

Shareholder Action



RNS Number : 5025Q

Comptoir Group PLC

28 June 2022

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**Comptoir Group plc**  
("Comptoir", the "Company" or the "Group")  
**Shareholder Action**

The Board of Comptoir Group plc (the "Board") announces that it has received a letter from Tony Kitous in his capacity as Founder and Creative Director of the Company (the "Letter"), who is the holder of 58,412,503 ordinary shares of 1 pence each in the capital of the Company ("Ordinary Shares"), representing 47.6 per cent of the issued ordinary share capital in the Company.

The Letter states that he would like to see Richard Kleiner ("Chairman") and Chaker Hanna ("Chief Executive Officer") resign as directors of the Company. In the event that neither resigns, Mr Kitous stated within the Letter he would be voting against the re-election of the Chairman at the annual general meeting on 30 June 2022 (the "AGM"). His proxy form giving effect to the content of the Letter has now been received by the Company. Furthermore, Mr Kitous has voted against resolutions to be proposed at the AGM giving the directors the authority to allot shares in the Company. Thereafter, Mr Kitous has suggested that he would requisition a general meeting to request the removal of the Chief Executive Officer as a director of the Company. Mr Kitous also proposes the appointment of a new Non-Executive Chair and Non-Executive Director of the Company.

Mr Kleiner, Mr Hanna and Mr Toon (Finance Director) (being the "Independent Directors") have, over recent months, sought to actively engage with Mr Kitous in order to resolve matters and are disappointed that Mr Kitous has declined to respond to requests particularly from the Chief Executive Officer.

**The Independent Directors believe the comments and proposals by Mr Kitous within his Letter are being made to promote his own financial gain and the actions proposed are to the detriment of all independent shareholders (being all other shareholders, save for Tony Kitous ("Independent Shareholders")). Furthermore, the Independent Directors believe that by proposing the resignation of Mr Kleiner and Mr Hanna and threatening to vote both directors off the board, Mr Kitous is acting in direct conflict with the spirit of his relationship agreement with the Company (put in place at the Company's admission to trading on AIM in 2016 ("IPO") at the request of the Company's nominated adviser), which seeks to**

**protect Independent Shareholders' interests. In addition, by voting against both resolutions in respect of giving the directors authority to allot shares in the Company, Mr Kitous, by adopting such actions, is limiting the Company's stated growth strategy.**

**The Independent Directors believe that it is appropriate to highlight to shareholders that, during 2022, Mr Kitous has offered limited input into day to day operational and financial decisions within the Company. This has been best demonstrated by a lack of physical attendance at, and input into, board and senior management meetings over the past six months (being a period of record financial performance for the business, as set out later in this announcement). Further, while the Company has employed Mr Kitous as a director of the Company since its IPO, the Independent Directors believe Mr Kitous, without the guidance of the Independent Directors, does not possess the required business and commercial judgement to successfully run, nor to appoint nominee directors to run, the Company.**

**The Independent Directors are disappointed that as a director of the Company, Mr Kitous is choosing to put his own financial interests and personal profile ahead of Independent Shareholders of the Company. The Independent Directors believe that if Mr Kitous is successful in removing Mr Kleiner and Mr Hanna from the board, he may lose the support of the senior team and seek to use the net cash of the Company for his own personal gain and, over time, could seek to de-list the Company from AIM without prior consultation with Independent Shareholders or appropriate fair value consideration being paid to Independent Shareholders. As such the Independent Directors of the Company believe that Independent Shareholders are at risk of losing part or all of their investment within the Company if Mr Kitous succeeds in the removal of the Chairman and Chief Executive Officer.**

**The Independent Directors do not believe that it is in the best interests of Independent Shareholders for Mr Kleiner or Mr Hanna to resign at the present time.**

### **Background and trading update**

In the Letter, Mr Kitous acknowledges Messrs Kleiner and Hanna have contributed positively to the Company business over the last eight years and twelve years respectively. Through their leadership, the Company has emerged from the COVID pandemic in a strong position, both financially and operationally.

For the year ended 31 December 2021, the Company reported revenue of £20.7 million adjusted EBITDA of £3.0 million (pre-IFRS16) and profit before tax of £1.6 million, being the highest in the Company's history. The Company also reported positive operating cash flow from operations of £4.7 million, leading to cash and cash equivalents at the period end of £9.9 million and net

cash of £7.1 million. The operating cash flow of the Company in 2021 was the highest in the business's 12-year history, despite the financial year being significantly disrupted by the impact of COVID and lockdown measures.

The Company expects to report unaudited revenue of no less than £14 million for the six months ending 30 June 2022 ("H1 2022"), adjusted EBITDA of £1.6 million (pre-IFRS16) and unaudited profit before tax of no less than £0.8 million and net cash and cash equivalents of no less than £7.5 million. This financial result would represent another record period of financial performance for the Company. The Company has historically had a second half weighting to its financial performance; as such the Independent Directors believe the overall prospects for the Company in 2022 and beyond remain strong.

The Independent Directors acknowledge that the share price is currently affected by the fact that the Company is a "microcap" stock and faces the usual liquidity issues that are common with such shares. Mr Hanna has been mandated by the board of directors to focus on investor relations, and the Independent Directors believe the share price of the Company will, with time, reflect the financial results of the Company. The share price of the Company year to date has risen approximately 60 per cent. Furthermore, the Chairman and Canaccord Genuity Limited have engaged with Mr Hanna, who has confirmed he has no intentions of leaving the business and is committed to developing the business over the long term.

The current leadership team has invested significantly in the look and feel of the Company's restaurants, having recently refurbished six restaurants. With regard to staff training and customer service, the Company has a very strong training programme in place headed by its Training, Learning & Development Manager (for "Front of House") and its Deputy Executive Chef (for "Back of House"). The Company has also invested in external training providers and online courses and has developed a Centre of Excellence training venue at the Gloucester Road site and also invested in a full development kitchen at its CPU facility.

As discussed historically with shareholders, the Board has consistently reviewed the Company's strategy regarding expansion over the last few years and repeatedly concluded that in light of the significantly challenging operating market caused first by Brexit and then Covid, the time was not right to open new sites, and instead to focus on protecting and strengthening the existing business. In light of recent improving trading conditions, the current leadership team is proactively considering expansion strategies, including but not limited to opening new sites. The Independent Directors note in particular the opening of: Shawa in Westfield (last September); new franchises in Stansted Airport (last Friday); and Doha (this coming September). The Board and operations team frequently discuss new site acquisitions and reference to expanding the portfolio of sites was included in the full year results of the Company published on 30 May 2022. In addition, by voting against both resolutions in respect of giving the directors authority to allot shares in the Company, Mr Kitous, by adopting such actions, is limiting the Company's stated growth strategy.

The Independent Directors believe the current directors are therefore best placed to continue executing the Company's growth strategy with the full support of the senior team and do not believe the resignation of the Chief Executive Officer and Chairman would be in the best interests of the Company or its shareholders as a whole, would expose the Company to significant financial and operational risk and would be extremely damaging and destabilising to the Company at this stage of its growth.

As set out earlier, Mr Kitous has offered limited input into the day to day operational and financial decisions of the Company over the past six months. Further, while the Company has employed Mr Kitous as a director of the Company since its IPO, the Independent Directors believe Mr Kitous, without the guidance of the Independent Directors, does not possess the required business and commercial judgement to successfully run, nor to appoint nominee directors to run, the Company.

The Independent Directors believe that Mr Kitous is seeking to control the Company for his own personal profile and financial needs by replacing key members of the Board (including the Chief Executive Officer) with candidates of his choosing. The Independent Directors note that one proposed director is a long-term friend and business associate of Mr Kitous, having done business together previously. The Independent Directors understand that this individual has been in discussions with Mr Kitous on the proposed structure of the Company, as early as January of this year. Accordingly, there is some doubt as to the degree of his independence. The Independent Directors therefore believe that the proposals by Mr Kitous to nominate the Proposed Persons as directors are for his own financial gain and to obtain control of the Company.

The Independent Directors are open and fully supportive of further appointments to the board of directors. The Independent Directors however believe that a proper recruitment process should take place to identify suitable candidates who enhance the experience, skill set and corporate governance of the board, as opposed to nominees of Mr Kitous.

Any further announcements will be made as required in due course.

*This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014 (which forms part of domestic UK law pursuant to the European Union (Withdrawal) Act 2018).*

The Independent Directors of the Company accept responsibility for the content of this announcement.

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