

Commercial in confidence

Good Builds
start with our **SUPER**
stores

CMO Group Plc Full Year 2023 results

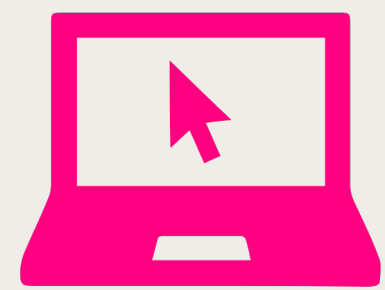
Dean Murray, CEO

Jonathan Lamb, CFO

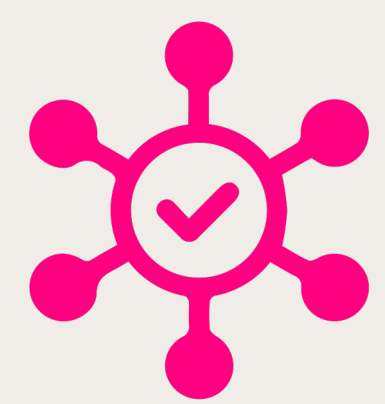
Callum Tasker, CCO



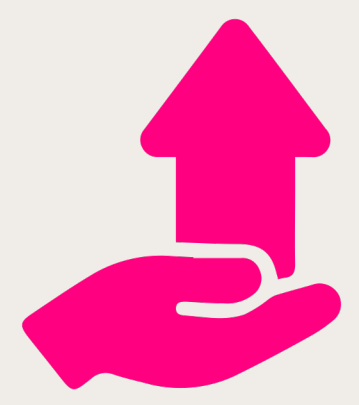
Introduction to CMO



UK's leading disruptive online-only retailer of building materials



Strategy to expand the range of product categories, organically and through M&A



Competitive pricing with high level of service

£71.5m revenue

59% revenue growth on 4-year view

£0.9m adjusted EBITDA*



Disrupting the £29bn domestic repair, maintenance and improvements market (RMI)**

Negative working capital model

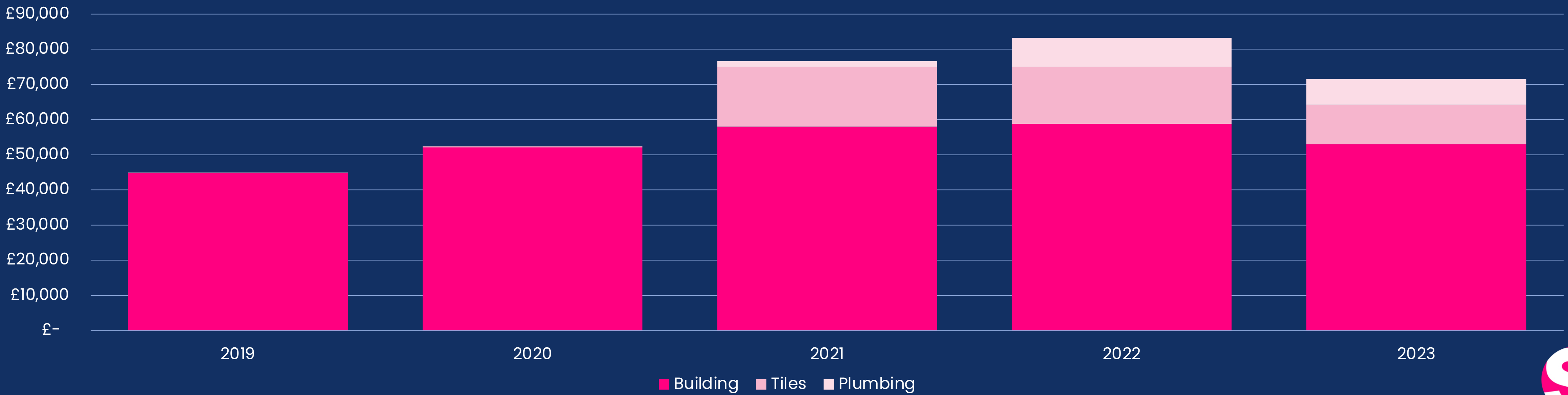
*Adjusted EBITDA is defined as earnings before interest, tax, depreciation, amortisation, foreign exchange, exceptional and acquisition costs.

**Source: (1) RMI Index, Travis Perkins, November 2022.



Started in 2008, we have scale and competitive advantage

2008	2009	2014	2015	2017	2018	2019	2020	2021	2022
Founded	ROOFING SUPERSTORE First commercial sale	DRAINAGE SUPERSTORE First commercial sale	INSULATION SUPERSTORE First commercial sale Acquisition Outsourced ecommerce team joins the Group	Investment by Key Capital Partners	Rebranded cmostores.com Acquisition Acquired Doorweb and rebranded as DOOR SUPERSTORE	New stores CMOTrade.co.uk and TILE & FLOOR SUPERSTORE launch	Acquisition Total Tiles joins the CMO Group	Successful IPO Acquisition JTM Plumbing joins the CMO Group	Acquisition Clickbasin.co.uk PLUMBING SUPERSTORE First commercial sale Evolved branding launches



CMO is leading the disruption of this market with an online-only service-led offering



COMPETITION

No obvious competitor with a similar proposition in a £29bn market



PRICE TRANSPARENCY

Not hampered by traditional market pricing practices



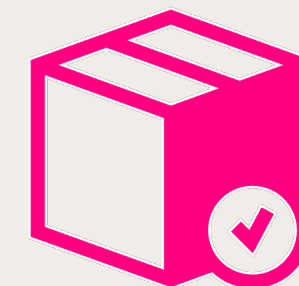
DIGITALISATION

Singular focus on digitalising a market which has been slow to change



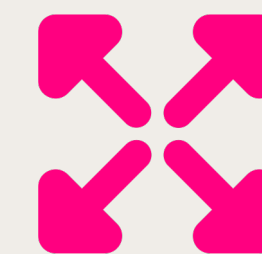
SERVICE

Interactive hybrid service model providing specialist advice and expertise tailored to the category and customer



PRODUCT RANGE

No limitations on the product range offering over 137,000 SKUs vs 4,350 on average for trade merchants*



AGILITY

Dropship model and scalable platform allows CMO to move at pace to capitalise on the market opportunity



BUYER BEHAVIOUR

Normalising the purchase experience for the next generation of digital natives

*Note: calculated as an average of Travis Perkins and MKM.



2023 full year results



Financial highlights

FY sales of £71.5m (2022: £83.1m), 59% up on four-year view

Adjusted EBITDA* £0.9m (2022: £2.1m)

Operating profit/(loss) of (£2.3m) (2022: profit £0.2m)

Net cash/(debt) of (£0.6m) (2022 net cash : £1.4m)

Good progress on the strategic drivers for 2023

TILES sales declined 31% performing in line with market decline (c. 29%, source: GfK)

10% Growth in SUPERSTORES market share from H1 to H2

**Adjusted EBITDA is defined as earnings before interest; tax; depreciation and amortisation; foreign exchange; share option expenses; restructuring, redundancy and non-recurring payroll expenses; integration of acquisitions into the superstore environment; one off infrastructure costs; acquisitions expenses; and certain professional fees and expenses.*



Key messages – strategic highlights for the full year ended 31 December 2023

Building a platform for future growth

Margin growth	Carriage cost control	Overhead efficiency	Improving sales trend	Brand Consolidation: 5 to 2
1% Vs FY 2022	56% recovery improvement	18% reduction in headcount	Improving trend in the SUPERSTORES, TILES in line with market	JTM Plumbing and Click Basin integrated into PLUMBING SUPERSTORE



2023 financial update



Key messages – financial highlights for the year ended 31 December 2023

Revenue **£71.5m**

2022: £83.1m

↑ **59% up on four-year basis**

Gross profit **20.8%**

2023: 20.8%, £14.9m | 2022: 19.5%, £16.2m

Adjusted EBITDA* **£0.9m**

2022: £2.1m

Cash **£4.7m**

↓ 2022: £6.2m

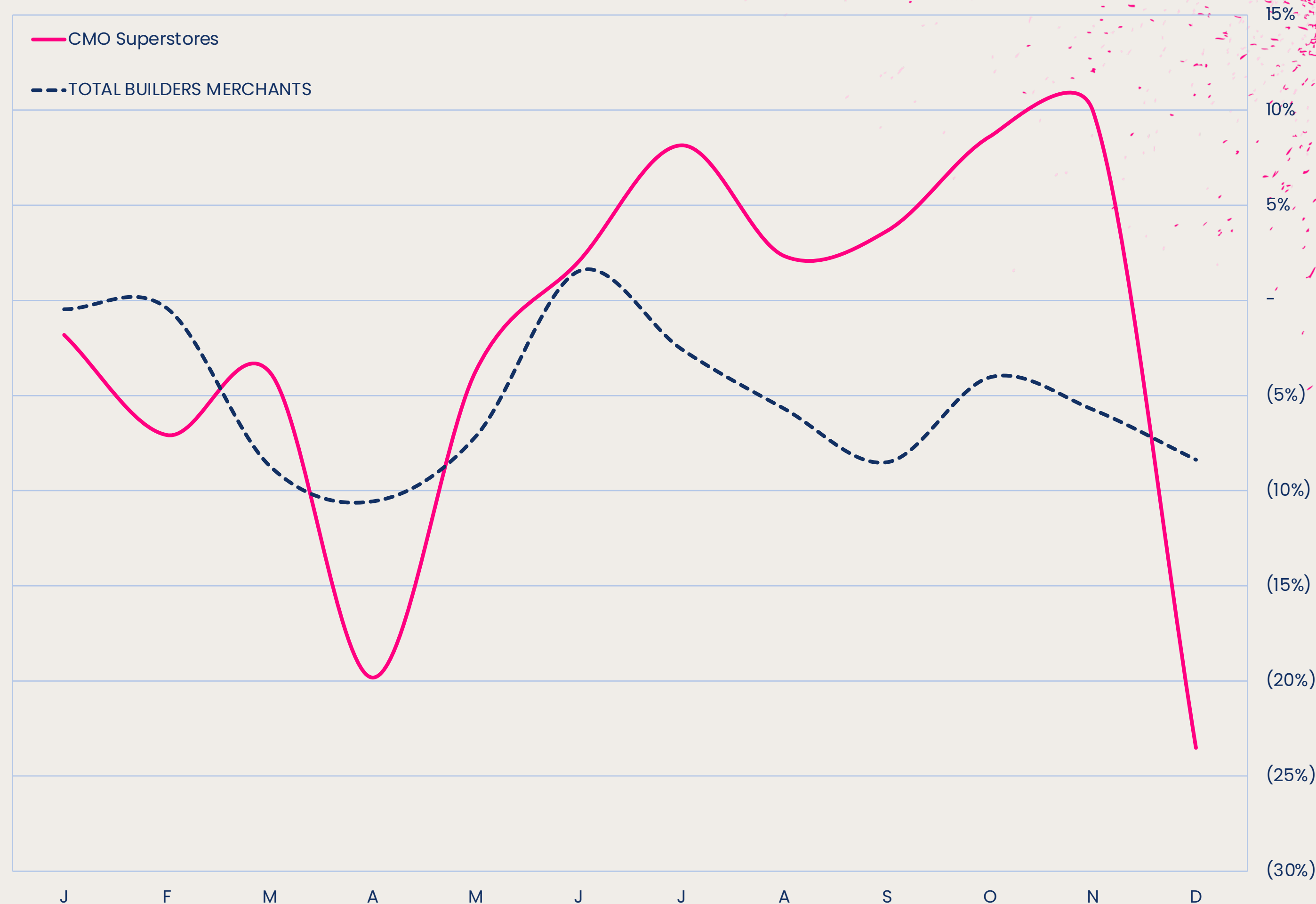
**Adjusted EBITDA is defined as earnings before interest; tax; depreciation and amortisation; foreign exchange; share option expenses; restructuring, redundancy and non-recurring payroll expenses; integration of acquisitions into the superstore environment; one off infrastructure costs; acquisitions expenses; and certain professional fees and expenses.*



CMO outperforms the market

- Macro conditions driving inflation and rising interest rates.
- Cost-of-living squeeze on disposable income.
- The wettest 18 months on record.
- 16% decline in private sector new home construction output.
- C.25% reduction in Mortgage approvals.
- 20% of Q3 2023 profit warnings reference a slowing housing market.
- Builders Merchant market declined 14%.
- Over 30% of Q3 2023's profit warnings cited tougher credit conditions.
- Online segment of Builders Merchant Market dropped 20%.
- Online Tiles market declined 29%.

CMO Superstores performance 23 vs. 22
Superstores outperformed Builders Merchants in FY23



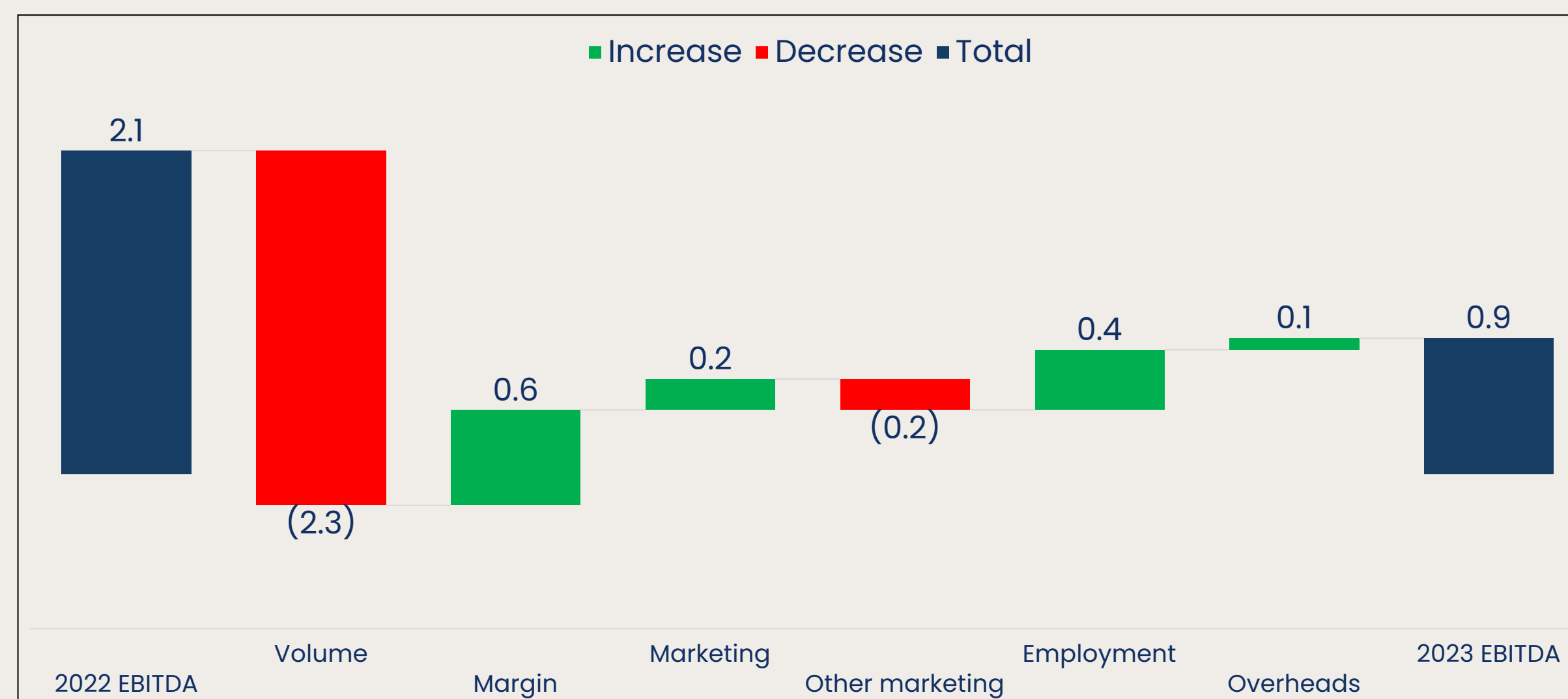
Data source: GFK and ONS. Data is indexed from January 2022 which represents the relaunched Builders Merchant panel. Builders Merchant online segment available from April 2023.



Financial update

- Year on year turnover reduced by 14% to £71.5m compared to £83.1m in 2022.
- Market conditions remain challenging into 2024.
- Focus on profitable sales has increased gross profit margin by 1% in 2023.
- Tiles performing in line with weak sector performance.
- Digital marketing costs reflect competition driving higher cost per click but lower activity levels.
- Employment cost reduction driven by headcount reduction enacted in Q1 2023.
- Overheads decrease of £0.5m year on year, further cuts enacted in 2024 as we seek to reduce overall cost base in line with current trading activity.
- Adjusted EBITDA was £0.9m compared to £2.1m in 2022 driven by turnover shortfall.

Profit and loss £ms	2023	2022
Turnover	71.5	83.1
Cost of Sales	(56.6)	(66.6)
Gross Profit	14.9	16.5
GP %	21%	20%
Digital Marketing	(4.3)	(4.5)
Other Marketing	(0.7)	(0.5)
Employment	(6.8)	(7.2)
Overheads	(2.1)	(2.2)
EBITDA	0.9	2.1



Summary Balance Sheet

- Inventory levels £0.4m down vs. 2022. Reflecting rebalancing of dropship to stock ratio.
- Trade debtors slightly lower than 2022 offset by an increase in prepayments and reductions in overall turnover.
- Trade and other payables decreased £0.8m compared to 2022.
- Lease liabilities have increased – reflects break clause at Plymouth and lease extension / additional space at Ipswich.
- Loan and borrowings is drawdown on acquisition element of RCF.
- At December 2023 CMO had £4.7m net cash compared to £6.2m at December 2022.
- Cash and available facilities of over £4m at end of April 2024.

Balance Sheet £ms	2023	2022
Non-current Assets	26.9	25.3
Inventories	5.1	5.5
Trade and other receivables	2.0	2.7
Cash and cash equivalents	4.7	6.2
Current Assets	11.7	14.4
Trade and other payables	(15.8)	(16.6)
Lease liabilities	(0.5)	(0.2)
Current Liabilities	(16.3)	(16.8)
Loan and borrowings	(5.3)	(4.8)
Lease liabilities	(0.6)	-
Deferred tax liabilities	-	-
Non-current Liabilities	(5.9)	(4.8)
Total Net Assets	16.4	18.1



Banking Covenants

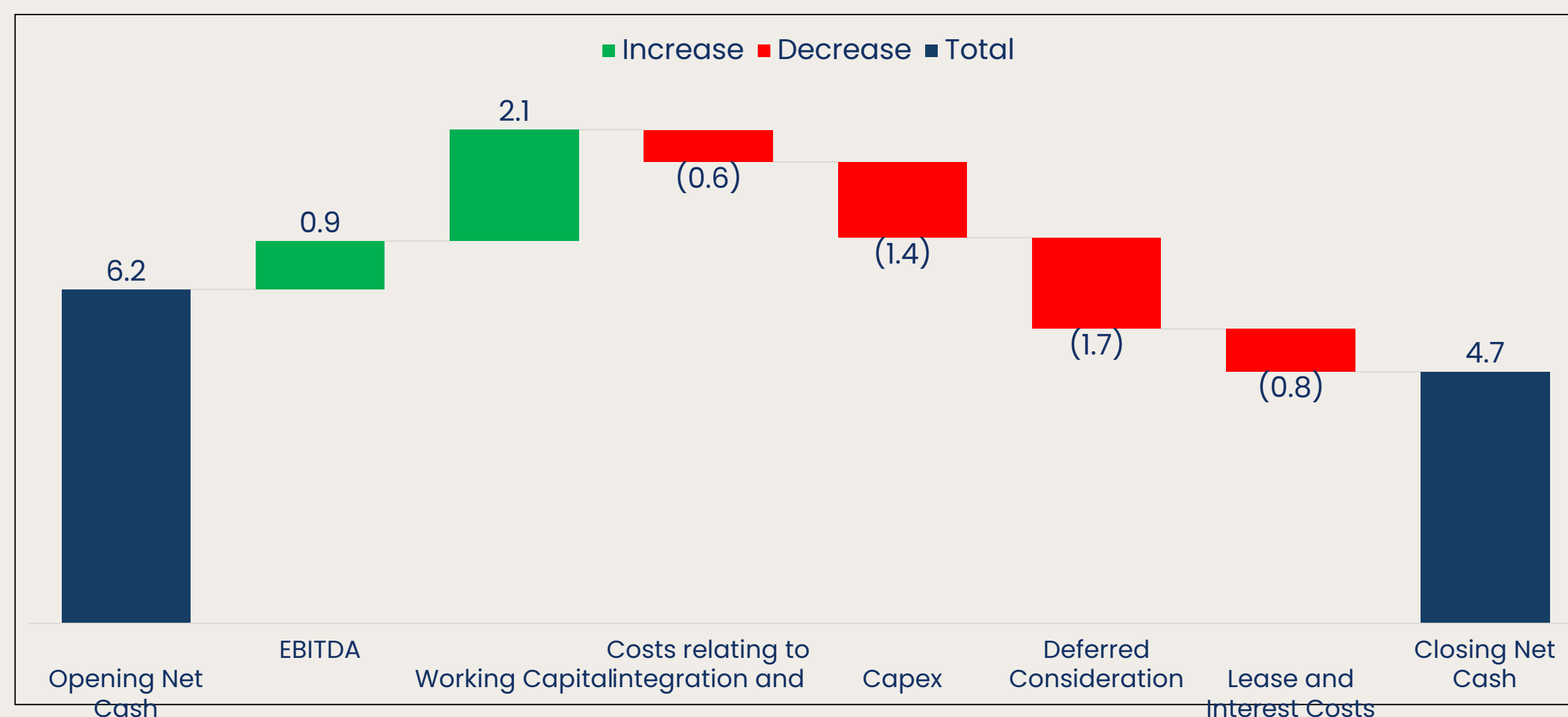
	2024	2024	2024	2024	2025	2025	2025	2025
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
			Cumulative	Cumulative	LTM	LTM	LTM	LTM
EBITDA	NA	-	£500k	£997k	£1.4m	£1.4m	£1.4m	£1.4m
Minimum Cash	£525k	£625k	£410k	£820k	£730k	£873k	£806k	£724k
CAPEX as budgeted	£287k	£575k	£862k	£1,150k	£269k	£273k	£273k	£273k



Cashflow

- We remain focussed on cash generation and robust balance sheet.
- Closing net cash of £4.7m. (Closing net cash at December 2022 of £6.2m).
- Cash flow from operating activities delivered £2.4m.
- Net cash out flow from investing activities includes (£1.7m) arising from business combinations.
- Deferred consideration fully paid.
- Renegotiated facility providing sufficient headroom for continued Group development.
- Sound financial position. Undrawn working capital facility of up to £3m.

Cashflow £ms	2023	2022
Opening Cash / Cash Equivalents	6.2	9.1
Cashflow from operating activities	2.4	2.4
Cashflow from investing activities	(3.1)	(6.0)
Cashflow from financing activities	(0.8)	0.7
Closing Cash / Cash Equivalents	4.7	6.2
Increase / (Decrease) in cash	(1.5)	(2.9)



2024 strategic delivery



What drives us?

**We will be the destination of choice
for anyone building or improving
homes in the UK**



**Our mission is to give our
customers the confidence they
need to build and improve
homes through...**



**the widest
range**



**specialist
expertise**



**helpful customer
solutions**



Delivering the widest range

Consumer horizontal



Specialist stores



Trade horizontal



 = new store opportunity



Strategic delivery since IPO



2021

CMO Group PLC joins the London Stock Exchange Alternative Investment Market (AIM)



2021

Acquisition JTM Plumbing joins the CMO Group



2022

Acquisition Clickbasin.co.uk joins the CMO Group



2022

PLUMBING SUPERSTORE First commercial sale



2023

Evolved branding launches on the CMO SUPERSTORES



2023

GOOD BUILD SUPERSTORE First commercial sale



2023

New store Launch of LANDSCAPING SUPERSTORE



Accessing new market opportunity

Roadmap to launch 7 stores over next 3-4 years

**Category opportunity represents
new market opportunity of c.£3.7bn***

Penetration of new market to c.0.5% within 3 years

*Market estimates from a blended view of Builders Merchant and DIY category data.



2023 trading update



KPIs

Funnel performance

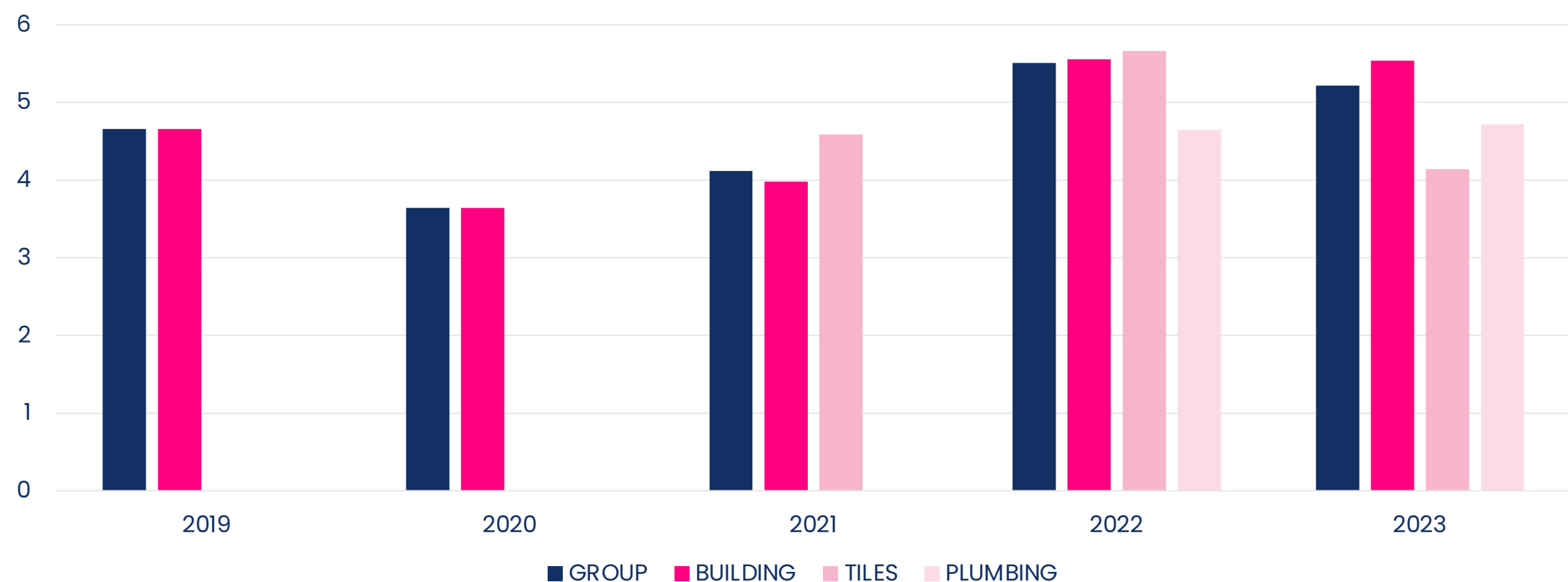
KPI	H1 2023 Vs H1 2022	H2 2023 Vs H2 2022
Sessions	(0.7%)	(7.0%)
Net CVR	(11.0%)	4.5%
Net AOV	2.6%	(5.3%)
Net sales	(9.4%)	(8.0%)

*Excluding JTM prior to April 2023.

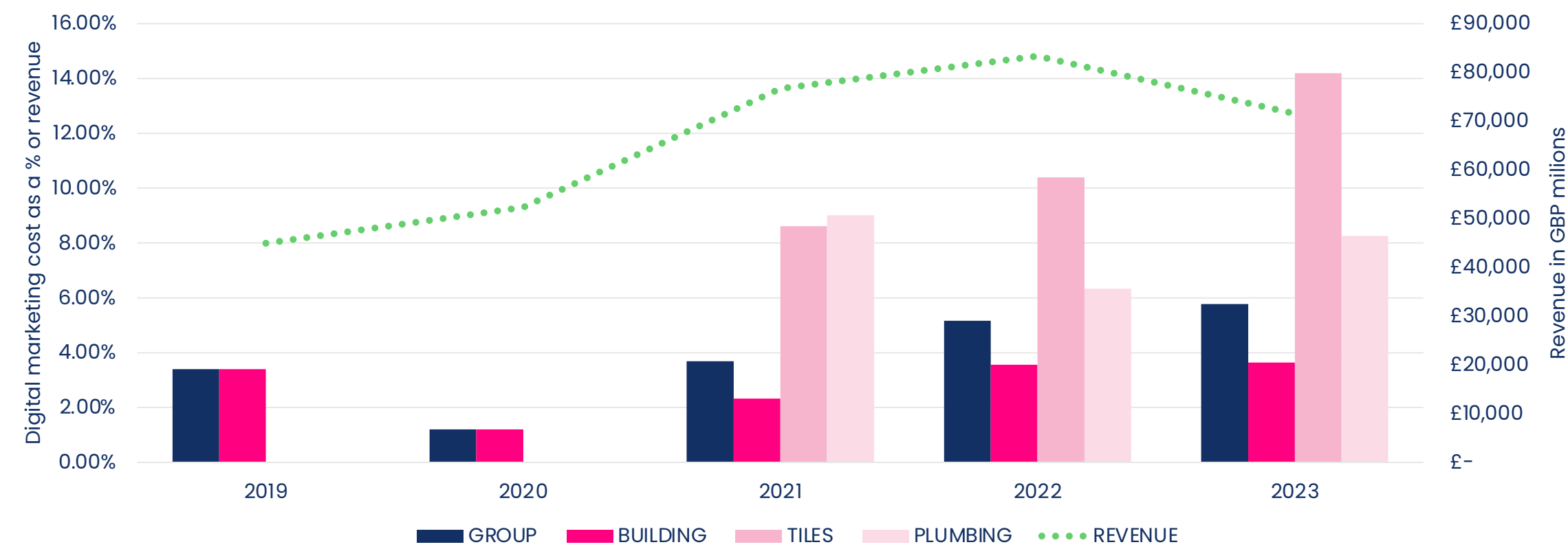


Key messages - operational KPIs

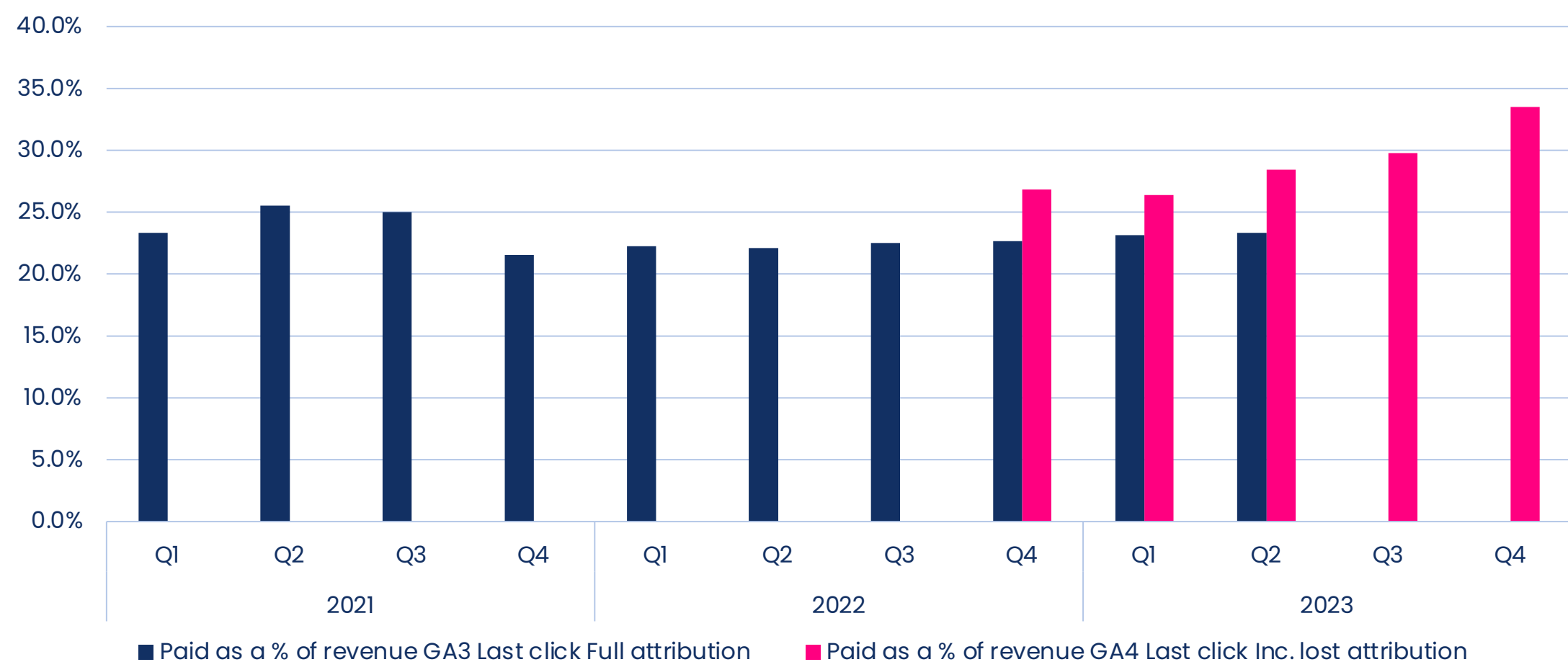
Revenue per session



Digital marketing cost



Customer acquisition



Marketable database grew

18%

30%

Growth in revenue from repeat customers

Helpful customer solutions

**Over 290
customer focused
technology
developments in
2023**

**30% increase YoY
in revenue from
repeat customers**

**17% improvement
in site experience***

*Excludes 'Unassigned' and 'Email' channel data.



Specialist expertise

**34% of revenue
from quoted
orders**

**Over 40,000
people rate our
SUPERSTORES as
Excellent**

**3.2% of customers
provide products
reviews**



Trustpilot Specialist expertise*



c.24k products from c.130 brands

Current TrustScoreⁱ
4.3 ★★★★★
 Based on 4,380 reviews you received

Category average
(Door Shop)

3.3 ★★☆☆☆



c.35k products from c.300 brands

Current TrustScoreⁱ
4.5 ★★★★★
 Based on 5,546 reviews you received

Category average
(Landscaping Supply Store)

3.5 ★★☆☆☆



c.9.6k products from c.230 brands

Current TrustScoreⁱ
4.5 ★★★★★
 Based on 3,571 reviews you received

Category average
(Insulation Materials Store)

3.5 ★★☆☆☆



c.7k products from c.140 brands

Reviews 4 • Great
 ★★★★★ 4.0 ⓘ
 ✓ VERIFIED COMPANY



c.26.5k products from c.180 brands

Current TrustScoreⁱ
4.6 ★★★★★
 Based on 6,370 reviews you received

Category average
(Plumbing Supply Store)

3.4 ★★☆☆☆



c.77k products from c.390 brands

Current TrustScoreⁱ
4.4 ★★★★★
 Based on 20,812 reviews you received

Category average
(Roofing Supply Store)

3.6 ★★☆☆☆



c.7k products from c.120 brands

Current TrustScoreⁱ
4.4 ★★★★★
 Based on 451 reviews you received

Category average
(Do-it-Yourself Shop)

3.4 ★★☆☆☆



c.2.9k products from c.120 brands

Current TrustScoreⁱ
4.3 ★★★★★
 Based on 786 reviews you received

Category average
(Tile Store)

3.4 ★★☆☆☆

*Trustpilot reviews as 5 June 2024.

2024 trading update



Strategic Operational initiatives

Margin	Refund Control pre-delivery	Product experts	Carriage recovery	Tiles recovery	Stock turn & sell through
<p>2023 margin increased 1% YoY</p> <p><u>2023 actual</u> Product: 23.9% After carriage: 20.8%</p> <p>Aim to improve further in 2024</p>	<p><u>2023 Actual</u> 6.7% of orders</p> <p>Aim to reduce below 5%</p>	<p>Increased Product Training across the business</p> <p>Growing our lines per order (LPO)</p> <p>Increase in Average Order Value (AOV) and Conversion Rate (CVR)</p>	<p>56% improvement to carriage recovery in 2023</p> <p>Gains to be Maintained!</p>	<p>Increase share of total group revenue</p> <p>Margin enhancing</p> <p>Improving our sample process & driving conversion</p>	<p>2023 Year End £5.1m in Stock</p> <p>Continuous product stream identified via the dropship model</p> <p>Slow turning stock, to be sold through or returned to vendor</p>



Loyalty

Retain and Build

- 98% of shoppers take part in at least one loyalty scheme*.
- 41% of GB consumers said that loyalty card promotions influence where they shop.
- No scheme in market currently caters to both key customer segments.
- Rewards for spend and behaviours.
- SUPER REWARDS goals:
 - Increase frequency
 - Increase AOV
 - Increase brand engagement.

Launching June 2024.



*Source: NIQ.

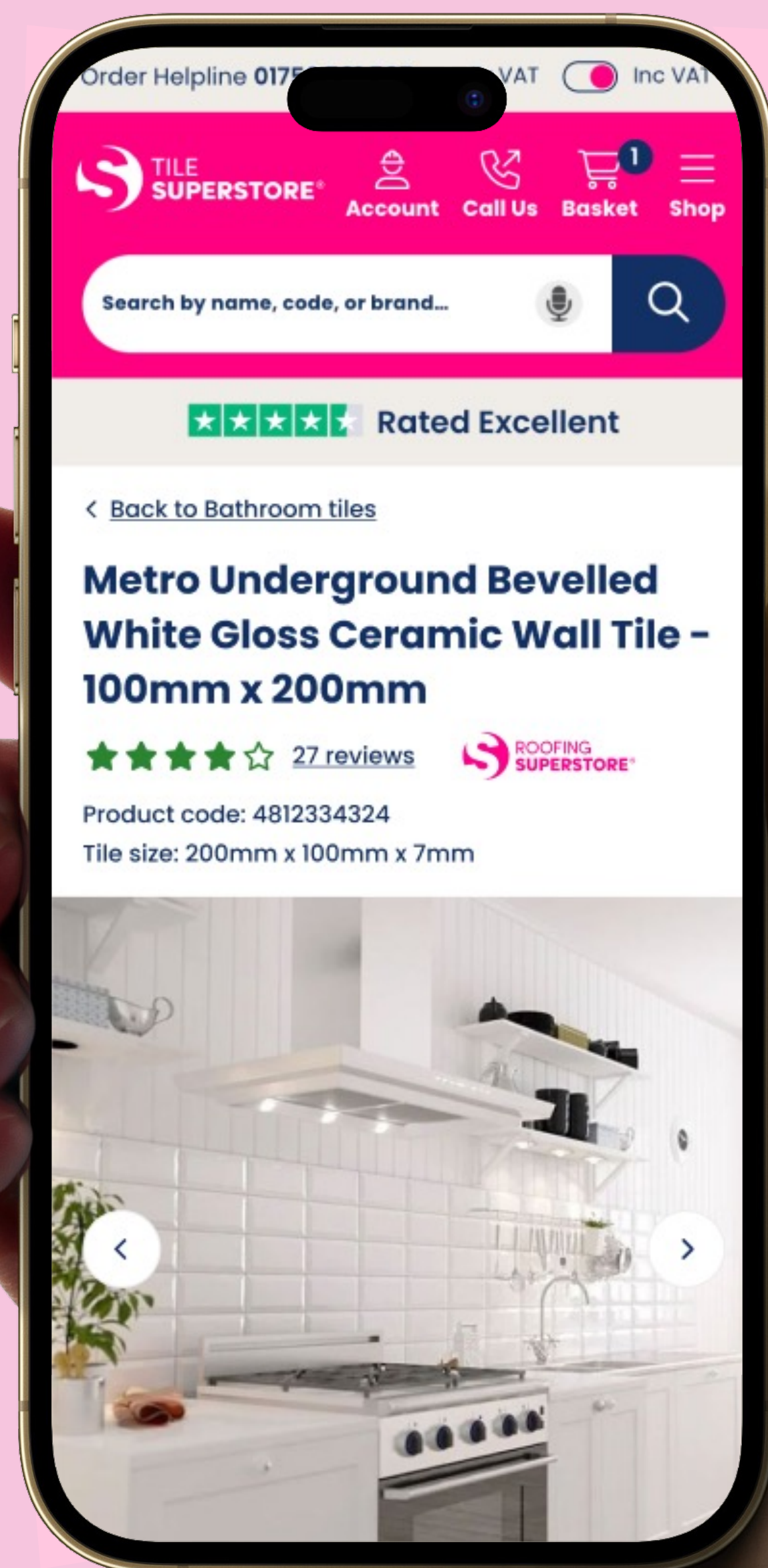


Mobile experience

M-commerce excellence

- c.60% of sessions across the Group are from smartphones.
- c.90% of inbound contacts from the Group websites come from visitors on smartphone journeys.
- Focus on optimisation of the customer experience relative to the driver of the customer.
- M-commerce project goals:
 - Increase revenue-per-session
 - Increase inbound contacts
 - Development of helpful customer solutions bespoke to the m-commerce experience.

In work for Q4.



2024 YTD* LFL Sales Update

Sales order like-for-likes

Consolidated P&L – like-for-like sales orders performance	P1 – P3 2024	
Channel	Q1 LFL	Q2 to date LFL
Building	(12.7%)	(4.9%)
Plumbing	(17.4%)	(2.1%)
Tiles	(39.3%)	(24.3%)
Total	(18.2%)	(7.9%)

*YTD to Q2 2024.



2024 YTD* Funnel Performance

KPI	Q1 2024 Vs Q1 2023	April & May 2024 Vs 2023
Sessions	(15.8%)	7.0%
Net CVR	13.3%	(14.6%)
Net AOV	(8.7%)	(0.8%)
Net sales	(12.9%)	(7.9%)

*Excluding JTM Plumbing prior to April 2023.



Outlook

Market conditions to remain challenging

Continued focus on cash management with overhead savings of c. £1m delivered

Anticipating FY benefit of brand consolidation of JTM and CB into PSS

Ongoing focus and development of TILES proposition

Strategic initiatives delivering improved sales trend

Launch of 'Super Rewards' and UX optimisations of mobile experience in H2

**Development of next store launch in early 2025
as CMO looks to deliver on its mission to bring the widest range to the market**



Thank you

Good Builds
start with our **SUPER**
stores

Any questions?