



H1 2021 Results

Investor and Analyst Presentation

7th September 2021

Kevin Dorren, CEO & John Swan, CFO



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Presenting Team



Kevin Dorren, CEO

Experienced direct to consumer executive having founded a number of D2C brands including Diet Chef and Fine Coffee Club.



John Swan, CFO

ICAS qualified accountant, startup and growth company experience including VP European Finance of Quintiles IMS. Previously Financial Controller for Adobe Europe.





Agenda

- 1 H1 2021 Overview
- 2 Financial Highlights
- 3 Strategy & Product
- 4 Summary & Outlook
- 5 Questions & Answers





Mission

Promote, support and celebrate independent living and wellbeing.

We deliver innovative ready meals direct to the underserved Baby Boomer+ consumer making mealtimes easier and more enjoyable.

Excellent



Based on 22,824 reviews





H1 2021 Overview

Revenue Growth

- ✎ £14m revenue in H1 versus £11.1m in H1 2020
- ✎ New revenue of £2,958k
- ✎ Repeat revenue of £11,043k
- ✎ H1 2020 saw the benefit of the lockdown influx of customers

Progression in Key Performance Indicators (KPIs)

- ✎ Growth in Active Customer base*
- ✎ Repeat Average Order Value (AOV) progression
- ✎ Slight decline in AOV for new customers, likely to see positive momentum

Building the Team

- ✎ Added dedicated product development resource to drive future innovation projects
- ✎ First project delivered - premium chilled meal range (Chef's Table by Parsley Box)
- ✎ Hired Holly McComb as CFO, starting 13th September

Product Innovation

- ✎ Developed chilled range - encouraging early signs
- ✎ Elevated ambient range - ingredient sourcing, provenance, locally sourced and simplified

*Active Customers (have purchased in the last 13 months – 2 or more orders)





Financial Highlights

John Swan CFO



Financial Summary

- ✦ Revenue growth of 26% YoY
- ✦ Improved gross margin to 51%
 - ✦ Increased AOV
 - ✦ Customer acquisition
 - ✦ Growing repeat customer base
- ✦ Improved contribution margin to 30%
 - ✦ Fulfilment as a % of revenue
 - ✦ 23% 2020
 - ✦ 21% 2021
- ✦ Deployment of marketing funds accelerated in H1 2021
- ✦ Exceptional items

IPO related costs	£1,064k
Share based payments	£ 283k
	£1,347k

	H1 2021 £'000	H1 2020 £'000
Revenue	14,003	11,129
Cost of goods sold	(6,927)	(5,583)
Gross profit	7,076	5,546
Gross margin (% of sales)	51%	50%
Fulfilment expenses	(2,911)	(2,602)
Contribution margin	4,165	2,944
Contribution margin (% of revenue)	30%	27%
Marketing expenses	(4,851)	(2,439)
G&A	(2,932)	(1,378)
EBITDA before exceptional items	(3,618)	(873)
Exceptional items	(1,347)	0
EBITDA after exceptional items	(4,965)	(873)

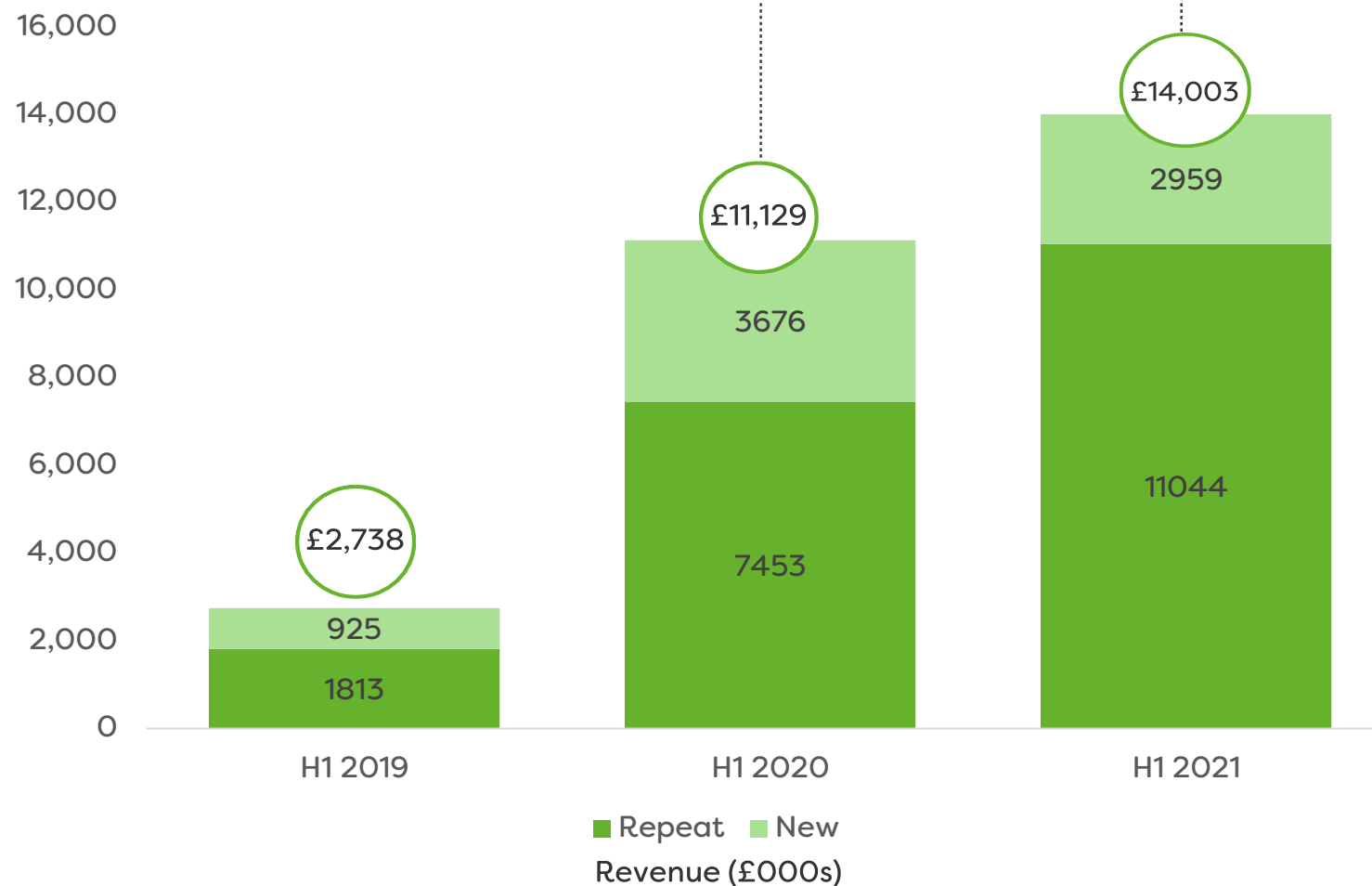


Revenue Growth

H1 2019 - H1 2021

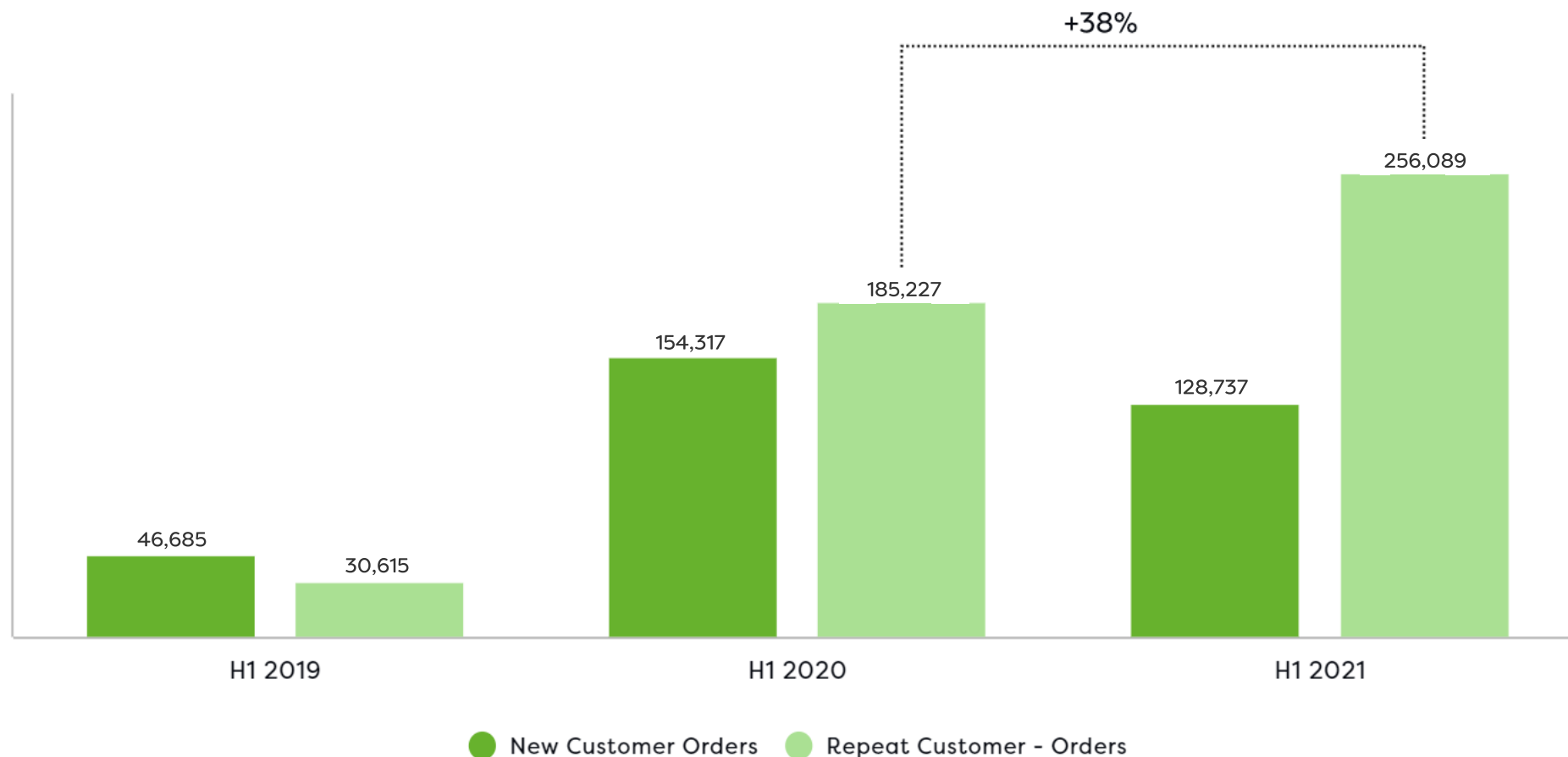
+26%

- ✦ Continued strong growth
- ✦ 126.2% CAGR
- ✦ Key Drivers
 - ✦ Customer retention
 - ✦ Increased AOV
- ✦ Repeat growth 48%
- ✦ Continued strong New Customer recruitment



Order Profile - New v Repeat

- Strong increase in repeat order levels
- New order numbers show growth on a normalised basis (36%)
- Marketing investment H1 21 35% of revenue, H1 20 24%
 - Acceleration 2021
 - Long-term benefit of brand investment
 - Prompted awareness up to 40%
- CAC higher due to brand investment (TV spend) +£11 but reducing with new marketing campaigns on chilled

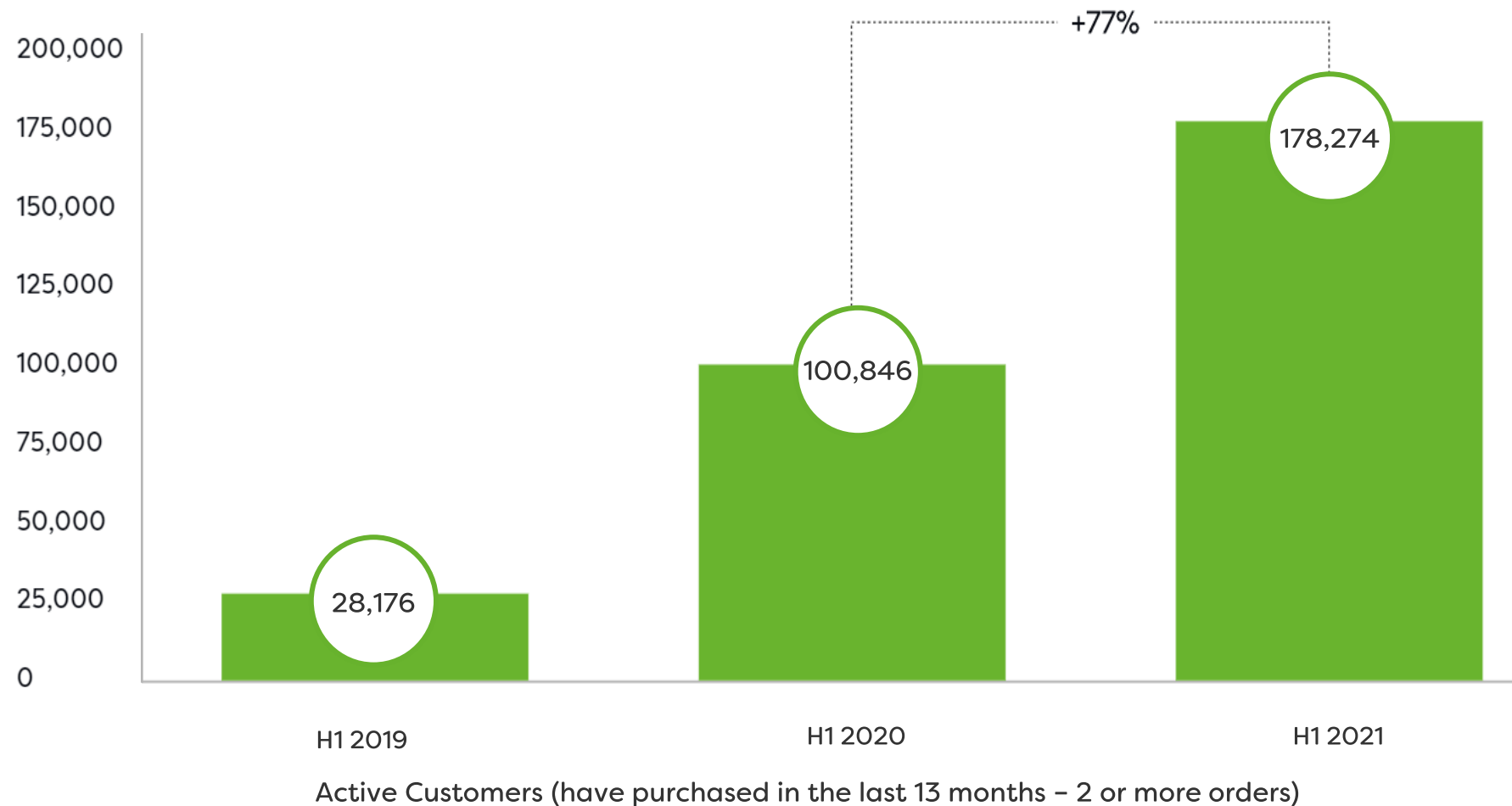




Active Customers

Very strong year-on-year growth

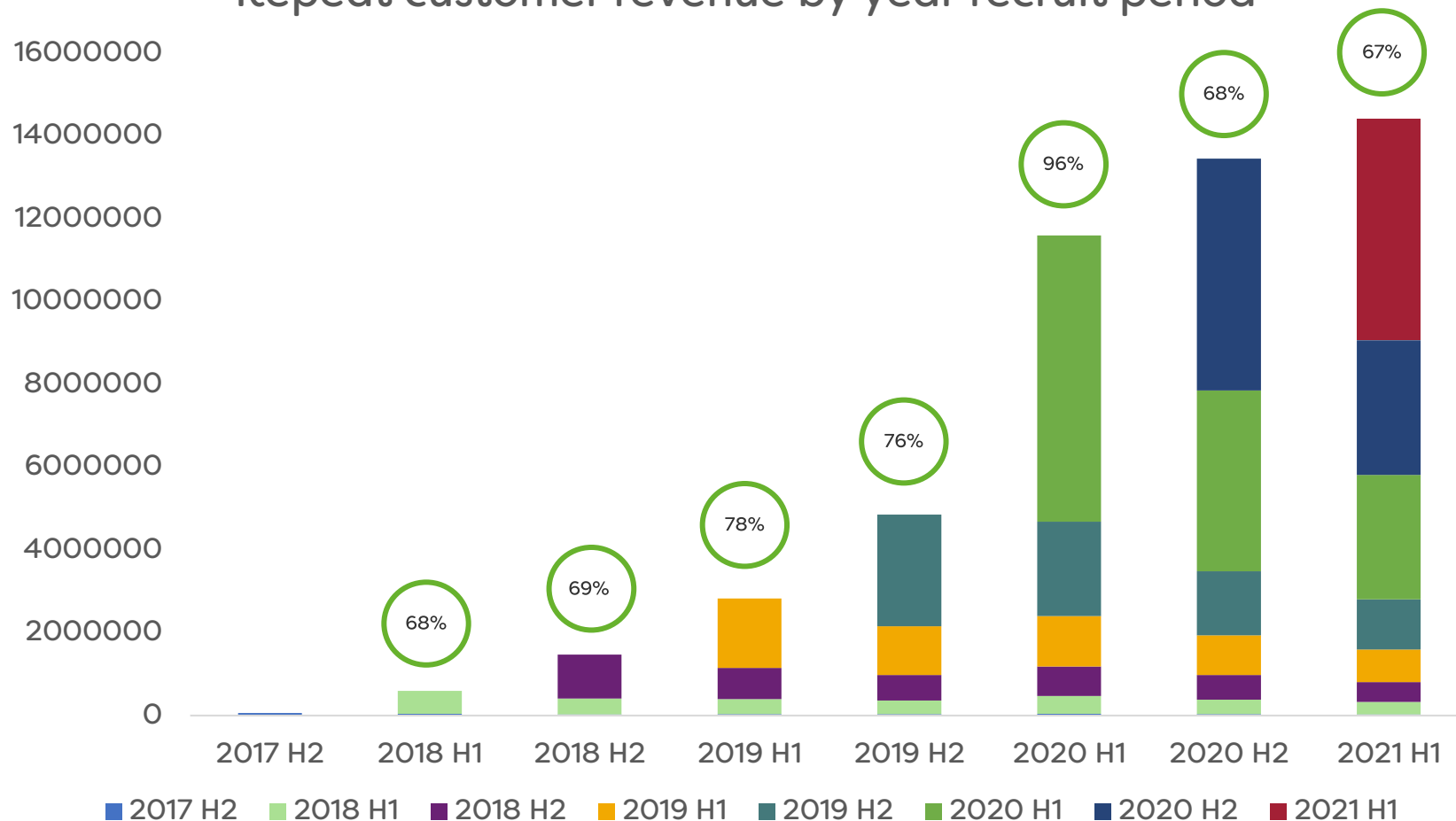
- ✦ Continued growth in Active Customer levels
- ✦ Increase in repeat customer levels delivers improved margins
- ✦ New \approx 35% gross profit
- ✦ Repeat \approx 55% gross profit



Customer Loyalty

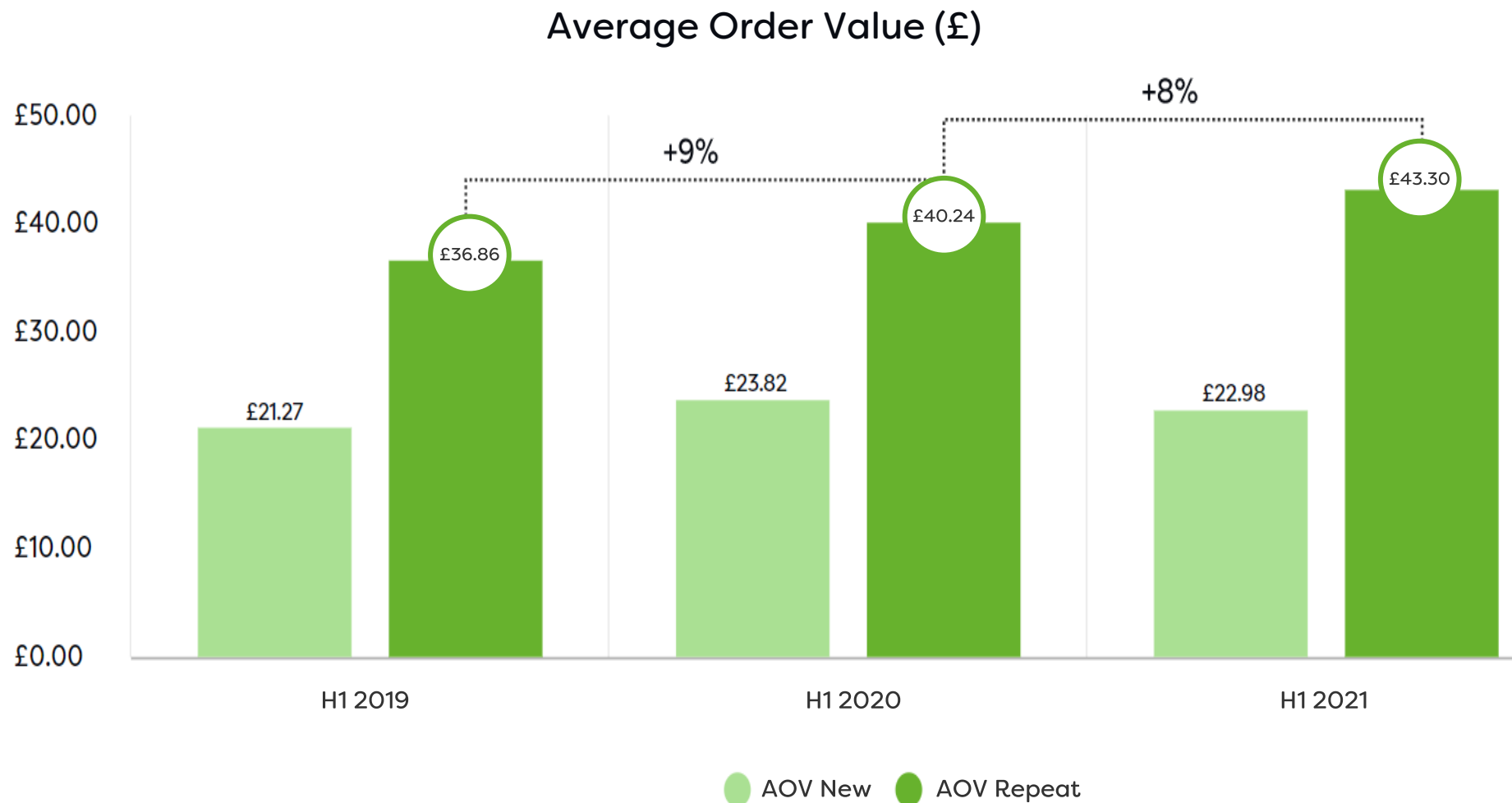
- Sales retention rate
 - H1 21 67%
 - H1 20 96%
 - H2 20 68%
- Continued strong customer loyalty
 - Call Centre call times
 - Champion of age group

Repeat customer revenue by year recruit period



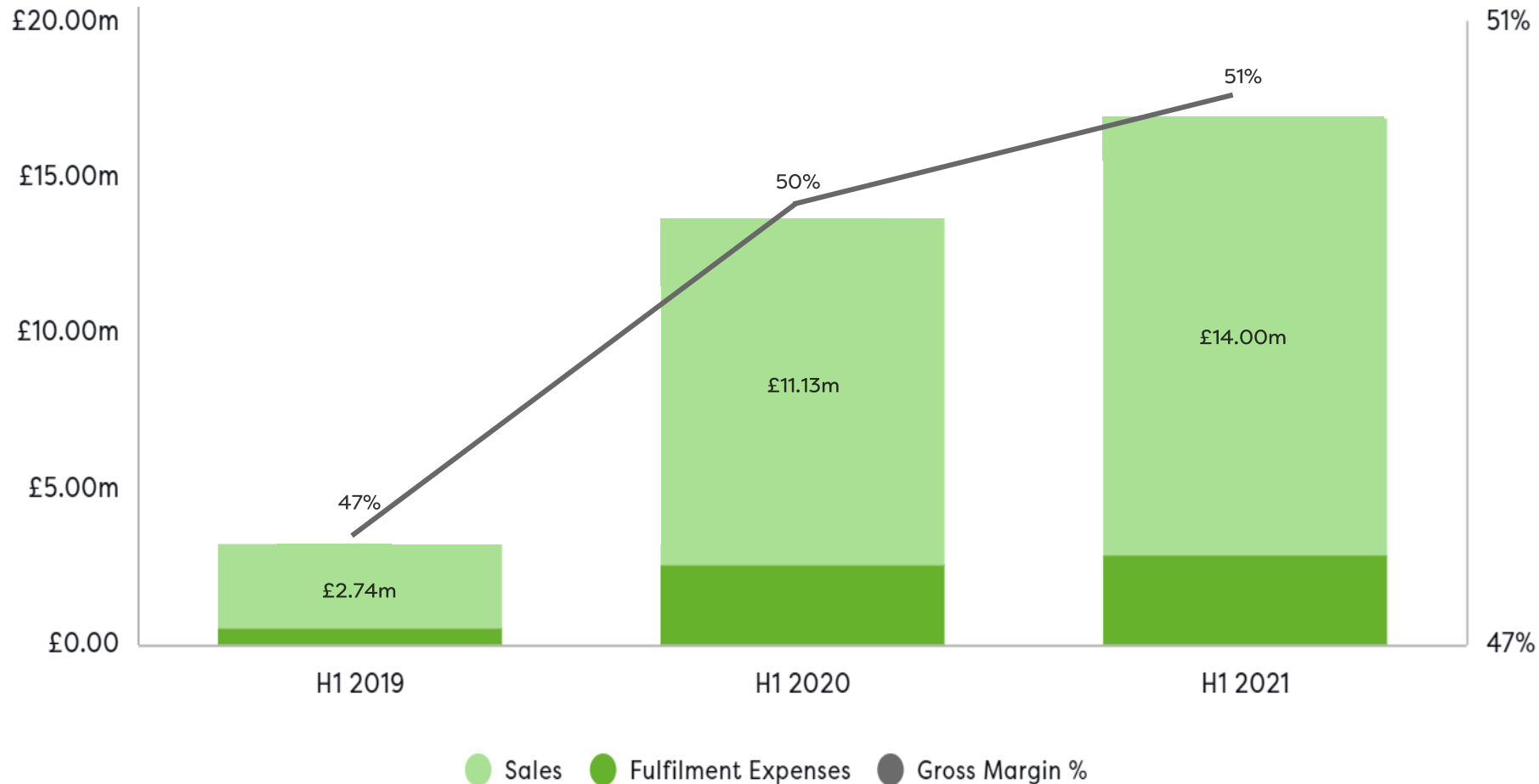
Average Order Value

- ✿ Maintenance of new order value
- ✿ Continued improvement in repeat order level (+£3 YoY)
- ✿ Expanded product range
 - ✿ More items in basket
 - ✿ Higher value items



Gross Margin Improvement

- ✦ Continued increase in gross margin
- ✦ Fulfilment expenses controlled
- ✦ Introduction of chilled on margin
 - ✦ Higher price point
- ✦ Input prices
 - ✦ Potential increases
 - ✦ Increased price point



Balance Sheet

Non-current assets

- ✎ Asset value £200k
- ✎ Leased property saving
 - ✎ £480k (annualised)

Stock

- ✎ Managed down re: new product launches:
 - ✎ Chilled introduction August
 - ✎ New ambient range September

Cash

- ✎ +£500k RBS facility

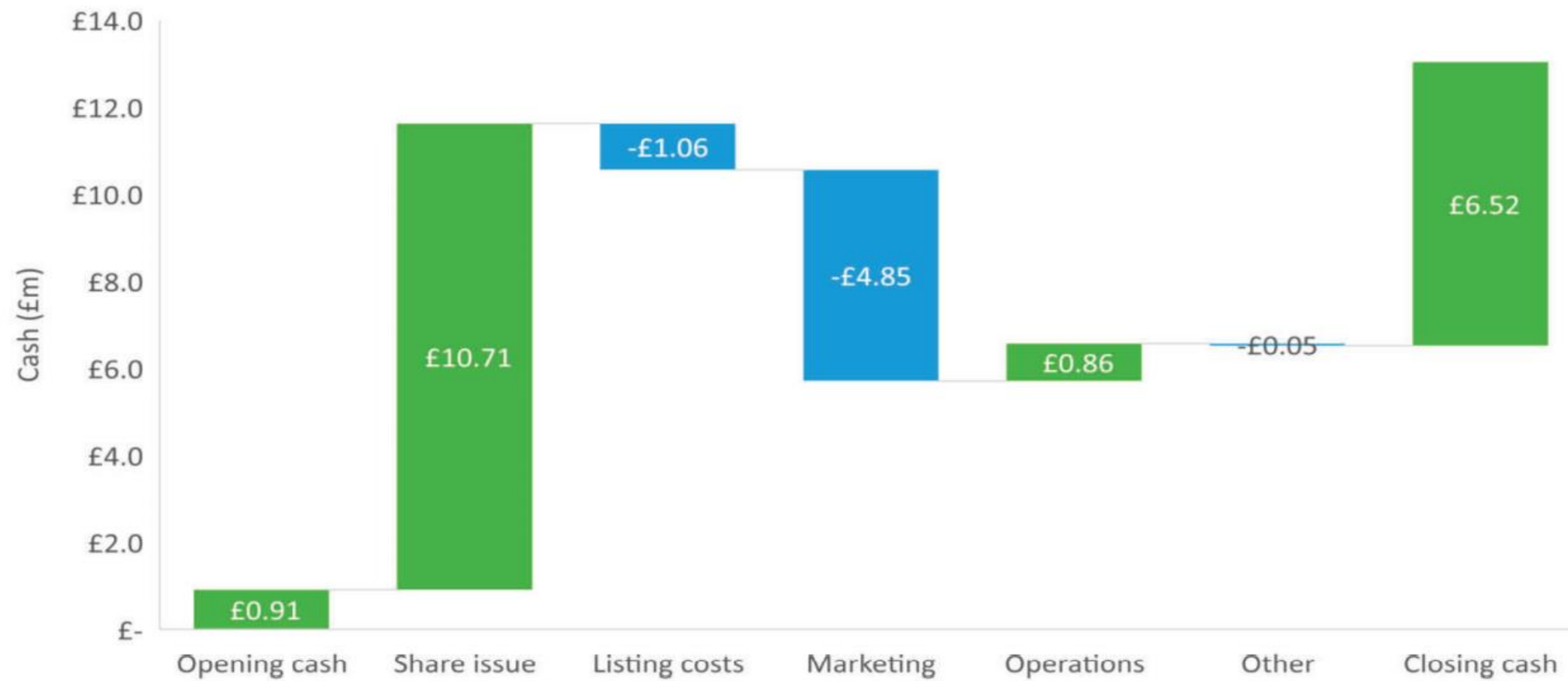
	As at 30 June 2021 £'000	As at 30 June 2020 £'000	As at 30 June 2019 £'000
Non-current assets	675	626	29
Stock	800	1,110	386
Cash	6,520	1,785	2,465
Other assets	591	417	146
Total current assets	7,911	3,313	2,997
Total assets	8,586	3,938	3,025
Equity (per SOCE)	4,957	961	1,857
Non-current liabilities	71	110	0
Current liabilities	3,558	2,867	1,168
Total equity & liabilities	8,586	3,938	3,025



Cash Flow Bridge

Cashflow Movement H1 2021 (£m)

● Increase ● Decrease



Strategy & Product



New Product Development

Key Hire



Cassandra Suddes

Working as a consultant since Jan 2021 to help shape wider product strategy. Ex Co-op and M&S. Significant ambient and chilled ready meal experience.

A detailed Product Update presentation from Cassandra is available to view [here](#).



Product Strategy

Driving innovation is the key to long-term growth strategy

Increase Total Addressable Market (TAM)

Innovate and Improve



Premium tier products

(£3.99-£4.49)



Higher price point but comparative to premium tier within leading grocers



UK ready meal market worth £5.9 billion (Euromonitor: Nov 2020). Product expansion increases TAM



Focus on food provenance to be more relevant to larger audience (British beef, free range eggs, Yorkshire potatoes)



Simplify ingredients and remove palm oil and unnecessary ingredients wherever possible



Reduce food miles to support our green credentials and growing consumer ethics

Deliver higher repeat order rates and average order value from customers





Chilled Product Launch - August 2021

Initial range of 8 chilled ready meals launched August 2021

- ✦ 21-day shelf life from delivery
- ✦ Premium tier and price point £3.99-£4.49
- ✦ Larger meals (350g)
- ✦ Compete with 'finest' range within grocers

Demand levels encouraging

- ✦ More complex supply chain due to shorter shelf life
- ✦ Impact of HGV and labour shortage

Strong response rate in recruitment channels

- ✦ Lower CAC
- ✦ Awaiting reorder metric to complete picture



Early Positive Feedback

“ The new Chef's Table meals are very good quality and filling - look forward to trying others in the range. ”

Mrs Linda Hall



“ Well packaged on arrival still very cold, delivery was within the timescale stated, will be using Parsley Box again. ”

Colin Styant



“ The new line of deluxe meals are very tasty having sampled the fish pie. ”

David



Ambient Product

- ✦ Reviewed the range against competitor set
- ✦ Aligned our food values that underpin our development
- ✦ Established a strategy to elevate our range of meals, soups, sides and puddings by driving eating quality and culinary knowledge
- ✦ Phased approach to re-launching our products over the next few months





Summary & Outlook



H2 2021 Outlook

Repeat order rates for new products is key data point

- Early reviews and feedback positive
- Further update to be provided when appropriate

Innovation delivering step change in growth

- Higher price point and new product range expected to deliver further growth in H2 2021
- Average order values on new and repeat customers expected to increase from retail price point rise
- Inflationary pressures substantially negated through increased retail prices in H2 2021

Marketing channels seeing early signs of recovery

- July and August have shown more positive momentum in response rates than in May/June
- Further investment in new customer recruitment expected to deliver improved CAC
- Broadening addressable demographic titles grows overall addressable target market

Exciting long-term growth opportunity

- Strong growth potential in a growing and underserved demographic
- Key drivers remain strong for our long-term growth





Questions & Answers



Appendix





Unaudited Statement of Comprehensive Income

for the six months
ended 30 June 2021

	Note	Unaudited Six months ended 30 June 2021 £'000	Unaudited Six months ended 30 June 2020 £'000	Unaudited Year ended 31 December 2020 £'000
Revenue		14,003	11,129	24,376
Cost of goods sold		(6,927)	(5,583)	(12,220)
Gross margin		7,076	5,546	12,156
Fulfilment expenses		(2,911)	(2,602)	(5,365)
Contribution margin		4,165	2,944	6,791
Marketing expenses		(4,851)	(2,439)	(5,843)
G&A expenses		(3,651)	(1,521)	(4,114)
IPO expenses		(1,064)	-	-
Operating loss		(5,401)	(1,016)	(3,166)
Finance income		1	3	3
Finance costs		(16)	(7)	(17)
Loss before taxation		(5,416)	(1,020)	(3,180)
Taxation		-	-	-
Loss for the period		(5,416)	(1,020)	(3,180)
Total other comprehensive income		-	-	-
Loss and total comprehensive expense for the period attributable to the owners of the company		(5,416)	(1,020)	(3,180)
		=====	=====	=====
Basic loss per share	2	(12.9)p	(2.4)p	(7.6)p

All of the above income is attributable to the shareholders of the Company.



Unaudited Statement of Financial Position

as at 30 June 2021

	Note	Unaudited As at 30 June 2021 £'000	Unaudited As at 30 June 2020 £'000	Unaudited As at 31 December 2020 £'000
Assets				
Non-current assets				
Intangible assets		-	3	6
Property, plant and equipment		675	622	949
Total non-current assets		675	625	955
Current assets				
Inventories		800	1,110	1,484
Trade and other receivables		590	417	530
Cash and cash equivalents		6,520	1,785	914
Total current assets		7,910	3,312	2,928
Total assets		8,585	3,937	3,883
		=====	=====	=====
Equity and liabilities				
Share capital	4	422	342	342
Share premium		5,126	4,311	4,311
Share option reserve		380	23	600
Other reserves		10,321	-	-
Retained losses		(11,291)	(3,715)	(5,875)
Total equity attributable to owners of the company		4,958	961	(622)
Non-current liabilities				
Lease liability		71	110	213
Total non-current liabilities		71	110	213
Current liabilities				
Trade and other payables		3,164	2,428	3,685
Lease liability		392	438	607
Total current liabilities		3,556	2,866	4,292
Total liabilities		3,627	2,976	4,505
Total equity and liabilities		8,585	3,937	3,883
		=====	=====	=====



Unaudited Statement of Changes in Equity

for the six months ended
30 June 2021

	Share capital £'000	Share premium £'000	Other reserves £'000	Share option reserves £'000	Retained loss £'000	Total £'000
Balance at 1 January 2020	342	4,311	-	23	(2,695)	1,981
Share based payments	-	-	-	-	-	-
Loss for the period	-	-	-	-	(1,020)	(1,020)
Balance at 30 June 2020	342	4,311	-	23	(3,715)	961
Loss for the period	-	-	-	-	(2,160)	(2,160)
Share based payments	-	-	-	577	-	577
Balance at 31 December 2020	342	4,311	-	600	(5,875)	(622)
Issue of shares	59	10,290	-	-	-	10,349
Share options issued	-	2	501	(503)	-	-
Share options exercised	19	343	-	-	-	362
Treasury shares – SIP	2	-	-	-	-	2
Share based payment charge	-	-	-	283	-	283
Transfer to other reserves on IPO	-	(9,820)	9,820	-	-	-
Loss for the period	-	-	-	-	(5,416)	(5,416)
Balance at 30 June 2021	422	5,126	10,321	380	(11,291)	4,958



Unaudited Cash Flow Statement

for the six months
ended 30 June 2021

	Note	Unaudited six months ended 30 June 2021 £'000	Unaudited six months ended 30 June 2020 £'000	Unaudited year ended 31 December 2020 £'000
Cash flows from operating activities				
Loss before taxation		(5,416)	(1,020)	(3,180)
Adjustments for:				
Depreciation of property, plant, and equipment		430	140	411
Amortisation of intangible assets		6	3	12
Interest paid/(received)		(1)	(3)	(3)
Lease interest payments		16	7	17
Loss on disposal of property, plant and equipment		-	-	-
Credit to equity for equity settled share-based payments		283	-	578
		<u>(4,682)</u>	<u>(873)</u>	<u>(2,167)</u>
Changes in working capital				
Decrease/(increase) in inventories		684	(179)	(552)
Increase in trade and other receivables		(60)	(27)	(140)
(Decrease)/increase in trade and other payables		(517)	569	1,826
Cash generated from operations		<u>(4,577)</u>	<u>(510)</u>	<u>(1,033)</u>
Tax paid		-	-	-
Net cash inflow from operating activities		<u>(4,577)</u>	<u>(510)</u>	<u>(1,033)</u>
Cash flows from investment activities				
Purchase of property, plant and equipment		(155)	(62)	(147)
Proceeds from disposal of property, plant and equipment		-	-	(8)
Net cash outflow from investing activities		<u>(155)</u>	<u>(62)</u>	<u>(155)</u>
Cashflows from financing activities				
Proceeds from issues of shares		10,712	-	-
Interest (paid)/received		1	3	2
Payment of lease liabilities		(375)	(126)	(380)
Net cash inflow/(outflow) from financing activities		<u>10,338</u>	<u>(123)</u>	<u>(378)</u>
Net increase/(decrease) in cash and cash equivalents		<u>5,606</u>	<u>(695)</u>	<u>(1,566)</u>
Cash and cash equivalents at beginning of period		914	2,480	2,480
Cash and cash equivalents at end of period		<u>6,520</u> =====	<u>1,785</u> =====	<u>914</u> =====





Parsley Box

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