

21 September 2018

Tasty plc

(“Tasty” or the “Group”)

Unaudited Interim Results for the 26 weeks ended 1 July 2018

Highlights:

- Revenue down 5.7% to £23.0m on the comparative period (H1 2017 - £24.4m)
- Impairment charge of £11.2m and onerous lease provision of £1.7m
- Net cash inflow for the period was £1.1m (H1 2017 - outflow £3.4m)
- Net debt as at 1 July 2018 of £4.1m (2 July 2017 - £5.4m)

Chairman’s statement

Introduction

The Group is currently trading from 60 restaurants; 54 Wildwood and 6 dim t restaurants.

As highlighted previously the market conditions in 2018 continue to be challenging and have been exacerbated by unfavourable weather conditions and the World Cup. This is not unique to Tasty and has been evidenced by the well-documented closures across the casual dining market and throughout the retail sector.

In February 2018 we implemented major operational structural changes and are beginning to see early signs of improvements which we expect to continue in the second half of the year.

Business review

In spite of the tough trading conditions the Directors, believe the Group’s brands remain attractive to consumers and are focused on optimising the performance of the estate.

Rationalise the estate

In the light of the changes to the general trading environment, we are continuously assessing our estate to identify where improvements can be made. Our estate is made up of a growing number of sites which are outperforming expectations and we will continue to invest in those restaurants. Where sites are underperforming, we are implementing turnaround strategies and in many instances, we have witnessed significant improvements. Where such measures are not successful or if we feel we can realise maximum value, we will continue to seek to dispose of those properties. We have closed 3 sites during the period under review, two of which have been sold. The Board has no plans to open any new sites at the current time and, in line with the change of strategy from accelerated to suspended expansion, we continue to seek to optimise our capital structure with a view to utilising the proceeds of property disposals to reduce gearing. We are also continuing to review our funding arrangements and as a result, we have decided to reduce our funding costs by cancelling the unutilised

£5 million Revolving Credit Facility, that was previously earmarked for new restaurant openings. This will reduce financing costs by circa £35,000 per annum.

Food offering

Menu development and improvement is integral to our strategy to keep the brand relevant. We continue to innovate and review and are constantly looking at ways of making the offer more exciting including vegan and gluten free menus.

Investing in our people

We have invested in our training infrastructure and launched additional apprenticeship programmes, which will be expanded over the next 6 months. For every level of the team, we will be introducing a comprehensive career pathway to support their development, enhance job satisfaction and increase staff retention.

Investing in our Structure

We have restructured the operational team to improve efficiency and reduce costs. This has resulted in annualised cost savings of approximately £300,000 per annum and a more responsive and motivated team with a greater focus on cost control and sales growth.

Results

Sales are down 5.7% on the corresponding period to £22,977,000 (2017 - £24,375,000). Headline operating loss, before pre-opening costs, non-trade items and interest, was £119,000 (2017 - £544,000 profit) and pre-tax loss before pre-opening costs and non-trade items was £309,000 (2017 - £210,000 profit).

In the light of current trading conditions and the retail landscape, the Group has undertaken a further review of its estate during the period and has recognised an impairment charge of £11,185,000 and an onerous lease provision of £1,688,000. After taking into account all non-trade adjustments the Group has a stated loss after tax for the period of £10,694,000 (H1 2017 - loss £9,302,000).

Cash flows and financing

During the period capital expenditure of £670,000 (H1 2017 - £4,414,000) was incurred.

Overall, the net cash inflow for the period was £1,097,000 (H1 2017 - outflow £3,425,000). As at 1 July 2018, the Group had net borrowings of £4,060,000 (2 July 2017 - £5,421,000). The Group has an available banking facility of £7,000,000.

Outlook

Market conditions remain difficult, but we are starting to see the benefits of the infrastructure changes that have been, and continue to be, implemented. Our focus will continue to be growing sales and maximising value. We have a dedicated team that is leading the Group through the challenges we are facing and we would like to thank all of them for their hard work. The Directors believe that our restaurants are appealing to customers and, once the economic climate has improved, the Group is well placed to resume growth.

K Lassman
Chairman
Tasty plc

21 September 2018

Enquiries:

Tasty plc

Tel: 020 7637 1166

Jonny Plant, Chief Executive

Cenkos Securities

Tel: 020 7397 8900

Mark Connelly / Cameron MacRitchie

The information contained within the announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR"). Upon the publication of this announcement via Regulatory Information Service ("RIS"), this inside information is now considered to be in the public domain.

Consolidated statement of comprehensive income

for the 26 weeks ended 1 July 2018 (unaudited)

	26 weeks to 1 July 2018 £'000	26 weeks to 2 July 2017 £'000	52 weeks ended 31 December 2017 £'000
Revenue	22,997	24,375	50,309
Cost of sales	(22,684)	(23,482)	(48,402)
Gross profit	313	893	1,907
Total operating expenses	(11,738)	(10,056)	(11,175)
Operating profit before highlighted items	(119)	544	1,235
Highlighted items	(11,306)	(9,707)	(10,503)
Operating (loss)/profit	(11,425)	(9,163)	(9,268)
Finance income	0	0	1
Finance expense	(125)	(119)	(203)
Loss before tax	(11,550)	(9,282)	(9,470)
Income tax	856	(20)	1,195
Loss and total comprehensive income for period and attributable to owners of the parent	(10,694)	(9,302)	(8,275)
Loss per share attributable to the ordinary equity owners of the parent			
Basic and diluted	(17.88p)	(15.56p)	(13.84p)
Highlighted items - charged to operating expenses			
	26 weeks to 1 July 2018	26 weeks to 2 July 2017	52 weeks ended 31 December 2017
Profit on disposal of property plant and equipment	1,942	-	1,237
Pre-openings costs	-	(165)	(413)
Onerous lease provision	(1,688)	-	(1,635)
Restructuring costs	(311)	-	-
Impairment of lease premium	(890)	(172)	(96)
Impairment of property, plant and equipment	(10,294)	(9,320)	(9,462)
Share based payments	(65)	(50)	(134)
Total highlighted items	(11,306)	(9,707)	(10,503)

Consolidated statement of changes in equity

for the 26 weeks ended 1 July 2018 (unaudited)

	Share Capital £'000	Share Premium £'000	Merger reserve £'000	Retained deficit £'000	Total equity £'000
Balance at 31 December 2017	5,980	21,376	992	(6,290)	22,058
Issue of ordinary shares	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(10,694)	(10,694)
Share based payments - credit to equity	-	-	-	65	65
Balance at 01 July 2018	5,980	21,376	992	(16,919)	11,429
Balance at 01 January 2017	5,975	21,348	992	1,851	30,166
Issue of ordinary shares	5	28	-	-	33
Total comprehensive income for the period	-	-	-	(9,302)	(9,302)
Share based payments - credit to equity	-	-	-	50	50
Balance at 02 July 2017	5,980	21,376	992	(7,401)	20,947
Balance at 01 January 2017	5,975	21,348	992	1,851	30,166
Issue of ordinary shares	5	28	-	-	33
Total comprehensive income for the period	-	-	-	(8,275)	(8,275)
Share based payments - credit to equity	-	-	-	134	134
Balance at 31 December 2017	5,980	21,376	992	(6,290)	22,058

Consolidated balance sheet

At 1 July 2018 (unaudited)

	26 weeks to 1 July 2018 £'000	26 weeks to 2 July 2017 £'000	52 weeks ended 31 December 2017 £'000
Non-current assets			
Intangible assets	469	444	470
Property, plant and equipment	17,289	27,844	28,331
Pre-paid operating lease charges	467	1,833	1,428
Other non-current assets	278	278	278
Deferred Tax	604	-	-
Total non-current assets	19,107	30,399	30,507
Current assets			
Inventories	2,543	2,442	2,655
Trade and other receivables	5,006	4,195	6,257
Pre-paid operating lease charges	143	114	143
Cash and cash equivalents	2,940	1,579	1,843
Total current assets	10,632	8,330	10,898
Total assets	29,739	38,729	41,405
Current liabilities			
Trade and other payables	(6,767)	(8,191)	(9,202)
Corporation Tax Liabilities	-	(407)	-
Borrowings	(2,332)	-	(583)
Total liabilities	(9,099)	(8,598)	(9,785)
Non-current liabilities			
Provisions	(3,348)	(30)	(1,660)
Lease incentives	(1,195)	(1,168)	(1,233)
Deferred tax liability	-	(986)	(252)
Long-term borrowings	(4,668)	(7,000)	(6,417)
Total non-current liabilities	(9,211)	(9,184)	(9,562)
Total liabilities	(18,310)	(17,782)	(19,347)
Total net assets	11,429	20,947	22,058
Equity			
Share capital	5,980	5,980	5,980
Share premium	21,376	21,376	21,376
Merger reserve	992	992	992
Retained deficit	(16,919)	(7,401)	(6,290)
Total equity	11,429	20,947	22,058

Consolidated cash flow statement

for the 26 weeks ended 1 July 2018 (unaudited)

	26 weeks to 1 July 2018 £'000	26 weeks to 2 July 2017 £'000	52 weeks ended 31 December 2017 £'000
Operating activities			
Cash generated from operations	(2,259)	1,075	2,785
Corporation tax paid	-	-	-
Net cash inflow from operating activities	(2,259)	1,075	2,785
Investing activities			
Proceeds from sale of property, plant and equipment	4,150	-	975
Purchase of property, plant and equipment	(670)	(4,414)	(6,752)
Interest received	-	-	1
Net cash flows used in investing activities	3,481	(4,414)	(5,776)
Financing activities			
Net proceeds from issues of ordinary shares	-	33	33
Bank loan receipt	-	-	-
Bank loan repayment	-	-	-
Interest paid	(125)	(119)	(203)
Net cash flows used in financing activities	(125)	(86)	(170)
Net increase in cash and cash equivalents	1,097	(3,425)	(3,161)
Cash and cash equivalents as beginning of the period	1,843	5,004	5,004
Cash and cash equivalents as at 1st July 2018	2,940	1,579	1,843

Notes to the condensed financial statements

for the 26 weeks ended 1 July 2018 (unaudited)

1 General information

Tasty plc (“Tasty”) is a public limited company incorporated in the United Kingdom under the Companies Act (registration number 5826464). The Company is domiciled in the United Kingdom and its registered address is 32 Charlotte Street, London, W1T 2NQ. The Company’s ordinary shares are traded on the Alternative Investment Market of the London Stock Exchange (“AIM”). Copies of this Interim Report or the Annual Report and Financial Statements may be obtained from the above address or on the investor relations section of the Company’s website at www.dimt.co.uk.

2 Basis of accounting

The condensed financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations as endorsed by the European Union. The same accounting policies, presentation and methods of computation have been followed in the preparation of these results as were applied in the Company’s latest annual audited financial statements.

The financial information for the 26 weeks ended 1 July 2018 has not been subject to an audit nor a review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity, issued by the Auditing Practices Board.

The financial information for the period ended 31 December 2017 does not constitute the full statutory accounts for that period. The Annual Report and Financial Statements for 2017 have been filed with the Registrar of Companies. The Independent Auditors’ Report on the Annual Report and Financial Statements for 2017 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 498(2) or 498(3) of the Companies Act 2006.

The condensed financial statements are presented in sterling and all values are rounded to the nearest thousand pounds (£’000).

Except when otherwise indicated, the consolidated accounts incorporate the financial statements of Tasty plc and its subsidiary, Took Us A Long Time Limited, made up to the relevant period end.

3 Income tax

The income tax charge has been calculated by reference to the estimated effective corporation tax and deferred tax rates of 19% (2017 – 20%).

4 Loss per share

	26 weeks 1 July 2018 Pence	26 weeks 2 July 2017 Pence	52 weeks 31 December 2017 Pence
Loss per ordinary share	(17.88)	(15.56)	(13.84)

The basic and diluted loss per share figures are calculated by dividing the net loss for the period attributable to shareholders by the weighted average number of ordinary shares in issue during the period. The diluted earnings per share figure allows for the dilutive effect of the conversion into ordinary shares of the weighted average number of options outstanding during the period. Options are only taken into account when their effect is to reduce basic earnings per share.

Loss per share have been calculated using the numbers shown below:

	26 weeks 1 July 2018 number '000	26 weeks 2 July 2017 number '000	52 weeks 31 December 2017 number '000
Weighted average ordinary shares (basic)	59,795	59,763	59,787

	26 weeks 1 July 2018 £'000	26 weeks 2 July 2017 £'000	52 weeks 31 December 2017 £'000
Loss for the financial period	(10,694)	(9,302)	(8,275)

5 Reconciliation of profit before tax to net cash inflow from operating activities

	26 weeks to 1 July 2018 £'000	26 weeks to 2 July 2017 £'000	52 weeks ended 31 December 2017 £'000
Loss before tax	(11,550)	(9,282)	(9,470)
Finance income	-	-	(1)
Finance expense	125	119	203
Share based payment charge	65	50	134
Depreciation and impairment	12,115	10,837	11,847
Profit from sale of property plant and equipment	(1,942)	-	(1,237)
Amortisation of intangible assets	1	1	3
Onerous lease provision movement	1,688	(5)	1,625
(Increase) / decrease in inventories	112	23	(190)
(Increase) / decrease in trade and other receivables	(199)	196	(392)
Increase / (decrease) in trade and other payables	(2,673)	(864)	263
Net cash inflow from operating activities	(2,259)	1,075	2,785