



RNS Number : 2800A
Comptoir Group PLC
22 September 2022

22 September 2022

Comptoir Group plc

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

Interim Results

Comptoir Group Plc (AIM: COM), the owner and/or operator of Lebanese and Eastern Mediterranean restaurants, is pleased to announce its interim results for the six-month period ended 3 July 2022.

Financial Highlights:

- Group revenue of £14.5m, an increase of 158.9% (Restated H1 2021: £5.6m)
- Gross profit of £11.5m, an increase of 150.0% (Restated H1 2021: £4.6m)
- Adjusted EBITDA* before highlighted items of £3.4m, up by 112.5% (Restated H1 2021: £1.6m)
- IFRS profit after tax pf £946k (H1 2021: £1.2m loss)
- Net cash and cash equivalents at the period end of £8.2m (H1 2021: £6.2m; 2 January 2022: £7.1m)
- The basic earnings per share for the period was 0.77 pence (H1 2021: basic loss per share 0.98 pence)
- Currently own and operate 21 restaurants, with a further 5 franchise restaurants.

Note that these results are impacted by Covid-19-related closures affecting all restaurants in the Group.

*Adjusted EBITDA was calculated from the profit/(loss) before taxation adding back interest, depreciation, share-based payments, and non-recurring costs (note 11).

Beatrice Lafon, Non-Executive Chair, commented: *"I am pleased to announce that the first half of 2022 continued 2021's positive trajectory, with strong sales and profit across the estate. The results highlight the Group's resilience against the backdrop of challenges faced by the hospitality sector over the last few years, including the cumulative and ongoing effects of Brexit, Covid, and the war in Ukraine, which continue to weigh on costs, labour availability and consumer footfall.*

"Comptoir Group has a strong balance sheet, good cash reserves, a tight cost control culture, a stable of strong brands, a growing digital channel and a new board. Added to this is our unique position in the sector, celebrating Middle Eastern Cuisine and Hospitality. The family ethos that pervades the Comptoir team ensures we consistently deliver that Comptoir hospitality, all of which will enable the Group to

innovate and return to growth as opportunities present themselves.

"We are cautious about the immediate-term outlook as we expect the macroeconomic environment to worsen in the months ahead. Rising energy costs and general inflationary pressures are likely to further impact both our costs and our customers' disposable income, however we are optimistic about the longer-term prospects for the business."

Enquiries:

Comptoir Group Plc

Jean Michel Orioux
1111

Tel: 0207 486

finnCap Ltd (NOMAD and broker)

Simon Hicks
0500

Tel: 0207 220

Camarco (Media enquiries)

Jennifer Renwick

Tel: 0203 757

4994

Notes to Editors

Comptoir Group PLC owns and operates 26 Lebanese restaurants, six of which are franchised, based predominately in the UK. The flagship brand of the group, Comptoir Libanais, is a collection of restaurants located across London and nationwide, including cities such as Manchester, Bath, Leeds, Birmingham, Oxford and Exeter.

The name Comptoir Libanais means Lebanese Counter and is a place where guests can eat casually and enjoy Middle Eastern food, served with warm and friendly hospitality, just like back home.

The Group also operates Shawa, serving traditional shawarmas through a counter service model in Westfield and Bluewater shopping centers, Yalla-Yalla with branches near Oxford Circus and in Soho, and entertainment venue Kenza, located in Devonshire Square, London.

The group has expanded internationally with its franchise partners HMSHOST, with restaurants in the Netherlands, Dubai.

Chief Executive's review

I am pleased to report a strong set of results for the six-month period to 3 July 2022. The performance of the Group's various brands and restaurants in the first half is pleasing, despite once again being impacted by government restrictions imposed due to the Covid-19 pandemic. "Plan B" was enforced from the 10 December 2021 and work from home was recommended where possible from 13 December 2022. This measure was not relaxed until 26 January 2022. At this point, our loyal customers began to return for the family hospitality that makes Comptoir unique.

The trading performance has been strong thanks to the hard work of our teams, with the Group comfortably outperforming forecasts and the whole estate has contributed to the half-year performance. London has continued to improve week on week and it

is particularly pleasing to see those sites in office or tourist areas returning close to 2019 sales levels.

During the period a number of exceptional challenges were presented to the business. In April, government support in respect of business rates and the reduced VAT rate ended. At the same time, the National Living Wage (NLW) increased from £8.91 to £9.50, as did employers' National Insurance which rose by 1.25%. In February, Russia entered a war with Ukraine which has had a significant impact on utility and food prices, resulting in the current cost of living crisis. These inflationary pressures will remain throughout the remainder of the year and the business will work to mitigate them. These issues will not be solved without strong relationships with our key stakeholders whose support over the last two years has been paramount.

There is an opportunity for the Group to add to its site pipeline thanks to the reduction in competition for premium sites, coupled with our strong relationships with our current landlords. Accordingly, we intend to invest in not only Comptoir Libanais but also expand our QSR Shawa brand. As well as managed site growth, we continue to expand our footprint with our franchise partners and during the period we reopened our Dubai restaurant as well as a new site in Stansted Airport.

Financial Performance

As already noted, the period was impacted once again by external factors, albeit to a lesser extent than the previous two years. The impact of Covid-19 "Plan B" notwithstanding, the half-year results remained strong.

The total revenue for the Group for the half-year was £14.5m (Restated H1 2021 £5.6m) and the adjusted EBITDA profit of £3.4m (H1 2021 £1.6m) driven by strong trading and strong cost control across the business. The IFRS profit after tax was £946k (H1 2019: £1.2m loss).

The Group has also taken account of the amendment to IFRS 16 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 £0.15m in the period.

During the period, we closed one site, but we envisage there will be no more closures across the Group this year. We will make these final decisions at the appropriate time and only if it is in the best interest of the Group.

A summary of the financial performance for the half year is shown in the table below:

	Post IFRS 16 3 July 2022	Pre IFRS 16 3 July 2022	Post IFRS 16 Restated 4 July 2021	Pre IFRS 16 Restated 4 July 2021	Post IFRS 16 2 January 2022	Pre IFRS 16 2 January 2022
	£	£	£	£	£	£
Revenue	14,501,725	14,501,725	5,588,822	5,588,822	20,711,257	20,711,257
Adjusted EBITDA:						
Profit/(loss) before tax	1,306,906	1,098,348	(1,202,268)	(1,246,555)	1,525,167	1,259,709
Add back:						
Depreciation	1,628,502	540,612	1,610,395	701,898	3,659,196	1,372,645
Finance costs	409,860	41,319	399,414	-	822,094	21,057
Impairment of assets	-	-	336,356	266,255	336,356	266,255
EBITDA	3,345,268	1,680,279	1,143,897	(278,402)	6,342,813	2,919,666

Share-based payments expense	14,450	14,450	25,046	25,046	32,436	32,436
Restaurant opening costs	20,040	20,040	3,489	3,489	10,489	10,489
Loss on disposal of fixed assets	-	-	461,185	461,185	38,098	38,098
Adjusted EBITDA	3,379,758	1,714,769	1,633,617	211,318	6,423,836	3,000,689

Team

We continue to prioritise our team's well-being. Whilst the impact of Covid has lessened, the Group has improved the benefits available to the staff to ensure a healthy balance in respect of work and home where possible.

Victoria Gunter joined as Head of Procurement during the period. Victoria has a strong 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.

Outlook

Trading has continued to improve week to week and the overall outperformance of the Group is encouraging. The board has confidence in the prospects for the remainder of the year and into 2023.

We have seen performance improve in our London sites, which naturally remained impacted by the lower number of office workers and tourists. The regional sites continue to perform well. More importantly, all 21 sites are making a positive contribution at the profit level since reopening.

The Group has a strong base to continue to operate from as we return to a new normal, and we look to grow faster in the near future.

Jean Michel Orioux

Interim CEO

21 September 2022

Consolidated statement of comprehensive income

For the half-year ended 3 July 2022

	Notes	Half-year ended 3 July 2022 £	Restated* Half-year ended 4 July 2021 £	Period ended 2 January 2022 £
Revenue		14,501,725	5,588,822	20,711,257
Cost of sales		(2,994,130)	(960,365)	(3,773,721)
Gross profit		11,507,595	4,628,457	16,937,536
Distribution expenses		(5,308,893)	(2,486,441)	(9,318,203)
Administrative expenses		(4,741,711)	(6,731,091)	(9,362,286)
Other income		259,775	3,786,221	4,090,214
Operating profit/(loss)	3	1,716,766	(802,854)	2,347,261
Finance costs		(409,860)	(399,414)	(822,094)
Profit/(loss) before tax		1,306,906	(1,202,268)	1,525,167

Taxation (charge)/credit		(361,081)	-	118,288
Profit/(loss) for the year		945,825	(1,202,268)	1,643,455
Other comprehensive income		-	-	-
Total comprehensive profit/(loss) for the year		945,825	(1,202,268)	1,643,455
Basic earnings/(loss) per share (pence)	6	0.77	(0.98)	1.34
Diluted earnings/(loss) per share (pence)	6	0.77	(0.98)	1.34

	Notes	Half-year ended 3 July 2022	Restated* Half-year ended 4 July 2021	Period ended 2 January 2022
Adjusted EBITDA:				
Profit/(loss) before tax - as above		1,306,906	(1,202,268)	1,525,167
Add back:				
Depreciation	8	1,628,502	1,610,395	3,659,196
Finance costs		409,860	399,414	822,094
Impairment of assets	8	-	336,356	336,356
EBITDA		3,345,268	1,143,897	6,342,813
Share-based payments expense	3	14,450	25,046	32,436
Restaurant opening costs	3	20,040	3,489	10,489
Loss on disposal of fixed assets		-	461,185	38,098
Adjusted EBITDA		3,379,758	1,633,617	6,423,836

All the above results are derived from continuing operations.

Consolidated balance sheet

At 3 July 2022

	Notes	3 July 2022 £	4 July 2021 £	2 January 2022 £
Non-current assets				
Intangible assets	7	55,267	55,267	55,267
Property, plant and equipment	8	6,970,576	7,425,908	7,232,869
Right-of-use assets	8	14,872,490	16,098,264	15,960,380
Deferred tax asset		-	292,409	106,659
		21,898,333	23,871,848	23,355,175
Current asset				
Inventories		517,775	441,364	465,890
Trade and other receivables		1,627,408	837,619	698,994
Cash and cash equivalents		10,738,261	9,174,260	9,867,799
		12,883,444	10,453,243	11,032,683
Total assets		34,781,777	34,325,091	34,387,858
Current liabilities				
Borrowings		(600,000)	(555,000)	(600,000)
Trade and other payables		(6,924,257)	(8,209,594)	(6,131,539)
Lease liabilities		(2,380,659)	(2,331,800)	(2,387,104)
Current tax liabilities		(104,839)	(45,817)	(64,480)

		(10,009,755)	(11,142,211)	(9,183,123)
Non-current liabilities				
Borrowings		(1,900,000)	(2,445,000)	(2,200,000)
Provisions for liabilities		(735,686)	(841,663)	(859,414)
Lease liabilities		(16,811,910)	(18,306,833)	(17,995,233)
Deferred tax liability		(214,063)	(292,409)	-
		(19,661,659)	(21,885,905)	(21,054,647)
Total liabilities		(29,671,414)	(33,028,116)	(30,237,770)
Net assets		5,110,363	1,296,975	4,150,088
Equity				
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		144,172	122,332	129,722
Retained losses		(6,310,789)	(10,102,337)	(7,256,614)
Total equity - attributable to equity shareholders of the company		5,110,363	1,296,975	4,150,088

Consolidated statement of changes in equity

For the half-year ended 3 July 2022

	Notes	Share capital £	Share premium £	Other reserves £	Retained losses £	Total equity £
At 2 January 2022		1,226,667	10,050,313	129,722	(7,256,614)	4,150,088
Total comprehensive income						
Profit for the period	-	-	-	-	945,825	945,825
Transactions with owners						
Share-based payments	-	-	-	14,450	-	14,450
At 3 July 2022		1,226,667	10,050,313	144,172	(6,310,789)	5,110,363
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 2021	1,226,667	10,050,313	97,286	(8,900,069)	2,474,197
Total comprehensive income					
Profit for the year	-	-	-	1,643,455	1,643,455
Transactions with owners					
Share-based payments	-	-	32,436	-	32,436
At 2 January 2022	1,226,667	10,050,313	129,722	(7,256,614)	4,150,088

Consolidated statement of cash flows

For the half-year ended 3 July 2022

	Notes	Half-year ended 3 July 2022 £	Half-year ended 4 July 2021 £	Period ended 2 January 2022 £
Operating activities				
Cash inflow from operations	10	2,897,522	2,405,268	4,675,786
Interest paid		(41,319)	-	(21,057)
Tax paid		-	-	30,292
Net cash from operating activities		2,856,203	2,405,268	4,685,021
Investing activities				
Purchase of property, plant & equipment	8	(278,319)	(163,949)	(436,272)
Net cash used in investing activities		(278,319)	(163,949)	(436,272)
Financing activities				
Payment of lease liabilities		(1,407,422)	(900,735)	(2,014,626)
Bank loan repayments		(300,000)	-	(200,000)
Net cash used from financing activities		(1,707,422)	(900,735)	(2,214,626)
Increase in cash and cash equivalents		870,462	1,340,584	2,034,123
Cash and cash equivalents at beginning of year		9,867,799	7,833,676	7,833,676

**Cash and cash equivalents
at end of year**

10,738,261

9,174,260

9,867,799

Notes to the financial information

For the half-year ended 3 July 2022

1. Basis of preparation

The consolidated financial information for the half-year ended 3 July 2022, 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 period ending 2 January 2022. These accounting policies are based on the UK-adopted International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretation Committee ("IFRIC") interpretations. The consolidated financial information for the half-year ended 3 July 2022 has been prepared in accordance with IAS 34: 'Interim Financial Reporting', as adopted by the UK, and under the historical cost convention.

The financial information relating to the half-year ended 3 July 2022 is unaudited and does not constitute statutory financial statements as defined in section 434 of the Companies Act 2006. The comparative figures for the period ended 2 January 2022 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 period ended 2 January 2022 has been filed with the Registrar of Companies.

The Group's financial risk management objectives and policies are consistent with those disclosed in the period ended 2 January 2022 annual report and accounts.

The half-yearly report was approved by the board of directors on 16 September 2022. 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 3 July 2022 are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 2 January 2022.

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 2 January 2022. These amendments have not had any material impact on the amounts reported for the current and prior years.

Standard or Interpretation Date	Effective
--	------------------

IAS 37 Onerous Contracts - Cost of Fulfilling a Contract

1 January 2022

Annual improvements to IFRS Standards 2018-2020

1 January 2022

IAS 16 Property, Plant and Equipment: Proceeds before Intended Use

1 January 2022

IFRS 3 Reference to the Conceptual Framework

1 January 2022

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 Date	Effective
--	------------------

IFRS 17 Insurance Contracts
2023

1 January

IAS 1 Classification of liabilities as current or non-current

1 January

2023	
IAS 1 Disclosure of Accounting Policies	1 January
2023	
IAS 8 Definition of Accounting Estimate	1 January
2023	
IAS 12 Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January
2023	
Initial Application of IFRS 17 and IFRS 9 - Comparative Information	1 January
2023	

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. Please refer to note 8 for further details on impairments.

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.

Restatement of prior year allocation of expenses

During the period ended 2 January 2022, the directors reclassified a number of expense items in order to ensure that the nature of the costs were included in the most appropriate profit or loss heading. The reclassifications were incorporated in the Group consolidated financial statements for the period ending 2 January 2022 and therefore the prior period statement of comprehensive income for the half-year ended 4 July 2021 has been restated to reflect this and ensure amounts are comparable.

The extract below summarises the total amounts that have been reclassified:

	Half-year ended 4 July 2021 £	Restated amount £	Restated Half-year ended 4 July 2021 £
Revenue	5,670,300	(81,478)	5,588,822
Cost of sales	(1,393,582)	433,217	(960,365)
Gross profit	4,276,718	351,739	4,628,457
Distribution expenses	(1,228,118)	(1,258,323)	(2,486,441)
Administrative expenses	(7,675,722)	944,631	(6,731,091)
Other income	3,824,268	(38,047)	3,786,221
Operating loss	(802,854)	-	(802,854)
Finance costs	(399,414)	-	(399,414)
Profit/(loss) before tax	(1,202,268)	-	(1,202,268)
Taxation charge	-	-	-
Profit/(loss) for the period	(1,202,268)	-	(1,202,268)
Other comprehensive income	-	-	-
Total comprehensive income/(loss) for the period	(1,202,268)	-	(1,202,268)

3. Group operating profit/(loss)

	Half-year ended 3 July 2022 £	Half-year ended 4 July 2021 £	Period ended 2 January 2022 £
This is stated after (crediting)/charging:			
Variable lease charges	385,208	235,579	613,531
Rent concessions	(150,887)	(714,822)	(1,284,744)
Lease term modifications	-	(447,785)	(444,359)
Share-based payments expense (note 5)	14,450	25,046	32,436

Restaurant opening costs	20,040	3,489	10,489
Depreciation of property, plant and equipment (note 8)	1,628,502	1,610,395	3,659,196
Impairment of assets (note 7 & 8)	-	336,356	336,356
Loss on disposal of fixed assets	-	461,186	38,098
Auditors' remuneration	-	-	44,500

	Half-year ended 3 July 2022 £	Half-year ended 4 July 2021 £	Period ended 2 January 2022 £
Pre-opening costs	20,040	3,489	10,489
	20,040	3,489	10,489

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, which all carry a three-year vesting period and the term to expiration is ten years from the date of grant (4 July 2018).

On 21 May 2021, the Group established another 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, which all carry a three-year vesting period and the term to expiration is ten years from the date of grant (21 May 2021).

The total share-based payment charge for the period was £14,450 (H1 2021: £25,046, 2 January 2022: £32,436).

6. Earnings/(loss) per share

The Company had 122,666,667 ordinary shares of £0.01 each in issue at 3 July 2022. The basic and diluted earnings/(loss) per share figures, is based on the weighted average number of shares in issue during the periods. The basic and diluted earnings/(loss) per share figures are set out below.

Half-year ended 3 July 2022	Half-year ended 4 July 2021	Period ended 2 January 2022
--	--	--

	£	£	£
Profit/(loss) attributable to shareholders	945,825	(1,202,268)	1,643,455
Weighted average number of shares	Number	Number	Number
For basic earnings/(loss) per share	122,666,667	122,666,667	122,666,667
Adjustment for options outstanding	558,126	-	-
For diluted earnings/(loss) per share	123,224,793	122,666,667	122,666,667
Earning/(loss) per share:	Pence per share	Pence per share	Pence per share
<u>Basic (pence)</u>			
From profit/(loss) for the year	0.77	(0.98)	1.34
<u>Diluted (pence)</u>			
From profit/(loss) for the year	0.77	(0.98)	1.34

The basic and diluted earnings/(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. The shares were not 'in the money' as at the half-year ended 4 July 2021 or period ended 2 January 2022 and consequently would be antidilutive. Therefore, no adjustment was made in respect of the share options outstanding to determine the diluted number of options for these periods.

7. Intangible assets

Cost	Goodwill £	Total £
At 2 January 2022	89,961	89,961
Additions	-	-
At 3 July 2022	89,961	89,961
Accumulated amortisation and impairment		
At 2 January 2022	(34,694)	(34,694)
Amortised during the year	-	-
Impairment during the year	-	-
At 3 July 2022	(34,694)	(34,694)

Net Book Value as at 3 July 2022	55,267	55,267
Net Book Value as at 4 July 2021	55,267	55,267
Net Book Value as at 2 January 2022	55,267	55,267

Intangible fixed assets consist of goodwill from the acquisition of Agushia Limited, which included the Yalla Yalla brand. 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 2 January 2022	28,644,937	10,419,010	4,702,567	2,843,966	38,310	46,648,790
Additions	-	-	196,926	81,393	-	278,319
At 3 July 2022	28,644,937	10,419,010	4,899,493	2,925,359	38,310	46,927,109
Accumulated depreciation and impairment						
At 2 January 2022	(12,684,557)	(6,208,028)	(3,008,896)	(1,548,952)	(5,108)	(23,455,541)
Depreciation during the year	(1,087,890)	(304,032)	(152,952)	(83,628)	-	(1,628,502)
Impairment during the year	-	-	-	-	-	-
At 3 July 2022	(13,772,447)	(6,512,060)	(3,161,848)	(1,632,580)	(5,108)	(25,084,043)
Net book value						
At 3 July 2022	14,872,490	3,906,950	1,737,645	1,292,779	33,202	21,843,066
At 4 July 2021	16,098,264	4,482,614	1,601,704	1,298,912	42,678	23,524,172
At 2 January 2022	15,960,380	4,210,982	1,693,671	1,295,014	33,202	23,193,249

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.

8. Property, plant and equipment (continued)

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:

Growth rate	0%
Discount rate	5.3%

Number of years projected over life of lease

The value-in-use figure has been calculated using the expected annual cashflows of the Group from the latest forecasts at the time of review. In producing the forecasts, the Directors have considered the impact of current inflation levels, rising wage costs as well as the potential risk of recession.

The growth rate is based on a combination of industry average growth rates, actual results achieved historically and the current economic conditions. Sensitivity analysis was performed on the forecasted cashflows as well as the growth rate and only a significant reduction in cashflows would result in a material impairment charge. Therefore, based on the impairment review and sensitivity analysis carried out, an impairment charge of £nil (H1 2021: £336,356, 2 January 2022: £336,356) was recorded for the period.

9. Share capital

Authorised, issued and fully paid	Number of shares		
	Half-year ended 3 July 2022	Half-year ended 4 July 2021	Period ended 2 January 2022
Brought forward	122,666,667	122,666,667	122,666,667
Issued in the period	-	-	-
	122,666,667	122,666,667	122,666,667
	Nominal value		
	Half-year ended 3 July 2022	Half-year ended 4 July 2021	Period ended 2 January 2022
	£	£	£
Brought forward	1,226,667	1,226,667	1,226,667
Issues in the period	-	-	-
	1,226,667	1,226,667	1,226,667

10. Cash flow from operations

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

	Half-year ended 3 July 2022	Half-year ended 4 July 2021	Period ended 2 January 2022
	£	£	£
Operating profit/(loss) for the year	1,716,766	(802,854)	2,347,261
Depreciation	1,628,502	1,610,395	3,659,196
Loss on disposal of fixed assets	-	461,185	38,098
Impairment of assets	-	336,356	336,356
Share-based payment charge	14,450	25,046	32,436
Rent concessions	(150,887)	(714,822)	(1,284,744)
Lease term modifications	-	(447,785)	(444,359)

Movements in working capital

Increase in inventories	(51,885)	(16,693)	(41,219)
(Increase)/decrease in trade and other receivables	(928,416)	263,307	401,934
Increase/(decrease) in payables and provisions	668,992	1,691,133	(369,173)
Cash generated from operations	2,897,522	2,405,268	4,675,786

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:

	Half-year ended 3 July 2022 £	Half-year ended 4 July 2021 £	Period ended 2 January 2022 £
Operating profit/(loss)	1,716,766	(802,854)	2,347,261
<u>Add back:</u>			
Depreciation	1,628,502	1,610,395	3,659,196
Impairment of assets	-	336,356	336,356
Share-based payments	14,450	25,046	32,436
Loss on disposal of fixed assets	-	461,185	38,098
EBITDA	3,359,718	1,630,128	6,413,347
Non-recurring costs incurred in opening new sites	20,040	3,489	10,489
Adjusted EBITDA	3,379,758	1,633,617	6,423,836

12. Subsequent events

On 1 August 2022, a new board was formed. The existing CEO and chairman having served for over 10 years, resigned. They were replaced by a new Non-Executive Chair, Dr Béatrice Lafon and a Non-Executive director, Mr Jean Michel Orioux. Mr Orioux is acting as interim CEO whilst the Group conducts a search for a permanent successor. The CFO and the Creative Director/Founder continue to serve on the board.

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@lseg.com or visit www.rns.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage

with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

IR FIFEEADIFFIF

Anonymous (not verified)

Half-year Report

32979813

A

Thu, 09/22/2022 - 07:00

LSE RNS

Results and Trading Reports

COM