



FY23 Interim Results

John Roberts, Founder and Chief Executive Officer
Mark Higgins, CFO

22nd November 2022



Welcome

John Roberts

Founder and Chief Executive Officer

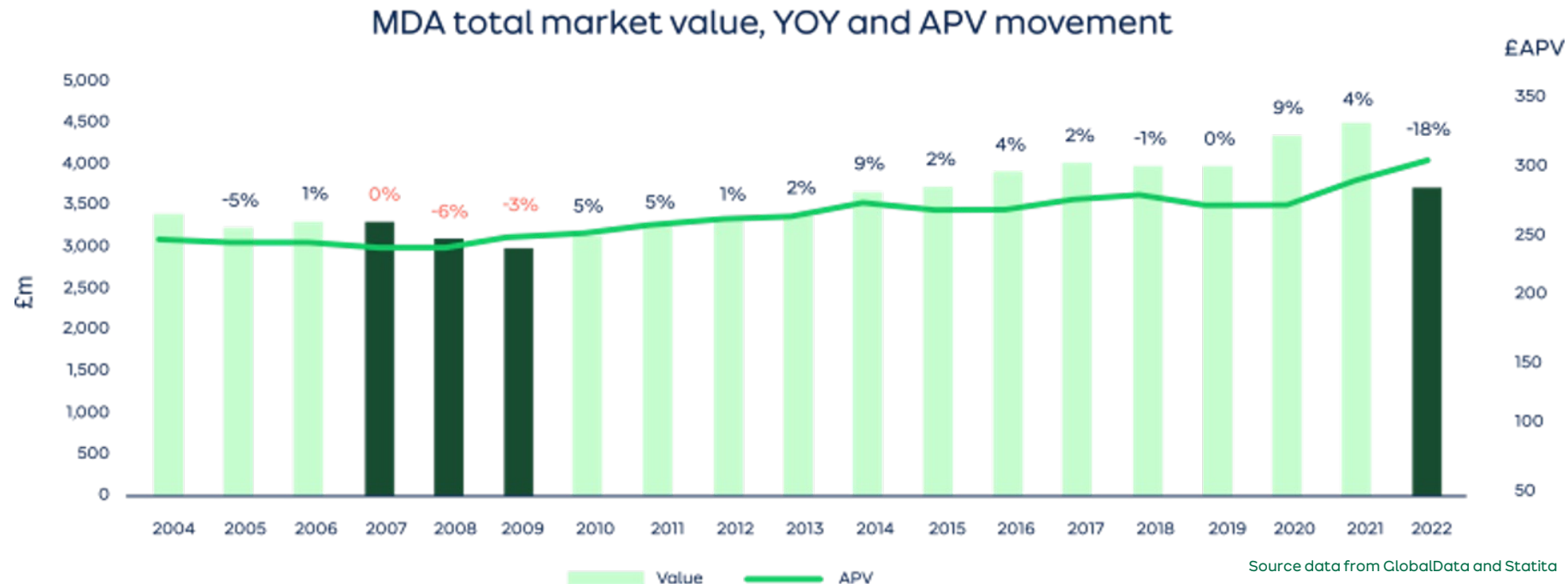




Strategic Progress

Macro-economic context

- Tough macro-economic conditions impacting consumer confidence with volatility remaining into medium term
- Core MDA category proven more resilient over time owing to distress purchases
- MDA market volume expected to decline by 18% in 2022
- MDA market expects marginal growth in '23 and '24 providing upside against our forecasts



Strategic Realignment

Solid progress against strategic realignment:

- Focus on cash and profit generation
- Simplification and refocus our operations to achieve this
- Reduce overheads
- Removal of all international costs



Revenue strategy

- Deliberate removal of some sales that no longer fit our priorities; Tesco trial and housebuilder market exit
- Actions underway to ensure every product contributes positively to cash and profit generation
- Range rationalisation, delivery and return charges
- Profitability and cash generation improving as a result of our actions
- Long term migration of customers to online



Cost reduction actions



- Achieved further operational efficiencies in H1
 - Removed warehousing space
 - Rationalised vehicles
 - Reduced office footprint
- Senior and middle management restructure completed
- £30m run rate overhead costs removed
- Benefit to begin to be realised in H2 and fully into FY24

Germany progress



- Decision to close June 2022
- Managing orderly closure of the business
 - Ceased trading on 1 July 2022
 - Operations mostly ceased on 1 August
- Total cash costs for closure expected to be materially nil versus original estimate of up to £15m
- Key risks mitigated

Bergheim property subleased and strong interest in remaining two owned properties

Material exit of Germany expected by March 2023
(some leases and contracts wind down into FY24)





Summary



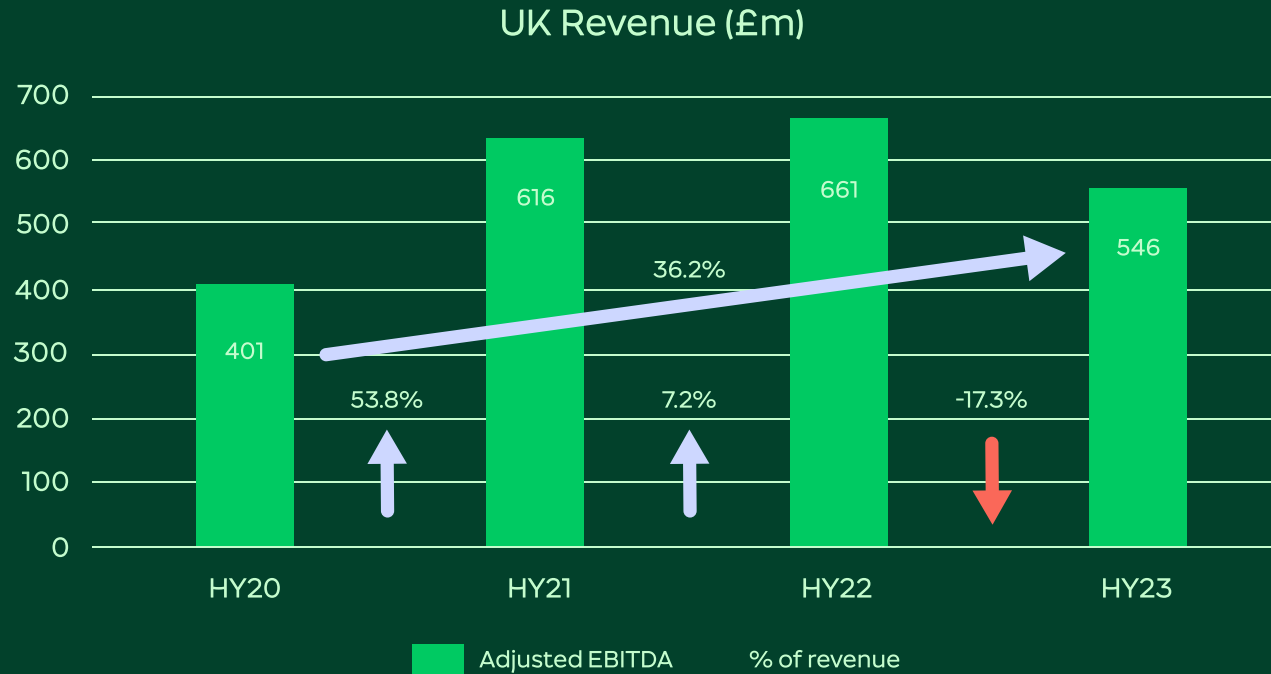
- Remain mindful of macro-economic context
- Actions delivering expected results with solid progress being made
- Less complexity and greater efficiencies in our model
- Continue to put customers first
- Thanks to AOers and manufacturer partners

The background features a series of concentric, thick green arcs that form a circular pattern, resembling a stylized spiral or a series of overlapping rings. The arcs are arranged in a way that they seem to radiate from the center, creating a sense of movement and depth. The overall color scheme is a vibrant green on a light green background.

Financial Performance

Mark Higgins
CFO

FY23 Revenue Highlights



- Pivot to cash and profit has impacted revenue
- Volatile period following robust growth during Covid
- Online MDA penetration is holding at around 53%, up c11% ppt vs pre-Covid levels (H1 FY20)¹

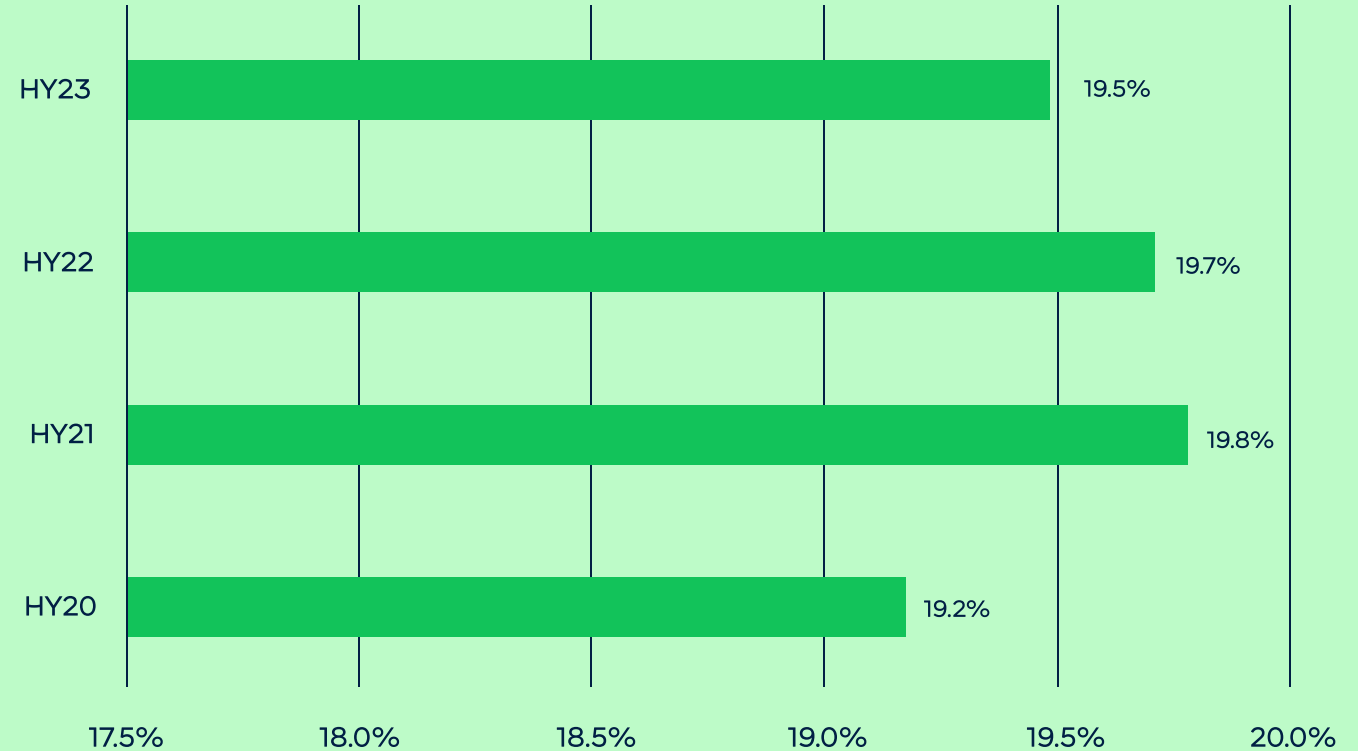
¹ CfK MDA data

UK Gross margin



- UK margins in FY23 affected by inflationary pressures in a number of areas, specifically in delivery costs.
- Inflationary costs offset by
 - increased product pricing
 - Introduction of delivery charges
 - Fuel price agreement which runs until Feb 2024

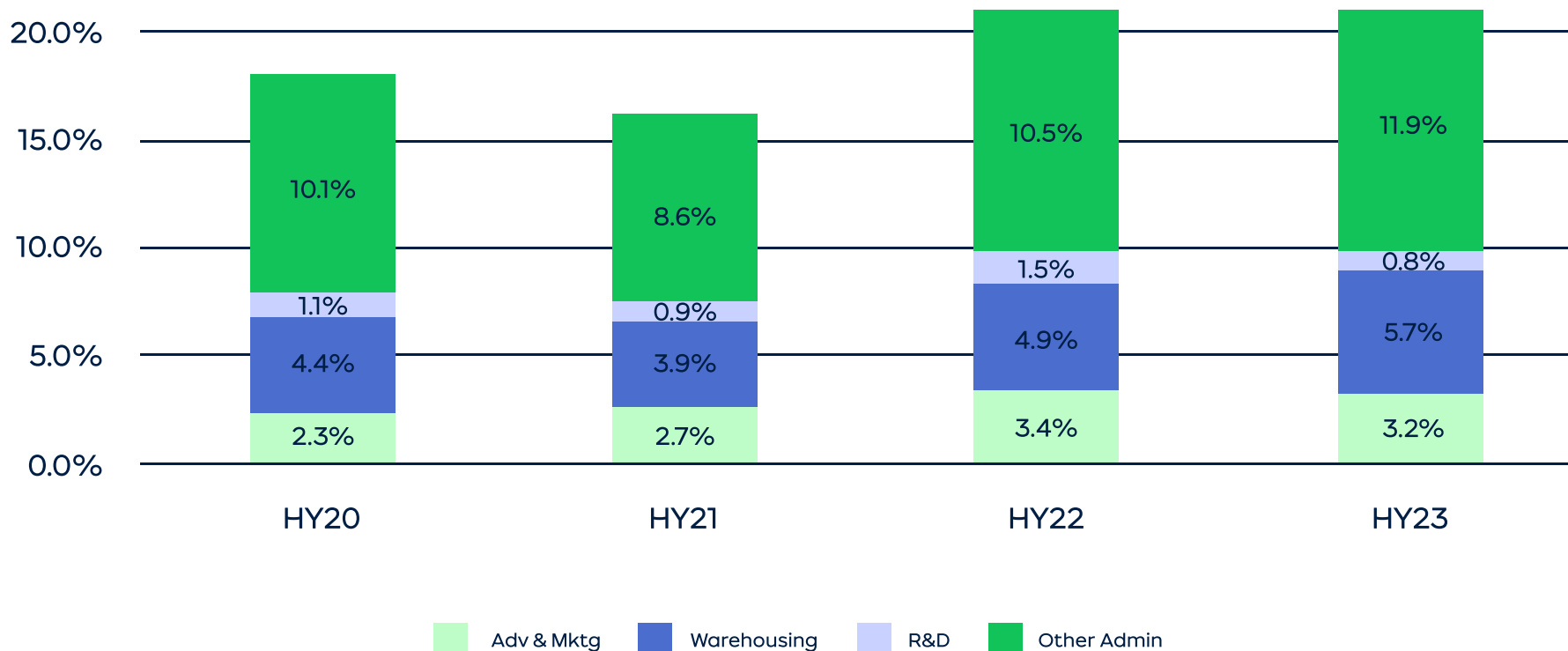
UK Gross Margin %



UK SG&A costs



UK SG&A costs as a% of revenue

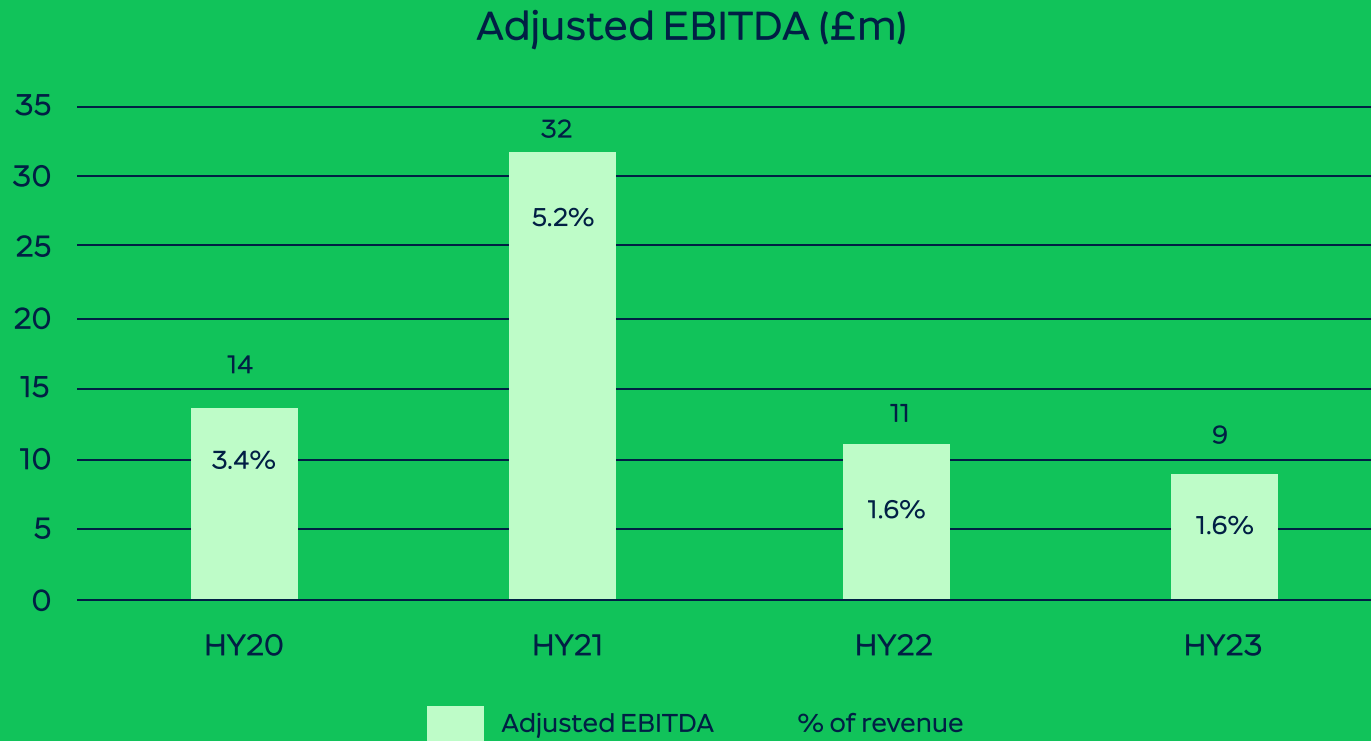


- Cost base set up for higher sales
- Move away from large advertising and marketing campaigns
- Rightsizing warehousing and office space
- Fixed energy price cap until 2024
- No benefit from overhead savings in H1 numbers

Certain financial data have been rounded. As a result of this rounding, the total of data presented may vary slightly from the arithmetic totals of such data

*Excludes impact of adjusting items

UK Adjusted EBITDA



- **Exceptional costs - £3.6m**
- **Further cost savings expected in H2**

* For the 12 months ending 31 March 2022

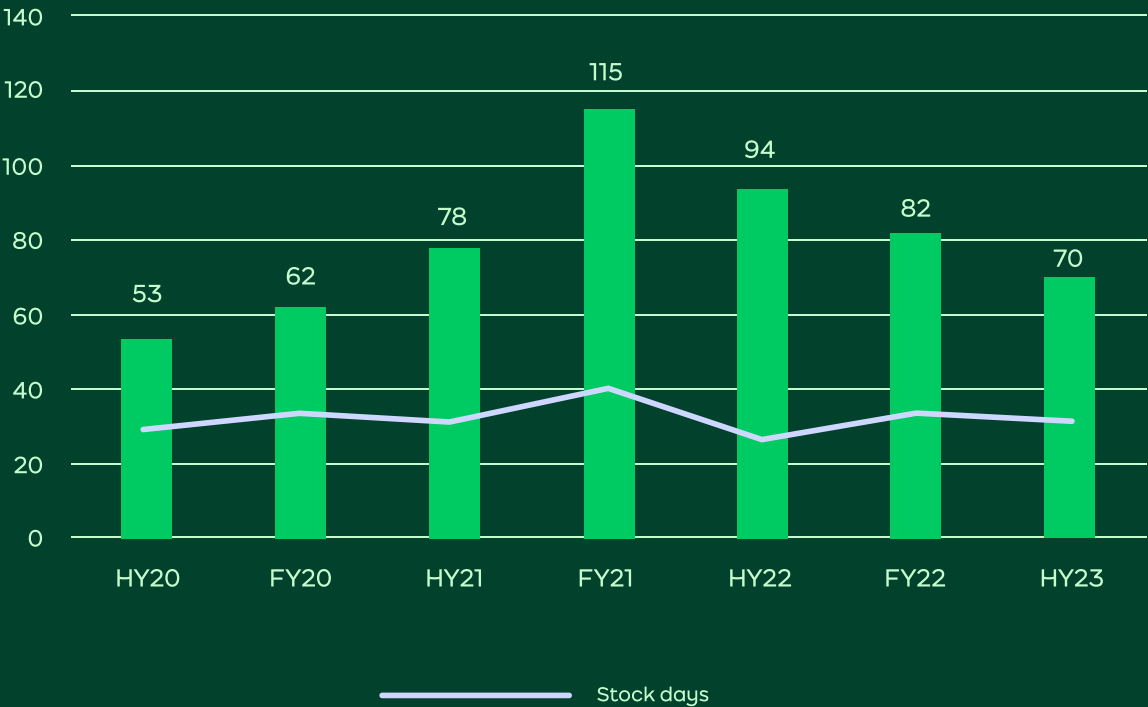
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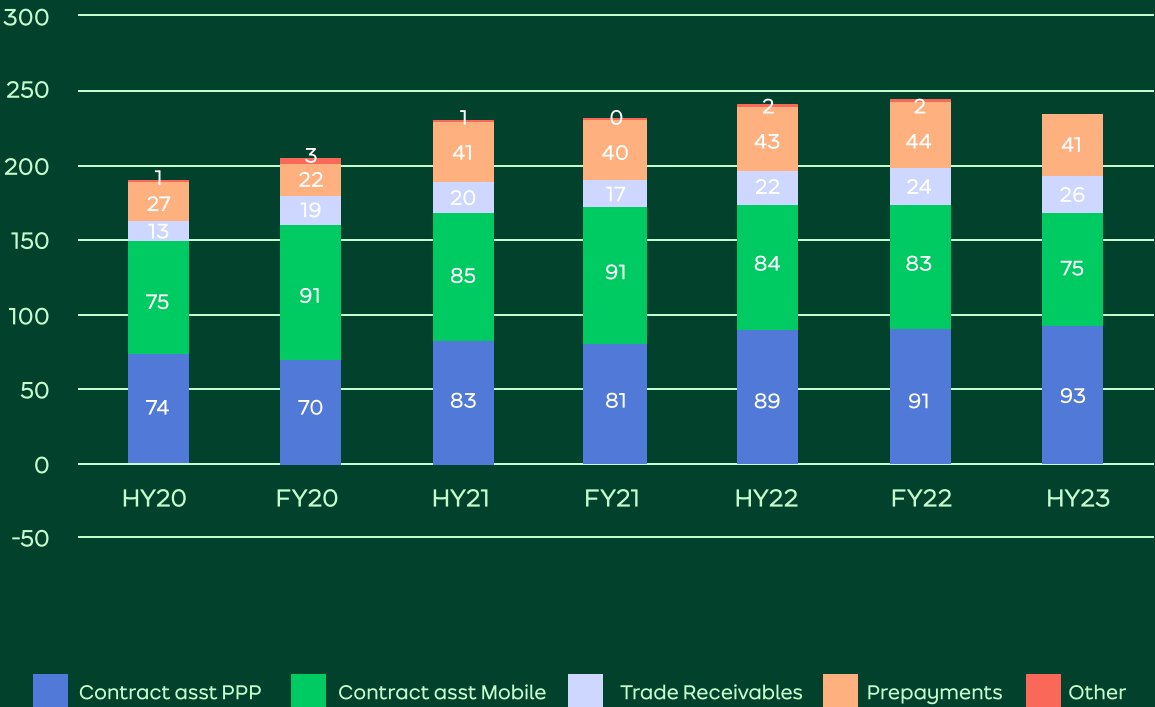
UK Working Capital



Stock value (£m) and days

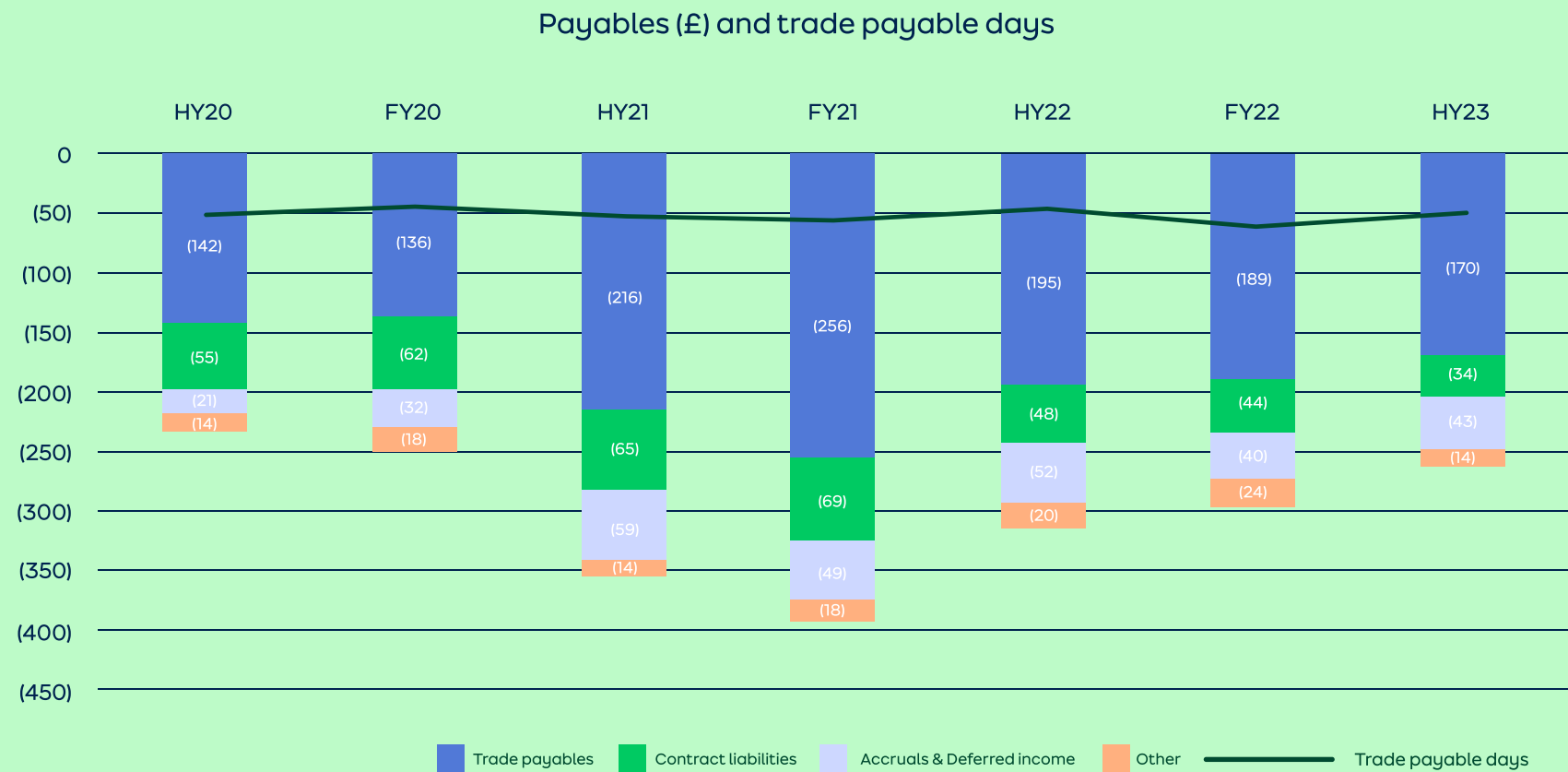


Debtors and contract assets (£m)



Values and number of days is at 31 March and as at 30 September

UK Working Capital



Cash flow & liquidity



	HY23	HY22
Adjusted EBITDA - continuing	9	11
Change in working capital	(17)	(65)
Share placing and financing cashflow	39	6
Other	(8)	(7)
Opening cash	20	67
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Closing cash	(42)	(11)
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Available liquidity = cash plus facility	(67)	(66)

- Placing in July restored liquidity levels to historical norm relative to revenues
- Net debt (pre IFRS 16) of £19m excluding operating leases
- Low capex
- RCF facility of £80m remains in place until April 2024

FY23 financial outlook



- Consumer markets continue to be affected by cost of living challenges and volatility
- Sensible strategic pivot to profit and cash generation with growth in medium term
- Guidance FY23:
 - Group Adj. EBITDA £20m – £30m
 - Revenues £1bn to £1.25bn
 - Capex of £5m
- Medium term operating ambitions:
 - Continuing adjusted EBITDA margin 5+%
 - Improved cash generation
 - Revenue growth 10+%





Thank you

The background features a dark teal color with several large, light blue curved shapes that resemble stylized waves or segments of a circle, arranged in a circular pattern around the central text.

Questions