

Cake Box

FULL YEAR

RESULTS 2023

CAKE BOX GROUP PLC YEAR ENDED
31 MARCH 2023

26 JUNE 2023



AGENDA



OVERVIEW

Sukh Chamdal, CEO



FINANCIAL PERFORMANCE

Michael Botha, CFO



STRATEGIC AND OPERATIONAL UPDATE

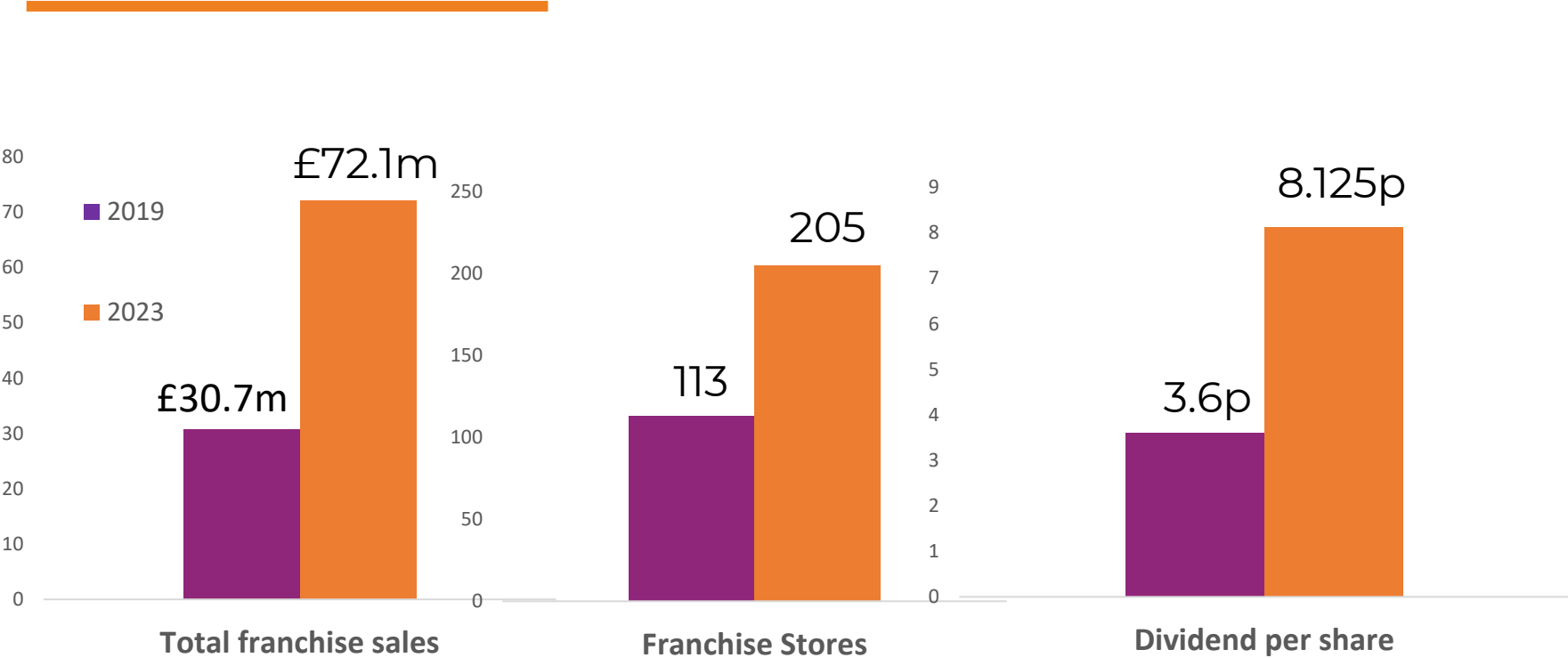
Sukh Chamdal, CEO



OVERVIEW
Sukh Chamdal, CEO



Business model has delivered significant growth since IPO in June 2018



134.8% growth in Franchise sales

81.4% growth in Franchise stores

125.7% growth in annual dividend

ROBUST TRADING, INVESTMENT IN GROWTH, ENHANCED DIVIDEND

Business model well placed for growth in current environment

Continued store growth amongst existing franchisees and new franchisees joining the Brand

Trading gained momentum during H2 2023, significant improvement over first half of the year

Significant investment in distribution centres to facilitate future growth

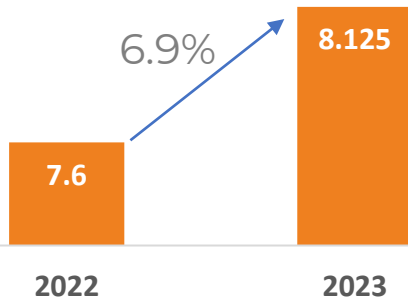
Enhanced shareholder returns with improved dividend from increase in cash generation



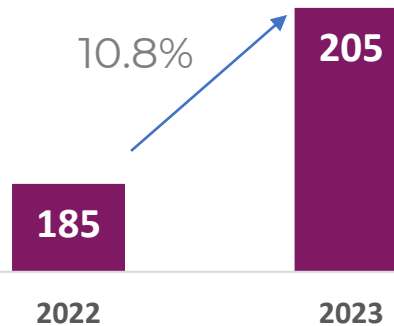
CAKE BOX IS WELL POSITIONED FOR GROWTH

VALUE FOR FRANCHISE PARTNERS, CUSTOMERS AND SHAREHOLDERS

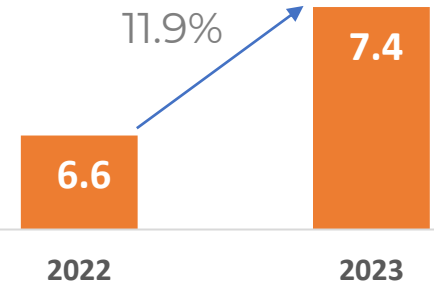
Full Year Dividend (p)



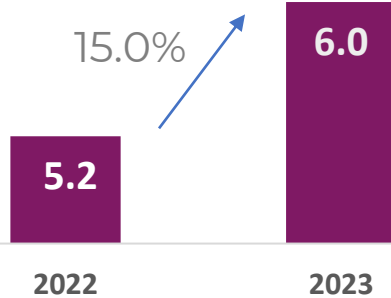
Stores



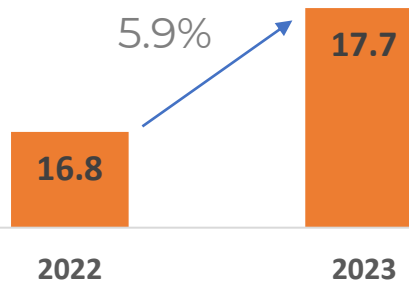
Cash on hand (£m)



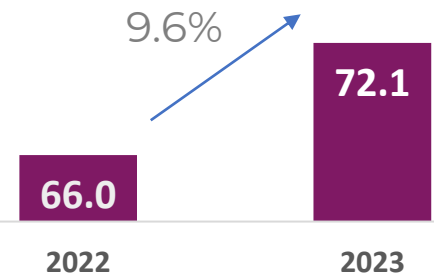
Net Cash Surplus (£m)



Net Assets (£m)



Total Franchisee Sales (£m)





**FINANCIAL
PERFORMANCE**

Michael Botha, CFO





FINANCIAL HIGHLIGHTS

Sales and store growth with increased returns to shareholders

- Total franchise sales up by 9.6%
- Like-for-like franchisee sales up by 1.0%
- 20 New stores opened during the year
- Cake Box revenue up 5.6%
- Gross profit up 8.5% due to improvement in margins
- As previously reported, Underlying EBITDA impacted by the increase in overheads and softer sales in H1 2023
- Increase of 11.9% in cash and cash equivalents and 15.0% improvement in Net Cash position at year end
- Full year dividend up 6.9%

2023 SALES PERFORMANCE

Robust trading while maintaining margins

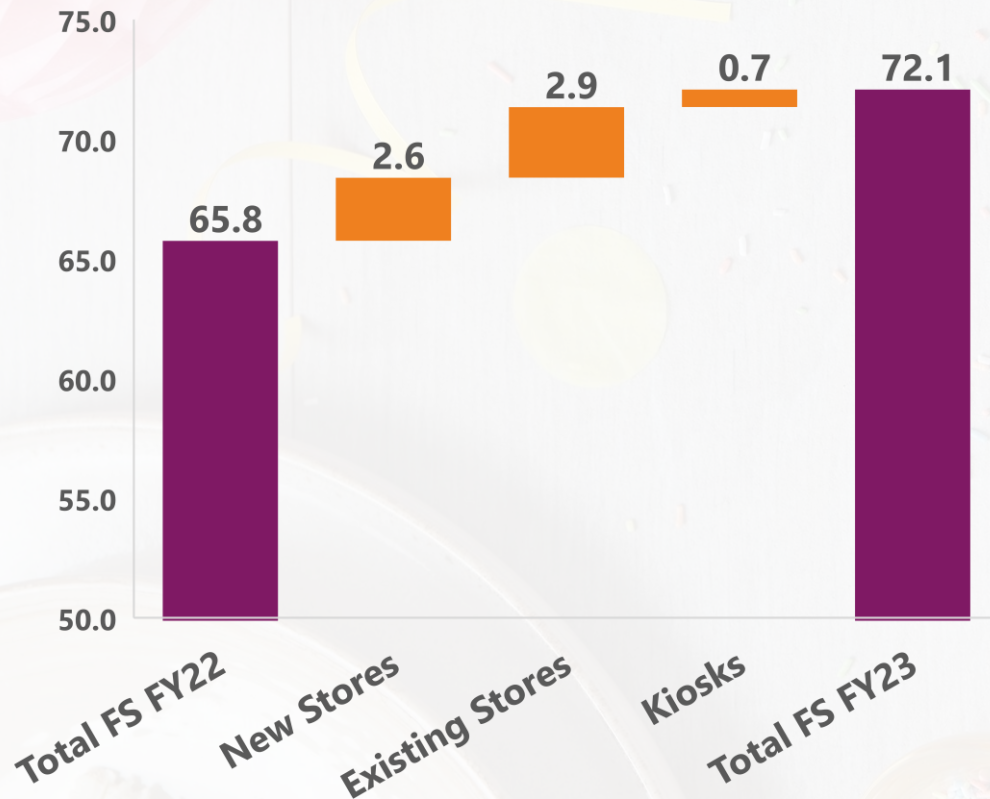
£m	FY23	FY22	% change vs. FY22
Franchise store sales	66.5	60.9	9.2%
Kiosk sales	5.6	4.9	15.2%
Total Franchise sales	72.1	65.8	9.6%
Sponge	13.6	12.3	10.8%
Food items	5.9	5.5	7.1%
Fresh Cream	4.0	3.4	15.5%
Other Goods	7.5	7.0	6.1%
Product sales	30.9	28.2	9.5%
Online sales commission	1.0	0.9	6.8%
Franchise packages	2.9	3.8	(24.2%)
Total Cake Box sales	34.8	33.0	5.6%
Gross margin %	49.4%	48.0%	2.8%

- Total franchisee sales up due to new store openings and stronger H2 2023 trading
- Cake Box sales impacted by decline in rate of store openings yr on yr
- Gross margin increased by 1.4 percentage points

2023 FRANCHISE SALES PERFORMANCE

Positive sales growth driven by new and existing channels

Franchise sales channels (£m)



- 9.6% growth yr on yr in Total franchise sales
- £6.3m increase in total franchise sales, £2.6m (41%) from new openings and £3.6m (59%) from existing stores/kiosks
- H2 sales performance significantly improved following the prolonged hot weather and overseas holidays (following the lifting of covid restrictions) experienced in H1

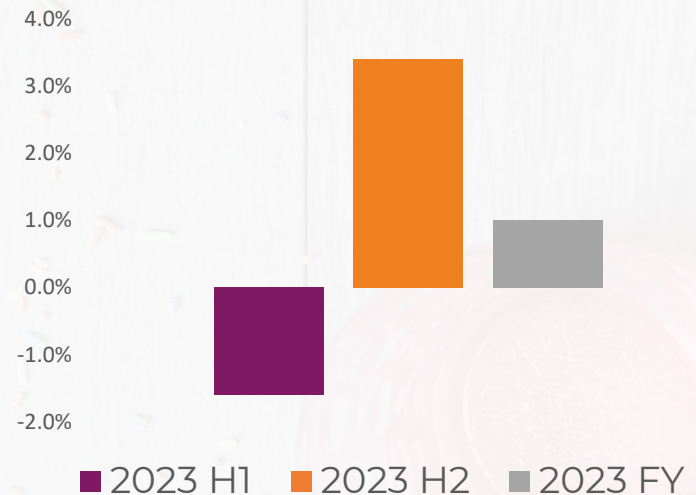
2023 FRANCHISE SALES LIKE-FOR-LIKE PERFORMANCE

Positive Like-for-Like growth driven by improved H2 performance

	2023		
	H1	H2	FY
Total Franchise store sales	(1.6%)	3.4%	1.0%

- H1 performance impacted by warmer weather and holidays following lifting of Covid restrictions
- Stronger H2 performance ensuring FY positive LFL

Total franchise store LFL for 2023



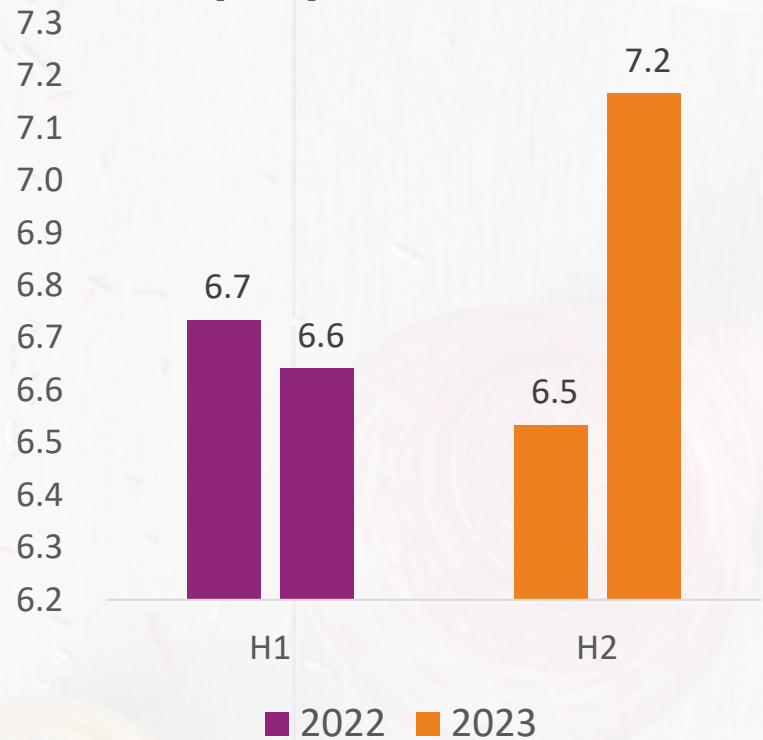
2023 ONLINE SYSTEM SALES PERFORMANCE

Online sales normalised following Covid lockdowns

£m	FY23	FY22	% change vs. FY22
Total online sales	13.8	13.3	4.1%
% of franchise store sales	20.8%	21.8%	(4.7%)

£m	H1	H2	FY23
Franchise store sales	31.8	34.7	66.5
Total online sales	6.6	7.2	13.8
% of franchise store sales	20.9%	20.6%	20.8%

Online franchise sales (£m) - H1 vs H2

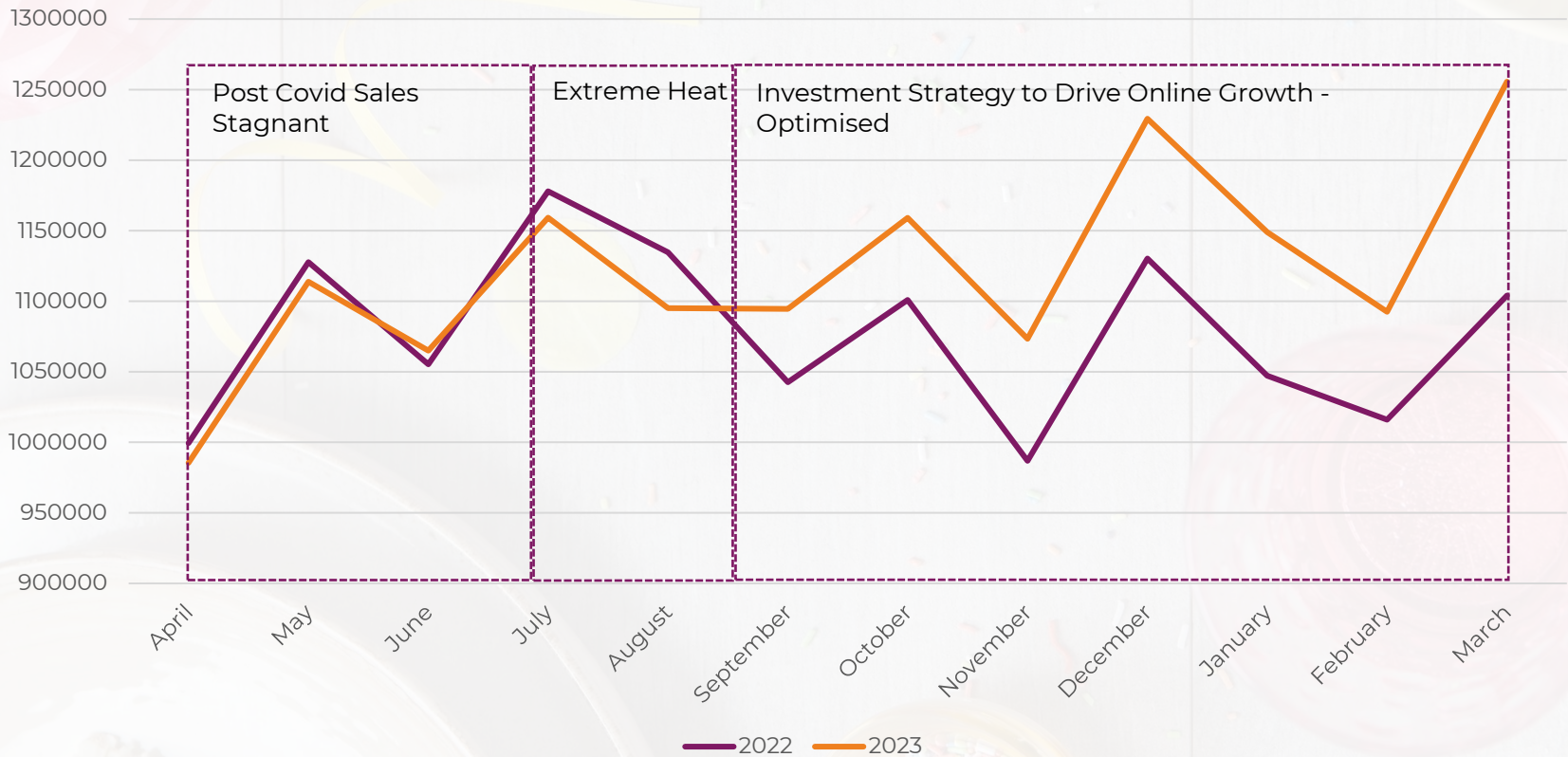


2023 ONLINE SYSTEM SALES PERFORMANCE

Three phases of performance.

Pre and Post Investment in growth and recruitment of Marketing Director.

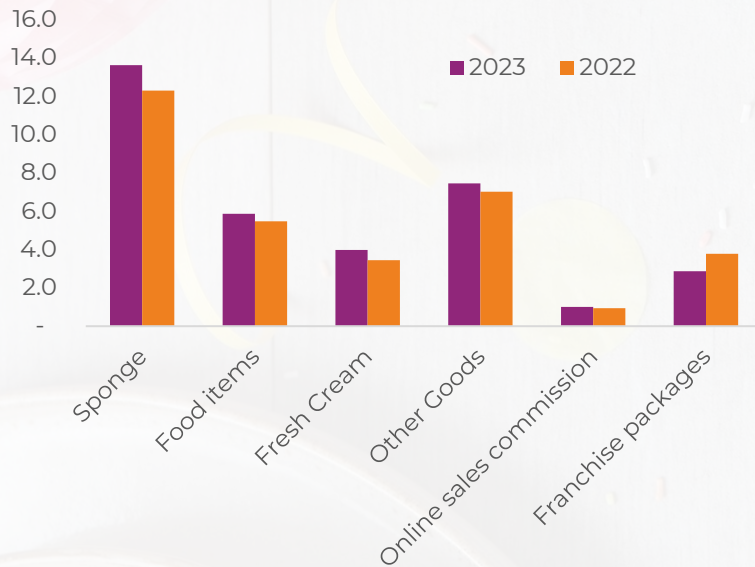
Online Sales (£) Performance Vs. LY



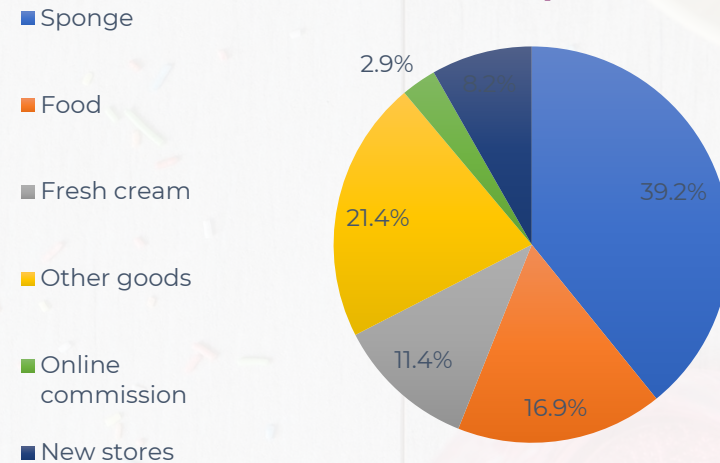
2023 GROUP SALES PERFORMANCE

5.6% increase in group sales year on year

Group sales by category (£m)



Cake Box sales composition - 2023



- Group product revenue increased 9.5% for 2023, in-line with total franchise sales increase year on year
- New store sales down due to fewer stores opened during 2023 – 20 opened (FY22: 31)

2023 Analysis of Group EBITDA

8.5% increase in gross profit year on year

£m	FY23	FY22	% change vs. FY22
Gross profit	17.2	15.8	8.5%
Overheads	(11.6)	(8.8)	(31.0%)
Depreciation	0.8	0.9	11.7%
Amortisation	0.3	0.1	(139.6%)
Underlying EBITDA	6.7	8.0	(16.9%)
Reversal of Share Option expense	-	0.5	
Reversal of accrued rates	-	0.3	
Reported EBITDA	6.7	8.8	(24.3%)

- 16.9% reduction in Underlying EBITDA driven by increase of £2.7m in overheads
- Increase in overheads due to:
 - Salaries and wages increased - £1.2m
 - Other overheads - £1.5m

2023 GROUP EBITDA MOVEMENT (£m)

Increase in gross profit offset by increase in overheads



2023 INCOME STATEMENT

PBT lower due to increase in overheads

£m	FY23	FY22	% change vs. FY22
Reported EBITDA	6.7	8.8	(24.3%)
Depreciation and Amortisation	(1.1)	(1.0)	(7.6%)
Profit on disposal of tangible fixed assets	0.1	-	
Finance costs	(0.2)	(0.1)	
Profit before tax	5.4	7.7	(28.6%)
Taxation	(1.2)	(1.4)	13.2%
Profit after tax	4.3	6.3	(31.7%)
Basic EPS (pence)	10.59	15.78	(31.7%)

- Amortisation on right-of-use assets higher due to first full year of amortisation charges
- Effective taxation rate of 22.2%, higher than statutory rate due to tax rate increases impact caused by deferred tax

2023 FREE CASH FLOW

Free cash in line with FY22

£m	FY23	FY22	% change vs. FY22
EBITDA	6.7	8.8	(24.2%)
IFRS 16 - net lease payments	(0.3)	-	
Working capital	1.0	(1.6)	165.1%
Net interest	(0.1)	(0.1)	(66.5%)
Taxation	(1.3)	(1.4)	4.7%
Free cash flow	6.0	5.7	0.1%

- Working capital was mainly impacted by the timing of the payment of suppliers at year end

2023 NET CASH SURPLUS (£m)

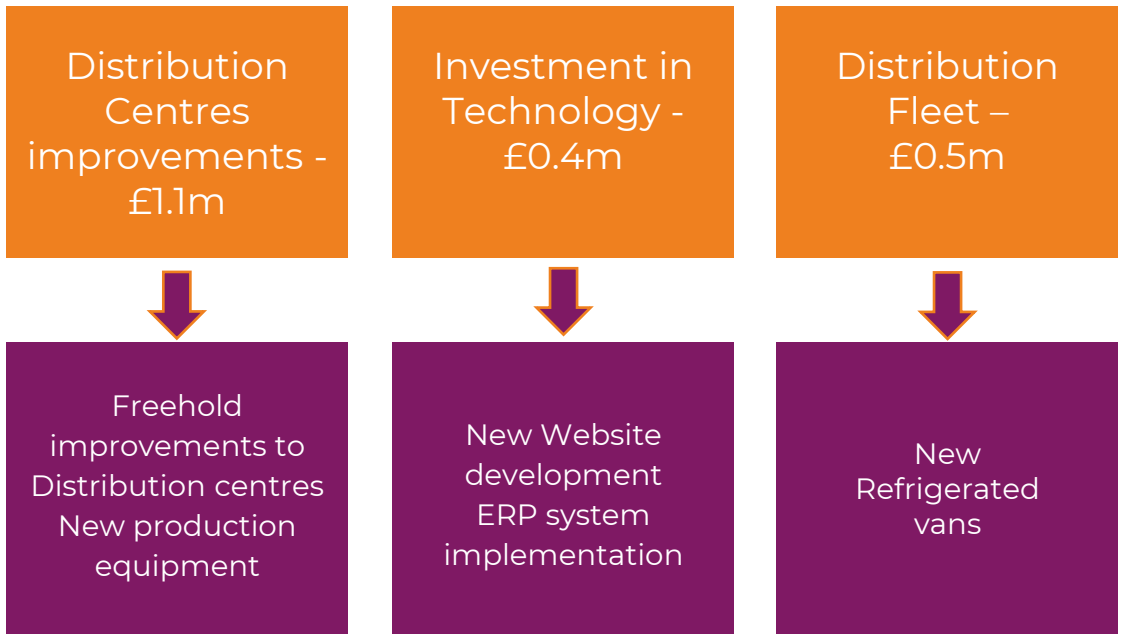
Increased investment in growth and shareholder returns





INVESTING TO DRIVE FUTURE GROWTH

Further £2.0.m capex spend to underpin future growth



A more normalised capex expenditure programme is expected in future years following the past two years investment in the distribution facilities.



STRATEGIC AND OPERATIONAL UPDATE

Sukh Chamdal, CEO





OPERATIONAL HIGHLIGHTS



20

New Stores
Opened



200th

Franchise store opened
during 2023



9.6%

Increase in total
franchisee sales FY23



4.1%

Increase in online
system sales



Managed cost
pressures in high
inflationary
environment



FRANCHISEE OPERATIONAL HIGHLIGHTS



£72.1m

**Total franchisee
revenue**



£13.8m

**Online franchise
sales**



44

**Multi-store
franchisees**



**Positive LFL sales
growth for FY 2023**



**Upheld value proposition
to customers**

5 KEY AREAS OF FOCUS IN 2024



Empowering Franchisees and Operational Excellence



Expanding Store Estate and Franchisee Growth



Data-driven Approach and Multi-channel Expansion

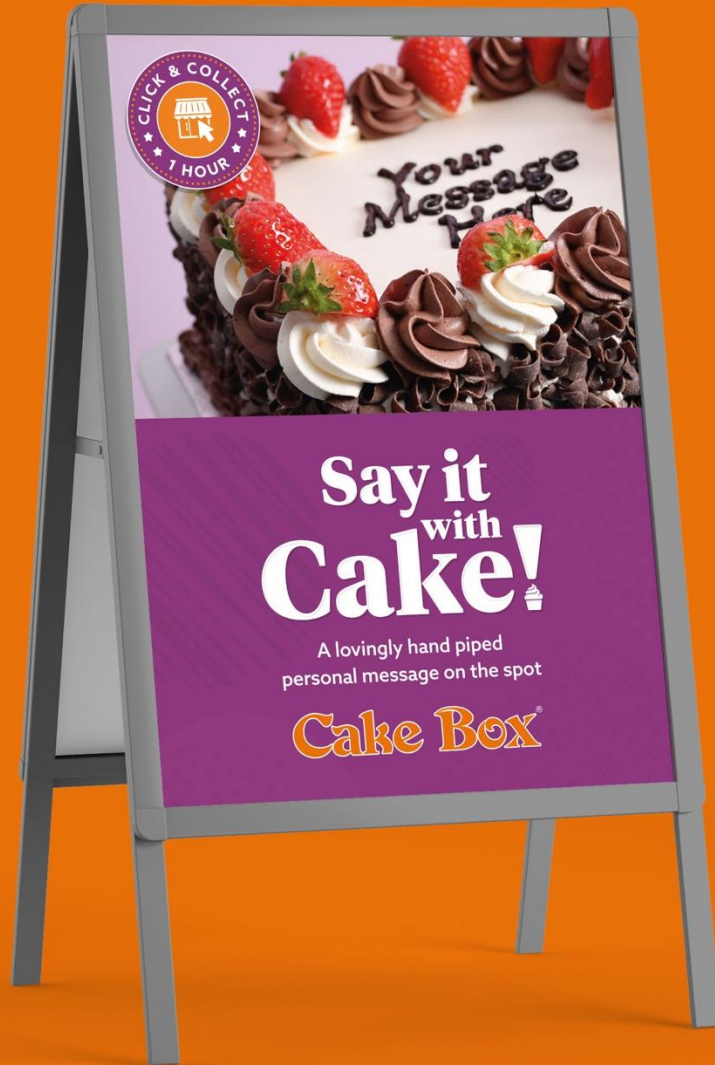


Strengthening Leadership and Governance



Commitment to Community and ESG Initiatives

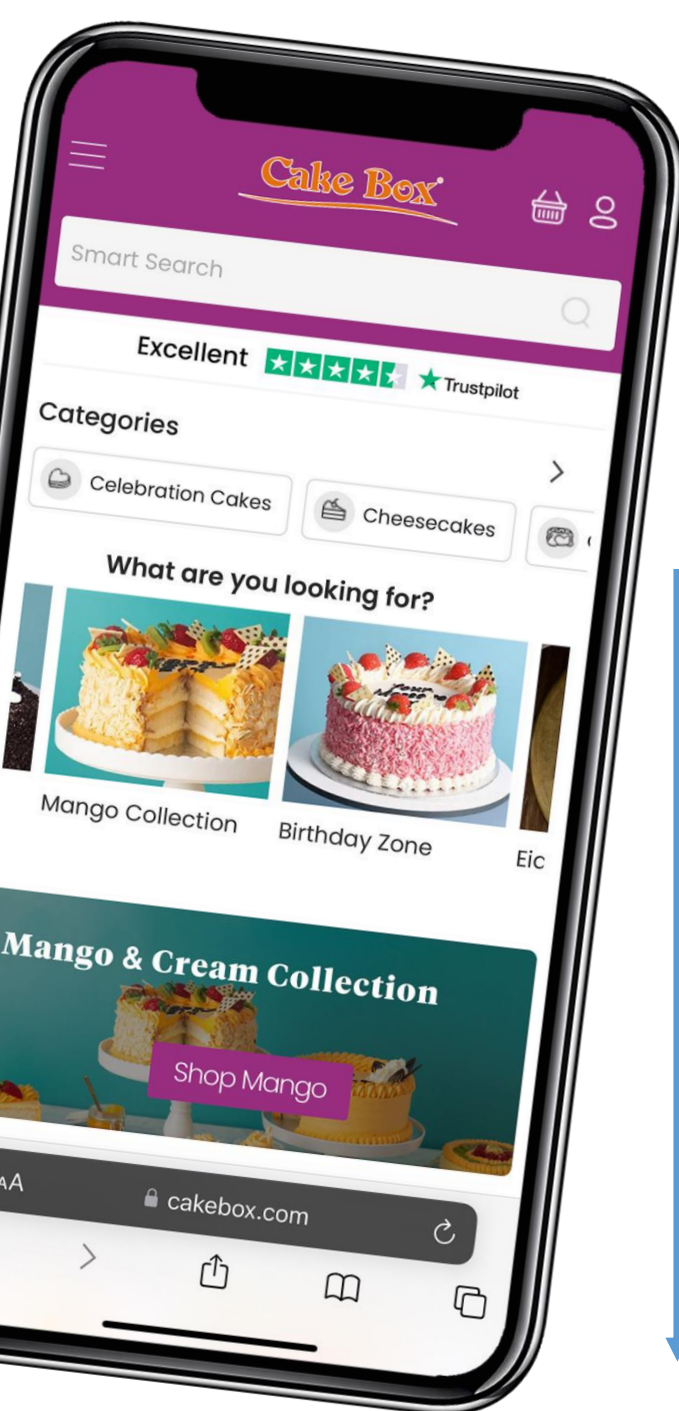




MARKETING

FOCUSING ON PRODUCT, STORES AND CUSTOMERS TO DRIVE SUCCESS.





OPTIMISE CLICK & COLLECT USER JOURNEY

A BIG OPPORTUNITY TO WIN WITH DIGITAL FIRST APPROACH FOR ON AND OFFLINE (OMNI-CHANNEL)

CLICK

CUSTOMER ACQUISITION

MORE CUSTOMERS
MORE DATA

RETURN

COLLECT

CUSTOMER EXPERIENCE

EASY TO SHOP
EASILY SERVED

CONVERSIONS

REPEAT

LOYALTY & RETENTION

REPEAT CUSTOMERS

CUSTOMER LIFETIME VALUE



SUMMARY & CURRENT TRADING

SUMMARY

- Successfully navigated very tough trading conditions during 2023
- Continued franchise store growth – 20 stores opened in FY23 taking total to 205
- Maintained value to our end customers by keeping our price inflation well within the macro economic inflationary levels
- Following our recent Capex investment, we are well placed to deliver future growth for our franchisees and enhanced returns for our shareholders

CURRENT TRADING

- We have continued the momentum from H2 2023 into Q1 2024 with positive like-for-like franchise sales growth of 5.4% for the first 11 weeks of 2024
- 3 new franchise stores have opened since year end
- New website launched in June 23 to drive sales growth
- Confident on outlook for the year



Q&A



A festive cake with 'Let it Snow' written on it, surrounded by other cakes and decorations. The background shows a white cake with red and white frosting, a white cake with blue frosting and gold balls, and a white cake with white frosting and red flowers. There are also white gift boxes and string lights in the background.

*Let it
Snow*

Cake Box

APPENDIX

INTRODUCTION TO CAKE BOX

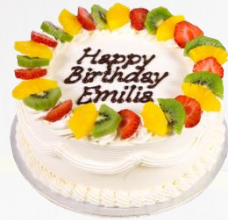
- First store opened in 2008
- Business conceived in 2008 with a single shop in East London, now headquartered in Enfield, Greater London
- 205 franchise stores as at 31st March 2023
- Specialises in making delicious, high quality, bespoke celebration fresh cream cakes in-store while customers wait
- All of our cakes are free from egg products
- Personalisation offered even while you wait
- One hour click & collect available for popular cakes
- Strong growth profile



OUR PRODUCTS

Fruit Gateaux

Serves 8



Cake Slice

Serves 1-2



Cheesecakes

Serves 8



Platter Cake

Serves 64



- Freshly hand-made cakes and slices in-store using fresh cream
- Cakes available to order in-store or online for collection
- Hundreds of celebration cake designs to choose from
- Cakes can be personalised on the spot with a free message
- Personalised photos printed on sugar paper can be added to any cake
- Large range of cakes for immediate purchase from patisserie displays
- Large selection of cake sizes ranging from 8 to 120 servings per cake
- Individual hand made cake slices

Cupcakes



STORE FRANCHISE APPLICATION PROCESS

