

24 September 2019

Tasty plc

("Tasty" or the "Group")

Unaudited Interim Results for the 26 weeks ended 30 June 2019

Financial Highlights:

- Placing and open offer in May 2019 raising £3.2m
- Revenue £21.1m (2018 - £23.0m)
- Adjusted EBITDA of £0.1m (2018 - £0.8m)
- Loss after tax for the period of £0.8m (2018 - loss of £10.7m)
- Loan at 30 June 2019 of £1.9m (1 July 2018 - £7.0m)
- Net cash as at 30 June 2019 of £0.5m (1 July 2018 - net debt £4.1m)

Chairman's statement

Introduction

Tasty trades from 57 restaurants; 51 Wildwood and 6 dim t restaurants. The Wildwood restaurants offer a wide selection of "Pizza, Pasta, Grill" and are predominantly located outside of London. Dim t, our pan Asian restaurant, offers a range of dishes including dim sum, noodles, soups and a recently launched range of ramen dishes.

In May 2019, we successfully raised £3.2m through an institutional placing and open offer to existing shareholders and have reduced bank debt to £1.9m as at 30 June 2019 (1 July 2018: £7.0m).

The casual dining market continues to face headwinds and the uncertainty of Brexit means that 2019 remains a challenging year. The Group's sales performance has been weak despite benefiting from weaker comparatives following last year's extreme weather conditions and the World Cup. However, despite sales being down, our adjusted EBITDA performance for the first six months is in-line with expectations due to tighter cost control. Over the last 18 months we have made significant changes to the structure of the Group including finance and operational team enhancement. The changes to the operational structure combined with the Group's increased focus on the financial reporting and cost management, has mitigated the impact of the difficult market conditions.

Business review

We continue to make progress and have undertaken various initiatives to improve the food and drink offering, customer engagement and the development of our employees. However, along with other

restaurants and retailers, we are exposed to the well documented high street challenges. Our focus is on optimising the current estate and turning around underperforming sites.

Food and drink offering

We remain focused on offering choice to our customers. We continue to offer seasonal specials and are constantly looking at ways of making the menu more exciting and offering additional options. We have trialled the “Beyond Meat” plant-based vegan burger as part of our specials menu and this will migrate onto our main menu later this year.

Customer engagement

We are working hard on improving our customer experience through profiling our consumers and analysing their feedback. We have also recruited in order to focus on service standards and upselling and we are rolling out workshops across the estate to ensure all restaurants are offering consistent service which is appealing to our customers.

People Development

We believe great people are the core to our business and we are committed to providing an engaging, open and honest environment for our teams. The investment in our training infrastructure has allowed us to promote a greater number of key positions from within. We continue to introduce comprehensive career pathways at every level to support our employees’ development, enhance job satisfaction and increase staff retention.

Optimise the estate

We have generally found landlords to be co-operative and supportive and our collaborative approach has been well received. We have been successful in achieving rent reductions and lease concessions.

We have disposed of three trading sites in the first six months of the year. In addition, we have sub-let two sites that were not trading; one in the first six months and one post the period end. The Group continues to review the estate and further disposals will be made if appropriate.

The Board firmly believes the Group’s focus should remain on the existing estate and no openings are planned for the remainder of 2019.

Christmas Focus

We published our Christmas menus online at the end of August before most other High Street chains and have already started taking bookings. We have established a dedicated team to handle reservations, all enquiries and marketing initiatives and are well prepared to maximise revenue over the festive period.

Results

Sales were down 8% on the corresponding period to £21.1m (2018 - £23.0m) and adjusted EBITDA was £0.1m (2018 - £0.8m).

Operating loss before highlighted items was £0.6m (2018 – loss £0.1m).

While we remain cautious about trading conditions, we have reviewed our onerous and impairment provision and do not believe it is necessary to make an adjustment for the six months ended 30 June 2019. After taking into account all non-trade adjustments, the Group has a stated loss after tax for the period of £0.8m (2018 - loss of £10.7m)

Cash flows and financing

Cash outflow from operating activities was £0.5m (2018 - £2.3m). During the period, capital expenditure of £0.2m (2018 - £0.7m) was incurred. In addition, we raised net equity of £3.0m (2018 - £nil). This was offset by bank and interest repayment of £4.7m (2018 - £0.1m).

Overall, the net cash outflow for the period was £2.0m (2018 - inflow £1.1m). As at 30 June 2019, the Group had net cash of £0.5m (1 July 2018 - net debt of £4.1m).

Outlook

The market conditions for the UK restaurant sector remain challenging. However, the Group is well positioned, with a rationalised estate, new operational structure and a heightened focus on cost controls. The refreshed Wildwood and dim t offerings continue to be attractive to consumers, with encouraging trading in the first few weeks of the second half. The Group is traditionally weighted to the second half, with December being the most important month of the year, which will significantly dictate the Group's overall performance. However, the Board currently expects adjusted EBITDA performance for the full year to remain in-line with expectations.

K Lassman
Chairman
Tasty plc

24 September 2019

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Consolidated statement of comprehensive income

for the 26 weeks ended 30 June 2019 (unaudited)

	26 weeks to 30 June 2019 £'000	26 weeks to 1 July 2018 £'000	52 weeks ended 30 December 2018 £'000
Revenue	21,126	22,997	47,278
Cost of sales	(21,097)	(22,684)	(46,370)
Gross profit	29	313	908
Total operating expenses	(714)	(11,738)	(12,473)
Operating loss before highlighted items	(641)	(119)	(367)
Highlighted items	(44)	(11,306)	(11,198)
Operating loss	(685)	(11,425)	(11,565)
Finance income	4	-	-
Finance expense	(180)	(125)	(252)
Loss before tax	(861)	(11,550)	(11,817)
Income tax	7	856	204
Loss and total comprehensive income for period and attributable to owners of the parent	(854)	(10,694)	(11,613)
Loss per share attributable to the ordinary equity owners of the parent			
Basic and diluted	(1.17p)	(17.88p)	(19.42p)

The table below gives additional information to shareholders on key performance indicators:

	26 weeks to 30 June 2019 £'000	26 weeks to 1 July 2018 £'000	52 weeks ended 30 December 2018 £'000
EBITDA	127	812	1,581
Depreciation, amortisation and impairment	(768)	(931)	(1,948)
Operating loss before highlighted items	(641)	(119)	(367)

Highlighted items - charged to operating expenses

	26 weeks to 30 June 2019	26 weeks to 1 July 2018	52 weeks ended 30 December 2018
(Loss)/profit on disposal of property plant and equipment	(27)	1,942	2,132
Onerous lease provision	-	(1,688)	(1,687)
Restructuring costs	-	(311)	(457)
Impairment of lease premium	-	(890)	(897)
Impairment of goodwill	-	-	(115)
Impairment of property, plant and equipment	-	(10,294)	(10,063)
Share based payments	(17)	(65)	(111)
Total highlighted items	(44)	(11,306)	(11,198)

Consolidated statement of changes in equity

for the 26 weeks ended 30 June 2019 (unaudited)

	Share Capital £'000	Share Premium £'000	Merger reserve £'000	Retained deficit £'000	Total equity £'000
Balance at 30 December 2018	5,980	21,376	992	(17,792)	10,556
Issue of ordinary shares	81	2,869	-	-	2,950
Total comprehensive income for the period	-	-	-	(854)	(854)
Share based payments - credit to equity	-	-	-	17	17
Balance at 30 June 2019	6,061	24,245	992	(18,629)	12,669
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 1 July 2018	5,980	21,376	992	(16,919)	11,429
Balance at 31 December 2017	5,980	21,376	992	(6,290)	22,058
Issue of ordinary shares	-	-	-	-	-
Total comprehensive income for the period	-	-	-	(11,613)	(11,613)
Share based payments - credit to equity	-	-	-	111	111
Balance at 30 December 2018	5,980	21,376	992	(17,792)	10,556

Consolidated balance sheet

At 30 June 2019 (unaudited)

	26 weeks to 30 June 2019 £'000	26 weeks to 1 July 2018 £'000	52 weeks ended 30 December 2018 £'000
Non-current assets			
Intangible assets	351	469	352
Property, plant and equipment	16,008	17,289	16,554
Pre-paid operating lease charges	520	467	507
Other non-current assets	242	278	283
Deferred Tax	7	604	-
Total non-current assets	17,128	19,107	17,696
Current assets			
Inventories	2,477	2,543	2,548
Trade and other receivables	5,128	5,006	3,538
Pre-paid operating lease charges	34	143	87
Cash and cash equivalents	2,357	2,940	4,312
Total current assets	9,996	10,632	10,485
Assets held for sale	-	-	505
Total assets	27,124	29,739	28,686
Current liabilities			
Trade and other payables	(7,985)	(6,767)	(7,100)
Borrowings	(800)	(2,332)	(2,867)
Total liabilities	(8,785)	(9,099)	(9,967)
Non-current liabilities			
Provisions	(3,348)	(3,348)	(3,347)
Lease incentives	(1,270)	(1,195)	(1,266)
Long-term borrowings	(1,052)	(4,668)	(3,550)
Total non-current liabilities	(5,670)	(9,211)	(8,163)
Total liabilities	(14,455)	(18,310)	(18,130)
Total net assets	12,669	11,429	10,556
Equity			
Share capital	6,061	5,980	5,980
Share premium	24,245	21,376	21,376
Merger reserve	992	992	992
Retained deficit	(18,629)	(16,919)	(17,792)
Total equity	12,669	11,429	10,556

Consolidated cash flow statement

for the 26 weeks ended 30 June 2019 (unaudited)

	26 weeks to 30 June 2019 £'000	26 weeks to 1 July 2018 £'000	weeks ended 30 December 2018 £'000
Operating activities			
Cash generated from operations	(460)	(2,259)	389
Corporation tax paid	-	-	26
Net cash inflow from operating activities	(460)	(2,259)	415
Investing activities			
Proceeds from sale of property, plant and equipment	523	4,150	4,150
Purchase of property, plant and equipment	(227)	(670)	(1,261)
Net cash flows used in investing activities	296	3,481	2,889
Financing activities			
Net proceeds from issues of ordinary shares	2,950	-	-
Bank loan repayment	(4,565)	-	(583)
Interest paid	(176)	(125)	(252)
Net cash flows used in financing activities	(1,791)	(125)	(835)
Net increase in cash and cash equivalents	(1,955)	1,097	2,469
Cash and cash equivalents at beginning of the period	4,312	1,843	1,843
Cash and cash equivalents as at 30 June 2019	2,357	2,940	4,312

Notes to the condensed financial statements

for the 26 weeks ended 30 June 2019 (unaudited)

1 General information

Tasty plc (“Tasty”) is a public limited company incorporated in the United Kingdom under the Companies Act (registration number 05826464). 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 AIM Market of the London Stock Exchange (“AIM”). Copies of this Interim Report and the Annual Report and Financial Statements may be obtained from the above address or on the investor relation's 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 30 June 2019 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 30 December 2018 does not constitute the full statutory accounts for that period. The Annual Report and Financial Statements for 2018 have been filed with the Registrar of Companies. The Independent Auditors’ Report on the Annual Report and Financial Statements for 2018 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% (2018 – 19%).

4 Loss per share

	26 weeks 30 June 2019 Pence	26 weeks 1 July 2018 Pence	52 weeks 30 December 2018 Pence
Loss per ordinary share	(1.17)	(17.88)	(19.42)

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 is calculated using the numbers shown below:

	26 weeks 30 June 2019 number '000	26 weeks 1 July 2018 number '000	52 weeks 30 December 2018 number '000
Weighted average ordinary shares (basic)	72,732	59,795	59,795

	26 weeks 30 June 2019 £'000	26 weeks 1 July 2018 £'000	52 weeks 30 December 2018 £'000
Loss for the financial period	(854)	(10,694)	(11,613)

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

	26 weeks to 30 June 2019 £'000	26 weeks to 1 July 2018 £'000	52 weeks ended 30 December 2018 £'000
Loss before tax	(861)	(11,550)	(11,817)
Finance income	(4)	-	-
Finance expense	180	125	252
Share based payment charge	17	65	111
Depreciation and impairment	768	12,115	13,016
Profit from sale of property plant and equipment	27	(1,942)	(2,132)
Amortisation of intangible assets	1	1	3
Onerous lease provision movement	-	1,687	1,687
(Increase) / decrease in inventories	72	112	107
(Increase) / decrease in trade and other receivables	(1,549)	(199)	1,231
Increase / (decrease) in trade and other payables	889	(2,673)	(2,069)
Net cash inflow from operating activities	(460)	(2,259)	389