

THIS ADMISSION DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Admission Document, or the action you should take, you are recommended immediately to seek your own financial advice from an independent financial adviser, such as a stockbroker, solicitor, accountant or other adviser who specialises in advising on the acquisition of shares and securities and is authorised under the Financial Services and Markets Act 2000 ("FSMA") (or, if you are a person outside the UK, a person otherwise similarly qualified in your jurisdiction).

This Admission Document, which comprises an AIM admission document, has been prepared in connection with the proposed application for admission of the issued share capital of the Company to trading on AIM, a market of London Stock Exchange plc. This Admission Document is an admission document drawn up in accordance with the AIM Rules for Companies. This Admission Document does not constitute a prospectus within the meaning of section 85 of FSMA, and has not been drawn up in accordance with the Prospectus Rules published by the Financial Conduct Authority ("FCA") and a copy has not, and will not be, approved or filed with the FCA. This Admission Document does not constitute, and the Company is not making, an offer of transferable securities to the public within the meaning of section 102B of FSMA or otherwise.

The Company and each of the Directors, whose names appear on page 3 of this Admission Document, individually and collectively accept full responsibility for the information contained in this Admission Document, including for its compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Admission Document is in accordance with the facts and does not omit anything likely to affect the import of such information.

AIM securities are not admitted to the Official List of the UK Listing Authority (the "Official List"). A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required pursuant to the AIM Rules for Companies to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange plc in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange plc has not itself examined or approved the contents of this Admission Document. The AIM Rules are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the Ordinary Shares to the Official List. The Ordinary Shares are not traded on any recognised investment exchange and no such applications have been made.

Prospective investors should read the whole of this Admission Document. An investment in the Company is speculative and involves a high degree of risk. The attention of prospective investors is drawn in particular to Part 2 of this document which sets out certain risk factors relating to any investment in the Ordinary Shares. All statements regarding the Company's business, financial position and prospects should be viewed in light of these risk factors.

Application will be made for the whole of the Company's issued ordinary share capital to be admitted to trading on AIM. AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. It is expected that Admission (as defined on page 75 of this Admission Document) will become effective and dealings on AIM will commence in the Ordinary Shares at 8.00 a.m. on 27 June 2018.



Cake Box Holdings plc

(Incorporated and registered in England and Wales with registration number 08777765)

Placing of 15,298,720 Existing Ordinary Shares at a price of 108p per Ordinary Share
and

Admission to trading on AIM

Nominated Adviser, Sole Bookrunner and Broker



The Placing Shares, will on Admission, rank *pari passu* in all respects with the existing Ordinary Shares then in issue and will rank in full for all dividends and other distributions declared, paid or made in respect of the Ordinary Shares after Admission.

Shore Capital, which is authorised and regulated in the UK by the FCA, is acting as nominated adviser and broker to the Company. Shore Capital will not be responsible to any person other than the Company for providing the protections afforded to its customers or for advising any other person on the contents of any part of this Admission Document. The responsibilities of Shore Capital as the Company's nominated adviser and broker under the AIM Rules are owed solely to London Stock Exchange plc and are not owed to the Company or any Director or Shareholder or to any other person. In respect of any decision to acquire Ordinary Shares in reliance on any part of this Admission Document or otherwise, Shore Capital is not making any representation or warranty, express or implied, as to the contents of this Admission Document.

This Admission Document contains forward-looking statements, including, without limitation, statements containing the words "believes", "expects", "estimates", "intends", "may", "plan", "will" and similar expressions (including the negative of those expressions). Forward-looking statements involve unknown risks, uncertainties and other factors which may cause the actual results, financial condition, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by those forward-looking statements. Factors that might cause such a difference include, but are not limited to, those discussed in Part 2 of this Admission Document, entitled "Risk Factors". Given these uncertainties, prospective investors are cautioned not to place any undue reliance on those forward-looking statements. The forward-looking statements contained in this Admission Document are made on the date of this Admission Document, and the Company and the Directors are not under any obligation to update those forward-looking statements in this Admission Document to reflect actual future events or developments.

No legal, business, tax or other advice is provided in this Admission Document. Prospective investors should consult their professional advisers as needed on the potential consequences of subscribing for, purchasing, holding or selling Ordinary Shares under the laws of their country and/or state of citizenship, domicile or residence. This Admission Document does not constitute an offer to sell, or the solicitation of an offer to buy or subscribe for, Ordinary Shares in any jurisdiction in which such offer or solicitation is unlawful and, in particular, this Admission Document is not for distribution in or into the United States of America, Canada, Australia, the Republic of South Africa or Japan. The distribution of this Admission Document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdictions. The Ordinary Shares have not been and will not be registered under the applicable securities laws of the United States of America, Canada, Australia, the Republic of South Africa or Japan and, subject to certain exceptions, may not be offered, sold, re-sold, renounced, taken up or delivered, directly or indirectly, in, into or from the United States of America, Canada, Australia, the Republic of South Africa or Japan or to any national of those countries. This Admission Document should not be distributed, published, reproduced or otherwise made available in whole or in part, or disclosed by recipients to any other person, in, and in particular, should not be distributed to persons with addresses in, the United States of America, Canada, Australia, the Republic of South Africa or Japan. No action has been taken by the Company or Shore Capital that would permit an offer of Ordinary Shares or possession or distributions of this Admission Document where action for that purpose is required. Persons into whose possession this Admission Document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities law or other laws of any such jurisdictions.

In making any investment decision in respect of Admission or the Placing, no information or representation should be relied upon in relation to Admission or in relation to the Ordinary Shares other than as contained in this Admission Document. No person has been authorised to give any information or make any representation other than that contained in this Admission Document and, if given or made, such information or representation must not be relied upon as having been authorised.

It should be remembered that the price of securities and the income from them can go down as well as up and this Admission Document contains references to past performance of the Company and its subsidiaries. Past performance is not a reliable indicator of future results.

Copies of this document, which is dated 21 June 2018, will be available to download from the Company's website www.eggfreecake.co.uk.

CONTENTS

	<i>Page</i>
DIRECTORS, SECRETARY AND ADVISERS	3
EXPECTED TIMETABLE OF PRINCIPAL EVENTS	5
ADMISSION AND PLACING STATISTICS	5
PART 1 INFORMATION ON THE GROUP	6
PART 2 RISK FACTORS	23
PART 3 SECTION A: ACCOUNTANT'S REPORT ON THE HISTORICAL FINANCIAL INFORMATION ON THE GROUP	29
SECTION B: HISTORICAL FINANCIAL INFORMATION ON THE GROUP	31
PART 4 ADDITIONAL INFORMATION	54

DIRECTORS, SECRETARY AND ADVISERS

Directors	Nileshbhai ("Neil") Jayantilal Sachdev, MBE (<i>Independent Non-Executive Chairman</i>) Sukh Ram Chamdal (<i>Chief Executive Officer</i>) Pardip Kumar Dass (<i>Chief Financial Officer</i>) Dr Jaswir Singh (<i>Chief Operating Officer</i>) Martin Incedon Blair (<i>Independent Non-Executive Director</i>) Adam David Batty (<i>Independent Non-Executive Director</i>)
Company Secretary	Pardip Kumar Dass
Registered Office	20-22 Jute Lane Enfield Middlesex EN3 7PJ United Kingdom
Nominated Adviser	Shore Capital & Corporate Limited Bond Street House 14 Clifford Street London W1S 4JU
Sole Bookrunner and Broker	Shore Capital Stockbrokers Limited Bond Street House 14 Clifford Street London W1S 4JU
Auditors to the Company (prior to Admission)	Barnes Roffe LLP Leytonstone House Leytonstone London E11 1GA
Reporting Accountants	RSM Corporate Finance LLP 25 Farringdon Street London EC4A 4AB
Auditors from Admission	RSM UK Audit LLP 25 Farringdon Street London EC4A 4AB
Legal Advisers to the Company	Charles Russell Speechlys LLP 5 Fleet Place London EC4M 7RD
Legal Advisers to Shore Capital	Memery Crystal LLP 165 Fleet Street London EC4A 2DY
Financial Public Relations Advisers to the Company	MHP (a trading division of Engine Partners UK LLP) 60 Great Portland Street London W1W 7RT

Registrars

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol
BS13 8AE

Company website

www.eggfreecake.co.uk

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Publication of this document	21 June 2018
Admission of the Existing Ordinary Shares and dealings commence on AIM	8.00 a.m. on 27 June 2018
Expected date for CREST accounts to be credited	27 June 2018
Despatch of definitive certificates (where applicable)	by 10 business days post Admission

All future times and/or dates referred to in this document are subject to change at the discretion of the Company and Shore Capital. All times are UK times unless otherwise specified.

ADMISSION AND PLACING STATISTICS

Number of Existing Ordinary Shares in issue on Admission	40,000,000
Gross proceeds from the Placing for the Vendors	c.£16.5 million
Number of Placing Shares to be sold by the Vendors	15,298,720
Placing Price per Placing Share	108p
Placing Shares as a percentage of the Existing Ordinary Shares	c.38.2 per cent.
Market capitalisation of the Company at the Placing Price on Admission	£43.2 million
Ticker	CBOX
ISIN	GB00BDZWB751
SEDOL	BDZWB75
LEI code	213800HZ61RLHNSM2698

PART 1

INFORMATION ON THE GROUP

1. INTRODUCTION

Cake Box is a franchise retailer of cakes with a growing store base across the UK. The first concept store opened in East London in 2008 from which the Group has grown to a franchise estate of 91 stores as at 13 June 2018. The Group specialises in making high quality, individually-crafted and personalised fresh cream cakes for purchase on demand or ordered in advance in store or online. In March 2018, Cake Box was recognised as one of the 100 fastest growing companies by turnover in the UK in the 2018 Sunday Times Virgin 100 Fast Track league table.

The Group offers an extensive range of fresh cream cakes in different sizes, many of which are available to be personalised and collected within one hour. Customers can personalise their cakes free of charge with a short message or an image for a small additional fee. This service is available while customers wait for cakes purchased on demand or can be included in an advance order. The Group's cakes are completely egg free, which the Directors believe has no effect on taste and texture and allows the Group to service a much larger potential market, including those customers who are unable to eat eggs for dietary or religious reasons.

The Group's franchise estate has grown rapidly in recent years, from 20 stores as at 31 March 2013 to 91 franchise stores as at 13 June 2018. During the year ended 31 March 2018, the Group opened on average two franchise stores a month, an opening rate the Directors expect to continue. The Directors' current target is to grow to 250 franchise stores in the UK and they have identified a number of locations where they believe there is significant opportunity for a Cake Box store. For the year ended 31 March 2018, the Group's franchise stores had Mature Store like-for-like sales growth of 15.0 per cent. The Directors believe that Cake Box offers an attractive proposition for current and future franchisees and as at 31 March 2018, the average annual franchise store EBITDA across the business was c.£94,000.

The Group has experienced strong financial growth, more than doubling its revenue and EBITDA in the past two financial years. Revenue has increased from £5.6 million in the year ended 31 March 2016 to £12.8 million in the year ended 31 March 2018, with EBITDA increasing from £1.4 million to £3.7 million in the same period.

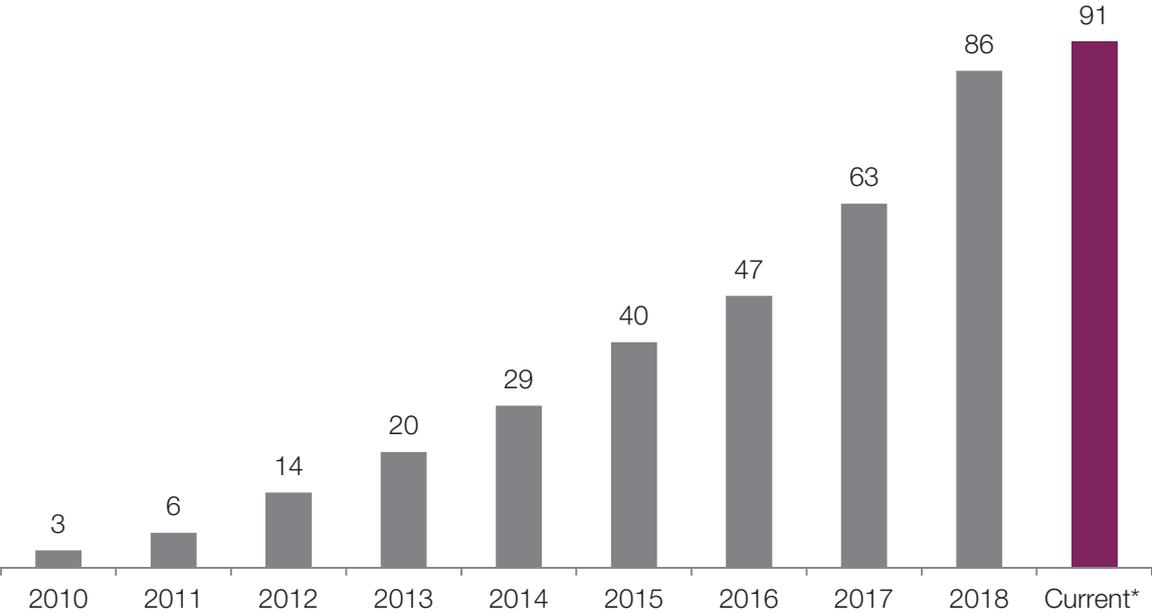
The Company is seeking Admission in order to: increase its public profile to support the Group's growth; create a long term equity incentive opportunity and retention tool for key staff; and to provide a partial equity exit for the founders.

2. HISTORY AND BACKGROUND

The Group's business concept was conceived in July 2008 by Sukh Chamdal in East London. In March 2009, Sukh Chamdal and Pardip Dass co-founded the Cake Box franchise business. The Directors believe that the Group's early success arose from being able to offer customers cakes made without eggs, addressing an unserved market of people who either had an egg allergy or observed a lacto-vegetarian diet. As the Group has grown, the business has increasingly appealed to a broader customer base who purchase the Group's cakes despite not requiring egg free products, thus reducing the Group's reliance on a narrower demographic.

The Group has grown predominantly through franchise expansion and today does not directly own or operate any Cake Box stores, although the Executive Directors have all previously run their own franchise stores. The Group has grown its franchise estate rapidly since its founding and the Group opened on average two franchise stores a month for the year ending 31 March 2018. Figure 2.1 below sets out the growth of the Group's franchise store estate:

Figure 2.1 – The development of the Group’s franchise store estate from 31 March 2010 to 31 March 2018 and as at 13 June 2018



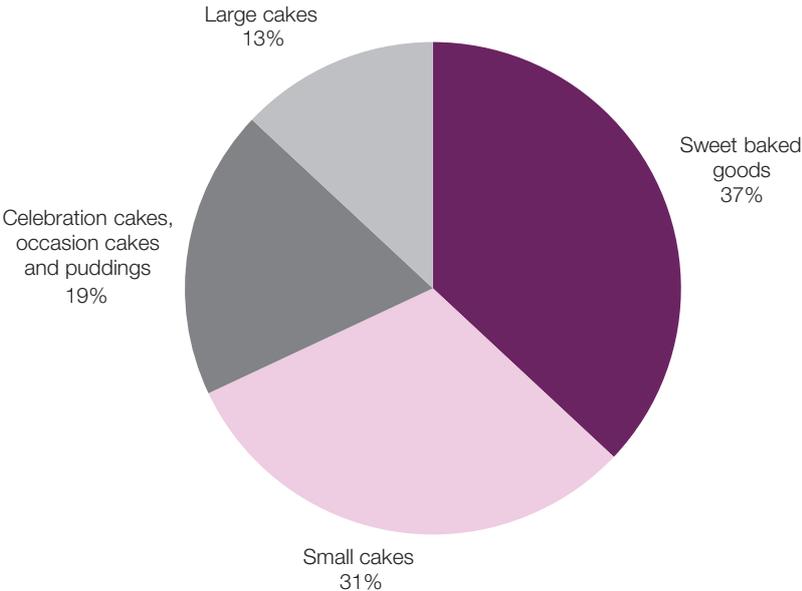
*Number of franchise stores as at 13 June 2018

3. MARKET OVERVIEW

Market Structure

The UK market for cakes, cake boxes and sweet baked goods was estimated to be worth c£2.2 billion in 2017⁽¹⁾. The market (as defined by Mintel) comprises small cakes, large cakes, celebration cakes, occasion cakes and puddings and sweet baked goods. All of these categories can be sold packaged or freshly baked and are sold through a variety of retail channels, from large supermarket chains to local bakeries.

Figure 3.1 – UK retail market for cakes, cake bars and sweet baked goods, 2017



Source: “Cakes, Cake Bars and Sweet Baked Goods”, Mintel, March 2018

(1) Source: “Cakes, Cake Bars and Sweet Baked Goods”, Mintel, March 2018

Competitive Landscape

Cake Box is primarily focused on celebration cakes. This segment of the market, together with occasion cakes, puddings and large cakes was estimated at c.£715 million in 2017, comprising c.32 per cent. of the overall UK cake market. Cake Box specialises in egg free, fresh cream cakes, and the Directors do not believe that there is currently another national operator in the UK producing comparable products. In relation to the celebration cake market, Cake Box competes against a wide range of operators including large supermarket chains, café chains and independent bakeries. Figure 3.2 summarises the different offerings of these potential competitors:

Figure 3.2 – Participants in the UK cake market

<i>Supermarkets</i>	<i>Cafés and eat in bakeries</i>	<i>Bakeries / independent shops</i>
<ul style="list-style-type: none"> ● Supermarket chains typically offer a fixed range of cakes online for instore collection or home delivery ● Typical lead time of one week for bespoke cakes ● No fresh cream⁽¹⁾ celebration cakes ● Cakes tend to cater only for small gatherings (fewer than 30 guests) 	<ul style="list-style-type: none"> ● Relatively few operators of scale ● Typically built around an “eat-in” experience ● Typically higher price point ● On-the-spot personalisation is limited 	<ul style="list-style-type: none"> ● Celebration cakes typically secondary offering/focus ● Typically higher price point ● Large cakes only available to order (typically at least two days’ notice)

The Directors believe that the products and services that the Group offers are different to its nearest competitors and that, as a consequence, Cake Box has limited direct competition. Figure 3.3 compares the Cake Box proposition to that of other celebration cake suppliers operating in the UK.

Figure 3.3 – Comparison of Cake Box proposition against potential competitors

<i>Feature</i>	<i>Cake Box proposition</i>	<i>Cake Box</i>	<i>National operator of large food superstores</i>	<i>National retailer with upmarket food offering</i>	<i>National operator of cafés</i>
 Instant personalised message	Cakes can be personalised instore – no pre-ordering required	✓	✗	✗	✗
 Fresh cream ⁽¹⁾	Cakes are decorated instore using fresh cream	✓	✗	✗	✓
 Photo cakes	Customer can provide own photos, online or instore	✓	✗	✗	✗
 Wide selection /occasions	Hundreds of different cake styles available – 1 hour turnaround if not on display	✓	✗	✓	✗

(1) “Fresh cream” in this context means whipped and unsweetened cream, to which nothing is added

Feature	Cake Box proposition	Cake Box	National operator of large food superstores	National retailer with upmarket food offering	National operator of cafés
 1hr click & collect service	Range of cakes available for collection within 1 hour	✓	✗	✗	✗
 Same day/online ordering	Online ordering for collection instore same day	✓	✓	✗	✗
 Large parties	Cater for parties of all sizes	✓	✗	✓	✓
 Egg free	All cakes free from eggs	✓	✗	✗	✗

4. THE BUSINESS

Overview

The Group operates through a franchise model and does not own or operate any of its own stores. The Group's franchise model has been refined as it has grown and the Directors believe that the Group offers its franchisees an attractive proposition. As at 13 June 2018, the Group had 91 franchise stores, all of which are located in the UK. The location of these stores is set out in Figures 4.1 and 4.2 below.

Figure 4.1 – Cake Box site locations as at 13 June 2018⁽¹⁾



● New Store Opening Soon

Source: Company, 13 June 2018

(1) The information in the map in Figure 4.1 is indicative. The information is not a reliable guide to the exact location of sites.

Figure 4.2 – Cake Box site locations by geographic area as at 13 June 2018

<i>Area</i>	<i>Stores</i>
London	35
South East	22
West Midlands	13
East Midlands	9
Yorkshire	6
North West	4
North East	1
Scotland	1
Total	<u>91</u>

Products

Cake Box sells freshly made cakes and cake slices which are sponge based and use fresh cream. The cakes are made by hand in stores on a daily basis and can be ordered in store or online for collection in stores. Cake Box offers its customers an extensive range, with hundreds of different cake designs from which to choose. Cakes can be personalised (including on the spot) for no additional charge and Cake Box also offers customers the ability to add personal photos which are printed on sugar paper. As well as a large number of cakes for order, Cake Box offers a number of cakes for immediate purchase from patisserie displays in store.

The cakes are available to purchase in a number of different sizes depending on which cake is selected, with the range comprising cake sizes from a single serving up to 120 servings, to cater for large celebrations. The Group believes its cakes are competitively priced and individual handmade cake slices start at a price point of £2.50. Figure 4.3 below gives some examples of product pricing.

Figure 4.3 – Examples of product pricing

<i>Product</i>	<i>Price</i>
Cake Slice serves 1-2	£2.50
Loaf Cake 420g serves 4-6	£4.99
Cheesecake serves 8	£7.99
Fruit Gateaux serves 8	£19.99
Black Forest Gateaux serves 8	£22.99
Platter Cake serves 64	£69.99

Source: Company, 31 May 2018

Attracting, selecting and training the Group's franchisees

The Directors believe that a key element to the Group's success to date is due to its strong track record of recruiting, training and retaining the right franchisees.

Attracting the Group's franchisees

The Group has such strong demand for its franchise stores that it does not currently need to advertise externally for potential franchisees. The Group attracts franchisees through a number of channels which include:

- the Company's website, which provides detailed information on becoming a franchisee. For the year ended 31 March 2018, the Company received c.75 enquiries per month on average from potential franchisees;
- through recommendation from other franchisees;
- the Group's customers – a number of current franchisees were customers prior to taking on a franchise; and
- existing franchisees – as at 31 May 2018, 17 of the Group's franchisees operated more than one store. The Group's largest franchisee operates seven stores.

The Group has a strong pipeline of pending franchisees; as at 31 May 2018, the Group had 34 pending franchises in relation to which pending franchisees had paid a £5,000 deposit and such pending franchisees are either on the waiting list for a new store or a store is being fitted out for them. The deposit is refundable in the event that a pending franchisee does not enter into a franchise agreement with the Group.

Selecting the franchisee

The Group is selective about the franchisees it chooses and the Directors believe that the Group operates a rigorous selection process. The first stage in the selection process is for the potential franchisee to complete an initial application form on the Group's website. This form is carefully reviewed and applicants who do not fit the Group's criteria are filtered out. At the second stage, applicants are sent a full application form for further review and assessment. Applicants who get through to the third stage are invited to an assessment day which constitutes a presentation and interviews at the Group's headquarters in Enfield. Assessment days are held monthly and typically eight potential franchisees are invited, following which on average two to four candidates are invited to go through to a final round which is a one hour interview with the Executive Directors. Successful candidates are then required to pay a deposit of £5,000 to secure the franchise.

Training the franchisee

The Group provides all new franchisees with an extensive in-house training programme. The first stage is for the franchisees to attend a five day residential course in Enfield. This is followed by a four week placement in an existing franchise store, following which the franchisee is required to complete a final assessment by the Group's Chief Operating Officer, to ensure that they are ready to run a franchise. The Group provides franchisees with a trainer to help train staff for two days before opening the store and to provide ongoing support and training for the first 12 days from the opening date. Thereafter, all franchisees have access to ongoing support and training from the Group as and when required.

The Group's franchise model

The Directors believe that the Group has a well-developed and proven franchise model. Further detail on the franchise model is set out below and explains the interactions between the Group and the franchisees before the opening of a new store and on an ongoing basis once trading.

Pre-store opening

- *Site identification:* The franchisee is responsible for identifying a potential site for a new franchise store within an allocated area. The Group reviews the feasibility of the identified site and gives its approval if deemed suitable. The Company ensures that its sites are sufficiently dispersed so as not to have franchisees competing against each other.
- *Funding:* New franchisees are currently required to invest c.£125,000 (plus VAT) to open a new franchise store. This is made up of a minimum of £35,000 (plus VAT) in cash (which includes the £5,000 deposit). The balance of c.£90,000 (plus VAT) can be funded by bank debt or cash or a combination of both. The Group has arrangements with banks to provide franchisees with debt funding subject to credit approval. There is no recourse to the Group in respect of such debt.
- *Lease agreement:* The lease agreement for the franchise store is in the name of the franchisee. The Group provides a set of standard lease terms to franchisees to assist in their negotiations if required but does not take on any liabilities in respect of any store lease agreements.
- *Franchise agreement:* The franchisee enters into a five-year franchise agreement with a franchisee right to renew at the end of agreement. The Company has the right to terminate the franchise agreement at any time if the franchisee commits certain infractions, including, *inter alia*: consistently receiving poor internal audit scores; repeated breaches of the franchise agreement, for example by using unauthorised products or ingredients; bringing the brand into disrepute; and failure to comply with legislation.
- *Store fit-out:* The Group project manages the design and fit out of the store using third party contractors, the cost of which is included in the franchisee's initial investment.

- *Staffing/training:* The franchisee is responsible for recruiting and employing staff for the store. The Group trains the franchisee and all staff in-house (as described in the *Training the franchisee* paragraph above).

Post store opening

- *Store operation:* The franchisee is responsible for the operational management of the store, including, for example, staff, opening hours and compliance with all relevant laws and the guidelines and rules provided to the franchisee by the Group. The Group provides the franchisee with comprehensive rules and guidelines on how the store should be managed, including the suggested menu, pricing and minimum opening hours.
- *Cake production:* The Group manufactures and supplies all of the sponge used in Cake Box cakes from its headquarters in Enfield and supplies other cake ingredients from the same location. The franchisee is responsible for assembling, decorating and personalising the cakes from the items supplied to it by the Group in accordance with the training and guidelines provided by the Group.
- *Other cakes:* The Group also bakes and packages ambient cake products such as muffins and loaf cakes (not celebration cakes) which it supplies to the franchisee who sells the pre-packaged cakes in store.
- *Ancillary products:* The franchisee sells various ancillary celebration products in store such as candles and balloons which are also supplied by the Group. The franchisee is required to purchase all operational items used in store from the Group, such as uniforms, stationery and other branded items. The Group sources all such products from third parties.
- *Compliance and reporting:* The franchisee is responsible for compliance with food safety, hygiene and health and safety regulations and standards. The franchisee is required to send weekly sales data to the Company. The Group undertakes monthly store audits based on a 176 point check list. The Group also grants the franchisees access to consultants to help with health and safety, food safety and hygiene compliance.
- *Ongoing training:* The franchisee is responsible for the ongoing training of its own staff and new staff hired post opening. The Group provides the franchisee with extensive general ongoing training through regular workshops, an online franchise forum, intranet videos and training sessions as required.

Proposition for franchisees

Summary of the proposition for franchisees

The Directors believe that a Cake Box store is an attractive proposition for potential franchisees, as demonstrated by the strong demand it has experienced to date for new franchises. The Directors believe that the attractions include, amongst others, the following:

- (1) the Group offers a simple and affordable turnkey package for new franchise stores;
- (2) sociable operating hours, with a typical store open between the hours of 11.00 a.m. and 7.00 p.m.;
- (3) as at 31 March 2018, 99 per cent. of stores were profitable;
- (4) the Group does not charge any franchisee ongoing fees such as management service fees or marketing levies, as many other franchise businesses do;
- (5) as at 31 March 2018, the average like-for-like annual Mature Store EBITDA for franchise stores across the estate was c.£94,000; and
- (6) the average payback period for a franchisee's initial investment on a store is 18 months.

Franchisee historical financial performance

The Group's franchise stores have a strong financial track record and have shown very good sales growth. For the years ended 31 March 2017 and 31 March 2018, the Mature Store franchise store like-for-like revenue growth was 13.6 per cent. and 15.0 per cent. respectively. The Directors believe that this has been driven by increased footfall, increasing brand awareness and improved product mix. Figures 4.4, 4.5 and 4.6 below provide an overview of the financial performance of the Group's franchise stores.

Figure 4.4 – Growth of retail sales and online

Franchise store revenue (£m)/per cent. online

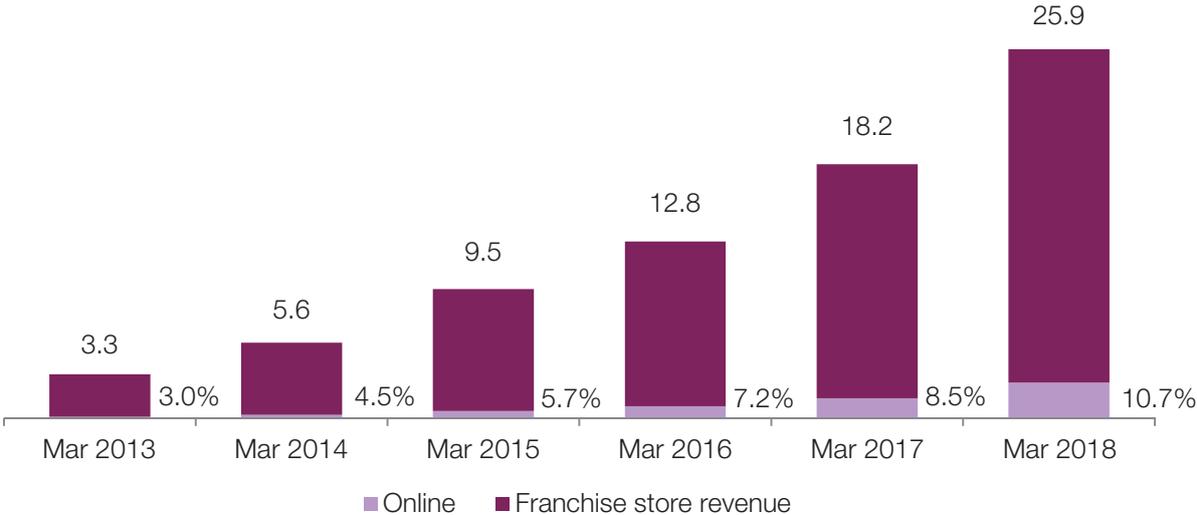


Figure 4.5 – Net average weekly store sales

(£)

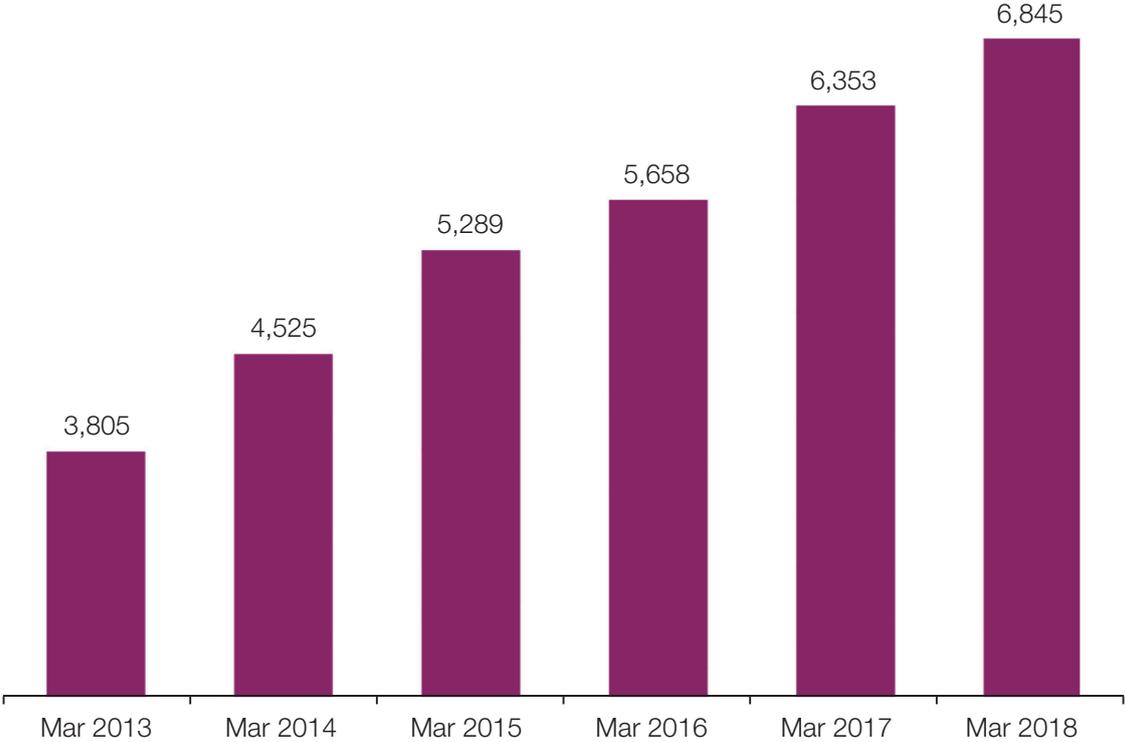
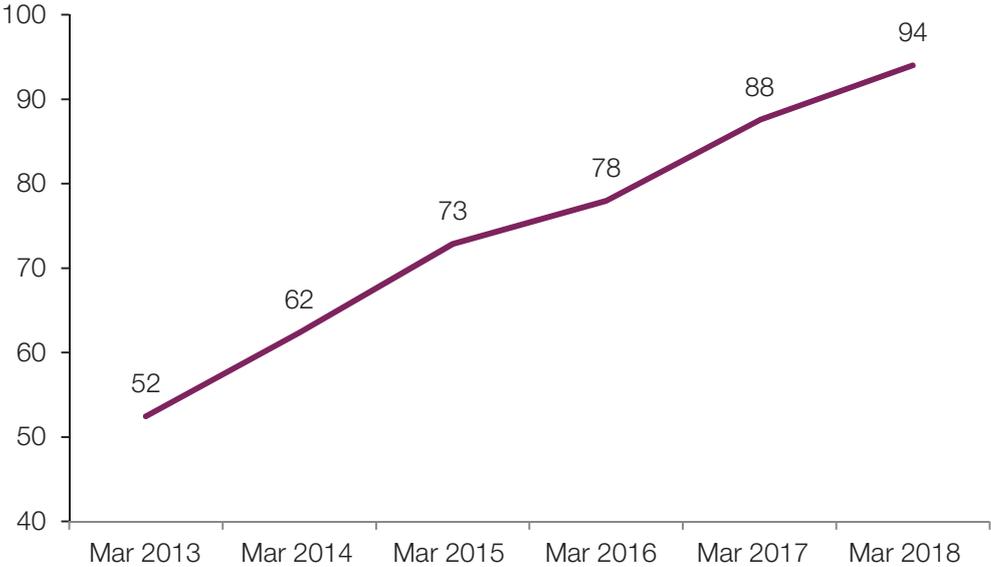


Figure 4.6 – Average annual store profitability

EBITDA (£'000s)



Operations, production and logistics

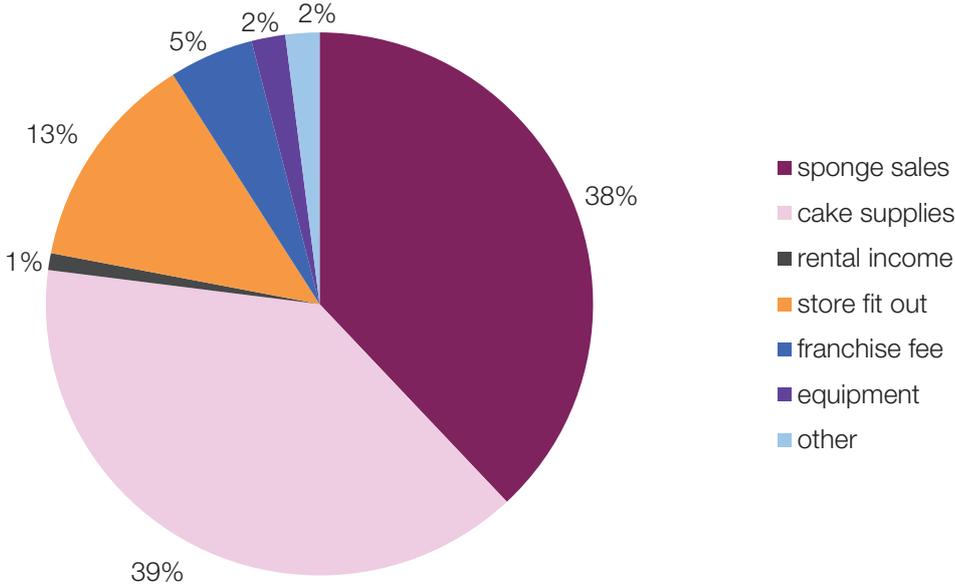
The Group produces all of the sponge bases which are supplied to franchise stores in-house at its production facility in Enfield. The Directors believe that this facility has the manufacturing capacity to support up to 250 franchise stores. Other items supplied to franchise stores are sourced by the Group from third party suppliers.

All deliveries to franchise stores are made by the Group’s own network of branded delivery vans which operate out of its Enfield headquarters. The Group is currently looking to open two satellite distribution centres in other regions of the UK to support the geographic expansion of its franchise stores.

The Group’s revenue model

The Group’s revenue is predominantly derived from supplies of sponge and other products to its franchise stores; this revenue is recurring in nature as the franchisees require regular supplies in order to operate their stores. Other revenue is derived from franchise fees, store fit outs (for new stores and refurbishments after five years) and equipment supplies. Figure 4.7 shows the Group’s sources of revenue for the year ended 31 March 2018.

Figure 4.7 – Group revenue sources for year ended 31 March 2018



Online business

The Group has a well-developed and growing online platform through which customers can order cakes and can also request personalisation. Online orders are sent through to a store selected by the customer and the Group takes a royalty fee of 7.5 per cent. on the order. All cakes are then collected in store. The proportion of online sales is a growing percentage of total sales.

Marketing strategy

The Group does not charge franchisees a “marketing service fee” to fund national marketing campaigns by the Group. However, franchisees are required to undertake regular local marketing activities, which might include, for example, leafleting or advertising through local papers and radio.

The Group’s customers

As explained in paragraph 2 of this Part 1, the Group’s early success arose from being able to supply its customers with cakes made without eggs to particular demographics that either had an egg allergy or observed a lacto-vegetarian diet. The Group believes that it now has a much wider and more diverse customer base on the basis of its expanding franchise coverage, product offering and customer feedback. The Group focusses on opening stores in non-prime retail positions where rents are lower and will typically be in or near a shopping area. The Directors believe that the Group’s competitive pricing and free personalisation offering combined with limited direct competition has resulted in a wide customer base serving many different demographics across its franchise store estate.

Corporate structure

The Company is incorporated in England and Wales and is the holding company of the Group. Details on the Company’s subsidiaries are set out in paragraph 3.2 of Part 4 of this document.

5. KEY STRENGTHS

Cake Box brand

The Directors believe that the Group has created a strong and compelling brand and product proposition in Cake Box. The Group has designed its franchise stores to be distinctive and memorable which the Directors believe has helped drive the growth and success of the Group’s business.

The Group operates a capital light franchise model and does not own any of its own stores

The Directors believe that the Group's franchise model has many advantages over an own store model. The model enables the Group to expand without the requirement for any external capital and reduces its risk profile as it does not need to enter into any leases or manage employees at a store level. As store operations are undertaken by franchisees, the Group's management is able to concentrate on growing the Group's business.

Limited competition

The Directors believe that the Group's proposition currently has limited direct competition which helps give confidence to the Group's expansion plans and the continued success of its existing franchise business.

Significant scope for expansion

The Group has identified a significant number of potential locations across the UK for new stores. As a result of the franchise model, the Group needs minimal capital for its expansion as the rollout of new stores is funded by franchisees. In the year ended 31 March 2018, the Group's franchise business grew at an average of two new stores a month.

Proven model and track record of profitable growth

The Group has a strong track record of profitable growth. Between March 2013 and March 2018, the Group achieved a revenue compound annual growth rate of 55 per cent. and an EBITDA compound annual growth rate of 63 per cent. The Group's strong growth profile has predominantly been driven by new franchise store openings and increased revenue and earnings at the franchise store level (for the year ended 31 March 2018, the like-for-like sales growth was 15.0 per cent. compared to the year ended 31 March 2017).

Strong income credentials

The Group is able to generate strong and predictable cash flows from its franchise model. The Group intends to adopt a progressive dividend policy to reflect the cash flow generation and earnings of the Group.

6. STRATEGY

The Group's strategy is primarily to grow the number of franchise stores in the UK and to increase sales at the franchise store level. The Group has identified a significant number of new areas and potential site locations for new franchise stores. The current target is to have up to 250 franchise stores in the UK and the Directors expect to continue to target on average two new franchise stores per month. The Directors believe that the Group's current facility in Enfield has the manufacturing capacity to support this franchise store target.

As a result of the nature of the Group's franchise model, the Directors believe that its current growth strategy can be successfully executed without requiring further external capital. Alongside the Group's primary growth strategy, it intends to expand the offering in stores through the introduction of additional complementary products. As the Group's franchise store estate grows, including into new geographic areas, the Group expects its online presence to grow which is anticipated to generate further additional revenue for the Group.

7. SUMMARY FINANCIAL HIGHLIGHTS

The financial information set out below has been extracted without material adjustment from the historical financial information of the Group for the three years ended 31 March 2016, 2017 and 2018 which is set out in the financial information in Part 3 of this document.

	2016 £'000	2017 £'000	2018 £'000
Income statement			
Revenue	5,592	8,664	12,834
EBITDA	1,416	2,268	3,700
Operating Profit	1,215	1,987	3,381
Profit before tax	1,169	1,924	3,336
Balance Sheet			
Non-current assets	3,014	3,699	3,942
Current assets	1,145	2,184	4,516
Non-current liabilities	1,664	1,898	1,599
Current liabilities	2,090	1,586	2,198
Net assets	405	2,398	4,661

8. CURRENT TRADING AND PROSPECTS

Since 31 March 2018, the Group has traded in line with management's expectations. From 31 March 2018 to 13 June 2018, the Group has added five new franchise stores and as at 13 June 2018, the Group had 91 franchise stores. The Group has a strong pipeline of prospective new franchise stores.

9. REASON FOR THE PLACING AND ADMISSION

The Company is seeking Admission in order to: increase its public profile to support the Group's growth; create a long term equity incentive opportunity and retention tool for key staff; and provide a partial exit for its founders.

The Vendors, who own 88.39 per cent. of the Existing Ordinary Shares are expected to offer the Placing Shares for sale at the Placing Price pursuant to the Placing for a total of approximately £16.5 million. If all the Placing Shares are taken up the percentage of the Existing Ordinary Shares held by the Vendors will fall to 50.1 per cent. Further details of the Placing are set out in paragraph 11 of this Part 1 and paragraph 13.1 of Part 4 of this document.

10. DIVIDEND POLICY

The Board is adopting a progressive dividend policy from Admission to reflect the cash flow generation and earnings of the Group. The Company expects to pay an interim and final dividend in respect of the year ended 31 March 2019 and intends that the total dividend for the year (and future years) will split by one third for the first six months of the year to two thirds for the year end respectively.

For the year ended 31 March 2018, the Company declared and paid interim dividends of, in aggregate, £521,826. The Company also declared a final dividend on the Ordinary Shares of £560,000 (1.4 pence per Ordinary Share) for the year ended 31 March 2018, which will be paid on 20 July 2018 to those shareholders on the register as at 1 June 2018. The aggregate amount paid by the Company in dividends for the year ended 31 March 2018 would amount to an equivalent of c.2.7 pence per Ordinary Share if the same aggregate amount was paid equally across the Existing Ordinary Shares.

11. DETAILS OF PLACING, LOCK-IN AND ORDERLY MARKET ARRANGEMENTS

Details of the Placing

Pursuant to the Placing, Shore Capital is raising a total of approximately £16.5 million (before expenses) for the Vendors through the placing of the Placing Shares at the Placing Price. On Admission, the Company will have 40,000,000 Ordinary Shares in issue and a market capitalisation of approximately £43.2 million at the Placing Price.

The Placing is not being underwritten by Shore Capital. The Placing Shares to be sold pursuant to the Placing will rank *pari passu* in all respects with the existing Ordinary Shares including in relation to dividends and any other distributions declared, paid or made following Admission (for the avoidance of doubt the Placing Shares will not be entitled to the final dividend for the year ended 31 March 2018 which is being paid on 20 July 2018). Further details of the Placing Agreement are set out in paragraph 13.1 of Part 4 of this document.

Lock-in and Orderly Market Arrangements

The Executive Directors and their immediate families (together interested in 20,849,999 Ordinary Shares at Admission, representing 52.12 per cent. of the Existing Ordinary Shares) have entered into lock-in agreements with the Company and Shore Capital pursuant to which they have agreed not to, and procure that their related parties will not, dispose of interests in Ordinary Shares for a period of 12 months following Admission without the prior written consent of Shore Capital (save for those persons who are Vendors). In addition, each of the Executive Directors and their immediate families have agreed for a further period of 12 months to dispose of Ordinary Shares only through Shore Capital, so as to ensure an orderly market in the Ordinary Shares.

In addition, certain of the Minority Shareholders, representing c.6.76 per cent. of issued share capital on Admission, have entered into orderly market agreements with the Company, pursuant to which such Minority Shareholders have undertaken not to dispose of any of the Ordinary Shares held by them without the consent of the Company (such consent not to be unreasonably withheld or delayed with the Company being obliged to consult with Shore Capital in relation to such requests) in the 12 months following Admission.

12. ADMISSION AND CREST

Application has been made to the London Stock Exchange for the Existing Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Existing Ordinary Shares will commence on 27 June 2018.

13. DIRECTORS AND EMPLOYEES

Board of Directors

Details of the Directors are set out below.

Nileshbhai ("Neil") Sachdev, MBE, Independent Non-Executive Chairman (aged 59)

Neil Sachdev MBE is an experienced Chairman with a strong background in corporate governance and strategy. He was Chairman of Sirius Real Estate Limited until December 2017 and was Chairman of Market Tech Holdings Limited until June 2017. Neil stepped down as a Non-Executive Director of Intu Properties plc (formerly Capital Shopping Centres) in 2016 after ten years' service. Previously, Neil held the post of Group Property Director of J Sainsbury and before that served for 28 years with Tesco, where he rose to be Stores Board Director, responsible for property and operations for the entire UK business. He also holds a number of public sector positions and was awarded an MBE for his work in relation to Energy Efficiency & Sustainability in the retail sector. Mr Sachdev is currently the Chair of the Advisory Board of Warwick Business School. Mr Sachdev, MBE was appointed to the Board on 20 June 2018.

Sukh Chamdal, Chief Executive Officer (aged 56)

Sukh Chamdal founded the Cake Box concept in 2008 and co-founded the franchise arm of the business in 2009. He has over 35 years of experience in the food manufacturing and retail industry, having begun his career in the family business selling Indian sweets and savouries. He also acted as a consultant for a food equipment company specialising in high volume food production. Sukh previously owned a food catering company supplying vegetarian food for functions and events. Mr Chamdal has been a director of the Company since 15 November 2013 and of Eggfree Cake Box Limited since 27 March 2009.

Pardip Dass, Chief Financial Officer (aged 46)

Pardip Dass co-founded the Cake Box franchise business in 2009. He qualified as an accountant whilst working for Starbucks and has over 15 years of experience in the food and beverage industry working for companies such as Masala Zone, Group Chez Gerard Restaurants and Real Pubs, where he was Finance Director. Mr Dass has been a director of the Company since 15 November 2013 and of Eggfree Cake Box Limited since 27 March 2009.

Dr Jaswir Singh, Chief Operations Officer (aged 61)

Dr Singh joined Cake Box in 2010. He originally qualified as a medical doctor, before leaving medicine to join his family textile business, which he ran throughout the 1990s. He then ran his own restaurant business during the 2000s before joining Cake Box. Dr Singh was a director and is a shareholder of four companies which each own a Cake Box franchise store. The Directors believe that this provides the Group with a valuable insight into franchise store operations and the Group often trials new products and initiatives in these stores. Dr Singh has been a director of the Company since 8 May 2018 and of Eggfree Cake Box Limited since 18 June 2012.

Martin Blair, Independent Non-Executive Director (aged 60)

Martin Blair is an experienced director with a strong financial background. He previously acted as CFO of Pilat Media Global plc, a company which was listed on both AIM and the Tel Aviv Stock Exchange. He joined Pilat Media in 2001, ahead of its admission to AIM in 2002. Pilat Media was acquired by SintecMedia Ltd for £63.3 million in April 2014. He qualified as a chartered accountant with Ernst & Young in 1982 and between 1983 and 1986 worked for PwC. He is also currently a non-executive director and Chairman of the audit committees at the Marketing Group, Green Biologics Ltd and AIM listed Kape Technologies plc. Mr Blair was appointed to the Board on 20 June 2018.

Adam Batty, Independent Non-Executive Director (aged 46)

Adam Batty is a non-executive director of AIM listed Stride Gaming plc and a founder and chief executive of a new, fast casual, premium chicken concept that is being rolled out in major cities across the UK. A corporate lawyer by training, he worked in private practice at Norton Rose Fulbright and in an investment bank before joining Mitchells & Butlers PLC in 2002 where he spent five years as legal director (and, latterly, risk and compliance director). He joined Domino's Pizza Group plc in 2007, where he spent five years as general counsel and company secretary, which involved being a member of its operating boards in the UK, Germany and Switzerland. From early 2013 until autumn 2017, Adam was the general counsel and company secretary at Selfridges Group, where he had a broad legal, governance and commercial role. Mr Batty was appointed to the Board on 20 June 2018.

14. EMPLOYEES

As at 31 March 2018, the Group had 58 full time employees, all of whom are based at its headquarters in Enfield.

15. SHARE DEALING CODE

The Company has adopted, with effect from Admission, a share dealing code for the Directors and certain employees, which is appropriate for a company whose shares are admitted to trading on AIM and which complies with the provisions of the Market Abuse Regulation. The Company will take all reasonable steps to ensure compliance by the Directors and any relevant employees.

16. SHARE SCHEME

The Directors consider that an important part of the Group's remuneration and staff retention policy should include equity incentives through the grant of share options to Directors and employees.

Following Admission, the Company intends to adopt a new share option scheme which will enable the Directors to grant options to Directors and employees of the Group. The maximum number of Ordinary Shares which will be subject to options under the share option scheme and any other share schemes adopted by the Company will not exceed 10 per cent. of the Company's issued share capital from time to time.

17. RELATIONSHIP AGREEMENT

On Admission, Sukh Chamdal and his spouse, Santosh Chamdal, will be interested in 16,537,915 Ordinary Shares, representing approximately 41.34 per cent. of the Existing Ordinary Shares, and Pardip Dass and his spouse, Kulwinder Kaur, will be interested in 3,520,418 Ordinary Shares, representing approximately 8.80 per cent. of the Existing Ordinary Shares.

The Directors are satisfied that the Company is capable of carrying on its business independently of each of Sukh Chamdal, Pardip Dass and their connected persons (being the Principal Shareholders) and that all transactions and relationships between the Principal Shareholders and the Company are, and will continue to be, at arm's length and on commercial terms.

However, to ensure that Shareholders are adequately protected in this regard, the Company, SCC and SCS have entered into the Relationship Agreement with each of the Principal Shareholders, whereby the Principal Shareholders have given certain undertakings to the Company and Shore Capital to the effect that the Board, can amongst other things operate on an independent basis. Further information on the Relationship Agreement can be found at paragraph 13.4 of Part 4 of this Document.

Further details of the shareholdings of Directors and other significant shareholders (and their respective connected persons) are set out in paragraphs 7.1 and 10.2 respectively in Part 4 of this document.

18. CORPORATE GOVERNANCE

The Directors support high standards of corporate governance and confirm that, following Admission, they intend to fully comply with the recommendations on corporate governance made by the Quoted Companies Alliance Corporate Governance Code (2018 Edition) (the **QCA Code**). The Directors also note that with effect from 28 September 2018, all AIM companies must provide details on their website of the recognised corporate governance code that the Company has decided to apply, how it complies with that code and where it departs from this, an explanation of the reasons for doing so. The adoption of the QCA Code will enable the Company to comply with that provision. To the extent that the Company departs from any of the provisions of the QCA Code it will provide details on its website (www.eggfreecake.co.uk) as required.

The Board is responsible for formulating, reviewing and approving the Company's strategy, budgets and corporate actions. The Board will hold regular Board meetings, with a minimum of 12 board meetings a year. The Board has constituted the following committees:

18.1 Audit and Risk Committee

The Audit and Risk Committee has responsibility for monitoring the integrity of Company's financial statements as well as for reviewing financial information in announcements. It also has responsibility for, amongst other things, the planning and review of the Company's annual report and accounts and half-yearly reports and the involvement of the Company's external auditors in that process.

The terms of reference of the Audit and Risk Committee cover such issues as membership and frequency of meetings, together with the role of the Company secretary and the requirements of notice of and quorum for and the right to attend meetings, including the ability of the committee to invite non-members to attend meetings of the committee.

The Audit and Risk Committee will be chaired by Martin Blair and the other members will be Adam Batty and Neil Sachdev. Martin Blair is considered by the Board to have relevant financial experience

from his role as CFO of Pilat Medial plc and he also chairs several other audit committees, including Kape Technologies plc.

The Audit and Risk Committee will normally meet not less than four times a year.

18.2 Remuneration Committee

The Remuneration Committee has responsibility for making recommendations to the Board on the Company's policy on the remuneration of the Company's CEO, executive directors and other senior employees, including performance linked bonuses and performance linked pay schemes, benefits and related eligibility requirements, share incentive schemes, grants of awards under any share option scheme adopted by the Company and for the determination, within agreed terms of reference, of specific remuneration packages for each of the executive Directors, including pension rights, contracts of employment and any compensation payments.

The terms of reference of the Remuneration Committee cover such issues as membership and frequency of meetings, together with the role of the Company secretary and the requirements of notice of and quorum for and the right to attend meetings, including the ability of the committee to invite non-members to attend meetings of the committee, and, if considered appropriate, the appointment of independent remuneration consultants.

The duties of the Remuneration Committee include: determining and monitoring policy on, and setting levels of remuneration, contracts of employment, early termination, performance-related pay and bonuses, pension arrangements, reporting and disclosure. The terms of reference also set out the reporting responsibilities and the authority of the committee to exercise its duties. The committee is required to conduct an annual assessment of its compliance with its terms of reference and of its effectiveness.

The Remuneration Committee will be chaired by Adam Batty, and the other members will be Martin Blair and Neil Sachdev.

The Remuneration Committee will normally meet not less than three times a year.

18.3 Nomination Committee

The Nomination Committee has responsibility for making recommendations to the Board in relation to the structure, size and composition of the Board and is responsible for identifying and nominating for the approval of the Board any candidates to fill board vacancies as and when they arise.

The terms of reference of the Nomination Committee cover such issues as membership and frequency of meetings, together with the role of the Company secretary and the requirements of notice of and quorum for and the right to attend meetings, including the ability of the committee to invite non-members to attend meetings of the committee and use of services of external advisers to facilitate a search for candidates for open positions.

The duties of the nomination committee include: giving consideration to succession planning for members of the board and senior management; evaluation of the balance of skills, knowledge and experience on the Board; reviewing the leadership needs of the Company; considering proposals for directors to take up further directorships in other entities; recommending plans for succession planning to the Board and recommending suitable candidates to the Board for new, or vacant, positions at board level.

The terms of reference also set out the reporting responsibilities and the authority of the committee to exercise its duties. The committee is required to conduct an annual assessment of its compliance with its terms of reference and of its effectiveness.

The committee will be chaired by Neil Sachdev and the other members will be Martin Blair and Adam Batty.

The Nomination Committee will normally meet not less than once a year.

19. CITY CODE ON TAKEOVERS AND MERGERS

Rule 9 of the Takeover Code, which applies to the Company, provides that where any person who, together with persons acting in concert with him, whether by a series of transactions over a period of time or not, becomes interested in shares which in aggregate carry 30 per cent. or more of the voting rights of a company; or where any person who, together with persons acting in concert with him, whether by a series of transactions over a period of time or not, is interested in shares which in aggregate carry not less than 30 per cent., but does not hold shares carrying more than 50 per cent., of the voting rights of a company and such person, or any persons acting in concert with him, acquires an interest in any other shares in the Company which increases the percentage of shares carrying voting rights in which he is interested, such person would normally have to extend a general offer to all shareholders to acquire their shares for cash at not less than the highest price paid by him, or parties acting in concert with him, during the 12 months prior to the announcement of the offer. Once a person, together with persons acting in concert with him, is interested in shares which in aggregate carry more than 50 per cent. of the voting rights of a company, any further acquisition of shares would not require such a general offer.

Under the Takeover Code, a concert party arises where persons acting together pursuant to an agreement or understanding (whether formal or informal and whether or not in writing) actively co-operate, through the acquisition by them of an interest in shares in a company, to obtain or consolidate control of the Company. Control means holding, or aggregate holdings, of an interest in shares carrying 30 per cent. or more of the voting rights of the Company, irrespective of whether the holding or holdings give de facto control.

The Company and its advisers have not liaised with the Panel in relation to any potential concert parties as it was concluded that this was not required in connection with Admission. However, based upon the information available, the Directors believe that under the Takeover Code the Existing Shareholders (which includes the Executive Directors, their related parties, franchisees, employees and others) would be presumed to be acting in concert (the “**Existing Shareholder Concert Party**”). Following the Placing, the Existing Shareholder Concert Party will hold 24,701,280 Ordinary Shares, representing approximately 61.8 per cent. of the total voting rights in the Company. For so long as any concert party continues to be interested in more than 50 per cent. of the total voting rights of the Company, it may increase its aggregate interest in Ordinary Shares without incurring any obligation under Rule 9 of the Takeover Code to make a general offer for the Company.

20. TAXATION

General information relating to United Kingdom taxation is set out in paragraph 18 of Part 4 of this document. If you are in any doubt as to your tax position, you should contact your professional adviser immediately.

21. RISK FACTORS

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk than that associated with larger or more established companies tends to be attached. A prospective investor should be aware of the potential risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser being, in the case of persons resident in the United Kingdom, a person authorised under FSMA. Your attention is drawn to the risk factors set out in Part 2 and to the paragraph entitled “Forward Looking Statements”. In addition to all other information set out in this Document, potential investors should carefully consider the risks described in those sections before making a decision to invest in the Company.

22. FURTHER INFORMATION

You should read the whole of this document which provides information on the Group and the Placing and not rely on summaries or individual parts only. Your attention is drawn, in particular, to the Risk Factors set out in Part 2 of this document and the additional information set out in Part 4 of this document.

PART 2

RISK FACTORS

Any investment in the Ordinary Shares is subject to a number of risks. Before making an investment decision with respect to the Ordinary Shares, prospective investors should carefully consider the risks associated with an investment in the Company, the Company's business and the industry in which the Company operates, in addition to all of the other information set out in this document and, in particular, those risks described below.

If any of the circumstances identified in the risk factors were to materialise, the Company's business, financial condition, results of operations and future prospects could be adversely affected and investors may lose all or part of their investment. Certain risks of which the Directors are aware at the date of this document and which they consider material to prospective investors are set out in the risk factors below; however, further risks and uncertainties relating to the Company which are not currently known to the Directors, or that the Directors do not currently deem material, may also have an adverse effect on the Company's business, financial condition, results of operations and future prospects. If this occurs, the price of the Ordinary Shares may decline and investors may lose all or part of their investment. An investment in the Company may not be suitable for all recipients of this document. Potential investors are therefore strongly recommended to consult an independent financial adviser authorised under FSMA and who specialises in advising upon the acquisition of shares and other securities before making a decision to invest.

None of the risk factors are intended to qualify in any way the working capital statement given at paragraph 16 of Part 4 (*Additional information*) of this document.

RISKS RELATING TO THE COMPANY'S BUSINESS

Dependence on key executives and personnel

The Group's future development and prospects are substantially dependent on the continuing services and performance of the Executive Directors. The Directors cannot give assurances that they or the Senior Managers will remain with the Group, although the Directors believe that the Group's culture and remuneration packages are attractive. If members of the Group's key senior teams depart, the Group may not be able to find effective replacements in a timely manner or at all, and its business may be disrupted or damaged. The loss of the services of any of the Executive Directors or other Senior Managers could damage the Group's business.

Ability to recruit and retain skilled franchisees

The ability of the Group to attract and retain new franchisees with the appropriate attitude, expertise and skills, in available and suitable locations, cannot be guaranteed. The Group may experience difficulties in finding and retaining appropriate franchisees and the failure to do so may have a detrimental effect upon trading performance, growth of the Group's business and the reputation of its brand.

Performance of Franchisees

Multiple franchisees could underperform in the market, which could result in lower revenues for the Group and potential damage to its reputation and financial condition. The Group follows stringent recruitment processes and inductions but may fail to reject inappropriate franchisees until they are trading under the Group's name. Even though the Group has the ability to terminate underperforming franchisees, this may not in itself allow it to stop any such potential damage.

Activities and actions of Franchisees

The Directors believe that the Group provides its franchisees with all the appropriate and necessary training, guidance and procedures to operate a franchisee store successfully, safely and to the standards that the Group expects of its franchise stores. The Group also undertakes periodic audits of its franchisee stores. However, given the nature of the franchisee model, there is a limit to the control that the Group has over a

franchisee and its staff in respect of the franchise store and its operations. Any failure to follow the Group's procedures and guidelines or other adverse actions by the franchisee and its staff may have unforeseeable negative consequences for the Group which may have a negative impact on its business, financial performance and prospects.

Risk of IP infringement

Cake Box, through its franchisees, offers customers the opportunity to personalise the cake they have selected. Cake Box did not previously restrict the type of personalisation and accordingly there may have been infringements of the intellectual property of third parties. The Group does not now permit any personalisation which may infringe any known third party intellectual property and franchisees are required to apply this policy in each of the franchise stores. However, there is a risk that the Group may be pursued by a third party for alleged intellectual property infringement in cakes previously produced by franchisees or if in the future franchisees do not adhere to the new rules.

Reputation

The Group's reputation, in terms of the products and services it and its franchisees provide, the way in which it and its franchisees conduct their business and the financial results which they achieve, are central to the Group's success. Failure to meet expectations of the Group's customers, employees, franchisees or Shareholders may have a material adverse effect on the Group's reputation and affect its prospects. Similarly, adverse publicity in the event of any alleged or actual failings by franchisees is capable of causing damage to the Group's brand, thereby potentially reducing the ability to sustain and/or grow revenues and which may have a detrimental effect upon the Group's future trading performance and financial condition.

Negative Publicity

Negative publicity relating to any of the franchise stores, food quality, food contamination, health inspection scores, or franchisee relationships may have a negative impact on the trading performance of the relevant franchise store and potentially the Group's other stores, regardless of whether the allegations are valid or whether the Group is at fault. Transgressions on any aspect of employment law or GDPR by an individual franchisee may adversely affect the whole Group.

Decrease in target customer market spending

The demand for the Group's products is dependent on spending patterns in its target market which, in turn, are dependent on many factors, including, among other things, the state of the economy, changes in income levels, government policy and policy developments, changes in demographic profiles and consumers' aspirations. There is, therefore, no guarantee that future spending in the Group's target market will be better than or remain at present levels. A decrease in such spending, as a result of the above or any other unmentioned factors, may decrease demand for the Group's products and have a negative impact on its business, financial performance and prospects.

Changing consumer habits

The Group's financial results can be materially impacted by any material change in consumer habits within the United Kingdom. Examples of other changes in consumer habits that may impact the Group's financial performance include increasing emphasis on healthier lifestyles and the corresponding reduction in consumption of cake and other baked goods. Changes in consumer tastes, increased demand for dairy free, gluten free, allergen free and other specialist foods, the Group's methods of preparation, the impact of any newly imposed 'sugar tax' or similar government initiatives and demographic trends may also affect the appeal of the franchise stores to consumers, especially if the Group does not anticipate, identify and respond to such changes by evolving its offering adequately and sufficiently promptly, all of which could have a negative impact on the Group's financial performance.

Food related health concerns and liability

Companies operating in the food and beverage industry can be adversely affected by litigation and complaints from customers or regulatory authorities resulting from quality, illness, injury or other health claims

or other issues stemming from one product or a number of products including products produced by the Group. The Group cannot guarantee that its internal controls and training will be fully effective in preventing all food borne illnesses. Furthermore, some incidents or potential claims could be caused by third party food suppliers or transporters outside of the Group's control. One or more instances of food borne illness at a franchise store could result in increased costs and/or reduced turnover, and negatively affect the Group's profitability and prospects. Furthermore, if any person becomes ill, or alleges they have been harmed, as a result of produce purchased from a franchise store, the Group may be liable for damages or be subject to regulatory action or adverse publicity. Such litigation, concerns and complaints and any adverse publicity surrounding such issues may have a material adverse effect on the Group.

The Group is susceptible to major local, national or international food contamination or other health scares (for example, "swine flu" or "H1N1" and other airborne diseases) affecting the type of food sold in, and attendance levels at, the franchise stores. Such contamination or scares could affect consumer confidence and preferences, resulting in reduced expenditure, or could lead to increased costs for the Group (including in relation to sourcing alternative suppliers or products). In addition, a serious contamination or scare at one of the franchise stores could negatively affect the reputation of that store. A serious food contamination or other health and safety incident could therefore negatively impact the Group's operating results, financial condition and prospects.

Material litigation, claims or arbitration or legal uncertainties

The Group is not currently engaged in any material litigation, claim or arbitration, either as claimant or defendant, that has or could have a material effect on its financial position and the Directors do not know of any proceedings pending or threatened or of any facts likely to give rise to any proceedings which might materially and adversely affect the Group's position or business. However, there can be no assurance that there will be no such proceedings in the future that could affect the reputation, business or performance of the Group.

Compliance with changing regulatory environment

The Group and/or its franchisees failure to comply with existing or increased regulations, or the introduction of changes to existing regulations, could adversely affect its business, financial and other conditions, profitability and results of operations.

The Group and its franchisees are subject to significant and changing government regulation at a national (including regulation from the European Union) and local level, including various health, sanitation, planning permission, licensing, fire and safety standards, food safety and employee health and safety. A failure to comply with one or more regulations could result in the imposition of sanctions or fines, including the closing of the Group's manufacturing facilities or franchise stores for an indeterminate period of time or third party litigation, any of which could have a material adverse effect on the Group's business, financial and other conditions, profitability and results of operations. In addition there can be no assurance that an incident will not occur in relation to one or more of the Group's products, the Group's manufacturing facility or any franchise store. Any such incident could have a negative impact on the Group's reputation and customer confidence in its products, reducing demand for a specific product or the Group's products in general. This in turn could have an adverse effect on the Group's financial condition and future prospects. In addition, any inquiry or investigation from a food regulatory authority could have a negative impact on the Group's reputation. Any of these events may have an adverse effect on the Group's business, results from operations, financial condition and/or prospects.

Expansion

The Group intends to expand its product offerings and open new stores in additional locations within the UK. Fast business growth could put significant strain on the Group's managerial and operational resources. The Group's ability to manage future growth will depend on its ability to expand, train, motivate and manage its franchisees and workforce. Failure to manage its expansion effectively may lead to increased costs, a decline in sales and reduced profitability, which in turn may affect its business, financial condition, results of operations and prospects. Future expansion could expose the Group to additional economic, political, legislative and other risks and there can be no assurance that the Group will be able to effectively mitigate

these risks or successfully penetrate these new markets, particularly without expending significant management time and financial resources without positive results in return.

Competition

The Group operates in a competitive market with competitors drawn from local and very large scale multi-national corporations. Whilst the Directors believe that the Group is well positioned with relatively few direct competitors, there can be no assurance that it will be able to maintain its present competitive position in the future. Actions taken by the Group's competitors (including but not limited to, introducing a comparable product and service offering), as well as actions taken in response by the Group (for example, responding to price competition), could place pressure on its margins and profitability. Some of the Group's competitors may have greater financial resources, greater purchasing economies of scale and lower cost bases than the Group, any of which could give them a competitive advantage. In addition, the entry of the Group into new regions in the future could lead to new or different competitors in the future. Any of these factors could have a material adverse effect on the Group's business, results of operations and financial condition.

The Company is subject to increased data processing requirements under General Data Protection Regulations

The General Data Protection Regulation ("GDPR") came into force across the EU in May 2018. The GDPR stipulates that if personal data is to be transferred from one party to another, it must insert certain clauses (which are set out by the legislation) relating to that transfer into the agreement with the recipient of that data. A failure to insert these clauses is a breach of the GDPR.

The Group and its franchisees may process certain personal and confidential customer data (including customer names and addresses). Therefore the Company could be liable in the event of loss of control of such data or as a result of unauthorised third party access. Unauthorised data disclosure or loss of control of data could occur through malicious security breaches or as a result of human error.

The loss of such data could result in significant reputational damage and additional costs relating to customer compensation. In the United Kingdom, the Information Commission has powers to levy monetary penalties for the loss or unapproved disclosure of personal data and potential fines under the GDPR are to the greater of 4 per cent. of annual worldwide turnover or €20 million although it is as yet unclear as to how GDPR will be policed in the United Kingdom or what the approach of the Information Commission will be to any breaches. Whilst the Company has undertaken a GDPR risk assessment and updated its procedures and documentation in light of GDPR, in the event of a breach of the GDPR, any fine levied could be substantial and would adversely affect the Company's results of operations.

Change in VAT or other tax regimes applicable to the Group's business

Any change in the VAT or other tax regimes applicable to the Group's business may result in uncertainty, disruption to operations and/or implementation costs which the Group may not be able to pass on to its customers or which may lead to higher prices being charged to customers, making the Group's products less attractive and leading to a decline in sales.

Competition law

Franchising in general is caught by certain aspects of EU competition law and the Group believes that its franchising structure is in line with accepted competition law provisions. In the event of the Group's arrangements with its franchisees being deemed to be overly restrictive or otherwise anti-competitive and in breach of competition law, the Group may be required to amend certain aspects of its agreements with franchisees, which could have an adverse effect on the Company's operations and/or results. Whilst it is unclear as to what long-term changes there will be to competition law applicable to the Group's operations after the United Kingdom leaves the European Union in March 2019, the Company believes that the overriding principles of competition law are likely to remain consistent for the foreseeable future.

Regulatory and other changes resulting from the UK's exit from the EU could impact the Group's results

On 23 June 2016, the UK held a referendum on its continued membership of the EU. This resulted in a vote for the UK to exit the EU. There are significant uncertainties at this time as to the terms of such an exit and the time frame for doing so in the case that a transition period is agreed with the other members of the EU. There are also significant uncertainties as to the current and future fiscal, monetary and regulatory landscape in the UK. There is also uncertainty in relation to how, when and to what extent the exit will have an impact more generally on the economy of the UK and the growth of various industries, levels of investor activity and confidence in market performance. In the event that there are any such changes that materially (directly or indirectly) affect the Group or the sector in which it operates, such changes could result in higher operating costs and could have a material adverse effect on the its business and cash flows, growth prospects, financial condition and operating results.

Taxation

The attention of potential investors is drawn to paragraph 18 of Part 4 of this document headed "United Kingdom Taxation". The tax rules, including stamp duty provisions and their interpretation relating to an investment in the Group may change during the life of the Group. The levels of, and reliefs from, taxation may change. The tax reliefs referred to in this document are those currently available and their value depends upon the individual circumstances of investors. Any change in the Group's tax status or the tax applicable to holding Ordinary Shares, or in taxation legislation or its interpretation, could affect the value of investments held by the Group, affect the Group's ability to provide returns to Shareholders and/or alter the post-tax returns to Shareholders. Statements in this document concerning the taxation of the Group and its investors are based upon current tax law and practice which is subject to change.

RISKS RELATING TO THE ORDINARY SHARES

Suitability of an investment in Ordinary Shares

Investment in the Ordinary Shares may not be suitable for all prospective investors. Prospective investors are, accordingly, advised to consult a person authorised under FSMA who specialises in investments of this nature before making any investment decisions.

Investment in AIM-traded securities

Investment in shares traded on AIM involves a higher degree of risk, and such shares may be less liquid, than shares in companies which are listed on the Official List. The AIM Rules are less demanding than those of the Official List. It is emphasised that no application is being made for the admission of the Company's securities to the Official List. An investment in the Ordinary Shares may be difficult to realise. Prospective investors should be aware that the value of an investment in the Company may go down as well as up and that the market price of the Ordinary Shares may not reflect the underlying value of the Group. Investors may, therefore, realise less than, or lose all of, their investment

There is no existing market for the Ordinary Shares and an active trading market for the Ordinary Shares may not develop or be sustained.

Prior to Admission, there has been no public trading market for the Ordinary Shares and the Company can give no assurance of the extent to which investor interest in the Ordinary Shares will lead to the development of a trading market following Admission. Nor can it give assurance as to how liquid that market might be or, if a trading market does develop, whether it will be sustained. If an active and liquid trading market does not develop or is not sustained, the liquidity and trading price of the Ordinary Shares could be materially and adversely affected and investors may have difficulty selling their Ordinary Shares at an acceptable price to them, or at all.

The Ordinary Shares may be subject to market price volatility and the market price of the Ordinary Shares may decline in response to developments that are unrelated to the Company's operating performance.

The Ordinary Shares may be subject to market price volatility and the market price of the Ordinary Shares may decline in response to developments that are unrelated to the Company's operating performance as

well as period-to-period variations in operating results or changes in revenue or profit estimates by the Company, industry participants or financial analysts. The market price of the Ordinary Shares could also be affected by developments unrelated to the Company's operating performance, such as the operating and share price performance of other companies that investors may consider comparable to the Company, speculation about the Company in the press or the investment community, strategic actions by competitors, including acquisitions and/or restructurings, changes in market conditions and regulatory changes in any number of countries, whether or not the Company derives significant revenue therefrom. Investors may not be able to sell their Ordinary Shares at or above the Placing Price.

The issuance of further Ordinary Shares in connection with future acquisitions, any share incentive or share option plan or otherwise may dilute non-participating Shareholders.

Following Admission, the Company may seek to raise capital to fund corporate or asset acquisitions and other growth opportunities, invest in its business, or for general purposes. Any such financing rounds are likely to result in the issue of additional equity or convertible equity securities. As a result, the Company's Shareholders may, to the extent that they are not invited to or decline to participate in such financing rounds, suffer dilution in their percentage ownership and/or the price of the Ordinary Shares may be adversely affected.

Shareholders may earn a negative or no return on their investment in the Company.

The Company's results of operations and financial condition are entirely dependent on the trading performance of the members of the Group and in particular its franchisees. The Company's ability to pay dividends will depend, among other things, on its financial performance, the availability of distributable profits and reserves and cash available for this purpose. The Company's ability to pay dividends in the future may be affected by a number of factors, principally the Company's ability to receive sufficient dividends from its subsidiaries. The payment of dividends by the Company's subsidiaries may, in turn, be subject to restrictions, including the existence of sufficient distributable reserves and cash in its subsidiaries and the general performance of its franchisees. These restrictions could limit or prohibit the payment of dividends to the Company by its subsidiaries, which could restrict the Company's ability to pay dividends to Shareholders.

Forward looking statements

Some of the statements in this document include forward-looking statements which reflect the Company's or, as appropriate, the Directors' current views with respect to financial performance, business strategy, plans and objectives of management for future operations (including development plans relating to the Company's business). These statements include forward-looking statements both with respect to the Company and the sectors and industry in which the Company operates. All forward-looking statements address matters that involve risks and uncertainties. Accordingly, there are or will be important factors that could cause the Group's actual results to differ materially from those indicated in these statements. These factors include, but are not limited to, those described in this Part 2 which should be read in conjunction with the other cautionary statements that are included in this document. Any forward-looking statements in this document reflect the Company's or, as appropriate, the Directors' current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to the Company's operations, results of operations, growth strategy and liquidity. These forward-looking statements speak only as at the date of this document. Subject to any applicable obligations, the Company undertakes no obligation to update publicly or review any forward-looking statement, whether as a result of new information, future developments or otherwise, unless required by the Prospectus Rules, FSMA, the AIM Rules and Disclosure Guidance and Transparency Rules, as appropriate. All subsequent written and oral forward-looking statements attributable to the Company or individuals acting on behalf of the Company are expressly qualified in their entirety by this paragraph. Prospective investors should specifically consider the factors identified in this document which could cause actual results to differ before making an investment decision.

PART 3

HISTORICAL FINANCIAL INFORMATION

Section A – ACCOUNTANT’S REPORT ON THE HISTORICAL FINANCIAL INFORMATION ON THE GROUP

The following is the full text of a report on the Group from RSM Corporate Finance LLP, the Reporting Accountants, to the Directors of the Company.



25 Farringdon Street
London
EC4A 4AB
United Kingdom

T +44 (0)20 3201 8000
F +44 (0)20 3201 8001

rsmuk.com

The Directors
Cake Box Holdings Plc
20-22 Jute Lane
Enfield
Middlesex
EN3 7PJ
United Kingdom

21 June 2018

Dear Sirs

Cake Box Holdings Plc (the “Company”) and its subsidiary undertakings (the “Group”)

We report on the historical financial information of the Group set out in Section B of Part 3 of the Admission Document dated 21 June 2018 (“Admission Document”) of the Company. This historical financial information has been prepared for inclusion in the Admission Document on the basis of the accounting policies set out at Note 2 to the historical financial information. This report is required by paragraph 20.1 of Annex I of Appendix 3.1.1 of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Save for any responsibility arising under paragraph 20.1 of Annex I of Appendix 3.1.1 of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law, we do not accept or assume responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 20.1 of Annex I of Appendix 3.1.1 of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules for Companies, or consenting to its inclusion in the Admission Document.

Responsibilities

The Directors of the Company are responsible for preparing the historical financial information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the historical financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgments made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in any jurisdictions other than the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those other standards and practices.

Opinion

In our opinion, the historical financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Group as at the dates stated and of its results, cash flows and changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of part (a) of Schedule Two to the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with item 1.2 of Annex I and item 1.2 of Annex III of Appendix 3.1.1 of the Prospectus Rules as applied by part (a) of Schedule Two to the AIM Rules for Companies.

Yours faithfully

RSM Corporate Finance LLP

Regulated by the Institute of Chartered Accountants in England and Wales

SECTION B: HISTORICAL FINANCIAL INFORMATION ON THE GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE THREE YEARS ENDED 31 MARCH 2018

	<i>Note</i>	<i>2018</i> £	<i>2017</i> £	<i>2016</i> £
Revenue	4	12,833,659	8,664,036	5,592,012
Cost of sales		<u>(7,263,209)</u>	<u>(5,015,429)</u>	<u>(3,037,963)</u>
Gross profit		5,570,450	3,648,607	2,554,049
Administrative expenses	5	(2,273,128)	(1,661,583)	(1,339,406)
Other operating income		<u>84,000</u>	<u>333</u>	<u>–</u>
Operating profit	6	3,381,322	1,987,357	1,214,643
Finance income		1,114	22	713
Finance costs	7	<u>(46,786)</u>	<u>(63,267)</u>	<u>(45,902)</u>
Profit before taxation		3,335,650	1,924,112	1,169,454
Tax expense	11	<u>(568,053)</u>	<u>(298,879)</u>	<u>(105,070)</u>
Profit for the financial year		<u><u>2,767,597</u></u>	<u><u>1,625,233</u></u>	<u><u>1,064,384</u></u>
Unrealised surplus on revaluation of tangible fixed assets	13	–	522,355	–
Movement of deferred tax on the revaluation of tangible fixed assets	12	<u>16,970</u>	<u>(83,903)</u>	<u>–</u>
Other comprehensive income for the year		<u>16,970</u>	<u>438,452</u>	<u>–</u>
Total comprehensive income for the year attributable to owners of the parent		<u><u>2,784,567</u></u>	<u><u>2,063,685</u></u>	<u><u>1,064,384</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 March 2018 £	As at 31 March 2017 £	As at 31 March 2016 £
Assets				
Non-current assets				
Property, plant and equipment	13	3,340,520	3,334,232	2,828,916
Investment property	14	342,629	321,596	184,818
Trade and other receivables	16	259,459	43,000	–
		<u>3,942,608</u>	<u>3,698,828</u>	<u>3,013,734</u>
Current assets				
Inventories	15	709,212	555,398	525,790
Trade and other receivables	16	1,300,636	1,152,826	410,878
Cash and cash equivalents		2,505,657	475,701	208,285
		<u>4,515,505</u>	<u>2,183,925</u>	<u>1,144,953</u>
Total assets		<u><u>8,458,113</u></u>	<u><u>5,882,753</u></u>	<u><u>4,158,687</u></u>
Equity and liabilities				
Equity				
Share capital	17	160	160	160
Capital redemption reserve	18	40	40	40
Revaluation reserve	18	455,422	438,452	–
Retained earnings	18	4,205,336	1,959,565	404,332
Equity attributable to the owners of the parent		<u><u>4,660,958</u></u>	<u><u>2,398,217</u></u>	<u><u>404,532</u></u>
Non-current liabilities				
Borrowings	19	1,457,377	1,723,544	1,572,799
Deferred tax liabilities	12	141,313	174,870	90,967
		<u>1,598,690</u>	<u>1,898,414</u>	<u>1,663,766</u>
Current liabilities				
Trade and other payables	21	1,493,348	1,091,238	1,762,679
Borrowings	19	185,594	197,459	149,309
Corporation tax liabilities		519,523	297,425	178,401
		<u>2,198,465</u>	<u>1,586,122</u>	<u>2,090,389</u>
Total liabilities		<u><u>3,797,155</u></u>	<u><u>3,484,536</u></u>	<u><u>3,754,155</u></u>
Total equity and liabilities		<u><u>8,458,113</u></u>	<u><u>5,882,753</u></u>	<u><u>4,158,687</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	<i>Attributable to the owners of the Parent Company</i>				
	<i>Capital</i>				
	<i>Share capital</i>	<i>redemption reserve</i>	<i>Revaluation reserve</i>	<i>Retained earnings</i>	<i>Total</i>
	£	£	£	£	£
At 1 April 2015	194	6	–	869,948	870,148
Total comprehensive income	–	–	–	1,064,384	1,064,384
Purchase of own shares	–	–	–	(1,530,000)	(1,530,000)
Purchase of own shares	(34)	34	–	–	–
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2016	160	40	–	404,332	404,532
Profit for the year	–	–	–	1,625,233	1,625,233
Surplus on revaluation of freehold property	–	–	438,452	–	438,452
Dividends: Equity capital (Note 9)	–	–	–	(70,000)	(70,000)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2017	160	40	438,452	1,959,565	2,398,217
Profit for the year	–	–	–	2,767,597	2,767,597
Surplus on revaluation of freehold property	–	–	16,970	–	16,970
Dividends: Equity capital (Note 9)	–	–	–	(521,826)	(521,826)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2018	<u>160</u>	<u>40</u>	<u>455,422</u>	<u>4,205,336</u>	<u>4,660,958</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

	<i>Year to</i> 31 March 2018 £	<i>Year to</i> 31 March 2017 £	<i>Year to</i> 31 March 2016 £
Cash flows from operating activities			
Profit before tax	3,335,650	1,924,112	1,169,454
Adjustments for:			
Depreciation	318,548	280,733	201,130
Profit on disposal of investment property	(5,181)	–	–
Finance costs	46,786	63,267	45,902
Finance income	(1,114)	(22)	(713)
(Increase) in inventories	(153,814)	(29,608)	(185,073)
(Increase) in trade and other receivables	(364,269)	(784,948)	(337,754)
Increase/(decrease) in trade and other payables	402,110	(671,441)	1,323,808
Corporation tax paid	(362,542)	(179,855)	(60,465)
Net cash generated from operating activities	3,216,174	602,238	2,156,289
Cash flows from investing activities			
Purchase of property, plant & equipment	(530,688)	(263,694)	(359,285)
Purchase of investment properties	–	(136,778)	(184,819)
Sale of investment properties	190,000	–	–
Interest received	1,114	22	713
Net cash used in investing activities	(339,574)	(400,450)	(543,391)
Cash flows from financing activities			
New borrowings	–	250,000	143,900
Repayment of borrowings	(249,847)	(112,518)	(87,460)
New finance leases	–	79,542	–
Repayment of finance leases	(28,185)	(18,129)	–
Dividends paid	(521,826)	(70,000)	–
Purchase of own shares	–	–	(1,530,000)
Interest paid	(46,786)	(63,267)	(45,902)
Net cash (used in)/generated from financing activities	(846,644)	65,628	(1,519,462)
Net increase in cash and cash equivalents	2,029,956	267,416	93,436
Cash and cash equivalents at beginning of year	475,701	208,285	114,849
Cash and cash equivalents at the end of year	2,505,657	475,701	208,285

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. General information

Cake Box Holdings Plc (the “Company”) is a company limited by shares, incorporated in England and Wales. Its registered office is 20 – 22 Jute Lane, Enfield, Middlesex, EN3 7PJ.

The principal activity of the Company and its subsidiaries (the “Group”) is that of the retail of trade cakes and associated services.

2. Accounting policies

2.1 *Basis of preparation of historical financial information*

The historical financial information has been prepared in accordance with International Financial Reporting Standards and interpretations issued by the International Financial Reporting Standards Interpretations Committee (“IFRIC”) as adopted by the European Union (collectively “EU adopted IFRS’s”).

2.2 *Basis of consolidation*

The consolidated historical financial information presents the results of the Company and its subsidiaries as if they form a single entity. Subsidiaries are all entities over which Cake Box Holdings Plc has control. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. Intercompany transactions and balances between group companies are eliminated in full. Please see details of subsidiaries in note 27.

2.3 *Changes in accounting policy*

None of the standards, interpretations and amendments effective for the first time from 1 April 2015 have had a material effect on the historical financial information.

None of the standards, interpretations and amendments which are effective for periods beginning after 1 April 2015 and which have been early adopted, are expected to have a material effect on the historical financial information.

The following standards and interpretations, relevant to the Group’s operations that have been early adopted in the historical financial information:

IFRS 9 – ‘Financial Instruments’ (effective for annual periods beginning on or after 1 January 2018)

IFRS 15 – ‘Revenue from contracts with customers’ (effective for annual periods beginning on or after 1 January 2018)

The following standard and interpretations, relevant to the Group’s operations is not yet effective and has not been early adopted:

IFRS16 – ‘Leases’ (effective for annual periods on or after 1 January 2019)

Management has considered the potential effect of this standard and as there is only one operating lease for property, no material impact is expected.

2.4 *Segment reporting*

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that make strategic decisions. Whilst the Group trading has numerous components, the Directors are of the opinion that these are not separately identifiable and therefore disclose the minimum required under IFRS. This is in line with internal reporting provided to the executive directors.

2.5 **Revenue**

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Group and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Sale of goods to franchisees

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Fees

Fees receivable from the franchisee for branding, equipment, training and initial support are recognised on delivery of the equipment and rendering of the services enabling the franchisee to operate at which time the company has performed its obligations under the franchise agreement in respect of the fees. Fees received in advance are held on the statement of financial position as other payables.

Online sales

Online sales which include click and collect sales where the franchisee has the primary responsibility for the fulfilment of the order and the company is collecting consideration on behalf of the franchisee as agent are not recognised as revenue of the company. Revenue is only recognised in respect of the commission received on all online orders that does not belong to the franchisees.

2.6 **Current and deferred taxation**

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset, limited to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the historical financial information and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are recognised for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognised for all temporary differences that are expected to reduce taxable profit in the future, and any unused tax losses or unused tax credits, limited to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The net carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in the statement of comprehensive income. Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be realised or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

Tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax movement for the current period. The tax currently payable is based on taxable profit for the year.

2.7 Tangible fixed assets – held at cost

Property, plant & equipment under the cost model, other than investment properties, are 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.

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant & machinery	–	25 per cent. Straight-line method
Motor vehicles	–	25 per cent. Straight-line method
Fixtures & fittings	–	25 per cent. Straight-line method

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.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

2.8 Tangible fixed assets – held at valuation

Individual freehold properties are carried at current year value at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at each Consolidated Statement of Financial Position date.

Fair values are determined by the directors from market based evidence.

Revaluation gains and losses are recognised in the Consolidated statement of comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in the profit or loss.

2.9 Investment property

Investment property is carried at fair value determined annually by the directors and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Consolidated Statement of Comprehensive Income.

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

2.11 Financial instruments

Initial Measurement

Financial Instruments are initially measured at the transaction price (this includes transaction cost except in the initial measurement of financial assets and liabilities that will be measured at fair value through the Consolidated Statement of Comprehensive Income). If, however the arrangement constitutes a financing transaction it is then measured at the present value of the future payments, discounted at a market related interest rate.

Trade and other receivables

All sales are made on the basis of normal credit terms, and the receivables do not bear interest. Where credit is extended beyond normal credit terms, receivables are measured at amortised cost using the effective interest method. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in the Consolidated Statement of Comprehensive Income.

Trade and other payables

Trade payables are obligations on the basis of normal credit terms and do not bear interest. Trade payables denominated in a foreign currency are translated into Sterling using the exchange rate at the reporting date. Foreign exchange gains or losses are included in other income or other expenses.

Bank loans and overdrafts

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

2.12 Finance costs

Finance costs are charged to the Consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

2.14 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an Annual General Meeting.

2.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the lessee. All other leases are classified as operating leases.

Finance Lease – Lessee

Rights to assets held under finance leases are recognised as assets of the Group at the fair value of the leased property (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring the statement of comprehensive income. Assets held under finance leases are included in property, plant and equipment, and depreciated and assessed for impairment losses in the same way as owned assets.

Operating Lease – Lessee

Rentals payable under operating leases are charged to the Consolidated Statement of Comprehensive Income on a straight-line basis over the term of the relevant lease.

Operating Lease – Lessor

Rental receipts under the operating lease are recognised as income in the Consolidated Statement of Comprehensive Income on a straight line basis over the lease term.

2.16 Employee benefits

Short Term Employee Benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as leave pay and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

Termination benefits

The entity recognises the expense and corresponding liability for termination benefits when it is demonstrably committed to either of the following scenarios:

- a. The termination of the employment of an employee or group of employees before the normal retirement age, or
- b. The provision of termination benefits in relation to an offer made to encourage voluntary redundancy.

The value of such benefit is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

2.17 Provisions and contingencies

Provisions are recognised when the group has an obligation at the reporting date as a result of a past event; it is probable that the group will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks to a specific obligation. The increase in the provision due to the passage of time is recognised as interest expense.

Provisions are not recognised for future operating losses.

Contingent assets and contingent liabilities are not recognised.

2.18 Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

2.19 **Research and development**

Research and development expenditure is charged to the profit and loss account in the year in which it is incurred.

3. **Judgments in applying accounting policies and key sources of estimation uncertainty**

Revenue recognition

IFRS15 “Revenue from Contract with Customers” is a comprehensive new revenue recognition standard issued by the International Financial Reporting Standards (IFRS) that supersedes all main existing revenue recognition guidance and which has been adopted for the purpose of this historical financial information.

This new standard requires entities to apply core principals to recognised revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. An entity recognises revenue in accordance with that core principal by applying the following steps:

- Step 1: Identify the contract(s) with a customer—a contract is an agreement between two or more parties that creates enforceable rights and obligations. The requirements of IFRS 15 apply to each contract that has been agreed upon with a customer and meets specified criteria.
- Step 2: Identify the performance obligations in the contract—a contract includes promises to transfer goods or services to a customer. If those goods or services are distinct, the promises are performance obligations and are accounted for separately.
- Step 3: Determine the transaction price—the transaction price is the amount of consideration in a contract to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer.
- Step 4: Allocate the transaction price to the performance obligations in the contract—an entity typically allocates the transaction price to each performance obligation on the basis of the relative stand-alone selling prices of each distinct good or service promised in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation—an entity recognises revenue when (or as) it satisfies a performance obligation by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). The amount of revenue recognized is the amount allocated to the satisfied performance obligation. A performance obligation may be satisfied at a point in time (typically for promises to transfer goods to a customer) or over time (typically for promises to transfer services to a customer).

Franchise fees

Under the franchise agreement between the company and the franchisee the promised goods and services are considered distinct from the franchise rights as they are separately identifiable and each franchisee can benefit from the main constituent elements in their own right and the related goods and services are materially performed prior to the franchisee operating at which point the transaction price is allocated and revenue recognised.

Sale of goods

Revenue from the sale of food, equipment and other direct goods supplied to the franchisees continue to be recognised upon delivery of the related products in accordance with the core principals.

Online sales

We consider the company continues to act as agent in relation to the fulfilment of online sales because the franchisee has primary responsibility to provide the specified goods to the customer.

Freehold land & buildings

The directors have made the decision to not depreciate some land and buildings on the basis of the fair value being in excess of the carrying value. Depreciation is also deemed immaterial and is therefore not provided.

One property held at valuation has not been valued by an independent valuer. The directors consider that the value of the freehold property is representative of the current market value after consideration to similar properties in the surrounding area.

Investment Properties

Investment properties have not been valued by an independent valuer. The directors consider that the value of the freehold investment properties is representative of the current market value after consideration to similar properties in the surrounding area.

4. Revenue

Components reported to the chief operating decision maker (CODM) are not separately identifiable. The group makes varied sales to its customers but none are a separately identifiable component. The following information is disclosed:

	2018 £	2017 £	2016 £
Sale of goods	10,490,687	7,120,028	4,919,856
Sale of services	2,248,797	1,458,300	664,156
Rental of properties	94,175	85,708	8,000
	<u>12,833,659</u>	<u>8,664,036</u>	<u>5,592,012</u>

All revenue occurred in the United Kingdom

The group is not reliant upon any major customer.

5 Expenses by nature

The profit/loss has been arrived at after charging:

	2018 £	2017 £	2016 £
Staff related expenses	1,201,113	729,387	627,049
Travel and entertaining costs	210,282	220,061	170,762
Supplies costs	51,916	36,546	31,874
Professional costs	237,295	164,898	98,626
Depreciation costs	318,548	280,733	201,130
Rates and utilities costs	185,648	153,325	124,175
Property maintenance costs	70,742	75,199	53,383
Other costs	(2,416)	1,434	32,407
	<u>2,273,128</u>	<u>1,661,583</u>	<u>1,339,406</u>

6. Operating profit

The operating profit is stated after charging:

	2018 £	2017 £	2016 £
Research & development charged as an expense	160,000	164,142	200,727
Depreciation of tangible fixed assets	318,548	280,733	201,130
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	12,000	12,000	–
Other operating lease rentals	51,367	62,937	62,293
Defined contribution pension cost	6,054	4,469	–
	<u>547,969</u>	<u>524,281</u>	<u>464,150</u>

7. Finance costs

	2018 £	2017 £	2016 £
Bank loan interest	46,786	63,267	45,902
	<u>46,786</u>	<u>63,267</u>	<u>45,902</u>

8. Staff costs (excluding Directors' remuneration)

	2018 £	2017 £	2016 £
Wages and salaries	1,039,095	651,113	567,166
Social security costs	90,537	49,870	38,466
Pension costs	6,054	4,469	–
	<u>1,135,686</u>	<u>705,452</u>	<u>605,632</u>

The average monthly number of employees, including directors, during the year was 54 (2017 – 40, 2016 – 41).

9. Dividends

	2018 £	2017 £	2016 £
Dividends paid	521,826	70,000	–
	<u>521,826</u>	<u>70,000</u>	<u>–</u>

Please refer to note 23 of dividends paid to related parties.

10. Directors remuneration

	2018 £	2017 £	2016 £
Remuneration	42,833	23,000	21,417
Social security costs	3,657	935	717
	<u>46,490</u>	<u>23,935</u>	<u>22,134</u>

11. Tax expense

	2018 £	2017 £	2016 £
Corporation tax			
Current tax on profits for the year	519,523	297,425	178,401
Adjustments in respect of previous periods	65,117	1,454	(34,349)
Deferred Tax			
Arising from origination and reversal of temporary differences	(16,587)	–	(38,982)
	<u>568,053</u>	<u>298,879</u>	<u>105,070</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2017 – lower than, 2016 – lower than) the standard rate of corporation tax in the UK of 19 per cent. (2017 – 20 per cent., 2016 – 20 per cent.). The differences are explained below:

	2018 £	2017 £	2016 £
Profit on ordinary activities before tax	<u>3,335,650</u>	<u>1,924,112</u>	<u>1,169,454</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19 per cent. (2017 & 2016 – 20 per cent.)	633,774	384,822	233,891
Effects of:			
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	4,781	1,071	9,402
Deferred tax not provided	–	(8,840)	–
R&D credits adjustment	(39,520)	(42,677)	(52,189)
Adjustments to tax charge in respect of prior periods	65,117	1,454	(34,349)
Employee share scheme relief	(72,960)	–	–
Capital receipt	5,313	–	–
Other adjustments	<u>(28,271)</u>	<u>(36,951)</u>	<u>(51,685)</u>
Total tax expense for the year	<u>568,053</u>	<u>298,879</u>	<u>105,070</u>

Factors that may affect future tax charges

From 1 April 2020 the corporation tax rate is set to reduce to 17 per cent.

12. Deferred taxation

	2018 £	2017 £	2016 £
At beginning of year	174,870	90,967	123,874
Charged to the statement of comprehensive income:			
Changes in tax rates	(3,523)	–	–
Changes due to revaluation gains	(13,447)	83,903	–
Accelerated capital allowances	<u>(16,587)</u>	<u>–</u>	<u>(32,907)</u>
At end of year	<u>141,313</u>	<u>174,870</u>	<u>90,967</u>
	<i>Group</i>	<i>Group</i>	<i>Group</i>
	2018	2017	2016
	£	£	£
Accelerated capital allowances	74,380	90,967	90,967
Property revaluations (including indexation)	<u>66,933</u>	<u>83,903</u>	<u>–</u>
	<u>141,313</u>	<u>174,870</u>	<u>90,967</u>

The main UK corporation tax rate changed on 1 April 2017 from 20 per cent. to 19 per cent.

Movements in deferred tax in direct relation to property revaluation is recognised immediately against the revaluation reserve.

13. Property, plant and equipment

	<i>Freehold property</i> £	<i>Plant & machinery</i> £	<i>Motor vehicles</i> £	<i>Fixtures & fittings</i> £	<i>Total</i> £
Cost or valuation					
At 1 April 2015	2,183,497	334,766	30,755	412,042	2,961,060
Additions	–	54,420	63,790	241,075	359,285
At 31 March 2016	<u>2,183,497</u>	<u>389,186</u>	<u>94,545</u>	<u>653,117</u>	<u>3,320,345</u>
Depreciation					
At 1 April 2015	–	201,665	12,678	75,956	290,299
Charge for the year	–	90,728	11,537	98,865	201,130
At 31 March 2016	<u>–</u>	<u>292,393</u>	<u>24,215</u>	<u>174,821</u>	<u>491,429</u>
Net book value					
At 31 March 2016	<u>2,183,497</u>	<u>96,793</u>	<u>70,330</u>	<u>478,296</u>	<u>2,828,916</u>
	<i>Freehold property</i> £	<i>Plant & machinery</i> £	<i>Motor vehicles</i> £	<i>Fixtures & fittings</i> £	<i>Total</i> £
Cost or valuation					
At 1 April 2016	2,183,497	389,186	94,545	653,117	3,320,345
Additions	–	119,657	94,622	49,415	263,694
Revaluation	522,355	–	–	–	522,355
At 31 March 2017	<u>2,705,852</u>	<u>508,843</u>	<u>189,167</u>	<u>702,532</u>	<u>4,106,394</u>
Depreciation					
At 1 April 2016	–	292,393	24,215	174,821	491,429
Charge for the year	–	118,401	31,302	131,030	280,733
At 31 March 2017	<u>–</u>	<u>410,794</u>	<u>55,517</u>	<u>305,851</u>	<u>772,162</u>
Net book value					
At 31 March 2017	<u>2,705,852</u>	<u>98,049</u>	<u>133,650</u>	<u>396,681</u>	<u>3,334,232</u>
	<i>Freehold property</i> £	<i>Plant & machinery</i> £	<i>Motor vehicles</i> £	<i>Fixtures & fittings</i> £	<i>Total</i> £
Cost or valuation					
At 1 April 2017	2,705,852	508,843	189,167	702,532	4,106,394
Additions	–	284,561	148,756	97,371	530,688
Transfers to investment property	(205,852)	–	–	–	(205,852)
At 31 March 2018	<u>2,500,000</u>	<u>793,404</u>	<u>337,923</u>	<u>799,903</u>	<u>4,431,230</u>
Depreciation					
At 1 April 2017	–	410,794	55,517	305,851	772,162
Charge for the year	–	58,092	63,049	197,407	318,548
At 31 March 2018	<u>–</u>	<u>468,886</u>	<u>118,566</u>	<u>503,258</u>	<u>1,090,710</u>
Net book value					
At 31 March 2018	<u>2,500,000</u>	<u>324,518</u>	<u>219,357</u>	<u>296,645</u>	<u>3,340,520</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	<i>As at</i> 31 March 2018 £	<i>As at</i> 31 March 2017 £	<i>As at</i> 31 March 2016 £
Motor vehicles	33,512	50,996	–
Fixtures & fittings	12,407	16,542	–
	<u>45,919</u>	<u>67,538</u>	<u>–</u>

During the year to 31 March 2018, a property was transferred to investment property due to a change in use.

14. Investment property

	<i>Freehold investment property £</i>
Valuation	
At 1 April 2015	–
Additions	184,819
Disposals	–
At 31 March 2016	<u>184,819</u>
Additions	136,777
Disposals	–
At 31 March 2017	<u>321,596</u>
Additions	–
Disposals	(184,819)
Transfer from property, plant and equipment	205,852
At 31 March 2018	<u>342,629</u>

A freehold property was reclassified to an investment property during the year due to a change in use.

Post year end investment properties of £136,777 have been sold.

The 2017 valuations were made by the directors, on an open market value for existing use basis after consideration to similar properties in the surrounding area.

The fair value of the investment property has not been adjusted significantly for the purposes of financial reporting. The fair value of investment property is categorised as a level 3 recurring fair value measurement. The reconciliation of opening and closing fair value is the same as disclosed above.

15. Inventories

	<i>As at</i> 31 March 2018 £	<i>As at</i> 31 March 2017 £	<i>As at</i> 31 March 2016 £
Finished goods and goods for resale	<u>709,212</u>	<u>555,398</u>	<u>525,790</u>

Inventories recognised in cost of sales during the year as an expense was £5,390,255 (2017 – £3,559,595, 2016 – £2,386,444).

16. Trade and other receivables

	<i>As at</i> 31 March 2018 £	<i>As at</i> 31 March 2017 £	<i>As at</i> 31 March 2016 £
Trade receivables	1,429,182	981,164	291,352
Other receivables	27,539	13,904	47,804
Prepayments	103,374	200,758	71,722
	<u>1,560,095</u>	<u>1,195,826</u>	<u>410,878</u>
Non-current	259,459	43,000	–
Current	<u>1,300,636</u>	<u>1,152,826</u>	<u>410,878</u>
	<u>1,560,095</u>	<u>1,195,826</u>	<u>410,878</u>

The fair value of those trade and other receivables classified as financial instrument loans and receivables are disclosed in the financial instruments note.

The Group's exposure to credit and market risks, including impairments and allowances for credit losses, relating to trade and other receivables is disclosed in the financial risk management and impairment of financial assets note.

All non-current assets are due within three years of the statement of financial position date.

Age of trade receivables past due that are not impaired

	<i>As at</i> 31 March 2018 £	<i>As at</i> 31 March 2017 £	<i>As at</i> 31 March 2016 £
30 to 60 Days	193,856	68,179	18,247
60 to 90 Days	(15,648)	8,441	–
90 to 120 Days	(28,805)	–	–
120 Days plus	(69,900)	7,154	2,880
	<u>79,503</u>	<u>83,774</u>	<u>21,127</u>

17. Share capital

	<i>As at</i> 31 March 2018 £	<i>As at</i> 31 March 2017 £	<i>As at</i> 31 March 2016 £
40,000,000 £0.000004 Ordinary Shares (2016 & 2017 – 160 £1 Ordinary Shares)	<u>160</u>	<u>160</u>	<u>160</u>

During the year ended 31 March 2018 the Company redenominated its shares from 160 £1 ordinary shares into 40,000,000 £0.000004 ordinary shares, were designated into A – G shares. All shares were subsequently re-designated into one category of Ordinary Shares. All shares rank equally in all respects.

18. Reserves

The following describes the nature and purpose of each reserve within equity:

Capital redemption reserve	Amounts transferred from share capital on redemption of issued shares.
Revaluation reserve	Gains/losses arising on the revaluation of the Group's property (other than investment property).
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

19. Borrowings

	<i>As at</i> <i>31 March</i> <i>2018</i> £	<i>As at</i> <i>31 March</i> <i>2017</i> £	<i>As at</i> <i>31 March</i> <i>2016</i> £
Non-current borrowings			
Bank loans	1,452,334	1,690,316	1,572,799
Net obligations under finance leases and hire purchase contracts	5,043	33,228	–
	<u>1,457,377</u>	<u>1,723,544</u>	<u>1,572,799</u>
Current borrowings			
Bank loans	157,409	169,274	149,309
Net obligations under finance leases and hire purchase contracts	28,185	28,185	–
	<u>185,594</u>	<u>197,459</u>	<u>149,309</u>

Bank loans of £1,609,743 (2017 – £1,859,590, 2016 – £1,722,108) are secured via fixed charge over specific properties and floating charges upon certain other assets held by the Group. Interest rates of 2.33-2.5 per cent. above Bank of England base rate are charged on the loans. They are repayable in monthly instalments with final payments due between August 2019 and July 2030.

Net obligations under finance leases and hire purchase contracts of £33,228 (2017 – £61,413, 2016 – £Nil).

20. Leases

Operating Leases – Lessee

The Group leases a building and cars under non-cancellable operating lease agreements.

The total future value of minimum lease payments is as follows:

	<i>As at</i> <i>31 March</i> <i>2018</i> £	<i>As at</i> <i>31 March</i> <i>2017</i> £	<i>As at</i> <i>31 March</i> <i>2016</i> £
Land and buildings			
Not later than 1 year	45,000	45,000	45,000
Later than 1 year and not later than 5 years	67,500	112,500	157,500
Total	<u>112,500</u>	<u>157,500</u>	<u>202,500</u>

	<i>As at</i> <i>31 March</i> <i>2018</i> £	<i>As at</i> <i>31 March</i> <i>2017</i> £	<i>As at</i> <i>31 March</i> <i>2016</i> £
Other			
Not later than 1 year	667	9,130	18,209
Later than 1 year and not later than 5 years	–	667	9,797
Total	<u>667</u>	<u>9,797</u>	<u>28,006</u>

Operating Leases – Lessor

Two investment properties (2017 & 2016 – one) are leased. The terms of the lease vary between properties. The total future value of minimum lease payments is due as follows:

	<i>As at</i> <i>31 March</i> <i>2018</i> £	<i>As at</i> <i>31 March</i> <i>2017</i> £	<i>As at</i> <i>31 March</i> <i>2016</i> £
Not later than 1 year	75,246	50,496	50,496
Later than 1 year and not later than 5 years	96,784	147,280	197,776
	<u>172,030</u>	<u>197,776</u>	<u>248,272</u>

21. Trade and other payables

	<i>As at</i> <i>31 March</i> <i>2018</i> £	<i>As at</i> <i>31 March</i> <i>2017</i> £	<i>As at</i> <i>31 March</i> <i>2016</i> £
Trade payables	734,859	180,858	363,243
Other taxation and social security	99,899	3,626	24,273
Other payables	419,280	693,846	1,242,083
Accruals and deferred income	239,310	212,908	133,080
	<u>1,493,348</u>	<u>1,091,238</u>	<u>1,762,679</u>

The fair value of the trade and other payables classified as financial instruments are disclosed in the financial instruments note.

The Group's exposure to market and liquidity risks related to trade and other payables is disclosed in the financial risk management and impairment of financial assets note. The Group pays its trade payables on terms and as such trade payables are not yet due at the statement of financial position dates.

Included within other payables are amounts due to directors of £14,667 (2017 – £400,000, 2016 – £914,066).

22. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £6,054 (2017 – £4,469, 2016 – £Nil). Contributions totalling £1,205 (2017 – £951, 2016 – £Nil) were payable to the fund at the statement of financial position date.

23. Related party transactions

Included within other payables are amounts due to directors of £14,667 (2017 – £400,000, 2016 – £914,066).

The following dividends were paid to related parties:

	31 March 2018	31 March 2017	31 March 2016
Pardip Dass, Director	966	14,000	–
Kulwinder Kaur ¹	725	10,500	–
Sukh Chamdal, Director	1,691	24,500	–
Santosh Chamdal ²	1,449	21,000	–
Dr Jaswar Singh, Director	21,375	–	–
	<u>26,205</u>	<u>70,000</u>	<u>–</u>

1 Kulwinder Kaur is the spouse of Pardip Dass

2 Santosh Chamdal is the spouse of Sukh Chamdal

Details of amounts paid to key management personnel are included within note 9.

During the year the group made sales to companies under the control of the directors. All sales were made on an arms-length basis. These are detailed as follows:

Mr Sukh Chamdal

	2018 £		2017 £		2016 £	
	Sales for the year ended 31 March	Balance as at 31 March	Sales for the year ended 31 March	Balance as at 31 March	Sales for the year ended 31 March	Balance as at 31 March
S&S Cakes Limited	<u>243,495</u>	<u>–</u>	<u>191,482</u>	<u>–</u>	<u>171,163</u>	<u>–</u>

Mr Pardip Dass

	2018 £		2017 £		2016 £	
	Sales for the year ended 31 March	Balance as at 31 March	Sales for the year ended 31 March	Balance as at 31 March	Sales for the year ended 31 March	Balance as at 31 March
Cake Box (Barking) Limited	183,214	–	146,210	–	–	–
Cake Box (Walthamstow) Limited	92,170	6,350	133,522	–	114,042	–
	<u>275,384</u>	<u>6,350</u>	<u>279,732</u>	<u>–</u>	<u>114,042</u>	<u>–</u>

Dr Jaswir Singh

	2018 £		2017 £		2016 £	
	<i>Sales for the year ended 31 March</i>	<i>Balance as at 31 March</i>	<i>Sales for the year ended 31 March</i>	<i>Balance as at 31 March</i>	<i>Sales for the year ended 31 March</i>	<i>Balance as at 31 March</i>
Luton Cake Box Limited	338,313	–	238,530	8,207	209,307	–
Peterborough Cake Box Limited	120,139	(2,295)	134,234	68,619	–	–
MK Cakes Limited	–	–	–	–	–	–
Cream Cake Limited	142,592	74,000	–	–	–	–
Leicester Cake Box Limited	192,759	2,258	178,512	3,205	181,114	7,856
	<u>793,803</u>	<u>73,962</u>	<u>551,276</u>	<u>80,031</u>	<u>390,447</u>	<u>7,856</u>

24. Financial instruments

In common with other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout this historical financial information.

The significant accounting policies regarding financial instruments are disclosed in note 2.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in this note.

The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

Loans and receivables

	<i>Held at amortised cost</i>		
	<i>As at 31 March 2018 £</i>	<i>As at 31 March 2017 £</i>	<i>As at 31 March 2016 £</i>
Cash and cash equivalents	2,505,657	475,701	208,285
Trade and other receivables	1,456,721	995,068	339,156
	<u>3,962,378</u>	<u>1,470,769</u>	<u>547,441</u>

Financial liabilities

	<i>Held at amortised cost</i>		
	<i>As at 31 March 2018 £</i>	<i>As at 31 March 2017 £</i>	<i>As at 31 March 2016 £</i>
Trade and other payables	1,393,449	1,087,612	1,738,406
Borrowings	1,642,971	1,921,003	1,722,108
	<u>3,036,420</u>	<u>3,008,615</u>	<u>3,460,514</u>

There is no significant difference between the fair value and carrying value of financial instruments.

25. Financial risk management

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the company's finance function. The board receives regular reports from the Finance Director through which it reviews the effectiveness of processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the company's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk and impairment

Credit risk arises principally from the Group's trade and other receivables. It is the risk that the counter party fails to discharge its obligation in respect of the instrument. The maximum exposure to credit risk equals the carrying value of these items in the historical financial information. The following table shows the current exposure facing the group:

Age of trade receivables that are not impaired

	<i>As at</i> <i>31 March</i> <i>2018</i> £	<i>As at</i> <i>31 March</i> <i>2017</i> £	<i>As at</i> <i>31 March</i> <i>2016</i> £
30 to 60 Days	193,856	68,179	18,247
60 to 90 Days	(15,648)	8,441	–
90 to 120 Days	(28,805)	–	–
120 Days plus	(69,900)	7,154	2,880
	<u>79,503</u>	<u>83,774</u>	<u>21,127</u>

Credit risk with cash and cash equivalents is reduced by placing funds with banks with high credit ratings.

Liquidity risk

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due.

The Board receives cash flow projections on a regular basis which are monitored regularly. The Board will not commit to material expenditure in respect of its ongoing development programme prior to being satisfied that sufficient funding is available to the Group to finance the planned programmes.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

Borrowings

	<i>As at</i> <i>31 March</i> <i>2018</i> £	<i>As at</i> <i>31 March</i> <i>2017</i> £	<i>As at</i> <i>31 March</i> <i>2016</i> £
Borrowings – Due within one year	185,594	197,459	149,309
Borrowings – Due between one to five years	1,457,377	1,723,544	1,572,799
	<u>1,642,971</u>	<u>1,921,003</u>	<u>1,722,108</u>

Trade and other payables

	<i>As at</i> 31 March 2018 £	<i>As at</i> 31 March 2017 £	<i>As at</i> 31 March 2016 £
0-30 days	1,302,922	1,086,995	1,684,528
30-60 days	130,533	1,727	74,978
60-90 days	72,069	1,615	4,860
90-120 days	(33)	–	(2,587)
120 days to 1 year	(12,143)	901	900
	<u>1,493,348</u>	<u>1,091,238</u>	<u>1,762,679</u>

Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining good relationships with banks and other lending providers and by ensuring cash reserves are high enough to cover the debt. Where possible fixed terms of interest will be sought.

The Group analyses the interest rate exposure on a regular basis. A sensitivity analysis is performed by applying a simulation technique to the liabilities that represent major interest-bearing positions. Various scenarios are run taking into consideration refinancing, renewal of the existing positions, alternative financing and hedging. Based on the simulations performed, the impact on profit or loss and net assets of a 25 basis-point shift (being the maximum reasonable expectation of changes in interest rates) would be a change of £4,024 (2017 – £4,648, 2016 – £4,929). The gain or loss potential is then compared to the limits determined by management.

Capital risk management

The Group considers its capital to comprise its ordinary share capital and retained profits as its equity capital. In managing its capital, the Group's primary objective is to provide return for its equity shareholders through capital growth and future dividend income. The Group's policy is to seek to maintain a gearing ratio that balances risks and returns at an acceptable level and also to maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through new share issues or the issue of debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives.

Details of the Group's capital are disclosed in the Statement of Changes in Equity.

There have been no other significant changes to the Group's management objectives, policies and procedures in the year nor has there been any change in what the Group considers to be capital.

Currency risk

The Group is not exposed to any significant currency risk. The Group also manages its currency exposure by retaining its cash balances in Sterling.

26. Post balance sheet events

Post year end the group has declared dividends of £350,000 (2017 & 2016 – £nil).

27. Subsidiary undertakings

The following were subsidiary undertakings of the Company:

<i>Name</i>	<i>Country of incorporation</i>	<i>Class of shares</i>	<i>Holding</i>	<i>Principal activity</i>
Eggfree Cake Box Ltd	United Kingdom	Ordinary	100%	Franchisor of specialist cake store
Chaz Ltd	United Kingdom	Ordinary	100%	Property rental company

28. Ultimate controlling party

The directors Mr P Dass and Mr S R Chamdal are considered jointly to be the controlling party.

29. Capital commitments

As at 31 March 2018, the group had a capital commitment of £162,000 (2017 & 2016 – £Nil).

PART 4

ADDITIONAL INFORMATION

1 RESPONSIBILITY STATEMENT

The Company and the Directors, whose addresses appear on page 3 of this document, accept responsibility for the information contained in this document, including individual and collective responsibility, for the Company's compliance with the AIM Rules. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and makes no omission likely to affect the import of such information.

2 INCORPORATION AND STATUS OF THE COMPANY

- 2.1 The legal and commercial name of the Company is Cake Box Holdings plc.
- 2.2 The Company was incorporated in England and Wales on 15 November 2013 under the name of SCPD Holdings Limited with registered number 08777765 as a private limited company. On 21 June 2017, the Company changed its name to Cake Box Holdings Limited. On 20 June 2018 the Company was re-registered as a public limited company with the name Cake Box Holdings plc.
- 2.3 The liability of the members of the Company is limited to the amount, if any, unpaid on their Ordinary Shares.
- 2.4 The principal legislation under which the Company operates is the 2006 Act and the regulations made thereunder.
- 2.5 The registered office and headquarters of the Company is at 20-22 Jute Lane, Enfield, Middlesex, EN3 7PJ. The Company's website which discloses the information required by Rule 26 of the AIM Rules is www.eggfreecake.co.uk. The Company's telephone number is 020 8443 1113.
- 2.6 Details of the Directors and their respective functions in the Company are set out on page 3 of this document under the heading 'Directors, Secretary and Advisers'. Each of the Directors can be contacted at the registered office of the Company as set out in paragraph 2.5 of this Part 4.
- 2.7 The ISIN of the Ordinary Shares is GB00BDZWB751 and the Ordinary Shares are in registered form and capable of being held either on a certificated or an uncertificated basis. The Company's LEI Code is 213800HZ61RLHNSM2698.
- 2.8 The accounting reference date of the Company is 31 March.

3 THE SUBSIDIARIES

- 3.1 The Company acts as the holding company of the Group.
- 3.2 The Company has the following subsidiaries, both of which are incorporated in England and Wales both of which have the same registered office as the Company:

<i>Name</i>	<i>Company Number</i>	<i>Activity</i>	<i>Company ownership</i>
Chaz Limited	06914855	Property holding	100% owned by Cake Box Holdings plc
Eggfree Cake Box Limited	06861652	Retail of confectionary (operating company of the Group)	100% owned by Cake Box Holdings plc

4 SHARE CAPITAL OF THE COMPANY

- 4.1 The issued share capital of the Company, as at the date of this document and immediately following Admission, is and will be 40,000,000 ordinary shares of £0.01 each, issued and credited as fully paid.
- 4.2 The Company was incorporated on 15 November 2013 as a private limited company with an issued share capital of 200 ordinary shares of £1.00 each, issued and credited as fully paid to the subscribing members.
- 4.3 On 1 April 2015, the Company's issued share capital was 194 ordinary shares of £1.00 each (the Company having undertaken a buyback and subsequent cancellation of 6 ordinary shares prior to that date).
- 4.4 Between January and March 2016, the Company undertook a series of buybacks and cancellations such that the Company's issued share capital as at 18 March 2016 was 160 Ordinary Shares.
- 4.5 By way of an ordinary resolution passed by written resolution on 7 June 2017, the 160 ordinary shares of £1.00 each in the capital of the Company were sub-divided into 40,000,000 ordinary shares of £0.000004 each and reclassified into the following classes of shares of £0.000004 each:
 - 4.5.1 11,900,000 A ordinary shares;
 - 4.5.2 10,200,000 B ordinary shares;
 - 4.5.3 6,800,000 C ordinary shares;
 - 4.5.4 5,100,000 D ordinary shares;
 - 4.5.5 2,000,000 E ordinary shares;
 - 4.5.6 2,000,000 F ordinary shares; and
 - 4.5.7 2,000,000 G ordinary shares.
- 4.6 On 22 September 2017 the Company entered into option agreements pursuant to which a total of 1,192,155 options were granted over G ordinary shares.
- 4.7 By way of an ordinary resolution passed on 13 November 2017, 1,190,000 of the 2,000,000 F ordinary shares were reclassified pursuant to which the issued share capital of the Company was as follows:
 - 4.7.1 12,316,500 A ordinary shares;
 - 4.7.2 10,557,000 B ordinary shares;
 - 4.7.3 7,038,000 C ordinary shares;
 - 4.7.4 5,278,500 D ordinary shares;
 - 4.7.5 2,000,000 E ordinary shares;
 - 4.7.6 810,000 F ordinary shares; and
 - 4.7.7 2,000,000 G ordinary shares.
- 4.8 On 23 March 2018, 959,997 options were exercised by certain of the option holders, satisfied by way of transfer of G ordinary shares in the Company by each of Sukh Chamdal, Santosh Chamdal, Pardip Dass and Kulwinder Kaur to the respective option holders. All outstanding options was surrendered by the relevant option holders on 18 May 2018.
- 4.9 By way of an ordinary resolution passed on 26 March 2018, the Company undertook a reclassification of certain share classes such that the issued share capital of the Company was as follows:
 - 4.9.1 35,357,053 ordinary shares;
 - 4.9.2 333,008 A ordinary shares;
 - 4.9.3 236,410 B ordinary shares;
 - 4.9.4 205,637 C ordinary shares;
 - 4.9.5 100,000 D ordinary shares;

- 4.9.6 1,997,895 E ordinary shares;
 - 4.9.7 810,000 F ordinary shares; and
 - 4.9.8 959,997 G ordinary shares.
- 4.10 By way of an ordinary resolution passed on 29 March 2018, each of the then existing share classes were re-designated as Ordinary Shares.
- 4.11 By way of written resolution passed on 4 June 2018, a bonus issue of ordinary shares was declared and a consolidation approved which resulted in the Company's issued share capital being 40,000,000 Ordinary Shares of £0.01 each.
- 4.12 By way of written resolutions passed on 4 June 2018:
- 4.12.1 the Directors were generally and unconditionally authorised in accordance with section 551 of the 2006 Act to allot Ordinary Shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company ("**Rights**") to a maximum aggregate nominal amount representing two-thirds of the Existing Ordinary Shares, such authority unless otherwise renewed, varied or revoked by the Company, to expire on the date of the Company's first annual general meeting following Admission; and
 - 4.12.2 the Directors were given the general power to allot equity securities (as defined by section 560 of the 2006 Act) pursuant to the authority conferred by the resolution described in paragraph 4.12.3 as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall be limited (i) in relation to rights issues, up to a maximum additional amount of £132,000, which represents one third of the Company's issued ordinary share capital on Admission; and (ii) in any other case, shares up to a maximum nominal value of £40,000 representing approximately 10 per cent. of the Existing Ordinary Shares, such authorities, unless otherwise renewed, varied or revoked by the Company, to expire on the date of the Company's first annual general meeting following Admission.
 - 4.12.3 The Company was also generally and unconditionally authorised for the purposes of section 701 of the 2006 Act to make one or more market purchases (as defined in section 693(4) of the 2006 Act) of its Ordinary Shares, provided that: the Company does not purchase under this authority more than 4,000,000 Ordinary Shares (equivalent to 10 percent of the Existing Ordinary Shares); and does not pay less than £0.01 for each Ordinary Share; or more than 5 per cent. more than the average price over the five business days prior to any such purchase. Such authority is to expire, unless otherwise renewed, varied or revoked by the Company, on the date of the Company's first annual general meeting following Admission.
- 4.13 The provisions of Section 561(1) of the 2006 Act (which, to the extent not disapplied pursuant to Section 571 of the 2006 Act), confer on shareholders rights of pre-emption in respect of the allotment of equity securities which are, or are to be, paid up in cash, apply to the Company except to the extent disapplied as described in paragraph 4.12.2. Subject to certain limited exceptions, unless the approval of shareholders in general meeting is obtained in advance, the Company must normally offer Ordinary Shares to be issued for cash to holders of existing Ordinary Shares on a *pro rata* basis.
- 4.14 Save as disclosed in this document:
- 4.14.1 no share or loan capital of the Company has been issued or is proposed to be issued, fully or partly paid, either for cash or for a consideration other than cash;
 - 4.14.2 no share or loan capital of the Company is under option or is the subject of an agreement, conditional or unconditional, to be put under option; and
 - 4.14.3 no commission, discounts, brokerage or other special term has been granted by the Company or is now proposed in connection with the issue or sale of any part of the share or loan capital of the Company.

5 ARTICLES OF ASSOCIATION

5.1 The following is a description of the rights attaching to the Ordinary Shares based on the Company's Articles of Association (the **Articles**) and English law. This description does not purport to be complete and is qualified in its entirety by the full terms of the Articles.

5.1.1 Limited liability

The liability of the members of the Company is limited to the amount, if any, unpaid on the shares in the Company held by them.

5.1.2 Voting

Subject to disenfranchisement in the event of:

- (a) non-payment of calls or other monies due and payable in respect of Ordinary Shares; or
- (b) non-compliance with a statutory notice requiring disclosure as to beneficial ownership of Ordinary Shares,

and, without prejudice to any special rights or restrictions as to voting upon which any shares may be issued or may for the time being be held and to any other provisions of the Articles, on a show of hands every shareholder who is present in person (including by corporate representative) and every proxy present who has been duly appointed to vote on the resolution shall have one vote, and on a poll every shareholder who is present in person (including by corporate representative) and every proxy present who has been duly appointed to vote on the resolution shall have one vote for every Ordinary Share held.

5.1.3 Dividends

The Company may by Ordinary Resolution declare dividends but no dividend shall exceed the amount recommended by the Directors. Except insofar as the rights attaching to, or the terms of issue of, any shares otherwise provide, all dividends shall be apportioned and paid *pro rata* according to the amounts paid on the shares during any portion or portions of the period in respect of which the dividend is paid. If in the Directors' opinion the profits of the Company justify such payments, the Directors may pay interim dividends of such amounts and on such dates and in respect of such periods as they think fit. Any dividend unclaimed after a period of 12 years from the date it became due for payment shall be forfeited and shall revert to the Company.

5.1.4 Transferability of Ordinary Shares

All transfers of shares which are in certificated form may be effected by transfer in writing in any usual or common form or in any other form approved by the Directors. The instrument of transfer shall be executed by or on behalf of the transferor and (except in the case of fully-paid shares) by or on behalf of the transferee. All transfers of shares which are in uncertificated form may be effected by means of a relevant system under the Uncertificated Securities Regulations.

The Directors may, in the case of shares in certificated form, in their absolute discretion refuse to register any transfer of shares not being fully-paid shares or of a share upon which the Company has a lien, provided that any such refusal does not prevent dealings in partly-paid shares from taking place on an open and proper basis. In addition, the Directors may, subject to the Crest Regulations, refuse to register a transfer of shares (whether fully-paid or not) in favour of more than four persons jointly.

The Directors may decline to recognise any instrument of transfer relating to shares in certificated form unless the instrument of transfer is duly stamped, is in respect of only one class of share and is lodged at the Company's registered office accompanied by the relevant share certificate(s) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer (or if the instrument of transfer is executed by some other person on his behalf, the authority of that person to do so).

5.1.5 **Variation of rights**

Where the share capital of the Company is divided into different classes of shares, the special rights attached to any class may, subject to the provision of the 2006 Act, be varied or abrogated either with the written consent of the holders of three-fourths in nominal value of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. At every such general meeting the necessary quorum shall be two or more persons holding or representing by proxy (which proxies are authorised to exercise voting rights) not less than one-third in nominal value of the issued shares of the class (excluding any shares of that class held in treasury) (but so that at an adjourned meeting any holder of shares of the class present in person or by proxy shall be a quorum).

5.1.6 **Changes in capital**

Subject to the 2006 Act and to any special rights attaching to the existing shares, the Company may issue redeemable shares. The Directors may determine the terms, conditions and manner of redemption of any redeemable shares which are issued.

The Company may by ordinary resolution consolidate and divide all or any of its share capital into shares of a larger amount and sub-divide its shares, or any of them, into shares of a smaller amount (subject to the provisions of the 2006 Act).

Subject to the provisions of the 2006 Act, the Company may reduce its share capital, or any capital redemption reserve, share premium account or other undistributable reserve in any manner. The Company may also, subject to the requirements of the 2006 Act, purchase its own shares (including any redeemable shares).

5.1.7 **Untraced Shareholders**

Subject to the 2006 Act, the Company may sell any shares of a member or the shares of a person entitled thereto who is untraceable, if: (i) during a period of 12 years, dividends in respect of the shares in question have become payable and the cheques or warrants for all amounts payable to such member or person in respect of his shares have remained uncashed and the Company has received no communication from such member or person; (ii) the Company has given notice of its intention to sell such shares by sending a notice to the member or person at his address on the Company's register of members or other last known address and before sending such a notice has used reasonable efforts to trace the member or other person entitled, engaging, if considered appropriate, a professional asset reunification company or other tracing agent and/or giving notice of its intention to sell the share by advertisement in a national newspaper and in a newspaper circulating in the area of the address of the member or person entitled by transmission to the share shown in the Company's register of members and; (iii) during the further period of three months following the date of such notice and prior to the exercise of the power of sale the Company has not received any communication in respect of such shares from the member or person entitled by transmission. The net proceeds of sale shall belong to the Company but the member or person who had been entitled to the shares shall become a creditor of the Company in respect of those proceeds.

5.1.8 **Notice**

If on three consecutive occasions notices sent to a member have been returned undelivered, such member shall not thereafter be entitled to receive notices from the Company until he shall have communicated with the Company and supplied in writing to the Company's registered office a new registered address or a postal address within the United Kingdom for the service of notices or shall have informed the Company, in such manner as may be specified by the Company, of an address for the service of notices by electronic communication.

5.1.9 **Non-UK Shareholders**

There are no limitations in the Articles on the rights of non-UK shareholders to hold, or exercise voting rights attaching to, Ordinary Shares. However, no shareholder is entitled to receive notices from the Company (whether electronically or otherwise), including notices of general meetings, unless he has given a postal address in the UK or an address for the service of notices by electronic communication to the Company to which such notices may be sent.

5.1.10 **Annual General Meetings**

An annual general meeting shall be held once in every year, at such time and place as may be determined by the Directors. An annual general meeting shall be called by not less than 21 clear days' written notice.

5.1.11 **General Meetings**

The Directors may, whenever they think fit, and in accordance with the 2006 Act, convene a general meeting. The Directors must convene a general meeting on the requisition of members under the 2006 Act and, if it fails to do so within the time allowed, any of the requisitionists may convene the meeting. A general meeting of the Company shall be called by notice of at least such length as is required in the circumstances by the 2006 Act and, in particular, a general meeting, other than an annual general meeting, may be called by notice of not less than 14 clear days' notice.

5.1.12 **Return of Capital**

On a winding up or other return of capital, the holders of Ordinary Shares are entitled *pari passu* amongst themselves, in proportion to the number of shares held by them and to the amounts paid up or credited as paid up thereon, to share in the whole of any surplus assets of the Company remaining after the discharge of its liabilities.

5.1.13 **Pre-emption Rights**

There are no rights of pre-emption under the Articles in respect of transfers of issued Ordinary Shares.

In certain circumstances, the Company's shareholders may have statutory pre-emption rights under the 2006 Act in respect of the allotment of new shares in the Company. These statutory pre-emption rights would require the Company to offer new shares for allotment to existing shareholders on a *pro rata* basis before allotting them to other persons. In such circumstances, the procedure for the exercise of such statutory pre-emption rights would be set out in the documentation by which such shares would be offered to the Company's shareholders.

5.1.14 **Sanctions on Shareholders**

A member loses his rights to vote in respect of his shares if and for so long as he or any other person appearing to be interested in those shares fails to comply with a request by the Company under the 2006 Act requiring him to give particulars of any interest in those Ordinary Shares within 14 days. In the case of shareholdings representing 0.25 per cent or more of the issued shares of the class concerned, the sanctions which may be applied by the Company include not only disenfranchisement but also the withholding of the right to receive payment of dividends and other monies payable on, and restrictions on transfers of, the shares concerned.

5.1.15 **Directors**

Unless otherwise determined by ordinary resolution, the number of directors (other than alternate directors) shall not be subject to any maximum but shall be not less than two. Directors may be appointed by the Company by ordinary resolution or by the Board.

5.1.16 **Directors Fees**

The Directors (other than those holding executive office with the Company or any subsidiary of the Company) shall be entitled to remuneration for their services in such amount as the Directors may determine, not exceeding in aggregate £350,000 per annum (or such higher amount as the Company may by ordinary resolution determine). In addition, any Directors who are resident outside the UK and not holding full-time salaried employment in the Company or any subsidiary of the Company, may be paid such extra remuneration as the Directors may determine. Any Director who holds executive office or who serves on any committee, or who otherwise performs services outside the ordinary duties of a Director, may be paid such remuneration or extra remuneration by way of salary, commission or otherwise as the Directors may determine.

The Directors may also be paid all such reasonable expenses as they may incur in attending and returning from meetings of the Company or of the Directors or any Committee or otherwise in or about the business of the Company or the proper exercise of their duties.

The Company may also fund a Director's expenditure for the purposes permitted under the 2006 Act and may do anything to enable a Director to avoid incurring such expenditure as provided in the 2006 Act.

5.1.17 **Proceedings of Directors**

The Directors may decide when and where to hold board meetings. The quorum for a board meeting is two Directors. Questions arising at any meeting of the Directors shall be determined by a majority of votes and in the case of equality of votes, the Chairman of that meeting shall have a second or casting vote (unless the Chairman is not entitled to vote on the resolution).

5.1.18 **Directors' Conflicts of Interest**

A Director must declare to the other Directors any situation in which he has, or could have, a direct or indirect interest that conflicts, or possibly might conflict, with the interests of the Company unless it relates to a contract, transaction or arrangement with the Company or the matter has been authorised by the Directors or the situation cannot reasonably be regarded as likely to give rise to a conflict of interest.

The Directors may (subject to such terms and conditions, if any, as they may think fit to impose from time to time, and subject always to their right to vary or terminate such authorisation) authorise, to the fullest extent permitted by law any matter which would otherwise result in a Director infringing his duty to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company and which may reasonably be regarded as likely to give rise to a conflict of interest (including a conflict of interest and duty or conflict of duties) provided that for this purpose the Director in question and any other interested Director are not counted in the quorum at any board meeting at which such matter is approved and it is agreed to without their voting or would have been agreed to if their votes had not been counted.

A Director shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any matter, or from any office, employment or position, which has been approved by the Directors (subject in any such case to any limits or conditions to which such approval was subject).

5.1.19 **Votes and Directors' Interests**

A Director who is in any way, whether directly or indirectly, interested in a proposed or existing contract, transaction or arrangement with the Company must declare the nature and extent of that interest to the other Directors unless it cannot reasonably be regarded as likely to give rise to a conflict of interest.

A Director shall not vote, and shall not be counted in a quorum, in respect of any contract, transaction, arrangement or any other proposal in which he has an interest which (together with any interest of any person connected with him) is to his knowledge a material interest (otherwise than by virtue of shares or debentures or other securities of or otherwise in or through the Company), except that this prohibition shall not apply to:

- (a) the giving of any security, guarantee or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of its subsidiaries;
- (b) the giving of any security, guarantee or indemnity in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;
- (c) any contract or arrangement by a Director to participate in the underwriting or sub-underwriting of any offer of shares, debentures or other securities of the Company or any of its subsidiaries for subscription, purchase or exchange;
- (d) any contract or arrangement concerning any other company in which the Director and any persons connected with him do not to his knowledge hold an interest in shares (as that term is used in sections 820 to 825 of the 2006 Act) representing one per cent or more of either any class of the equity share capital, or the voting rights, in such company;
- (e) any arrangement for the benefit of Directors or employees of the Company or any directors or employees of its subsidiaries which does not award him any privilege or benefit not generally awarded to the other persons to whom such arrangement relates;
- (f) any proposal concerning any insurance which the Company is empowered to purchase and/or maintain for or for the benefit of *inter alia* any Directors of the Company,

and the Company may by ordinary resolution suspend or relax any such prohibitions or ratify any transaction not duly authorised by reason of a contravention of a prohibition.

5.1.20 Retirement

At each annual general meeting of the Company one third of the Directors for the time being shall retire from office by rotation. The Directors to retire shall include any Director who has been appointed since the previous annual general meeting or for whom it is the third annual general meeting following the annual general meeting at which he was elected or last re-elected shall retire from office. A retiring Director shall be eligible for re-election.

5.1.21 Borrowing Powers

The Articles provide that the aggregate amount for the time being remaining outstanding of all moneys borrowed by the Group and for the time being owing to persons outside the Group shall not at any time, without the previous sanction of an ordinary resolution of the Company, exceed an amount equal to three times the Adjusted Capital and Reserves calculated in accordance with the Articles.

6 OTHER REGULATORY MATTERS

6.1 Disclosure of interests in shares

As the Company will, following Admission, be a public company incorporated in England and Wales whose shares are admitted to trading on AIM, pursuant to Rule 5 of the Disclosure Guidance and Transparency Rules, a Shareholder will be required to notify the Company of the percentage of his voting rights if the percentage of voting rights which he holds as a shareholder or through his direct or indirect holding of financial instruments reaches, exceeds or falls below 3 per cent. and then each 1 per cent. threshold thereafter until it reaches 100 per cent.

Pursuant to Part 22 of the 2006 Act and the Articles, the Company is empowered by notice in writing to require any person whom the Company knows, or has reasonable cause to believe to be interested in, or, at any time during the three years immediately preceding the date on which the notice is issued,

to have been so interested in, the Company's shares, within 14 days to disclose to the Company particulars of any interests, rights, agreements or arrangements affecting any of the shares held by that person. Where the Company has issued such a notice and the recipient has failed to give the Company the information so required, the recipient shall not be entitled to be present or vote at any general meeting of the Company and, if the shares held by such recipient represent at least 0.25 per cent. of the Company's issued share capital, the Company can withhold dividend payments.

6.2 **Takeover Code, squeeze-out and sell-out provisions**

6.2.1 **Takeover Code**

The Takeover Code applies to all companies which have their registered office in the United Kingdom, Channel Islands or Isle of Man and whose securities are traded on a regulated market in the United Kingdom or a stock exchange in the Channel Islands or Isle of Man or a multilateral trading facility (such as AIM). Accordingly, the Takeover Code applies to the Company.

Under Rule 9 of the Takeover Code, if an acquisition (whether by a series of transactions over a period of time or not) of Ordinary Shares were to increase the aggregate holding of the acquirer and any persons acting in concert with it to Ordinary Shares carrying 30 per cent. or more of the voting rights in the Company, the acquirer (and depending on the circumstances, its concert parties, if any) would be required, except with the consent of the Panel, to make a general offer for the Ordinary Shares not already owned by the acquirer and its concert parties.

Similarly, this requirement would also be triggered by an acquisition of shares by a person holding (together with its concert parties, if any) Ordinary Shares carrying between 30 per cent. and 50 per cent. of the voting rights in the Company if the effect of such acquisition were to increase the percentage of the aggregate voting rights held by that person and its concert parties.

An offer under Rule 9 must be in cash or be accompanied by a cash alternative and at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in Ordinary Shares during the 12 months prior to the announcement of the offer.

Under the Takeover Code, a concert party arises where persons, pursuant to an agreement or understanding (whether informal or formal), co-operate to obtain or consolidate control of a company or to frustrate the successful outcome of an offer for a company. Control means a holding, or aggregate holdings, of shares carrying 30 per cent. or more of the voting rights of a company, irrespective of whether the holding or holdings give de facto control.

6.2.2 **Squeeze-Out**

Pursuant to sections 979 to 982 of the 2006 Act, where an offeror has, by way of a takeover offer (as defined in section 974 of the 2006 Act), acquired or unconditionally contracted to acquire not less than 90 per cent. in value of the shares to which an offer relates and where the shares to which the offer relates represent not less than 90 per cent. of the voting rights in the Company to which the offer relates, the offeror may issue a compulsory acquisition notice to the holder of any shares to which the offer relates which the offeror has not acquired or unconditionally contracted to acquire, and which he wishes to acquire, to acquire those shares on the same terms as the general offer.

6.2.3 **Sell-out**

Pursuant to sections 983 and 985 of the 2006 Act, where an offeror makes a takeover offer (as defined in section 974 of the 2006 Act) and, by virtue of acceptances of the offer and any other acquisitions, holds or has agreed to acquire not less than 90 per cent. of the shares in the target (or if the offer relates to a class of shares, 90 per cent. of the shares in that class) which carry not less than 90 per cent. of the voting rights in the target, then a minority shareholder who has not accepted the offer may require the offeror to acquire his shares in the target on the same terms as the general offer with the Articles.

7 INTERESTS OF THE DIRECTORS

7.1 The interests (all of which are beneficial unless otherwise stated) of the Directors and their immediate families and the persons connected with them (within the meaning of section 252 of the 2006 Act) in the issued share capital of the Company or the existence of which could, with reasonable diligence, be ascertained by any Director as at the date of this document and as expected to be immediately following Admission are as follows:

Name	At the date of this document		Immediately following Admission	
	No. of Ordinary Shares	% of Issued Share Capital	No. of Ordinary Shares	% of Issued Share Capital
Neil Sachdev	–	–	18,518	0.05
Sukh Chamdal	22,982,083 ⁽¹⁾	57.46	16,537,915 ⁽³⁾	41.34
Pardip Dass	12,374,970 ⁽²⁾	30.94	3,520,418 ⁽⁴⁾	8.80
Dr Jaswir Singh	541,666	1.35	541,666	1.35
Martin Blair	–	–	–	–
Adam Batty	–	–	–	–

(1) Sukh Chamdal holds 12,347,994 Ordinary Shares and 10,634,089 ordinary shares are held by his spouse Santosh Chamdal

(2) Pardip Dass holds 7,040,422 Ordinary Shares and 5,334,548 ordinary shares are held by his spouse Kulwinder Kaur

(3) At Admission, Sukh Chamdal will hold 8,493,442 Ordinary Shares and his spouse Santosh Chamdal will hold 8,044,473 Ordinary Shares

(4) At Admission, Pardip Dass will hold 2,010,678 Ordinary Shares and his spouse Kulwinder Kaur will hold 1,509,740 Ordinary Shares

7.2 On Admission, the Directors will hold in aggregate, 20,618,517 Ordinary Shares representing 51.55 per cent. of the issued share capital of the Company.

7.3 Save as disclosed at paragraph 7.1, none of the Directors (or persons connected with the Directors within the meaning of section 252 of the 2006 Act) has any interest, whether beneficial or non-beneficial, in any share capital of the Company.

7.4 The interests of the Directors in Cake Box franchise stores are listed below:

7.4.1 Pardip Dass

Company	Franchise Store	% Shareholding ⁽¹⁾
Eggfree Cake Box Barking Limited	Barking Cake Box	30 (Pardip Dass) 30 (Pardip Dass's spouse)

(1) The remaining shareholding is held by Pardip Dass's sister-in-law who operates the franchise store

7.4.2 Dr Jaswir Singh

Company	Franchise Store	% Shareholding ⁽¹⁾
Luton Cake Box Limited	Luton Cake Box	10
Cream Cake Limited	Luton Mall Cake Box	30
MK Cakes Limited	Milton Keynes ⁽²⁾	50
Peterborough Cake Box Limited	Peterborough Cake Box	30

(1) The remaining shareholding in each company is held by members of Dr Singh's immediate family

(2) Store is in the process of being opened and may not be in operation as at Admission

7.5 There are no outstanding loans granted or guarantees provided by the Company to or for the benefit of any of the Directors.

7.6 Save as disclosed above, and save as otherwise disclosed in this document, no Director has any interest, whether direct or indirect, in any transaction which is or was unusual in its nature or conditions or significant to the business of the Company taken as a whole and which was effected by the Company since its incorporation and which remains in any respect outstanding or under-performed.

- 7.7 None of the Directors or any person connected with them (within the meaning of section 252 of the 2006 Act) is interested in any related financial product referenced to the Ordinary Shares (being a financial product whose value is, in whole or in part, determined directly or indirectly by reference to the price of the Ordinary Shares including a contract for difference or a fixed odds bet).

8 DIRECTORS' SERVICE AGREEMENTS AND LETTERS OF APPOINTMENT

Executive Directors

The following service agreements were entered into by the Company and the Directors on 20 June 2018.

- 8.1 **Sukh Chamdal** has entered into a service agreement with the Company as its Chief Executive Officer conditional on Admission, terminable upon six months' notice by either party. This is to replace his current arrangements with the Company. The agreement provides for an annual salary of £160,000, to be paid monthly in arrears, which is subject to annual review. The service agreement also provides for discretionary bonus, private medical insurance and contributions to a pension scheme. Other benefits include 30 days' paid holiday per annum, eligibility to participate in any staff incentive schemes of the Company and the reimbursement of all expenses reasonably incurred in the proper performance of responsibilities.
- 8.2 **Pardip Dass** has entered into a service agreement with the Company as its Chief Financial Officer conditional on Admission, terminable upon six months' notice by either party. This is to replace his current arrangements with the Company. The agreement provides for an annual salary of £105,000, to be paid monthly in arrears, which is subject to annual review. The service agreement also provides a discretionary bonus, private medical insurance and contributions to a pension scheme. Other benefits include 30 days' paid holiday per annum, eligibility to participate in any staff incentive schemes of the Company and the reimbursement of all expenses reasonably incurred in the proper performance of responsibilities.
- 8.3 **Jaswir Singh** has entered into a service agreement with the Company as its Chief Operations Officer conditional on Admission, terminable upon six months' notice by either party. This is to replace his current arrangements with the Company. The agreement provides for an annual salary of £80,000, to be paid monthly in arrears and which is subject to annual review. The service agreement also provides for a discretionary bonus, private medical insurance and contributions to a pension scheme. Other benefits include 30 days' paid holiday per annum, eligibility to participate in any staff incentive schemes of the Company and the reimbursement of all expenses reasonably incurred in the proper performance of responsibilities.

Non-Executive Directors

- 8.4 The services of each of Neil Sachdev, Martin Blair and Adam Batty as non-executive Directors of the Company are provided under the terms of letters of appointment with the Company dated 20 June 2018, in each case for an initial period of two years, subject to the Articles, from and conditional on Admission, subject to termination by either party giving to the other three months' written notice. Neil Sachdev shall be paid an annual fee of £55,000 as Non-Executive Chairman of the Company and each of Martin Blair and Adam Batty are to be paid an annual fee of £35,000. Each of the non-executive directors shall be paid in equal instalments monthly in arrears, and shall be reimbursed all expenses reasonably incurred in the proper performance of their responsibilities.
- 8.5 Save as disclosed above, there are no service contracts, letters of appointment or consultancy agreements or arrangements in existence or proposed between any Director or a company over which he exercises control and the Company or any company in the Group.
- 8.6 The aggregate remuneration and benefits in kind, paid by the Company to the directors in office in respect of the period ended 31 March 2018 was £44,849. It is estimated that under the arrangements currently in force at the date of this document, the aggregate remuneration payable and benefits in kind to be granted to the Directors for the financial period ending 31 March 2019 by the Company will be £473,500.

9 ADDITIONAL INFORMATION ON THE DIRECTORS

- 9.1 The names of all companies (excluding the Company and current Group Companies) and partnerships of which the Directors have been a director or partner at any time in the five years preceding the date of this document and indicating whether they are current or past are set out below:

Neil Sachdev

Current Directorships/Partnerships

Brayborne Facilities Services Limited (01862534)
Exclusive Contract Services Limited (02189512)
Exclusive Services Group Limited (09924495)
Martin's Properties (Kensington) Limited (04466496)
Martin's Properties (Parsons Green) Limited (09638536)
Martin's Design And Construction Limited (08496185)
Martin's Estates (Clerkenwell) Limited (03244401)
Martin's Properties (Chelsea) Limited (00533856)
Martin's Properties (Radnor Walk) Limited (06937520)
Martin's Properties Holdings Limited (00767976)
Martin's Properties No.1 Limited (08433349)
Network Rail Property Limited (10096751)
NHS Property Services Limited (07888110)
Querkus Limited (08580757)
Vitesse Media Plc (02607995)

Past Directorships/Partnerships

Ballyowen Limited (NI023051)
Barleygold Limited (NI032407)
BL Crawley (05396593)
BL Sainsbury Superstores Limited (06514226)
BL Superstores (Funding) Ltd (05647966)
BL Superstores Finance Plc (05564432)
BLS Non Securitised 2012 1 Limited (04104060)
BLS Non Securitised 2012 2 Limited (04104066)
BLSSP (Cash Management) Limited (04104050)
BLSSP (Lending) Limited (04104090)
BLSSP (PHC 1 2010) Limited (07248899)
BLSSP (PHC 1 2012) Limited (08043905)
BLSSP (PHC 1) Limited (04104108)
BLSSP (PHC 10) Limited (04104114)
BLSSP (PHC 11) Limited (04104122)
BLSSP (PHC 12) Limited (04104121)
BLSSP (PHC 13) Limited (04104155)
BLSSP (PHC 14) Limited (04104131)
BLSSP (PHC 16) Limited (04103964)
BLSSP (PHC 17) Limited (04103997)
BLSSP (PHC 18) Limited (04104011)
BLSSP (PHC 19) Limited (04104021)
BLSSP (PHC 2 2010) Limited (07248894)
BLSSP (PHC 2) Limited (04104115)
BLSSP (PHC 20) Limited (04104030)
BLSSP (PHC 21) Limited (04104051)
BLSSP (PHC 22) Limited (04103989)
BLSSP (PHC 23) Limited (04104014)
BLSSP (PHC 24) Limited (04104020)
BLSSP (PHC 25) Limited (04104025)
BLSSP (PHC 26) Limited (04104035)
BLSSP (PHC 27) Limited (04104044)
BLSSP (PHC 28) Limited (04104055)
BLSSP (PHC 3) Limited (04104026)
BLSSP (PHC 30) Limited (04104067)
BLSSP (PHC 32) Limited (04104082)
BLSSP (PHC 33) Limited (04104087)
BLSSP (PHC 34) Limited (04104095)
BLSSP (PHC 35) Limited (04104102)
BLSSP (PHC 4) Limited (04104052)
BLSSP (PHC 5) Limited (04104061)
BLSSP (PHC 6) Limited (04104070)
BLSSP (PHC 9) Limited (04104084)
BLSSP (PHC35) Limited (04104102)
BLSSP Property Holdings Limited (04104015)
British Land Superstores (Non-Securitised) (02039750)
Clarendon Property Company Limited (00276997)
Clevertec Limited (08124099) (dissolved)

Neil Sachdev (continued)

Current Directorships/Partnerships

Past Directorships/Partnerships

Harvest 2 GP Limited (07974132)
Harvest 2 Selly Oak Limited (07980339)
Harvest GP Limited (06316353)
Harvest Nominee No. 1 Limited (06316338)
Harvest Nominee No. 2 Limited (06316332)
HSS Hire Group Plc (09378067)
IGD Services Limited (03357260)
Institute Of Grocery Distribution (The) (00105680)
INTU Properties Plc (03685527)
JSD (London) Limited (03780122)
Market Tech Holdings Limited (59208)
Medico-Dental Holdings Limited (07780931)
Pencilscreen Limited (06532033)
Ramheath Properties Limited (01762921)
Reef Investments Limited (NI021927)
Romford Developments Limited (03272963)
S.W. Dewsbury Limited (05992544)
Sainsbury Bridgeco Holdco Limited (05644629)
Sainsbury Holdco A Limited (05644636)
Sainsbury Holdco B Limited (05644633)
Sainsbury Propco A Limited (05644620)
Sainsbury Propco B Limited (05644624)
Sainsbury Propco C Limited (05676364)
Sainsbury Propco D Limited (05676370)
Sainsbury's Supermarkets Ltd (03261722)
Selected Land and Property Company
(00228839)
Sirius Real Estate Ltd (46442)
Sixth Sense Partnership Limited (08124124)
(dissolved)
Stamford Properties (Dorking) Limited
(03781386)
Ten Fleet Place (02342177)
Vyson (03619752)

Sukh Chamdal

Current Directorships/Partnerships

S&S Cakes Limited (08925512)

Past Directorships/Partnerships

Cake Box (Gravesend) Limited (07412129)
Cake Box (Southall) Limited (07412095)
Chaz Cakes Limited (09264159)

Pardip Dass

Current Directorships/Partnerships

Past Directorships/Partnerships

Eggfree Cake Box Barking Limited (10209775)
Eggfree Cake Box Walthamstow Limited
(07633623)

Dr Jaswir Singh

Current Directorships/Partnerships

Cream Cake Limited (10636019)
Luton Cake Box Limited (08162612)
MK Cakes Limited (11222341)
Peterborough Cake Box Limited (10319659)

Past Directorships/Partnerships

Green Street Business CIC (07162273) (dissolved)
Leicester Cake Box Limited (09619075)

Martin Blair**Current Directorships/Partnerships**

Crossrider UK Branch (FC032816)
Green Biologics Limited (04358718)
Kape Technologies plc (011402V)
Talip Limited (0908938)
The Marketing Group plc (09604581)

Past Directorships/Partnerships

Sintecmedia Global Limited (04132467)
Sintecmedia Ottilus Limited (07996963)
Sintecmedia WEM Limited (03890237)
Pilat Media Australia Pty
Pilat Media North America Inc
Pilat Media BV
Pilat (Israel) Limited (510696735)

Adam Batty**Current Directorships/Partnerships**

ADB Consulting Services Limited (10974264)
B & O Investments Limited (11309234)
Benbea Holdings Limited (10619779)
Stride Gaming PLC (117876)
The Born Free Foundation Limited (03603432)
The Selfridges Group Foundation (09899315)

Past Directorships/Partnerships

ARHL Retail Holdings Limited (566288)
Arnotts Limited (001831)
D.P. Newcastle Limited (04714212)
Selfridges & Co. Limited (03505859)
Selfridges (2) Limited (04240961)
Selfridges (3) Limited (04240966)
Selfridges Developments Limited (09051480)
Selfridges Holdings Europe Limited (07826605)
Selfridges Holdings Limited (04723822)
Selfridges Properties Limited (04969613)
Selfridges Retail Limited (00097117)
Selfridges Worldwide Deliveries Limited (08501028)
SHEL Holdings Europe Limited (07826605)
SREL Retail Europe Limited (07826757)
SRL Scotland Limited (SC432730)

- 9.2 Save as disclosed in this document, none of the Directors has:
- 9.2.1 any unspent convictions in relation to indictable offences;
 - 9.2.2 had any bankruptcy order made against him or entered into any voluntary arrangements;
 - 9.2.3 been a director of a company which has been placed in receivership, compulsory liquidation, administration, been subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the 12 months after he ceased to be a director;
 - 9.2.4 been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the 12 months after he ceased to be a partner in that partnership;
 - 9.2.5 been the owner of any asset which has been placed into receivership or been a partner in any partnership which had an asset placed into receivership whilst he was a partner of that partnership or within 12 months after he ceased to be a partner of that partnership;
 - 9.2.6 been the subject of any public criticism by any statutory or regulatory authority (including recognised professional bodies); or
 - 9.2.7 been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of any company.
- 9.3 Save as disclosed in this document, none of the Directors has or has had any interest in transactions effected by the Company since its incorporation which are or were unusual in their nature or conditions or which are or were significant to the business of the Company.
- 9.4 Each of the Directors has given an undertaking not to dispose of any of their Ordinary Shares, save in certain specified circumstances, for the period of 12 months from the date of Admission.

10 SIGNIFICANT SHAREHOLDERS

10.1 Save as set out below at paragraph 10.2 above there are no persons who, at the date of this document and immediately following Admission, represent an interest (within the meaning of Rule 5 of the Disclosure Guidance and Transparency Rules) directly or indirectly in three per cent or more of the Company's issued share capital or could exercise control over the Company.

Name	At the date of this document		Immediately following Admission	
	No. of Ordinary Shares	% of Issued Share Capital	No. of Ordinary Shares	% of Issued Share Capital
Sukh Chamdal	22,982,083 ⁽¹⁾	57.46	16,537,915 ⁽³⁾	41.34
Pardip Dass	12,374,970 ⁽²⁾	30.94	3,520,418 ⁽⁴⁾	8.80
Axa Investment Managers	–	–	3,150,000	7.88
Ennismore Fund Management Limited	–	–	2,083,333	5.21
Lombard Odier (Europe) S.A. UK	–	–	2,083,333	5.21
Hargreave Hale Limited	–	–	1,572,916	3.93
Otus Capital Management Limited	–	–	1,388,888	3.47

(1) Sukh Chamdal holds 12,347,994 Ordinary Shares and 10,634,089 Ordinary Shares are held by his spouse Santosh Chamdal

(2) Pardip Dass holds 7,040,422 Ordinary Shares and 5,334,548 Ordinary Shares are held by his spouse Kulwinder Kaur

(3) At Admission, Sukh Chamdal will hold 8,493,442 Ordinary Shares and his spouse Santosh Chamdal will hold 8,044,473 Ordinary Shares

(4) At Admission, Pardip Dass will hold 2,010,678 Ordinary Shares and his spouse Kulwinder Kaur will hold 1,509,740 Ordinary Shares

10.3 None of the Directors, Senior Managers or any other persons has any securities in the Company with voting rights which are different to any other holder of Ordinary Shares.

11 EMPLOYEES

For the year ended 31 March
2017 2018

Average number of employees, including directors of which were employed on a temporary basis

48 58

12 SHARE OPTION SCHEME

The Company will not have a share option scheme in place on Admission. The Directors consider that an important part of the Group's remuneration policy should include equity incentives through the grant of share options to Directors and employees and it is the intention of the Directors to implement a share option scheme in the near future. The maximum number of Ordinary Shares which will be subject to options under any such scheme adopted by the Company will not exceed 10 per cent. of the Company's issued share capital from time to time.

13 MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company or its subsidiaries within the period of two years immediately preceding the date of this document or were entered into prior to this but contain provisions which are, or may be, material all of which are governed by the laws of England and Wales:

13.1 Placing Agreement

On 21 June 2018, the Company, the Directors, the Vendors, SCC and SCS entered into the Placing Agreement pursuant to which SCS was appointed as agent of the Vendors to use its reasonable endeavours to procure purchasers for the Placing Shares at the Placing Price. Shore Capital is not underwriting the Placing.

Pursuant to the Placing Agreement, the Company and its Directors have given certain customary warranties and undertakings to Shore Capital regarding, *inter alia*, the accuracy of information in this Document. The liability of the Directors under the warranties is subject to certain customary limitations as to quantum and liability period. The Vendors have separately given certain warranties and undertakings to Shore Capital regarding, *inter alia*, title to the Placing Shares. In addition, the Company has given Shore Capital an indemnity which is unlimited in terms of quantum and liability period, including for liabilities in relation to this document and under applicable securities laws.

The Placing Agreement is conditional, *inter alia*, on Admission taking place no later than 27 June 2018 or such later date as may be agreed by the Company and Shore Capital and on the Company and the Directors complying with certain obligations under the Placing Agreement.

Under the Placing Agreement, the Company has agreed to pay to Shore Capital a corporate finance fee and the Vendors have agreed to pay to Shore Capital commission on the aggregate value of the Placing Shares at the Placing Price, together with all costs and expenses and VAT thereon, where appropriate. The Company has agreed to pay or cause to be paid (together with any applicable VAT) certain costs, charges, fees and expenses of, or arising in connection with or incidental to, the Placing and Admission.

Shore Capital is entitled, in certain customary circumstances, to terminate the Placing Agreement at any time prior to Admission, including in the event of a material breach of warranties or a force majeure event. If such termination rights are exercised, the Placing will lapse and the Company will be required to pay to Shore Capital the fees and expenses that are payable by it in accordance with the Placing Agreement.

13.2 **Nominated Adviser and Broker Agreement**

On 21 June 2018, the Company, SCC and SCS entered into the Nominated Adviser and Broker Agreement pursuant to which the Company has appointed SCC to act as Nominated Adviser and SCS to act as broker to the Company for the purposes of the AIM Rules and the AIM Rules for Nominated Advisers. The Agreement contains certain undertakings by the Company and an indemnity given by the Company in respect of, *inter alia*, compliance with all applicable regulations. The Agreement is for an initial 12 month term, to continue thereafter, subject to termination, amongst other things, by either the Company or Shore Capital on the giving of not less than three months' prior written notice.

13.3 **Lock-in and Orderly Market Arrangements**

Each of Sukh Chamdal, Pardip Dass, Dr Jaswir Singh and their immediate families (together the "**Locked-In Parties**") have entered into lock-in agreements with the Company and Shore Capital, pursuant to the terms of which each of the Locked-In Parties has covenanted not to dispose of any of the Shares held by them (and their related parties) at Admission (save for those Locked-In Parties who are Vendors), or subsequently acquired, for a period of one year from Admission except in limited circumstances (including, *inter alia*, upon the death of the Locked-In Party; acceptance of a takeover offer; or pursuant to an intervening court order).

For the period from 12 months to 24 months after Admission each of the Locked-In Parties has also agreed that (except in certain limited circumstances), he or it will only sell such Shares through Shore Capital so as to maintain an orderly market.

Certain of the Minority Shareholders have entered into orderly market agreements with the Company pursuant to which each such Minority Shareholder has undertaken not to dispose of any of the Shares held by them without the consent of the Company (not to be unreasonably withheld or delayed) in the 12 months following Admission.

13.4 **Relationship Agreement**

The Company, SCC and SCS have entered into a Relationship Agreement with each of the Principal Shareholders to regulate aspects of the continuing relationship between the Company and the Principal Shareholders so as to ensure that the Company is capable at all times of carrying on its business

independently of the Principal Shareholders and that future transactions between the Company and the Principal Shareholders are on arm's length terms and on a normal commercial basis.

The Relationship Agreement will be in force at any time when the voting rights attaching to the Principal Shareholders' aggregate shareholdings represent more than 20 per cent. of all voting rights attributable to the issued share capital of the Company but if an individual Principal Shareholder's holding falls below five per cent of all voting rights the Relationship Agreement shall not apply to them. The Relationship Agreement grants the Principal Shareholders the right to appoint a director at any time when the Principal Shareholders hold more than 25 per cent of all voting rights.

14 RELATED PARTY TRANSACTIONS

Save as otherwise set out in this document, no company in the Group has entered into any related party transaction in the financial periods covered by the historical financial information.

15 LITIGATION

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) of which the Company is aware, which may have or have had during the 12 months immediately preceding the date of this document a significant effect on the financial position or profitability of the Company or the Group.

16 WORKING CAPITAL

In the opinion of the Directors, having made due and careful enquiry, the working capital available to the Company and the Group is sufficient for its present requirements, that is, for at least 12 months from the date of Admission.

17 NO SIGNIFICANT CHANGE

There have been no significant change in the trading or financial position of the Group since 31 March 2018, being the date to which the historical financial information set out in Section B of Part III of this document was prepared.

18 TAXATION

The following paragraphs are intended as a general guide only for shareholders who are resident (and, in the case of individuals, domiciled) in the United Kingdom for tax purposes, who hold Ordinary Shares as an investment (other than under any individual savings account) and who are the absolute beneficial owners of those Ordinary Shares.

The tax position of certain categories of Shareholders who are subject to special rules, such as persons who acquire (or are deemed to acquire) their Ordinary Shares in connection with their (or another person's) office or employment, traders, brokers, dealers in securities, insurance companies, banks, financial institutions, investment companies, tax-exempt organisations, persons connected with the Company, persons holding Ordinary Shares as part of hedging or conversion transactions, Shareholders who are not domiciled or not resident in the UK, collective investment schemes, trusts and those who hold 5 per cent. or more of the Ordinary Shares, is not considered. Nor do the following statements consider the tax position of any person holding investments in any HMRC approved arrangements or schemes, including the enterprise investment scheme, venture capital scheme or business expansion scheme.

The statements are based upon current UK tax law and what is understood to be the current published practice of HMRC, both of which are subject to change, possibly with retrospective effect. Any person who is in any doubt about his tax position, or who is subject to taxation in a jurisdiction other than the UK, should consult his own professional adviser immediately on the potential tax consequences of subscribing for, purchasing, holding or selling Ordinary Shares under the laws of their country and/or state of citizenship, domicile or residence.

18.1 Taxation of dividends

18.1.1 **Company**

Under current UK tax legislation, no tax is required to be withheld from dividend payments by the Company.

18.1.2 **UK resident and domiciled or deemed domiciled individual shareholders**

Individual Shareholders have the benefit of an annual dividend allowance of £2,000 from 6 April 2018. Dividends falling within this allowance will effectively be taxed at the rate of 0 per cent.

Dividend income in excess of this allowance (taking account of any other dividend income received by the Shareholder in the same tax year) will be taxed at the following rates for 2018/2019: 7.5 per cent. to the extent that it falls below the threshold for higher rate income tax; 32.5 per cent. to the extent that it falls above the threshold for higher rate income tax and below the additional rate band; and 38.1 per cent. to the extent that it falls above the threshold for the additional rate band).

For the purposes of determining which of the taxable bands dividend income falls into, dividend income is treated as the highest part of a Shareholder's income. In addition, dividends within the Nil Rate Amount which would (if there was no Nil Rate Amount) have fallen within the basic or higher rate bands will use up those bands respectively for the purposes of determining whether the threshold for higher rate or additional rate income tax is exceeded.

18.1.3 **Corporate shareholders within the charge to UK corporation tax**

A UK resident corporate Shareholder will be liable to UK corporation tax unless the dividend falls within one of the exempt classes set out in Part 9A of the Corporation Tax Act 2009 (subject to anti-avoidance rules and provided all conditions are met).

If the conditions for exemption are not met, or cease to be satisfied, or such a corporate Shareholder elects for an otherwise exempt dividend to be taxable, the Shareholder will be subject to UK corporation tax on dividends received from the Company at 19 per cent. (or 17 per cent. from 1 April 2020).

18.2 Capital Gains

For the purpose of UK tax on chargeable gains, the purchase of Ordinary Shares on a placing is regarded as an acquisition of a new holding in the share capital of the Company. To the extent that a Shareholder acquires Ordinary Shares allotted to them, the Ordinary Shares so acquired will, for the purpose of tax on chargeable gains, be treated as acquired on the date of the purchase becoming unconditional.

The amount paid for the Ordinary Shares will constitute the base cost of a Shareholder's holding.

A disposal of all or any of the Ordinary Shares by UK resident Shareholders or Shareholders who carry on a trade in the UK through a permanent establishment with which their investment in the Company is connected may, depending on the circumstances of the relevant shareholder, give rise to a liability to UK taxation on chargeable gains.

UK resident individual Shareholders

Where an individual Shareholder disposes of Ordinary Shares at a gain, capital gains tax will be levied to the extent that the gain exceeds the annual exemption and after taking account of any other available reliefs, such as capital losses.

No indexation allowance will be available to individual Shareholders.

For such individuals, capital gains tax will be charged at 10 per cent. where the individual's taxable income and gains are less than the upper limit of the income tax basic rate band. To the extent that any chargeable gains, or part of any chargeable gain, aggregated with income arising in a tax year

exceed the upper limit of the income tax basic rate band, capital gains tax will be charged at 20 per cent.

For trustees and personal representatives of deceased persons, capital gains tax on gains in excess of the current annual exempt amount will be charged at a flat rate of 20 per cent.

Shareholders who are individuals and who are temporarily non-resident in the UK may, under anti-avoidance legislation, still be liable to UK tax on any capital gain realised (subject to any available exemption or relief).

UK resident corporate Shareholders

Where a Shareholder is within the charge to UK corporation tax, a disposal of Ordinary Shares may give rise to a chargeable gain (or allowable loss), depending on the circumstances and subject to any available exemption or relief.

Corporation tax is charged on chargeable gains at the rate applicable to that company (currently 19 per cent. and reducing to 17 per cent. from 1 April 2020), as stated above).

18.3 Stamp Duty and Stamp Duty Reserve Tax

An exemption from stamp duty and SDRT came into effect on 28 April 2014 in respect of securities admitted to trading on certain recognised growth markets (presently including AIM) and which are not listed on a Recognised Stock Exchange. The Company anticipates that this exemption will apply to dealings in the Ordinary Shares such that from Admission, no liability to stamp duty or SDRT should arise in respect of any transfer on sale of the Ordinary Shares.

Absent an exemption from stamp duty and SDRT, any dealings in Ordinary Shares will normally be subject to stamp duty or SDRT. In such circumstances, stamp duty or SDRT could be payable at the rate of 0.5 per cent. (rounded up to the next multiple of £5, if necessary) of the amount or value of the consideration given by the purchaser, subject to a de minimis limit and relevant anti-avoidance provisions.

The above statements are intended to be a general guide to the current stamp duty and SDRT position. Certain categories of person are not liable to stamp duty or SDRT and others may be liable at a higher rate or may, although not primarily liable for the tax, be required to notify and account for it. Special rules apply to agreements made by market intermediaries and to certain sale and repurchase and stock borrowing arrangements.

18.4 Inheritance Tax

Individual and trustee investors domiciled or deemed to be domiciled in any part of the UK may be liable on occasions to inheritance tax (“**IHT**”) on the value of any Ordinary Shares held by them. IHT may also apply to individual shareholders who are not domiciled in the UK although relief under a double tax convention may apply to those in this position.

Under current law, the chief occasions on which IHT is charged are on the death of the Shareholder, on any gifts made during the seven years prior to the death of the Shareholder, and on certain lifetime transfers, including transfers to trusts or appointments out of trusts to beneficiaries, save in very limited and exceptional circumstances.

However, a relief from IHT known as business property relief (“**BPR**”) may apply to Ordinary Shares in trading companies once these have been held for two years. This relief applies notwithstanding that the Company’s shares will be admitted to trading on AIM (although it does not apply to companies whose shares are listed on the Official List). BPR operates by reducing the value of shares by 100 per cent. for IHT purposes.

19 CONSENTS

- 19.1 RSM has given and has not withdrawn its consent to the inclusion of its Accountant's Report set out in Part 3 of this document for the purposes of the AIM Rules. RSM has given and has not withdrawn its consent to the inclusion in this document of references to its name in the form and context in which they appear.
- 19.2 Shore Capital & Corporate Limited and Shore Capital Stockbrokers Limited have each given and have not withdrawn their consent to the inclusion in this document of references to their names in the form and context in which they appear.

20 GENERAL

- 20.1 The net proceeds of the Placing to be received by the Vendors are expected to be £15.9 million. The Company will not receive any proceeds from the Placing.
- 20.2 The Placing Shares are not being offered generally and no applications have or will be accepted other than under the terms of the Placing Agreement. All the Placing Shares have been placed firm with Placees. The Placing is not being guaranteed or underwritten by any person.
- 20.3 Monies received from applicants pursuant to the Placing will be held in accordance with the terms and conditions of the Placing until such time as the Placing Agreement becomes unconditional in all respects. If the Placing Agreement does not become unconditional in all respects by 20 July 2018, application monies will be returned to the Placees at their risk without interest.
- 20.4 The Placing Price represents a premium over nominal value of £1.07 per Ordinary Share.
- 20.5 The auditors of the Company for the financial years 2017 and 2018 were Barnes Roffe LLP who are regulated by the Institute of Chartered Accountants in England and Wales. The Company relied on the exemption from the requirement to have an audit under section 477 of the 2006 Act and filed abbreviated and unaudited accounts for the 2016 financial year.
- 20.6 No dilution will be suffered by existing shareholders as a result of the Placing.
- 20.7 It is expected that definitive share certificates will be despatched by hand or first class post by no later than 10 business days after Admission. In respect of uncertificated shares, it is expected that Shareholders' CREST stock accounts will be credited as soon as practicable after 8.00 a.m. on 27 June 2018.
- 20.8 The Directors are unaware of any exceptional factors which have influenced the Company's activities.
- 20.9 Save as disclosed in this document, there are no patents or other intellectual property rights, licences or particular contracts which are or may be of fundamental importance to the Company's business.
- 20.10 Save as disclosed in this document, the Group has not made any investments since 31 March 2018 up to the date of this document, nor are there any investments by the Group in progress or anticipated which are significant.
- 20.11 The expenses of the Placing and Admission, which are payable by the Company, are estimated to be £630,000 excluding VAT.
- 20.12 Save as set out in Part I, there are not, in respect of any of the Company or its subsidiaries, any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Company's prospects for at least the next financial year of the Company.
- 20.13 No person directly or indirectly (other than the Company's professional advisers and trade suppliers or as disclosed in this document) in the last 12 months received or is contractually entitled to receive, directly or indirectly, from the Company on or after Admission (excluding in either case persons who are professional advisers otherwise than as disclosed in this document and persons who are trade suppliers) any payment or benefit from the Company to the value of £10,000 or more or securities in

the Company to such value at the Placing Price or entered into any contractual arrangements to receive the same from the Company at the date of Admission.

20.14 CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles permit the holding and transfer of shares under CREST. The Company has applied for the issued and to be issued Ordinary Shares to be admitted to CREST and it is expected that the issued and to be issued Ordinary Shares will be so admitted, and accordingly enabled for settlement in CREST.

20.15 Where information has been sourced from a third party, the Company confirms that this information has been accurately reproduced and, as far as the Company is aware and is able to ascertain from the information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

21 DOCUMENTS ON DISPLAY

Copies of this document are available free of charge from the Company's registered office and at the offices of Charles Russell Speechlys LLP, 5 Fleet Place, London, EC4M 7RD, during normal business hours on any weekday (Saturdays and public holidays excepted) and shall remain available for at least one month after Admission. An electronic version of this document is also available to download from the Company's website www.eggfreecake.co.uk.

21 June 2018

DEFINITIONS

Except where the context otherwise requires, the following definitions shall apply throughout this document

“2006 Act”	the Companies Act 2006 of the United Kingdom, as amended;
“acting in concert”	shall bear the meaning ascribed thereto in the Takeover Code;
“Admission”	the admission of the Existing Ordinary Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules;
“Admission Document”	this document;
“AIM”	the market of that name operated by the London Stock Exchange;
“AIM Rules”	the AIM Rules for Companies published by the London Stock Exchange, as amended from time to time;
“AIM Rules for Nominated Advisers”	the AIM Rules for Nominated Advisers published by the London Stock Exchange, as amended from time to time;
“Articles”	the articles of association of the Company as adopted from time to time;
“Board”	the board of directors from time to time;
“Cake Box”	The Cake Box franchisee business in which franchises produce and sell fresh cream cakes and associated products;
“certificated” or “in certificated form”	a share or other security not recorded on the relevant register of the relevant company as being in uncertificated form in CREST;
“Company”	Cake Box Holdings Plc, a company incorporated in England and Wales with company number 08777765, and such terms shall be deemed to include the Company’s subsidiaries as the context may require;
“Corporate Governance Code”	the UK Corporate Governance Code published by the Financial Reporting Council, as the same may be varied or amended;
“CREST”	the computerised settlement system (as defined in the CREST Regulations) operated by Euroclear which facilitates the transfer of title to shares;
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755) as amended from time to time, and any applicable rules made under those regulations;
“Directors”	the directors of the Company as at the date of this document, whose names are set out on page 3 of this document and “Director” means any one of them;
“Disclosure Guidance and Transparency Rules”	the Disclosure Guidance and Transparency Rules sourcebook made by the FCA pursuant to Part VI of the Listing Rules made by the FCA under FSMA;
“DTR 5”	Chapter 5 of the Disclosure Guidance and Transparency Rules;
“EEA”	The European Economic Area

“EU”	the European Union;
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST;
“Executive Directors”	each of the executive directors being Sukh Chamdal, Pardip Dass and Jaswir Singh
“Existing Ordinary Shares”	the 40,000,000 Ordinary Shares in issue as at the date of this document;
“Existing Shareholders”	the Shareholders immediately prior to Admission;
“FCA”	the United Kingdom Financial Conduct Authority, the statutory regulator under FSMA responsible for the regulation of the United Kingdom financial services industry;
“FPO”	the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended
“franchisees”	each of the franchisees who have entered into and operate under a franchise agreement with Eggfree Cake Box Limited, a wholly-owned subsidiary of the Company;
“FSMA”	the Financial Services and Markets Act 2000, as amended, including any regulations made pursuant thereto;
“GBP” or “£” or “pence” or “p”	pounds sterling and pence, the lawful currency from time to time of the United Kingdom;
“Group” or “Cake Box Group”	the Company including its subsidiary undertakings;
“HMRC”	Her Majesty’s Revenue and Customs;
“IFRS”	international financial reporting standards;
“IPO”	the initial public offering of the Company’s shares and the admission of such Ordinary Shares to trading on AIM on 27 June 2018;
“ISIN”	international security identification number;
“LEI code”	legal entity identifier code;
“Lock-in Arrangements”	the lock-in and orderly marketing agreement dated 20 June 2018 and made between the Company, the Locked-in Parties and Shore Capital details of which are set out in paragraph 13.3 of Part 4 of this document;
“Locked-in Parties”	each of Sukh Chamdal, Pardip Dass, Dr Jaswir Singh and their immediate families;
“London Stock Exchange”	London Stock Exchange plc;
“Market Abuse Regulation”	the EU Market Abuse Regulation (No. 596/2014);
“Mature Store”	a Cake Box franchise store which has been in operation for more than 12 months;
“Minority Shareholders”	the Shareholders excluding the Locked-in Parties;
“Nominated Adviser”	SCC, in its capacity as Nominated Adviser for the purposes of the AIM Rules;

“Nominated Adviser and Broker Agreement”	the agreement dated 21 June 2018 between each of (1) the Company and (2) SCC and (3) SCS, further details of which are set out in paragraph 13.2 of Part 4 of this document;
“Ordinary Shares”	ordinary shares of £0.01 each in the capital of the Company;
“Panel”	the UK Panel on Takeovers and Mergers;
“Placees”	proposed purchasers of Placing Shares at the Placing Price in the Placing;
“Placing”	the proposed conditional placing of the Placing Shares at the Placing Price with Placees pursuant to the Placing Agreement;
“Placing Agreement”	the conditional agreement dated 21 June 2018 between (1) the Company, (2) Shore Capital, (3) the Directors and (4) the Vendors relating to the Placing, further details of which are set out in paragraph 13.1 of Part 4 of this document;
“Placing Price”	108 pence per Placing Share;
“Placing Shares”	the 15,298,720 Ordinary Shares to be sold by the Vendors and purchased by Placees pursuant to the Placing, conditional on Admission;
“Principal Shareholders”	each of Sukh Chamdal, Santosh Chamdal, Pardip Dass and Kulwinder Kaur;
“Prospectus Rules”	the Prospectus Rules of the UK Listing Authority made in accordance with Section 73A of FSMA as amended from time to time brought into effect on 1 July 2005 pursuant to Commission Regulation (EC) No. 809/2004 and the Prospectus Regulations 2005 (SI 2005/1433);
“QCA Code”	the Corporate Governance Code for Small and Mid-Size Quoted Companies, as published by the Quoted Companies Alliance in 2018;
“Registrar”	Computershare Investor Services PLC;
“RIS”	Regulatory Information Service;
“RSM”	RSM Corporate Finance LLP, a limited liability partnership incorporated in England and Wales with registered number OC325347 and having its registered office at 6th Floor 25 Farringdon Street, London, EC4A 4AB;
“SCC”	Shore Capital and Corporate Limited, a private company limited by shares incorporated in England and Wales with registered number 02083043 and having its registered office at Bond Street House, 14 Clifford Street, London, W1S 4JU and Nominated Adviser to the Company;
“SCS”	Shore Capital Stockbrokers Limited, a private company limited by shares incorporated in England and Wales with registered number 01850105 and having its registered office at Bond Street House, 14 Clifford Street, London, W1S 4JU and Sole Bookrunner and Sole Broker to the Company;
“SEDOL”	the Stock Exchange Daily Official List Identification Number;

“Senior Managers”	senior employees of the Group who are not Directors;
“Shareholders”	holders of Ordinary Shares in the Company from time to time;
“Shore Capital”	each of SCC and/or SCS, as the context admits;
“Takeover Code”	the City Code on Takeovers and Mergers;
“uncertificated” or “in uncertificated form”	a share or other security recorded on the relevant register of the relevant company concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland;
“UK Listing Authority” or “UKLA”	the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of FSMA;
“Uncertified Securities Regulations”	The Uncertified Securities Regulations 2001, as amended from time to time;
“USA” or “US” or “United States”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia;
“VAT”	value added tax; and
“Vendors”	those existing shareholders of the Company who are selling Placing Shares in the Placing being Sukh Chamdal, Santosh Chamdal, Pardip Dass and Kulwinder Kaur.

