source, could increase manufacturing costs	Using novel and alternative materials may become more cost efficient. More ranges with these materials will appeal to sustainability focussed customers and will increase brand image and reputation.	Short/ medium term	Brand and customer
Increased costs of raw materials for product production	Raw material prices may fluctuate. Using novel and alternative materials may become more cost efficient.	Short/ medium term	Competition market and macro-economic
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	Sustainable product ranges and those associated with the circularity (reuse and repair) may increase in sales. Work on creating a greater number of these ranges.	Medium/ long term	Brand and customer
<b>Reputational Risk</b>			
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
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
Increased stakeholder concern, investors divest if we are not recognised as a responsible business	Continually improving sustainability strategy/ credentials and enhanced transparency will lead to easier access to capital and improved investor sentiment.	Medium/ long term	Financial and treasury
<b>Physical Risks</b> (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 - damage of buildings, products, and transportation	Continue to strengthen links with suppliers and distributors. Great communication throughout the supply chain to maximise resilience and minimise disruption	Short/ medium term	Climate change
Increased risk of extreme weather events may impact raw material production and access. Lower supply and higher prices	Strengthen links with suppliers and distributors. Improved communication throughout the supply chain improves resilience and minimises disruption.	Medium/ long term	Climate change
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 maximise resilience and minimise disruption.	Medium/ long term	Climate change

# Risk Management

During the year we have made substantial progress in developing our risk management framework, enhancing our internal controls, and establishing greater focus on risk across the Group.

We have identified three risks where the potential impact has increased; climate change (added as a new principal risk), market and macro-economic factors related to the challenging consumer environment and continued national and global supply chain disruption.

## Our approach to risk management

Risk management is an integral part of the overall governance and management of the Group. As part of the preparation for the IPO in 2021, certain elements of risk management were enhanced and formalised including the implementation of a more formal risk management framework. We continue to develop our procedures, processes and internal controls environment, as well as raise awareness amongst colleagues throughout the Group.

We have established formal processes for identifying, assessing and reviewing risks. The Board has overall responsibility for the management of risk across the Group. In addition, our Audit and Risk Committee monitors key risk management processes as part of its duties. The day-to-day responsibility for risk management activities sits with the Executive and wider Leadership Team.

## Risk management framework

### Board

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 Executive Directors have responsibility for managing specific risks
- Undertakes annual horizon scanning exercise for emerging risks
- Assesses recommendations from the Audit and Risk committee on requirements for independent assurance

### 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 complied with
- 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

### Executive Leadership Team

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 and assessment at Functional level
- Reviews risk assessments, sharing relevant material to the Audit and Risk Committee / Board
- Keeps abreast of identified risks in their area and any potential risk exposures
- 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



## Principal risks and uncertainties

The Board has undertaken a detailed consideration of the Group's principal risks, including new or emerging risks, and those that could damage its business model, or adversely impact its operational activities or financial performance and position. These principal risks 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.

The heat map diagram illustrates the Board's assessment of the principal risks after the effect of mitigating internal control activities that are in place. Further detail on each of the principal risks is set out on pages 48 to 57.

### Emerging risks and changes to principal risks

We did not identify any new or emerging risks during the financial year, however we did formally identify **climate change** as a new separate principal risk, in its own right, given the increasing importance of this topic to our customers, colleagues, investors and other stakeholder groups and the link to our strategic objective of reducing our environmental footprint.

The Covid-19 pandemic has continued to have an impact on the Group during the last financial year, including retail stores re-opening and the impact of the Omicron variant late in 2021. The Board considered whether to present this as a separate principal risk, however concluded that this was adequately incorporated into the 'competition, market and macro-economic' principal risk.

Additionally, the Board has determined that there is currently a heightened level of risk around two of our principal risks.

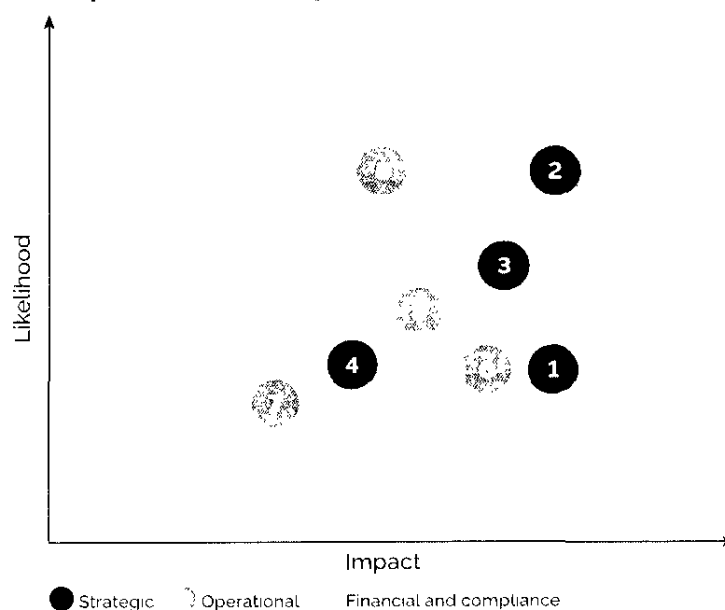
The recent developments in the economic and consumer environment, including the impact of the Russian war on Ukraine, has led to a significant and rapid downturn in consumer confidence caused by the combined adverse impacts of significant inflation (including the costs of energy, fuel, food and other 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.

Global **supply chain** and manufacturing activities have remained disrupted throughout the financial year following on from the Covid-19 pandemic and continue to be impacted by the current macro-economic and geopolitical factors. Compared to FY21, the Board considers this risk to have increased, with higher costs to source and transport products, and shipping delays creating risk of lower availability and requiring higher levels of inventory to mitigate.

Principal risk	Impact compared to FY21
1 Strategic and business change	No change
2 Competition, market and macro-economic	Increase
3 Brand and customer	No change
4 Climate change	New
5 Supply chain	Increase
6 IT platforms, data loss and cybersecurity	No change
7 People and culture	No change
8 Marketing effectiveness	No change
9 Financial and treasury	No change
10 Regulatory compliance	No change

### Principal risks heatmap



# Risk Management CONTINUED

## Strategic risks

### 1 Strategic risk – business change

#### Description

Failure to develop the right strategy or execute the strategy effectively

Change projects are not completed so benefits are not fully realised

The Board must adopt the correct business strategy, implement its strategies effectively and understand and manage strategic risk, considering specific retail sector risks and wider economic risks

#### Link to strategy

- Developing our proposition
- Building on our foundations

#### KPIs

- Sales growth
- Underlying profit before tax

#### Impact change in FY22

No change

Current factors: Established strategy, newly listed plc status increases risk, however Covid-19 related factors have diminished over time

#### Exec responsibility

Daniel O'Neill, Chief Executive Officer and Founder

#### Potential impacts

- Failure to achieve financial and other non-financial targets
- Loss of customer confidence and potential damage to brand reputation
- Reduced or limited business growth
- Reduction in colleague engagement and/or loss of colleagues
- Loss of focus on core business activities and risk management
- Delays in strategy execution may lead to a loss of investor confidence
- An increased cost base to manage/resolve strategic failure

#### Mitigations

- Long term business strategy is considered and approved by the Board at least annually
- Experienced leadership for key business change projects reporting on progress to the Board
- Steering Groups established for major change projects
- Clear accountability for strategic development established and monitored by the Exec and Board
- Stability in the leadership team, culture of long-term growth and clear communication of business changes as they are being planned and executed
- Strong balance sheet with cash/ debt headroom

#### Progress in FY22

- Enhanced long term strategy planning processes and key initiative accountability
- Developed various functional strategic plans, reviewed by the Board
- Developed strategic priority working groups with frequent Board reporting
- Improved test and deployment capabilities for technology change programmes

#### Board oversight

- Long term strategy and progress with key strategic priorities reviewed by the Board

**Description**

Failure to adapt to changing consumer needs and to maintain a compelling customer offer compared to competitors.

Changes in macroeconomics and geopolitics, particularly relating to China could impact ProCook's strategy

Examples include a broad range of consumer needs including channel shift, value proposition (price and quality) quality of service and advice, product longevity and sustainability

The Group continues to monitor the effects of the Covid-19 pandemic and the Russian invasion of Ukraine on its business and the economies of the countries where the Group operates or in which its products are sold, it believes that there is still potential for further disruption to its supply chain and distribution channels

**Link to strategy**

- Purpose and mission

**KPIs**

- Sales growth
- Underlying profit before tax

**Impact change in FY22**

Increase

Current factors: Heightened inflation, consumer cost of living squeeze, supply chain disruption, Russia invasion of Ukraine, Covid-19

**Exec responsibility**

Daniel O'Neill, Chief Executive Officer and Founder

**Potential impacts**

- Limited or reduced profitability and opportunities for growth or inhibit the Group's ability to deliver on its strategic objectives
- Loss of market share to competitors either online or in stores
- Challenges in recruitment of quality people as expectations of wages and reward change
- Increases in input costs such as fuel, raw materials and labour
- Delays in the production or shipping of products

**Mitigations**

- Focus on service in-store and online with daily/weekly tracking monitored by the Leadership Team as well as monitoring our market performance/share data
- Retention of our excellent-rated Trustpilot score
- Investment in marketing, technology, and supply chain capabilities to support and improve the customer experience at all touchpoints
- Analysing competitor activities, including proposition and pricing
- Focus on new product development to ensure we design and source beautiful products at great value for our customers
- Macroeconomic environment is monitored by the Executive and Leadership Team as well as by the Board

**Progress in FY22**

- KPIs more clearly defined to highlight and track sales and profit
- Outperformed the UK kitchenware market by 36%pts in FY22
- Launched 540 new products during the year to keep the range fresh and on-trend
- Appointed a new Chief Marketing Officer to further develop customer acquisition and retention capabilities
- Maintained our 4.8 out of 5 Trustpilot score with 24,308 reviews posted in FY22
- Invested in higher stock levels during period of supply chain disruption to achieve 99% value availability and 95%+ option availability
- Retained our commitment to the Real Living Wage to support colleagues
- Participated in various charitable activities to support Ukraine since the invasion began

**Board oversight**

- Performance KPIs, market share and supply chain information regularly reviewed by the Board

# Risk Management CONTINUED

## 2. Brand and Customer

### Description

Reputational damage leading to loss of consumer confidence in ProCook products or services

Reputational damage could be caused by a variety of factors with examples including customer data loss, product quality, health and safety, ethical or sustainability concerns, poor customer service or regulatory non-compliance

The Group's business performance and growth depends on the continued strong perception and increasing recognition of the ProCook brand

### Link to strategy

- Attract, engage and retain more customers

### KPIs

- New customer acquisition
- 12-month repeat rate

### Impact change in FY22

No change

Current factors: Heightened security risk due to the Russian Invasion of Ukraine

### Exec responsibility

Angela Porter, Chief Marketing Officer

### Potential impacts

- Loss of existing customers, reducing life time values
- Reduced ability to attract new customers, potential higher cost of marketing
- Loss of sales and profit
- Loss of colleagues or a decrease in colleague engagement with the ProCook brand

### Mitigations

- Thorough product quality testing and certifications
- Supplier selection and quality controls
- Payment Card Industry and Data Protection compliance activities
- Technology vulnerability and penetration testing with continual security improvement programme
- Robust Health & Safety policies and protocols
- Thorough review of marketing and all external communications
- Colleague code of conduct and business culture, and monitoring of colleague engagement levels
- Monitoring of various brand health metrics including Trustpilot reviews

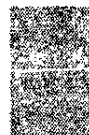
### Progress in FY22

- Acquired 723,000 new customers in FY22 and improved repeat rates in both Retail and Ecommerce channels
- Introduced brand and customer metrics in weekly and monthly KPI reporting to improve monitoring
- Raising our brand profile with discussions at Board level
- Made significant progress with environmental priorities including our partnership with the Woodland Trust which we have begun to tell our customers about to raise awareness of our sustainability credentials
- Introduced Sedex compliance monitoring for our product supplier base, helping to ensure strong ethical and environmental compliance through rigorous audit processes incorporating labour standards, health and safety and environmental assessments
- Continued our focus on utilising sustainable packaging and reducing single use plastics across our product range and operations
- Made significant progress in developing Technology security capabilities
- Maintained our 4.8 excellent-rated Trustpilot score
- Monitored our Glassdoor ratings for colleague feedback which has improved to a score of 4.6/5
- Progressed our B-Corp application and achieved Great Place to Work Certification™

### Board oversight

- Review of and customer metrics on a regular basis.
- Review and approval of the FY23 ESG strategy





## Climate change

### Description

Failure to meet our ever-increasing ESG ambitions within acceptable timescales across the business, and deliver on customer, employee, and investor expectations

Climatic risks associated with global average temperature increases due to increased concentration of greenhouse gases in the atmosphere causing significant natural disasters, changes in legal frameworks, or disruption to the Group's supply chain or changes in customer preferences

### Link to strategy

- Reduce our environmental footprint

### KPIs

- CO<sub>2</sub> emissions intensity

### Impact change in FY22

New

Current factors: Increasing customer awareness, increasing regulations

### Exec responsibility

Steve Sanders, Chief Operating Officer

### Potential impacts

- Climate-caused natural disasters could adversely impact the Groups operations including its supply chain
- Legal and compliance changes could disrupt the Group's operations and increase costs of compliance (including taxation)
- Loss of Brand reputation due to insufficient progress or compliance failure
- Changes in customers preferences may require product or proposition changes
- Changes in packaging requirements could increase costs
- Loss of colleague engagement and higher labour turnover if insufficient environmental progress is being made by the Group

### Mitigations

- Focus on this topic at Board, Exec and Leadership Team level
- Mitigating unavoidable CO<sub>2</sub> emissions across Scope I and II
- ESG strategy approved and being actively progressed
- Sedex compliance monitoring for our product supplier base, helping to ensure strong ethical and environmental compliance
- Fully electric vehicle fleet for all company cars
- Continual removal of all unnecessary product packaging (including single use plastic) across our product range
- Use of a carbon-neutral partner as our primary home delivery transport solution

### Progress in FY22

- Appointment of a new ESG Director to lead progress in this important area
- New partnership with The Woodland Trust to mitigate unavoidable CO<sub>2</sub> emissions across Scope I and II
- ESG strategy and targets developed and approved by the Board
- Fully adopted electric company cars across the fleet
- Developed a comprehensive environmental management system for monitoring water, waste, energy and carbon emissions
- Created a risk register for environmental matters
- Introduced Sedex compliance monitoring across 95% of our product supplier base
- Developed environmental messaging for our customers and colleagues to promote making sustainable choices
- Developed Task Force on Climate-related Financial Disclosures reporting as part of our Annual Report

### Board oversight

- Review and approval of the FY23 ESG strategy

# Risk Management CONTINUED

## Operational risks

### 6 Supply chain

#### Description

Failure to source products effectively and ensure inventory is maintained in the right volumes at the correct store and warehouse locations to achieve sales targets

Failure to manage cost pressures in the supply chain (input and transportation costs)

Failure to identify new and alternative suppliers for new product ranges, or where improvements in quality, capacity or supplier service are required

#### Link to strategy

- Building on our foundations

#### KPIs

- Sales growth
- Underlying profit before tax

#### Impact change in FY22

Increase

Current Factors: Global supply chain challenges in the wake of Covid-19, Russian invasion of Ukraine, Inflationary pressures

#### Exec responsibility

Steve Sanders, Chief Operating Officer

#### Potential impacts

- Delayed product shipments could lead to inventory shortages which may lead to a loss of sales
- Increased product costs from input or raw material costs, and/or higher costs of shipping and transportation, could reduce gross margins, or require increased selling prices which may reduce sales
- Delays in order shipment to customers may damage the overall customer experience and impact brand reputation
- Higher inventory levels may lead to increased costs of storage and logistics

#### Mitigations

- Continuous communication with suppliers and freight forwarders
- Robust inventory management including intake planning and availability optimisation including weekly reviews with Exec leadership
- Use of well-established and reputable outbound suppliers with monthly performance review meetings established
- Two warehouses in use, with inventory also located across 55 stores and in the Netherlands, reduces risk of operational failure
- Established additional 3rd party storage facilities
- Product supplier base exceeds 100 suppliers providing flexibility and resilience

#### Progress in FY22

- Investment in higher inventory levels to protect availability during a period of global supply chain disruption
- Implemented weekly stock management and intake planning review meetings
- Development of UK new distribution centre underway
- Established Covid-safe practices and routines throughout our distribution centres
- Achieved >98% delivery on time for UK Ecommerce orders

#### Board oversight

- Business continuity protocols reviewed at the Audit and Risk Committee
- Supply Chain deep dive and strategy topics reviewed by the Board

**Description**

Failure of technology systems to provide a resilient platform for all business activities or to prevent the loss of data or loss of access in the event of a security threat

Failure to develop appropriate technology platforms to support strategic ambitions in a cost-effective way or to the required timescales

The Group relies on its critical Technology systems to manage its business operations including inventory and supply chain management, recording and processing customer transactions, and to summarise performance results

**Link to strategy**

- Building on our foundations

**KPIs**

- Underlying profit before tax
- Trustpilot score

**Impact change in FY22**

No change

Current Factors: Reliance on proprietary technologies, Russian war in Ukraine, improved security capabilities

**Exec responsibility**

Dan Walden, Chief Financial Officer

**Potential impacts**

- Loss of access or functionality could result in loss of sales and/or reputational damage and could require significant investment to fix or replace
- Loss of data (including customer data) may cause reputational damage, impact operations and/or result in breach of compliance regulations with potential to result in financial penalties
- Delayed implementation of new technologies could disrupt the Group's business operations, slow the pace of strategic progress, or result in higher costs

**Mitigations**

- The Group have established various security procedures and protocols including vulnerability and penetration testing
- High level of system monitoring and "on-call" procedures helps ensure that high levels of system up-time is achieved
- Test and deployment procedures established for technology developments and change
- External support agreements in place to assist with system monitoring, Data Protection and Payment Card Industry compliance and other critical activities
- Established policies and procedures including Disaster Recovery plans, system documentation, PCI and GDPR compliance, and security protocols

**Progress in FY22**

- Achieved >99.9% system availability
- Implemented new Microsoft 365 Dynamics finance and inventory management systems
- Improved access controls including 2 Factor VPN to critical systems
- Introduced Penetration Testing procedures
- Developed new proprietary Ecommerce technology for initial use in the EU using latest code base and development frameworks to support agile development and security improvements
- Enhanced Disaster Recovery plans for Technology

**Board oversight**

- Business continuity protocols reviewed at the Audit and Risk Committee
- Monthly Technology and Cybersecurity report reviewed and discussed by the Board



# Risk Management CONTINUED

## 7 People and culture

### Description

Failure to manage people-related risks including potential loss of culture, could result in operational or strategic disruption

The success of the Group relies on the continued service and expertise of its people, and on its ability to continue to attract, motivate and retain high calibre colleagues

### Link to strategy

- Make ProCook an even better place to work

### KPIs

- Colleague engagement score

### Impact change in FY22

No change

Current Factors: Competitive job market, challenging macro-environment, Covid-19 pandemic and flexible workings

### Exec responsibility

Daniel O'Neill, Chief Executive Officer and Founder

### Potential impacts

- Loss of existing expertise and knowledge could impact continuing operations, reducing sales or profit
- Increases in costs of total reward or recruitment
- Failure to deliver outstanding customer service, improve the customer proposition or achieve the company's strategic objectives
- Delays in processing and completing business as usual tasks due to unplanned leave
- Increased levels of colleague absences and/or reduction in colleague engagement

### Mitigations

- Monitoring of colleague engagement and other People KPIs by the Exec. Leadership Team and Board
- Annual colleague performance reviews with accompanying personal development plans
- Training and development programmes established
- Thorough recruitment and induction procedures supported by the company's People team and external recruiters where appropriate
- ProCook Code of Conduct established and explained to all new starters

### Progress in FY22

- Foundation of a Nomination and Remuneration Committee to monitor our people practises
- Increased focus on Senior Management succession and development with the Board
- Creation of a new company Diversity and Inclusion Policy
- Mental health first aid and awareness training launched
- Continued commitment to the Real Living Wage across the business
- Awarded Great Place to Work<sup>™</sup> certification

### Board oversight

- People strategy reviewed by the Board
- Nominations Committee and Remuneration Committee established



## Marketing effectiveness

### Description

Investment in marketing activities is ineffective in customer acquisition and/or retention

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

### Link to strategy

- Attract, engage and retain more customers

### KPIs

- Sales growth
- Cost per acquisition
- New customers acquired
- Active customer database

### Impact change in FY22

No change

Current Factors: Adverse macro-economic conditions, inflationary pressures

### Exec responsibility

Angela Porter, Chief Marketing Officer

### Potential impacts

- A reduction in marketing effectiveness could result in higher costs and lower profits
- Loss of ability to attract new customers and retain existing customers in a cost-effective way could lead to loss of sales and/or reduction in profits
- Failure to successfully achieve strategic growth ambitions
- Potential for brand and reputational damage

### Mitigations

- The Group ensures the CMO, Brand Director and CEO sign off key messaging and spend within a defined budget
- Close monitoring of KPIs as well as more detailed trading metrics including cost per acquisition and Return on Ad Spend
- Customer messaging sign-off processes established
- Performance against marketing budgets monitored

### Progress in FY22

- Attracted 723,000 new customers (+73.8% year on year) during FY22
- Increased 12 month repeat rates by +6.9 percentage points in FY22
- Appointed a new Chief Marketing Officer to develop our recruitment and retention capabilities to drive continued revenue growth
- Developed new recruitment channels including affiliate partners
- Expanded brand marketing activities to increase customer awareness and recruitment including TV, press and digital channels
- Developed and launched messaging around environmental credentials

### Board oversight

- Monthly review of KPIs

# Risk Management CONTINUED

## Financial and compliance risks

### 5. Finance and treasury

#### Description

Failure of the Group to effectively manage its financial affairs and ensure an appropriate financial position and sufficient liquidity for future growth

*Any failure in financial planning, financial reporting, compliance with tax legislation, or the maintenance of a robust financial control environment*

#### Link to strategy

- Building on our foundations

#### KPIs

- Underlying profit before tax
- Free cash flow

#### Impact change in FY22

No change

*Current factors: Recent IPO, macro-economic environment*

#### Exec responsibility

Dan Walden, Chief Financial Officer

#### Potential impacts

- Inaccurate or untimely financial reporting may result in inappropriate decision making and/or damage investor confidence
- Incorrect payment of tax or late payment which could result in fines or penalties
- Unexpected adverse impact of foreign exchange movements
- Loss of business assets through control failure or fraud
- Increase in costs and reduced profitability
- Loss of liquidity and/or business flexibility if insufficient headroom to support working capital or investment decisions
- Reputational damage

#### Mitigations

- Experienced finance team with relevant technical capability
- External professional expertise utilised for selected areas (e.g., Tax, IPO, Risk Management)
- Use of robust financial systems including Microsoft Dynamics 365
- Established relationships with banking partner with financial facilities to support working capital and investment needs
- Foreign exchange hedging processes
- Regular budgeting and forecasting exercises undertaken
- Financial reporting timetable clearly established
- Financial Position and Prospects Procedures documentation maintained and reviewed at least annually
- Financial controls continually reviewed and improved, with Finance Risk Register established

#### Progress in FY22

- Investment in finance headcount to increase capacity and bring in additional technical expertise
- Established a finance risk register, and made significant improvements to financial control framework including introducing new policies and procedures, increasing process documentation and improving segregation of duties
- Increased working capital finance facility and introduced a new Revolving Credit Facility
- Enhanced financial planning capabilities, implementing quarterly budgeting/forecasting timetables and improving business accountability and cost control
- Introduced new reporting timetables for month-end and interims/prelims whilst improving the quality of information for internal decision making
- Implemented Microsoft Dynamics 365 finance systems
- Appointed new Group tax advisor

#### Board oversight

- Monthly CFO reports reviewed and discussed by the Board
- FY23 Budget reviewed and approved by the Board
- Audit and Risk Committee reviews financial control framework and effectiveness and financial reporting
- Group policies reviewed and approved by the Board

**Description**

Failure to comply with regulatory standards including but not limited to data protection, privacy, employment law, health and safety, financial regulations, consumer law

Failure to comply with internal policies and procedures that could result in financial or other losses

**Link to strategy**

- Building on our foundations
- Make ProCook an even better place to work

**KPIs**

- Revenue
- Underlying profit before tax

**Impact change in FY22**

No change

Current factors: Recent IPO

**Exec responsibility**

Dan Walden, Chief Financial Officer

**Potential impacts**

- Regulatory breaches may lead to adverse publicity which could adversely impact sales growth and profitability
- Potential fines or other penalties for non-compliance, or legal proceedings
- Injury to general public or colleagues
- Damage to or loss of stock or other assets
- Additional costs incurred in the event of an incident including resolution
- Focus diverted from business operations and strategy to resolve a compliance breach
- Loss of colleague engagement

**Mitigations**

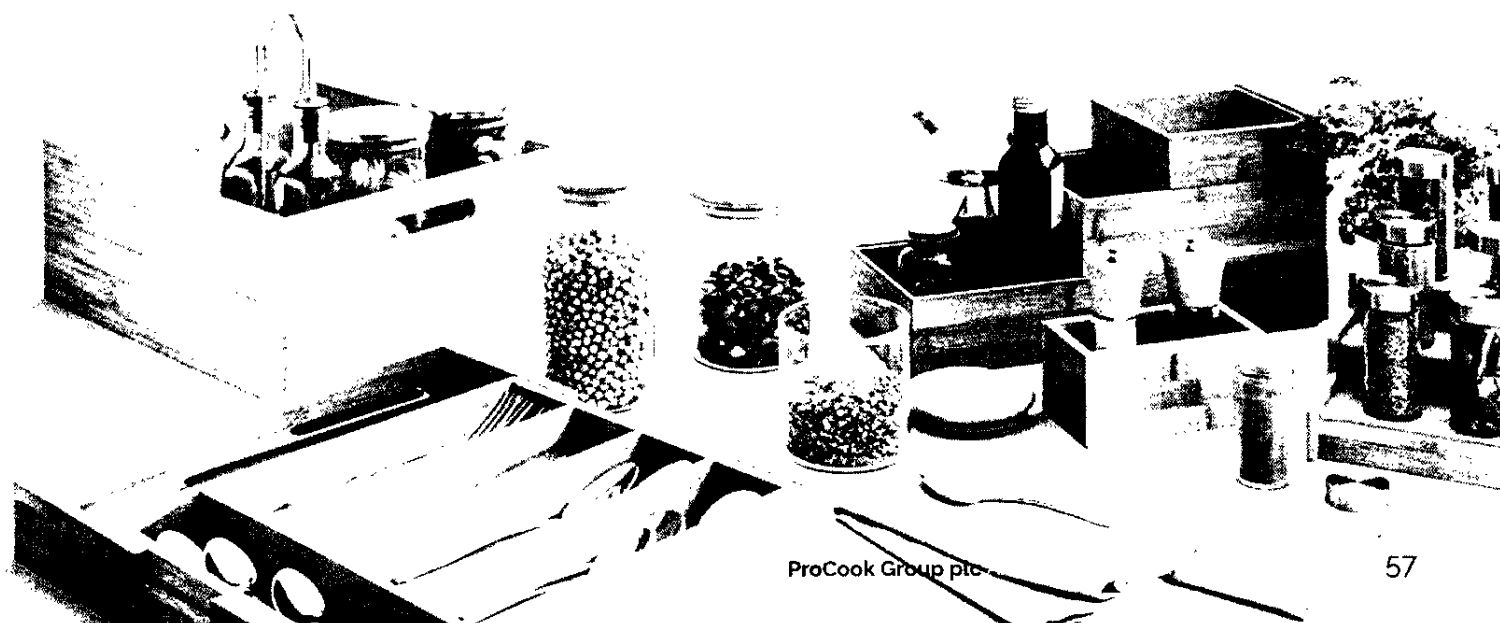
- Group policies and code of conduct shared with colleagues
- External professional advice obtained on relevant matters for example GDPR, property legal advice, employment advice, tax advice
- Health & Safety Manager leads the development of the Group's Policy and completes site audits and maintains 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

**Progress in FY22**

- No compliance breaches identified during FY22
- Launched new training for selected policies including GDPR, PCI and Market Abuse Regulations
- Enhanced board reporting on all key compliance topics
- Introduced necessary compliance controls and policies in preparation for IPO

**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



# Going Concern, Viability and s172(1) Statement

In accordance with the UK Corporate Governance Code, the Board of Directors must assess whether the business has adequate resources to continue in operation for the foreseeable future and as such, determine whether it is appropriate to continue to adopt the 'Going Concern' basis of preparation.

Additionally, the Board is required to assess the viability of the Group over a longer time period to determine whether it has a reasonable expectation that it will be able to continue in operation and meet its longer-term liabilities as they fall due (the 'Viability Statement').

As part of these assessments, the Board is required to consider the future prospects of the Group by reference to its current financial position, recent trading performance, forecasts and financial projections, its strategy and business model, and its principal risks.

## Going concern and viability

### Approach taken to assess Going Concern and Viability

In their consideration of going concern the Board has considered the 12 month period from the date of signing these financial statements. In their consideration of viability, the Board has determined that a three-year viability assessment period covering the three financial years ending 30 March 2025, appropriately reflects the speed of change in the current retail and consumer environment and is consistent with the Group's strategic planning cycle. This period provides a balance between the long-term nature of investments and the key drivers of near-term business performance

In considering the appropriateness of adopting the going concern basis in preparing the financial statements the Directors have considered the Group's principal risks and assessed the impact of a range of severe but plausible downside scenarios on the Group's expected financial performance, position and cash generation.

The scenarios were informed by a comprehensive review of the macroeconomic environment, and the Group's experience of trading through the pandemic over the last two years.

Consideration has been given to the availability of facility headroom and covenant compliance within the Group's financing facilities which are set out below.

## Base case

The base case for the scenario modelling extends from the annual budget plan that was approved by the Board in April 2022 and updated since to reflect our latest trading expectations which we announced on 10 June 2022 for the FY23 financial year. Forecasts for FY24 and FY25 return to a growth trajectory, based on the lower FY23 base.

Key assumptions include Ecommerce and Retail sales performance, opening of new stores and websites, investment in central headcount and brand marketing, and the level of inventory required to maintain strong availability and the effect on net working capital.

### Modelling the impact of potential downsides scenarios

The Board's assessment of the principal risks highlights that the most likely and impactful are those surrounding customer and macro-economic factors and supply chain disruption.

The Directors have reviewed the potential downside impact of these risks unfolding, modelled under three severe but plausible downside scenarios:





### Scenario 1

A severe reduction in customer demand, caused by continued inflationary pressures and reduced disposable incomes, or a drop in demand for kitchenware product as customers make choices to spend elsewhere

#### Link to principal risks

- 2. Competition and macro-economic risks
- 3. Brand and customer
- 8. Marketing effectiveness

#### Financial impacts considered

- -10% sales impact in each period resulting in a -35% reduction in revenue growth over the assessment period
- +5% increase in cost per acquisition

#### Mitigations considered

- Direct operational (volume-related) costs adjust with sales
- Inventory levels are managed based on sales demand
- Senior Management short-term performance related compensation removed

#### Result

In this scenario the Group would not breach any of its financial covenants and would not require any additional sources of financing in any of the three years under review

### Scenario 2

Major disruption to global supply chain including manufacturing in the Far East, resulting in significant delays to source and replenish stock levels, reducing availability for customers and increasing cost pressures within gross margin

#### Link to principal risks

- 5. Supply chain

#### Financial impacts considered

- -5% sales impact (from H2 FY23 onwards) in each period resulting in a -17% reduction in revenue growth over the assessment period
- -2%pts gross margin impact
- Inventory levels reduce due to supply chain constraints

#### Mitigations considered

- Direct operational (volume-related) costs adjust with sales
- Senior Management short-term performance related compensation removed

#### Result

In this scenario, the Group would not breach any of its financial covenants and would not require any additional sources of financing in any of the three years under review

### Scenario 3

Scenarios 1 and 2 combined

#### Link to principal risks

- 2. Competition and macro-economic risks
- 3. Brand and customer
- 8. Marketing effectiveness
- 5. Supply chain

#### Financial impacts considered

- -15% sales impact from H2 FY23 onwards in each period (-10% in H1 FY23), resulting in a -57% reduction in revenue growth over the assessment period
- -2%pts gross margin impact
- +5% increase in cost per acquisition
- Inventory levels reduce due to supply chain constraints

#### Mitigations considered

- Direct operational (volume-related) costs adjust with sales
- Senior Management short-term performance related compensation removed
- Inventory levels are managed based on sales demand

#### Result

In this scenario, the Group would not breach any of its financial covenants and would not require any additional sources of financing in any of the three years under review

# Going Concern, Viability and s172(1) Statement CONTINUED

## Stress testing

The Directors have also reviewed three stress tests which, whilst considered extremely unlikely, seek to determine the level of sales decline compared to the base case which would result in a risk of financial covenants being breached.

In these tests we have assumed that direct variable operating costs reduce as sales reduce, savings of £2m per annum of current fixed costs would be achieved, net working capital would reduce as inventory levels are managed downwards reflecting sales demand, and the level of capital expenditure would be limited to £1m per annum in FY24 and FY25. Additionally, we have reflected the suspension of dividend payments.

We have modelled the sales decline required to breach either of the current covenants in the existing Revolving Credit Facility (RCF) by the end of FY24 (Test A), end of FY25 (Test B) and the required sales decline to breach the current facility maximum of £10m (Test C) with the following results:

**Test A:** A sales reduction of -25% from Q2 FY23 and -35% throughout FY24 would be required to breach facility covenants by the end of FY24.

**Test B:** A sales reduction of -25% from Q2 FY23, -30% throughout FY24 and -37% in FY25 would be required to breach facility covenants by the end of FY25.

**Test C:** A sales reduction of -54% applied consistently from Q2 FY23 onwards would be required to exceed the maximum current RCF limit of £10m and this would occur at the end of FY25.

## Potential mitigations

If any of these hypothetical downside scenarios were to unfold, there are a series of further mitigating actions that ProCook could take to protect the Group's activities including:

- Increase selling prices for products which have lower price elasticity to help offset additional import costs
- Identify alternative near-shore manufacturing where possible to mitigate exposure to Far East supply
- Identify and enter into partnerships to charter vessels directly
- Increase inventory forward ordering to protect availability
- Leverage promotional activity to attract more customers
- Reduce discretionary above-the-line marketing spend
- Renegotiate payment terms with suppliers
- Reduce central overhead costs (including headcount) over the short or medium term
- Delay capital expenditure in retail, technology and logistics
- Review and amend our capital allocation and dividend policy
- Extend financing facilities with existing or new lenders, potentially including the use of the accordion option for the RCF which is subject to lender approval.

## Financing arrangements

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 two one-year extension options to April 2027), an accordion option to the RCF subject to lender approval, with a maximum facility of £5m, and an uncommitted £6m Trade Finance arrangement.

ProCook ended the financial year with £3.8m cash and cash equivalents and net debt of £1.8m. The financial covenants are tested quarterly in line with our facility agreements. Under normal trading conditions, these covenants are met with significant available headroom. In the downside scenarios as explained above, the Group continues to forecast compliance with all financial covenants throughout the going concern and viability period.

## Going Concern and Viability Statement

The Directors, following their comprehensive review, have 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. Consequently, the Directors have concluded that using the going concern basis for the preparation of the Financial Statements is appropriate.



## Section 172 Statement

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 as a whole, and in doing so have had regard, amongst other matters, to the matters set out in s172(1) of the Companies Act 2006 ('s172 Matters'). This statement, together with the examples on pages 29 to 34, describes how the Directors have had regard for s172 Matters in respect of the year.

The Company Secretary sets out the s172 Matters in all Board meeting packs to ensure these are front of mind, and the Directors are reminded of their duty under s172(1) at the start of each Board meeting. Consideration of the broader s172 matters forms an integral part of Board discussion; the

Directors as a matter of course have regard to the need to maintain a reputation for high standards of business conduct, the need to act fairly between stakeholders, and the long term consequences of their decisions. These considerations are referenced in meeting papers as relevant, and discussions thereof recorded in the meeting minutes.

With regard to more Company specific stakeholder groups, the Board has identified those key to the Company based on each group's potential to a) be impacted by the Company's activities, and/or b) have an impact on the Company's activities. These key stakeholders, as agreed by the Directors, are set out on pages 29 to 34, together with information about their material issues and methods of engagement. 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 and, in the case of certain stakeholders such as the workforce, may be discussed as a separate agenda item.

As a result of these processes, the Directors have the necessary oversight of the Company's engagement with stakeholders to enable them to discharge their duty under s172(1) in the course of their decision making. Moreover, the Board has concluded that the Company's key stakeholders set out on pages 29 to 34 are appropriate and that the methods of engagement for each are proportionate and effective. The Company's key stakeholders and methods of engagement will be kept under review and reported on each year in the Company's Annual Report.

## Non-financial information statement

The table below sets out where stakeholders can find information in our Strategic Report that relates to non-financial matters detailed under Section 414CB of the Companies Act 2006.

Reporting requirement	Where to find more in this report	Page
Employees	Sustainability: Our People	35
	Risk Management: People and culture	52
	How we engage with our people	31
Human rights	Sustainability: Our People	35
Social matters	Sustainability: Our People	35
Environmental matters	Sustainability: Our Planet	38
	Task Force for Climate-related Disclosures	42
Anti-bribery and corruption	Sustainability: Our People	35
Business model	Our Unique Business Model	14
Principal risks	Principal risks and uncertainties	47
Non-financial KPIs	Strategy and KPIs	18

The Strategic Report was approved by the Board of Directors and authorised for issue on 4 August 2022.

For and on behalf of the Board

David Jones  
Chief Executive Officer

David Wilson  
Chief Financial Officer



# Corporate Governance Report

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92	The Annual Report on Remuneration
93	Directors' Report
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# Chairman's Letter



**I am delighted with the progress we've made in the months since IPO."**

**Greg Hodder**  
Chairman

## Dear Shareholder,

I am pleased to present the Company's first Corporate Governance Report following its IPO on the London Stock Exchange on 12 November 2021. The Board recognises that sound corporate governance is critical to ProCook's long-term success and we as a Board have embraced the opportunity to develop and strengthen our governance arrangements in accordance with the rules

and expectations incumbent on a premium listed company, including those of the 2018 UK Corporate Governance Code and Financial Conduct Authority's Listing Rules and Disclosure Guidance and Transparency Rules.

This section of the Annual Report describes our corporate governance structures and processes and how they have been applied during the period from the Company's admission to trading on the London Stock Exchange ("IPO") on 12 November 2021 through 3 April 2022 (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 of 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 72 to 73.

### A strong start

I'm delighted with the progress we've made in the months since IPO. Our focus on strategy *underpins everything we do*, and I felt it was critical that we held a full-day strategy session to agree the Company's strategic priorities and three-year plan early on. That session, held in January, established a firm foundation on which to build our Board agenda for the months ahead.

We have also embedded the corporate governance framework and policies introduced at IPO as well as introducing additional policies during the year. Further details of our Board activities and discussions, and how these contributed to our strategy, can be found on pages 70 to 71.

### 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 2022 AGM will take place at 11.00 a.m. on 20 September 2022 at ProCook, Davy Way, Waterwells, Gloucester, GL2 2BY. Should the UK Government impose any prohibition on non-essential travel and public gatherings that impact the AGM, the Company will update shareholders through an announcement to the London Stock Exchange and on the Company's website. In any case, 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 any such disruption. 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

4 August 2022



## Leadership and Company purpose

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 strategy, policy, and key Company policies. These decisions are underpinned by regular financial reporting and a robust approach to risk management.

The Board has agreed the Company's purpose: Sharing our passion for cooking. This purpose guides the Company's entire strategy and is reflected throughout the organisation's culture.

### People and culture

The Board assesses and monitors the Company's culture through several sources. At its first meeting post-IPO, the Board received and discussed a comprehensive report from the Company's People and ESG Director on the Company's People and Culture Strategy for FY23. The Board also receives monthly People reports from the COO and these feature as a standing item at Board meetings.

Making ProCook an even better place to work is universally recognised by the Board and senior management as key to our success and we are excited about the initiatives in train for the year ahead.

### Workforce engagement

In accordance with the Code, the Board has chosen to take a blended approach and establish a Workforce Advisory Panel as well as appointing Luke

Kingsnorth as the designated Non-Executive Director to oversee the Company's engagement with the workforce.

The advisory panel is made up of ten colleagues from different areas and roles within the business, with Luke Kingsnorth, as designated NED, chairing the meetings. The aim is to break down the barriers of a traditional corporate hierarchy and to allow colleagues to feedback directly to top-level management, ensuring that ideas, suggestions, and issues that come from the ground floor of the organisation are not missed. The Board will update shareholders in its next annual report on the activities and outcomes of the panel.

Further information on the Company's policies and approach to engaging with its people can be found within the Stakeholder Engagement section of the Strategic Report on pages 29 to 34.

## 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](http://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:

Leadership and company purpose: page 68

Division of Directors' responsibilities: pages 72 to 73

Composition, succession and evaluation: Nomination Committee Report on pages 74 to 75

Audit, risk and internal control: Audit and Risk Committee Report on pages 76 to 79

Remuneration: Remuneration Report on pages 80 to 81

# Board of Directors



**Greg Hodder**

*Non-Executive Chair*

## **Appointment**

Greg was appointed on 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 Hotel Chocolat plc and Senior Independent Director at Jarrold & Sons Ltd.



**Daniel O'Neill**

*Chief Executive Officer and Founder*

## **Appointment**

Daniel was appointed on 19 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.



**Steve Sanders**

*Chief Operating Officer*

## **Appointment**

Steve was appointed on 19 October 2021.

## **Skills and Experience**

Steve has worked for the Group for over six years. Previously holding the position of CEO, on the expansion of the executive team in May 2021. Steve's role became more focused and he subsequently assumed the role of Chief Operating Officer. Before working for ProCook, Steve was Managing Director of Shoon Ltd for eight years and, before that, Finance Director. He has also worked as an independent consultant and was co-founder of a consumer electronics start-up before successfully selling it to a market leader in 2000. Steve is a chartered management accountant.

## **Other Roles**

Steve holds no external directorships.



**Dan Walden**

*Chief Financial Officer*

## **Appointment**

Dan was appointed on 19 October 2021.

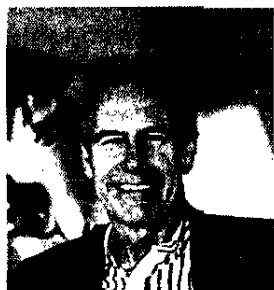
## **Skills and Experience**

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**

David was appointed on 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. Prior to his role at Dunelm, 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 the Senior Independent Non-Executive Director of Joules Group plc and a Non-Executive Director of Naked Wines plc.

**Gillian Davies**

*Independent Non-Executive Director*

**Appointment**

Gillian was appointed on 29 October 2021.

**Skills and Experience**

Gillian is a chartered accountant who qualified with KPMG and has held a number of senior financial positions in both listed and private equity-backed international companies. She spent 11 years as Group Finance Director of FTSE listed 4imprint Group plc, during which time the group was extensively restructured and delivered significant growth. Most recently, Gillian was CFO of AIM-listed Harwood Wealth Management Group until its sale to private equity.

**Other Roles**

Gillian is a Non-Executive Director and Chair of the Audit Committee at Ten Lifestyle Group plc. She is also Senior Independent Non-Executive Director at Knights Group Holdings plc.

**Luke Kingsnorth**

*Independent Non-Executive Director*

**Appointment**

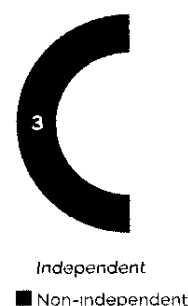
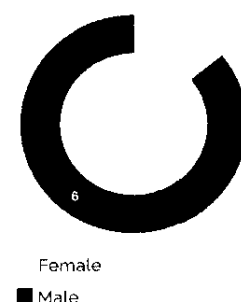
Luke was appointed on 29 October 2021.

**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 e-commerce 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 independence (excl. Chair)****Skills and experience****Board diversity**

# Governance Framework

The Board comprises the Chairman, three Executive Directors and three 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

<b>Purpose, Mission and Strategy</b>	<ul style="list-style-type: none"> <li>Setting, developing and role-modelling our purpose and business values</li> <li>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</li> <li>Ensuring that appropriate resources are in place to successfully deliver the Company's mission and strategic priorities</li> </ul>
<b>Governance</b>	<ul style="list-style-type: none"> <li>Instilling and maintaining a positive culture that encourages strong ethical behaviours</li> <li>Ensuring that the business control environment is appropriate and operationally effective and that sound risk management practices are in place</li> <li>Oversight of succession planning and talent management</li> <li>Setting an appropriate remuneration policy to attract and retain talent</li> <li>Ensuring that appropriate information is shared with stakeholders in a transparent way</li> <li>Ensuring full compliance with the UK Corporate Governance Code</li> </ul>
<b>Performance</b>	<ul style="list-style-type: none"> <li>Reviewing performance at an operational and strategic level</li> <li>Reviewing the performance of the Board, the Executive Directors and the Leadership Team</li> <li>Ensuring that the Board is well equipped with appropriate skills and expertise, and that committee memberships are appropriate and effective</li> </ul>

### Audit and Risk Committee Key Responsibilities

The Audit and Risk Committee provides formal and transparent arrangements for considering how to apply the financial reporting and internal control principles set out in the UK Corporate Governance Code (the "Code"). In doing so, it reviews and maintains the Group's financial reporting and internal control and risk management systems, advises the Board on the Group's risk strategy, policies and potential exposures, and maintains an appropriate relationship with the Company's Auditor.

### Nomination Committee Key Responsibilities

The primary purpose of the Nomination Committee is to establish a formal, rigorous and transparent procedure for the appointment of new directors to the Board. It also oversees the development of a diverse pipeline of potential Board candidates.

### Remuneration Committee Key Responsibilities

The key role of the Remuneration Committee is to establish a formal and transparent procedure for developing policy on executive remuneration and to set the remuneration packages of individual directors.



## 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 100.

## 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, excluding transactional meetings held pre-admission to deal with IPO matters.

Name	Board	Audit and Risk Committee	Remuneration Committee	Nomination Committee
Gillian Davies	3/3	2/2	1/1	1/1
Greg Hodder <sup>1</sup>	2/3	n/a	1/1	0/1
Luke Kingsnorth	3/3	2/2	1/1	1/1
Daniel O'Neill	3/3	n/a	n/a	n/a
Steve Sanders	3/3	n/a	n/a	n/a
David Stead <sup>2</sup>	3/3	1/2	1/1	1/1
Dan Walden	3/3	n/a	n/a	n/a

1 Greg Hodder was unable to attend the Nomination Committee and Board meetings on 16 March 2022 due to illness

2 David Stead was unable to attend the Audit and Risk Committee meeting on 23 March 2022 due to a previous commitment

## Whistleblowing and compliance

The Board is responsible for monitoring and periodically reviewing the Company's whistleblowing, anti-bribery and anti-fraud policies. The Board approved these as part of the IPO process and satisfied itself that sufficient arrangements were in place to assist in the prevention of fraud and enable employees to report irregularities confidentially and allow appropriate investigation and follow-up action to be taken.

## Wider stakeholder considerations

The Company's key stakeholder groups are set out in the Stakeholder Engagement section of the Strategic Report on pages 29 to 34.

## Sustainability

Full details of the Company's sustainability strategy and performance with regard to sustainability are provided within the Sustainability section of the Strategic Report on pages 35 to 41.

## Re-election

In accordance with the Code and the Company's Articles of Association, all Directors are subject to annual re-election by the shareholders at the Annual General Meeting.

## 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 Chairman 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.

## Shareholder engagement

The Board, led by the Chairman, 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 CEO and CFO undertake investor roadshows following the release of financial results and feedback. The Company has appointed financial public relations advisers and corporate brokers to gather investor and analyst feedback, which is presented to and reviewed by the Board.

# Governance Framework CONTINUED

## How governance contributes to strategy

The Board receives regular updates from the CEO, CFO and COO at each meeting, covering strategy, finance and operations, respectively. These are complemented by deep dives into key areas of focus and supported by governance and regulatory updates from the Company Secretary.

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. The below table sets out the Board's key activities and discussions during the year and how these support our strategy.

Topic	Key activities and discussions	Link to strategy
<b>Strategy</b>	<p>Regularly received and discussed strategic updates and proposals from the Executive Directors; supported the development of strategy through individual insights and constructive challenge</p> <p>Held a dedicated away day to discuss and develop FY23 Strategy</p> <p>Approved the FY23 Strategy and Budget following thorough consideration and debate</p>	All
<b>Financial</b>	<p>Received monthly financial updates including monthly management accounts, performance against budget and KPIs, cash position, debt position and banking covenants, and any material financial risks arising</p> <p>Approved the Capital Allocation Policy</p> <p>Held a deep dive session on trading performance during the peak period.</p> <p>Monitored performance against Budget and City expectations</p>	All
<b>Business, people and stakeholders</b>	<p>Received regular People reports from the COO</p> <p>Received and discussed updates from our People Director, including employee survey results and other indicators of employee satisfaction</p> <p>Approved the establishment of a Workforce Advisory Panel, on which we will receive regular reports going forward</p> <p>Approved the appointment of Luke Kingsnorth as our Designated Non-Executive Director for Workforce Engagement</p> <p>Held a deep dive session on ESG matters covering People, Planet, and Product and Packaging</p>	<p>Make ProCook an even better place to work</p> <p>Reduce our environmental footprint</p>
<b>Supply chain</b>	<p>Regularly discussed supply chain management and inventory management, particularly in light of ongoing supply chain disruption</p> <p>Received monthly stock and supply chain reports</p> <p>Discussed plans for the development of a new warehousing facility</p> <p>A deep dive session on supply chain and logistics was held post year-end</p>	Building on our foundations

Topic	Key activities and discussions	Link to strategy
<b>Customer acquisition and retention</b>	<p>Discussed and provided input into the digital marketing strategy</p> <p>Held a deep dive session on customer acquisition; discussed methodology, key metrics and assumptions</p> <p>A deep dive session on the development of the Company's e-commerce performance was held post year-end</p>	<p>Attract, engage and retain more customers</p>
<b>Market conditions and opportunities for expansion</b>	<p>Reviewed reports from the CEO on UK market conditions and business growth compared to market growth</p> <p>Reviewed European market sizes and opportunities as part of FY23 strategy development</p> <p>Discussed potential for European expansion, including the launch of EU websites and prospective store locations</p>	<p>Attract, engage and retain more customers</p> <p>Developing our proposition</p>
<b>Technology</b>	<p>Reviewed and discussed management's proposed tech strategy and roadmap</p> <p>Received regular updates on technology and cyber security from the CFO</p> <p>Held a deep dive session on tech strategy</p>	<p>Building on our foundations</p>
<b>Product</b>	<p>Discussed product development at the away day and a deep dive on the subject is scheduled in early FY23</p>	<p>Developing our proposition</p>
<b>Purpose and values</b>	<p>Developed and agreed the Company's purpose and values</p>	<p>Sharing our passion for cooking</p> <p>Becoming the customers' first choice for kitchenware</p>
<b>Internal controls and risk management</b>	<p>Discussed the Group's risk register</p> <p>Oversaw the strengthening of the Finance function</p> <p>Closely monitored the Company's cash position through regular updates from the CFO</p> <p>Approved new banking arrangements including a new Revolving Credit Facility</p> <p>Received monthly reports on financials, cyber security and IT, and health &amp; safety</p>	<p>All</p>
<b>Corporate Governance</b>	<p>Regularly reviewed compliance with the UK Corporate Governance Code</p> <p>Received regular corporate governance updates from the Company Secretary</p> <p>Embedded the corporate governance framework and policies introduced at IPO and approved additional policies post-IPO including the Board Diversity Policy and Related Party Transactions Policy</p>	<p>All</p>

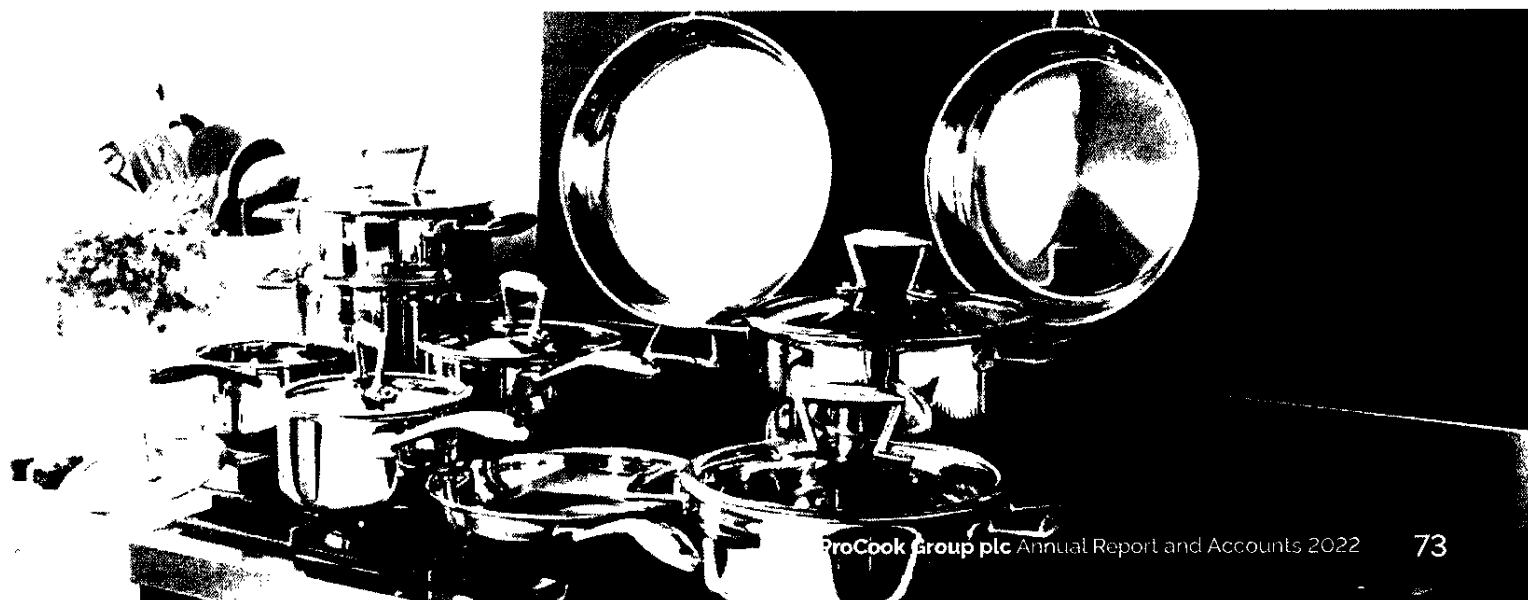
# Division of Responsibilities

## 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
<b>Chairman</b>	<p><b>The Chairman's principal responsibility is the effective running of the Board and includes:</b></p> <ul style="list-style-type: none"> <li>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</li> <li>Ensuring the Board determines the nature and extent of the significant risks the Company is willing to embrace in the implementation of its strategy</li> <li>Running the Board and setting its agenda</li> <li>Ensuring that all Board members are given the opportunity to share their views and participate in the business of the Board</li> <li>Encouraging all Board members to engage in Board and committee meetings by drawing on their skills, experience and knowledge</li> <li>Ensuring that there is effective communication by the Group with its shareholders, including by the CEO, CFO and other executive management</li> <li>Ensuring that members of the Board develop an understanding of the views of the major investors</li> <li>Leading the annual evaluation of the performance of the Board, its Committees, and individual directors</li> <li>Shaping the culture of the boardroom</li> <li>Ensuring that the board listens to the views of shareholders, the workforce, customers and other key stakeholders</li> </ul>
<b>Chief Executive Officer (CEO)</b>	<p><b>The CEO's principal responsibility is running the Group's business, including:</b></p> <ul style="list-style-type: none"> <li>Developing the Group's purpose, strategy and commercial objectives, and proposing these to the Board</li> <li>Implementing the decisions of the Board and its Committees;</li> <li>Providing input to the Board agenda, including that from other members of the executive team</li> <li>Conducting the affairs of the Group with the highest standards of integrity, probity and corporate governance</li> <li>Setting an example to the Company's people and communicating expectations regarding the Company's culture</li> </ul>
<b>Chief Financial Officer (CFO)</b>	<p><b>The CFO is responsible for the overall planning and management of the Group's financial affairs, including:</b></p> <ul style="list-style-type: none"> <li>Working closely with the CEO to ensure that strategic plans are underpinned by solid financials</li> <li>Developing the Company's budget and monitoring performance against this</li> <li>Assessing the benefit of new investment opportunities and capital expenditure initiatives</li> <li>Drafting the Company's statutory financial statements and monthly management accounts</li> <li>Responsibility for internal control and risk management, in conjunction with the Audit and Risk Committee</li> </ul>

Role	Responsibilities
<b>Chief Operating Officer ("COO")</b>	<p>The COO is responsible for overseeing the daily operational and administrative functions of the business, including:</p> <ul style="list-style-type: none"> <li>Assessing and enhancing the efficiency of operational processes</li> <li>Leading staff to achieve sales and organisational objectives</li> <li>Establishing policies that improve and promote the Company's purpose, values and culture</li> <li>Ensuring that operational policies and practices drive behaviour and that appropriate standards of governance permeate throughout the organisation</li> <li>Overall responsibility for People, Health &amp; Safety, Property, and Supply Chain and Logistics</li> </ul>
<b>Senior Independent Director ("SID")</b>	<p>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:</p> <ul style="list-style-type: none"> <li>Working with the Chairman, directors and shareholders to resolve significant or sensitive issues</li> <li>Assisting in the maintenance of the stability of the Board and Company, particularly during any periods of stress</li> <li>Taking responsibility for an orderly succession process for the Chairman, working closely with the Nomination Committee</li> <li>Being available to shareholders should they have concerns that are unresolvable through the usual channels of the Chairman, CEO or other executive directors</li> <li>Leading the performance evaluation of the Chairman on behalf of the other directors</li> </ul>
<b>Non-Executive Directors ("NEDs")</b>	<p>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:</p> <ul style="list-style-type: none"> <li>Providing healthy debate and challenge, as well as guidance and support, to the Executive Directors.</li> <li>Providing an independent sounding board to the Chairman and Executive Directors.</li> <li>Serving on the Board Committees, with responsibility for the oversight of audit and risk, remuneration, and composition of the Board.</li> <li>Luke Kingsnorth has also been appointed as the designated Non-Executive Director for workforce engagement (see more on page 31)</li> </ul>



# Nomination Committee Report



**Greg Hodder**  
Chair



**Gillian Dwyer**  
Member



**David Sargent**  
Member



**Luke Kingsnorth**  
Member

The skills and experience of all Committee members can be found on pages 66 to 67. Committee meeting attendance is set out on page 69.

## Dear Shareholder,

I am pleased to present ProCook's first Nomination Committee ("Committee") Report to shareholders for the year ended 3 April 2022 (the "year"). The Committee has made a good start, having had its inaugural meeting in March 2022, where we reviewed the composition of the Board and its Committees; reviewed the composition and structure of the senior management team; discussed long-term succession planning and the development of the executive pipeline; and reviewed and approved the Board Diversity Policy for recommendation to the Board, details of which are set out in this report.

The Executive Directors were also invited to attend this meeting and 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.

## 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.

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

## Board composition

Given that the Board and its Committees were established just prior to the Company's listing on 12 November 2021, the first annual evaluation of the operation and effectiveness of the Board, its Committees and individual Directors has not yet taken place. The Committee will conduct this review during the current financial year and will report on the outcome in its report to shareholders in the FY23 annual report.





## 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 75, which aims to ensure that ProCook's workforce is truly representative

of all aspects of society and that employees feel involved, valued and respected. We are looking forward to hearing from the Company's People and ESG Director, who will be joining a Committee meeting this year to provide further insight into the business's approach to developing a diverse pipeline.

## 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 FY23

Over the coming year, the Committee will focus on ensuring appropriate succession plans are in place that are supported by a formal and rigorous process, having due regard to diversity in all its forms including gender, ethnicity, and background. The Committee will conduct a formal performance review towards the end of FY23, once the Board has settled into its first year of operation, to ensure the composition of the Board and its Committees remains appropriate to the needs of the business.

Greg Hodder

Nomination Committee Chair

4 August 2022

## Diversity and Inclusion Policy 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.

## 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.

Given that the Board was only recently constituted just prior to IPO in November 2021, no such activities have yet taken place. The Committee will provide a more fulsome report next year.

## Gender balance of senior management and direct reports

The gender balance of the Board is shown on page 67. The gender balance of the Leadership Team is included in the Sustainability section of the Strategic Report on page 35.

# Audit and Risk Committee Report



**Gillian Davies**  
Chair



**Member**



**Member**

The qualifications and experience of all Committee members can be found on pages 66 to 67. 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, Chief Operating 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 69.

## Dear Shareholder,

I am pleased to present the inaugural report of the Audit and Risk Committee ("Committee") for the year ended 3 April 2022 (the "year"). The principal focus of the Committee since IPO has been on supporting and guiding the Executive Directors as they navigate the challenges of becoming a listed company.

In addition to adapting to life as a premium-listed plc, the Company has dealt with wider macroeconomic uncertainty arising from the lasting impact of the Covid-19 pandemic, the Russian invasion of Ukraine, supply chain disruption and high levels of inflation. The Committee has maintained its focus on driving improvements in the finance function and internal controls, where significant improvements have been made, as well as focussing on these macroeconomic issues.

## 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 responsibilities

The Committee has unrestricted access to Company documents and information as well as to employees of the Company and the external Auditor. The 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 Committee Chair reports the outcome of Audit and Risk Committee meetings to the Board.

The Committee meets at least three times a year and has an agenda linked to the events in the Group's financial calendar. The Committee met twice during the remainder of financial year following the IPO on 12 November 2021.



## 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:

- Purchase to pay process
- Sales to cash process
- Month-end close
- Segregation of duties
- Cash forecasting and reporting
- Capital Expenditure controls
- Policy updates
- Budgeting and forecasting
- Financial reporting and VAT

### Finance team

The Committee supported management in the development of the Company's Finance function into an appropriately resourced team that is suitably structured for the needs of a premium-listed company. At the request of the Committee, management provided a detailed update on this process at each Committee meeting.

### Going concern and viability assessment

In preparation for the publication of the Company's FY22 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, 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 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 3 April 2022 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:

- Accounting policies, estimates and judgements, and the transition to IFRS
- Ongoing impact of Covid-19 and widespread inflation
- Russian invasion of Ukraine
- Supply chain, in particular, reliance on supply from China and global supply chain disruption
- Business support systems
- Disaster recovery
- Climate change

### Economic volatility resulting from Covid-19, inflation, and the Russian war on Ukraine

The Committee supported management in its response to an extremely testing macroeconomic environment whereby consumer behaviour patterns became increasingly difficult to predict and understand. The Committee offered guidance and advice on dealing with such unprecedented uncertainty in financial and practical terms, including the associated issues of inventory control.

# Audit and Risk Committee Report CONTINUED

## 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 Committee and the Board.

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

The principal risks and uncertainties of the Group and *their mitigation are included* on pages 47 to 57. The crystallisation of these risks has been considered in the Viability Statement on pages 58 to 61 and going concern assessment on page 60.

## Annual Report and Accounts and results announcements

During the period, the Committee formally reviewed draft half 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 FY22 half 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 their first audit of the Group is in respect of these financial statements for the year ended 3 April 2022. 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 2022 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 3 April 2022. Audit fees payable by the Group to Mazars LLP during the year totalled £145k. There were no contingent fee arrangements. Mazars LLP were appointed to carry out certain Agreed-Upon Procedures of the Group's financial information for the 28-week period ended 17 October 2021. 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 0.11.

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 Auditor's 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 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.

### 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

Given that the Board is so newly constituted, no formal effectiveness review of the Board and its Committees has yet taken place. Over the next 12 months, the Company intends to conduct an internally-facilitated evaluation of the performance of the Board, as part of which the performance of the Committee will also be assessed. I will report on the outcome of the review in my report to shareholders next year.

### Priorities for FY23

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 the new risk management framework is further embedded within the Group, including to bring increased rigour to the review of the Company's risks and risk appetite.

Gillian Davies  
Audit and Risk Committee Chair

4 August 2022

# Remuneration Committee Report



**David Stead**  
Chair



**Carol Rodden**  
Member



**Gillian Davies**  
Member



**James Thompson**  
Member

## Focus areas for 2022/23:

- Review ongoing implementation of the Policy to ensure it operates as intended
- Monitor developments in best practice
- Undertake a review of the Committee's performance since IPO, its composition and terms of reference

## Dear Shareholder,

On behalf of the Board and its Remuneration Committee, I am pleased to present our first Directors' Remuneration Report which, 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 outlines our approach to remuneration and the parameters within which we will implement our pay arrangements, and how this links to our strategy
- The annual report on remuneration, which sets out the remuneration arrangements and incentive outcomes for FY22, and how the Committee intends to implement the new remuneration policy in the FY23 financial year

As this is the first financial year since our admission on 12 November 2021, we will present two remuneration related resolutions at our forthcoming Annual General Meeting.

- A binding vote on the directors' remuneration policy
- An 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.

## Context of remuneration

On 12 November 2021, the Company was admitted to the premium listing segment of the Official List of the Financial Conduct Authority and to trading on the London Stock Exchange's Main Market for listed securities. It became a constituent of the FTSE All-Share on 12 November 2021.

With effect from the IPO, new remuneration arrangements were introduced for the Executive Directors which broadly align to the market and comply with all material elements of good practice and are the Group's forward looking executive remuneration arrangements. It is these arrangements on which approval for the Policy is being sought at the AGM.

## Remuneration for FY22

Provisional targets for the Annual Bonus Plan and the PSP were prepared, prior to the Company's three year plan being finalised following the IPO. Once this updated plan had been approved by the Board, the respective targets were confirmed. This one-off process for the first set of incentives following IPO ensured that the finalised targets were fair, relevant and motivating. In the future the Committee intends to confirm Annual Bonus targets at the beginning of the financial year and PSP targets at the date of grant.

For the financial year the Group delivered total revenue of £69.2m (+29.5% year-on-year growth) and underlying profit before tax of £9.5m (FY21: £8.3m).

Despite this performance, 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 FY22. Further details of performance against the relevant targets can be found on pages 93 to 94 of this report.

There were no long-term incentives vesting in relation to FY22 performance. As outlined in the IPO Prospectus, Steve Sanders held options that were either exercised or released immediately prior to Admission.

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.

Full details of the Remuneration Policy are set out on pages 82 to 91.

### Implementation of the Remuneration Policy for FY23

The Remuneration Committee intends to operate the Remuneration Policy for FY23 as follows:

#### Base salaries

Salaries on admission were set at £300,000 for the CEO, £200,000 for the COO and £250,000 for the CFO and these will remain unchanged for FY23.

#### 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 FY23, the maximum annual bonus is 100% of salary and payments will be based on 30% underlying profit before tax performance, 20% revenue target, 20% free cash flow 15% colleague engagement and 15% achieving ESG targets. 25% of any bonus will be deferred into shares for two years.

#### Long-term incentives

On 12 November 2021, the Executive Directors were granted the first performance share awards under the Performance Share Plan ('PSP'). A further award is expected to be made in July 2022. Award levels will be set at 100% of salary for the Executive Directors. Performance targets will be based on EPS performance over the performance period.

As outlined in the IPO Prospectus, awards were made under the IPO Employee Share Plan following Admission and no further awards are to be made under this plan.

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.

An ESP Award was granted to all employees of the Group who were employed by the Group as at 31 March 2021. These ESP Awards are intended to reward the wider employee group for their contribution to the Company and motivate them going forwards. The number of shares subject to awards received was dependent on salary and length of tenure.

Participation in the Company's SAYE Scheme is offered to all employees and the first offer was launched in November 2021 with the awards granted in January 2022. 143 colleagues took up the offer, which was regarded as very encouraging 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 consider offering 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 resolutions.

David Stead

Chair of the Remuneration Committee

4 August 2022

# Directors' Remuneration Policy

This section sets out the Company's first 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. Our new Directors' Remuneration Policy will be put to a binding shareholder vote at our 2022 Annual General Meeting and will take formal effect from that date, subject to shareholder approval. The policy will formally apply for three years unless a new policy is presented to shareholders before then. Following approval, all payments to directors will be consistent with the approved policy. The Policy, as set out in this section, is consistent with the information provided in the IPO prospectus.

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
<b>Base salary</b> To provide competitive fixed remuneration. To attract and retain executives of a superior calibre.	<p>Base salaries will be reviewed each year by the Committee.</p> <p>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.</p>	<p>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</p>	n/a
<b>Benefits</b> To provide competitive fixed remuneration. To attract and retain executives of a superior calibre.	<p>Executive directors are entitled to benefits, including life assurance.</p> <p>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</p> <p>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)</p> <p>Any reasonable business-related expenses can be reimbursed (and any related tax met if determined to be a taxable benefit)</p> <p>Executive directors can also participate in all-employee share plans on the same basis as other employees</p>	<p>As it is not possible to calculate in advance the cost of all benefits, a maximum is not pre-determined.</p> <p>The maximum level of participation in all-employee share plans is subject to the limits imposed by the relevant tax authority.</p>	n/a
<b>Pension</b> To provide employees with long-term savings to allow for retirement.	<p>Executive Directors can receive a contribution to a pension arrangement or a cash payment in lieu.</p>	<p>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.</p>	n/a

# Directors' Remuneration Policy CONTINUED

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
<p><b>Annual Bonus Plan</b></p> <p>Rewards achievement of annual financial and business targets aligned with the Group's KPIs.</p> <p>Bonus deferral encourages long term shareholding, supports retention and discourages excessive risk taking.</p>	<p>Awards are based on performance, typically measured over one year.</p> <p>Pay-out levels are determined by the Committee after the year end based on performance against pre-set targets.</p> <p>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.</p> <p>Dividend equivalents may accrue on deferred shares.</p> <p>The vesting of deferred shares is not subject to any additional performance conditions.</p> <p>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).</p>	<p>The normal maximum level of Annual Bonus Plan outcomes is 100% of base salary per annum.</p> <p>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.</p>	<p>Targets are set annually with measures linked to our strategy and aligned with key financial, strategic and/or individual targets.</p> <p>The performance measures for FY23 are set out on page 97. The performance measures applied may be financial or non-financial, corporate, divisional or individual, and in such proportions as the Committee considers appropriate.</p> <p>A graduated scale of targets is set for each measure, with no pay-out for performance below the threshold level.</p> <p>The Committee has the discretion to amend the pay-out should any formulaic outcome not reflect its assessment of overall business performance.</p>
<p><b>Long-term incentives</b></p> <p>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.</p>	<p>Awards will be in the form of nil-cost share options.</p> <p>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.</p> <p>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.</p> <p>Dividend equivalents may accrue on awards, to the extent they vest.</p> <p>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).</p>	<p>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.</p>	<p>PSP performance measures may include financial and shareholder value metrics as well as strategic, non-financial measures</p> <p>The performance measures for FY23 are set out on page 97. The Committee retains the discretion to set alternative measures and weightings for awards over the life of the policy.</p> <p>Targets are set and assessed by the Committee on its discretion.</p> <p>A maximum of 25% of any element vests for achieving the threshold target, with 100% for maximum performance.</p> <p>The Committee has the discretion to amend the vesting level should any formulaic outcome not reflect its assessment of overall business performance.</p>

Purpose and link to strategy	Operation	Maximum opportunity	Performance measures
<p><b>Share ownership guidelines</b></p> <p>To align with shareholders' interests and to foster a long-term mindset.</p>	<p>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).</p> <p>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.</p>	200% of base salary for all Executive Directors.	n/a
<p><b>All-employee share plans</b></p> <p>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.</p>	<p>These are all-employee share plans established under HMRC tax-advantaged regimes and follow the usual form for such plans.</p> <p>Executive Directors will be able to participate in all-employee share plans on the same terms as other Group employees</p>	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
<p><b>Chair/Non-Executive Director fees</b></p> <p>To enable the Company to recruit and retain Chair and Non-executive Directors of the highest calibre at the appropriate cost.</p>	<p>The fees paid to the Chair and Non-executive Directors aim to be competitive with other fully listed companies of equivalent size and complexity.</p> <p>The fees payable to the Non-executive Directors are determined by the Board, with the Chair's fees determined by the Committee</p> <p>The Chair and Non-executive Directors will not participate in any cash or share incentive arrangements.</p> <p>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.</p>	<p>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.</p> <p>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.</p>	n/a

# Directors' Remuneration Policy CONTINUED

## 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 95.

### 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 (see page 93 for further detail), 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 take into account 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 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 takes into account 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 buy-outs, 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, 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.



# Directors' Remuneration Policy CONTINUED

## 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

**Steve Sanders**  
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
Gillian Davies	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:

If a leaver is deemed to be a 'good leaver': for example, leaving through injury, ill-health, disability, retirement, redundancy, sale of business or otherwise at the discretion of the Committee			
Incentives		If a leaver is not a 'good leaver'	Change in control
<b>Annual bonus</b>	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.
<b>DBP</b>	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.
<b>PSP</b>	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.
<b>As per HMRC regulations.</b>	As per HMRC regulations.	As per HMRC regulations.	As per HMRC regulations.

# Directors' Remuneration Policy CONTINUED

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 make a contribution 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 taken into account 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 taken into account as part of its annual cycle. Employee engagement scores and other internal surveys will be considered as appropriate.

## Statement of consideration of shareholder views

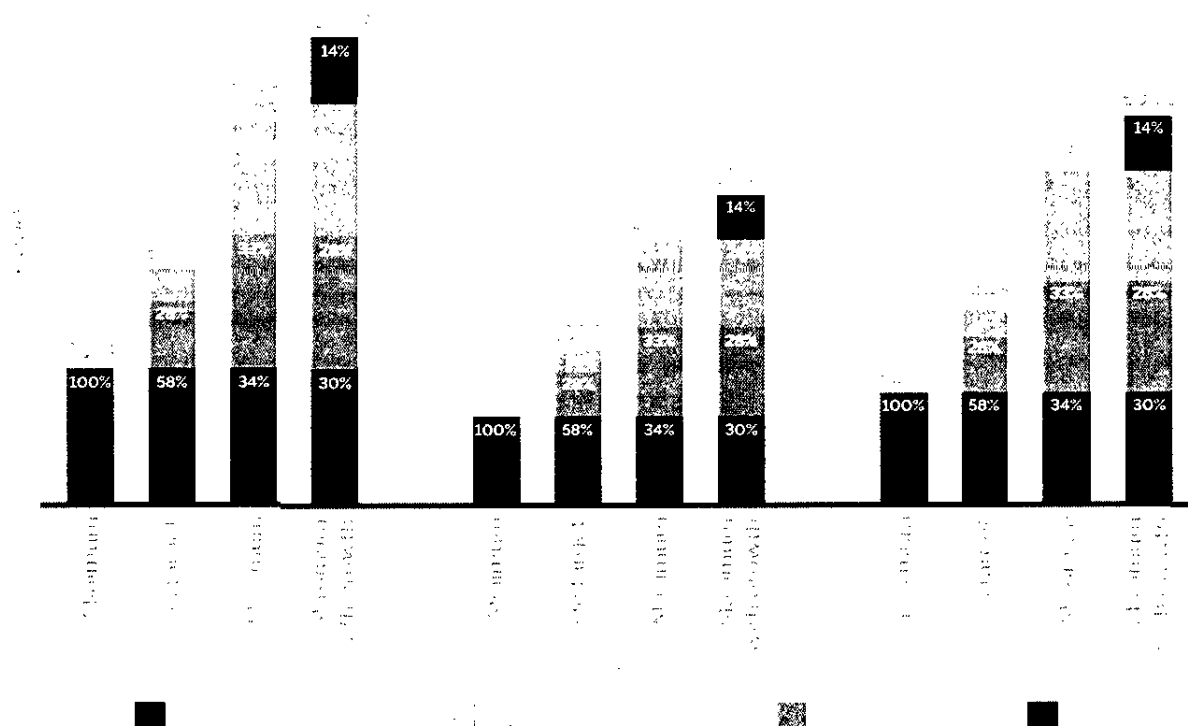
When determining executives' remuneration, the Committee takes into account views of shareholders and best practice guidelines issued by institutional shareholder bodies. The Committee is always open to feedback from shareholders on remuneration policy and arrangements, and commits to undergoing shareholder 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



The charts above aim to show how the remuneration policy for Executive Directors will be applied in FY23 using the assumptions in the table below.

Minimum	<ul style="list-style-type: none"><li>Consists of base salary, benefits and pension.</li><li>Base salary is the salary to be paid with effect from 4 April 2022.</li><li>Estimated value of a full year's benefits.</li><li>Pension measured as the cash allowance in lieu of Company contributions at 3% of salary.</li></ul>																				
	<table><tr><th>Name</th><th>Base salary</th><th>Benefits</th><th>Pension</th><th>Total Fixed</th></tr><tr><td>Daniel O'Neill – CEO</td><td>£300,000</td><td>£5,000</td><td>£9,000</td><td>£314,000</td></tr><tr><td>Steve Sanders – COO</td><td>£200,000</td><td>£0</td><td>£6,000</td><td>£206,000</td></tr><tr><td>Dan Walden – CFO</td><td>£250,000</td><td>£0</td><td>£7,500</td><td>£257,500</td></tr></table>	Name	Base salary	Benefits	Pension	Total Fixed	Daniel O'Neill – CEO	£300,000	£5,000	£9,000	£314,000	Steve Sanders – COO	£200,000	£0	£6,000	£206,000	Dan Walden – CFO	£250,000	£0	£7,500	£257,500
Name	Base salary	Benefits	Pension	Total Fixed																	
Daniel O'Neill – CEO	£300,000	£5,000	£9,000	£314,000																	
Steve Sanders – COO	£200,000	£0	£6,000	£206,000																	
Dan Walden – CFO	£250,000	£0	£7,500	£257,500																	
Target	<ul style="list-style-type: none"><li>Annual bonus: consists of an assumed payment of 50% of maximum opportunity.</li><li>Long-term incentives: consists of the threshold level of vesting (25% vesting) under the PSP.</li></ul>																				
Maximum	Based on the maximum remuneration receivable (excluding share price appreciation and dividends): <ul style="list-style-type: none"><li>Annual bonus: consists of maximum bonus of 100% of base salary.</li><li>Long-term incentives: consists of the maximum level of vesting under the PSP of 100% of base salary.</li></ul>																				
Maximum with Share Price Growth	As per the maximum but with a 50% share price growth assumption for the PSP awards.																				

# The Annual Report on Remuneration

## The Committee

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

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 once during the period from IPO to the year end, 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](http://www.procookgroup.co.uk)).

## Key activities during the year

Over the period since it was constituted, the Committee has carried out the following activities:

- Approved the grant of awards on Admission under the ABP, IPO Employee Share Plan and the PSP, and the issue of invitations under the Save As You Earn Scheme after Admission
- Approved the new Remuneration Policy and certain elements of its operation effective from admission, such as the base salary levels and the first share incentive awards to be made shortly after admission, and
- Considered the operation of the annual bonus for FY22, reviewing the planned approach





## 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 FY22 were £3,815 (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. Although the Company was only incorporated on 14 October 2021, all figures are provided on amounts earned by respective Directors of the Group during the whole financial year, for transparency and ease of comparison to future years. Incentives and other policies relevant to this section of the report reflect legacy policies rather than the proposed Remuneration Policy to apply for FY23 remuneration. The Chair and Non-executive Directors received no remuneration other than their annual fee.

For the year ended 3 April 2022:

Director	Salary/fees £000	Taxable benefits <sup>1</sup> £000	Pension £000	Bonus £000	Long-term incentives £000	Total fixed remuneration £000	Total variable remuneration £000	Total remuneration £000
Daniel O'Neill	124	5	1	0	0	129	0	129
Steve Sanders	170	0	1	0	0	171	0	171
Dan Walden <sup>2</sup>	184	0	1	0	250 <sup>4</sup>	185	250	435
Greg Hodder <sup>3</sup>	52	—	—	—	—	52	—	52
David Stead <sup>1</sup>	24	—	—	—	—	24	—	24
Gillian Davies <sup>3</sup>	22	—	—	—	—	22	—	22
Luke Kingsnorth <sup>3</sup>	19	—	—	—	—	19	—	19
<b>Total</b>	<b>595</b>	<b>5</b>	<b>3</b>	<b>0</b>	<b>250</b>	<b>602</b>	<b>250</b>	<b>851</b>

### Notes

- 1 Taxable benefits comprise life assurance and car allowance
- 2 Appointed 18 May 2021
- 3 Appointed 29 October 2021
- 4 The CFO Free Share ESP Award as outlined in the IPO Prospectus

The aggregate emoluments (being salary/fees, bonuses, benefits and pension allowances) of all Directors for FY22 was £850,559.

## Further information on the 2021/22 annual bonus (audited)

In 2021/22, the annual bonus metrics related to adjusted profit before tax.

More particularly, the adjusted profit before tax targets were as follows:

Director	Threshold	Target	Maximum	Actual	Pay-out (% of max)
Underlying Profit Before Tax <sup>1</sup>	10	11	12	9.5	0%

- 1 The targets were confirmed reflecting an updated three year plan following the IPO, which replaced the original target range of £12m to £15m. In the future the Committee intends to set targets at the beginning of the financial year. This had no impact on the pay-out.

This results in a total bonus pay-out of nil for the Executive Directors.

## Share awards vesting in respect of FY22

There are no awards due to vest based on performance to 3 April 2022.

# The 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 3 April 2022:

Director	Shares owned outright <sup>1</sup>	Vested but unexercised awards	Unvested DBP	Unvested PSP <sup>2</sup>	Unvested ESP <sup>3</sup>	Shareholding Guideline (% of salary) <sup>4</sup>	Shareholding Guideline met? <sup>4</sup>
Daniel O'Neill	37,736,902	—	—	206,896	—	200	Yes
Steve Sanders	791,735	—	—	137,931	1,064,530	200	Yes
Dan Walden	—	—	—	344,827	862,068	200	No
Greg Hodder	24,137	—	—	—	—	—	n/a
David Stead	34,482	—	—	—	—	—	n/a
Gillian Davies	17,241	—	—	—	—	—	n/a
Luke Kingsnorth	10,344	—	—	—	—	—	n/a

1 The beneficial shareholdings set out above include those held by Directors and their respective connected persons. The CEO and COO have also agreed to lock-up arrangements relating to their entire beneficial holding of shares in the Company covering the 365 days following the date of Admission; further details of these lock-up arrangements are set out in the Prospectus.

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 3 April 2022, which was 122p. 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 FY22

As outlined in the IPO Prospectus, the following awards were granted as nil-cost options under the PSP in FY22:

Director	Date of grant	Basis of award (% salary)	Share price <sup>1</sup>	Number of shares	Face value of award	Exercise period
Daniel O'Neill	12/11/21	100%	145p	206,896	£300,000	Nov 26 - Nov 31
Steve Sanders	12/11/21	100%	145p	137,931	£200,000	Nov 26 - Nov 31
Dan Walden	12/11/21	200% <sup>2</sup>	145p	344,827	£500,000	Nov 26 - Nov 31

1 Based on the IPO offer price

2 Award reflected the terms offered to Dan Walden as part of his recruitment

The performance conditions, applying to the awards made in November 2021 relate to profit before tax (PBT). More specifically:

Cumulative Underlying PBT <sup>1</sup> for the three financial years year ending 31 March 2024 <sup>2</sup>	Portion of award vesting
Above £44m	100%
Between £36m and £44m	Pro rata on straight-line between 25% and 100%
£36m	25%
Below £36m	0%

Notes

1 Defined as the Company's profit before tax as derived from the consolidated audited accounts of the Company excluding any non-underlying items

2 The targets were set reflecting an updated three year plan following the IPO, which replaced the original target range of £40m to £50m. The revised targets were devised to be no less challenging in light of the updated three year plan, than the targets which were originally set. In the future the Committee intends to confirm the targets at the date of grant.

## IPO ESP awards granted in FY22

As outlined in the IPO Prospectus, the following awards granted in the form of an option to acquire shares were made under the IPO Employee Share Plan ('IPO ESP') in FY22:

Director	Date of grant	Exercise price	Share price <sup>2</sup>	Number of shares	Face value of award	Exercise period
Steve Sanders	12/11/21	Nil	145p	1,064,530 <sup>3</sup>	£1,543,569	Nov 23 - Nov 31
Dan Walden	12/11/21	Nil	145p	172,413 <sup>4</sup>	£250,000	Nov 23 - Nov 31
Dan Walden	12/11/21	145p	145p	689,655 <sup>5</sup>	£1,000,000	Nov 23 - Nov 31

### Notes

- 1 The ESP awards do not have additional performance conditions attached
- 2 Based on the IPO offer price
- 3 Granted to replace options over shares in ProCook Limited which were waived with effect from Admission
- 4 The CFO Free Share ESP Award as outlined in the IPO Prospectus
- 5 The CFO Share Purchase ESP Award as outlined in the IPO Prospectus

## DBP awards granted in FY22

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 admission	Awards granted in the year	Awards lapsed in the year	Awards exercised in the year	Interest at 3 April 2022	Exercise period	Notes
Daniel O'Neill	PSP	0	12/11/21	—	206,896	—	—	206,896	Nov 26 - Nov 31	1
Steve Sanders	PSP	0	12/11/21	—	137,931	—	—	137,931	Nov 26 - Nov 31	1
	IPO ESP	0	12/11/21	—	1,064,530	—	—	1,064,530	Nov 23 - Nov 31	2
Dan Walden	PSP	0	12/11/21	—	344,827	—	—	344,827	Nov 26 - Nov 31	1
	IPO ESP	0	12/11/21	—	172,413	—	—	172,413	Nov 24 - Nov 31	2
	IPO ESP	145	12/11/21	—	689,655	—	—	689,655	Nov 24 - Nov 31	2

### Notes

- 1 See PSP Awards Granted in FY22' section above
- 2 See IPO ESP Awards Granted in FY22' section above.

During the year ended 3 April 2022, the highest mid-market price of the Company's shares was 162.5p and the lowest mid-market price was 122p. At 3 April 2022 the share price was 122p.

The aggregate gains by all Directors during FY22 following Admission was £nil.

## Payments to past directors (audited)

No payments to past directors were made during the year.

## Payments for loss of office (audited)

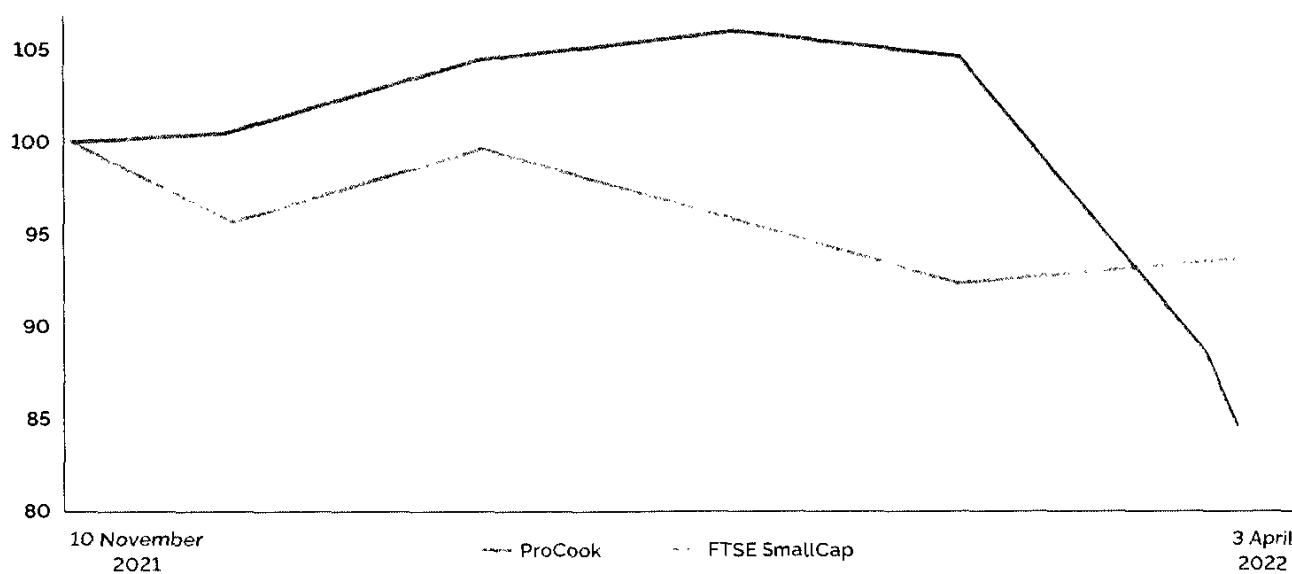
No payments for loss of office were made during the year.

# The Annual Report on Remuneration CONTINUED

## 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 3 April 2022, compared with a £100 investment in the FTSE SmallCap Index over the same period. The FTSE SmallCap Index was chosen as the Company is a member of the Index.

Total Shareholder Return Index



Source: Datastream (a Refinitiv product)

The table below details certain elements of the CEO's remuneration over the same period as presented in the TSR Index graph. No prior-year comparison is included as this is the Company's first disclosure since listing on the London Stock Exchange.

Year	CEO	Single figure of total remuneration (£'000)	Annual bonus pay-out against maximum %	Long-term incentive vesting rates against maximum opportunity %
2021	Daniel O'Neill	£129	0%	n/a

## Annual change in remuneration of each director compared to employees (unaudited)

As ProCook Group plc only listed in November 2021 there is no comparable increase to disclose for either the directors or the average employee. A full disclosure will be presented in our next Annual Report on Remuneration for FY23.

## 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
2022	Option A	6.2 : 1	5.7 : 1	4.6 : 1

Notes to the CEO to employee pay ratio

- 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
- The ratios shown are representative of the FTE 25th percentile, median and 75th percentile pay for UK employees within the Group during FY22. Full year pay data for the FY22 financial year has been used to calculate the ratios
- The pay for part-time employees has been grossed-up to one FTE employee
- 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
- 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



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:

Year	Salary £'000			Total pay and benefits £'000		
	25th percentile	Median	75th percentile	25th percentile	Median	75th percentile
FY22	£19,828	£20,375	£25,000	£20,635	£22,707	£27,791

### Relative importance of spend on pay (unaudited)

The table below details the spend on total employee pay in FY22 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.

	FY22 £m	FY21 £m
Total gross employee pay	13.7	10.8
Dividends/share buybacks	1.9	1.5

### Statement of shareholding voting

This is the first Policy and Directors' Remuneration Report submitted to shareholders. Disclosure of the voting results at the 2022 AGM will be presented in the Annual Report on Remuneration for FY23.

### Implementation of policy for FY23 (unaudited information)

#### Base salary

Base salaries will remain unchanged for FY23 and are as follows: £300,000 for Daniel O'Neill, £200,000 for Steve Sanders and £250,000 for Dan Walden.

#### 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 93. There is no intention to introduce additional benefits in FY23.

#### Annual bonus

The annual bonus opportunity for FY23 will be structured in a broadly similar manner to FY22. The maximum bonus will be 100% of salary and will be payable based on performance against financial targets for 70% of the award (revenue, underlying profit before tax and adjusted cashflow) with 30% of the award being based on other strategic targets (Colleague engagement and ESG).

These targets will be 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 FY23 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 will be made under the PSP in 2022 to the Executive Directors will be over shares worth a maximum of 100% of salary. Awards will be structured in a similar manner to the awards made in 2021 and awards will be made which will vest subject to the following EPS targets:

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%

#### Chair and Non-executive Directors' fees

The fees of the Chair and Non-executive Directors will remain unchanged from FY22 levels.

Greg Hodder receives a fee of £120,000 p.a. as Chair.

The Non-executive Directors each receive a fee of £45,000 p.a., with an additional fee of £5,000 p.a. for each of the Chair of the Audit and Risk Committee and Chair of the Remuneration Committee and an additional fee of £5,000 p.a. 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
<i>Publication of unaudited financial information</i>	Not applicable
Details of long-term incentive schemes	Pages 93 to 95
Waiver of emoluments by a Director	Not applicable
Waiver of future emoluments by a Director	Not applicable
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	Pages 101 to 102
Dividend waivers	Not applicable
Agreements with controlling shareholders	Pages 101 to 102

## Results and dividends

The Company's underlying profit after tax for the year ended 3 April 2022 was £7.6m; details are shown in the Consolidated Income Statement on page 114. The Directors are recommending a final dividend of 0.9p per share for shareholder approval at the 2022 AGM.

## Directors

The Directors who held office during the year and up to the date of the signing of this report are:

- Greg Hodder  
(appointed 29 October 2021)
- Daniel O'Neill  
(appointed 19 October 2021)
- Steve Sanders  
(appointed 19 October 2021)
- Dan Walden  
(appointed 19 October 2021)
- Gillian Davies  
(appointed 29 October 2021)
- David Stead  
(appointed 29 October 2021)
- Luke Kingsnorth  
(appointed 29 October 2021)

Biographical details of the Directors appear on pages 66 to 67. Information on the Directors' remuneration, employee share schemes and service contracts are set out in the Directors' Remuneration Policy on pages 82 to 91.

## 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 2022 AGM.

## Powers of Directors

The general powers of the Directors are set out in article 128 of the (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 10 to 61.

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 65 and forms part of this report by reference.

### Post balance sheet events

On 20 April 2022 the Group entered into a revolving credit facility agreement for £10.0m with an accordion agreement for a further £5.0m at the Group's request, subject to approval by the lender. The facility is subject to normal commercial terms and conditions. The term of the agreement is to April 2025, with two one-year extension options available to the Group.

### 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 £0.6m, of which £0.2m was capitalised and amortised.

### Asset values

Property, plant and equipment is disclosed in note 15 of the Consolidated Financial Statements on pages 114 to 152. 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 55 stores nationwide.

### Political donations

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

### Charitable donations

Charitable donations of £73k 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, customers, during the principal decisions taken by the Company during the financial year, are set out in the Strategic Report on pages 29 to 34. Our s172(1) Companies Act 2006 statement can be found on page 58.

### Employees

Information relating to our employees can be found in the Our People section of the Sustainability section of this report on page 35.

Share incentive schemes in which employees participate are described in the Annual Report on Remuneration on pages 94 to 95 and in the Consolidated Financial Statements.

# 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<sub>2</sub>)

	FY19	FY20	FY21	FY22
Scope I – Direct emissions from gas and fuel	564.3	575.4	177.7	90.6
Scope II – Indirect emissions from electricity	432.6	440.2	252	357.1
Total Scope I and II GHG emissions	996.9	1,015.6	429.7	447.7
Revenue £m	27.8	38.9	53.4	69.2
CO2 emissions intensity (tCO <sub>2</sub> £1m revenue)	35.9	26.1	8.0	6.5

The reduction in direct emissions (Scope I) in FY22 is due to the adoption of electric company vehicles during the past two years, which has now reached 100% of the company car fleet. Indirect emissions from electricity consumption increased in FY22 as our retail estate reopened fully following the Covid-19 restrictions in the previous year and the opening of new stores. The lower CO2 emissions intensity highlights the improved emissions efficiency we are achieving as sales volumes grow.

### Streamlined Energy and Carbon Reporting (SECR)

Energy (Megawatt hours) <sup>3</sup>	FY19	FY20	FY21	FY22
Electricity	1.7	1.7	1.1	1.7
Gas	0.3	0.3	0.1	0.1
Fuel	2.2	2.2	0.7	0.3
Total	4.1	4.1	1.8	2.1

Consumption of energy increased to 2.1 Megawatt hours during FY22 driven by the reopening of retail stores in the year, and the opening of net six new stores. This was partly offset by reduced consumption from our new 100% electric company car fleet which we migrated to during the course of the two years. We continue to identify and implement initiatives to reduce our consumption across all aspects of the business.

Note: 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 3 April 2022, 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 page 94. 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 3 April 2022 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), save for those described below, 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, 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 3 April 2022, 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 3 April 2022 are disclosed on page 144.

### Authority for the Company to purchase its own shares

A resolution will be proposed at the 2022 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 new authority will lapse at the conclusion of the 2023 AGM or, if earlier, 15 months from the date of the resolution being passed.

### Substantial shareholdings

At 3 April 2022 the Company had been notified of the following disclosable interests of 3% or more in the Company's ordinary share capital:

Shareholder	As at 3 April 2022	
	No. of shares held	% voting rights
Michael O'Neill	36,257,024	33.28
Daniel O'Neill	15,538,725	14.26
Sarah O'Neill	14,798,785	13.58
Daniel O'Neill and Sarah O'Neill as trustees of the O'Neill 2021 Discretionary Settlement	7,399,392	6.79
Aberdeen Asset Managers Limited	5,132,762	4.71
Canaccord Genuity Wealth Limited	5,310,344	4.87
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 1 July 2022 (being the latest practicable date prior to the date of this report), the Company had been notified of the following holding:

Fackelmann GmbH + Co. KG	5,047,423	4.63%
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# Directors' Report CONTINUED

## **Provision of services by substantial shareholders**

Daniel O'Neill is the Company's Founder and CEO and has a beneficial interest in 34.6% 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 92 to 97.

## **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 67.9% 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 trade 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.

## **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 2022 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 on 20 September 2022. 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 4 August 2022.

For and on behalf of the Board

Dan Walden  
Chief Financial Officer

4 August 2022





# 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; and
- 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

D. J. W. W. W.  
Chief Financial Officer

4 August 2022





# Financial Statements

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# 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 3 April 2022 which comprise the consolidated income statement, consolidated statement of financial position, consolidated statement of cash flows and consolidated 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 3 April 2022 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 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.

## Conclusions relating to going concern

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 audit procedures to evaluate 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 were 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 119 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;
- 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.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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' statement in the financial statements about whether the director's considered it appropriate to adopt the going concern basis of accounting.

### 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.

These matters, together with our findings, were communicated to those charged with governance through our Audit Completion Report.

Key Audit Matter	How our scope addressed this matter
<p><b>Transition to IFRS (Group)</b></p> <p>Refer to Note 32</p> <p>The Annual Report and Accounts for the 52 weeks to 3 April 2022 is the first period under which the Group have applied UK IFRS. The financial statements presented are therefore transitional financial statements from UK GAAP, and transition adjustments and disclosures are required to be assessed, determined and calculated.</p> <p>We assessed that the calculations relating to the transition could be complex and require judgement and estimation, such as the determination of discount rates for IFRS 16 – Leases.</p> <p>We have identified a fraud risk because of the opportunity and incentive for management to adjust prior year errors to inflate or smooth current year profits, to meet investor and stakeholder expectations.</p> <p>First time adoption of IFRS, and the first Annual Report and Accounts prepared as a premium listed entity, increases the inherent risk of non-compliance with disclosure requirements arising from the increased complexity and breadth of disclosures required.</p>	<p>Our audit procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>Independently identifying material differences in the accounting frameworks in the context of the ProCook Group plc and comparing those to management's assessment;</li> <li>Re-calculating management's transition schedules and determining if there are material differences;</li> <li>Inspecting transition adjustments relating to estimates and challenging the extent to which judgements and assumptions are supported by contemporaneous evidence;</li> <li>Seeking disconfirming evidence in respect of the completeness and accuracy of transition adjustments, such as inspecting predecessor audit files for evidence available at the transition date;</li> <li>Inspecting lease agreements to determine if the leases are appropriately classified as per IFRS 16 Right of Use Asset ('ROUA') and Lease Liabilities' and</li> <li>Inspecting contractual documentation relating to lease terms and lease extensions and comparing these to management records and calculations.</li> </ul> <p><b>Our observations</b></p> <p><i>Material differences detected during our audit procedures were corrected. Following correction of the identified differences we are satisfied with the transition to IFRS adjustments.</i></p> <p><i>Control deficiencies in relation to the transition to IFRS were communicated to the Audit and Risk Committee.</i></p>

# Independent Auditors' Report continued

to the members of ProCook Group plc

## Key Audit Matter

### Leases (Group)

Refer to Note 16

*Right of Use Assets ('ROUA') at 3 April 2022 of £20,985k (2021: £17,834k)*

*Lease Liabilities at 3 April 2022 of £22,449k (2021: £19,451k)*

The Group has a significant number of lease agreements relating to stores and warehouses.

The number of leases, the amount and variability of lease payments and the possibility of lease extensions and concessions increases the impact of a possible misstatement in the financial statements.

Lease calculations may not be complete, accurate or supportable by reference to contractual documentation. This risk is increased where rent concessions, breaks and modifications have been made in response to Covid-19 which may require management judgement.

Each lease requires management to assess and determine if a dilapidation provision is required to be estimated when assessing the terms of the contract. There is a risk that the dilapidation provision is incomplete, and we have identified that there is a high degree of estimation uncertainty.

Management has required to make estimates and judgements over the cashflows generated by the stores relating to the leases. There is elevated uncertainty, in particular where stores are new or may be impacted by Covid-19.

We determined that there is an increased risk of misstatement relating to the valuation of Right Of Use Assets ('ROUA') and Lease Liabilities due to error and fraud.

## How our scope addressed this matter

Our audit procedures included, but were not limited to:

- Determining if management's lease calculations were correctly classified as per IFRS 16 as ROUA and lease liabilities, by inspecting lease contracts and comparing them to the requirements of IFRS 16;
- Independently calculating the ROUA, lease liability, depreciation and interest charges using the source data and comparing our calculation to trial balance;
- Comparing discount rates determined by management to external market data such as corporate bond yields for a comparative set of market participants;
- Recalculating that each material lease ROUA was accurately depreciated over the lease term, using the terms of the lease agreements;
- Inspecting external evidence of rent concessions and comparing the terms to management calculations to assess accuracy and completeness;
- Challenging management on the supporting evidence for dilapidation assumptions, and agreeing assumptions to historical evidence;
- Inspecting management's impairment assessment and identification of the Cash Generating Units ('CGU') per IAS 36; and
- Inspecting data elements used in management calculations back to source documentation.

### Our observations

*Material differences detected during our audit procedures were corrected. Following correction of the identified differences we are satisfied that lease accounting conforms to the requirements of IFRS 16, and that judgements and assumptions made are considered reasonable.*

*Control deficiencies in relation to the preparation of leases in the financial statements were communicated to the Audit Committee.*

**Key Audit Matter****Valuation of investment (Company)**

*Refer to Note 4 page 159*

*3 April 2022 £117.3m*

The carrying value of ProCook Group plc's investments in subsidiaries is significant, representing 98.5% of total assets in the entity.

The valuation impacts the distributable reserves, and therefore we have determined that there is a risk of fraud over the valuation of the investment at the point of recognition.

There is a significant risk that the incorrect valuation of the investment could lead to material misstatement of asset values and reserves.

There is a risk of error relating to the identification of impairment triggers, and the possible complexity of assumptions required when assessing for impairment

**How our scope addressed this matter**

Our audit procedures included, but were not limited to:

- The inspection of management's inputs and key assumptions in VIU calculations of investment value, agreeing data inputs to source such as approved budgets;
- Re-calculation of the investment valuation;
- Challenging management's impairment judgement paper, by seeking any external disconfirming evidence that might be relevant to the assessment such as peer performance;
- Assessing the underlying assumptions behind the impairment assessment, and challenging management on alternative assumptions and estimates by using alternative data sources.
- Inspection of the carrying value with specific reference to the year-end market capitalisation, obtaining and assessing management's explanations for the variance between market capitalisation and carrying value;
- Testing the investment carrying value for indicators of impairment by comparing the carrying amount of the investment to the net assets/liabilities of the relevant subsidiary.
- Inspecting the disclosures made in the financial statements to ensure they cover the requirements of FYS 102 section 27.

**Our observations**

*Based on the work performed, we were satisfied that the valuation of the investment is appropriate.*

*Control deficiencies in relation to the impairment assessments were communicated to the Audit and Risk Committee.*

**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:

# Independent Auditors' Report continued

to the members of ProCook Group plc

## Group materiality

Overall materiality	£473k
How we determined it	5% of Underlying Profit Before Tax
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.
Performance materiality	<p>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.</p> <p>We set performance materiality at £237k, which represents 50% of overall materiality.</p> <p>This is the first period in which the entity is reporting under IFRS and the first period in which the entity is reporting as a Premium Listed entity on the LSE. As a result we have determined 50% is appropriate.</p>
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	£237k
How we determined it	0.2% of Total Equity
Rationale for benchmark applied	<p>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.</p> <p>We have allocated a materiality that is no higher than overall group materiality and have therefore capped materiality at 0.2% of Total Equity, reflecting the first year reporting as a listed entity.</p>
Performance materiality	<p>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.</p> <p>We set performance materiality at £118k, which represents 50% of overall materiality.</p> <p>The period to 3 April 2022 is the first period in which Mazars has been engaged to perform the audit and therefore we have selected a performance materiality at the lower end of our range.</p>
Reporting threshold	We agreed with the directors that we would report to them misstatements identified during our audit above £7k 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 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.

### 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.

# Independent Auditors' Report continued

to the members of ProCook Group plc

## 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 60;
- 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 60;
- Directors' statement on fair, balanced and understandable, set out on page 103;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks, set out on page 47;
- The section of the Annual Report and Accounts that describes the review of effectiveness of risk management and internal control systems, set out on page 78, and
- The section describing the work of the audit committee, set out on page 76.

## Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on page 103, 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, data protection and non-compliance with implementation of government support schemes relating to Covid-19.

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, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to warranty and right of return provisions, inventory valuation, leases and 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Other matters which we are required to address

Following the recommendation of the audit committee, we were appointed by the Audit Committee on 22 November 2021 to audit the financial statements for the 52 weeks ending 3 April 2022 and subsequent financial periods. This is the first period for which we have been engaged to perform the audit.

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

4 August 2022

# Consolidated Income Statement

For the 52 weeks to 3 April 2022

£'000s	Note	52 weeks ended 3 April 2022			53 weeks ended 4 April 2021
		Underlying	Non- underlying	Reported	
<b>Revenue</b>	1	<b>69,154</b>	–	<b>69,154</b>	53,393
Cost of sales		(24,111)	–	(24,111)	(17,513)
<b>Gross profit</b>		<b>45,043</b>	–	<b>45,043</b>	35,880
Operating expenses	2	(36,277)	(9,400)	(45,677)	(29,032)
Other income	6	407	–	407	2,848
<b>Operating profit/(loss)</b>		<b>9,173</b>	<b>(9,400)</b>	<b>(227)</b>	9,696
Finance expense	9	(623)	–	(623)	(457)
Other gains/(losses)	10	944	–	944	(949)
<b>Profit before tax</b>		<b>9,494</b>	<b>(9,400)</b>	<b>94</b>	8,290
Tax expense	11	(1,900)	1,720	(180)	(1,866)
<b>Profit/(loss) for the period</b>		<b>7,594</b>	<b>(7,680)</b>	<b>(86)</b>	6,424
<b>Total comprehensive income/(loss)</b>		<b>7,594</b>	<b>(7,680)</b>	<b>(86)</b>	6,424
Earnings per ordinary share - basic	13	7.34p		(0.01)p	6.42p
Earnings per ordinary share - diluted	13	6.76p		(0.01)p	5.92p



# Consolidated Statement of Financial Position

As at 3 April 2022

£'000s	Note	As at 3 April 2022	As at 4 April 2021	As at 29 March 2020
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets	14	363	67	-
Property, plant, and equipment	15	5,801	3,631	6,780
Right-of-use assets	16	20,985	17,834	10,132
Deferred tax asset	11	1,175	-	-
<b>Total non-current assets</b>		<b>28,324</b>	<b>21,532</b>	<b>16,912</b>
<b>Current assets</b>				
Inventories	17	16,759	10,088	5,402
Trade and other receivables	18	1,975	1,455	600
Current tax asset		271	-	-
Cash and cash equivalents	19	3,782	5,879	2,956
<b>Total current assets</b>		<b>22,787</b>	<b>17,422</b>	<b>8,958</b>
<b>Total assets</b>		<b>51,111</b>	<b>38,954</b>	<b>25,870</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables	20	8,278	6,221	3,651
Lease liabilities	16	2,844	2,781	1,751
Provisions	21	173	160	160
Borrowings	22	5,540	2,803	4,239
Current tax liability		-	387	294
<b>Total current liabilities</b>		<b>16,835</b>	<b>12,352</b>	<b>10,095</b>
<b>Non-current liabilities</b>				
Trade and other payables	20	816	-	-
Lease liabilities	16	19,605	16,670	8,334
Provisions	21	444	398	303
Borrowings		-	-	2,357
Deferred tax liability	11	-	29	250
<b>Total non-current liabilities</b>		<b>20,865</b>	<b>17,097</b>	<b>11,244</b>
<b>Total liabilities</b>		<b>37,700</b>	<b>29,449</b>	<b>21,339</b>
<b>Net Assets</b>		<b>13,411</b>	<b>9,505</b>	<b>4,531</b>
<b>Equity and reserves attributable to Shareholders of ProCook Group plc</b>				
Share capital	26	1,090	-	-
Share option reserve	27	5,801	-	-
Share premium	26	1	-	-
Revaluation reserve	26	-	-	472
Retained earnings	26	6,519	9,505	4,059
<b>Total equity and reserves</b>		<b>13,411</b>	<b>9,505</b>	<b>4,531</b>

The financial statements on pages 114 to 152 were approved by the Board of Directors on 4 August 2022 and were signed on its behalf by:

Chief Financial Officer

4 August 2022



# Consolidated Statement of Cash Flows

For the 52 weeks to 3 April 2022

£'000s	Note	52 weeks ended 3 April 2022	53 weeks ended 4 April 2021
<b>Cash flows from operating activities</b>			
(Loss)/Profit before tax		94	8,290
<i>Adjustments for:</i>			
Depreciation of property, plant, and equipment	15	860	673
Impairment of property, plant, and equipment	2	–	209
Amortisation of Intangible assets	14	52	–
Loss/(profit) on disposal of property, plant, and equipment	15	135	(961)
(Profit)/loss on termination of leases		(50)	1,128
Amortisation of right-of-use assets	16	3,056	2,715
(Gains)/losses on derivatives	10	(1,098)	949
Share Based Payments	27	5,837	–
Finance expense	9	623	457
Increase in inventories	17	(6,671)	(4,686)
Increase in trade and other receivables	18	(372)	(855)
Increase in trade and other payables	20	3,822	1,621
Increase in provisions	21	59	95
Income taxes paid		(2,041)	(1,995)
<b>Net cash flows from operating activities</b>		<b>4,306</b>	<b>7,640</b>
<b>Investing activities</b>			
Purchase of property, plant, and equipment	15	(3,165)	(1,868)
Purchase of intangible assets	14	(348)	(67)
Proceeds from sale of fixed assets		–	5,096
Lease inception costs		(248)	(97)
<b>Net cash (used in)/from investing activities</b>		<b>(3,761)</b>	<b>3,064</b>
<b>Financing activities</b>			
Interest on borrowings	9	(156)	(99)
Interest paid on lease liabilities	16	(467)	(358)
Proceeds from borrowings	22	28,320	14,854
Repayment of borrowings	22	(25,583)	(18,647)
Principle movement on lease liabilities	16	(2,910)	(2,081)
Proceeds from the issue of shares	26	54	–
Dividends paid	12	(1,900)	(1,450)
<b>Net cash used in financing activities</b>		<b>(2,642)</b>	<b>(7,781)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(2,097)</b>	<b>2,923</b>
Cash and cash equivalents at beginning of the period	19	5,879	2,956
<b>Cash and cash equivalents at end of period</b>	<b>19</b>	<b>3,782</b>	<b>5,879</b>



# Consolidated Statement of Changes in Equity

For the 52 weeks to 3 April 2022

£'000	Note	Share capital	Share Premium	Share Option Reserve	Revaluation reserve	Retained earnings	Total equity
<b>As at 30 March 2020</b>		–	–	–	472	4,059	<b>4,531</b>
Total comprehensive income for the period		–	–	–	–	6,424	<b>6,424</b>
Transfer from revaluation reserve to retained earnings		–	–	–	(472)	472	–
Ordinary dividends paid	12	–	–	–	–	(1,450)	<b>(1,450)</b>
<b>As at 4 April 2021</b>		–	–	–	–	9,505	<b>9,505</b>
Total comprehensive loss for the period		–	–	–	–	(86)	<b>(86)</b>
Bonus issue <sup>1</sup>		117,300	–	–	–	(117,300)	–
Capital reduction <sup>1</sup>		(116,300)	–	–	–	116,300	–
Share options exercised	26	54	1	–	–	–	<b>55</b>
Issue of shares	26	36	–	(36)	–	–	–
Employee Share Based Payment Awards	27	–	–	5,837	–	–	<b>5,837</b>
Ordinary dividends paid	12	–	–	–	–	(1,900)	<b>(1,900)</b>
<b>As at 3 April 2022</b>		<b>1,090</b>	<b>1</b>	<b>5,801</b>	<b>–</b>	<b>6,519</b>	<b>13,411</b>

1 The bonus issue and capital reduction resulted from the acquisition of ProCook Limited Group by the new Parent company, ProCook Group plc. Further details on the acquisition have been provided below and in note 26.

# Consolidated Financial Statements

## Accounting Policies *For the 52 weeks to 3 April 2022*

### 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 153 to 161 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, Davy Way, Waterwells, Gloucester, GL2 2BY.

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.

### Group Reorganisation

On 26 October 2021, ProCook Group Limited acquired the entire shareholding of ProCook Limited via a share-for-share exchange, with the existing owners of ProCook Limited at that time becoming the owners of ProCook Group Limited. 100 ordinary shares of £1.00 each in ProCook Limited were exchanged by the owners for 10,000 ordinary shares of £0.01 each in ProCook Group Limited.

During the year a capital reorganisation was undertaken in the Parent Company following the acquisition of ProCook Limited. This increased the number of ordinary shares in issue to 100,000,000 shares of £0.01 each.

On the 10 November 2021, the entire issued share capital of the Company was admitted for provisional trading on to the premium listing segment of the Official List of the London Stock Exchange's Main Market for listed securities, becoming ProCook Group plc, with full admission taking place on the 12 November 2021.

The insertion of the Company on top of the existing ProCook Limited Group does not constitute a business combination under IFRS 3 Business Combinations and as such the consolidated accounts for the Group are treated as a continuation of the consolidated accounts of the ProCook Limited Group, under the principles of Merger accounting.

Under the principles of merger accounting the consolidated financial statements of the newly formed Group must reflect:

- The comparative Consolidated statement of financial position and income statement show the assets and liabilities and results of the former ProCook Limited Group, transitioned to IFRS, as detailed in note 32.
- The retained earnings and other equity balances of the ProCook Limited Group at pre-combination carrying amounts.
- The share capital of the Company.
- The Consolidated Income Statement reflects the consolidated results of the ProCook Limited Group for the full financial year ending 3 April 2022, inclusive of the results of the newly incorporated parent entity, ProCook Group plc, from 26 October 2021 onwards.
- As at 3 April 2022, a merger reserve is not recognised on preparing these consolidated results as the nominal value of the shares issued by ProCook Group Limited equal the nominal value of the shares received from ProCook Limited.

These consolidated financial statements of the Group are the first set of financial statements for the newly formed Group. The prior period has been presented as a continuation of the former ProCook Limited Group on a consistent basis as if the group reorganisation had taken place at the start of the earliest period presented, being 30 March 2020. The prior period comparatives are those of the former ProCook Limited Group since no substantive economic changes have occurred.

The Group and its subsidiaries results reported in these financial statements have been prepared on a consistent basis with uniform accounting policies.

### 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. ProCook is a first-time adopter of IFRS and these financial statements have been properly prepared in accordance with IFRS 1. 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 £(86)k after non-underlying items for the financial year ended 3 April 2022 (FY21: profit before tax of £8.3m) and had a net asset position of £13.4m as at 3 April 2022 (4 April 2021: £9.5m), with a net current asset position of £6.0m (4 April 2021: £5.1m). The Group had a net debt (cash and cash equivalents less borrowings) of £1.8m at 3 April 2022 (4 April 2021: net cash £3.1m).

Since early 2020, the Group has been exposed to challenging market conditions due to the Covid-19 pandemic and more recently the impact of significant consumer cost of living pressures compounded by the Russian war on Ukraine. Despite these market conditions, the Group has performed well over recent years, and continues to grow, acquiring new customers, increasing repeat rates, and creating more reasons to shop with ProCook.

In their consideration of going concern the Board has considered the 12 month period from the date of signing these financial statements. In their consideration of viability, the Board has determined that a three-year viability assessment period covering the three financial years ending 30 March 2025, appropriately reflects the speed of change in the current retail and consumer environment and is consistent with the Group's strategic planning cycle. This period provides a balance between the long-term nature of investments and the key drivers of near-term business performance.

In considering the appropriateness of adopting the going concern basis in preparing these financial statements the Directors have considered the Group's principal risks and assessed the impact of a range of severe but plausible downside scenarios on the Group's expected financial performance, position and cash generation. The scenarios were informed by a comprehensive review of the macroeconomic environment, and the Group's experience of trading through the pandemic over the last two years.

Consideration has been given to the availability of facility headroom and covenant compliance within the Group's financing facilities. These include:

1. The uncommitted trade finance facility of £6.0m in place at the Group's financial year end, which has a current expiry date of September 2023 and no associated covenants
2. The Revolving Credit Facility of £10.0m which was entered into on 20 April 2022 (see note 31 for further details) and has Leverage and Fixed Charge covenants
3. The base case for the scenario modelling extends from the annual budget plan that was approved by the Board in April 2022 and updated since to reflect our latest trading expectations which we announced in mid-June 2022 for the FY23 financial year. Key assumptions include Ecommerce and Retail sales performance, opening of new stores and websites, investment in central headcount and central costs, inventory levels required to maintain strong availability and the effect on net working capital.
4. The plausible but severe downside scenarios which were considered were:
5. A significant reduction in customer demand caused by continued inflationary pressures and reduced disposable incomes, or a drop in demand for kitchenware product as customers make choices to spend elsewhere
6. Major disruption to global supply chain including manufacturing in the Far East, resulting in significant delays to source and replenish stock levels, reducing availability (and therefore sales) and increasing cost
7. The above two scenarios combined creating a third downside scenario

In each of these downside scenarios, the Group did not breach any of its financial covenants and did not require any additional sources of financing in any of the three years under review.

Additionally, the Directors have reviewed three 'stress tests' which, whilst considered extremely unlikely, seek to determine the level of sales decline compared to the base case, which would result in a risk of financial covenants being breached.

Further detail of these downside scenarios and stress tests are set out on pages 59 to 60.

# Consolidated Financial Statements

## Accounting Policies For the 52 weeks to 3 April 2022

If any of these downside or stress test scenarios were to arise, management would consider taking mitigating actions potentially including but not limited to the following:

- Increase selling prices for products which have lower price elasticity to help offset additional import costs
- Identify alternative near-shore manufacturing where possible to mitigate exposure to Far East supply
- Identify and enter into partnerships to charter vessels directly
- Increase inventory forward ordering to protect availability
- Leverage promotional activity to attract more customers
- Reduce discretionary above-the-line marketing spend
- Renegotiate payment terms with suppliers
- Reduce central overhead costs (including headcount) over the short or medium term
- Delay capital expenditure in retail, technology, and logistics
- Review and amend our capital allocation and dividend policy
- Extend financing facilities with existing or new lenders, potentially including the use of the accordion option for the RCF which is subject to lender approval.

The Directors, having assessed the results of the various downside scenarios and stress tests, are of the opinion that the Group is well placed to continue in operation for at least 12 months from the date of signing these financial statements. The Directors therefore consider it appropriate to adopt the going concern basis of accounting in preparing the financial information for the year ended 3 April 2022.

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 10 to 61.

### 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:

#### 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, lease length and comparisons against seasoned corporate bond rates and other relevant data points. A 100 basis points increase in the IBR would lead to a decrease in the lease liability of £(0.9)m (2021: £(0.8)m). Further details can be found in note 16.

#### Estimate: Warranty Provision

The Group offers warranties ranging from 12 months to 25 years on certain products sold, during which, the Group will provide a replacement product in respect of any eligible defects which may arise on the original purchase. The estimated warranty provision is based on historic claim rates and the expected cost of fulfilling the warranty.

The Group has considered warranty returns data for the past 3 years to determine an expectation of the frequency (rate) and timing of future warranty claims. As the Group provides a new replacement product in respect of a warranty return, the provision amount is based on the anticipated future product cost of any such replacement product. A 100 basis points increase in the rate of warranty claims would result in an increase in the provision of £0.06m (2021: £0.02m). Further details can be found in note 21.

#### Estimate: Inventory Provision

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 or faulty after the year end. This estimated future liability has been developed based on historical data of the costs of disposing of damaged and faulty inventory and has been charged to the Consolidated Statement of Income. A 100 basis points increase in the damaged and faulty inventory rate would increase the required provision by £0.13m (2021: No such provision was maintained at this date). Further details can be found in note 17.



#### 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 historical average costs per square foot the Group has incurred to vacate and make good a property, and any specific contractual requirements detailed within lease contracts. The provision for restoration costs have been discounted to their present value and unwound using the incremental borrowing rate of the Group implicit at the inception of the lease. A 10 percentage point increase in the historical cost per square foot would result in an increase in the dilapidations provision of £0.05m (2021: £0.04m). Further details can be found in note 21.

#### 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 extending lease contracts beyond any break point date by taking into account 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.

#### 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. We have judged that this is an appropriate period for the store to become established and progress sufficiently towards maturity as a Cash Generating Unit (CGU). In making this judgement, consideration has been given to past performance on new store openings and anticipated performance based on property investment cases assessments, that there will be a net positive contribution over a longer assessment period. The financial performance of individual CGUs over the preceding financial year has been reviewed to identify any signs of impairment. In doing so, consideration has been given to the directly attributable profits generated by each CGU after all directly attributable costs including logistics, occupation, and salary costs as well as a proportion of central costs.

### Basis of consolidation

Group companies included in the consolidated financial statements for FY22 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.

### 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 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, rebates, and other similar allowances.

#### Deferred income

Sales made through the Group's websites 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.

# Consolidated Financial Statements

## Accounting Policies For the 52 weeks to 3 April 2022

### 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 Group 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. Debt issue costs are capitalised and amortised over the life of the associated finance facility through finance costs.

### 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.

During the years ended 4 April 2021 and in the early part of the year ending 3 April 2022, the Group made use of the Government's Coronavirus Job Retention Scheme ("CJRS"), which allowed businesses to submit claims for repayment of furlough or flexible furlough employee wages as a result of Covid-19. In addition to the CJRS, the Group also made use of Local Restrictions Support Grants, which provided a cash grant for each period of national lockdown as a result of Covid-19. The grant income received under these schemes has been recognised in other operating income in the Consolidated Income Statement. Employee costs are presented gross of grant income.





### 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 loss 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.

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 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.

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 For the 52 weeks to 3 April 2022

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 5–10 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 its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and an impairment loss is recognised immediately in 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.

During the year ended 4 April 2021, certain rent concessions were agreed with landlords throughout the periods where stores were closed. Such rent concessions were treated as lease modifications and the present value of minimum lease payments was adjusted to reflect the new payment structure. An adjustment was made to both the Finance lease liability and the Right of Use Asset value to this effect.

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.

#### **Sale and leaseback**

On entering into a sale and leaseback transaction, the Group determines whether the transfer of the assets qualifies as a sale (satisfying a performance obligation in IFRS 15 "Revenue from Contracts with Customers"). Where the transfer is a sale and providing the transaction is on market terms, then the previous carrying amount of the underlying asset is split between:

- A right-of-use asset arising from the leaseback (being the proportion of the previous carrying amount of the asset that relates to the rights retained); and
- The rights in the underlying asset retained by the buyer-lessor at the end of the leaseback. The Group recognises a portion of the total gain or loss on the sale. The amount recognised is calculated by splitting the total gain or loss into:
  - An unrecognised amount relating to the rights retained by the seller-lessee; and
  - A recognised amount relating to the buyer-lessor's rights in the underlying asset at the end of the leaseback.

The leaseback itself is reported and presented in accordance with IFRS 16. Where the transfer is not determined to be a sale, the previous carrying amount of the underlying asset is not adjusted and the liability is included as a financial liability under IFRS 9 Financial Instruments.

#### **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.

Prior to adopting IFRS in the current financial period, the Group did not maintain a provision for such necessary future expenditure. In the current financial period, the Group has retrospectively recognised, in accordance with IAS 8, restoration obligations within a dilapidations provision and included the value of this within the initial measurement of the right-of-use asset on inception of the lease.

#### **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.

# Consolidated Financial Statements

## Accounting Policies For the 52 weeks to 3 April 2022

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 Consolidated Income Statement. Reversals of impairment losses are also recognised in Consolidated Income Statement.

### Trade and other receivables

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.

### 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 as 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 the 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.

# Consolidated Financial Statements

## Accounting Policies *For the 52 weeks to 3 April 2022*

### **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, within 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.

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 asset's 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 that the Group operates.



### **New standards, amendments, and interpretations**

New standards impacting the Group that have been adopted for the year ended 4 April 2021 and year ending 3 April 2022 are as follows:

- Definition of a Business (Amendments to IFRS 3);
- Interest Rate Benchmark Reform – IBOR “phase 2” (Amendments to IFRS 9, IAS 39 and IFRS 7); and
- Covid-19-Related Rent Concessions (Amendments to IFRS 16).

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 5 April 2022:

- 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);
- 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 8 Definition of Accounting Estimates; and
- Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

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

For the 52 weeks to 3 April 2022

## 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. All revenue is from external customers.

£'000	52 weeks ended 3 April 2022	53 weeks ended 4 April 2021
United Kingdom	66,124	50,087
European Union	3,030	3,306
<b>Total revenue</b>	<b>69,154</b>	<b>53,393</b>

## 2. Operating expenses

Operating profit/(loss) for the periods is stated after charging:

£'000	52 weeks ended 3 April 2022	53 weeks ended 4 April 2021
Exchange losses	32	519
Depreciation of tangible fixed assets	860	673
Amortisation of Intangible assets	52	-
Amortisation of right-of-use-assets	3,056	2,715
Impairment of tangible fixed assets	-	209
Variable lease payments	985	267
Loss/(profit) on disposal of property, plant, and equipment	174	(961)

Total R&D expenditure included in operating expenses for the 52 weeks ended 3 April 2022 was £0.6m (4 April 2021: £0.4m).

## 3. Non-underlying items

Due to the non-recurring nature of the Initial Public Offering on the London Stock Exchange by the Group in the period ended 3 April 2022, the business has incurred costs which relate to non-recurring events, and are material in nature, and so have been separately disclosed on the face of the Consolidated Income Statement as non-underlying items. These included non-recurring costs in relation to the IPO of £2.7m (2021: £nil) and costs in respect of employee share-based IPO awards of £6.7m (2021: £nil). Expenses in relation to these IPO awards are expected to continue through relevant vesting periods to FY25, albeit these costs reduce over time.

£'000	52 weeks ended 3 April 2022	53 weeks ended 4 April 2021
IPO Associated costs	2,742	-
Share based Payments	6,658	-
<b>Total</b>	<b>9,400</b>	<b>-</b>



#### 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 3 April 2022, 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 Statement of Income.

£'000	52 weeks ended 3 April 2022	53 weeks ended 4 April 2021
<b>Revenue</b>		
Ecommerce	32,332	39,853
Retail	36,822	13,540
<b>Total revenue</b>	<b>69,154</b>	<b>53,393</b>
<b>Operating profit</b>		
Ecommerce	8,056	14,146
Retail	9,635	1,773
Central costs	(8,518)	(6,223)
Non-underlying costs	(9,400)	-
<b>Operating (loss)/profit</b>	<b>(227)</b>	<b>9,696</b>
Finance costs	(623)	(457)
Other gains/(losses)	944	(949)
<b>Profit before tax</b>	<b>94</b>	<b>8,290</b>

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<sup>1</sup> in respect of the audit of the Group's financial statements and for other services provided to the Group

£'000	52 weeks ended 3 April 2022	53 weeks ended 4 April 2021
Audit of Consolidated Financial Statements	25	5
Audit of the Parent Company and Group subsidiary entities	120	24
Other services <sup>2</sup>	13	-
<b>Total auditor remuneration</b>	<b>158</b>	<b>29</b>

1 During the year the Group changed its statutory auditors to Mazars LLP.

2 The Group engaged the auditor to undertake certain agreed upon procedures in respect of the interim financial statement.

#### 6. Other income

£'000	52 weeks ended 3 April 2022	53 weeks ended 4 April 2021
Other income	112	43
Government grants	295	2,805
<b>Total other income</b>	<b>407</b>	<b>2,848</b>

The government grants 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.

# Notes to the Consolidated Financial Statements

For the 52 weeks to 3 April 2022

## 7. Employee numbers and costs

The average monthly number of colleagues employed by the Group including Directors was:

	52 weeks ended 3 April 2022	53 weeks ended 4 April 2021
Retail staff	601	492
Support staff	82	67
<b>Total</b>	<b>683</b>	<b>559</b>

The total remuneration of all employees including Directors includes:

£'000	52 weeks ended 3 April 2022	53 weeks ended 4 April 2021
Wages and salaries	12,572	9,919
Social security contributions and similar taxes	947	695
Other pension costs	192	136
<b>Total</b>	<b>13,711</b>	<b>10,750</b>

In the current year, the Group claimed £0.03m (2021: £1.83m) under the UK Government's Coronavirus Job Retention Scheme which was recognised within Other Income. 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 82 to 92.

## 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 period ended 3 April 2022 was £192k (4 April 2021: £136k) 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 3 April 2022	53 weeks ended 4 April 2021
Interest on borrowings and other interest	156	99
Interest on lease liabilities	467	358
<b>Total finance expense</b>	<b>623</b>	<b>457</b>

## 10. Other gains and losses

£'000	52 weeks ended 3 April 2022	53 weeks ended 4 April 2021
Gain/(loss) on derivatives	1,098	(949)
Exchange rate losses	(154)	-
<b>Total gains/(losses)</b>	<b>944</b>	<b>(949)</b>

## 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 3 April 2022	53 weeks ended 4 April 2021
<b>Current taxation</b>		
Corporate income tax charge for the period	1,384	2,087
Adjustments in respect of previous years	–	–
	<b>1,384</b>	<b>2,087</b>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(920)	(221)
Impact of change in tax rate	(284)	–
<b>Total tax expense</b>	<b>180</b>	<b>1,866</b>

The tax charge reconciles with the standard rate of UK corporate income tax as follows.

£'000	52 weeks ended 3 April 2022	53 weeks ended 4 April 2021
Profit on ordinary activities before tax	94	8,290
UK Corporate income tax at standard rate of 19% (2021: 19%)	18	1,575
Factors effecting the charge in the period:		
Tax effect of expenses that are not deductible for tax purposes	446	(123)
Adjustments in respect of prior years	–	105
Impact of change in tax rate	(284)	–
Chargeable gains	–	309
<b>Total taxation expense</b>	<b>180</b>	<b>1,866</b>

The underlying taxation expense for the period as a percentage of profit before tax (the effective tax rate) is 20.0% (2021: 22.5%).

The standard rate of UK corporate income tax was 19% for all periods presented. During the year, the UK Government substantively enacted an increase in the UK corporate income tax rate to 25% effective from 1 April 2023. Deferred tax balances have been adjusted to reflect the expected increase in Corporation tax rates.

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:

### Movement in the year

£'000	Accelerated capital allowances	Share based payments	Total
Deferred tax liability at 5 April 2021	(29)	–	(29)
(Debit)/credit to profit and loss	(450)	1,654	1,204
Deferred tax asset at 3 April 2022	<b>(479)</b>	<b>1,654</b>	<b>1,175</b>

# Notes to the Consolidated Financial Statements

For the 52 weeks to 3 April 2022

## 12. Dividends

£'000	52 weeks ended 3 April 2022	Dividend per share (pence)	52 weeks ended 4 April 2021	Dividend per share (pence)
Final dividend for the period 29 March 2020	–	–	1,450	1.5
Final dividend for the period 4 April 2021	1,000	1.0	–	–
Interim dividend for the period ended 3 April 2022	900	1.0	–	–

In the table above, the 10,000 ordinary shares of £1 each in issue as at 4 April 2021 have been converted to the equivalent post share for share exchange quantity (100,000,000 ordinary shares of 1 pence) for comparative purposes.

The FY22 interim dividend of £1.0m was declared and paid representing 1.0 pence per shares, however £0.1m of this dividend was waived by certain shareholders. The interim dividend was paid to the shareholders on the register at close of business on 8 November 2021.

The Directors have recommended a final dividend of 0.9 pence per ordinary share, which equates to £1.0m, for the period ended 3 April 2022. Subject to shareholder approval at the AGM, this will be paid on 30 September 2022 to shareholders on the register at close of business on 2 September 2022.

## 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 3 April 2022	53 weeks ended 4 April 2021
Weighted average number of shares	103,509,034	100,000,000
Impact of share options	8,774,159	8,580,000
Number of shares for diluted earnings per share	112,283,193	108,580,000

In the table above, the 10,000 ordinary shares of £1 each in issue as at 4 April 2021 have been converted to the equivalent post share for share exchange quantity (100,000,000 ordinary shares of 1 pence) for comparative purposes.

£'000	52 weeks ended 3 April 2022 Underlying	52 weeks ended 3 April 2022 Reported	53 weeks ended 4 April 2021 Reported
Profit/(loss) for the period	7,594	(86)	6,424
Earnings per ordinary share – basic	7.34p	(0.01)p	6.42p
Earnings per ordinary share – diluted	6.76p	(0.01)p	5.92p

## 14. Intangible assets

£'000	Software	Assets under construction	Total
<b>Cost</b>			
At 30 March 2020	-	-	-
Additions	-	67	67
At 4 April 2021	-	67	67
Transfers out of Assets under construction	67	(67)	-
Additions	190	158	348
<b>At 3 April 2022</b>	<b>257</b>	<b>158</b>	<b>415</b>
<b>Accumulated Amortisation</b>			
At 30 March 2020	-	-	-
Charge for the period	-	-	-
At 4 April 2021	-	-	-
Charge for the period	52	-	52
<b>At 3 April 2022</b>	<b>52</b>	<b>-</b>	<b>52</b>
<b>Net book value</b>			
At 29 March 2020	-	-	-
At 4 April 2021	-	67	67
<b>At 3 April 2022</b>	<b>205</b>	<b>158</b>	<b>363</b>

Amortisation was recognised in the Consolidated Statement of Income within operating expenses throughout the period.

# Notes to the Consolidated Financial Statements

For the 52 weeks to 3 April 2022

## 15. Property, plant and equipment

£'000	Land and Buildings	Plant and machinery	Fixtures and Fittings	Motor Vehicles	Assets under construction	Total
<b>Cost</b>						
At 30 March 2020	4,236	211	4,700	4	–	9,151
Additions	2	206	1,660	–	–	1,868
Disposals	(4,204)	(97)	(316)	–	–	(4,617)
At 4 April 2021	34	320	6,044	4	–	6,402
Additions	34	167	2,514	25	425	3,165
Disposals	(56)	–	(96)	–	–	(152)
<b>At 3 April 2022</b>	<b>12</b>	<b>487</b>	<b>8,462</b>	<b>29</b>	<b>425</b>	<b>9,415</b>
<b>Accumulated depreciation</b>						
At 30 March 2020	328	38	2,002	3	–	2,371
Charge for the period	35	15	622	1	–	673
Impairment	–	–	209	–	–	209
Disposals	(354)	(21)	(107)	–	–	(482)
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)
<b>At 5 April 2022</b>	<b>3</b>	<b>63</b>	<b>3,541</b>	<b>7</b>	<b>–</b>	<b>3,614</b>
<b>Net book value</b>						
At 29 March 2020	3,908	173	2,698	1	–	6,780
At 4 April 2021	25	288	3,318	–	–	3,631
<b>At 3 April 2022</b>	<b>9</b>	<b>424</b>	<b>4,921</b>	<b>22</b>	<b>425</b>	<b>5,801</b>

Impairment tests have been carried out where appropriate and no impairment charge has been recognised as a result in the 52 weeks to 3 April 2022. In the year ended 4 April 2021, an impairment loss of £209k was recognised in the Consolidated Statement of Income within operating expenses which related to a Group wide review of fixtures and fittings, where certain assets were identified not to be in working order or in use in retail stores. The impairment was recognised within the Retail reporting segment.

Depreciation was recognised in the Consolidated Statement of Income 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 3 April 2022	As at 4 April 2021
Number of active leases	71	53

The Group's leases include leasehold properties for commercial and head office use, motor vehicles and plant equipment. The leases range in length from two to twenty years and vary on 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 4 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).

## 16. Leased assets continued

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 2–4% 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.

Right-of-use assets included in the Consolidated Statement of Financial Position were as follows:

£'000	Leasehold Property	Motor Vehicles	Plant and Equipment	Total
<b>Cost</b>				
At 30 March 2020	10,239	78	29	10,346
Additions	8,511	117	–	8,628
Re-measurement	2,491	–	–	2,491
Disposals	(804)	(16)	–	(820)
At 4 April 2021	20,437	179	29	20,645
Additions	7,843	57	39	7,939
Re-measurement	241	–	–	241
Disposals	(2,296)	–	–	(2,296)
<b>At 3 April 2022</b>	<b>26,225</b>	<b>236</b>	<b>68</b>	<b>26,529</b>
<b>Accumulated amortisation</b>				
At 30 March 2020	214	–	–	214
Charge for the period	2,667	35	13	2,715
Disposals	(102)	(16)	–	(118)
At 4 April 2021	2,779	19	13	2,811
Charge for the period	2,974	68	14	3,056
Disposals	(323)	–	–	(323)
<b>At 3 April 2022</b>	<b>5,430</b>	<b>87</b>	<b>27</b>	<b>5,544</b>
<b>Net book value</b>				
At 29 March 2020	10,025	78	29	10,132
At 4 April 2021	17,658	160	16	17,834
<b>At 3 April 2022</b>	<b>20,795</b>	<b>149</b>	<b>41</b>	<b>20,985</b>

# Notes to the Consolidated Financial Statements

For the 52 weeks to 3 April 2022

## 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 30 March 2020	9,978	78	29	10,085
Additions	9,385	117	–	9,502
Re-measurement <sup>1</sup>	2,491	–	–	2,491
Interest expense	354	3	1	358
Lease payments	(2,381)	(43)	(15)	(2,439)
Disposals	(546)	–	–	(546)
<b>At 4 April 2021</b>	<b>19,281</b>	<b>155</b>	<b>15</b>	<b>19,451</b>
Additions	7,615	57	39	7,711
Re-measurement <sup>1</sup>	241	–	–	241
Interest expense	462	4	1	467
Lease payments	(3,286)	(75)	(16)	(3,377)
Disposals	(2,044)	–	–	(2,044)
<b>At 3 April 2022</b>	<b>22,269</b>	<b>141</b>	<b>39</b>	<b>22,449</b>

<sup>1</sup> Re-measurements 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 3 April 2022	As at 4 April 2021
Within 1 year	3,325	3,209
More than 1 year and less than 5 years	11,448	9,995
After 5 years	10,300	8,552
<b>Total including interest cash flows</b>	<b>25,073</b>	<b>21,756</b>
Less: interest cash flows	(2,624)	(2,305)
<b>Total principal cash flows</b>	<b>22,449</b>	<b>19,451</b>

Reconciliation of current and non-current lease liabilities:

£'000	As at 3 April 2022	As at 4 April 2021
Current	2,844	2,781
Non-current	19,605	16,670
<b>Total</b>	<b>22,449</b>	<b>19,451</b>

## 17. Inventories

£'000	As at 3 April 2022	As at 4 April 2021
Finished goods and goods for resale	16,759	10,088

The cost of Group inventories recognised as an expense in the period to 3 April 2022 amounted to £23.4m (4 April 2021: £15.9m). This is included in cost of sales.

Within inventory the Group has recognised a provision relating to damaged stock of £157k as at 3 April 2022 (2021: £nil).



**18. Trade and other receivables**

£'000	As at 3 April 2022	As at 4 April 2021
Trade receivables	87	1
Other receivables	748	516
Derivative financial instruments	148	–
Prepayments	992	938
<b>Total</b>	<b>1,975</b>	<b>1,455</b>

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 (2021: nil). No material amounts are overdue (2021: nil).

Included in other receivables at the period end is supplier deposits of £290k (4 April 2021: £381k).

**19. Cash and cash equivalents**

£'000	As at 3 April 2022	As at 4 April 2021
Cash at bank available on demand	3,058	5,028
Cash in transit	724	851
<b>Total</b>	<b>3,782</b>	<b>5,879</b>

**20. Trade and other payables**

£'000	As at 3 April 2022	As at 4 April 2021
<b>Amounts falling due within one year</b>		
Trade payables	3,280	2,472
Other payables	154	275
Accruals	2,294	1,896
Deferred income	95	182
Derivative financial instruments	–	949
Other taxation and social security	2,455	447
	<b>8,278</b>	<b>6,221</b>
<b>Amounts falling due after one year:</b>		
Accruals	816	–
<b>Total</b>	<b>9,094</b>	<b>6,221</b>

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 entered into during the year.

Included in other payables was £19k at the period ended 3 April 2022 (4 April 2021: £96k) owing to a Director. The balances were non-interest bearing.

**21. Provisions**

£'000	As at 3 April 2022	As at 4 April 2021
<b>Amounts falling due within one year</b>		
Warranties	133	160
Dilapidations	40	–
	<b>173</b>	<b>160</b>
<b>Amounts falling due after one year:</b>		
Warranties	7	–
Dilapidations	437	398
<b>Total</b>	<b>617</b>	<b>558</b>

# Notes to the Consolidated Financial Statements

For the 52 weeks to 3 April 2022

## 21. Provisions continued

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 and cost of existing leasehold property sites. The provision is longer term in nature due to the length of the respective leases relating to each site.

£'000	Dilapidations	Warranties	Total
<b>At 4 April 2021</b>	<b>398</b>	<b>160</b>	<b>558</b>
Additions during the year	78	212	290
Unwinding of discount rate	10	–	10
Utilised during the year	(10)	(231)	(241)
<b>At 3 April 2022</b>	<b>476</b>	<b>141</b>	<b>617</b>

## 22. Borrowings

£'000	As at 3 April 2022	As at 4 April 2021
<b>Current</b>		
Bank loans	5,540	2,803
<b>Total borrowings</b>	<b>5,540</b>	<b>2,803</b>

Bank loans comprise solely of a trade finance facility which was originally committed until September 2023, until the refinancing took place after the financial year end, as set out in note 31, at which point it became an uncommitted facility. As at 3 April 2022, the trade finance facility limit was £6.0m. The following amounts had been drawn down and were outstanding at 3 April 2022: £5.5m (4 April 2021: £2.8m).

The Group also had a debenture in place during the year which related to a fixed charge over all present freehold and leasehold property.

## 23. Derivatives

The Group's local currency is Pounds Sterling but due to international purchases in foreign currencies, the Group seeks to reduce the foreign exchange risk by entering into forward contracts and other derivatives. At 3 April 2022, the outstanding contracts all mature within 15 months of the period end, with committed purchases of \$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 preceding financial year.

## 24. Changes in liabilities arising from financing activities

£'000	At 5 April 2021	Repayments	Interest	New borrowings and remeasurements	At 3 April 2022
Short-term borrowings	2,803	(25,739)	156	28,320	5,540
Lease liabilities	19,451	(3,377)	467	5,908	22,449
<b>Total liabilities from financing activities</b>	<b>22,254</b>	<b>(29,116)</b>	<b>623</b>	<b>34,228</b>	<b>27,989</b>

£'000	At 30 March 2020	Repayments	Interest	New borrowings and remeasurements	At 4 April 2021
Short-term borrowings	6,596	(18,745)	98	14,854	2,803
Lease liabilities	10,085	(2,439)	358	11,447	19,451
<b>Total liabilities from financing activities</b>	<b>16,681</b>	<b>(21,184)</b>	<b>456</b>	<b>26,301</b>	<b>22,254</b>

## 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 27.

### 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 AA- to A+.

### Interest rate risk

As at 3 April 2022 the Group's only current borrowings are the trade finance facility at a floating interest rate linked to the Bank of England base 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's policy aims to manage the interest cost of the Group within the constraints of its financial borrowings.

### 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 will make purchases of large inventory orders from overseas, and the Group will use additional means to cover its exposure to the foreign exchange movement. The Group will use various financial derivatives such as forward exchange contracts, to mitigate any predicted movement 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. Management reviews cash flow forecasts on a regular basis to determine whether the Group has sufficient cash reserves to meet future working capital requirements and to take advantage of business opportunities.

### Financial assets

Financial assets measured at amortised cost comprise trade receivables, other receivables, and cash.

£'000	As at 3 April 2022	As at 4 April 2021
Trade receivables	87	1
Other receivables	748	516
Cash at bank and on hand	3,782	5,879
<b>Total</b>	<b>4,617</b>	<b>6,396</b>

# Notes to the Consolidated Financial Statements

For the 52 weeks to 3 April 2022

## 25. Financial Risk Management continued

Financial assets measured at fair value include derivative financial assets:

£'000	As at 3 April 2022	As at 4 April 2021
Derivatives	148	–
<b>Total</b>	<b>148</b>	<b>–</b>

In the period ended 3 April 2022, derivatives are included within the balance sheet under trade and other receivables and are 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 3 April 2022	As at 4 April 2021
Trade payables	3,280	2,472
Other payables	154	275
Accruals	3,110	1,896
Other taxation and social security	2,455	447
Deferred tax liabilities	–	29
Corporation Tax payable	–	387
Borrowings	5,540	2,803
Lease liabilities	22,449	19,451
<b>Total</b>	<b>36,988</b>	<b>27,760</b>

Financial liabilities measured at fair value include derivative financial liabilities, as follows:

	As at 3 April 2022	As at 4 April 2021
Derivatives	–	949
<b>Total</b>	<b>–</b>	<b>949</b>

In the period ended 4 April 2021, derivatives are included within the balance sheet under trade and other payables and are recognised under level 2 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) and National Insurance Contributions on share based payments, the Groups' other liabilities as at 3 April 2022 are all due within less than one year.

£'000	As at 3 April 2022	As at 4 April 2021
<b>Due within one year:</b>		
Trade payables	3,280	2,472
Other payables	154	275
Accruals	2,294	1,896
Other taxation and social security	2,455	447
Corporation Tax payable	–	387
Borrowings	5,540	2,803
Lease liabilities	2,844	2,781
<b>Total</b>	<b>16,567</b>	<b>11,061</b>

**25. Financial Risk Management** continued

£'000	As at 3 April 2022	As at 4 April 2021
<b>Due after one year:</b>		
Derivatives	–	949
<b>Total</b>	<b>–</b>	<b>949</b>

£'000	As at 3 April 2022	As at 4 April 2021
<b>Due after one year:</b>		
Accruals	816	–
Deferred tax liabilities	–	29
Lease liabilities	19,605	16,670
<b>Total</b>	<b>20,421</b>	<b>16,699</b>

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 3 April 2022	As at 4 April 2021
Sterling	3,368	5,644
US Dollar	135	160
Euro	279	75
<b>Total</b>	<b>3,782</b>	<b>5,879</b>

Foreign denominated asset and liability balances held at the year-end are as follows:

£'000	As at 3 April 2022	As at 4 April 2021
<b>Current assets</b>		
Cash and cash equivalents	414	235
<b>Current liabilities</b>		
Trade and other payables	1,155	145
Borrowings	5,512	2,803
	<b>6,667</b>	<b>2,948</b>

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 £51k 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 3 April 2022, Debt comprised of one HSBC Trade Finance facility loan, 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.

# Notes to the Consolidated Financial Statements

For the 52 weeks to 3 April 2022

## 26. Share capital and reserves

	As at 3 April 2022	As at 4 April 2021
<b>Allotted, called up and fully paid</b>		
10,000 Ordinary shares of 1p each	–	100
108,956,624 Ordinary Shares of 1p each	<b>1,089,566</b>	–
<b>Total</b>	<b>1,089,566</b>	<b>100</b>

On 26 October 2021, ProCook Group Limited acquired the entire shareholding of ProCook Limited via a share-for-share exchange, with the existing owners of ProCook Limited at that time becoming the owners of ProCook Group Limited. 100 ordinary shares of £1.00 each in ProCook Limited were exchanged by the owners for 10,000 ordinary shares of £0.01 each in ProCook Group Limited.

A bonus issue and a capital reduction were undertaken in the parent company during the year following the acquisition of ProCook Limited. This reduced the share capital of ProCook Group plc by £116.3m through the cancellation of 11,630,000,100 ordinary shares of £0.01 each leaving in issue 100,000,000 shares of £0.01 each.

During the year, an existing EMI scheme vested, resulting in 5,360,000 shares being issued for total consideration of £55k, generating £1k of Share Premium. Total treasury shares held at the period ended 3 April 2022 were 3,596,064.

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.

*Revaluation reserve:* Originally created to recognise the change in carrying value of a fixed asset following a revaluation assessment. The reserve was eliminated during the period ended 4 April 2021.

*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 <sup>1</sup>	1,198,688	44	Yes	12 November 2022
12-Nov-21	Employee IPO Award 2 <sup>1</sup>	1,198,688	29	Yes	12 November 2023
12-Nov-21	Employee IPO Award 3 <sup>1</sup>	1,198,688	15	Yes	12 November 2024
12-Nov-21	Executive IPO Award 1 <sup>1</sup>	172,413	0	Yes	12 November 2024
12-Nov-21	Executive IPO Award 2 <sup>1</sup>	689,655	145	Yes	12 November 2024
12-Nov-21	Leadership ESP Award FY22 <sup>2</sup>	706,896	0	Yes	12 November 2024
10-Jan-22	SAYE <sup>1</sup>	435,255	112	Yes	12 November 2024
<b>Total</b>		<b>8,774,159</b>			

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 pages 92 to 97.

The weighted average remaining vest period is 25 months as at the 3 April 2022. 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 recent admission to the London Stock Exchange at the date/ shortly before the date of grant of the above awards, volatility remains relatively unknown. A reasonable level has therefore been applied by the Group, following a review of similar businesses' historical share price volatility.

**27. Share based payments** continued

Detail of inputs are shown below:

<b>Leadership IPO Award</b>		<b>2022</b>
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
<b>Employee IPO Award 1</b>		<b>2022</b>
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
<b>Employee IPO Award 2</b>		<b>2022</b>
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
<b>Employee IPO Award 3</b>		<b>2022</b>
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
<b>Executive IPO Award 1</b>		<b>2022</b>
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

# Notes to the Consolidated Financial Statements

For the 52 weeks to 3 April 2022

## 27. Share based payments continued

Detail of inputs are shown below:

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
SAYE	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

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 3 April		As at 4 April	
	2022	WAEP (£)	2021	WAEP (£)
Outstanding at beginning of period	858	141.50	536	101.73
Granted during the period	8,774,159	0.29	322	207.69
Forfeited/lapsed during the period	(858)	141.50	-	-
Exercised during the period	-	-	-	-
Outstanding at period end	8,774,159	0.29	858	141.50
Exercisable at end of period	-	-	-	-

A corresponding charge to the Consolidated Income Statement of £5.8m (2021: £nil) has been made in respect of these share options in the period (excluding employer's national insurance contributions of £0.9m). In total, £6.7m has been recognised as a non-underlying cost and £0.1m as underlying.

## 28. Capital and financial commitments

As at 3 April 2022 the Group had entered into a financial commitment to a 15-year lease in respect of a new head office and central warehouse property. The expected commencement of this lease is 1 October 2022, with an anticipated lease liability of approximately £12m on the date of commencement.





## 29. Contingent liabilities

The Group had no contingent liabilities at the year-end date (2021: none).

## 30. 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 £16k for the warehouse rental (4 April 2021: £39k). Payments from Quella totalled £19k during the year (4 April 2021: £34k). The amount receivable at 3 April 2022 was £7k (4 April 2021: £9k).

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 £20k of donations payable to Life's a Beach (4 April 2021: £49k). During the year, ProCook made payments to Life's a Beach of £62k (4 April 2021: £nil). The amount payable at 3 April 2022 was £7k (4 April 2021: £49k).

Included in other payables at the period ending 3 April 2022 was £19k (4 April 2021: £96k) owed to a director (Daniel O'Neill) in respect of remaining dividends payable. The balance is non-interest bearing. Amounts paid by ProCook Group plc to the director were £77k (4 April 2021: £nil).

Remuneration of the Board and key management personnel can be found on pages 92 to 97.

## 31. Subsequent events

On 20 April 2022, ProCook Group plc entered into a revolving credit facility agreement for £10.0m with an accordion agreement for a further £5.0m at the Group's request, subject to approval by the lender. The facility is subject to normal commercial terms and conditions associated with such a facility. The term of the agreement is to April 2025, with two one-year extension options available to the Group.

## 32. Transition to IFRS and other adjustments

These are the first consolidated financial statements prepared for ProCook Group plc and the first audited financial statements prepared in accordance with IFRS for the newly formed Group. For all periods up to and including 4 April 2021, the previous group headed by ProCook Limited prepared its statutory financial statements in accordance with UK GAAP under FRS 102. As these consolidated financial statements apply merger accounting and present the comparative as a continuation of the former ProCook Limited Group, these consolidated financial statements are prepared on the basis that the newly formed Group's date of transition to IFRS is 30 March 2020, being the beginning of the comparative period to 4 April 2021.

The effects of transition to IFRS on the Consolidated Statement of Financial Position at 4 April 2021 and 30 March 2020 and the Consolidated Income Statements for the period ended 4 April 2021 are shown below. In preparing the consolidated financial statements of the Group, the Group has applied IFRS for the first time from 30 March 2020. The group has elected not to apply IFRS 3 retrospectively to business combinations that occurred prior to the IFRS transition date, as permitted by IFRS 1. The principles and requirements for first time adoption of IFRS are set out in IFRS 1. Additional information on the transition to IFRS 16 is detailed in the accounting policies and note 15.

Under IFRS the IFRS 16 standard became effective from 1 January 2019, with early adoption possible. The Group has applied the modified retrospective approach with no other expedients used on transition. Adjustments to leases under IFRS 16, to recognise leases previously recognised as operating leases as right-of-use assets.

Additionally, the Group has undertaken a comprehensive review of its historical reporting under FRS to consider the accuracy and integrity of the historical financial statements. As a result, a number of prior year errors have been identified which require restatement. The adjustments and restatements for transition to IFRS and correction of FRS prior year errors are set out below. The impact on the opening balance sheet (30 March 2020) has been stated first, followed by the impact to the balance sheet as at 4 April 2021; the impact on the 4 April 2021 balance sheet being the sum of the 2020 and 2021 impacts.

### 1. IFRS Transition:

- i. Right of use assets of £9,912k were recognised in the period ended 30 March 2020. An increase of £7,664k was recognised in the period ended 4 April 2021.
- ii. Lease liabilities of £10,085k were recognised in the period ended 30 March 2020. An increase of £9,366k was recognised in the period ended 4 April 2021.
- iii. Trade and other payables decreased by £(420k) in the period ended 30 March 2020. A decrease of £(434k) was recognised in the period ended 4 April 2021.

# Notes to the Consolidated Financial Statements

For the 52 weeks to 3 April 2022

## 32. Transition to IFRS and other adjustments continued

- iv. Non-current other payables decreased by £(296k) in the period ended 30 March 2020. An increase of £133k was recognised in the period ended 4 April 2021.
- v. Trade and other receivables decreased by £(182k) in the period ended 30 March 2020. A decrease of £(251k) was recognised in the period ended 4 April 2021.
- vi. PPE decreased by of £(386k) in the period ended 30 March 2020. An increase of £116k was recognised in the period ended 4 April 2021.
- vii. Decrease deferred tax by £(69k) in the period ended 30 March 2020. A decrease of £(303k) was recognised in the period ended 4 April 2021.
- viii. Increased operating expenses by £1,206k in the period ended 4 April 2021.
- ix. Increased finance expenses by £327k in the period ended 4 April 2021.
- x. Decreased the tax expense by £(303k) in the period ended 4 April 2021.
- xi. Retained earnings increased by £44k in the period ended 30 March 2020. Retained earnings decreased by £(1,233k) in the period ended 4 April 2021.

## 2. FRS 102 restatement - correction of prior year errors:

2.1 Historically the Group did not defer revenue for the impact of timing differences between completion of order and actual delivery of the order to a customer, which was a requirement under FRS 102. The adjustments to reflect this are:

- i. Deferred income increased by £133k in the period ended 30 March 2020. Deferred income increased by £49k in the period 4 April 2021.
- ii. Inventory increased by £38k in the period ended 30 March 2020. Inventory increased by £15k in the period 4 April 2021.
- iii. Tax expense reduced by £(7k) in the period ended 4 April 2021.
- iv. Reduced cost of sales by £15k in the period 4 April 2021.
- v. Revenue decreased by £(49k) in the period 4 April 2021.
- vi. Retained earnings reduced by £(77k) in the period ended 30 March 2020. Retained earnings decreased by £(25k) in the period ended 4 April 2021.

2.2 Upon adoption of IFRS 15 for the first time, the Group considered the customer's right to return products for refunds as this is not explicitly set out under UK GAAP. The adjustment to previous periods for the right to return is made consistently. The adjustments to reflect this are:

- i. Trade and other payables increased by £21k in the period ended 30 March 2020. Trade and other payables increased by £23k in the period to 4 April 2021.
- ii. Inventory increased by £7k in the period ended 30 March 2020. Inventory increased by £8k in the period 4 April 2021.
- iii. Reduce revenue by £(23k) in the period 4 April 2021.
- iv. Reduce cost of sales by £(8k) in the period 4 April 2021.
- v. Retained earnings reduced by £(14k) in the period ended 30 March 2020. Retained earnings reduced by £(15k) in the period ended 4 April 2021.

2.3 FRS 102 requires the recognition of software within intangible assets, having previously been recognised under PPE due to their historical low value. The adjustments to reflect this are:

- vi. Reduce Property, plant and equipment by £67k in the period ended 4 April 2021.
- vii. Increase Intangible assets by £67k in the period ended 4 April 2021.
- viii. Retained earnings were not affected by this adjustment.



## 32. Transition to IFRS and other adjustments continued

2.4 Under IAS 8 a restatement of prior periods is required to appropriately recognise provisions for dilapidations in the prior period where they were previously omitted. The adjustments to reflect this are:

- i. Provisions of £303k were recognised in the period ended 30 March 2020. An increase of £95k, from £303k to £398k was recognised in the period ended 4 April 2021.
- ii. ROU asset of £220k was recognised in the period ended 30 March 2020. An increase of £38k in ROU asset was recognised in the period ended 4 April 2021.
- iii. Increased operating expenses by £49k in the period ended 4 April 2021.
- iv. Increased finance expenses by £8k in the period ended 4 April 2021.
- v. Retained earnings reduced by £(83k) in the period ended 30 March 2020. Retained earnings reduced by £(57k) in the period ended 4 April 2021.

2.5 A further restatement in respect of inventory is required as the Group did not historically include directly attributable transport and labour costs in relation to bringing inventory into its present location. Such labour and transport costs were also previously recognised within operating expenses – this adjustment correctly allocates them to cost of sales. The adjustments to reflect this are:

- i. Inventory increased by £91k in the period ended 30 March 2020. Inventory increased by £37k in the period ended 4 April 2021.
- ii. Increase cost of sales by £799k in the period ended 4 April 2021.
- iii. A corresponding decrease in operating expenses of £(799k) in the period ended 4 April 2021.
- iv. Decrease in cost of sales by £(37k) in the period ended 4 April 2021.
- v. Retained earnings increased by £91k in the period ended 30 March 2020. Retained earnings increased by £37k in the period ended 4 April 2021.

2.6 A reclassification was required to recognise the warranty provision as current as opposed to non-current. The adjustments to reflect this are:

- i. Increase current provisions by £160k in the period ended 30 March 2020. Increase current provisions by £160k in the period ended 4 April 2021.
- ii. Decrease non-current provisions by £(160k) in the period ended 30 March 2020. Decrease non-current provisions by £(160k) in the period ended 4 April 2021.

2.7 During the period ended 4 April 2021, the group did not appropriately recognise an accrual relating to employee holiday entitlement for employees on furlough. The adjustments to reflect this are:

- i. Increase accruals by £136k in the period ended 4 April 2021.
- ii. Increase operating expenses by £136k in the period ended 4 April 2021.
- iii. Reduce tax expense and corporation tax payable by £(26k) in the period ended 4 April 2021.
- iv. Retained earnings reduced by £(110k) in the period ended 4 April 2021.

The transition to IFRS and correction of prior year errors has impacted the presentation of items within the consolidated cash flow statement. The implementation of IFRS 16 has resulted in £2,081k of payments being recognised within cash flows from financing activities, which were previously presented under cash flows from operating activities, during the period ended 4 April 2021.

# Notes to the Consolidated Financial Statements

For the 52 weeks to 3 April 2022

## 32. Transition to IFRS and other adjustments continued

Consolidated Statement of Financial Position as at 30 March 2020

£'000s	UK GAAP	IFRS Transition 1	FRS 102 Restatement 2	IFRS
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets	-	-	-	-
Property, plant, and equipment	7,166	(386)	-	6,780
Right-of-use assets	-	9,912	220	10,132
<b>Total non-current assets</b>	<b>7,166</b>	<b>9,526</b>	<b>220</b>	<b>16,912</b>
<b>Current assets</b>				
Inventories	5,266	-	136	5,402
Trade and other receivables	782	(182)	-	600
Cash and cash equivalents	2,956	-	-	2,956
<b>Total current assets</b>	<b>9,004</b>	<b>(182)</b>	<b>136</b>	<b>8,958</b>
<b>Total assets</b>	<b>16,170</b>	<b>9,344</b>	<b>356</b>	<b>25,870</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables	3,917	(420)	154	3,651
Lease liabilities	-	1,751	-	1,751
Other Provisions	-	-	160	160
Borrowings	4,239	-	-	4,239
Current tax liability	294	-	-	294
<b>Total current liabilities</b>	<b>8,450</b>	<b>1,331</b>	<b>314</b>	<b>10,095</b>
<b>Non-current liabilities</b>				
Trade and other payables	296	(296)	-	-
Lease liabilities	-	8,334	-	8,334
Other provisions	160	-	143	303
Borrowings	2,357	-	-	2,357
Deferred tax liability	337	(69)	(18)	250
<b>Total non-current liabilities</b>	<b>3,150</b>	<b>7,969</b>	<b>125</b>	<b>11,244</b>
<b>Total liabilities</b>	<b>11,600</b>	<b>9,300</b>	<b>439</b>	<b>21,339</b>
<b>Net assets</b>	<b>4,570</b>	<b>44</b>	<b>(83)</b>	<b>4,531</b>
<b>Equity and reserves attributable to Shareholders of ProCook Group plc</b>				
Share capital	-	-	-	-
Revaluation reserve	472	-	-	472
Retained earnings	4,098	44	(83)	4,059
<b>Total equity and reserves</b>	<b>4,570</b>	<b>44</b>	<b>(83)</b>	<b>4,531</b>

**32. Transition to IFRS and other adjustments** continued

Consolidated Income Statement for the period ended 4 April 2021

£'000s	UK GAAP	IFRS Transition 1	FRS 102 Restatement 2	IFRS
<b>Revenue</b>	53,465	–	(72)	<b>53,393</b>
Cost of sales	(16,775)	–	(738)	<b>(17,513)</b>
<b>Gross profit</b>	<b>36,690</b>	<b>–</b>	<b>(810)</b>	<b>35,880</b>
Operating expensed	(28,469)	(1,176)	613	<b>(29,032)</b>
Other income	2,848	–	–	<b>2,848</b>
<b>Operating profit</b>	<b>11,069</b>	<b>(1,176)</b>	<b>(197)</b>	<b>9,696</b>
Finance expenses	(89)	(360)	(8)	<b>(457)</b>
Other gains/(losses)	(949)	–	–	<b>(949)</b>
<b>Profit before tax</b>	<b>10,031</b>	<b>(1,536)</b>	<b>(205)</b>	<b>8,290</b>
Tax expense	(2,202)	303	33	<b>(1,866)</b>
<b>Profit for the period</b>	<b>7,829</b>	<b>(1,233)</b>	<b>(172)</b>	<b>6,424</b>
<b>Total other comprehensive income</b>	<b>7,829</b>	<b>(1,233)</b>	<b>(172)</b>	<b>6,424</b>

# Notes to the Consolidated Financial Statements

For the 52 weeks to 3 April 2022

## 32. Transition to IFRS and other adjustments continued

Consolidated Statement of Financial Position as at 4 April 2021

£'000	UK GAAP	B/fwd Adj	IFRS Transition 1	FRS 102 Restatement 2	IFRS
<b>Assets</b>					
<b>Non-current assets</b>					
Intangible assets	-	-	-	67	67
Property, plant, and equipment	3,968	(386)	116	(67)	3,631
Right-of-use assets	-	10,132	7,664	38	17,834
<b>Total non-current assets</b>	3,968	9,746	7,780	38	21,532
<b>Current assets</b>					
Inventories	9,892	136	-	60	10,088
Trade and other receivables	1,888	(182)	(251)	-	1,455
Cash and cash equivalents	5,879	-	-	-	5,879
<b>Total current assets</b>	17,659	(46)	(251)	60	17,422
<b>Total assets</b>	21,627	9,700	7,529	98	38,954
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	6,713	(266)	(434)	208	6,221
Lease liabilities	-	1,751	1,030	-	2,781
Provisions	-	160	-	-	160
Borrowings	2,803	-	-	-	2,803
Current tax liability	413	-	-	(26)	387
<b>Total current liabilities</b>	9,929	1,645	596	182	12,352
<b>Non-current liabilities</b>					
Trade and other payables	163	(296)	133	-	-
Lease liabilities	-	8,334	8,336	-	16,670
Provisions	160	143	-	95	398
Deferred tax liability	426	(87)	(303)	(7)	29
<b>Total non-current liabilities</b>	749	8,094	8,166	88	17,097
<b>Total liabilities</b>	10,678	9,739	8,762	270	29,449
<b>Net assets</b>	10,949	(39)	(1,233)	(172)	9,505
<b>Equity and reserves attributable to Shareholders of ProCook Group plc</b>					
Share capital	-	-	-	-	-
Retained earnings	10,949	(39)	(1,233)	(172)	9,505
<b>Total equity and reserves</b>	10,949	(39)	(1,233)	(172)	9,505

# Parent Company Statement of Financial Position as at 3 April 2022

£'000s	Note	As at 3 April 2022
<b>Assets</b>		
<b>Non-current assets</b>		
Investment in subsidiary	4	117,300
Deferred tax asset		1,559
<b>Total non-current assets</b>		<b>118,859</b>
<b>Current assets</b>		
Trade and other receivables	5	111
Deferred tax asset		80
<b>Total current assets</b>		<b>191</b>
<b>Total assets</b>		<b>119,050</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	6	1,370
Current tax liability		76
<b>Total current liabilities</b>		<b>1,446</b>
<b>Non-current liabilities</b>		
Trade and other payables	6	816
<b>Total non-current liabilities</b>		<b>816</b>
<b>Total liabilities</b>		<b>2,262</b>
<b>Net assets</b>		<b>116,788</b>
<b>Equity and reserves attributable to Shareholders of ProCook Group plc</b>		
Share capital	7	1,090
Share Premium	7	1
Share Option Reserve	8	5,801
Retained earnings	7	109,896
<b>Total equity and reserves</b>		<b>116,788</b>

The Company made a loss after tax of £(5.5)m in the 23 week period to 3 April 2022.

The financial statements for ProCook Group Plc (Company Registration No. 13679248 (England and Wales)) on pages 153 to 161 were approved by the Board of Directors on 4 August 2022 and signed on its behalf by:

Dan Walden  
Chief Financial Officer

4 August 2022

# Parent Company Statement of Changes in Equity

as at 3 April 2022

£'000	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)	-	-
Share based payment awards	-	-	-	5,837	-	5,837
Total comprehensive loss for the period	-	-	-	-	(5,504)	(5,504)
Dividends paid	-	-	-	-	(900)	(900)
<b>As at 3 April 2022</b>	<b>1,090</b>	<b>-</b>	<b>1</b>	<b>5,801</b>	<b>109,896</b>	<b>116,788</b>





# Parent Company Financial Statements

## Accounting Policies For the 52 weeks to 3 April 2022

### 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, Davy Way, Waterwells, Gloucester, GL2 2BY.

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.

### Group Reorganisation

On 26 October 2021, ProCook Group Limited acquired the entire shareholding of ProCook Limited via a share-for-share exchange, with the existing owners of ProCook Limited at that time becoming the owners of ProCook Group Limited. 100 ordinary shares of £1.00 each in ProCook Limited were exchanged by the owners for 10,000 ordinary shares of £0.01 each in ProCook Group Limited.

On acquisition of ProCook Limited, £117.3m was recognised in the Merger Relief Reserve reflecting the investment in subsidiary which arose via the share for share exchange. A bonus issue of 11,729,990,100 ordinary shares of £0.01 each increased Share Capital by £117.3m with a corresponding reduction in the Merger Relief Reserve balance.

Immediately following the bonus issue, a capital reduction was undertaken. This reduced the share capital of ProCook Group plc by £116.3m through the cancellation of 11,630,000,100 ordinary shares of £0.01 each leaving in issue 100,000,000 shares of £0.01 each.

On the 10 November 2021, the entire issued share capital of the Company was admitted for provisional trading on to the premium listing segment of the Official List of the London Stock Exchange's Main Market for listed securities, becoming ProCook Group plc, with full admission taking place on the 12 November 2021.

These financial statements of ProCook Group plc are for the period of incorporation, 14 October 2021, to the 3 April 2022 and are the first set of financial statements for the Company.

No fair value differences have been identified, and no goodwill recognised.

### 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 Directors have reviewed the Group's future cash forecasts and profit projections. In line with the conclusions drawn on the Group, the Directors are of the opinion that the Group's forecasts and projections, which consider a range of downside scenarios, show that the Group is able to operate within its current facilities and comply with its banking covenants for the foreseeable future. The Directors are satisfied that there are sufficient resources to continue in business for at least 12 months from the date of signing these financial statements.

The Directors believe that the Group and Company are well placed to manage its business risks successfully. Having reassessed the principal risks, the Directors consider it appropriate to adopt the going concern basis of accounting in preparing the financial information.

# Parent Company Financial Statements

## Accounting Policies

For the 52 weeks to 3 April 2022

### 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.

#### Estimate: Investment in Subsidiaries

Since the acquisition of ProCook Limited was obtained via a share for share exchange, the cost of the investment was not immediately apparent. The cost of the acquisition 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, utilising a range of valuation methodologies, including discounted cash flow, EBITDA multiples and Price/Earnings ratio. These were calculated based on the Group's three-year plan, extended outwards to five years with a terminal growth rate of 2%, at the date of acquisition reflecting future anticipated financial performance and cash generation expectations. The valuation was estimated to be £117.3m. Subsequent to this, at each reporting period, management will assess for any impairment triggers to ensure the valuation remains appropriate.

#### 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 has declined substantially since IPO, an effect which was particularly evident after the Group updated the markets on its trading performance and outlook on 10 June 2022. Given the recent share price fall, 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.

This review has considered the future anticipated financial performance and cash generation of the Group over a forecast period based on the Group's three year financial plan extended outwards to five years, and reflecting a terminal growth rate of 2%. The forecast reflects revenue and cost growth assumptions reflecting the Group's Retail and Ecommerce ambitions, as well as expected capital investments and net working capital requirements. The assessment has considered a range of common valuation methodologies focusing largely on a Discounted Cash Flow approach and sense-checked with EBITDA multiple valuations. The carrying value of the investment is £117.3m and no impairment has been identified. The sensitivity of the valuation estimates are such that a 10% reduction in projected revenue performance in each year of the assessment period (66% reduction in projected revenue growth over five years) would result in a £3.2m 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 share 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.



## 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 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. At each 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 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.

# Parent Company Notes to the Financial Statements

For the 52 weeks to 3 April 2022

## 1. Employee numbers and costs

The Company's employees are the Chairman, three Non-Executive directors and three Executive directors (the Group Board). Full details of the Directors' remuneration and interests are set out in the Remuneration Report on pages 92 to 97. 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 period ended 3 April 2022 was £2k representing contributions payable to these plans by the Company at rates specified in the rules of the plans.

## 2. Auditor's Remuneration

£'000	23 weeks ended 3 April 2022
Fee payable for the audit of the Company's financial statements	8
<b>Total audit remuneration</b>	<b>8</b>

## 3. Dividends

£'000	Dividend per share (pence)	23 weeks ended 3 April 2022
Interim dividend for the period ended 03 April 2022	1.0	900

At the time of the interim dividend, 100,000,000 shares were in place.

The interim dividend of £1.0m was declared representing 1.0 pence per share with £900k paid, and £100k waived by certain shareholders. The interim dividend was paid to the shareholders on the register at close of business on 8 November 2021.

The directors are proposing a final dividend of 0.9 pence per Ordinary share for the period ended 3 April 2022, which equates to £1.0m subject to shareholder approval at the AGM. This will be paid on 30 September 2022 to shareholders on the register at close of business on 2 September 2022.

#### 4. Investment in subsidiaries

During the year, ProCook Group plc entered into a share for share exchange with the owners of ProCook Limited, thereby acquiring 100% of the shares of ProCook Limited. Management determined the valuation of ProCook Limited at the acquisition date and have performed an impairment assessment at the reported date. No impairments were identified.

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:

Subsidiaries	Proportion of ordinary shares held by ProCook Group plc	Principal activity
ProCook Limited	100%	Retail of kitchenware
ProCook (Kitchens) Limited <sup>1</sup>	100%	Property holding company
ProCook (Steamer Trading) Limited <sup>1</sup>	100%	Property holding company
ProCook B.V. (Registered in The Netherlands) <sup>2</sup>	100%	Retail of kitchenware <sup>2</sup>

1 Share capital held by subsidiary undertaking

2 ProCook B.V. has not begun trading during the financial year

ProCook Group plc, the Company, and its subsidiaries (excluding ProCook B.V) are incorporated and domiciled in the UK. The registered office is ProCook, Davy Way, Waterwells, Gloucester, United Kingdom, GL2 2BY.

ProCook B.V., incorporated in the Netherlands, has a registered office at Veerpolder 1-B, 2361KV, Warmond, The Netherlands.

#### 5. Trade receivables

£'000	As at 3 April 2022
Other receivables	104
Prepayments	7
<b>Total</b>	<b>111</b>

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. No material amounts are overdue.

#### 6. Trade and other payables

£'000	As at 3 April 2022
<b>Amounts falling due within one year:</b>	
Accruals	97
Amounts owed to group undertakings	1,273
<b>Total</b>	<b>1,370</b>

£'000	As at 3 April 2022
<b>Amounts falling due after one year:</b>	
Accruals	816
<b>Total</b>	<b>816</b>

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.

# Parent Company Notes to the Financial Statements

For the 52 weeks to 3 April 2022

## 7. Share Capital and Reserves

£	As at 3 April 2022
<b>Allotted, called up and fully paid</b>	
10,000 Ordinary shares of 1p each	-
108,956,624 Ordinary Shares of 1p each	<b>1,089,566</b>
<b>Total</b>	<b>1,089,566</b>

On 26 October 2021, ProCook Group Limited acquired the entire shareholding of ProCook Limited via a share-for-share exchange, with the existing owners of ProCook Limited at that time becoming the owners of ProCook Group Limited. 100 ordinary shares of £1.00 each in ProCook Limited were exchanged by the owners for 10,000 ordinary shares of £0.01 each in ProCook Group Limited.

On acquisition of ProCook Limited, £117.3m was recognised in the Merger Relief Reserve reflecting the investment in subsidiary which arose via the share for share exchange. A bonus issue of 11,729,990,100 ordinary shares of £0.01 each increased Share Capital by £117.3m with a corresponding reduction in the Merger Relief Reserve balance.

Immediately following the bonus issue, a capital reduction was undertaken. This reduced the share capital of ProCook Group plc by £116.3m through the cancellation of 11,630,000,100 ordinary shares of £0.01 each leaving in issue 100,000,000 shares of £0.01 each.

During the year, an existing EMI scheme vested, resulting in 5,360,000 shares being issued for total consideration of £55k. A further 3,596,624 shares were issued and allotted for total consideration of £36k to the employee benefit trust in respect of a new share scheme which was implemented on IPO.

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

Merger relief reserve: Originally created as part of the acquisition of ProCook Limited by ProCook Group plc. It represents the difference between the fair value of ProCook Limited and the nominal value of the shares issued, hence reflecting the application of merger relief from recording share premium. The reserve has subsequently been reduced following the bonus issue, as detailed above.

Share option reserve: Used to recognise the value of equity-settled share-based payments expenses. See note 27 of the 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 <sup>1</sup>	1,198,688	44	Yes	12 November 2022
12-Nov-21	Employee IPO Award 2 <sup>1</sup>	1,198,688	29	Yes	12 November 2023
12-Nov-21	Employee IPO Award 3 <sup>1</sup>	1,198,688	15	Yes	12 November 2024
12-Nov-21	Executive IPO Award 1 <sup>1</sup>	172,413	0	Yes	12 November 2024
12-Nov-21	Executive IPO Award 2 <sup>1</sup>	689,655	145	Yes	12 November 2024
12-Nov-21	Leadership ESP Award FY22 <sup>2</sup>	706,896	0	Yes	12 November 2024
10-Jan-22	SAYE <sup>1</sup>	435,255	112	Yes	12 November 2024
<b>Total</b>		<b>8,774,159</b>			

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 Remuneration Committee Report on pages 92 to 97.

### 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 144 to 146.

An expense of £5.8m has been recognised in the Income Statement during the period in respect of the share schemes in place, as well as a corresponding entry to the Share option Reserve within Equity.

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 3 April		As at 4 April	
	2022	WAEP (£)	2021	WAEP (£)
Outstanding at beginning of period	858	141.50	536	101.73
Granted during the period	8,774,159	0.29	322	207.69
Forfeited/lapsed during the period	(858)	141.50	-	-
Exercised during the period	-	-	-	-
Outstanding at period end	8,774,159	0.29	858	141.50
Exercisable at end of period	-	-	-	-

## 9. Contingent liabilities

The Group had no contingent liabilities at the year-end date.

## 10. Related Parties

During the year, ProCook Group plc entered into transactions of £1.3m in respect to operating expenses with ProCook Limited, which resulted an amount payable of £1.3m to ProCook Limited as at 3 April 2022.

There were no other related party transactions during the year.

## 11. Subsequent events

On 20 April 2022 ProCook Group plc entered into a revolving credit facility agreement for £10.0m with an accordion agreement for a further £5.0m at the Group's request, subject to approval by the lender. The facility is subject to normal commercial terms and conditions associated with such a facility. The term of the agreement is to April 2025, with two one-year extension options available to the Group.

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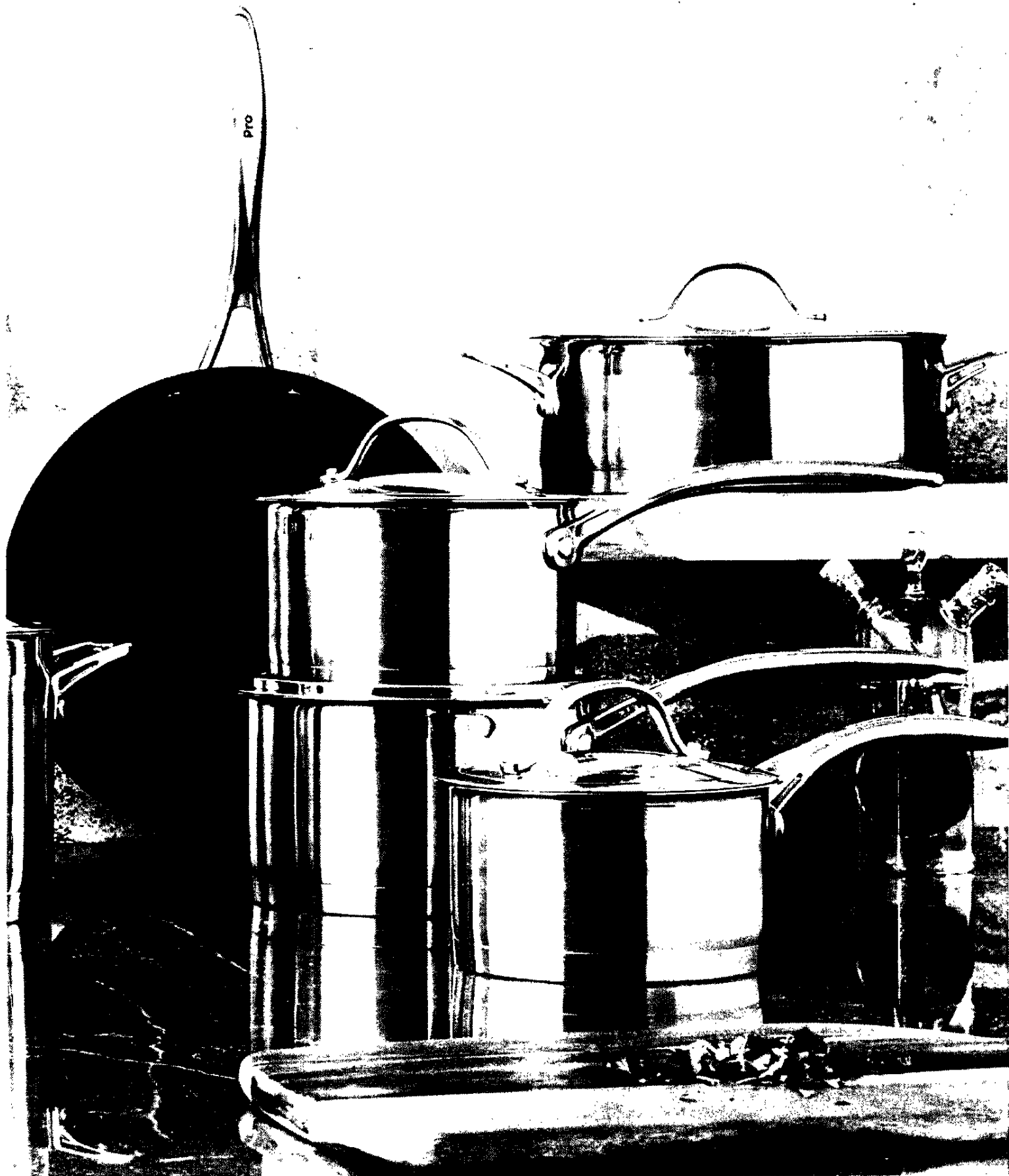
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