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# Comptoir Group Plc

## Half Year Results HY 2023

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# COMPTOIR GROUP

COMPTOIR LIBANAIS | SHAWA LEBANESE GRILL | YallaYalla LEBANESE KITCHEN | kenza





# Presenters



## Nick Ayerst CEO

Nick has more than 30 years' experience in the hospitality industry and was previously Managing Director of LEON. Prior to his role at LEON Nick spent 15 years in leadership roles at The Restaurant Group, the UK's largest listed restaurant company, where he was a member of the TRG Executive team. Between 2013 and 2020 Nick was Managing Director of TRG Concessions, which operates restaurants, bars and QSR outlets in airports, stations, shopping centres and Hilton Hotels, where he implemented short- and long-term growth opportunities, more than doubling revenue and profit, and oversaw the opening of 45 new sites.

Nick is responsible for the overall management and strategic direction of the Group.



## Michael Toon FD

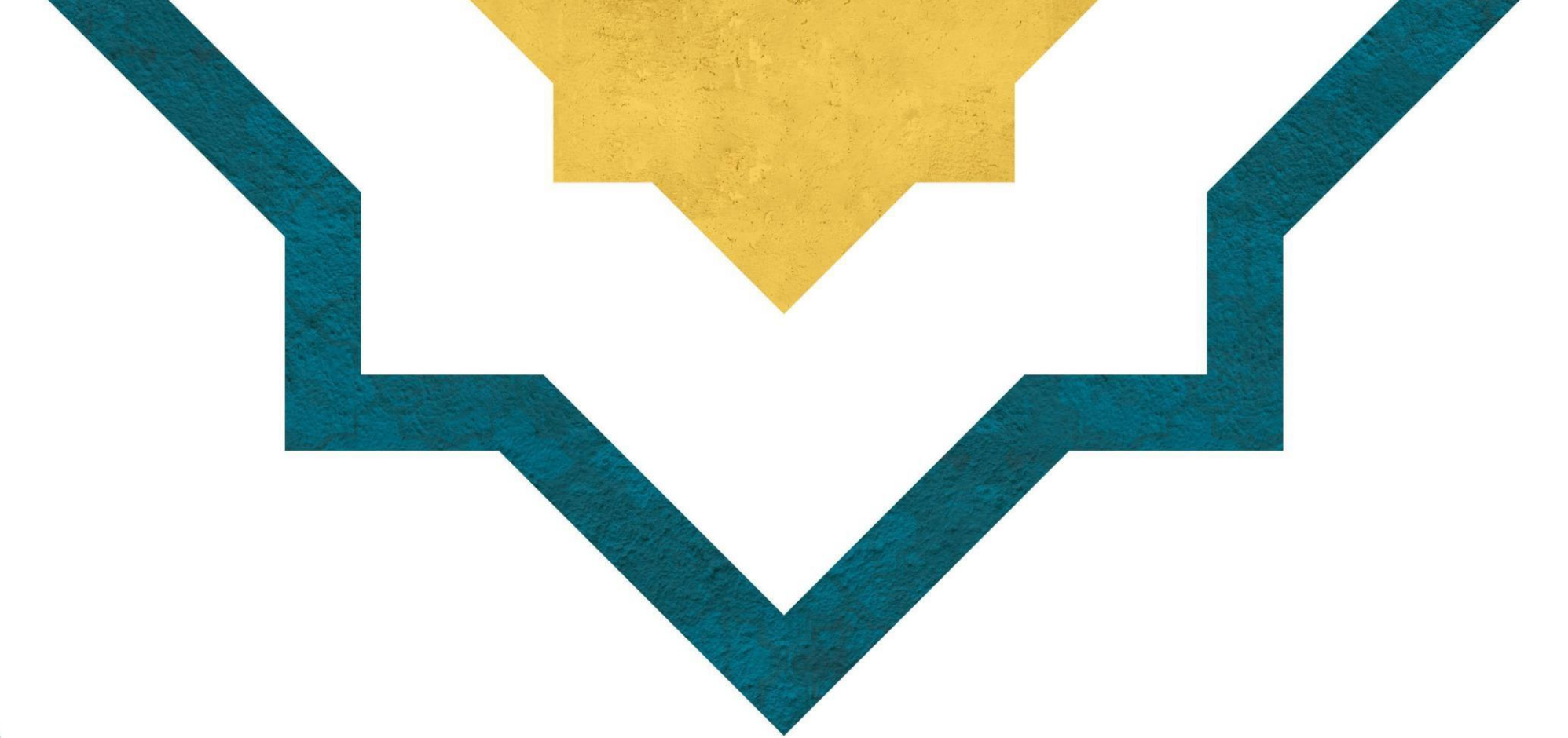
Michael is a seasoned F&B Finance Director having worked in the industry for over 25 years. Michael has held similar roles at Chopstix where he oversaw the rapid expansion of the country's largest Asian QSR provider and the Big Table Group (formerly the Casual Dining Group) holding a variety of roles across all financial disciplines and was part of the large-scale expansion of the company through organic growth as well as brand purchase, before joining Comptoir Group Plc as Finance Director in October 2020.

Michael is responsible for all the financial, procurement and systems governance within the Group.





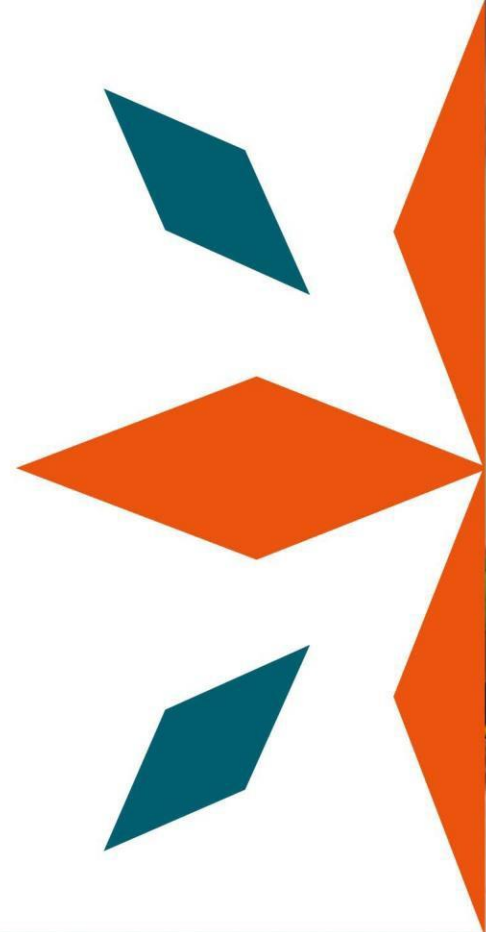
# Agenda



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# Overview & Highlights



Our brands are born out of a passion for food... the flavours, the textures, the colours and the smells. It can transport you, and as ambassadors of Lebanese food and ambience we transport people every day.



*Tony Kitous, Founder Comptoir Group*



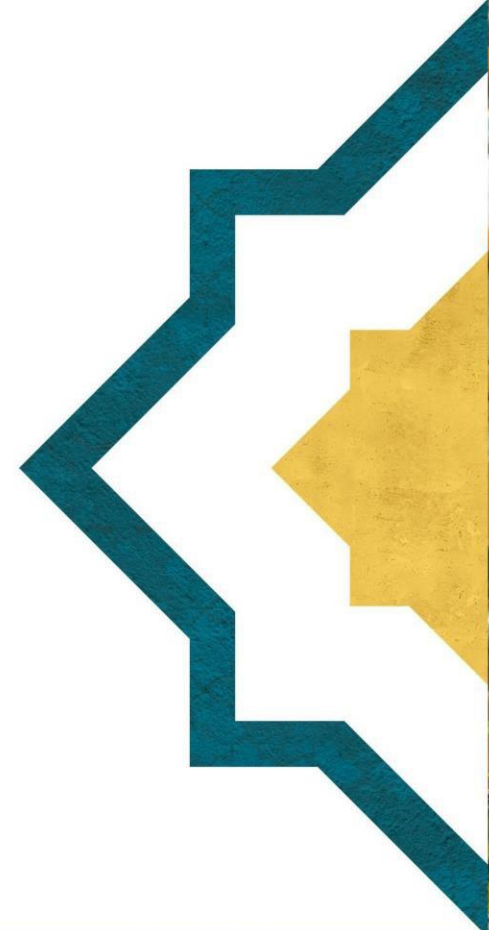
## Strategic and Operational

- Four new locations to open by early 2024 – 2 managed, 2 franchise
- Closure of Comptoir Leeds
- Senior Leadership Team appointments – Marketing Director and Property Director (Projects)
- Focus on guest satisfaction – NPS >60%
- Launched breakfast proposition
- Launched handheld tablet ordering
- Menu engineering protected margin and guest value perception





# Overview & Highlights



I have always had a need to explore and discover new things. Each of our Comptoir Group brands is an extension of my sense of adventure.



*Tony Kitous, Founder Comptoir Group*



## Financial

- Revenues up 2.1% to £14.8m (2022: £14.5m)
- Like for Like +6.0% (VAT Adjusted). 3.0% Unadjusted
- Eat in Like for Like +8.1% (VAT Adjusted)
- Gross profit flat at £11.5m (2021: £11.5m)
- Net Loss £0.8m
- Adj. EBITDA\*<sup>1</sup> - £0.3m (FRS102- 2022 £1.8m) / £1.0m (IFRS- 2022 £3.8m)
- Net Cash\*<sup>2</sup> £5.7m (2022: £8.2m)

\*Adjusted EBITDA is calculated excluding the impact of the share-based payment charge, depreciation, amortisation and impairment of assets, restaurant preopening costs, loss on disposal of fixed assets, finance costs & provision.

\*Net Cash is cash and cash equivalents less bank borrowings.

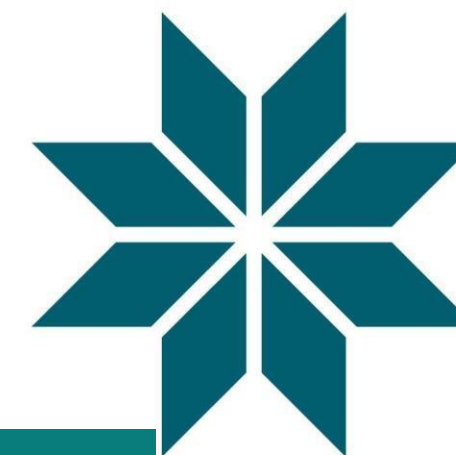


# Comptoir Group Plc Financials



# Income Statement

- Revenues up 2.1% to £14.8m (2022: £14.5m). This was driven by strong like-for-like in store growth in the period and the absence of work from home guidance which impacted Q1 FY21. Franchise income increased significantly with System Sales at £6.8m. Franchise Like for Like was exceptionally strong at +14.9% helped by the return of passengers to airports and an increased spend and dwell time.
- Gross profit flat at £11.5m (2022: £11.5). The gross profit margin was 1.6 percentage points lower than FY22 being adversely impacted by the change in the VAT rates (0.6ppts) and inflation of which a significant amount is attributable to the war in Ukraine (1.0ppts)
- Distribution and Administrative costs increased by 22.6% with NMW increasing 9.7% in 2023 and Utilities increasing by c.500% .
- Impact of unwinding of all government support such as VAT, rates as well as inflationary pressures due to cost-of-living crisis.
- Net Loss £0.8m



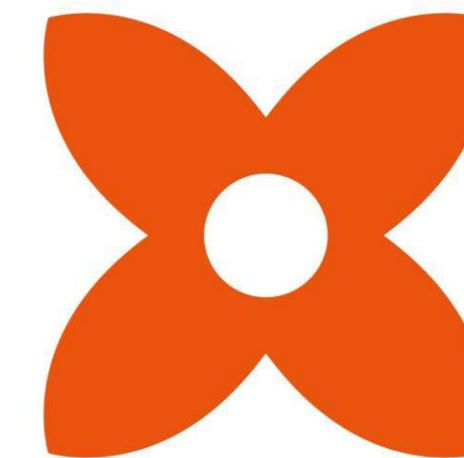
	Notes	Half-year ended 2 July 2023	Half-year ended 3 July 2022	Period ended 1 January 2023
		£	£	£
Revenue		14,801,949	14,501,725	31,046,546
Cost of sales		(3,264,510)	(2,994,130)	(6,605,074)
<b>Gross profit</b>		<b>11,537,439</b>	<b>11,507,595</b>	<b>24,441,472</b>
Distribution expenses		(6,077,722)	(5,308,893)	(11,431,633)
Administrative expenses		(6,246,967)	(4,741,711)	(11,357,436)
Other income		8,257	259,775	292,744
<b>Operating (loss)/profit</b>	<b>3</b>	<b>(778,993)</b>	<b>1,716,766</b>	<b>1,945,147</b>
Finance costs		(497,567)	(409,860)	(1,042,697)
<b>Profit/(loss) before tax</b>		<b>(1,276,560)</b>	<b>1,306,906</b>	<b>902,450</b>
Taxation charge		496,100	(361,081)	(314,146)
<b>Loss/(profit) for the year</b>		<b>(780,460)</b>	<b>945,825</b>	<b>588,304</b>
Other comprehensive income		-	-	-
<b>Total comprehensive (loss)/profit for the year</b>		<b>(780,460)</b>	<b>945,825</b>	<b>588,304</b>
<b>Basic (loss)/earnings per share (pence)</b>	<b>6</b>	<b>(0.64)</b>	<b>0.77</b>	<b>0.48</b>
<b>Diluted (loss)/earnings per share (pence)</b>	<b>6</b>	<b>(0.64)</b>	<b>0.77</b>	<b>0.48</b>

Adjusted EBITDA is calculated excluding the impact of the share-based payment charge, depreciation, amortisation and impairment of assets, restaurant preopening costs, loss on disposal of fixed assets, finance costs & provision.

# Profitability

- Adj. EBITDA<sup>\*1</sup> (pre-IFRS 16) loss of £0.9m which was a decrease of £2.0m on the prior year
- Profitability was impacted due to the aforementioned inflationary pressures across all business areas, including the move back to 20% VAT from Q2, the cost-of-living crisis impacting customer visits and spending levels.
- Inflation impacted the F&B input costs in particular but also saw increases in other costs such as packaging and consumables with energy inflation impacting the wholesalers and associated transport costs
- Utilities were hedged for 1 year until September 2023 at a rate that was approximately 5005 higher than the previous 2 years. The group is hedged on a flexible purchase product from October 2023 at significantly improved levels.

Adjusted EBITDA is calculated excluding the impact of the share-based payment charge, depreciation, amortisation and impairment of assets, restaurant preopening costs, loss on disposal of fixed assets, finance costs & provision.



	Post IFRS 16 2 July 2023	Pre IFRS 16 2 July 2023	Post IFRS 16 Restated 3 July 2022	Pre IFRS 16 Restated 3 July 2022	Post IFRS 16 Restated 1 January 2023	Pre IFRS 16 Restated 1 January 2023
	£	£	£	£	£	£
<b>Revenue</b>	14,801,949	14,801,949	14,501,725	14,501,725	31,046,546	31,046,546
<b>Adjusted EBITDA:</b>						
<b>Profit after tax</b>	(780,460)	(545,243)	945,825	737,267	588,304	264,463
Add back:						
Finance costs	497,567	67,731	409,860	41,319	1,042,697	94,078
Taxation	(496,100)	(496,100)	361,081	361,081	314,146	314,146
Depreciation	1,655,805	561,532	1,628,502	540,612	3,252,841	1,124,243
Impairment of assets	-	-	336,356	-	78,266	-
<b>EBITDA</b>	<b>876,812</b>	<b>(412,080)</b>	<b>3,681,624</b>	<b>1,680,279</b>	<b>5,276,254</b>	<b>1,796,930</b>
Share-based payments expense	10,006	10,006	14,050	14,450	15,377	15,377
Loss on disposal of fixed assets	-	-	-	-	8,188	8,188
Exceptional legal and professional fees	23,045	23,045	-	-	1,002,054	1,002,054
Restaurant opening costs	-	-	38,245	38,245	36,745	36,745
Restaurant closing costs	75,657	75,657	-	-	28,628	28,628
Dilapidations	16,493	16,493	17,334	17,334	5,956	5,956
<b>Adjusted EBITDA</b>	<b>1,002,013</b>	<b>(286,879)</b>	<b>3,751,253</b>	<b>1,750,308</b>	<b>6,373,203</b>	<b>2,893,879</b>

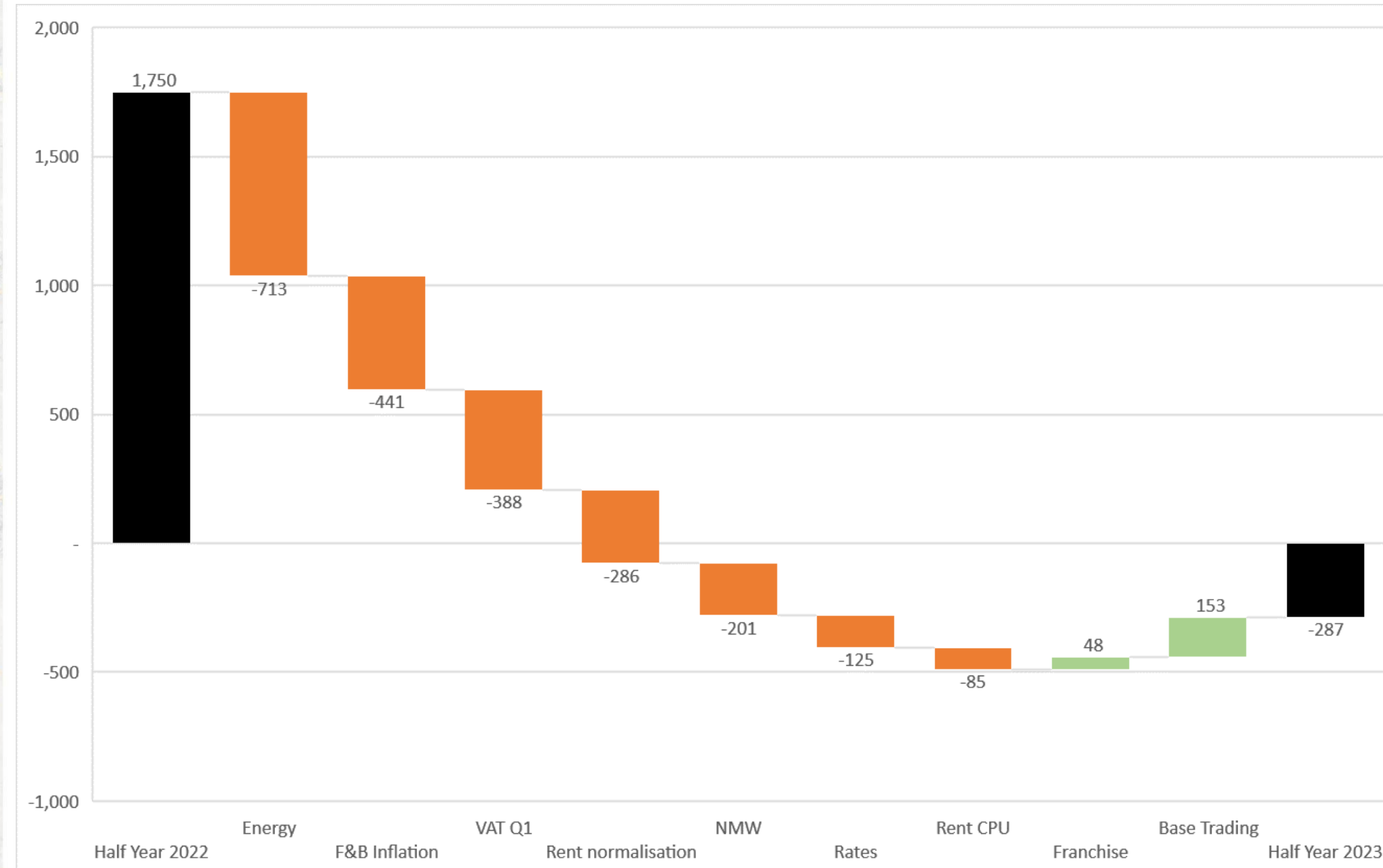




# EBITDA Bridge

- The bridge highlights the cost impact over the last 12 months and how it has effectively reduced profit by £2m. Underling business remains strong.
- Utilities increased by over £700k due to the energy crisis from early 2022. Comptoir was effectively hedged in 2022 until the end of September 2022.
- Inflation also impacted the F&B input costs in particular with headline rates running at +20%. We effectively mitigated the majority of this through our supplier partnerships as well as a move to Brakes as a preferred supplier allowing us some comfort of price-fixing
- NMW in April 2022 rose 6.6% and in April 23 another 9.7% (£1.51 over 2 periods from £8.91 to £10.42)
- Vat returned to 20% from Q2 2022 and the impact was £388k
- Rent and Rates increased on no Covid concessions for rent and the increase in April 2022 to 100% rates from 66%.

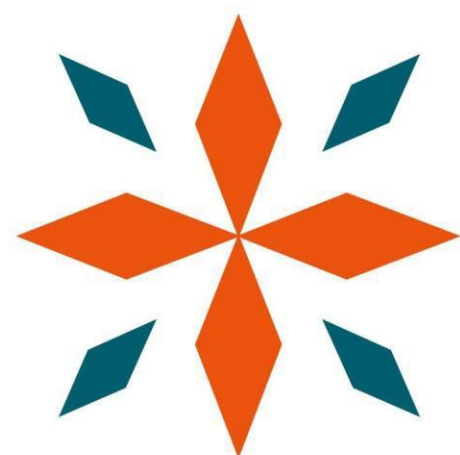
Adjusted EBITDA is calculated excluding the impact of the share-based payment charge, depreciation, amortisation and impairment of assets, restaurant preopening costs, loss on disposal of fixed assets, finance costs & provision.





# Balance Sheet

- Closed FY23 H1 with cash equivalents balances of £7.6m a decline of £3.1m of which £1.1m was exceptional costs from board reconstitution plus the repayment of the CBIL (£600k)
- Net Cash £7.7m (2022: £10.7m)
- Debt of £1.9m. CBIL with no restrictive covenants
- Strong liquidity provides a platform for new sites and refurbishments and other appropriate investments.



	Notes	2 July 2023 £	3 July 2022 £	1 January 2023 £
<b>Non-current assets</b>				
Intangible assets	7	29,134	55,267	29,134
Property, plant and equipment	8	6,536,519	6,970,576	6,708,383
Right-of-use assets	8	12,607,187	14,872,490	13,704,427
Deferred tax asset		224,133	-	-
		<b>19,396,973</b>	<b>21,898,333</b>	<b>20,441,944</b>
<b>Current asset</b>				
Inventories		526,071	517,775	474,655
Trade and other receivables		1,379,568	1,627,408	1,220,053
Cash and cash equivalents		7,640,868	10,738,261	9,930,323
		<b>9,546,507</b>	<b>12,883,444</b>	<b>11,625,031</b>
<b>Total assets</b>		<b>28,943,480</b>	<b>34,781,777</b>	<b>32,066,975</b>
<b>Current liabilities</b>				
Borrowings		(600,000)	(600,000)	(600,000)
Trade and other payables		(5,793,557)	(6,924,257)	(6,399,675)
Lease liabilities		(1,165,194)	(2,380,659)	(2,351,410)
Current tax liabilities		-	(104,839)	-
		<b>(7,558,751)</b>	<b>(10,009,755)</b>	<b>(9,351,085)</b>
<b>Non-current liabilities</b>				
Borrowings		(1,300,000)	(1,900,000)	(1,600,000)
Provisions for liabilities		(373,347)	(735,686)	(362,088)
Lease liabilities		(15,728,067)	(16,811,910)	(15,728,066)
Deferred tax liability		-	(214,063)	(271,967)
		<b>(17,401,414)</b>	<b>(19,661,659)</b>	<b>(17,962,121)</b>
<b>Total liabilities</b>		<b>(24,960,165)</b>	<b>(29,671,414)</b>	<b>(27,313,206)</b>
<b>Net assets</b>		<b>3,983,315</b>	<b>5,110,363</b>	<b>4,753,769</b>
<b>Equity</b>				
Share capital	9	1,226,667	1,226,667	1,226,667
Share premium		10,050,313	10,050,313	10,050,313
Other reserves		155,105	144,172	145,099
Retained losses		(7,448,770)	(6,310,789)	(6,668,310)
<b>Total equity</b>		<b>3,983,315</b>	<b>5,110,363</b>	<b>4,753,769</b>



# Strategy and Operational

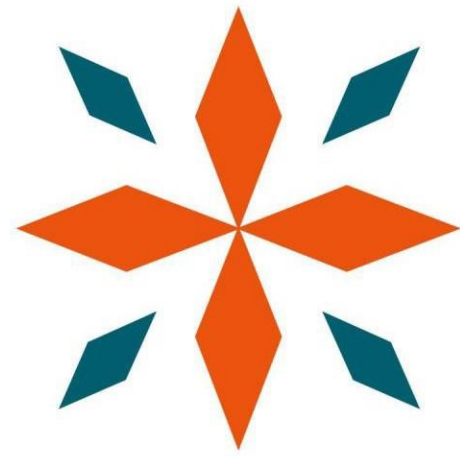




# Growth

- Pursuing growth through organic sales, new sites & franchising
- Organic
  - Refurbishment / revitalising team / maximising use of terraces
  - Menu laddering / technology / daypart extension / delivery
  - Continued mitigation of inflationary cost pressures
- New owned sites
  - 2 new sites agreed in Ealing and central London flagship location opening October 23 and early 2024
  - Finalise Shawa brand concept and trial
- Franchising
  - New opening Abu Dhabi confirmed November opening
  - Heads of terms signed with new partner AREAS for Milan airport
  - Additional new partner discussions
  - Appointing new Head of Franchise to focus on growth

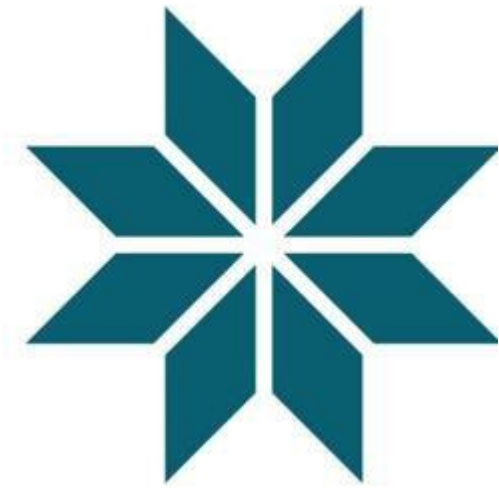




# Operations

- Focus on 2 sectors , casual dining & QSR
- Build on what our guests love, our tasty food, bold interiors and relaxed service. Strategic brand plan in place for Comptoir Libanais
- Continued menu development on fresh, tasty and authentic food
- Back to Basics programme working on refurbishments, improving the guest journey and ensuring food consistency
- Launched 'Generous Hospitality' guest care proposition
- Optimise employee numbers and pay rates to deliver propositions
- Improving employee benefits and employer NPS >70%
- Embed implementation of supplier consolidation into Brakes and Matthew Clark
- Labour deployment to improve right people, right place, right time
- Focus on controllable costs including energy usage
- Focussed marketing plan linked with improved digital activity





# Technology

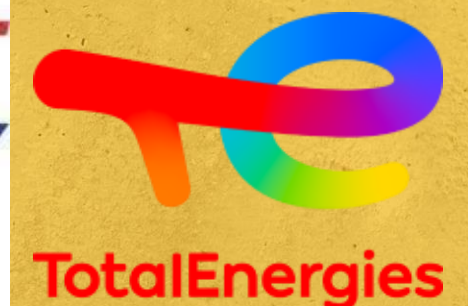
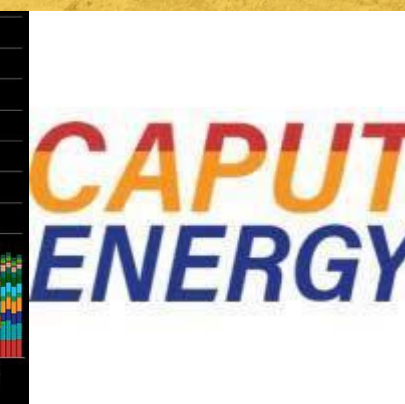
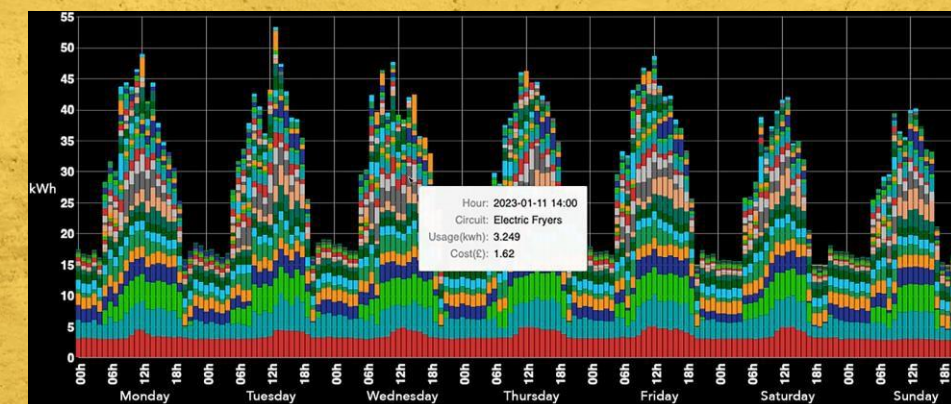
- Continue development of Comptoir App for pre and at table ordering and guest data collection
- Guest segmentation and seamless CRM
- Handheld tills being deployed
- Kitchen display screens to be trialled H2
- Labour deployment software launched along with e-clock



# ESG

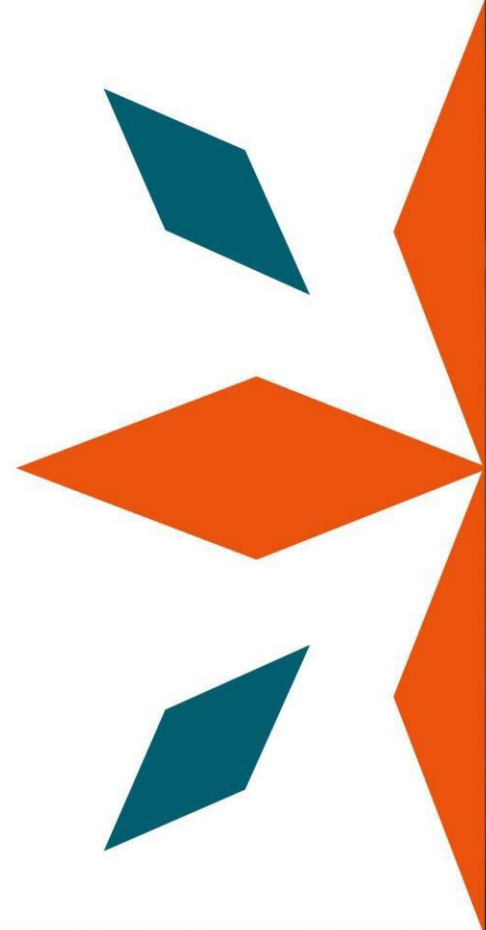


- Joined the Sustainable Restaurant Association - working in partnership on a 2-year action plan
- Formation of Board Level ESG committee
- Developing our action plan to achieve Net Zero Carbon footprint
- Green electricity from 100% renewable sources
- Use of Caput to monitor individual equipment energy usage
- All packaging is 100% compostable or recyclable
- CPU = low food miles and waste
- Consolidating deliveries to reduce vehicle movements via industry-leading distributors
- Too Good to Go - food waste minimisation
- Eco-friendly chemicals being rolled out following successful trial
- £100k raised for Syria and Turkey earthquake.
- Charitable initiative to support Moroccan earthquake appeal





# Central Production Unit



- Central Production Unit (CPU) in North London of 14,750 sq ft
- Production infrastructure to support long-term growth
- CPU largest supplier to restaurants (40% of food spend) with items such as Hommos, Baba Ghanoush and Tagines being supplied directly via our own vehicles
- BRC accredited (highest rating) – recently retained
- R&D investment has improved shelf life of products and is tax efficient



This gives us the following advantages:

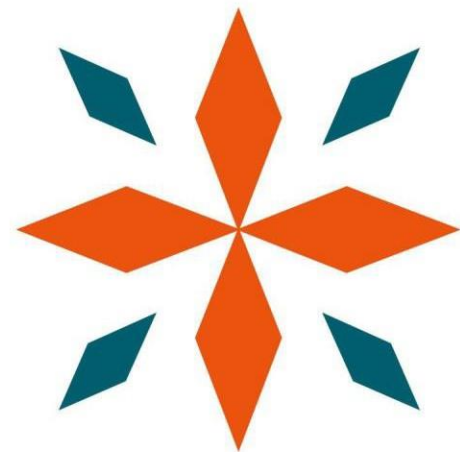
- Consistency of quality
- Continuity of supply
- Product development timelines shortened
- Cost neutral operation – growth will reduce cost per product
- Safeguarding of recipes and their IPs
- Supply to our franchise partners
- Opportunity to supply proprietary products to strategic partners





# Summary

- Focus on two complementary sectors with clearly defined brands
- Strong NPS scores underpinned by well-loved interiors, food and service propositions
- Cash reserves facilitating new restaurant openings
- Strong Board and senior leadership team
- Founder led innovation coupled with rigorous implementation
- Proven franchise model





# Appendices



# About us



Number indicates number of direct reports



When I was eight my mother used to help me prepare harissa and merguez sandwiches and make fresh lemonades, and I would set up a stall outside the football stadium near my house. It's about making people feel welcome - it's about hospitality and I naturally just love welcoming people, even on a pavement.

*Tony Kitous, Founder Comptoir Group*



## For the love of food Our history

Founder Tony Kitous' relationship with food began under his mum's influence. The eldest of seven children, his mum - like many Arabic mothers - would spend six hours a day in the kitchen. He still has strong memories of the fisherman who used to visit in his little truck and sell them fresh sardines, which his mother would either stuff or marinate. It was a holiday to London when Tony was 18 that really fired his imagination and his passion to make something of himself.



# The Board



**Nick Ayerst - CEO**



**Tony Kitous - Founder & Creative Director**



**Michael Toon - Finance Director**



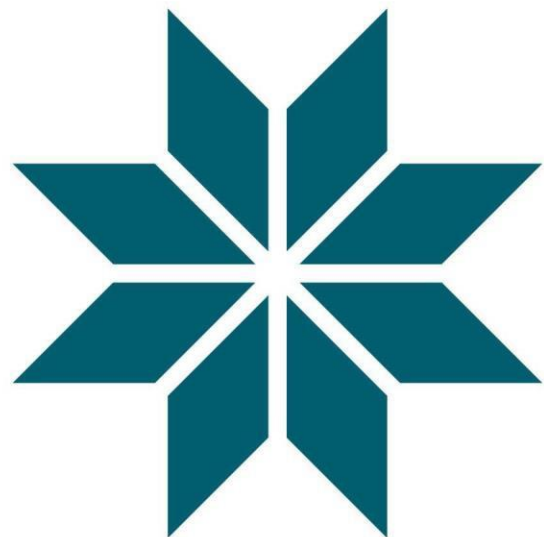
**Beatrice Lafon - Non-Executive Chair**

Dr Lafon has operated at CEO level for nearly 20 years and as a non-executive director for 6 years. She has an outstanding record in the launch, turnaround and profitable development of major retail businesses in the UK, Europe and the USA. Previously a non-executive director of Pizza Express and SuperDry, she chairs a number of businesses in the UK and Europe, including Crosstown.



**Jean Michel Orioux - Non-Executive Director**

Mr. Orioux has deep expertise in the consumer and hospitality sectors. He was formerly CEO of Ping Pong, where he formulated and implemented a turnaround and brand strategy to drive international expansion. He became CEO of Paul UK and USA in 2013 before joining the Board in 2018. As CEO, he led the Argyll Club through a review of its core proposition, strategy and performance.



# Cashflow



	Notes	Half-year ended 2 July 2023 £	Half-year ended 3 July 2022 £	Period ended 1 January 2023 £
<b>Operating activities</b>				
Cash inflow from operations	10	81,028	2,897,522	4,368,949
Interest paid		(67,731)	(41,319.00)	(94,078)
Tax paid		-	-	-
<b>Net cash from operating activities</b>		<b>13,297</b>	<b>2,856,203</b>	<b>4,274,871</b>
<b>Investing activities</b>				
Purchase of property, plant & equipment	8	(386,701)	(278,319)	(581,250)
<b>Net cash used in investing activities</b>		<b>(386,701)</b>	<b>(278,319)</b>	<b>(581,250)</b>
<b>Financing activities</b>				
Payment of lease liabilities		(1,616,051)	(1,407,422)	(3,031,097)
Bank loan proceeds		-	-	-
Bank loan repayments		(300,000)	(300,000.00)	(600,000)
<b>Net cash used from financing activities</b>		<b>(1,916,051)</b>	<b>(1,707,422)</b>	<b>(3,631,097)</b>
<b>Increase in cash and cash equivalents</b>		<b>(2,289,455)</b>	<b>870,462</b>	<b>62,524</b>
Cash and cash equivalents at beginning of year		9,930,323	9,867,799	9,867,799
<b>Cash and cash equivalents at end of year</b>		<b>7,640,868</b>	<b>10,738,261</b>	<b>9,930,323</b>



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