



RNS Number : 9811B  
Comptoir Group PLC  
14 October 2020

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## **Comptoir Group Plc**

("Comptoir", the "Group" or the "Company")

### **Interim Results**

Comptoir Group Plc (AIM: COM), the owner and/or operator of Lebanese and Eastern Mediterranean restaurants, announce its results for the six months ended 30 June 2020.

#### Highlights:

- Group revenue of £6.1m down by 61.4% (H1 2019: £15.8m)
- Gross profit of £4.5m down by 60.9% (H1 2019: £11.5m).
- Adjusted EBITDA\* before highlighted items of £0.45m down by 78.3% (H1 2019: £2.08m).
- IFRS loss after tax of £4.97m (H1 2019: £0.6m loss).
- Net cash and cash equivalents\*\* at the period end of £5.0m (H1 2019: £3.4m; 31 December 2019: £5.1m).
- The basic loss per share for the period was 4.05 pence (H1 2019: basic loss per share 0.49 pence).
  - Currently own and operate 24 restaurants, with a further 4 franchise restaurants.

Note that these results are impacted by COVID-19 related closures affecting all restaurants in the Group from 19th March 2020.

\*Adjusted EBITDA was calculated from the profit/(loss) before taxation adding back interest, depreciation, share-based payments and non-recurring costs (note 12). The Group has applied IFRS 16 Leases that results in the restatement of the previous financial statements (note 2).

\*\*Net cash after deferral of COVID-19 direct related payments and provisions

amounting to £3.8m, the 'normalised' cash position would be £1.2m.

**Richard Kleiner, Non-Executive Chairman, said:** *"There is no hiding from the fact that we are facing unprecedented times across UK hospitality, and with that, market conditions will inevitably continue to be challenging for our business. However, I am greatly encouraged by the strength of the Comptoir brand with its excellent quality, healthy food served in the safest possible environment, whilst retaining the genuine feel of family and friendly hospitality that forms the very heart and soul of our offering. Of course, none of this would be remotely possible without the truly immense dedication from every one of our team members who work tirelessly, day in day out, to make all this happen. I am confident that we will emerge all the stronger out of this crisis, working in collaboration with all of our partners, as consumer confidence lifts and normality once again resumes."*

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## **Chief executive's review**

### **COVID-19 Update**

Trading in the early weeks of 2020 had been in line with management expectations and then the impact from COVID-19 dealt its devastating blow with initial Government guidance for people to avoid visiting bars and restaurants in early March, followed by the enforced complete national lockdown including the closure of all UK hospitality.

As a direct result of these lock down measures all the restaurants within the Group were fully closed for trading on 19 March 2020. The Company had no choice but to enter an immediate self-protection and cash preservation mode to try to minimise the unprecedented detrimental impact that this would inevitably have on the business.

Whilst the number one priority for the Group has always been, and will certainly always continue to be, ensuring the safety of all of our employees and guests, the Board's focus was also to take all appropriate measures to reduce the financial impact on the Group, controlling our two most significant costs; labour and rent. This was to help ensure the Company would do all it could to survive the impact of the pandemic.

#### *Labour costs*

In the immediate aftermath of the closures, and following announcement of the Government's furlough scheme to support employees, the Group immediately placed all its employees, barring a very small number of the central support team, into furlough. At the same time a significant reduction in directors' remuneration packages, including three directors receiving no remuneration at all for a period of

six months, ensured that operating costs were reduced to the minimum to extend our survival for as long as possible.

It is with deep regret and heavy heart that I report a number of unavoidable casualties as a direct result of this pandemic, with a reduction in the overall team by approximately 50% across our restaurants and Head Office. I sincerely thank them all for being an integral part of the Comptoir family and wish them all the very best for their future journeys.

### *Landlords*

The Group immediately entered into negotiations with all landlords to agree on a sensible way forward which would help ensure our survival and protect their investments in the long term. I am pleased to report many of our landlords have been fully engaging with us in understanding the difficulties that we are all facing and we have come to mutually agreed positions involving rent waivers, deferments and deductions from rent deposits and more importantly turnover rents instead of base rents going forward. I would like to sincerely thank all the landlords who have engaged and worked with us so far.

Unfortunately, there are a number of landlords who have not been as cooperative and we are still in discussions with them as this is vital for our survival. The rent level post COVID-19 should reflect the current trading conditions and take into consideration the uncertainty of trading given future localised, and the potential for national, Government imposed restrictions, as we need more certainty on our outgoings at least until the end of 2021.

We took the decision to suspend all but essential capital expenditure (unless health and safety or other legal obligations required this) and this includes the postponement of the planned new site opening. We are now extending this prudent approach to the postponement of new site openings originally planned for 2021 as a further precaution to help preserve the financial position of the Company.

We do appreciate the Government support provided during this pandemic; namely the business rates relief, the more recent reduction in VAT to 5% and the August 'Eat Out To Help Out Scheme'. Although the impact from the latter scheme was limited in the majority of our restaurants, as they are London based and the footfall was not present to drive material benefit.

The Board also took the decision to apply for the Government-backed Coronavirus Business Interruption Loan Scheme ("CBILS") and has drawn down on this loan. This additional borrowing will help protect the cash position particularly with the requirement to pay the additional liabilities due to landlords, HMRC and other creditors as a result of deferred payment plans put in place during this pandemic period and also to give us headroom for survival during the anticipated low revenue expected for the second half of 2020 and continuing at least until the end of 2021. Bank net cash position at the half year of £5.0m, however, this presents a healthier position than usual with the deferral of COVID-19 direct related payments and provisions amounting to £3.8m, the 'normalised' cash position would be £1.2m.

I would like to take this opportunity to thank all of our stakeholders who in these extraordinary times have worked collaboratively with us to ensure the ongoing viability of our business. None more so than our truly fantastic teams, both in the restaurants and in central supporting roles. I thank you personally from the very bottom of my heart for your continued patience and exceptional commitment to our business. The underlying Comptoir family ethos has never been so important than in times of unprecedented crisis.

### **Revenue and Operating Profit**

The business traded with all restaurants fully open up until 19 March when, following guidance by the UK Government, the Board took the decision to close all restaurants within the Group. This was closely followed by the Government implementation of complete lockdown measures, including enforced closure of all restaurants and leisure sites across the UK.

As a result, revenue for the period was down 61.4% on last year to £6.1m (H1

2019: £15.8m). In the period leading up to closure, revenue had been in line with management expectations.

The Board carried out a full impairment review at the half year and as a result, impairment of £2.6m has been charged, based on judgement of future cash flow generation from each restaurant. The Board will revisit these assumptions at the year end and adjust the impairment provision according to the forecast at that time.

This impairment charge contributed towards the reported IFRS loss after tax of £4.97m (H1 2019: £0.6m loss).

The Group has also taken account of the amendment to IFRS16 COVID-19 related rent concessions. Where the rent concession is a direct consequence of COVID-19 and the reduction does not involve substantive changes to the lease then the concessions are able to be credited to the profit and loss. This has resulted in a one-off credit of £302k in the period.

We envisage exiting a small number of leases over the next 12 months, as we continue to discuss with our landlords and assess trading conditions, we will make these final decisions at the appropriate time and only if in the best interest of the Group.

The Board does not recommend the payment of any dividend at this time as it is anticipated that all available funds will be required to ensure working capital requirements are met over the foreseeable future.

### **Current trading and outlook**

The Group began a phased re-opening of its restaurants for full dining, take away and delivery services from 4th July 2020. As at 1 October we have re-opened 19 of our own operated restaurants leaving 5 still closed, pending the outcome of ongoing negotiations with the landlords. Our franchise partners HMS Host have re-opened three out of the four sites they operate leaving just Dubai Airport still currently closed. The two franchise restaurants operated by The Restaurant Group ("TRG") in Heathrow and Gatwick will not re-open under the TRG franchise agreement, however, we are in early discussions with airport authorities for the possibility of reopening them as company owned, or with another franchise partner, if and when the passenger numbers return to normality in the future.

Trading in the early stages of re-opening has inevitably been very challenging with the focus on the health and safety of our restaurant teams and guests being of ever more increasing paramount importance. Focus has continued on protecting the cash position, particularly bearing in mind the large majority of our restaurants are London based which are still very quiet in terms of footfall, driven by very low number of tourists, offices still unoccupied and theatres still closed. Also the need to service the increased deferred liabilities of the business has placed even more pressure on the available cash position. With the huge reduction in revenue, the focus on the control of operational costs and the tightest possible management of our cash is now absolutely key and continues to be at the forefront of minds as we navigate through these unprecedented times for us and the entire UK hospitality.

Cost saving measures introduced include redeployment of field based Operational Support Managers into the restaurants and reduced salaries across the central support and executive teams plus all of our salaried site management teams.

The focus on the health and safety of our team members and guests has been further enhanced by the implementation of a new Comptoir app providing our guests with the option to order and pay safely at the table. Alongside revised rota management protocols and the introduction of safeguarding equipment and other related measures, we have sought to optimise protection from the COVID-19 virus.

The introduction of the recent 10pm curfew across hospitality has placed further pressure on our restaurants. The Company are mindful of the increasing imposition of Government enforced localised lock downs and the potential for future wider restrictions and even national lock downs.

In August this year we announced that Mark Carrick had notified the Board of his intention to resign from his role as Chief Financial Officer and will be leaving the business on 10<sup>th</sup> November 2020. I would like to take the opportunity to thank Mark for all his commitment and contribution to driving change and proactive challenge to the business. I am now pleased to advise that we have sourced a replacement for Mark; Michael Toon joined the Group as Finance Director on 1 October 2020. Michael brings with him a wealth of hospitality experience from senior finance roles with the Casual Dining Group and most recently as Finance Director of Chopstix.

**Chaker Hanna**  
**Chief Executive**  
**13 October 2020**

**Consolidated statement of comprehensive income**  
**For the half-year ended 30 June 2020**

	Notes	Half-year ended 30 June 2020 £	Half-year ended 30 June 2019 (Restated) £	Year ended 31 December 2019 £
Revenue		6,090,758	15,773,983	33,403,402
Cost of sales		(1,597,547)	(4,257,068)	(8,547,180)
<b>Gross profit</b>		<b>4,493,211</b>	<b>11,516,915</b>	<b>24,856,222</b>
Distribution expenses		(1,785,442)	(4,211,604)	(8,605,186)
Administrative expenses		(4,604,293)	(7,511,374)	(16,566,053)
Other income		-	264,680	1,020,090
Rent concessions		302,413	-	-
Impairment costs	<b>8</b>	(2,572,443)	(54,163)	(129,001)
Payroll provision	<b>3</b>	(353,012)	-	-
<b>Operating (loss)/profit</b>	<b>3</b>	<b>(4,519,566)</b>	<b>4,454</b>	<b>576,072</b>
Finance costs		(482,589)	(552,139)	(1,096,462)
<b>Loss before tax</b>		<b>(5,002,155)</b>	<b>(547,685)</b>	<b>(520,390)</b>

Taxation charge		30,695	(55,038)	(146,573)
<b>Loss for the year</b>		<b>(4,971,460)</b>	<b>(602,723)</b>	<b>(666,963)</b>
Other comprehensive income		-	-	-
<b>Total comprehensive loss for the year</b>		<b>(4,971,460)</b>	<b>(602,723)</b>	<b>(666,963)</b>
<b>Basic loss per share (pence)</b>	<b>6</b>	(4.05)	(0.49)	(0.54)
<b>Diluted loss per share (pence)</b>	<b>6</b>	(4.05)	(0.49)	(0.54)
<b>Adjusted EBITDA:</b>				
<b>Loss before tax - as above</b>		(5,002,155)	(547,685)	(520,390)
Add back:				
Depreciation	<b>8</b>	2,011,000	1,993,768	4,036,956
Finance costs		482,589	552,139	1,096,462
Impairment of assets	<b>8</b>	2,572,443	54,163	129,001
<b>EBITDA</b>		<b>63,877</b>	<b>2,052,385</b>	<b>4,742,029</b>
Share-based payments expense	<b>3</b>	26,394	19,441	53,963
Restaurant opening costs	<b>3</b>	7,032	8,370	18,075
Payroll provision	<b>3</b>	353,012	-	-
Loss on disposal of fixed assets		-	-	298,022
Abandoned project costs		-	-	156,849
<b>Adjusted EBITDA</b>		<b>450,315</b>	<b>2,080,196</b>	<b>5,268,938</b>

All the above results are derived from continuing operations.

## Consolidated balance sheet

### At 30 June 2020

	Notes	30 June 2020 £	30 June 2019 (Restated) £	31 December 2019 £
<b>Assets</b>				
<b>Non-current assets</b>				
Intangible assets	<b>7</b>	55,267	87,675	87,675
Property, plant and equipment	<b>8</b>	9,688,797	11,674,631	11,287,115
Right-of-use assets	<b>8</b>	19,558,261	25,378,583	23,951,079
Deferred tax asset		262,137	130,254	139,588
		<b>29,564,462</b>	<b>37,271,143</b>	<b>35,465,457</b>
<b>Current asset</b>				
Inventories		494,878	633,335	594,409
Trade and other receivables		1,388,244	2,855,194	2,202,974
Cash and cash equivalents		5,009,864	3,369,783	5,076,610
		<b>6,892,986</b>	<b>6,858,312</b>	<b>7,873,993</b>

<b>Total assets</b>		<b>36,457,448</b>	<b>44,129,455</b>	<b>43,339,450</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Borrowings		(181,490)	(374,820)	(261,611)
Trade and other payables		(5,439,441)	(4,703,111)	(5,015,604)
Lease liabilities		(2,113,151)	(2,415,531)	(2,481,471)
Current tax liabilities		(183,518)	(158,023)	(184,125)
		<b>(7,917,600)</b>	<b>(7,651,485)</b>	<b>(7,942,811)</b>
<b>Non-current liabilities</b>				
Borrowings		(15,817)	(140,727)	(55,735)
Provisions for liabilities		(808,452)	(162,221)	(438,570)
Lease liabilities		(21,837,360)	(25,394,660)	(24,170,903)
Deferred tax liability		(262,137)	(189,496)	(170,283)
		<b>(22,923,766)</b>	<b>(25,887,104)</b>	<b>(24,835,491)</b>
<b>Total liabilities</b>		<b>(30,841,366)</b>	<b>(33,538,589)</b>	<b>(32,778,302)</b>
<b>Net assets</b>		<b>5,616,082</b>	<b>10,590,866</b>	<b>10,561,148</b>
<b>Equity</b>				
Share capital	<b>10</b>	1,226,667	1,226,667	1,226,667
Share premium		10,050,313	10,050,313	10,050,313
Other reserves		109,102	48,186	82,708
Retained losses		(5,770,000)	(734,300)	(798,540)
<b>Total equity - attributable to equity shareholders of the company</b>		<b>5,616,082</b>	<b>10,590,866</b>	<b>10,561,148</b>

## Consolidated statement of changes in equity

*For the half-year ended 30 June 2020*

	Notes	Share capital £	Share premium £	Other reserves £	Retained losses £	Total equity £
<b>At 1 January 2020</b>		<b>1,226,667</b>	<b>10,050,313</b>	<b>82,708</b>	<b>(798,540)</b>	<b>10,561,148</b>
<b>Total comprehensive loss</b>						
Loss for the period	-	-	-	-	(4,971,460)	(4,971,460)
<b>Transactions with owners</b>						
Share-based payments	-	-	-	26,394	-	26,394
<b>At 30 June 2020</b>		<b>1,226,667</b>	<b>10,050,313</b>	<b>109,102</b>	<b>(5,770,000)</b>	<b>5,616,082</b>
<b>At 1 January 2019</b>		<b>1,226,667</b>	<b>10,050,313</b>	<b>28,745</b>	<b>635,252</b>	<b>11,940,977</b>
Impact of restatement of prior period error	-	-	-	-	(766,829)	(766,829)
<b>At 1 January 2019 (Restated)</b>		<b>1,226,667</b>	<b>10,050,313</b>	<b>28,745</b>	<b>(131,577)</b>	<b>11,174,148</b>
<b>Total comprehensive loss</b>						
Loss for the period	-	-	-	-	(602,723)	(602,723)
<b>Transactions with owners</b>						
Share-based payments	-	-	-	19,441	-	19,441
<b>At 30 June 2019</b>		<b>1,226,667</b>	<b>10,050,313</b>	<b>48,186</b>	<b>(734,300)</b>	<b>10,590,866</b>

<b>At 1 January 2019</b>	<b>1,226,667</b>	<b>10,050,313</b>	<b>28,745</b>	<b>(131,577)</b>	<b>11,174,148</b>
<b>Total comprehensive loss</b>					
Loss for the year	-	-	-	(666,963)	(666,963)
<b>Transactions with owners</b>					
Share-based payments	-	-	53,963	-	53,963
<b>At 31 December 2019</b>	<b>1,226,667</b>	<b>10,050,313</b>	<b>82,708</b>	<b>(798,540)</b>	<b>10,561,148</b>

## Consolidated statement of cash flows

### For the half-year ended 30 June 2020

	Notes	Half-year ended 30 June 2020	Half-year ended 30 June 2019 (Restated)	Year ended 31 December 2019
		£	£	£
<b>Operating activities</b>				
Cash inflow from operations	<b>11</b>	1,613,637	1,351,549	5,654,971
Interest paid		(4,723)	(13,048)	(21,730)
Tax paid		(606)	-	(93,981)
<b>Net cash from operating activities</b>		<b>1,608,308</b>	<b>1,338,501</b>	<b>5,539,260</b>
<b>Investing activities</b>				
Purchase of property, plant & equipment	<b>8</b>	(97,494)	(685,470)	(1,287,749)
<b>Net cash used in investing activities</b>		<b>(97,494)</b>	<b>(685,470)</b>	<b>(1,287,749)</b>
<b>Financing activities</b>				
Payment of lease liabilities		(1,457,522)	(1,680,332)	(3,373,788)
Bank loan repayments		(120,038)	(227,585)	(425,786)
<b>Net cash used in financing activities</b>		<b>(1,577,560)</b>	<b>(1,907,917)</b>	<b>(3,799,574)</b>
<b>(Decrease)/Increase in cash and cash equivalents</b>		<b>(66,746)</b>	<b>(1,254,886)</b>	<b>451,937</b>
Cash and cash equivalents at beginning of year		5,076,610	4,624,673	4,624,673
<b>Cash and cash equivalents at end of year</b>		<b>5,009,864</b>	<b>3,369,785</b>	<b>5,076,610</b>

## Notes to the financial information

### For the half-year ended 30 June 2020

#### 1. Basis of preparation

The consolidated financial information for the half-year ended 30 June 2020, has been prepared in accordance with the accounting policies the Group applied in the Company's latest annual audited financial statements and are expected to be applied in the annual financial statements for the year ending 31 December 2020. These accounting policies are based on the EU-adopted International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretation Committee ("IFRIC") interpretations. The consolidated financial information for the half-year ended 30 June 2020 has been prepared in accordance with IAS 34:



'Interim Financial Reporting', as adopted by the EU, and under the historical cost convention.

The financial information relating to the half-year ended 30 June 2020 is unaudited and does not constitute statutory financial statements as defined in section 434 of the Companies Act 2006. It has, however, been reviewed by the Company's auditors and their report is set out at the end of this document. The comparative figures for the year ended 31 December 2019 have been extracted from the consolidated financial statements, on which the auditors gave an unqualified audit opinion and did not include a statement under section 498 (2) or (3) of the Companies Act 2006. The annual report and accounts for the year ended 31 December 2019 has been filed with the Registrar of Companies.

The Group's financial risk management objectives and policies are consistent with those disclosed in the 2019 annual report and accounts.

The half-yearly report was approved by the board of directors on 13 October 2020. The half-yearly report is available on the Comptoir Libanais website, [www.comptoirlibanais.com](http://www.comptoirlibanais.com), and at Comptoir Group's registered office, Unit 2, Plantain Place, Crosby Row, London Bridge, SE1 1YN.

### **Going concern**

Uncertainty due to the recent COVID-19 outbreak has been considered as part of the Group's adoption of the going concern basis.

All appropriate measures have been put in place to reduce the impact on the Group, including cost reduction and postponement of all new site openings and other non-essential capital expenditure projects. The Board's latest forecasts take into consideration the three months closure up to 4 July 2020 followed by the subsequent phased re-opening of 19 sites as at 1 October 2020. Revenue forecasts have been significantly reduced for the following 18 months. The Board has factored in the agreements which have been reached with landlords, however, there are still several ongoing negotiations in this area.

The Board has also considered the severe but possible downside scenario of another complete closure or further delays in re-opening the remaining restaurants. This continues to be under review given current market conditions associated with COVID-19. The Group currently has sufficient cash reserves and the Board believes that the business has the ability to remain trading for a period of at least 12 months from the date of signing of this half-yearly report.

The events arising as a result of the COVID-19 outbreak has meant that there are various inherent material uncertainties. Based on these indications the directors believe that it remains appropriate to prepare the half-yearly report on a going concern basis. However, these circumstances represent a material uncertainty that may cast significant doubt on the Group and Company's ability to continue as a going concern and, therefore, to continue realising their assets and discharging their liabilities in the normal course of business for the foreseeable future, a period of not less than 12 months from the date of approving this half-yearly report.

## **2. Changes in accounting policies**

The accounting policies adopted in the preparation of the consolidated financial information for the half-year ended 30 June 2020 are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the amendments disclosed below:

- Amendments to References to the Conceptual Framework in IFRS Standards.
- Amendments to IAS 1 and IAS 8: Definition of Material
- Amendments to IFRS 16 COVID-19 Related Rent Concessions

Their adoption did not have a material effect on the accounts except for the Amendments to IFRS 16 COVID-19 Related Rent Concessions.

## Amendments to IFRS 16 COVID-19 Related Rent Concessions

The practical expedient was applied whereby the lessee will account for any changes to their lease payments as if the change were not a lease modification. In order to apply the practical expedient all of the following criteria was met:

- The revised consideration for the lease is substantially the same as, or less than the original consideration immediately preceding the change. Rent concessions which increase the total consideration, but only for the time value of money, will be able to apply the practical expedient;
- Any reduction in payments only affects payments originally due on or before 30 June 2021. This would include a situation where there are reduced payments before 30 June 2021 followed by increased payments that extend beyond 30 June 2021; and
- There are no substantive changes to other terms and conditions of the lease. This assessment would consider both qualitative and quantitative factors. It has been specifically noted by the IASB that a three-month rent holiday before 30 June 2021 followed by three additional months of substantially equivalent payments at the end of the lease would not constitute a substantive change to the lease.

The practical expedient was applied consistently to all lease contracts with similar characteristics and in similar circumstances. This resulted in £302,413 being recognised as a credit to income in the profit and loss for the reporting period reflecting the changes in lease payments arising from the application of this exemption.

## Critical estimates, judgements and errors

### *Restatement of prior period error*

It was identified in the half-yearly report for 30 June 2019 that two leases had been omitted in error during the application of the IFRS 16 transition adjustments. The error resulted in a material understatement of the right of use assets and lease liabilities presented in the half-yearly report. These two leases were subsequently included in 31 December 2019 financial statements and therefore did not require a restatement for that period.

The error has been corrected by restating each of the affected financial statement line items for the period as follows:

### Statement of Comprehensive Income (Extract)

	30 June 2019	(Increase)/ Decrease	30 June 2019 (Restated)
	£	£	£
Administrative expenses	(7,596,184)	30,647	(7,565,537)
<b>Operating profit</b>	<b>(26,193)</b>	<b>30,647</b>	<b>4,454</b>
Finance costs	(501,566)	(50,573)	(552,139)
<b>Loss before tax</b>	<b>(527,759)</b>	<b>(19,926)</b>	<b>(547,685)</b>

### Statement of Financial Position (Extract)

	30 June 2019 £	Increase/ (Decrease) £	30 June 2019 (Restated) £
Right-of-use assets	22,889,144	2,489,439	25,378,583
Trade and other receivables	3,546,975	(691,781)	2,855,194
Lease liabilities	(25,225,778)	(2,584,413)	(27,810,191)
<b>Net assets</b>	<b>11,377,621</b>	<b>(786,755)</b>	<b>10,590,866</b>
<b>Equity</b>			
Retained losses	52,455	(786,755)	(734,300)

#### Statement of Changes in Equity (Extract)

	30 June 2019 £	Increase/ (Decrease) £	30 June 2019 (Restated) £
<b>Retained earnings at 1 January 2019</b>	635,252	(766,829)	(131,577)
Loss for the year	(582,797)	(19,926)	(602,723)
<b>Retained earnings at 30 June 2019</b>	<b>52,455</b>	<b>(786,755)</b>	<b>(734,300)</b>

#### Statement of Cashflow (Extract)

	30 June 2019 £	Increase/ (Decrease) £	30 June 2019 (Restated) £
<b>Operating activities</b>			
Cash inflow from operations	1,740,065	(388,518)	1,351,547
Interest paid	(501,566)	488,518	(13,048)
<b>Net cash from operating activities</b>	<b>1,238,499</b>	<b>100,000</b>	<b>1,338,499</b>
<b>Financing activities</b>			
Payment of lease liabilities	(1,580,332)	(100,000)	(1,680,332)
<b>Net cash used in financing activities</b>	<b>(1,580,332)</b>	<b>(100,000)</b>	<b>(1,680,332)</b>

Basic and diluted earnings per share for the prior year have also been restated. The amount of the correction for basic and diluted earnings per share was a decrease of £0.01 and £0.02 per share respectively.

#### **Deferred tax assets**

Historically, deferred tax assets had been recognised in respect of the total unutilised tax losses within the Group. A condition of recognising this amount depended on the extent that it was probable that future taxable profits will be available.

Given the uncertainty of the current trading outlook, management have decided to only recognise a deferred tax asset amount of £262,137, being equal to the deferred tax liability amount and therefore have an unprovided deferred tax asset

amount of £354,792.

### 3. Group operating loss

	Half-year ended 30 June 2020	Half-year ended 30 June 2019 (Restated)	Year ended 31 December 2019
	£	£	£
<b>This is stated after (crediting)/charging:</b>			
Operating lease charges	101,634	441,674	787,222
Rent concessions	(302,413)	-	-
Lease term modifications	117,800	-	-
Share-based payments expense (see <b>note 5</b> )	26,394	19,441	53,963
Restaurant opening costs	7,032	8,370	18,075
Depreciation of property, plant and equipment (see <b>note 8</b> )	2,011,000	1,993,768	4,036,957
Impairment of assets (see <b>note 7 &amp; 8</b> )	2,572,443	54,163	129,001
Payroll provision	353,012	-	-
Loss on disposal of fixed assets	-	-	298,022
Development of the Grab & Go concept subsequently cancelled	-	-	74,551
Costs in relation to unopened new sites	-	-	67,211
Reclassification of legal fees	-	-	15,087
Auditors' remuneration	-	-	51,750
	<b>Half-year ended 30 June 2020</b>	<b>Half-year ended 30 June 2019</b>	<b>Year ended 31 December 2019</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Pre-opening costs	7,032	3,982	3,982
Post-opening costs	-	4,388	14,093
	<b>7,032</b>	<b>8,370</b>	<b>18,075</b>

The payroll provision relates to a one-off provision as a result of a review of the current pension scheme in place as part of a planned transition to Payroll Bureau services.

For the initial trading period following opening of a new restaurant, the performance of that restaurant will be lower than that achieved by other, similar, mature restaurants. The difference in this performance, which is calculated by reference to gross profit margins amongst other key metrics, is quantified and included within opening costs. The breakdown of opening costs, between pre-opening costs and post-opening costs for 3 months is shown above.

### 4. Operating segments

The Group has only one operating segment: the operation of restaurants with Lebanese and Middle Eastern offering and one geographical segment (the United Kingdom). The Group's brands meet the aggregation criteria set out in paragraph 22 of IFRS 8 "Operating Segments" and as such the Group reports the business as one reportable segment. None of the Group's customers individually contribute over 10% of the total revenue.

### 5. Share options and share-based payment charge

On 4 July 2018, the Group established a Company Share Option Plan ("CSOP") under which 4,890,000 share options were granted to key employees. The CSOP scheme includes all subsidiary companies headed by Comptoir Group PLC. The exercise price of all of the options is £0.1025 and the term to expiration is 3 years from the date of grant, being 4 July 2018. All of the options have the same vesting conditions attached to them.

The total share-based payment charge for the period was £26,394 (half-year ended 30 June 2019: £19,441 and year ended 31 December 2019: £53,963).

## 6. Loss per share

The Company had 122,666,667 ordinary shares of £0.01 each in issue at 30 June 2020. The basic and diluted loss per share figures, is based on the weighted average number of shares in issue during the periods. The basic and diluted loss per share figures are set out below.

	Half-year ended 30 June 2020	Half-year ended 30 June 2019 (Restated)	Year ended 31 December 2019
	£	£	£
Loss attributable to shareholders	(4,971,460)	(602,723)	(666,963)
<b>Weighted average number of shares</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
For basic earnings per share	122,666,667	122,666,667	122,666,667
Adjustment for options outstanding	-	597,713	180,385
For diluted earnings per share	122,666,667	123,264,380	122,847,052
	<b>Pence per share</b>	<b>Pence per share</b>	<b>Pence per share</b>
<b>Loss per share:</b>			
<u>Basic (pence)</u>			
From loss for the year	(4.05)	(0.49)	(0.54)
<u>Diluted (pence)</u>			
From loss for the year	(4.05)	(0.49)	(0.54)

The loss per share and diluted loss per share is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of shares and 'in the money' share options in issue. Share options are classified as 'in the money' if their exercise price is lower than the average share price for the period. As required by 'IAS 33: Earnings per share', this calculation assumes that the proceeds receivable from the exercise of 'in the money' options would be used to purchase shares in the open market in order to reduce the number of new shares that would need to be issued. As the shares were not 'in the money' as at 30 June 2020 and consequently would be antidilutive, no adjustment was made in respect of the share options outstanding to determine the diluted number of options.

## 7. Intangible assets

Intangible fixed assets consist of goodwill from the acquisition of Agushia Limited. During the period, the Group spent £nil on intangible assets (half-year ended 30 June 2018: £nil and year ended 31 December 2019: £nil).

Group	Goodwill £	Total £
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<b>Cost</b>		
At 1 January 2020	89,961	89,961
Additions	-	-
<b>At 30 June 2020</b>	<b>89,961</b>	<b>89,961</b>
<b>Accumulated amortisation and impairment</b>		
At 1 January 2020	(2,286)	(2,286)
Amortised during the year	-	-
Impairment during the year	(32,408)	(32,408)
<b>At 30 June 2020</b>	<b>(34,694)</b>	<b>(34,694)</b>
<b>Net Book Value as at 30 June 2020</b>	<b>55,267</b>	<b>55,267</b>
Net Book Value as at 30 June 2019	87,675	87,675
Net Book Value as at 31 December 2019	87,675	87,675

Goodwill arising on business combinations is not amortised but is subject to an impairment test annually which compares the goodwill's 'value in use' to its carrying value. During the year, 100% of the goodwill allocated to Yalla Yalla Winsley, being £32,408 was impaired based on the impairment test. The remaining goodwill related to Yalla Yalla Soho. No impairment of goodwill was considered necessary in relation to this site.

## 8. Property, plant and equipment

	Right-of use Assets	Leasehold Land and buildings	Plant and machinery	Fixture, fittings & equipment	Motor Vehicles	Total
	£	£	£	£	£	£
<b>Cost</b>						
At 1 January 2020	29,095,737	11,514,602	5,151,883	3,116,519	53,430	48,932,171
Additions	-	28,307	58,034	11,153	-	97,494
Disposals	(1,537,594)	-	-	-	-	(1,537,594)
<b>At 30 June 2020</b>	<b>27,558,143</b>	<b>11,542,909</b>	<b>5,209,917</b>	<b>3,127,672</b>	<b>53,430</b>	<b>47,492,071</b>
<b>Accumulated depreciation and impairment</b>						
At 1 January 2020	(5,144,658)	(4,647,857)	(2,613,387)	(1,280,703)	(7,373)	(13,693,978)
Depreciation during the year	(1,336,027)	(385,259)	(194,613)	(94,333)	(768)	(2,011,000)
Impairment during the year	(1,519,197)	(473,340)	(365,161)	(182,337)	-	(2,540,035)
<b>At 30 June 2020</b>	<b>(7,999,882)</b>	<b>(5,506,456)</b>	<b>(3,173,161)</b>	<b>(1,557,373)</b>	<b>(8,141)</b>	<b>(18,245,013)</b>
<b>Net book value</b>						
<b>As at 30 June 2020</b>	<b>19,558,261</b>	<b>6,036,453</b>	<b>2,036,756</b>	<b>1,570,299</b>	<b>45,289</b>	<b>29,247,058</b>
<b>As at 30 June 2019</b>	<b>25,378,583</b>	<b>7,051,181</b>	<b>2,722,387</b>	<b>1,892,340</b>	<b>8,723</b>	<b>37,053,214</b>
<b>As at 31 December 2019</b>	<b>23,951,079</b>	<b>6,866,745</b>	<b>2,538,496</b>	<b>1,835,817</b>	<b>46,057</b>	<b>35,238,194</b>

At each reporting date the Group considers any indication of impairment to the carrying value of its property, plant and equipment. The assessment is based on expected future cash flows and Value-in-Use calculations are performed annually and at each reporting date and is carried out on each restaurant as these are separate 'cash generating units' (CGU). Value-in-Use was calculated as the net present value of the projected risk-adjusted post-tax cash flows plus a terminal value of the CGU. A pre-tax discount rate was applied to calculate the net present

value of pre-tax cash flows. The discount rate was calculated using a market participant weighted average cost of capital. A single rate has been used for all sites as management believe the risks to be the same for all sites.

The outbreak of COVID-19 and related global responses have caused material disruptions to businesses around the world, leading to an economic slowdown. Global equity markets have experienced significant volatility and weakness. As at the date of this half-yearly report, the fair value of the Group's assets and investments has declined as a result of the virus outbreak and the resulting temporary closure of the Group's restaurants. These factors have been incorporated into our review.

The recoverable amount of each CGU has been calculated with reference to its Value-in-Use. The key assumptions of this calculation are shown below:

Sales and costs growth	3%
Discount rate	4.3%
Number of years projected	over life of lease

The projected sales growth was based on the Group's latest forecasts at the time of review. The key assumptions in the cashflow pertain to revenue growth. Management have determined that growth based on industry average growth rates and actuals achieved historically are the best indication of growth going forward. The Directors are confident that the Group is largely immune from the effects of Brexit and forecasts have considered the impact of COVID-19. Management has also performed sensitivity analysis on all inputs to the model and noted no material sensitivities in the model.

Based on the review, an impairment charge of £2,572,443 (half-year ended 30 June 2019: £54,163 and year ended 31 December 2019: £129,001) was recorded for the period.

## 9. Dividends

No dividends were distributable to equity holders during the half-year ending 30 June 2020 (half-year ended 30 June 2019: £nil and year ended 31 December 2019: £nil).

## 10. Share capital

Authorised, issued and fully paid	Number of 1p shares		
	Half-year ended 30 June 2020	Half-year ended 30 June 2019	Year ended 31 December 2019
Brought forward	122,666,667	122,666,667	122,666,667
Issued in the period	-	-	-
<b>At 31 December</b>	<b>122,666,667</b>	<b>122,666,667</b>	<b>122,666,667</b>

  

	Nominal value		
	Half-year ended 30 June 2020 £	Half-year ended 30 June 2019 £	Year ended 31 December 2019 £
Brought forward	1,226,667	1,226,667	1,226,667
Issues in the period	-	-	-
<b>At 31 December</b>	<b>1,226,667</b>	<b>1,226,667</b>	<b>1,226,667</b>

## 11. Cash flow from operations

Reconcillation of (loss)/profit to cash generated from operations

Half-year ended 30 June 2020	Half-year ended 30 June 2019 (Restated)	Year ended 31 December 2019
£	£	£

Operating (loss)/profit for the year	(4,519,566)	4,454	576,072
Depreciation	2,011,000	1,993,768	4,036,957
Loss on disposal of fixed assets	-	-	299,272
Impairment of assets	2,572,443	54,163	129,001
Share-based payment charge	26,394	19,441	53,963
Rent concessions	(302,413)	-	-
Lease term adjustments	117,800	-	-
Payroll provision	353,012	-	-
<b>Movements in working capital</b>			
Decrease in inventories	99,532	73,406	112,332
Decrease/(Increase) in trade and other receivables	814,731	(996,746)	(344,532)
Increase in payables and provisions	440,704	203,063	791,906
<b>Cash from operations</b>	<b>1,613,637</b>	<b>1,351,549</b>	<b>5,654,971</b>

## 12. Adjusted EBITDA

Adjusted EBITDA was calculated from the profit/loss before taxation adding back interest, depreciation, share-based payments and non-recurring costs incurred in opening new sites, as follows:

	Half-year ended 30 June 2020 £	Half-year ended 30 June 2019 (Restated) £	Year ended 31 December 2019 £
Operating (loss)/profit	(4,519,566)	4,454	576,072
<u>Add back:</u>			
Depreciation	2,011,000	1,993,768	4,036,957
Impairment of assets	2,572,443	54,163	129,001
Share-based payments	26,394	19,441	53,963
Payroll provision	353,012	-	-
Loss on disposal of fixed assets	-	-	298,022
Abandoned project costs	-	-	156,849
<b>EBITDA</b>	<b>443,283</b>	<b>2,071,826</b>	<b>5,250,864</b>
Non-recurring costs incurred in opening new sites	7,032	8,370	18,075
<b>Adjusted EBITDA</b>	<b>450,315</b>	<b>2,080,196</b>	<b>5,268,939</b>

## 13. Subsequent events

In August the Group drew down on an additional bank loan under the Government's Coronavirus Business Interruption Loan Scheme ('CBILS'). As at 1 October, 19 of the owner operated restaurants were open leaving 5 still closed, pending the outcome of ongoing negotiations with the landlords. HMS Host have reopened three out of the four sites they operate leaving just Dubai Airport still currently closed. The two franchise restaurants operated by The Restaurant Group



("TRG") in Heathrow and Gatwick will not re-open.

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