

19 September 2018

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

Half-year report for the period ended 30 June 2018

Introduction and Highlights

Highlights:

- Group revenue of £15.7m up by 19.8% (H1 2017: £13.1m).
- Gross profit of £11.3m up by 19.0% (H1 2017: £9.5m).
- Adjusted EBITDA* before highlighted items of £0.5m up by 152% (H1 2017: £0.2m).
- Net cash and cash equivalents at the period end of £3.9m (H1 2017: £0.1m; 31 December 2017: £5.6m).
- Comptoir Birmingham opened in March 2018 and is trading in line with the Board's expectations.
- Currently own and operate 26 restaurants, with a further 3 franchise restaurants.

*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 (note 11).

Richard Kleiner, Non-Executive Chairman, said: *"I am pleased to announce that despite the continuing well publicised turbulence within the UK restaurant sector and the increase in costs, Comptoir Group have proven their strength as a resilient operator with a robust set of results delivering performance as per the Board's expectations. This has been driven through revenue growth in the existing estate, focus on cost management, efficiencies, innovations and continued selective investment in new restaurants. Our proposition provides our customers with a unique offering in the market place with a welcoming warm team hospitality. I would like to thank the Board for their continued dedicated focus as well as the teams in our restaurants and our supporting operations, for providing our customers with a great experience."*

Enquiries:

Comptoir Group plc

Chaker Hanna

Tel: 0207 486 1111

Mark Carrick

Tel: 0207 317 0409

Cenkos Securities plc (NOMAD and Broker)

Mark Connelly

Tel: 020 7397 8900

Harry Hargreaves

Chief executive's review

I am pleased to report the results for the 6-month period ended 30 June 2018. The performance of the Group's various brands and restaurants, during the first half of the year, has been steady despite the persistent challenging economic climate. The Group ended the period owning and operating 26 restaurants, with a further 3 franchise

restaurants. Revenue for the period was £15.7m, an increase of £2.6m or 19.8% (H1 2017: £13.1m) over the comparative period. Adjusted EBITDA was £0.5m, an increase of 152% (H1 2017: £0.2m); the income statement shows a pre-tax loss of £417k (H1 2017: loss of £756k).

The Group has successfully opened one additional new site in March 2018, namely Comptoir Birmingham. The pop-up Yalla Yalla restaurant in Greenwich was closed in February 2018 having come to the end of its short lease. The Company now currently owns and trades from 26 restaurants (19 Comptoir Libanais, 2 Yalla Yalla, 3 Shawa, 1 Levant and 1 Kenza). The Company's 3 franchise restaurants are located in Heathrow, Gatwick & Utrecht.

The first half of 2018 has seen revenue growth both in the current estate, and more significantly, from the increasing maturity of the new sites opened over the last two years. This yields benefit with the top line growth converting to strong EBITDA as a result of operating efficiencies gained as the new sites progress through their early stages of maturity.

A number of well-known national restaurant chains, with a fairly generic homogenous offering and no real 'differential' in their proposition to customers, have fallen recent victim to the challenging marketplace. We have observed a significant increase in the level of promotional activity within the restaurant sector, however, we have refrained from discounting and instead have focussed all of our efforts on further improving the customer offering. Most recently through our enhanced new menu implemented in May this year, which introduced, amongst many other new items, our increasingly popular 'Feast menu'; with a minimum of two diners at a competitive price point offering a truly well rounded exposure to the whole Lebanese dining experience.

The basic loss per share for the period was 0.34 pence (H1 2017: basic loss per share 0.55 pence) and diluted loss per share was 0.34 pence (H1 2017: diluted loss per share 0.55 pence).

Estate roll-out and franchised operations

The Group remain focused on investing in carefully selected sites following close analysis of site feasibility subject to in depth scrutiny by the Board prior to approval.

There will be two additions to the estate in the second half of the year, with the opening of a new Comptoir restaurant by London Bridge railway station, with heavy footfall and a customer demographic proven to be highly successful with the Comptoir brand. This is currently under development and is expected to be trading from late October 2018. The second opening will be another franchise operation with HMS Host in Cheshire Oaks in November 2018. We continue to work closely with our franchise partners and have already agreed terms on two additional franchised sites with HMS Host in 2019; our second international franchised operation in Dubai Airport, due to open in March 2019; followed by Ashford (in Kent) in June 2019.

Cash Flow & balance sheet

The Group's cash balance at the end of the reporting period was £3.9m (31 December 2017: £5.6m). As at 30 June 2018 the Group had bank borrowings of £1.1m (31 December 2017: £1.4m). This strong balance sheet allows the Group to continue to invest in the current estate and explore potential new sites and other revenue generating opportunities as they arise.

We remain cautious and committed to only invest in the sites which fit within the attributes associated with our most successful restaurants and that would contribute positively from their first full year of trading.

With our strong net cash position our investment strategy over the next 18 months will be to remain cautious and to acquire new sites where possible through internally generated cash, whilst seeking to maintain our healthy cash position.

Management team enhancements

The Group appointed a Chief Financial Officer, Mark Carrick, who joined in April 2018 and was appointed to the Board in July 2018, bringing to the Group a wealth of experience from a diverse range of multi-site leisure businesses over the past 19 years, providing finance, commercial and operational expertise. This appointment will enable the finance team to be brought in-house from October 2018 from its current outsourced partner. This will also allow further efficiencies through integration of current systems and processes.

Current trading and outlook

The Group has clearly demonstrated that it is a leading player of a differential offering within the sector and will continue to provide its ever growing customer base with excellent quality, healthy food in an environment with a genuine feel of family hospitality.

Despite the continuation of the exceptionally hot and dry weather conditions into the early part of the second half of the year, we can report that year to date trading is still in line with the Board's expectations, with a particularly strong contribution from the restaurants with external dining areas. As already indicated, the Group continues to control its costs and improve its operational efficiencies and margins whilst maintaining great value for money and, with the quality of the new site opening in London Bridge in October this year, together with the continuing trading performance, the Board maintains its expectations for the full 2018 financial year.

The pipeline for 2019 is currently under consideration and is dependent on selective site availability and funds available. The Group is currently in advanced negotiations with two new locations for Comptoir and one location for Shawa for 2019 and is reviewing other potential sites to strengthen its pipeline for 2020 and beyond.

The Group's focus, however, still remains on continuing to invest in, and improve, the performance of its current estate. The Group also continues to assess new sites and acquisition opportunities, whilst also actively negotiating with our partners, a pipeline of potential additional franchise sites. Irrespective of the outcome of these negotiations, we expect to end 2019 with a minimum of 6 franchised operations.

Chaker Hanna

Chief Executive

18 September 2018

Consolidated statement of comprehensive income
For the half-year ended 30 June 2018

	Notes	Half-year ended 30 June 2018 £	Half-year ended 30 June 2017 £	Year ended 31 December 2017 £
Revenue		15,738,471	13,135,881	29,581,696
Cost of sales		(4,442,030)	(3,644,404)	(8,275,701)
Gross profit		11,296,441	9,491,477	21,305,995
Distribution expenses		(4,358,098)	(3,864,456)	(8,424,399)
Administrative expenses		(7,334,277)	(6,350,455)	(13,636,697)
Other income	2	-	436	6,293
Profit from sale of freehold property	2	-	-	1,266,086
Operating (loss)/profit		(395,934)	(722,998)	517,278
Finance costs		(21,453)	(32,835)	(60,420)
(Loss)/profit before tax		(417,387)	(755,833)	456,858
Taxation (charge)/credit		(3,709)	224,332	(57,746)
(Loss)/profit for the period		(421,096)	(531,501)	399,112
Other comprehensive income		-	-	-
Total comprehensive (loss)/profit for the period		(421,096)	(531,501)	399,112
Basic (loss)/earnings per share (pence)	5	(0.34)	(0.55)	0.39
Diluted (loss)/earnings per share (pence)	5	(0.34)	(0.55)	0.39

Adjusted EBITDA:				
Operating (loss)/profit – as above		(395,934)	(722,998)	517,278
Add back:				
Depreciation and amortisation		766,396	730,852	1,521,586
Profit from sale of freehold property		-	-	(1,266,086)
Impairment of assets		-	1,826	1,825
Share-based payments - (credit)/expense		(8,650)	-	(162,620)
EBITDA		361,812	9,680	611,983
Restaurant opening costs	2	120,432	181,386	509,704
Adjusted EBITDA	11	482,244	191,066	1,121,687

All of the above results are derived from continuing operations.

Consolidated balance sheet
At 30 June 2018

	Notes	30 June 2018 £	30 June 2017 £	31 December 2017 £
Assets				
Non-current assets				
Property, plant and equipment	6	11,659,845	11,376,393	11,104,026
Intangible assets	7	951,003	1,061,437	1,009,892
Deferred tax asset		171,509	565,889	148,822
		12,782,357	13,003,719	12,262,740
Current assets				
Inventories		654,456	544,300	606,652
Trade and other receivables		3,092,916	2,622,780	2,380,619
Cash and cash equivalents		3,886,355	140,866	5,627,341
		7,633,727	3,307,946	8,614,612
Total assets		20,416,084	16,311,665	20,877,352
Liabilities				
Current liabilities				
Borrowings		(548,351)	(624,398)	(669,778)
Trade and other payables		(5,302,916)	(4,662,292)	(5,053,198)
Current tax liabilities		(148,163)	(85,459)	(148,163)
		(5,999,430)	(5,372,149)	(5,871,139)
Non-current liabilities				
Borrowings		(514,124)	(1,061,648)	(706,711)
Provisions for liabilities		(54,414)	(40,613)	(48,036)
Deferred tax liability		(145,168)	(323,847)	(118,772)
		(713,706)	(1,426,108)	(873,519)
Total liabilities		(6,713,136)	(6,798,257)	(6,744,658)
Net assets		13,702,948	9,513,408	14,132,694
Equity				
Share capital	9	1,226,667	960,000	1,226,667
Share premium		10,050,313	6,465,687	10,050,313
Other reserves		307,940	415,200	316,590
Retained earnings		2,118,028	1,672,521	2,539,124
Total equity – attributable to equity shareholders of the company		13,702,948	9,513,408	14,132,694

Consolidated statement of changes in equity
For the half-year ended 30 June 2018

	Notes	Share capital £	Share premium £	Other reserves £	Retained earnings £	Total equity £
Half year ended 30 June 2018						
At 1 January 2018		1,226,667	10,050,313	316,590	2,539,124	14,132,694
Total comprehensive income		-	-	-	(421,096)	(421,096)
Transactions with owners						
Share-based payments	4	-	-	(8,650)	-	(8,650)
Total transactions with owners		-	-	(8,650)	-	(8,650)
At 30 June 2018		1,226,667	10,050,313	307,940	2,118,028	13,702,948
Half year ended 30 June 2017						
At 1 January 2017		960,000	6,465,687	479,210	2,140,012	10,044,909
Total comprehensive income		-	-	-	(531,501)	(531,501)
Transactions with owners						
Share-based payments	4	-	-	(64,010)	64,010	-
Total transactions with owners		-	-	(64,010)	64,010	-
At 30 June 2017		960,000	6,465,687	415,200	1,672,521	9,513,408
Year ended 31 December 2017						
At 1 January 2017		960,000	6,465,687	479,210	2,140,012	10,044,909
Total comprehensive income		-	-	-	399,112	399,112
Transactions with owners						
Share-based payments	4	-	-	(162,620)	-	(162,620)
Issue of shares	9	266,667	3,733,333	-	-	4,000,000
Share issue costs	9	-	(148,707)	-	-	(148,707)
Total transactions with owners		266,667	3,584,626	(162,620)	-	3,688,673
At 31 December 2017		1,226,667	10,050,313	316,590	2,539,124	14,132,694

Consolidated statement of cash flows
For the half-year ended 30 June 2018

	Notes	Half-year ended 30 June 2018 £	Half-year ended 30 June 2017 £	Year ended 31 December 2017 £
Operating activities				
Cash flow from operations	10	42,169	582,123	1,626,031
Interest paid		(21,453)	(32,835)	(60,420)
Tax paid		-	(8,566)	(15,950)
Net cash from operating activities		20,716	540,722	1,549,661
Investing activities				
Purchase of property, plant & equipment	6	(1,263,326)	(934,489)	(2,772,518)
Payments for lease premiums		-	-	(14,982)
Proceeds from sale of property		-	-	2,652,278
Net cash used in investing activities		(1,263,326)	(934,489)	(135,222)
Financing activities				
Proceeds from issue of shares		-	-	3,851,293
Repayment of bank borrowings		(314,014)	(304,480)	(614,039)
Payment of finance lease obligations		-	(21,921)	(21,921)
Net cash (used in)/from financing activities		(314,014)	(326,401)	3,215,333
(Decrease)/increase in cash and cash equivalents		(1,556,624)	(720,168)	4,629,772
Cash and cash equivalents at beginning of period		5,442,979	813,207	813,207
Cash and cash equivalents at end of period		3,886,355	93,039	5,442,979
Cash and cash equivalents:				
Cash at bank and in hand		3,886,355	140,866	5,627,341
Bank overdrafts included in creditors payable within one year		-	(47,827)	(184,362)

Notes to the financial information

For the half-year ended 30 June 2018

1. Basis of preparation

The consolidated financial information for the half-year ended 30 June 2018, 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 2018. 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 2018 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 2018 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 2017 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 2017 has been filed with the Registrar of Companies.

The group's financial risk management objectives and policies are consistent with those disclosed in the 2017 annual report and accounts.

The half-yearly report was approved by the board of directors on 18 September 2018. The half-yearly report is available on the Comptoir Libanais website, www.comptoirlibanais.com, and at Comptoir Group's registered office, Suite 4 Strata House, 34a Waterloo Road, London, NW2 7UH.

Going concern

The directors are satisfied that the group has sufficient cash resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

2. Group operating loss

	Half-year ended 30 June 2018 £	Half-year ended 30 June 2017 £	Year ended 31 December 2017 £
This is stated after charging/(crediting):			
Impairment of assets	-	1,826	1,825
Operating lease charges	1,944,433	1,677,361	3,417,211
Share based payments (see <i>note 4</i>)	(8,650)	-	(162,620)
Opening costs (see <i>below</i>)	120,432	181,386	509,704
Amortisation of intangible assets (see <i>note 7</i>)	58,889	59,583	126,111
Depreciation of property, plant & equipment (see <i>note 6</i>)	707,507	671,269	1,395,475
Profit from sale of freehold property	-	-	(1,266,086)
Exchange gain	-	-	(412)

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 below:

	Half-year ended 30 June 2018 £	Half-year ended 30 June 2017 £	Year ended 31 December 2017 £
Pre-opening costs	18,001	65,073	179,152
Post-opening costs	102,431	116,313	330,552
	120,432	181,386	509,704

3. 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.

4. Share options and share-based payment charge

On 14 June 2016, the company established an Enterprise Management Incentive ("EMI") share option scheme and on the same day granted 2,970,000 EMI share options to certain key employees. The exercise price of all of the options is £0.50, the term to expiration is 10 years and all of the options have the same vesting conditions attached to them.

On 21 June 2016, as a result of the company's IPO, all 2,970,000 of the EMI options in issue vested, resulting in a charge to the income statement equal to the fair value of the options on the date of grant. Since vesting and to

the date of approval of this financial information none of the options had been exercised and 1,200,000 had been cancelled.

The total share-based payment credit for the period was £8,650 (half-year ended 30 June 2017: £nil and year ended 31 December 2017: £162,620).

Subsequent to the half year end 30 June 2018, the Company introduced a Company Share Option Plan (“CSOP”). As a result those employees holding EMI share options at the period end date have surrendered their existing holding and replaced it with share options under the new CSOP. Further details of the CSOP have been set out in note 12.

5. (Loss)/earnings per share

The Company had 122,666,667 ordinary shares of £0.01 each in issue at 30 June 2018. The basic and diluted (loss)/earnings per share figures, is based on the weighted average number of shares in issue during the periods. The basic and diluted (loss)/earnings per share figures are set out below.

	Half-year ended 30 June 2018 £	Half-year ended 30 June 2017 £	Year ended 31 December 2017 £
(Loss)/profit attributable to shareholders	(421,096)	(531,501)	399,112
	Number	Number	Number
Weighted average number of shares			
For basic earnings per share	122,666,667	96,000,000	102,940,639
Adjustment for options outstanding	-	76,050	-
For diluted earnings per share	122,666,667	96,076,050	102,940,639
	Pence per share	Pence per share	Pence per share
(Loss)/earnings per share:			
<u>Basic (pence)</u>			
From (loss)/profit for the period	(0.34)	(0.55)	0.39
<u>Diluted (pence)</u>			
From (loss)/profit for the period	(0.34)	(0.55)	0.39

For both of the above (loss)/earnings per share calculations, the diluted (loss)/earnings 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 2018 and consequently would be antidilutive, no adjustment was made in respect of the share options outstanding to determine the diluted number of options.

6. Property, plant and equipment

Group As at 30 June 2018	Freehold land and buildings £	Leasehold land and buildings £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost						
At 1 January 2018	-	9,962,461	4,644,190	2,650,155	15,120	17,271,926
Additions	-	821,769	138,855	302,702	-	1,263,326
At 30 June 2018	-	10,784,230	4,783,045	2,952,857	15,120	18,535,252
Accumulated depreciation and impairment						
At 1 January 2018	-	(3,492,423)	(1,777,015)	(895,438)	(3,024)	(6,167,900)
Depreciation	-	(378,831)	(225,457)	(102,009)	(1,210)	(707,507)
At 30 June 2018	-	(3,871,254)	(2,002,472)	(997,447)	(4,234)	(6,875,407)
Net book value						
As at 30 June 2018	-	6,912,976	2,780,573	1,955,410	10,886	11,659,845
As at 30 June 2017	1,409,862	5,653,894	2,879,714	1,419,315	13,608	11,376,393
As at 31 December 2017	-	6,470,038	2,867,175	1,754,717	12,096	11,104,026

7. Intangible assets

Intangible fixed assets consist of lease premiums and goodwill from the acquisition of Agushia Limited. During the period, the Group spent £nil on intangible assets (half-year ended 30 June 2017: £nil and year ended 31 December 2017: £14,982). During the period amortisation charges of £58,889 were recognised in respect of these assets.

8. Dividends

No dividends were distributable to equity holders during the period ending 30 June 2018 (half-year ended 30 June 2017: £nil and year ended 31 December 2017: £nil).

9. Share capital

Allotted and fully paid

	Number of ordinary 1p shares		
	30 June 2018	30 June 2017	31 December 2017
Brought forward	122,666,667	96,000,000	96,000,000
Issued in the period	-	-	26,666,667
Carried forward	122,666,667	96,000,000	122,666,667

	30 June 2018 £	Nominal value 30 June 2017 £	31 December 2017 £
Brought forward	1,226,667	960,000	960,000
Issued in the period	-	-	266,667
Carried forward	1,226,667	960,000	1,226,667

10. Cash flow from operations

	Half-year ended 30 June 2018 £	Half-year ended 30 June 2017 £	Year ended 31 December 2017 £
Loss for the period	(421,096)	(531,501)	399,112
Income tax expense/(credit)	3,709	(224,332)	57,746
Finance costs	21,453	32,835	60,420
Depreciation	707,507	671,269	1,395,475
Amortisation of intangible assets	58,889	59,583	126,111
Impairment of assets	-	1,826	1,825
Share-based payment credit	(8,650)	-	(162,620)
Profit on disposal of property	-	-	(1,266,086)
Movements in working capital			
Increase in inventories	(47,804)	(64,470)	(126,822)
Increase in trade and other receivables	(712,297)	(425,465)	(183,303)
Increase in trade and other payables and provisions	440,458	1,062,378	1,324,173
Cash from operations	42,169	582,123	1,626,031

11. 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:

	6 months ended 30 June 2018 £	6 months ended 30 June 2017 £
Operating loss	(395,934)	(722,998)
<u>Add back:</u>		
Amortisation (see <i>note 7</i>)	58,889	59,583
Depreciation (see <i>note 6</i>)	707,507	671,269
Impairment of assets	-	1,826
Share-based payments	(8,650)	-
EBITDA	361,812	9,680

Non-recurring costs incurred in opening new sites (see <i>note 2</i>)	120,432	181,386
--	---------	---------

Adjusted EBITDA	482,244	191,066
------------------------	----------------	----------------

12. Subsequent events

Subsequent to the half year end 30 June 2018, on 4 July 2018 the Company granted 5,210,000 approved and unapproved options to key employees under a new Company Share Option Plan ("CSOP").

As a result of introducing the CSOP, those employees holding EMI share options at the period end date have surrendered their existing holding and replaced them with share options under the new CSOP.

In accordance with IFRS 2, the total Share-based Payments Reserve (£307,940) will be transferred to Retained Earnings on the surrender of the existing EMI share options. Assuming no leavers, the total charge to the Statement of Comprehensive Income in respect of the share options granted under the new CSOP is expected to be approximately £183,000. As required by IFRS 2, the charge will be spread in annual amounts of £61,000 over 3 years, being the length of the vesting period.

J Kaye resigned from his role as a non-executive director on 16 July 2018.

M Carrick was appointed as the chief financial officer on 16 July 2018.