

Eggfree

**Cake Box**<sup>®</sup>



**CAKE BOX HOLDINGS PLC**

**UNAUDITED INTERIM RESULTS FOR SIX MONTHS TO 30 SEPTEMBER 2019**

**Cake Box Holdings plc**  
 (“Cake Box”, “the Company” or “the Group”)

**Unaudited Half Year Results for the six months ended 30 September 2019**

*Continued financial, operational and strategic progress*

Cake Box Holdings plc, the specialist retailer of fresh cream cakes, today announces its half year results for the six months ended 30 September 2019 (H1 FY20).

**Financial Highlights**

	<b>Half year ended 30 September 2019</b>	<b>Half year ended 30 September 2018</b>	<b>Change</b>
<b>Revenue</b>	£8.77m	£8.28m	+6%
<b>Gross profit</b>	£3.95m	£3.67m	+8%
<b>EBITDA*</b>	£1.97m	£2.18m	-9%
<b>Pre-tax profit</b>	£1.74m	£1.37m	+27%
<b>Adjusted pre-tax profit</b>	£1.74m	£1.97m**	-12%
<b>Net cash</b>	£1.50m	£0.80m	+85%
<b>Earnings per share</b>	3.67p	2.85p	+30%
<b>Adjusted earnings per share</b>	3.67p	4.35p**	-16%
<b>Interim dividend declared</b>	1.60p	1.20p	+33%

\* EBITDA is calculated as operating profit before depreciation

\*\*H1 FY19 figure is calculated after adjusting for AIM listing costs of £599k but has not been adjusted to reflect that it only includes c.3 months of additional PLC costs post admission to AIM on 27 June 2018.

- Group revenue up 6.0% to £8.8m (H1 FY19: £8.3m)
- Gross margin improved to 45.0% (H1 FY19: 44.3%)
- EBITDA down 9.0% to £1.97m (H1 FY19: £1.97m) reflecting additional plc costs for only 3 months in prior year period, reversal of anticipated H1/H2 weighting of store openings compared to prior year and further investment in the business
- Interim dividend up 33% to 1.60p (H1FY19: 1.20p) reflecting strong cash generation with cash from operations of £1.85 million (H1 FY19: £1.01 million)
- Strong balance sheet at period end with £1.50 million net cash (30 September 2018: £0.80 million)

**Operational highlights**

- 122 franchise stores in operation as at 30 September 2019
- Nine new franchise stores added in the period (H1 FY19: 15 new franchise stores) and on track for full year franchise store openings target, which will be H2 weighted
- Successful launch of new product ranges including red velvet cakes
- New Bradford warehouse and distribution facility in operation

**Our Franchisee Store highlights**

- Like-for-like sales growth of 6.9% in franchise stores (H1 FY19: 4.4%)
- Franchisee total turnover up by 26% to £17.8 million (H1 FY19: £14.1 million)

- Franchisee online sales up 32% to £2.64 million (H1 FY19: £1.99 million)

**Sukh Chamdal, Chief Executive Officer, commented:**

“During the period our focus has been on the consolidation of our strategy as we continue to grow the business through rolling out new stores, improving our customer offer and expanding our customer base, which is attracted to our unique, egg-free proposition. Our continued momentum has again led to a good financial performance during the half.

“We have added nine stores to our portfolio during the half year, have a good pipeline for the remainder of the second half and are on track to achieve our store openings target for the year.

“Trading during the first eight weeks of the second half has been encouraging and we have already opened five new stores, including our first in Wales.

“With initiatives continuing apace to enhance our product offer, and with strengthened operational capabilities through our new warehouse and distribution facilities, we remain on track for another year of growth.”

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## **Operational Review**

### ***Results overview***

This has been another positive six months for the Group and we've seen continued momentum in our second year as a listed business as we continue to drive organic growth through our existing franchise store estate, whilst opening more new stores in areas where Cake Box does not currently have a presence.

As a result, we've delivered another good financial performance with revenue growing by 6% and an increase in our gross margin to 45.0% (H1 FY19: 44.3%). As we anticipated, adjusted pre-tax profits reduced during the period compared to H1 FY19. This reflects that H1 FY19 only included three months of additional plc costs (compared to six in this period) and also the H1 weighting of new franchise store openings in FY19 with 15 opening in H1 FY19 compared to nine in the first half of this financial year. As described below, we expect this year to be H2 weighted for new franchise store openings and we are on track to reach our store opening target for the year.

In addition, we have continued to invest in the future growth of the business during the half. This has included adding headcount to our marketing and finance functions and making good progress towards the opening of our new warehouse and distribution centres, which will deliver efficiencies when they become operational. Our results continue to demonstrate the growing appeal of the Cake Box brand and unique customer offer, combined with the financial strength of the Group and the strong cash generative nature of our business model.

Encouragingly, our franchisees achieved like-for-like sales of +6.9% despite the challenging retail conditions, with total franchisee sales rising to £15.1m for the half year, an increase of 7%. Within this, we also saw franchisee online sales growth of +32% as customers increasingly enjoy the convenience of our click-and-collect offer.

### ***Store openings***

Nine new franchise stores were opened during the period, bringing the total number of stores to 122 30 September 2019. Recent store openings included Dartford, Slough Centre and our third store in Derby. Our new franchise stores continue to deliver strong returns for our franchisees. Post the period end, Cardiff opened its doors to customers in October 2019 and is our first store to be opened in Wales. We are also trialing a 'pop-up kiosk' concept in shopping centres, and initial results are encouraging.

This performance further demonstrates our successful business model through which new stores typically reach a break-even or profitability within the first day of trade. We have a strong pipeline of new franchise stores for the second half of the year and are on track to open more stores in the second half compared to the first half, to reach our target of new store openings for the year.

### ***Online***

During the year we saw continuing strong growth in franchisee online sales which were up 32% to £2.85 million (H1 FY19: £1.99 million). Online sales are processed centrally through the Group's website with orders fulfilled through our franchise estate. Franchise revenue from online sales is included in franchisee turnover totaling £15.1 million (H1 FY19: £14.1 million).

### ***Products***

We have successfully introduced a number of new products to our range during the period. This included the launch of red velvet cakes which have been particularly well-received by customers across our store network. These are individually and expertly decorated by our in-store designers. New products create a real buzz with both new and existing customers, who are excited by our evolving range. We are currently

trialing a varied offering of premium cupcakes at a number of stores and if successful they will be rolled out to the rest of the franchise network.

### ***New Warehouse and Distribution Centres***

As announced in our final results in June we have completed the purchase of two additional warehouse and distribution centres, located in Bradford and Coventry. Bradford is now operational, and Coventry should be operational by the end of this financial year. As well as acting as a distribution centre, we have installed some sponge production capability at the new sites which will enable us to reduce our existing distribution costs and provide a back up to our production facility in Enfield.

### ***Balance Sheet and Cashflow***

We have a strong balance sheet with £3.22 million of cash as at 30 September 2019 (30 September 2018: £2.40 million). Net cash as at 30 September 2019 was £1.5m (H1 FY19: £0.8m).

Operating cash flow for the period increased to £1.85 million from £1.01 million in the same period in 2018 further highlighting the cash generative nature of our business.

### ***Dividend***

In line with our progressive dividend policy to reflect the cash generation and earnings of the Group, today we are declaring an interim dividend of 1.6 pence per share representing an increase of 33% from last year. The Company intends that the total dividend for the year (and future years) will be split by one third for the first six months of the year to two thirds for the year end respectively. The interim dividend will be paid on 20<sup>th</sup> December 2019 to those shareholders on the register at the close of business on 6<sup>th</sup> December 2019. The ex-dividend date is therefore 5<sup>th</sup> December 2019.

### ***Outlook***

Trading during the first eight weeks of the second half has been encouraging and we have already opened five new franchise stores, including our first in Wales, and remain on track for our full year franchise store openings target.

The Group is well placed for further progress and the Board remains confident of another successful year of growth.

**CAKE BOX HOLDINGS PLC**  
**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019**

		<b>6 months to 30 September 2019 (unaudited) £</b>	6 months to 30 September 2018 (unaudited) £	12 months to 31 March 2019 (audited) £
<b>Revenue</b>	3	<b>8,767,072</b>	8,283,338	16,908,999
Cost of sales		<b>(4,816,299)</b>	(4,616,474)	(9,189,297)
<b>Gross profit</b>		<b>3,950,773</b>	3,666,864	7,719,702
Administrative expenses		<b>(2,184,828)</b>	(1,680,671)	(3,742,684)
Fair value movements		-	-	444,148
Other operating income		-	-	27,719
<b>Operating profit</b>		<b>1,765,945</b>	1,986,193	4,448,885
Exceptional items	5	-	(598,645)	(598,645)
Net finance costs		<b>(25,434)</b>	(18,919)	(41,534)
<b>Profit before income tax</b>		<b>1,740,511</b>	1,368,629	3,808,706
Income tax expense		<b>(272,259)</b>	(228,613)	(806,290)
<b>PROFIT AFTER INCOME TAX</b>		<b>1,468,252</b>	1,140,016	3,002,416
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>				
Other comprehensive income		-	-	-
<b>TOTAL COMPREHENSIVE PROFIT FOR THE PERIOD</b>		<b>1,468,252</b>	1,140,016	3,002,416
<b>EARNINGS PER SHARE</b>				
Basic	6	<b><u>3.67p</u></b>	<u>2.85p</u>	<u>7.51p</u>
Diluted	6	<b><u>3.67p</u></b>	<u>2.85p</u>	<u>7.51p</u>

The notes on pages 10 to 12 form part of these interim financial statements.

**CAKE BOX HOLDINGS PLC**  
**UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2019**

	<b>Note</b>	<b>30 September 2019 (Unaudited) £</b>	<b>30 September 2018 (Unaudited) £</b>	<b>31 March 2019 (audited) £</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Investment property		-	342,629	-
Property, plant and equipment		<b>5,558,155</b>	3,620,035	5,047,791
Trade and other receivables		<b>18,226</b>	130,112	52,861
		<b>5,576,381</b>	4,092,776	5,100,652
<b>Current assets</b>				
Inventories		<b>1,153,213</b>	800,866	909,716
Trade and other receivables		<b>1,569,812</b>	1,649,810	1,532,487
Cash and cash equivalents		<b>3,223,701</b>	2,401,318	3,082,044
Non-current assets held for sale		-	-	649,998
		<b>5,946,726</b>	4,851,994	6,174,245
<b>TOTAL ASSETS</b>		<b>11,523,107</b>	8,944,770	11,274,897
<b>EQUITY AND LIABILITIES</b>				
<b>Share capital and reserves</b>				
Issued share capital	6	<b>400,000</b>	400,000	400,000
Capital redemption reserve		<b>40</b>	40	40
Revaluation reserve		<b>455,422</b>	455,422	455,422
Share option reserve		<b>64,958</b>	-	-
Retained earnings		<b>6,276,164</b>	4,385,512	5,767,912
<b>TOTAL EQUITY</b>		<b>7,196,584</b>	5,240,974	6,623,374
<b>Current liabilities</b>				
Trade and other payables		<b>1,979,040</b>	1,646,620	1,531,887
Short-term borrowings		<b>167,754</b>	176,544	212,183
Current tax payable		<b>552,794</b>	339,591	747,473
		<b>2,699,588</b>	2,162,755	2,491,543
<b>Non-current liabilities</b>				
Borrowings		<b>1,505,982</b>	1,399,728	1,937,577
Deferred tax liabilities		<b>120,953</b>	141,313	222,403
		<b>1,626,935</b>	1,541,041	2,159,980
<b>TOTAL LIABILITES</b>		<b>4,326,523</b>	3,703,796	4,651,523
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>11,523,107</b>	8,944,770	11,274,897

The notes on pages 10 to 12 form part of these interim financial statements.

**CAKE BOX HOLDINGS PLC**  
**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019**

	<b>Share capital</b>	<b>Capital redemption reserve</b>	<b>Share option reserves</b>	<b>Revaluation reserve</b>	<b>Retained earnings</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Balance at 1 April 2018</b>	160	40	-	455,422	4,205,336	4,660,958
Total comprehensive income	-	-	-	-	1,140,016	1,140,016
Share bonus issue	399,840	-	-	-	(399,840)	-
Dividends paid	-	-	-	-	(560,000)	(560,000)
<b>Balance at 30 September 2018</b>	<b>400,000</b>	<b>40</b>	<b>-</b>	<b>455,422</b>	<b>4,385,512</b>	<b>5,240,974</b>
Total comprehensive income	-	-	-	-	1,862,400	1,862,400
Dividends paid	-	-	-	-	(480,000)	(480,000)
<b>Balance at 31 March 2019</b>	<b>400,000</b>	<b>40</b>	<b>-</b>	<b>455,422</b>	<b>5,767,912</b>	<b>6,623,374</b>
Total comprehensive income	-	-	-	-	1,468,252	1,468,252
Share based payments	-	-	53,732	-	-	53,732
Deferred tax on share based payments	-	-	11,226	-	-	11,226
Dividends paid	-	-	-	-	(960,000)	(960,000)
<b>Balance at 30 September 2019</b>	<b>400,000</b>	<b>40</b>	<b>64,958</b>	<b>455,422</b>	<b>6,276,164</b>	<b>7,196,584</b>



**CAKE BOX HOLDINGS PLC**  
**UNAUDITED CONSOLIDATED CASH FLOW STATEMENT**

	<b>6 months to 30 September 2019 (unaudited) £</b>	<b>6 months to 30 September 2018 (unaudited) £</b>	<b>12 months to 31 March 2019 (audited) £</b>
<b>Cash from operating activities:</b>			
Profit before income tax	1,740,511	1,368,629	3,808,706
<b>Adjusted for:</b>			
Depreciation	201,037	198,381	430,676
Loss/(Profit) on disposal of tangible fixed assets	188,003	-	(3,222)
(Increase) in inventories	(243,497)	(91,654)	(200,504)
(Increase) in trade and other receivables	(2,690)	(220,134)	(25,254)
Increase in trade and other payables	447,154	153,579	38,541
Net fair value gain	-	-	(444,148)
Finance income	(7,491)	(2,542)	(6,981)
<b>Cash generated by operations</b>	<b>2,323,027</b>	<b>1,406,259</b>	<b>3,597,814</b>
Finance costs	32,925	21,461	48,515
Grant of share options	53,732		
Taxation paid	(557,162)	(408,545)	(497,250)
<b>Net cash inflow from operating activities</b>	<b>1,852,522</b>	<b>1,019,175</b>	<b>3,149,079</b>
<b>Cash flows from investing activities</b>			
Sale of investment properties	-	-	140,000
Sale of property, plant and equipment	23,962	-	-
Sale of assets held for sale	649,998	-	-
Purchase of property, plant and equipment	(923,367)	(477,896)	(567,154)
Purchases of assets under construction	-	-	(1,570,793)
Interest received	7,491	2,542	6,981
<b>Net cash flows used in investing activities</b>	<b>(241,916)</b>	<b>(475,354)</b>	<b>(1,990,966)</b>
<b>Cash flows from financing activities:</b>			
New borrowings	-	-	870,000
Repayment of borrowings	(476,024)	(52,606)	(329,983)
Repayment of finance leases	-	(14,093)	(33,228)
Dividends paid	(960,000)	(560,000)	(1,040,000)
Interest paid	(32,925)	(21,461)	(48,515)
<b>Net cash flows used in financing activities</b>	<b>(1,468,949)</b>	<b>(648,160)</b>	<b>(581,726)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>141,657</b>	<b>(104,339)</b>	<b>576,387</b>
<b>Cash and cash equivalents brought forward</b>	<b>3,082,044</b>	<b>2,505,657</b>	<b>2,505,657</b>
<b>Cash and cash equivalents carried forward</b>	<b>3,223,701</b>	<b>2,401,318</b>	<b>3,082,044</b>

**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019**

For the purposes of the cash flow statement, cash and cash equivalents comprise the following:

<b>Cash at bank and in hand</b>	<b>3,223,701</b>	<b>2,401,318</b>	<b>3,082,044</b>
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**CAKE BOX HOLDINGS PLC  
NOTES TO THE INTERIM ACCOUNTS  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019**

**1. Notes to the Interim Report**

**Basis of preparation**

The consolidated half-yearly financial statements do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The statutory accounts for the year ended 31 March 2019 have been filed with the Registrar of Companies at Companies House. The auditor's report on the statutory accounts for the year ended 31 March 2019 was unqualified and did not contain any statements under Section 498 (2) or (3) of the Companies Act 2006.

The published financial statements for the year ended 31 March 2019 were prepared in accordance with International Financial Reporting Standards as adopted for use in the EU ("IFRS").

The consolidated annual financial statements of Cake Box Holdings Plc for the year ended 31 March 2020 will be prepared in accordance with IFRS. Accordingly, these interim financial statements have been prepared using accounting policies consistent with those which will be adopted by the Group in the financial statements for the year ended 31 March 2020 but do not contain all the information necessary for full compliance with IFRS.

None of the standards, interpretations and amendments effective for the first time from 1 January 2019, including IFRS 16, have had a material effect on the historical financial information.

The consolidated half-yearly financial statements for the six months to 30 September 2019 have not been audited or reviewed by auditors, pursuant to the Auditing Practices Board guidance on Review of Interim Financial Information.

The consolidated half-yearly financial statements have been prepared under the going concern assumption and historical cost convention as modified by fair value for investment property and property, plant and equipment.

**Basis of consolidation**

The Group consolidated half-yearly financial statements consolidates the company and its subsidiaries. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

**2. Changes in accounting policies and disclosures**

**IFRS 16 'Leases'**

The Group has applied this accounting standard from 1 April 2019 and has adopted the modified retrospective approach to its adoption which would result in any adjustments for contracts in progress at 1 April 2019 being made to opening retained earnings at that date.

The Group acts as a lessee and lessor but will not be required to recognise operating leases on the balance sheet when the new standard is implemented. The leases are expected to fall under the short term lease exemption criteria.

**CAKE BOX HOLDINGS PLC**  
**NOTES TO THE INTERIM ACCOUNTS (cont'd)**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019**

**3. Segment reporting**

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

	<b>6 months to 30 September 2019 (unaudited) £</b>	6 months to 30 September 2018 (unaudited) £	12 months to 31 March 2019 (audited) £
Sale of goods	7,823,424	6,687,900	14,121,607
Sale of services	934,848	1,535,038	2,787,392
Rental of properties	8,800	60,400	27,719
	<b>8,767,072</b>	8,283,338	16,936,718

**4. Dividends**

	<b>6 months to 30 September 2019 (unaudited) £</b>	6 months to 30 September 2018 (unaudited) £	12 months to 31 March 2019 (audited) £
Dividends paid	<b>960,000</b>	560,000	1,040,000

Interims dividends of 1.6p (*H1 FY19 1.2p per share*) were declared.

**5. Exceptional items**

	<b>6 months to 30 September 2019 (unaudited) £</b>	6 months to 30 September 2018 (unaudited) £	12 months to 31 March 2019 (audited) £
AIM listing costs	-	598,645	598,645

**CAKE BOX HOLDINGS PLC**  
**NOTES TO THE INTERIM ACCOUNTS (cont'd)**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019**

**6. Share Capital**

	<b>6 months to 30 September 2019 (unaudited)</b>	6 months to 30 September 2018 (unaudited)	12 months to 31 March 2019 (audited)
	£	£	£
40,000,000 Ordinary shares of £0.01 each	<b>400,000</b>	400,000	400,000

On 4 June 2018 a bonus issue was made in the proportion of 2,500 shares for every 1 existing Ordinary share held. Immediately after the bonus issue the 100 billion £0.000004 Ordinary shares in issue were consolidated into 40,000,000 ordinary shares of £0.01 each. No amendment to the rights and restrictions as set out in the Company's articles of association were made.

On the 24 July 2019, the Group granted share options under two schemes for 688,036 shares with an exercise price of either £1.65 or £0.01 per share. The options' vesting conditions are based on financial performance over three years. The Black-Scholes model was used to determine the value of these options at the reporting date.

**Earnings per share**

The basic earnings per share is calculated by dividing the earnings attributable to equity shareholders by the weighted average number of shares in issue. In calculating the diluted earnings per share, share options outstanding have been taken into account where the impact of these is dilutive.

	<b>6 months to 30 September 2019 (unaudited)</b>	6 months to 30 September 2018 (unaudited)	12 months to 31 March 2019 (audited)
	£	£	£
Basic earnings per share	<b>3.67p</b>	2.85p	7.51p
Diluted earnings per share	<b>3.67p</b>	2.85p	7.51p
<b>Excluding exceptional AIM listing costs</b>			
Basic earnings per share	<b>3.67p</b>	4.35p	7.90p
Diluted earnings per share	<b>3.67p</b>	4.35p	7.90p

## 7. Share Options

The directors confirm that the Company granted share options under two schemes during the period as previously announced; the Company's Enterprise Management Incentive Scheme ("EMI scheme") and the (Unapproved) Employee Share Option Scheme (the "Share Option Scheme").

Under the Share Option Scheme, a total of 423,485 options were granted to Sukh Chamdal, Chief Executive Officer, Pardip Dass, Chief Financial Officer and Dr Jaswir Singh, Chief Operating Officer, as set out below:-

<b>Director</b>	<b>Options granted under the Share Option Scheme</b>
Sukh Chamdal	266,667
Pardip Dass	23,485
Dr Jaswir Singh	133,333

Under the EMI Scheme, a total of 151,515 options were granted to Pardip Dass and a further 113,400 options in aggregate were granted to other employees