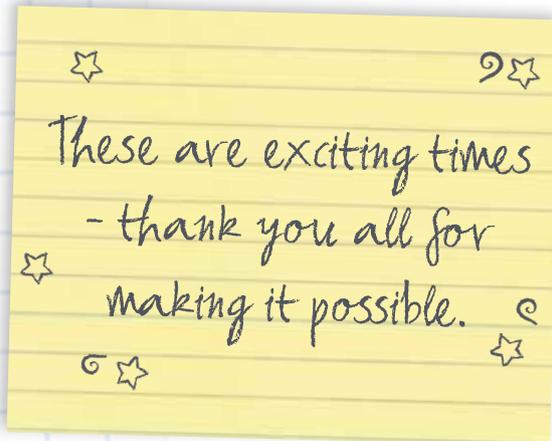


ANNUAL REPORT 2017



Coming into COOK's 20th year, it's fair to say that the business is in great shape, with strong sales momentum and yet another fantastic result in the Best Companies To Work For survey, at number 31. Even more exciting are the opportunities lying ahead of us and the fact we have undoubtedly the strongest team in COOK's history.

In terms of the financial figures, we successfully delivered our budgeted profit for the year of £4.5m, continuing our established trend of steady annual growth. This was up 13.5% on the previous year, with sales overall growing by 12.2% to £64m gross.

There's a summary of the highlights – and the learnings – on the following page. There's no doubt it was a game of two halves, with the first six months presenting considerable challenges before we turned the tables in the second half of the year, thanks, in no small part to yet another remarkable Christmas.

Of course, the financial measures aren't the only ones that matter, nor even the most important. The fact that we maintained our top, three-star rating as one of the country's top 100 Best Companies To Work For is something in which we should all take immense pride, although the slight slippage in our ranking and score has highlighted that we must not take our remarkable culture for granted.

As Nick Candler, our chairman, is fond of saying: as a business COOK has been through the toughest part of the journey – surviving for two decades, including a severe recession. What's more, we have done so without compromising our values and with a genuine sense of purpose bubbling up inside.

Yet, as I reflect on COOK's story so far, it could be characterised as: two steps forward and one step back, as self-inflicted wounds have often slowed our progress. Mistakes are an inevitable part of being human, being ambitious and running a business. But I have never been more confident that, with the broad leadership team we have in place, we can keep mistakes to a minimum and through our collective skill and growing experience make ever bigger strides forward.

We are presented with a wonderful opportunity to accelerate growth and flourish. These are exciting times - thank you all for making it possible.

A handwritten signature in black ink that reads "Edward Perry".

Edward Perry, CEO

When we offer feedback at COOK, we separate it into “what went well...” and “even better if...”. It’s a simple but effective way to provide constructive feedback about pretty much anything, forcing us to celebrate the positives and not just jump straight to the critique. So, with that in mind, here’s a summary of business performance in the last financial year to the end of March 2017.

What went well...

- Our theme for the year was Focus on the Focus. It became a familiar refrain as we flirted with distractions from our plan. Whereas in previous years we would likely have succumbed to the allure of a shiny, new idea parachuted in from on high, this year we maintained (mostly) our focus on the focus. Of the 42 projects in our annual milestone plan, we ended the year with 32 on green, eight amber and just two red.
- Our new hospitality initiative in COOK retail – host like you would at home – was a big success from conception to launch at our second retail Big Day Out and roll-out through the summer.
- We launched beautiful new sleeves for our core range of one, two and four-portion meals.
- Trials of targeted door drops to recruit new customers were a success and are being rolled out more widely.
- Our concessions business, with branded freezers in other retailers, had an amazing year. Sales overall grew by more than 23% to £18.1m, thanks to opening lots of new space, while like-for-like sales in existing concessions grew by more than 7%.
- We delivered more profitable promotions and saw particular success with our first Meat Free May promotion on vegetarian meals and our £12 takeaways for two.
- Christmas was yet again truly remarkable with like-for-like sales of +12% over the 12 weeks of the festive period.
- The successful implementation of the ISO 22000 global standard at the COOK Kitchen in Kent was a landmark in terms of ensuring manufacturing excellence as we grow.
- COOK Puddings in Somerset delivered a belter of a performance, beating pretty much every target they were set.

- In the Best Companies To Work For survey, we once again achieved the top, three-star rating and placed 31st in the top 100 companies – the top-ranked manufacturer and third-placed retailer.
- We successfully delivered our budgeted profit of £4.5m, which was 13.5% up on the previous year. Sales overall were up 12.2%.
- All electricity used at our Kitchen in Kent now comes from renewable sources.
- We became the first food manufacturer in the UK to install an end-to-end food waste recycling system in November.

Even better if...

- We were committed to two, very significant infrastructure projects in the first few months of the year: moving our logistics from Lenham to Gillingham and creating a new, high-care room in the COOK Kitchen to make thaw-and-serve dishes. While both projects were ultimately executed well – albeit, not without hiccups – we were guilty of having planned and budgeted for perfection. Falling short meant we missed budget targets in the first half the year.
- We should have taken summer more seriously. Our seasonal entertaining range arrived in stores later than usual and with much less marketing support, hurting sales. A lesson learned for summer 2017.
- We fell behind our new store opening calendar, partly due to uncertainties created by Brexit and partly due to some very lengthy legal wrangles.
- We ended our direct involvement with Eat Local in Seattle. It was proving a distraction (remember, focus on the focus!) and hadn’t flown as we’d hoped. We recorded a £210k loss on our share-holding as a result. We still own the shares, so it could yet come good.

NUMBERS

— THAT MAKE US —

HAPPY

+9.8%

£4.5m Profit

+12.2%

£64m Sales

+23.1%

£18.1m

Concessions
Sales

+4.0%
LFL Like for like sales in shops
open for 12 months

+12.0%
Christmas LFL



COOK Puddings

634K

Puddings Made

Logistics

+4.2%

1.25m Cases Picked

The COOK Kitchen

+10.2%

18.3m Portions Dished



Shops*

83 Total

3 New

2 Closed

20 Super
Concessions

*As of end March '17

Impact Report

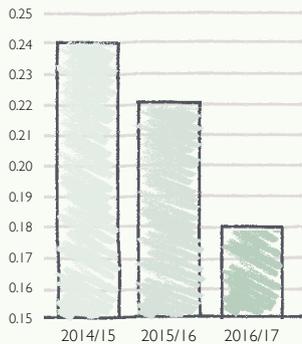
We are committed to having a positive impact on the people we work with and the communities we operate in and we recognise that we should be working constantly to reduce our impact on the environment. This Impact Report is designed to communicate how we have done in these areas in 2016/17. We are now seeking to set meaningful targets against which our performance can be monitored, to ensure we continue to move in the right direction.

Environment

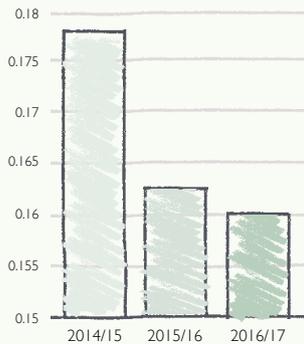
*Figures for the COOK Kitchen, Sittingbourne

RESOURCES (per portion)

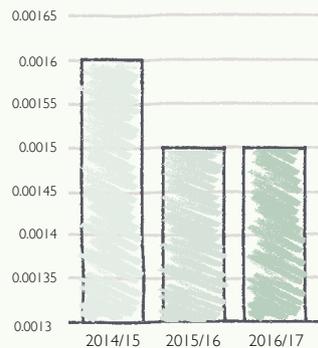
Natural Gas*
(Kw Hrs per portion)



Electricity*
(Kw Hrs per portion)



Water*
(Cubic metres per portion)

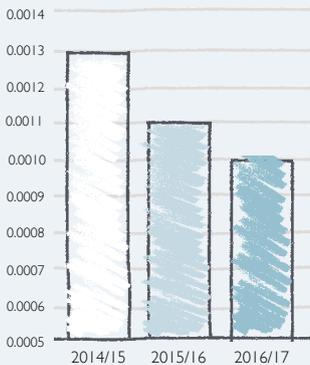


Energy efficiency improved, with the amount of natural gas and electricity used per portion continuing to fall.



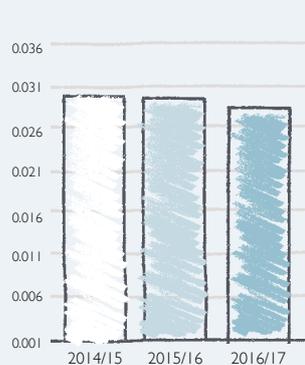
WASTE (per portion)

Water Waste*
(Cubic metres per portion)

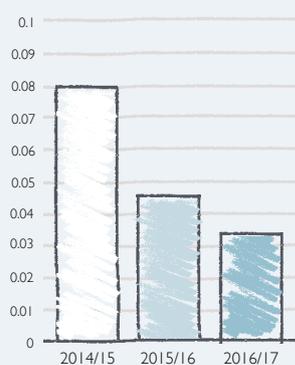


Food Waste*
(kg per portion)

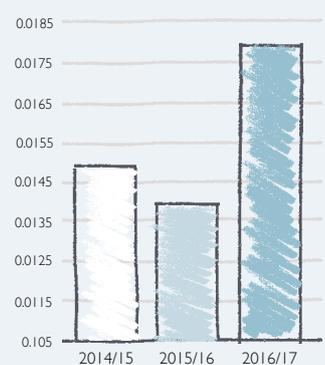
all recycled via anaerobic digestion



Effluent*
(kg per portion)



Landfill*
(kg per portion)



We successfully reduced waste in three of four areas last year, but the increase in waste to landfill really isn't good enough. We are pursuing projects to make sure this doesn't happen again. In our stores, we have successfully switched from using polystyrene tasting pots to reusable ones, diverting roughly 320,000 pots from landfill.

Cardboard Recycled

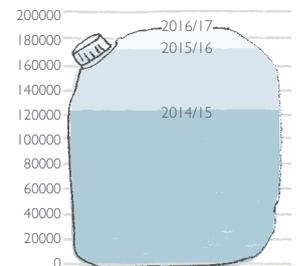
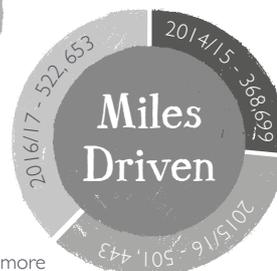
228.7 tonnes

We have also been working with suppliers to reduce the amount of cardboard we use by switching to re-usable plastic crates for deliveries.

Transport

As we continue to grow as a business and expand our delivery service, the miles we drive and fuel we use have increased.

We are working on ways to reduce our impact from transport overall. This year we started working with a local laundry supplier reducing the distance our kitchen whites travel by more than 85,000 miles a year, saving around 60 tonnes of carbon a year (the equivalent of a 4 person household for the entire year).



Litres of Diesel Used

Community

Community Kitchen

10,423

People Fed
+6,423
vs. last year



198
Events
+118
vs. last year

We helped feed nearly three times the number of people as the previous year with our 30% discount for community events.

FoodCycle donation from carrier bag charges

£25,459

FoodCycle is a national charity that builds communities in 33 locations through the provision of weekly community meals, made from surplus food, for vulnerable people.

Charitable Causes

£20,590

Vouchers Donated
+£6,120 vs. last year

We also continue to support Caring Hands in the Community, a drop-in centre for the homeless or vulnerable in Rochester, with donations of food and volunteering.



We provided our highest ever number of school meals in Malawi through our partnership with One Feeds Two. For every portion of our seasonal Christmas lines sold, we donated a school meal.

321,557

Meals
+85,152 vs. last year

Total Volunteer Hours Logged

1,053

Everyone at COOK can use the equivalent of one working week for volunteering for a good cause.

People

Profit Share

5%

In the second year of our profit share scheme we once again distributed 5% of profits to all members of staff who had been with us since the start of the financial year.

Best Companies

31st

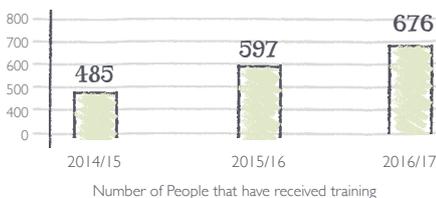
3-star rating as an outstanding employer

Discovering Potential

Number of people who accepted jobs through our community employment scheme (for example, as part of our scheme offering work to ex-offenders).

15
Jobs

Training



Whilst we trained more people this year; total training hours fell due to a change of dates in our COOK Academy programmes

71

Internal Promotions

Living Wage Foundation

We're proud to be a certified Living Wage employer and increased entry level salaries by 5.1% in London and 7.5% elsewhere in July 2016.

35
Dreamers

People who received one-to-one life coaching through our Dream Academy to help them realise personal dreams.

Hardship Fund

We seek to support colleagues who need a helping hand, through interest free loans.

36 People Helped

£21,863
(-£7,834) vs. last year

