

22 September 2023

Comptoir Group plc

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

Interim Results

Comptoir Group Plc (AIM: COM), the owner and/or operator of Lebanese and Middle Eastern restaurants, is pleased to announce its interim results for the six-month period ended 2 July 2023.

Financial Highlights

- Group revenue of £14.8m, an increase of 2.1% (H1 2022: £14.5m)
- Like for Like sales growth of 6.0% (Vat Adjusted)
- Gross Profit of £11.5m (H1 2022: £11.5m)
- Adjusted EBITDA* before highlighted items of £1m, a decrease of 73.7% (H1 2022 Restated: £3.8m)
- IFRS loss after tax of £0.8m (H1 2022: £0.9m Profit)
- Net cash and cash equivalents at the period end of £5.7m ((H1 2022: £8.2m; 1 January 2023: £7.7m)
- The basic loss per share for the period was 0.64 pence (H1 2022: basic earnings per share 0.77p)
- Currently own and operate 20 restaurants, with a further 6 franchise restaurants
- Terms agreed for 2 new sites including a London flagship restaurant, opening in early 2024

*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, said: "We are pleased with our first half results, delivering growth in total like-for-like sales (VAT adjusted) of 6.0% as we continue the transformation programme we started at the end of 2022. Total dine-in like-for-like sales (VAT adjusted) were up 8.1%.

Against this backdrop, the Group is navigating a challenging trading environment, with the macroeconomic pressures of the continuing cost of living crisis, high inflation and the removal of government support with business rates and VAT resulting in a decrease in profit. Utilities costs will significantly decline from Q4 and other inflationary sensitive costs like ingredients and labour have now started to plateau. The net effect will bring improved performance towards the end of this year.

Trading continues to be impacted by significant events outside of our direct control such as the ongoing public transport industrial action which now enters a second year. We have also had a relatively poor summer in terms of terrace weather. Both of these issues have adversely impacted our sites, despite the welcome relief that a warm start to September and the completion of our terraces' refurbishment has so far brought to footfall.

Significant progress has been made in the first six months of the year for those aspects that we can control: new menus have been implemented across all our brands, particularly in Comptoir Libanais; the changes are the most expansive seen in several years and have been well received by customers. We have rebuilt our restaurants' teams and a new Hospitality Training Programme is underway in all locations.

Having announced the opening of our first new owned site in over four years in Ealing later this year, we will continue our growth plans into 2024 as we are close to securing a new flagship Comptoir Libanais. We also continue to grow our franchise business first with our existing partner HMS Host and the opening of the first franchised Shawa in Abu Dhabi but also with a new additional partner which will see us open in Milan airport in 2024. Furthermore, a new digital experience will be offered to our guests in early 2024, our first web revamp in eight years.

Comptoir Group remains in a strong financial position to take advantage of future opportunities and to continue to innovate. Whilst we remain cautious about the immediate future as macro challenges continue to prevail, we are optimistic about the longer-term prospects for the business."

Change of Name of Nominated Adviser and Broker

The Company also announces that its Nominated Adviser and Broker has changed its name to Cavendish Capital Markets Limited following completion of its own corporate merger.

Enquiries

Comptoir Group plc
Beatrice Lafon, Non-Executive Chair
Nick Ayerst, CEO
Michael Toon, FD

via Camarco

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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 20 restaurants located across London and nationwide, including cities such as Manchester, Bath, 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 centres, 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, Qatar and Dubai.

Chief Executive's review

I am pleased to report the results for the six-month period ending 3 July 2023. The performance of the Group's various brands and restaurants during these first six months has been in line with management's expectations, with strong top-line trading being offset by increased costs, stemming in the main from food inflation, the increase in the national minimum wage and significant increases in our utility costs.

The underlying trading performance has remained resilient and is a testament to the hard work of our teams, who have had another interrupted period of trade due to regular train strikes which have an impact on a significant number of our sites. To support our teams, we have continued to invest in our people and our infrastructure, implementing several strategies to simplify the business and improve efficiency. These include investment in our tech stack such as tablets for integrated ordering at tables, pay-at-table QR codes and improved labour productivity tools. This has also been allied with substantial investment in team training following significant brand work for Comptoir Libanais.

During the six-month period, once again, some exceptional challenges were presented to the business. In comparison to 2022, there was no government support in respect of business rates and VAT, whereas in 2022 these were still significantly lower than where we find ourselves now. At the same time, the National Living Wage (NLW) increased by 9.7% from £9.50 to £10.42. As the war in Ukraine continues into a second year, we are still seeing a significant impact on utility and food prices, though as noted in the 2022 results announcement this was anticipated and the pressure is starting to plateau. Food inflation in the business has reduced the profit conversion but the overall impact is significantly less than the headline rate across the industry, thanks mainly to the excellent work done on our supply chain and logistics, including the consolidation of a previously fragmented supply chain. Utilities in these 6 months were the highest in the Group's history as, like many of our peers, we entered into a short-term contract in September 2022 for 12 months at a significantly higher rate than the previous two-year agreement. Even with the government cap benefit in the first three months of 2023, this cost was hugely increased compared to the same period in 2022. However, I can confirm that we have hedged on a three-year flexible contract from September 2023 at a rate significantly lower than that seen in the first half of 2023. As ever the business will work to mitigate all costs as look to deliver excellence to our guests in the most cost-efficient manner.

Thanks to our strong relationships with our current landlords and a proactive approach to finding suitable new sites, there is an opportunity for the Group to add to its site pipeline. We have exchanged on a new site in Ealing where we will begin trading in October and have two other sites in advanced discussions. As well as managed site growth, we continue to expand our footprint with our franchise partners and expect to open two sites by the end of 2023, one with our existing partner where we will open our shawarma-based QSR brand Shawa in Abu Dhabi, and a Comptoir Libanais in Milan airport with our new partner AREAS, one of the largest operators of food and beverage in global airports. In terms of the existing estate, we had a significant number of lease renewals to negotiate, and these have been successfully concluded, ahead of expectations, which is a testament to our strong relationship with our current landlords and the power of the brands within the Group's portfolio.

Financial Performance Half-Year

The total revenue for the Group for the half-year was £14.8m (H1 2022 £14.5m) and the adjusted EBITDA profit was £1.0m (H1 2022 £3.8m). Like-for-like sales were pleasing at 6.0% (VAT adjusted) with LFL Dine in sales growing by 8.1% (VAT adjusted) but conversely, in line with the rest of the industry, we have seen delivery sales decline post the growth seen during the years disrupted by Covid. Franchise system sales grew 150.5% (+14.9% Like for Like) in the six-month period with the new sites opening in 2022 performing extremely well. Stansted in particular is benefiting from the growth in Travel.

The Group controls remained strong, but profit declined due to the aforementioned impact of VAT and Business Rates returning to previous levels, as well as the utility, food and wage inflation. The impact of the VAT movement back to 20% was £388k in comparison to 2022. The IFRS loss after tax was £0.78m (H1 2019: £0.9m profit).

During the period we closed one site (Comptoir Leeds). We do not envisage any further closures across the Group this year.

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

Post IFRS 16	Pre IFRS 16	Post IFRS 16	Pre IFRS 16	Post IFRS 16	Pre IFRS 16
2 July 2023	2 July 2023	Restated 3 July 2022	Restated 3 July 2022	Restated 1 January 2023	Restated 1 January 2023
£	£	£	£	£	£

Revenue	14,801,949	14,801,949	14,501,725	14,501,725	31,046,546	31,046,546
Adjusted EBITDA:						
Profit after tax	(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	-
EBITDA	876,812	(412,080)	3,681,624	1,680,279	5,276,254	1,796,930
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
Adjusted EBITDA	1,002,013	(286,879)	3,751,253	1,750,308	6,373,203	2,893,879

We continue to prioritise our team's well-being and the Group has looked to improve the benefits available to the staff increasing pay rates, bonus potential as well as mental and physical health care schemes.

Nicole Goodwin joined as Director of Marketing. Nicole is an award-winning Marketing Director with over 25 years of experience across diverse market-leading FMCG & drinks brands and has already made a substantial contribution as we add to the Group's expertise and plan for future opportunities.

Current and future outlook

Despite the challenging macro environment, trading and the overall outperformance of our peers is encouraging. The Group has a strong base to continue to operate from, and we will look to grow in H2 and into 2024 and beyond. The Board has every confidence in the prospects for the remainder of the year and into 2024.

Nick Ayerst

Chief Executive Officer

22 September 2023

Consolidated statement of comprehensive income
For the half-year ended 2 July 2023

	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)
Gross profit		11,537,439	11,507,595	24,441,472
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
Operating (loss)/profit	3	(778,993)	1,716,766	1,945,147
Finance costs		(497,567)	(409,860)	(1,042,697)
Profit/(loss) before tax		(1,276,560)	1,306,906	902,450
Taxation charge		496,100	(361,081)	(314,146)
Loss/(profit) for the year		(780,460)	945,825	588,304
Other comprehensive income		-	-	-
Total comprehensive (loss)/profit for the year		(780,460)	945,825	588,304
Basic (loss)/earnings per share (pence)	6	(0.64)	0.77	0.48
Diluted (loss)/earnings per share (pence)	6	(0.64)	0.77	0.48

All the above results are derived from continuing operations.

Consolidated balance sheet
At 2 July 2023

	Notes	2 July 2023	3 July 2022	1 January 2023
		£	£	£
Non-current assets				
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	-	-
		19,396,973	21,898,333	20,441,944
Current asset				
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
		9,546,507	12,883,444	11,625,031
Total assets		28,943,480	34,781,777	32,066,975
Current liabilities				
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)	-
		(7,558,751)	(10,009,755)	(9,351,085)
Non-current liabilities				
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)
		(17,401,414)	(19,661,659)	(17,962,121)

Total liabilities		(24,960,165)	(29,671,414)	(27,313,206)
Net assets		3,983,315	5,110,363	4,753,769
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		155,105	144,172	145,099
Retained losses		(7,448,770)	(6,310,789)	(6,668,310)
Total equity		3,983,315	5,110,363	4,753,769

Consolidated statement of changes in equity
For the half-year ended 2 July 2023

	Notes	Share capital £	Share premium £	Other reserves £	Retained losses £	Total equity £
At 2 January 2022		1,226,667	10,050,313	145,099	(6,668,310)	4,753,769
Total comprehensive income						
Loss for the period	3	-	-	-	(780,460)	(780,460)
Transactions with owners						
Share-based payments	5	-	-	10,006	-	10,006
At 3 July 2023		1,226,667	10,050,313	155,105	(7,448,770)	3,983,315
At 3 January 2022		1,226,667	10,050,313	129,722	(7,256,614)	4,150,088
Total comprehensive loss						
Loss for the period	3	-	-	-	945,825	945,825
Transactions with owners						
Share-based payments	5	-	-	14,450	-	14,450
At 3 July 2022		1,226,667	10,050,313	144,172	(6,310,789)	5,110,363
At 3 January 2022		1,226,667	10,050,313	129,722	(7,256,614)	4,150,088
Total comprehensive income						
Profit for the period	3	-	-	-	588,304	588,304
Transactions with owners						
Share-based payments	5	-	-	15,377	-	15,377
At 1 January 2023		1,226,667	10,050,313	145,099	(6,668,310)	4,753,769

Consolidated statement of cash flows
For the half-year ended 2 July 2023

Notes	Half-year ended 2 July 2023 £	Half-year ended 3 July 2022 £	Period ended 1 January 2023 £
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Operating activities

Cash inflow from operations	10	81,028	2,897,522	4,368,949
Interest paid		(67,731)	(41,319.00)	(94,078)
Tax paid		-	-	-
Net cash from operating activities		13,297	2,856,203	4,274,871

Investing activities

Purchase of property, plant & equipment	8	(386,701)	(278,319)	(581,250)
Net cash used in investing activities		(386,701)	(278,319)	(581,250)

Financing activities

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)
Net cash used from financing activities		(1,916,051)	(1,707,422)	(3,631,097)
Increase in cash and cash equivalents		(2,289,455)	870,462	62,524
Cash and cash equivalents at beginning of period		9,930,323	9,867,799	9,867,799
Cash and cash equivalents at end of period		7,640,868	10,738,261	9,930,323

Notes to the financial information For the half-year ended 2 July 2023

1. Basis of preparation

The consolidated financial information for the half-year ended 2 July 2023, 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 1 January 2023. 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 2 July 2023 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 2 July 2023 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 1 January 2023 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 1 January 2023 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 1 January 2023 annual report and accounts.

The half-yearly report was approved by the board of directors on 22 September 2023. The half-yearly report is available on the Comptoir Libanais website, www.comptoirgroup.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 2 July 2023 are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 1 January 2023.

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 2023. These amendments have not had any material impact on the amounts reported for the current and prior years.

Standard Interpretation Date	or Effective
IFRS 17 - Insurance Contracts January 2023	1
IAS 8 - Definition of Accounting Estimates 1 January 2023	
IAS 1 - Disclosure of Accounting Policies 1 January 2023	
IAS 12 - Deferred Tax Arising from a Single Transaction January 2023	1
Initial Application of IFRS 17 and IFRS 9 - Comparative Information 1 January 2023	

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 Interpretation Effective Date	or
IAS 1 - Classification of liabilities as current or non-current 1 January 2024	
IAS 1 - Non-current liabilities with covenants 1 January 2024	
IFRS 7 - Supplier finance arrangements 1 January 2024	
IFRS 16 - Lease liability in a Sale and Leaseback 1 January 2024	

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.

3. Group operating profit/(loss)

	Half-year ended 2 July 2023	Half-year ended 3 July 2022	Period ended 1 January 2023
This is stated after (crediting)/charging:	£	£	£
Variable lease charges	347,069	385,208	444,327

Rent concessions	-	(150,887)	(171,856)
Share-based payments expense (note 5)	10,006	14,450	15,377
Depreciation of property, plant and equipment (note 8)	1,655,805	1,628,502	3,252,841
Impairment of assets (note 7 & 8)	-	-	78,266
Loss on disposal of fixed assets	-	-	8,188
Auditors' remuneration	-	-	75,000
Exceptional legal and professional fees	23,045	-	1,002,054
	Half-year ended 3 July 2023	Restated Half-year ended 3 July 2022	Restated Period ended 1 January 2023
	£	£	£
Restaurant opening costs	-	38,245	36,745
Restaurant closing costs	75,657	-	28,628
Dilapidations	16,493	17,334	5,956
	92,150	55,579	71,330

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 £10,006 (H1 2021: £14,450, 1 January 2023: £15,377).

6. Earnings/(loss) per share

The Company had 122,666,667 ordinary shares of £0.01 each in issue at 2 July 2023. 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 2 July 2023	Half-year ended 3 July 2022	Period ended 1 January 2023
	£	£	£
Profit/(loss) attributable to shareholders	(780,460)	945,825	588,304

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	122,666,667	123,224,793	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	(0.64)	0.77	0.48
<u>Diluted (pence)</u>			
From profit/(loss) for the year	(0.64)	0.77	0.48

6. Earnings/(loss) per share (continued)

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 2 July 2023 or period ended 1 January 2023 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

	Goodwill	Total
Cost	£	£
At 2 January 2023	89,961	89,961
Additions	-	-
At 2 July 2023	89,961	89,961
Accumulated amortisation and impairment		
At 2 January 2023	(60,827)	(60,827)
Amortised during the year	-	-
Impairment during the year	-	-
At 2 July 2023	(60,827)	(60,827)
Net Book Value as at 2 July 2023	29,134	29,134
Net Book Value as at 3 July 2022	55,267	55,267
Net Book Value as at 1 January 2023	29,134	29,134

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
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Cost	£	£	£	£	£	£
At 2 January 2023	28,596,410	10,371,174	5,093,306	2,991,247	38,310	47,090,447
Additions	-	-	164,113	222,588	-	386,701
Disposals	-	(11,290)	-	-	-	(11,290)
At 2 July 2023	28,596,410	10,359,884	5,257,419	3,213,835	38,310	47,465,858
Accumulated depreciation and impairment						
At 2 January 2023	(14,891,983)	(6,820,336)	(3,236,904)	(1,717,177)	(11,237)	(26,677,637)
Depreciation during the year	(1,097,240)	(310,621)	(160,218)	(84,866)	(2,860)	(1,655,805)
Disposals during the year	-	11,290	-	-	-	11,290
At 2 July 2023	(15,989,223)	(7,119,667)	(3,397,122)	(1,802,043)	(14,097)	(28,322,152)
Net book value						
At 2 July 2023	12,607,187	3,240,217	1,860,297	1,411,792	24,213	19,143,706
At 3 July 2022	14,872,490	3,906,950	1,737,645	1,292,779	33,202	21,843,066
At 1 January 2023	13,704,427	3,550,838	1,856,402	1,274,070	27,073	20,412,810

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 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	3%
Discount rate	4.4%
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 2022: £nil, 1 January 2023: £78,266) was recorded for the period.

9. Share capital

Authorised, issued and fully paid	Number of shares		
	2 July 2023	3 July 2022	1 January 2023
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		
	2 July 2023	3 July 2022	1 January 2023

	£	£	£
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 2 July 2023	Half-year ended 3 July 2022	Period ended 1 January 2023
	£	£	£
Operating (loss)/profit for the period	(778,993)	1,716,766	1,945,147
Depreciation	1,655,805	1,628,502	3,252,841
Loss on disposal of fixed assets	-	-	8,188
Impairment of assets	-	-	78,266
Share-based payment charge	10,006	14,450	15,377
Rent concessions	-	(150,887)	(171,856)
Movements in working capital			
Increase in inventories	(51,416)	(51,885)	(8,765)
Increase in trade and other receivables	(159,506)	(928,416)	(521,065)
(Increase)/decrease in payables and provisions	(594,868)	668,992	(229,184)
Cash generated from operations	81,028	2,897,522	4,368,949

11. Adjusted EBITDA

Adjusted EBITDA was calculated from the profit/loss before taxation adding back interest, depreciation, share-based payments and non-recurring/non-cash costs incurred in relation to restaurant sites, as follows:

	Half-year ended 2 July 2023	Restated Half-year ended 3 July 2022	Restated Period ended 1 January 2023
	£	£	£
Profit after tax	(780,460)	945,825	588,304
<u>Add back:</u>			
Finance costs	497,567	409,860	1,042,697
Taxation (credit)/charge	(496,100)	361,081	314,146
Depreciation	1,655,805	1,628,502	3,252,841
Impairment of assets	-	336,356	78,266
EBITDA	876,812	3,681,624	5,276,254
Share-based payments	10,006	14,050	15,377
Loss on disposal of fixed assets	-	-	8,188
Exceptional legal and professional fees	23,045	-	1,002,054
Restaurant opening costs	-	38,245	36,745
Restaurant closing costs	75,657	-	28,628
Dilapidations	16,493	17,334	5,956
Adjusted EBITDA	1,002,013	3,751,253	6,373,203

12. Subsequent events

The Group exchanged an agreement to open and operate a new Comptoir

Libanais in Ealing, London, and is at the final stage of securing a new London flagship site. The group also signed a new Franchise agreement with AREAS.

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