



RNS Number : 2898N
Comptoir Group PLC
29 September 2021

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Comptoir Group Plc

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

Interim Results

Highlights:

- Group revenue of £5.7m down by 6.9% (H1 2020: £6.1m)
- Gross profit of £4.3m down by 4.8% (H1 2020: £4.5m).
- Adjusted EBITDA* before highlighted items of £1.6m up by 262.8% (H1 2020: £0.45m).
- IFRS loss after tax of £1.2m (H1 2020: £4.97m loss).
- Net cash and cash equivalents** at the period end of £9.2m (H1 2020: £5.0m; 31 December 2020: £7.8m).
- The basic loss per share for the period was 0.98 pence (H1 2020: basic loss per share 4.05 pence).
- Currently own and operate 21 restaurants, with a further 4 franchise restaurants.

Note that these results are impacted by COVID-19 related closures affecting all restaurants in the Group. In 2020 periods were affected from 19 March onwards. In 2021 the periods affected were between 1 January and 19 July

*Adjusted EBITDA was calculated from the profit/(loss) before taxation adding back interest, depreciation, share-based payments, and non-recurring costs (note 12).

Richard Kleiner, Non-Executive Chairman, said: *"We have made strong progress over the past six months. Whilst we have been focusing on the re-opening of the sites and welcoming back dine-in customers as the Government restrictions were lifted; we have also been transforming the business through investment in systems and technology.*

The unique family ethos that pervades throughout the Comptoir team has made me extremely proud, as everyone pulled together in adversity to support not just their team but every member of the Group to ensure we delivered that unique Comptoir hospitality.

The sector is still under extreme pressure from well-documented challenges such as the availability of labour as well as the pressure on the supply chain, but we

recognise we are fortunate to be in a better position relative to many of our peers.

As ever, we monitor and respond to these challenges as and when they occur. However, with strong sales since the phased reopening began in April, a relatively strong balance sheet and the potential for new openings, we are optimistic for the future and the long-term prospects for the business looks extremely positive."

Enquiries:

Comptoir Group plc

Chaker Hanna
0207 486 1111

Tel:

Canaccord Genuity Limited (NOMAD and broker)

Adam James
020 7523 8000
Georgina McCooke

Tel:

Chief executive's review

Once again, the first half of this financial year was hugely disrupted by the restrictions placed on the sector by the Government due to the ongoing Covid-19 pandemic. The first fifteen weeks of the year found the country in a third full lockdown with trade limited to takeaway and delivery only. For five weeks from 12 April, we opened for trade however this was restricted to outside areas only. From 17 June, sites were fully reopened but with social distancing restrictions kept in place. All restrictions were finally lifted 19 July, therefore in the six-month period ending 4 July there were zero weeks of no restrictions and just seven weeks of full trading, albeit with distancing restrictions still in place.

Since reopening, the trading performance has been very strong with the group comfortably outperforming forecasts. I can only reiterate our Chairman's statement of how proud I am personally of the way the teams have consistently pulled together to help everyone through what is a uniquely difficult period in the sector's history. This wouldn't have been possible without the unwavering commitment of the Comptoir family and for that I am and remain extremely proud.

However, we have some exceptional challenges to face in the next trading period as we navigate the upcoming short-term issues. These include the end of the Government support such as the furlough scheme, rates holiday, normalisation of VAT as well as the availability of labour and the inflationary pressures on the supply chain. The labour and inflationary pressures will continue through 2021 and into 2022 with the National Living Wage (NLW), as well as the recently announced 1.25% increase in Employers NI (both April 2022) only exacerbating this. However, we fully expect to navigate these issues successfully as we always have done. These issues won't be solved without strong relationships with our key stakeholders and at this point I would like to thank all our suppliers and landlords who we have worked so closely with over the last 18 months. Their support has been paramount, and with all concessions agreed we look to expanding on these relationships in the future.

Conversely, it must also be noted that there is an opportunity for Comptoir to add

to its site pipeline with the reduction in competition for premium sites. This coupled with our excellent relationships with our current landlords allows us to some extent pick and choose where we may wish to increase our estate where we feel there is value in doing so. Accordingly, we intend to invest in not only Comptoir Libanais but also expand our QSR Shawa brand. This strategy has already commenced with the opening of our latest Shawa in Westfield Shepherds Bush in September.

Financial Performance Half Year

As already noted, the period was hugely impacted by nationwide lockdowns, however the half year results are resilient despite the elongated closure periods.

As a consequence of the lockdown periods, the revenue for the total Group for the half year was £5.7m (H1 2020: £6.1m).

However, I'm pleased to report an adjusted EBITDA profit of £1.6m (H1 2020: £0.5m) driven by the Government assistance received but also through exceptional cost control across the business. Since reopening in April, the Group has reported positive EBITDA every period at a level ahead of expectations.

The Board carried out a full impairment review at the half year and as a result, impairment of £0.34m 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 £1.2m (H1 2020: £5.0m 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 £0.71m in the period.

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

Team

Our staff continued to be impacted by Covid-19 throughout the period, with most remaining on furlough. We have continued to prioritise their wellbeing, maintaining contact throughout this period as well as offering financial support to all members. It has again been a difficult time for not only our team but also their families and the management team would like to thank them for their attitude and resolve. Since reopening in April, we have continued to welcome our staff back in line with the restrictions being removed. We now have all staff back in the business with no furlough being utilised since the end of July.

Leanne Galer-Reick joined as Head of Marketing during the period. Leanne has a fantastic track record having worked in the industry at the highest level and has already made a substantial contribution, as we add to the Group's expertise and plan for future opportunities.

Current and future outlook

Whilst there is the argument for pent up demand post lockdown, we have found

trading has continued to improve week to week and the overall outperformance of the group is hugely encouraging and gives the board every confidence in the prospects for the remainder of the year and into 2022.

We have seen solid performance in our London sites, which naturally remain impacted by the lower number of office workers and tourists. The regional sites have outperformed pre-pandemic 2019 levels and we have seen record levels of trading in a selection of sites. Importantly, all 21 sites are making a positive contribution at the profit level since reopening, highlighting the quality of the existing estate.

The Group has an excellent base to continue to operate from as we return to normality, and the future looks to be one of growth and success.

Chaker Hanna
Chief Executive Officer
28 September 2021

Consolidated statement of comprehensive income

For the half-year ended 4 July 2021

	Notes	Half-year ended 4 July 2021	Half-year ended 30 June 2020	Year ended 31 December 2020
		£	£	£
Revenue		5,670,300	6,090,758	12,492,506
Cost of sales		(1,393,582)	(1,597,547)	(3,179,944)
Gross profit		4,276,718	4,493,211	9,312,562
Distribution expenses		(1,228,118)	(1,785,442)	(7,463,177)
Administrative expenses		(7,339,366)	(4,604,293)	(10,276,882)
Other income		3,109,446	-	4,579,201
Rent concessions		714,822	302,413	982,209
Impairment costs	8	(336,356)	(2,572,443)	(4,019,871)
Payroll provision	3	-	(353,012)	(353,012)
Operating loss	3	(802,854)	(4,519,566)	(7,238,970)
Finance costs		(399,414)	(482,589)	(910,885)
Loss before tax		(1,202,268)	(5,002,155)	(8,149,855)
Taxation charge		-	30,695	48,326
Loss for the year		(1,202,268)	(4,971,460)	(8,101,529)
Other comprehensive income		-	-	-
Total comprehensive loss for the year		(1,202,268)	(4,971,460)	(8,101,529)

Basic loss per share (pence)	6	(0.98)	(4.05)	(6.60)
Diluted loss per share (pence)	6	(0.98)	(4.05)	(6.60)
	Notes	Half-year ended 4 July 2021	Half-year ended 30 June 2020	Year ended 31 December 2020
Adjusted EBITDA:				
Loss before tax - as above		(1,202,268)	(5,002,155)	(8,149,855)
Add back:				
Depreciation	8	1,610,395	2,011,000	4,020,265
Finance costs		399,414	482,589	910,885
Impairment of assets	8	336,356	2,572,443	4,019,871
EBITDA		1,143,897	63,877	801,166
Share-based payments expense	3	25,046	26,394	14,578
Restaurant opening costs	3	3,489	7,032	53,378
Payroll provision	3	-	353,012	353,012
Loss on disposal of fixed assets		461,185	-	171,617
Adjusted EBITDA		1,633,617	450,315	1,393,751

All the above results are derived from continuing operations.

Consolidated balance sheet

At 4 July 2021

	Notes	4 July 2021	30 June 2020	31 December 2020
		£	£	£
Assets				
Non-current assets				
Intangible assets	7	55,267	55,267	55,267
Property, plant and equipment	8	7,425,908	9,688,797	8,473,596
Right-of-use assets	8	16,098,264	19,558,261	17,596,744
Deferred tax asset		292,409	262,137	-
		23,871,848	29,564,462	26,125,607
Current asset				
Inventories		441,364	494,878	424,673
Trade and other receivables		837,619	1,388,244	1,100,922
Cash and cash equivalents		9,174,260	5,009,864	7,833,676
		10,453,243	6,892,986	9,359,271
Total assets		34,325,091	36,457,448	35,484,878
Liabilities				
Current liabilities				
Borrowings		(555,000)	(181,490)	(250,000)
Trade and other payables		(8,209,594)	(5,439,441)	(6,527,668)
Lease liabilities		(2,331,800)	(2,113,151)	(2,443,198)
Current tax liabilities		(45,817)	(183,518)	(45,817)
		(11,142,211)	(7,917,600)	(9,266,683)
Non-current liabilities				
Borrowings		(2,445,000)	(15,817)	(2,750,000)
Provisions for liabilities		(841,663)	(808,452)	(832,455)
Lease liabilities		(18,306,833)	(21,837,360)	(20,161,543)
Deferred tax liability		(292,409)	(262,137)	-
		(21,885,905)	(22,923,766)	(23,743,998)
Total liabilities		(33,028,116)	(30,841,366)	(33,010,681)
Net assets		1,296,975	5,616,082	2,474,197
Equity				
Share capital	10	1,226,667	1,226,667	1,226,667
Share premium		10,050,313	10,050,313	10,050,313

Other reserves		122,332	109,102	97,286
Retained losses		(10,102,337)	(5,770,000)	(8,900,069)
Total equity - attributable to equity shareholders of the company		1,296,975	5,616,082	2,474,197

Consolidated statement of changes in equity

For the half-year ended 4 July 2021

	Notes	Share capital £	Share premium £	Other reserves £	Retained losses £	Total equity £
At 1 January 2021		1,226,667	10,050,313	97,286	(8,900,069)	2,474,197
Total comprehensive loss						
Loss for the period	-	-	-	-	(1,202,268)	(1,202,268)
Transactions with owners						
Share-based payments	-	-	-	25,046	-	25,046
At 4 July 2021		1,226,667	10,050,313	122,332	(10,102,337)	1,296,975
At 1 January 2020		1,226,667	10,050,313	82,708	(798,540)	10,561,148
Total comprehensive loss						
Loss for the period	-	-	-	-	(4,971,460)	(4,971,460)
Transactions with owners						
Share-based payments	-	-	-	26,394	-	26,394
At 30 June 2020		1,226,667	10,050,313	109,102	(5,770,000)	5,616,082
At 1 January 2020		1,226,667	10,050,313	82,708	(798,540)	10,561,148
Total comprehensive loss						
Loss for the year	-	-	-	-	(8,101,529)	(8,101,529)
Transactions with owners						
Share-based payments	-	-	-	14,578	-	14,578
At 31 December 2020		1,226,667	10,050,313	97,286	(8,900,069)	2,474,197

Consolidated statement of cash flows

For the half-year ended 4 July 2021

	Notes	Half-year ended 4 July 2021 £	Half-year ended 30 June 2020 £	Year ended 31 December 2020 £
Operating activities				

Cash inflow from operations	11	2,405,268	1,613,637	2,842,394
Interest paid		-	(4,723)	(6,253)
Tax paid		-	(606)	(120,677)
Net cash from operating activities		2,405,268	1,608,308	2,715,464
Investing activities				
Purchase of property, plant & equipment	8	(163,949)	(97,494)	(182,578)
Net cash used from investing activities		(163,949)	(97,494)	(182,578)
Financing activities				
Payment of lease liabilities		(900,735)	(1,457,522)	(2,458,474)
Bank loan proceeds		-	-	3,000,000
Bank loan repayments		-	(120,038)	(317,346)
Net cash (used)/received from financing activities		(900,735)	(1,577,560)	224,180
Increase/(decrease) in cash and cash equivalents		1,340,584	(66,746)	2,757,066
Cash and cash equivalents at beginning of year		7,833,676	5,076,610	5,076,610
Cash and cash equivalents at end of year		9,174,260	5,009,864	7,833,676

Notes to the financial information

For the half-year ended 4 July 2021

1. Basis of preparation

The Group changed to a weekly accounting calendar during the period, consequently, the consolidated financial information has been prepared for the 26 weeks ending 4 July 2021 rather than for 6 months ending 30 June 2021.

The consolidated financial information for the half-year ended 4 July 2021, 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 2021. 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 4 July 2021 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 4 July 2021 is unaudited and does not constitute statutory financial statements as defined in section 434 of the Companies Act 2006. The comparative figures for the year ended 31 December 2020 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 2020 has been filed with the Registrar of Companies.

The Group's financial risk management objectives and policies are consistent with those disclosed in the 2020 annual report and accounts.

The half-yearly report was approved by the board of directors on 28 September 2021. The half-yearly report is available on the Comptoir Libanais website, www.comptoirlibanais.com, and at Comptoir Group's registered office, Unit 2, Plantain Place, Crosby Row, London Bridge, SE1 1YN.

2. Changes in accounting policies

The accounting policies adopted in the preparation of the consolidated financial information for the half-year ended 4 July 2021 are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020.

At the date of authorisation of the half-yearly report, the following amendments to Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after 1 January 2021. These have not had any material impact on the amounts reported for the current and prior years.

Standard	or
Interpretation	
Effective Date	
Interest Rate Benchmark Reform Phase 2	
	1 January 2021
(Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	

New and revised Standards and Interpretations in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not early adopted the following amendments to Standards and Interpretations that have been issued but are not yet effective:

Standard	or
Interpretation	
Effective Date	
Narrow scope amendments to IFRS 3, IAS 16 and IAS 37	
	1 January 2022
Annual improvements to IFRS Standards 2018-2020	
	1 January 2022
Amendments to IAS 1: Classification of Liabilities as Current	
Current	or Non-
January 2022	1

As yet, none of these have been endorsed for use in the UK and will not be adopted until such time as endorsement is confirmed. The directors do not expect any material impact as a result of adopting standards and amendments listed above in the financial year they become effective.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires

management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. The resulting accounting estimates may differ from the related actual results.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Group's accounting policies, management has made a number of judgments and estimations of which the following are the most significant. The estimates and assumptions that have a risk of causing material adjustment to the carrying amounts of assets and liabilities within the future financial years are as follows:

Depreciation, useful lives and residual values of property, plant & equipment

The Directors estimate the useful lives and residual values of property, plant & equipment in order to calculate the depreciation charges. Changes in these estimates could result in changes being required to the annual depreciation charges in the statement of comprehensive incomes and the carrying values of the property, plant & equipment in the balance sheet.

Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Critical accounting judgements and key sources of estimation uncertainty (continued)

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value of money and the risks specific to the asset. Impairment losses of continuing operations are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset.

An impairment of assets of £336,356 (H1 2020: £2,572,443, 31 December 2020: £4,019,871) was required for the half year ended 4 July 2021.

Leases

The Group has estimated the lease term of certain lease contracts in which they are a lessee, including whether they are reasonably certain to exercise lessee options. The incremental borrowing rate used to discount lease liabilities has also been estimated in the range of 2.6% to 4%. This is assessed as the rate of interest that would be payable to borrow a similar amount of money for a similar length of time for a similar right-of-use asset.

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 £292,409, being equal to the deferred tax liability amount and therefore have an unprovided deferred tax asset amount of £435,624.

3. Group operating loss

	Half-year ended 4 July 2021	Half-year ended 30 June 2020	Year ended 31 December 2020
	£	£	£
This is stated after (crediting)/charging:			
Operating lease charges	235,579	101,634	185,456
Rent concessions	(714,822)	(302,413)	(982,209)
Lease term modifications	(447,785)	117,800	(340,494)
Share-based payments expense (see note 5)	25,046	26,394	14,578
Restaurant opening costs	3,489	7,032	53,378
Depreciation of property, plant and equipment (see note 8)	1,610,395	2,011,000	4,020,265
Impairment of assets (see note 7 & 8)	336,356	2,572,443	4,019,871
Loss on disposal of fixed assets	461,186	-	171,617
Payroll provision	-	353,012	353,012
Auditors' remuneration	-	-	52,250
	Half-year ended 4 July 2021	Half-year ended 30 June 2020	Year ended 31 December 2020
	£	£	£
Pre-opening costs	3,489	7,032	53,378
Post-opening costs	-	-	-
	3,489	7,032	53,378

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 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.

5. Share options and share-based payment charge (continued)

On 21 May 2021, the Group established a new Company Share Option Plan ("CSOP") under which 3,245,000 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 £0.0723 and the term to expiration is 3 years from the date of grant, being 21 May 2021. All of the options have the same vesting conditions attached to them.

The total share-based payment charge for the period was £25,046 (H1 2020: £26,394, 31 December 2020: £14,578).

6. Loss per share

The Company had 122,666,667 ordinary shares of £0.01 each in issue at 4 July 2021. 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 4 July 2021	Half-year ended 30 June 2020	Year ended 31 December 2020
	£	£	£
Loss attributable to shareholders	(1,202,268)	(4,971,460)	(8,101,529)
	Number	Number	Number
Weighted average number of shares			
For basic earnings per share	122,666,667	122,666,667	122,666,667
For diluted earnings per share	122,666,667	122,666,667	122,666,667

	Pence per share	Pence per share	Pence per share
Loss per share:			
<u>Basic (pence)</u>			
From loss for the year	(0.98)	(4.05)	(6.60)
<u>Diluted (pence)</u>			
From loss for the year	(0.98)	(4.05)	(6.60)

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 4 July 2021 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

Group	Goodwill £	Total £	
Cost			
At 1 January 2021		89,961	89,961
Additions	-	-	
At 4 July 2021	89,961	89,961	
Accumulated amortisation and impairment			
At 1 January 2021	(34,694)	(34,694)	
Amortised during the year	-	-	
Impairment during the year	-	-	
At 4 July 2021	(34,694)	(34,694)	
Net Book Value as at 4 July 2021	55,267	55,267	
Net Book Value as at 30 June 2020		55,267	55,267
Net Book Value as at 31 December 2020		55,267	55,267

Intangible fixed assets consist of goodwill from the acquisition of Agushia Limited.

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. No impairment of goodwill was considered necessary in the current period.

8. Property, plant and equipment

	Right-of use Assets	Leasehold Land and buildings	Plant and machinery	Fixture, fittings & equipment	Motor Vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 January 2021	27,924,649	11,016,023	4,800,774	2,858,547	53,430	46,653,423
Additions	-	9,763	72,867	81,319	-	163,949
Disposals	-	(590,869)	(286,494)	(167,407)	-	(1,044,770)
Modifications	(302,180)	-	-	-	-	(302,180)
At 4 July 2021	27,622,469	10,434,917	4,587,147	2,772,459	53,430	45,470,422
Accumulated depreciation and impairment						
At 1 January 2021	(10,327,905)	(5,878,170)	(2,926,080)	(1,441,993)	(8,935)	(20,583,083)
Depreciation during the year	(1,126,199)	(274,189)	(139,802)	(68,388)	(1,817)	(1,610,395)
Disposals during the year	-	382,953	139,100	61,531	-	583,584
Impairment during the year	(70,101)	(182,897)	(58,661)	(24,697)	-	(336,356)
At 4 July 2021	(11,524,205)	(5,952,303)	(2,985,443)	(1,473,547)	(10,752)	(21,946,250)
Net book value						
As at 4 July 2021	16,098,264	4,482,614	1,601,704	1,298,912	42,678	23,524,172
As at 30 June 2020	19,558,261	6,036,453	2,036,756	1,570,299	45,289	29,247,058
As at 31 December 2020	17,596,744	5,137,853	1,874,694	1,416,554	44,495	26,070,340

8. Property, plant and equipment (continued)

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	8.0%
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 £336,356 (H1 2020: £2,572,443, 31 December 2020: £4,019,871) was recorded for the period.

9. Dividends

No dividends were distributable to equity holders during the half-year ending 4 July 2021 (H1 2020: £nil and year ended 31 December 2020: £nil).

10. Share capital

Authorised, issued and fully paid	Number of 1p shares		
	Half-year ended 4 July 2021	Half-year ended 30 June 2020	Year ended 31 December 2020
Brought forward	122,666,667	122,666,667	122,666,667
Issued in the period	-	-	-
At 31 December	122,666,667	122,666,667	122,666,667
	Nominal value		
	Half-year ended 4 July 2021	Half-year ended 30 June 2020	Year ended 31 December 2020
	£	£	£
Brought forward	1,226,667	1,226,667	1,226,667
Issues in the period	-	-	-
At 31 December	1,226,667	1,226,667	1,226,667

11. Cash flow from operations

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

	Half-year ended 4 July 2021	Half-year ended 30 June 2020	Year ended 31 December 2020
	£	£	£
Operating loss for the year	(802,854)	(4,519,566)	(7,238,970)
Depreciation	1,610,395	2,011,000	4,020,265
Loss on disposal of fixed assets	461,185	-	171,617
Impairment of assets	336,356	2,572,443	4,019,871
Share-based payment charge	25,046	26,394	14,578

Rent concessions	(714,822)	(302,413)	(982,209)
Lease term adjustments	(447,785)	117,800	(340,494)
Payroll provision	-	353,012	-
Movements in working capital			
(Increase)/decrease in inventories	(16,693)	99,532	169,736
Decrease in trade and other receivables	263,307	814,731	1,102,052
Increase in payables and provisions	1,691,133	440,704	1,905,948
Cash from operations	2,405,268	1,613,637	2,842,394

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 4 July 2021	Half-year ended 30 June 2020	Year ended 31 December 2020
	£	£	£
Operating loss	(802,854)	(4,519,566)	(7,238,970)
<u>Add back:</u>			
Depreciation	1,610,395	2,011,000	4,020,265
Impairment of assets	336,356	2,572,443	4,019,871
Share-based payments	25,046	26,394	14,578
Loss on disposal of fixed assets	461,185	-	171,617
Payroll provision	-	353,012	353,012
EBITDA	1,630,128	443,283	1,340,373
Non-recurring costs incurred in opening new sites	3,489	7,032	53,378
Adjusted EBITDA	1,633,617	450,315	1,393,751

13. Subsequent events

In September, the Group opened a new site under the Shawa brand name. The new site is located in Westfield shopping centre in Shepherds Bush.

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