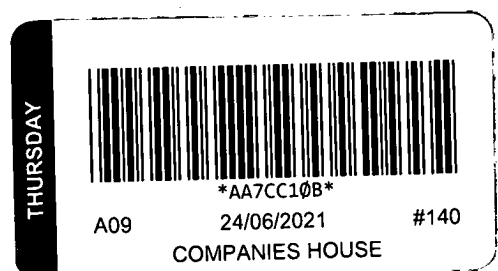


Company Registration Number 07741283 (England and Wales)

**COMPTOIR GROUP PLC**  
**ANNUAL REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**



## Company information

|                              |  |   |
|------------------------------|--|---|
| Directors                    | C Hanna<br>A Kitous<br>R Kleiner   | <i>Chief Executive</i><br><i>Creative Director</i><br><i>Non-Executive Chairman</i> |
| Secretary                    | M Toon   |   |
| Company number               | 07741283   |   |
| Registered office            | Unit 2<br>Plantain Place<br>Crosby Row<br>London Bridge<br>SE1 1YN                                 |   |
| Business address             | Unit 2<br>Plantain Place<br>Crosby Row<br>London Bridge<br>SE1 1YN                                 |   |
| Nominated Advisor and Broker | Canaccord Genuity Limited<br>88 Wood Street<br>London<br>EC2V 7QR                                  |   |
| Auditors                     | UHY Hacker Young<br>Quadrant House<br>4 Thomas More Square<br>London<br>E1W 1YW                    |   |
| Solicitors                   | Howard Kennedy LLP<br>No.1 London Bridge<br>London<br>SE1 9BG                                      |   |
| Registrars                   | Link Group<br>10 <sup>th</sup> Floor<br>Central Square<br>29 Wellington Street<br>Leeds<br>LS1 4DL |   |

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## Introduction and Highlights

### Highlights:

- Group revenue of £12.5m down by 62.6% (2019: £33.4m)
- Gross profit of £9.3m down by £15.5m (2019: £24.9m).
- Adjusted EBITDA\* before highlighted items of £1.4m down by 73.5% (2019: £5.3m).
- IFRS loss after tax of £8.1m (2019: £0.7m loss).
- Net cash and cash equivalents at the period end of £7.8m (31 December 2019: £5.1m).
- The basic loss per share for the year was 6.6pence (2019: basic loss per share 0.54 pence).
- Currently own and operate 23 restaurants, with a further 4 franchise restaurants.

Note that these results are impacted by COVID-19 related closures affecting all restaurants in the Group from 19th March 2020.

\*Adjusted EBITDA was calculated from the profit/(loss) before taxation adding back interest, depreciation, share-based payments and non-recurring costs (note 10,11). The Group has applied IFRS 16 Leases that result in the restatement of the previous financial statements (note 2).

**Richard Kleiner, Non-Executive Chairman, said:** *"It has been an unprecedented year that has brought with it considerable challenges. However, the team has navigated these challenges incredibly well. All of our team members have worked tirelessly with incredible dedication and passion to ensure we emerge focused and ready to serve our customers once again. During the periods of closure, costs were minimised, suppliers and landlords actively engaged and more importantly, the relationship with our restaurant team and our customers remained as strong as ever.*

*The Comptoir brand has cemented its strength during the pandemic with its excellent quality, healthy food served all served in the safest possible environment, whilst retaining the genuine feel of family and friendly hospitality that is the very heart and soul of our offering.*

*I am encouraged by the strong performance of our eat in business since the limited reopening of sites and with the government roadmap set out and the vaccine roll-out continuing at a pace I'm optimistic for the coming year post-lockdown, and continue to be confident in the public's appetite to safely socialise and enjoy our family hospitality; We look forward, once it is safe, to fully welcome back our customers and teams.*

### Enquiries:

**Comptoir Group plc**

Chaker Hanna Tel: 0207 486 1111

**Canaccord Genuity Limited (NOMAD and Broker)**

Adam James Tel: 020 7523 8000

Georgina McCooke

## Chief Executive's review

For the year ended 31 December 2020

### COVID-19 Update

The business traded well at the start of 2020, in line with management expectations. However, the impact from March due to the COVID-19 pandemic meant the rest of the year was very different to what anyone would have anticipated. The initial Government guidance informed people to avoid visiting bars and restaurants in early March, followed by what would be the first of three complete national lockdowns, which had a devastating impact on the business. Ultimately Comptoir would find its restaurants closed for more of the year than they actively traded.

As a direct result of the first national lockdown, all the restaurants within the Group were fully closed for trading from the 19<sup>th</sup> March 2020. The sites remained closed until the 4<sup>th</sup> July when the first lockdown was lifted, at which point we began a phased reopening with 8 sites trading.

The "Eat out to Help Out" ("EOTHO") Scheme was a well-received Government initiative that helped trade outside of London recover in August 2020. Sales were favourable as people returned to their favourite locations after a significant amount of time in Lockdown. However, this improvement in trading was to prove all too brief as stricter measures returned in September 2020, which included "The Rule of Six" as well as a 10 pm curfew. In mid-October, a tier system was introduced across the country and on the 5<sup>th</sup> November, we entered another national lockdown period where all sites were closed. Sites reopened on the 2<sup>nd</sup> December however with the tier system still in effect and with lockdown being tightened to include a fourth tier. Christmas trading bore no resemblance to any expectations and by Christmas week itself, only 3 sites remained open for eat-in trade. A third national lockdown commenced the 5<sup>th</sup> January 2021 with sites only reopening to outside seating on the 12<sup>th</sup> April. Throughout the year the various changes in the rules have often been with limited notice. However effective we have been at managing these changes, it has inevitably led to inventory write-offs and increases in some other operating costs.

Whilst the number one priority for the Group has always been, and will certainly always continue to be, ensuring the safety of all of our employees and guests, the Board's focus was also to take all appropriate measures to reduce the financial impact on the Group and some of the key areas are discussed in more depth below.

### *Labour*

In the immediate aftermath of the closures and following the announcement of the Government's furlough scheme to support employees, the Group immediately placed all its employees, barring a very small number of the central support team, into furlough. At the same time a significant reduction in directors' remuneration packages, including three directors receiving no remuneration at all for six months, and a reduced salary for the rest of the year ensured that operating costs were reduced to the minimum to ensure the business remained a viable proposition.

### *Property*

Property related costs and in particular rental costs are a significant part of our cost base, especially with zero income during closure and a significant reduction in normal trade when reopened for short periods. The Group immediately entered into negotiations with all landlords to agree on an approach that would help ensure our sustainability in the long term. I am pleased to report the majority of our landlords engaged with us in understanding the difficulties that we all face and we reached mutually agreed positions involving rent waivers, deferments and deductions from rent deposits and more importantly, a variation in the lease terms to include turnover rents instead of base rents going forward. I would like to sincerely thank all the landlords who have worked with us so far.

## Chief Executive's review (continued)

We constantly review our existing estate to consider if some restaurants should close permanently. The pandemic accelerated the decision in some cases and the following restaurants were surrendered or are in the process of being surrendered:

1. Gatwick closed permanently in March 2020
2. Heathrow closed permanently in March 2020
3. Levant was handed back to the landlord in December 2020
4. Poland Street closed permanently in May 2021
5. Haymarket is due to close permanently in June 2021
6. Leeds is due to close on, or before, April 2022

We will continue to review and monitor the position of all our sites within the estate.

### *Government Support*

The various initiatives including the Job Retention Scheme ("JRS"), business rates relief, VAT reduction to 5%, HMRC payment deferral, Restart grants and EOTH have proved invaluable in supporting the Group during the last year. However, such provisions can never compensate fully for the lost trade and consideration needs to be given that there is still a cost to the business of every employee who received furlough.

I would like to take this opportunity to thank all of our stakeholders who in these extraordinary times have worked collaboratively with us to ensure the ongoing viability of our business. None more so than our truly fantastic teams, both in the restaurants and in central supporting roles. I thank you personally from the very bottom of my heart for your continued patience and exceptional commitment to our business. The underlying Comptoir family ethos has never been so important than in times of unprecedented crisis.

### **Revenue and Operating Profit**

The business traded with all restaurants fully open up until 19<sup>th</sup> March when, following guidance by the UK Government, the Board took the decision to close all restaurants within the Group. This was closely followed by the Government implementation of complete lockdown measures, including enforced closure of all restaurants and leisure sites across the UK. As noted previously a further lockdown was instigated in November as well as other restrictive policies through the year such as the 10 pm curfew and the implementation of support bubbles for socialising outside of one's own family.

As a result, revenue for the period was down 62.6% on last year to £12.5m (2019: £33.4m). In the period leading up to closure, revenue had been in line with management expectations.

The Board carried out a full impairment review and as a result, impairment of £4.0m has been charged, based on the judgement of future cash flow generation from each restaurant.

This impairment charge contributed towards the reported IFRS loss after tax of £8.1m (2019: £0.7m 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 can be credited to the profit and loss. This has resulted in a one-off credit of £982k in the period.

The Board does not recommend the payment of any dividend at this time as it is anticipated that all available funds will be required to ensure working capital requirements are met over the foreseeable future.

## Chief Executive's review (continued)

### Cashflow and Financing

Cash generated from operations was £2.7m (2019: £5.5m) reflecting the impact of the closure periods across the year.

Capital expenditure for the year was significantly reduced due to the pandemic and totalled £0.2m (2019: £1.3m).

The Board also decided to apply for the Government-backed Coronavirus Business Interruption Loan Scheme ("CBILS") and has drawn down on this loan. This borrowing helped to protect the cash position, particularly with the requirement to pay the additional liabilities. The company has no other debt and there are no banking covenants with regard to such borrowings.

The Bank net cash position at the year-end was £7.8m.

### Current trading and outlook

The Group began a phased re-opening of its restaurants for full dining from 12<sup>th</sup> April in line with government guidelines for outside dining only. On May 17<sup>th</sup> we opened for full dining inside and out. Our franchise partners HMS Host have re-opened three out of the four sites they operate (Utrecht,

Ashford and Cheshire Oaks). The fourth HMS Host site in Dubai is due to open soon. As mentioned above, the two franchise restaurants operated by The Restaurant Group ("TRG") in Heathrow and Gatwick will not re-open.

Trading has been extremely encouraging since reopening the 21 managed sites on the 17<sup>th</sup> May in compliance with the government guidelines for group sizes and social distancing, as well as continuing to offer takeaway/click and collect and delivery services. We look forward to being able to trade fully across the Summer and beyond. As a result of this trading performance, the Group continues to plan the opening pipeline for the next three years.

The focus on the health and safety of our team members and guests has been further enhanced by the implementation of a new Comptoir App providing our guests with the option to order and pay safely at the table.

The implementation of new systems (Fourth Hospitality and Access) in respect of labour rota control, margin control and maintenance leaves the company well-positioned to leverage further cost efficiencies in the future. The board believe that the potential for organic growth in both the Shawa and Comptoir group remains through selective managed sites as well as with our Franchise partners.



Chaker Hanna

Chief Executive Officer

9<sup>th</sup> June 2021

# Strategic Report

*For the year ended 31 December 2020*

The Directors present their strategic report for the year ended 31 December 2020

## Business model

The Group's principal brand is Comptoir Libanais, which operates Lebanese and Eastern Mediterranean focused restaurants. The restaurants seek to offer an all-day dining experience based around healthy and fresh food in a friendly, colourful and vibrant environment, which presents value for money. Lebanese and Eastern Mediterranean food is, in our opinion, a popular current food trend due to its flavoursome, healthy, low fat and vegetarian-friendly ingredients as well as the ability to easily share the food with friends.

We seek to design each Comptoir Libanais restaurant with a bold and fresh design that is welcoming to all age groups and types of consumer. Each Comptoir Libanais restaurant has posters and menus showing an artist's impression of Sirine Jamal al Dine, an iconic Arabian actress, providing a Middle Eastern café-culture feel.

Shawa is a Lebanese grill-serving lean, grilled meats, rotisserie chicken, homemade falafel, halloumi and fresh salad, through a service counter offering, located in high footfall locations, such as shopping centres.

The average net spend per head over 2020 at Comptoir Libanais was £17.55 and the average spend at Shawa was lower at £11.17, so our offering is positioned in the affordable or 'value for money' segment of the UK casual dining market. In addition, our offering is well-differentiated and faces limited direct competition, in marked contrast to other areas of the market.

## Strategy for growth

Our strategy is to grow our owned-site operations under both the Comptoir Libanais and Shawa brands. While Comptoir Libanais is likely to remain the principal focus of our operations, Shawa provides the opportunity to offer our Lebanese food from a smaller footprint and therefore create greater flexibility to our roll-out plans.

We also believe that there is still considerable potential to grow the Group's franchised operations and we see this as a complimentary and relatively low-risk route to extend the presence of our brands, both within the UK and in overseas territories. We will see the opening of another two sites with our franchise partner HMS Host in Abu Dhabi Airport & Doha.

The UK food delivery market continues to grow at pace, aided by increasing technology enabling ease of ordering and quick access to a wide offering of menus through apps such as UberEats. We negotiated new multi-platform delivery agreements with Deliveroo, Just Eat and UberEats which commenced in March 2020 and helped to drive significant further growth across this channel through direct delivery to our customers.



## Strategic Report (continued)

### Review of the business and key performance indicators (KPIs)

Covid-19 impacted the performance of the Group on a material basis. As a result, Group revenue reduced by 62.6% to £12.5m (2019 – £33.4m) and the Consolidated Statement of Comprehensive Income shows a post-tax loss of £8.1m (2019 – £0.7m loss). However, as stated above, at this stage in the development of the business the Board believes that it is more helpful to focus on adjusted EBITDA, which excludes non-recurring items and costs incurred in connection with the opening of new restaurants and on this measure, the underlying earnings of the group were £1.4m (2019 – £5.3m).

The Board and management team use a range of performance indicators to monitor and measure the performance of the business. However, in common with most businesses, the critical KPI's are focused on growth in sales and EBITDA and these are appraised against budget, forecast and last year's achieved levels.

In terms of non-financial KPIs, the standard of service provided to customers is monitored via the scores from a programme of regular monthly "mystery diner" visits to our restaurants carried out by HGem. Due to the pandemic, the disruption has meant this measure has not been in use regularly. We also use feedback from health and safety audits conducted by an external company (Food Alert) to ensure that critical operating procedures are being adhered to.

Further explanation of the performance of the business over the year is provided in the Chairman's Statement and the Chief Executive's Review.

### Principal risks and uncertainties

The Board of Directors ("the Board") has overall responsibility for identifying the most significant risks faced by the business and for developing appropriate policies to ensure that those risks are adequately managed.

The following have been identified as the most significant risks faced by the Group, however, it should be noted that this is not an exhaustive list and the Company has policies and procedures to address other risks facing the business.

#### *Consumer demand*

Any weakness in consumer confidence could have an adverse effect on footfall and customer spend in our restaurants. The Covid-19 virus had a significant impact on the hospitality sector and the wider UK and global economy. There can be no argument on the devastating impact all in the industry have felt, however, we are now looking forward to a period of normality as we return to business as usual.

Frequent or regular participation in the eating-out market is afforded by the consumer out of household disposable income. Macroeconomic factors such as employment levels, interest rates and inflation can impact disposable income and consumer confidence can dictate their willingness to spend.

As indicated above, the core brands within the Group are positioned in the affordable segment of the casual dining market. A strong focus on superior and attentive service together with value-added marketing initiatives can help to drive sales when customer footfall is more subdued. This, together with the strategic location of each of our restaurants helps to mitigate the risk of consumer demand to the business.

## Strategic Report (continued)

### *Input cost inflation*

The Group's key input variables are the cost of food and drink, associated ingredients and the continued progressive increases in the UK National Living Wage and Minimum Wage rates present a challenge we must face up to alongside our peers and competitors.

We aim to maintain an appropriate level of flexibility in our supplier base so we can work to mitigate the impact of input cost inflation. Our teams work hard on predictive and responsive labour scheduling so that our costs are well controlled.

### *Economic conditions*

The exit from the European Union and negotiations over future trading has left a great deal of uncertainty that could impact consumer spending. Deterioration in consumer confidence due to future economic conditions could have a detrimental impact on the Group in terms of footfall and sales. This risk is mitigated by the positioning of the Group's brands, which is within the affordable segment of the casual dining market. Continued focus on customer relations and targeted and adaptable marketing initiatives help the Group retain and drive sales where footfall declines.

### *Labour cost inflation*

Labour cost pressures that are outside of the control of the Group, such as auto-enrolment pension costs, minimum wage / Living wage increases and the apprenticeship levy, are endured by the Group and its competitors. Labour costs continue to be regularly monitored and ongoing initiatives are used to reduce the impact of such pressures.

### *Strategy and execution*

The Group's central strategy is to open additional new outlets under its core Comptoir Libanais and Shawa brands. Despite making every effort, there is no guarantee that the Group will be able to secure a sufficient number of appropriate sites to meet its growth and financial targets and it is possible that new openings may take time to reach the anticipated levels of mature profitability or to match historical financial returns.

The Group utilises the services of external property consultants and continues to develop stronger contacts and relationships with potential landlords as well as their agents and advisers. However, there will always be competition for the best sites and the Board will continue to approach any potential new site with caution and be highly selective in its evaluation of new sites to ensure that target levels of return on investment are achieved.

## Strategic Report (continued)

### Energy Consumption and Carbon Emissions

The Group is a 'quoted company' under the Streamlined Energy and Carbon Reporting regulations and must report its greenhouse gas emissions from Scope 1 and 2 Electricity, Gas and Transport annually. This is the first reporting year under these new regulations so there is no emissions data for prior years.

The Group has followed the 2019 HM Government Environmental Reporting Guidelines. We have also used the GHG Reporting Protocol – Corporate Standard and have used the 2020 UK Government's Conversion Factors for Company Reporting. The chosen intensity measurement ratio is total gross emissions in Kgs CO2e/Cover.

### Greenhouse gas emissions and energy use data for the year ended 31 December 2020

|   | FY 2020          |
|---|------------------|
| <b>Energy consumption used to calculate emissions (kWh)</b> | <b>5,128,917</b> |
| Energy consumption break down (kWh):                        |                  |
| • Natural gas   | 2,148,415        |
| • Electricity   | 2,929,506        |
| • Company Fleet   | 50,966           |
| <b>Scope 1 emissions in metric tonnes CO2e:</b>             |                  |
| Gas consumption   | 741.72           |
| Company Fleet   | 12.89            |
| <b>Scope 2 emissions in metric tonnes CO2e:</b>             |                  |
| Purchased electricity                                       | 682.99           |
| <b>Scope 3 emissions in metric tonnes CO2e:</b>             |                  |
| Electricity T&D   | 58.74            |
| <b>Total gross emissions in metric tonnes CO2e</b>          | <b>1,149.64</b>  |
| <b>Intensity ratio Kgs CO2e per Cover</b>                   | <b>1.72</b>      |

### Measures taken to improve energy efficiency

The Group continues to strive for energy and carbon reduction arising from their activities. All sites conducted a full check on all equipment when in lockdown to ensure usage was kept to a minimum including fridges and

freezers where possible. Air conditioning and heating was also reduced to minimum temperatures for maintenance levels.

## **Strategic Report (continued)**

### **Future developments**

The Group will continue to roll out selectively its Comptoir Libanais and Shawarma brands to further new sites across the UK and to explore further opportunities to grow the Comptoir Libanais brand via franchising with suitable partners and expansion of the external catering offering.

On behalf of the Board



**Chaker Hanna**

**Chief Executive Officer**

9<sup>th</sup> June 2021

## Strategic Report – Section 172 Statement

This is the first year that the Directors are required to provide a section 172 statement as part of the Strategic report. Below we explain the background to the section 172 statement.

### Background

Section 172 of the Companies Act 2006 ('Act') requires the Directors to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, having regard to various factors, including the matters listed below in section.

172(1)(a) to (f):

- a. the likely consequences of any decisions in the long-term;
- b. the interests of the Company's employees;
- c. the need to foster the Company's business relationships with suppliers, customers and others;
- d. the impact of the Company's operations on the community and environment;
- e. the desirability of the Company maintaining a reputation for high standards of business conduct and
- f. the need to act fairly as between members of the Company.

This requirement applies to the Company from the 2020 financial year.

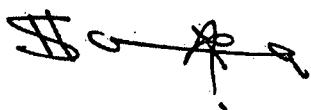
This statement is aimed at helping shareholders better understand how directors discharged their duty to promote the success of companies under Section 172 of the Companies Act 2006 ("S172 Matters"). Throughout the year, in performance of its duties, the Board has had regard to the interests of the Groups key stakeholders and has taken account of any potential impact on these stakeholders of the decisions it has made.

Details of how the Board had regard to the following S172 matters are as per the below.

| S172 Matters  | Example  |
|---|--|
| <ul style="list-style-type: none"> <li>The likely consequences of any decisions in the long-term.</li> </ul>                                    | <ul style="list-style-type: none"> <li>Communication with shareholders through the Comptoir Investor website, AGM, investor meeting and circulars</li> <li>Through the corporate governance framework described in this annual report</li> </ul>   |
| <ul style="list-style-type: none"> <li>The interests of the Company's employees</li> </ul>  | <ul style="list-style-type: none"> <li>Ongoing training and development at all levels</li> <li>Engagement through the company engagement application, newsletters, emails and other communications tools</li> <li>Protection of teams throughout the COVID-19 pandemic</li> </ul>  |
| <ul style="list-style-type: none"> <li>The need to foster the Company's business relationships with suppliers, customers and others.</li> </ul> | <ul style="list-style-type: none"> <li>Protection of customers and teams throughout the COVID-19 pandemic</li> <li>Maintenance of regular contact with all suppliers.</li> <li>Launch of the Comptoir loyalty scheme through the Comptoir application</li> <li>Responding to feedback from the customer</li> <li>Use of a mystery guest programme to ensure standards are visible and maintained.</li> </ul> |

|  |  |
|--|--|
| <ul style="list-style-type: none"> <li>• The impact of the Company's operations on the community and environment.</li> </ul>                         | <ul style="list-style-type: none"> <li>• Local recruitment of staff</li> <li>• Flexible working to reduce travel where applicable</li> <li>• Ongoing focus on environmentally friendly processes and procedures.</li> </ul>  |
| <ul style="list-style-type: none"> <li>• The desirability of the Company maintaining a reputation for high standards of business conduct.</li> </ul> | <ul style="list-style-type: none"> <li>• Regular restaurant visits and audit processes</li> <li>• Mystery guest programme</li> <li>• Food standards programme</li> <li>• Compliance updates at Board meetings</li> <li>• Ongoing training for all staff</li> </ul> |
| <ul style="list-style-type: none"> <li>• The need to act fairly as between members of the Company.</li> </ul>  | <ul style="list-style-type: none"> <li>• We maintain an open dialogue with our shareholders.</li> <li>• Engagement with stakeholders.</li> </ul>   |

On behalf of the Board



Chaker Hanna

Chief Executive Officer

9<sup>th</sup> June 2021

## Statement of Corporate Governance

The Board have elected to adopt the Quoted Companies Alliance (QCA) Corporate Governance Code in line with the changes under Rule 26 of the AIM Rules for Companies requiring all companies that are traded on AIM to adopt and comply with a recognised corporate governance code. Full details of our adoption to the code can be found at <https://investors.comptoirlibanais.com/corporate-governance/>.

### The Board

The Board of Comptoir Group plc is the body responsible for the Group's objectives, its policies and the stewardship of its resources. At the balance sheet date, the Board comprised three directors being Chaker Hanna and Ahmed Kitous as executive directors and Richard Kleiner as non-executive director.

Richard Kleiner is considered by the Board to be independent. Each Director demonstrates a range of experience and sufficient calibre to bring independent judgment on issues of strategy, risk management, performance, resources and standards of conduct which are vital for the success of the Group.

The Board had eight Board meetings during the year. Richard Kleiner is Chairman of both the Audit and the Remuneration Committees. The terms of reference of both these committees have been approved by the Board.

### Remuneration Committee

The Remuneration Committee's responsibilities include the determination of the remuneration and options of Directors and senior executives of the Group and the administration of the Company's option schemes and arrangements. The Committee takes appropriate advice, where necessary, to fulfil this remit.

### Audit Committee

The Audit Committee meets twice a year including a meeting with the auditors shortly before the signing of the accounts. The terms of reference of the Audit Committee include: any matters relating to the appointment, resignation or dismissal of the external auditors and their fees; discussion with the auditors on the nature, scope and findings of the audit; consideration of issues of accounting policy and presentation; monitoring. The work of the review function carried out to ensure the adequacy of accounting controls and procedures.

### Nomination Committee

The Company does not have a Nomination Committee. Any Board appointments are dealt with by the Board itself.

### Internal Control

The Board is responsible for the Group's system of internal control and for reviewing the effectiveness of the system of internal control. Internal control systems are designed to meet the particular needs of a business and manage the risks but not to eliminate the risk of failure to achieve the business objectives. By its nature, any system of internal control can only provide reasonable, and not absolute, assurance against material misstatement or loss.

## Statement of Corporate Governance (continued)

### Internal Audit

Given the size of the Group, the Board does not believe it is appropriate to have a separate internal audit function. The Group's systems are designed to provide the Directors with reasonable assurance that problems are identified on a timely basis and are dealt with appropriately.

### Relations with shareholders

There is a regular dialogue with institutional investors including presentations after the Group's year-end and half year results announcements. Feedback from major institutional shareholders is provided to the Board on a regular basis and, where appropriate, the Board will take steps to address their concerns and recommendations. Aside from announcements that the Group makes periodically to the market, the Board uses the Annual General Meeting to communicate with shareholders and welcomes their participation.

### Going concern

Uncertainty due to the recent COVID-19 outbreak has been considered as part of the Group's adoption of the going concern basis. Trading remains impacted by COVID-19 despite reopening following the latest Government lockdown. The health of our staff and our customers is the Board's highest priority.

All appropriate measures have been put in place to reduce the impact on the Group, including cost reduction and refurbishments and other capital expenditure projects. The Board's latest forecasts are based on a scenario where the business expects sales to remain below 2019 levels with expected sales increasing gradually in 2021. The Board has factored in a delay in all non-committed capital expenditure, reduction in variable costs including staffing and moving to monthly rent payments. In addition, the Government has announced extensions to the business rates holiday/reduction as well as maintaining VAT at 5% until the autumn.

The Board has also considered various scenarios including closure and weakened growth rates. This continues to be under review given current market conditions associated with COVID-19. The Group currently has cash reserves of £8m and the Board believes that the business has the ability to remain trading for a period of at least 12 months from the date of signing of these financial statements, however there is an inherent uncertainty about future trading and the going concern position. These financial statements have therefore been prepared on the going concern basis.



## Report of the directors

The Directors present their report together with the audited financial statements for the year ended 31 December 2020.

### Results and dividends

The consolidated statement of comprehensive income is set out on page 28 and shows the loss for the year.

The Directors do not recommend the payment of a dividend for the year (2019: £nil).

### Principal activities

The Company's and Group's principal activity continues to be that of the operating of restaurants with Lebanese/Middle Eastern offering in the UK casual dining sector.

### Directors

The Directors of the Group, who held office during the year, and their shareholding at the year-end date, were as follows:

|                                       | Number of<br>ordinary shares | Percentage<br>shareholding (%) |
|---------------------------------------|------------------------------|--------------------------------|
| <b>Executive</b>                      |                              |                                |
| A Kitous                              | 58,412,503                   | 47.6%                          |
| C Hanna                               | 22,585,833                   | 18.4%                          |
| M Carrick (resigned 13 November 2020) | -                            | -                              |
| <b>Non-Executive</b>                  |                              |                                |
| R Kleiner                             | 610,000                      | 0.5%                           |

### Substantial shareholders

Besides the Directors, the only other substantial shareholder at the year-end date is Tellworth Investments, whom have a 7.5% shareholding (9,192,319 ordinary shares).

## Report of the directors (continued)

### Directors' remuneration

The remuneration of the Directors for the year ended 31 December 2020 was as follows:

|             | Year ended 31 December 2020 |               |                | Year ended 31 December 2019 |
|-------------|-----------------------------|---------------|----------------|-----------------------------|
|             | Remuneration                | Pension       | Total          | Total                       |
|             | £                           | £             | £              | £                           |
| A Kitous    | 71,250                      | 15,157        | 86,407         | 237,634                     |
| C Hanna     | 71,250                      | 27,947        | 99,197         | 237,634                     |
| R Kleiner   | 26,250                      | -             | 26,250         | 30,000                      |
| M Carrick * | 90,956                      | 3,081         | 94,037         | 121,188                     |
|             | <b>259,706</b>              | <b>46,186</b> | <b>305,892</b> | <b>626,456</b>              |

\* M Carrick resigned on 13 November 2020.

### Creditor payment policy

The Group has a standard code and also agrees specific individual terms with certain suppliers. Payment is normally made in accordance with those terms, subject to the suppliers' own performance.

### Employees

Applications from disabled persons are given full consideration providing the disability does not seriously affect the performance of their duties. Such persons, once employed, are given appropriate training and equal opportunities.

The Group takes a positive view toward employee communication and has established systems for ensuring employees are informed of developments and that they are consulted regularly.

### Donations

The Group made charitable donations of £nil (2019: £nil) in the year.

### Financial Instruments

Details of the use of financial instruments and the principal risks faced by the Group are contained in note 25 to the financial statements.

### Future developments

Details of future developments are contained in the Strategic Report on page 5.

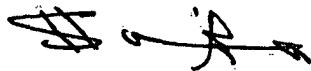
## Report of the directors (continued)

### Auditors

All the current Directors have taken all reasonable steps necessary to make themselves aware of any information needed by the Group's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

UHY Hacker Young have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the board



Chaker Hanna

Chief Executive Officer

9<sup>th</sup> June 2021

## Statement of directors' responsibilities

The Directors are responsible for preparing the Annual Reports and the Group and Parent Company financial statements in accordance with applicable United Kingdom law and regulations. Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law, and as required by the AIM rules, the Directors have elected to prepare Group financial statements under International Financial Reporting Standards (IFRSs), as adopted by the European Union, and the Parent Company financial statements under United Kingdom Accounting Standards.

Under Company Law the Directors must not approve the Group and Parent Company financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Parent Company and of the profit or loss of the Group for that period. In preparing the Group and Parent Company financial statements the Directors are required to:

- present fairly the financial position, financial performance and cash flows of the Group and Parent Company;
- select suitable accounting policies in accordance with IAS 8: 'Accounting Policies, Changes in Accounting Estimates and Errors' and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgments and estimates that are reasonable;
- provide additional disclosures when compliance with the specific requirements in IFRSs as adopted by the European Union is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's and the Company's financial position and financial performance; and
- the Group and Parent Company financial statements have been prepared in accordance with IFRSs as adopted by the European Union or United Kingdom Accounting Standards, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Parent Company and enable them to ensure that the Group and Parent Company financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Independent auditors' report

### *To the members of Comptoir Group PLC*

#### Opinion

We have audited the financial statements of Comptoir Group PLC (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Parent Company Balance Sheet, the Consolidated and Parent Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group's financial statements is applicable law and International Financial Reporting Standards (IFRSs), as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Parent Company's financial statements is FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

#### In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2020 and of the Group's loss and cash flows for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the Group financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independent auditors' report (continued)

### Material uncertainty relating to going concern

We draw attention to the Going Concern section of the Principal Accounting Policies of the Group financial statements which indicates that the Group had a loss for the year of £8,102,000 (2019: £667,000) and net current assets of £92,600 (2019: net liabilities of £69,000). Due to the recent COVID-19 outbreak, the Group's trading over the year has been significantly impacted. Following guidance provided by the UK Government, the Group took the decision to close all of its restaurants for an extended period of time. All restaurants have recently re-opened following the easing of restrictions. These events, the uncertainty of the rate of the increase in trade despite the restaurant industry opening up, along with the other matters explained in the Going Concern section of the Principal Accounting Policies of the Group financial statements, constitute a material uncertainty that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the director's use of going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the director's assessment of the entity's ability to continue to adopt the going concern basis of accounting included an assessment of the risk and audit procedures to address this risk:

#### *The risk*

The Group is financed by a mixture of debt and equity. The debt is not at a significant level. Despite generating £2.8m of cash in the year the Group made a loss of £8.1m in the year before tax and has been loss making in prior periods. The nature of the Group means it operates on relatively low net margins and the restaurant industry is under pressure with rising food and labour costs as a result of Brexit, over supply and other matters. A number of other restaurant chains have also under performed in the year generating negative returns.

Given the above factors, we consider going concern to be a significant audit risk area.

The directors' conclusion of the risks and circumstances described in the Going Concern section of the Principal Accounting Policies of the Group financial statements represent a material uncertainty over the ability of the Group and Company to continue as a going concern for a period of at least a year from the date of approval of the financial statements. However, clear and full disclosure of the facts and the directors' rationale for the use of the going concern basis of preparation, including that there is a related material uncertainty, is a key financial statement disclosure and so was the focus of our audit in this area. Auditing standards require that to be reported as a key audit matter.

#### **How our audit addressed the risk:**

Our audit procedures included:

- Assessing the transparency and the completeness and accuracy of the matters covered in the going concern disclosure by evaluating management's cashflow projections for the next 12 months and the underlying assumptions.

## Independent auditors' report (continued)

- We obtained budgets and cashflow forecasts, reviewed the methodology behind these, ensured arithmetically correct and challenged the assumptions.
- We obtained post year end trading results and compared these to budget to ensure budgeting is reasonable and results are in line with expectations.
- We completed sensitivity analysis on the budgets provided to assess the change in turnover or costs that would need to occur to push the Group into a cash negative position.
- Evaluated the key assumptions in the forecast, which were consistent with our knowledge of the business and considered whether these were supported by the evidence we obtained.
- Discussed plans for the Group going forward with management, ensuring these had been incorporated into the budgeting and would not have an impact on the going concern status of the Group.
- Compared the prior year forecast against current year actual performance to assess management's ability to forecast accurately.
- We also reviewed the disclosures relating to going concern basis of preparation and found that these provided an explanation of the directors' assessment that was consistent with the evidence we obtained.

### Key observations:

Based on the audit procedures performed we concluded that the Group has a material uncertainty over the ability to continue as a going concern for a period of at least a year from the date of approval of the financial statements. However, clear and full disclosure of the facts and the directors' rationale for the use of the going concern basis of preparation, including that there is a related material uncertainty, is a key financial statement disclosure and so was the focus of our audit in this area. Auditing standards require that to be reported as a key audit matter.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## Independent auditors' report (continued)

### Our approach to the audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account an understanding of the structure of the Company and the Group, their activities, the accounting processes and controls, and the industry in which they operate. Our planned audit testing was directed accordingly and was focused on areas where we assessed there to be the highest risk of material misstatement.

Our Group audit scope includes all of the group companies. At the Parent Company level, we also tested the consolidation procedures. The audit team met and communicated regularly throughout the audit with the CFO in order to ensure we had a good knowledge of the business of the Group. During the audit we reassessed and re-evaluated audit risks and tailored our approach accordingly.

The audit testing included substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls and the management of specific risk.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant findings, including any significant deficiencies in internal control that we identify during the audit.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified during our audit. Going concern is a significant key audit matter and is described above. In arriving at our audit opinion above, the other key audit matters were as follows:



## Independent auditors' report (continued)

| Key audit matters (applicable to the Group)  | How our audit addressed the key audit matters   |
|--|---|
| <p><b>Revenue recognition</b></p> <p>The Group recognises revenue for services and goods provided in the Group's restaurants (excluding value added tax and gratuities left by customers for the benefit of employees) and is recognised at the point of sales. It should be ensured that any gratuities left by customers, which are due to the staff, are not recognised as revenue.</p> <p>Service charges/tips are distributed between those who are eligible via the Tronc system and through wages. Those eligible for service charges include all employees who have any contact with a customer or any form of influence over revenue growth. Therefore some head office staff also receive a share of service charges.</p> <p>Revenue is a key driver of the business and is made up of a high number of individual low value transactions therefore in respect of services provided there is a risk that revenue is recorded inappropriately relative to the provision of underlying services.</p> <p>We therefore identified the risk over the occurrence and cut off assertions relating to revenue recognition as a significant risk, which was one of the most significant risks of material misstatement.</p> | <p>Our audit work included, but was not restricted to:</p> <ul style="list-style-type: none"> <li>Performing transaction testing from the nominal ledger to the source documents on a sample of sales transactions to test the occurrence and at the same time test the accuracy of the correct treatment of the service charges and the Tronc system.</li> <li>Assessment of sales recorded around the financial year end to determine if recorded in the correct accounting period to gain assurance on the cut off assertion.</li> <li>Documenting our understanding of the systems and controls around the recording of revenue and testing the design effectiveness of such controls</li> <li>We carried out substantive analytical procedures on sales.</li> </ul> <p>The Group's accounting policy on revenue recognition is shown in Principal Accounting Policies for the consolidated financial statements and related disclosures are included in note 2.</p> <p><b>Key observations</b></p> <p>We have not found any issues or errors involving sales and are therefore satisfied we have assurance over sales recognition and treatment.</p> |
| <p><b>Impairment of property, plant and equipment and right-of-use assets</b></p> <p>Property, plant and equipment and right-of-use assets are significant assets on the Group's balance sheet with a combined net book value of £26.2m (2019 - £35.3m). The balance is primarily comprised of leasehold buildings and fixtures, fittings and equipment to support the Group's restaurants. The assets are at risk of potential impairment due to the Group operating in a competitive industry. The</p>   | <p>We assessed Management's process for identifying sites with a potential impairment and the impairment review process and performed analysis to challenge their assumptions on impairments and considered the level of impairments made in the year.</p> <p>Our audit work included, but was not restricted to, the following:</p>  |

|  |  |
|--|--|
| <p>estimated recoverable amount of these balances is subjective due to the inherent uncertainty involved in forecasting and discounting the related future cash flows.</p> <p>At each reporting date Management has undertaken an assessment of the carrying value of these assets and, where there are indicators of impairment in accordance with IAS 36 'Impairment of assets', has carried out an impairment review by reference to external market factors and discounted cash flows in relation to cash generating units that include these assets.</p> <p>The assessment was based on the future cash flows of each site using a discounted cash flow model (being the 'value in use'). The higher of these amounts, being the recoverable amount, was then compared to the carrying value of fixed assets for that site. Disruptions arising from COVID-19 events have been treated as 'adjusting' events in the impairment assessments in accordance with IFRS.</p> <p>Significant management judgement and estimation uncertainty is involved in this area, where the primary inputs are:</p> <ul style="list-style-type: none"> <li>• Estimating cash flow forecasts; and</li> <li>• Selecting an appropriate discount rate.</li> </ul> <p>This area has been recognised by the Board as a critical accounting judgement and estimate. There is also a risk that Management may unduly influence the significant judgements and estimates in respect of the requirement for an impairment provision.</p> <p>Given the value of the tangible fixed assets and the underperformance of some restaurants over the period, we consider this to be a significant risk, which was one of the most significant risks of material misstatement.</p> | <ul style="list-style-type: none"> <li>• Evaluating Management's assessment of forecasted cash flows and challenging Management on significant movements in forecasted cash flows on a restaurant by restaurant basis compared to historic performance.</li> <li>• Testing the accuracy of management's 2020 forecasts against the actual results.</li> <li>• Assessing Management's forecasted cash flows that feed into the discounted cash flow model and challenging assumptions around this with reference to historic results, market trends and future expectations and tested mathematical accuracy.</li> <li>• Challenging the appropriateness of Management's assumptions including the growth and discount rates.</li> <li>• We held discussions with Management to challenge the impairments on those restaurants where: the headroom before impairment was low and the forecasted growth in cash flows was high.</li> <li>• Assessing the adequacy of disclosures in the financial statements against the requirement of IAS 36 'Impairment of assets'.</li> </ul> <p>The Group's accounting policy on the impairment of Property, plant and equipment and right-of-use assets is shown in Principal Accounting Policies for the consolidated financial statements and related disclosures are included in note 11.</p> <p><b>Key observations</b></p> <p>As a result of our testing, we concluded that the valuation of the tangible fixed assets is accounted for in accordance with the Group's accounting policies and IAS 36 'Impairment of assets'.</p> |
|--|--|

## Independent auditors' report (continued)

### Our application of materiality

The scope and focus of our audit was influenced by our assessment and application of materiality. We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements on our audit and on the financial statements.

We define financial statement materiality as the magnitude by which misstatements, including omissions, could reasonably be expected to influence the economic decisions taken on the basis of the financial statements by reasonable users.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

|                                  |   |
|----------------------------------|---|
| Overall materiality              | We determined materiality for the financial statements as a whole to be £400,000.   |
| How we determine it              | Based on a benchmark of 5% of loss for the year.  |
| Rationale for benchmarks applied | We believe loss for the year to be the most appropriate benchmark due to the size, growth stage, reduction in profitability and the nature of the Company and Group.  |
| Performance materiality          | On the basis of our risk assessment, together with our assessment of the Group's control environment, our judgement is that performance materiality for the financial statements should be 75% of materiality, and was set at £300,000. |
| Specific materiality             | A lower materiality has been used for the cash element of directors' remuneration, being £2,000.  |

We have determined Parent Company materiality to be £200,000. As the company is a holding company materiality was based on 4% of gross assets. Performance materiality for the Parent Company was set at 75% of financial statement materiality, for the same reasons as for the Group, being £150,000.

### Reporting threshold

We agreed with the Audit Committee that we would report to them all misstatements over £20,000 (5% of Group materiality) identified during the audit, as well as differences below that threshold that, in our view, warrant reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

## Independent auditors' report (continued)

### Other information

The other information comprises the information included in the annual report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## Independent auditors' report (continued)

### Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or Parent Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the Group and Parent Company and the industry in which it operates, we identified that the principal risks of non-compliance with laws and regulations related to UK Tax Legislation, pension legislation, employment and health and safety regulations and anti-bribery, corruption and fraud and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to inflated investment valuations and profit.

## Independent auditors' report (continued)

Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation review of correspondence with legal advisors, and enquiries of management in so far as they related to the financial statements, and testing of journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with part 3 of Chapter 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



**Colin Wright (Senior Statutory Auditor)**

**For and on behalf of UHY Hacker Young**  
Chartered Accountants and Statutory Auditor

*UHY Hacker Young*  
4 Thomas More Square  
London E1W 1YW

9<sup>th</sup> June 2021

## Consolidated statement of comprehensive income

*For the year ended 31 December 2020*

|  | Notes | Year ended 31<br>December 2020<br>£ | Year ended 31<br>December 2019<br>£ |
|--|-------|-------------------------------------|-------------------------------------|
| Revenue                                      | 2     | 12,492,506                          | 33,403,402                          |
| Cost of sales                                |       | (3,179,944)                         | (8,547,180)                         |
| <b>Gross profit</b>                          |       | <b>9,312,562</b>                    | <b>24,856,222</b>                   |
| Distribution expenses                        |       | (7,463,177)                         | (8,605,186)                         |
| Administrative expenses                      |       | (14,649,765)                        | (16,695,054)                        |
| Other income                                 | 2     | 5,561,410                           | 1,020,090                           |
| <b>Operating profit</b>                      | 3     | <b>(7,238,970)</b>                  | <b>576,072</b>                      |
| Finance costs                                | 6     | (910,885)                           | (1,096,462)                         |
| <b>Loss before tax</b>                       |       | <b>(8,149,855)</b>                  | <b>(520,390)</b>                    |
| Taxation charge                              | 7     | 48,326                              | (146,573)                           |
| <b>Loss for the year</b>                     |       | <b>(8,101,529)</b>                  | <b>(666,963)</b>                    |
| Other comprehensive income                   |       | -                                   | -                                   |
| <b>Total comprehensive loss for the year</b> |       | <b>(8,101,529)</b>                  | <b>(666,963)</b>                    |
| <b>Basic loss per share (pence)</b>          | 8     | <b>(6.60)</b>                       | <b>(0.54)</b>                       |
| <b>Diluted loss per share (pence)</b>        | 8     | <b>(6.60)</b>                       | <b>(0.54)</b>                       |

|                                  |        |                  |                  |
|----------------------------------|--------|------------------|------------------|
| <b>Adjusted EBITDA:</b>          |        |                  |                  |
| Loss before tax – as above       |        | (8,149,855)      | (520,390)        |
| Add back:                        |        |                  |                  |
| Depreciation                     | 11     | 4,020,265        | 4,036,957        |
| Finance costs                    | 6      | 910,885          | 1,096,462        |
| Impairment of assets             | 10, 11 | 4,019,871        | 129,001          |
| <b>EBITDA</b>                    |        | <b>801,166</b>   | <b>4,742,030</b> |
| Share-based payments expense     | 20     | 14,578           | 53,963           |
| Restaurant opening costs         | 3      | 53,378           | 18,075           |
| Payroll provision                | 3      | 353,012          | -                |
| Loss on disposal of fixed assets |        | 171,617          | 298,022          |
| Abandoned project costs          |        | -                | 156,849          |
| <b>Adjusted EBITDA</b>           |        | <b>1,393,751</b> | <b>5,268,939</b> |

All of the above results are derived from continuing operations. Loss for the year and total comprehensive loss for the year is entirely attributable to the equity shareholders of the Company.

# Consolidated balance sheet

At 31 December 2020

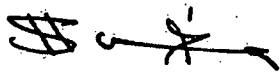
|  | Notes | 31 December<br>2020<br>£ | 31 December<br>2019<br>£ |
|--|-------|--------------------------|--------------------------|
| <b>Assets</b>  |       |                          |                          |
| <b>Non-current assets</b>  |       |                          |                          |
| Intangible assets  | 10    | 55,267                   | 87,675                   |
| Property, plant and equipment  | 11    | 8,473,596                | 11,287,115               |
| Right-of-use assets  | 11    | 17,596,744               | 23,951,079               |
| Deferred tax asset   | 18    | -                        | 139,588                  |
|  |       | <b>26,125,607</b>        | <b>35,465,457</b>        |
| <b>Current asset</b>   |       |                          |                          |
| Inventories  | 13    | 424,673                  | 594,409                  |
| Trade and other receivables  | 14    | 1,100,922                | 2,202,974                |
| Cash and cash equivalents  |       | 7,833,676                | 5,076,610                |
|  |       | <b>9,359,271</b>         | <b>7,873,993</b>         |
| <b>Total assets</b>  |       | <b>35,484,878</b>        | <b>43,339,450</b>        |
| <b>Liabilities</b>   |       |                          |                          |
| <b>Current liabilities</b>   |       |                          |                          |
| Borrowings   | 16    | (250,000)                | (261,611)                |
| Trade and other payables   | 15    | (6,527,668)              | (5,015,604)              |
| Lease liabilities  | 27    | (2,443,198)              | (2,481,471)              |
| Current tax liabilities  |       | (45,817)                 | (184,125)                |
|  |       | <b>(9,266,683)</b>       | <b>(7,942,811)</b>       |
| <b>Non-current liabilities</b>   |       |                          |                          |
| Borrowings   | 16    | (2,750,000)              | (55,735)                 |
| Provisions for liabilities   | 17    | (832,455)                | (438,570)                |
| Lease liabilities  | 27    | (20,161,543)             | (24,170,903)             |
| Deferred tax liability   | 18    | -                        | (170,283)                |
|  |       | <b>(23,743,998)</b>      | <b>(24,835,491)</b>      |
| <b>Total liabilities</b>   |       | <b>(33,010,681)</b>      | <b>(32,778,302)</b>      |
| <b>Net assets</b>  |       | <b>2,474,197</b>         | <b>10,561,148</b>        |
| <b>Equity</b>  |       |                          |                          |
| Share capital  | 19    | 1,226,667                | 1,226,667                |
| Share premium  |       | 10,050,313               | 10,050,313               |
| Other reserves   | 20    | 97,286                   | 82,708                   |
| Retained losses  |       | (8,900,069)              | (798,540)                |
| <b>Total equity – attributable to equity shareholders of the company</b> |       | <b>2,474,197</b>         | <b>10,561,148</b>        |



## Consolidated balance sheet

*At 31 December 2020 (continued)*

The financial statements of Comptoir Group PLC (company registration number 07741283) were approved by the Board of Directors and authorised for issue on 9<sup>th</sup> June 2021 and were signed on its behalf by:



Chaker Hanna  
Chief Executive Officer

## Consolidated statement of changes in equity

*For the year ended 31 December 2020*

|                                    | Notes | Share capital<br>£ | Share premium<br>£ | Other reserves<br>£ | Retained losses<br>£ | Total equity<br>£ |
|------------------------------------|-------|--------------------|--------------------|---------------------|----------------------|-------------------|
| Restated balance at 1 January 2019 |       | 1,226,667          | 10,050,313         | 28,745              | (131,577)            | 11,174,148        |
| Total comprehensive loss           |       |                    |                    |                     |                      |                   |
| Restated loss for the year         |       | -                  | -                  | -                   | (666,963)            | (666,963)         |
| Transactions with owners           |       |                    |                    |                     |                      |                   |
| Share-based payments               | 20    | -                  | -                  | 53,963              | -                    | 53,963            |
| At 31 December 2019                |       | 1,226,667          | 10,050,313         | 82,708              | (798,540)            | 10,561,148        |
| 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               | 20    | -                  | -                  | 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 year ended 31 December 2020*

|   | Notes | Year ended 31<br>December 2020<br>£ | Year ended 31<br>December 2019<br>£ |
|---|-------|-------------------------------------|-------------------------------------|
| <b>Operating activities</b>                         |       |                                     |                                     |
| Cash inflow from operations                         | 23    | 2,842,394                           | 5,654,971                           |
| Interest paid                                       |       | (6,253)                             | (21,730)                            |
| Tax paid  |       | (120,677)                           | (93,981)                            |
| <b>Net cash from operating activities</b>           |       | <b>2,715,464</b>                    | <b>5,539,260</b>                    |
| <b>Investing activities</b>                         |       |                                     |                                     |
| Purchase of property, plant & equipment             | 11    | (182,578)                           | (1,287,749)                         |
| <b>Net cash used in investing activities</b>        |       | <b>(182,578)</b>                    | <b>(1,287,749)</b>                  |
| <b>Financing activities</b>                         |       |                                     |                                     |
| Payment of lease liabilities                        | 27    | (2,458,474)                         | (3,373,788)                         |
| Bank loan proceeds                                  |       | 3,000,000                           | -                                   |
| Bank loan repayments                                | 24    | (317,346)                           | (425,786)                           |
| <b>Net cash from/(used in) financing activities</b> |       | <b>224,180</b>                      | <b>(3,799,574)</b>                  |
| <b>Increase in cash and cash equivalents</b>        |       | <b>2,757,066</b>                    | <b>451,937</b>                      |
| Cash and cash equivalents at beginning of year      |       | 5,076,610                           | 4,624,673                           |
| <b>Cash and cash equivalents at end of year</b>     |       | <b>7,833,676</b>                    | <b>5,076,610</b>                    |

## Principal accounting policies for the consolidated financial statements

### *For the year ended 31 December 2020*

#### **Reporting entity**

Comptoir Group Plc (the “Company”) is a company incorporated and registered in England and Wales, with a company registration number of 07741283. The address of the Company’s registered office is Unit 2, Plantain Place, Crosby Row, London Bridge, SE1 1YN. The consolidated financial statements of the Company for the year ended 31 December 2020 comprise of the Company and its subsidiaries (together referred to as the “Group”).

#### **Statement of compliance**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and its interpretations adopted by the International Accounting Standards Board (IASB), as adopted by the European Union (IFRSs). The parent company financial statements have been prepared using United Kingdom Accounting Standards including FRS 102 ‘The financial reporting standard applicable in the UK and Republic of Ireland’ and are set out on pages 70 to 78.

#### **Going concern basis**

Uncertainty due to the recent COVID-19 outbreak has been considered as part of the Group's adoption of the going concern basis. Trading remains impacted by COVID-19 despite reopening following the latest Government lockdown. The health of our staff and our customers is the Board’s highest priority.

All appropriate measures have been put in place to reduce the impact on the Group, including cost reduction and refurbishments and other capital expenditure projects. The Board's latest forecasts are based on a scenario where the business expects sales to remain below 2019 levels with expected sales increasing gradually in 2021. The Board has factored in a delay in all non-committed capital expenditure, reduction in variable costs including staffing and moving to monthly rent payments. In addition, the Government has announced extensions to the business rates holiday/reduction as well as maintaining VAT at 5% until the autumn.

The Board has also considered various scenarios including closure and weakened growth rates. This continues to be under review given current market conditions associated with COVID-19. The Group currently has cash reserves of £8m and the Board believes that the business has the ability to remain trading for a period of at least 12 months from the date of signing of these financial statements, however there is an inherent uncertainty about future trading and the going concern position. These financial statements have therefore been prepared on the going concern basis.

## Principal accounting policies for the consolidated financial statements (continued)

### Use of non-GAAP profit and loss measures

The Group believes that along with operating profit, the 'Adjusted EBITDA' provides additional guidance to the statutory measures of the performance of the business during the financial year. Adjusted profit from operations is calculated by adding back depreciation, amortisation, impairment of assets, finance costs, preopening costs and certain non-recurring or non-cash items. Adjusted EBITDA is an internal measure used by management as they believe it better reflects the underlying performance of the Group beyond generally accepted accounting principles.

### New or revised Standards and Interpretations applied

#### Amendments to IFRS 16 COVID-19 Related Rent Concessions

The practical expedient was applied whereby the lessee will account for any changes to their lease payments as if the change were not a lease modification.

In order to apply the practical expedient all of the following criteria was met:

- The revised consideration for the lease is substantially the same as, or less than the original consideration immediately preceding the change. Rent concessions which increase the total consideration, but only for the time value of money, will be able to apply the practical expedient;
- Any reduction in payments only affects payments originally due on or before 30 June 2021. This would include a situation where there are reduced payments before 30 June 2021 followed by increased payments that extend beyond 30 June 2021; and
- There are no substantive changes to other terms and conditions of the lease. This assessment would consider both qualitative and quantitative factors. It has been specifically noted by the IASB that a three-month rent holiday before 30 June 2021 followed by three additional months of substantially equivalent payments at the end of the lease would not constitute a substantive change to the lease.

The practical expedient was applied consistently to all lease contracts with similar characteristics and in similar circumstances. This resulted in £982,209 being recognised as a credit to income in the profit and loss for the reporting period reflecting the changes in lease payments arising from the application of this exemption.

## Principal accounting policies for the consolidated financial statements (continued)

### Other amendments

In the current year, 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 2020. These have not had any material impact on the amounts reported for the current and prior years.

| Standard or Interpretation  | Effective Date |
|---|----------------|
| Definition of a Business (Amendments to IFRS 3)   | 1 January 2020 |
| Amendments to IAS 1 and IAS 8 – definition of material  | 1 January 2020 |
| Conceptual Framework – Amendments to References to the Conceptual Framework in IFRS Standards | 1 January 2020 |

### 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 or Non-Current | 1 January 2022 |

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.

### Significant judgements and estimates

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

## Principal accounting policies for the consolidated financial statements (continued)

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.

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 £4,019,871 (2019: £129,001) was required for the year ended 31 December 2020.

### 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 £136,907, being equal to the deferred tax liability amount and therefore have an unprovided deferred tax asset amount of £552,324.

## Principal accounting policies for the consolidated financial statements (continued)

### Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in the historical consolidated financial statements, unless otherwise indicated.

#### (a) Basis of preparation

These consolidated financial statements for the year ended 31 December 2020 are prepared in accordance with IFRS.

The financial statements are presented in Pound Sterling (£), which is both the functional and presentational currency of the Group and Company. All amounts are rounded to the nearest pound, except where otherwise indicated.

The Group and Parent Company financial statements have been prepared on the historical cost convention as modified for certain financial instruments, which are stated at fair value. Non-current assets are stated at the lower of carrying amount and fair value less costs to sell.

#### (b) Basis of consolidation

These financial statements consolidate the financial statements of the Company and all of its subsidiary undertakings drawn up to 31 December 2020.

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account, regardless of management's intention to exercise that option or warrant. The financial statements of

subsidiaries are included in the consolidated financial statements from the date that control commences until the date the control ceases.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the identifiable net assets acquired is recorded as goodwill.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated fully on consolidation. The gain or loss on disposal of a subsidiary company is the difference between net disposals proceeds and the Group's share of its net assets together with any goodwill and exchange differences.



## Principal accounting policies for the consolidated financial statements (continued)

### (c) Foreign currency translation

#### *Functional and presentational currency*

Items included in the financial results of each of the Group entities are measured using the currency of the primary economic environment in which the entities operate (the functional currency). The consolidated financial statements are presented in Pounds Sterling ("£") which is the Company's functional and operational currency.

#### *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and financial liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

### (d) Financial instruments

Financial assets and financial liabilities are measured initially at fair value plus transactions costs. Financial assets and financial liabilities are measured subsequently as described below.

#### *Financial assets*

The Group classifies its financial assets as 'loans and receivables'. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Loans and receivables are non-derivative financial assets with fixed and determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date, which are classified as non-current assets. Receivables are classified as 'trade and other receivables' and loans are classified as 'borrowings' in the statement of financial position.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. After initial recognition loans and receivables are carried at amortised cost using the effective interest rate method less any allowance for impairment. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulty, high probability of bankruptcy or a financial reorganisation and default are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

## Principal accounting policies for the consolidated financial statements (continued)

The loss is recognised in the income statement. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to the statement of comprehensive income.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

### *Financial liabilities*

The Group's financial liabilities include trade and other payables.

Trade payables are recognised initially at fair value less transaction costs and subsequently measured at amortised cost using the effective interest method ("EIR" method).

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of comprehensive Income.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

### **(e) Property, plant and equipment**

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

### ***Depreciation***

Depreciation is charged to the income statement on a reducing balance basis and on a straight-line basis over the estimated useful lives of corresponding items of property, plant and equipment:

|                                 |                              |
|---------------------------------|------------------------------|
| Land and buildings Leasehold    | Over the length of the lease |
| Land and buildings Freehold     | 4% straight line basis       |
| Plant and machinery             | 15% on reducing balance      |
| Fixture, fittings and equipment | 10% on reducing balance      |

The carrying values of plant and equipment are reviewed at each reporting date to determine whether there are any indications of impairment. If any such indication exists, the assets are tested for impairment to estimate the assets' recoverable amounts. Any impairment losses are recognized in the statement of comprehensive income.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within the Statement of Comprehensive Income

## Principal accounting policies for the consolidated financial statements (continued)

### (f) Intangible assets – Goodwill

All business combinations are accounted for by applying the acquisition method. Goodwill represents amounts arising on acquisition of subsidiaries, associates and joint ventures. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash generating units and is formally tested for impairment annually, thus is not amortised. Any excess of fair value of net assets over consideration on acquisition are recognised directly in the income statement.

### (g) Inventories

Inventories are stated at the lower of costs and net realisable value. Cost comprises direct materials, and those direct overheads that have been incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

### (h) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at bank, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts that are repayable on demand are included within borrowings in current liabilities on the balance sheet.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

### (i) Share-based payments

The Group's share option programme allows Group employees to acquire shares of the Company and all options are equity-settled. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

### (j) Provisions for liabilities

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where the effect of the time value of money is material, the amount expected to be required to settle

## Principal accounting policies for the consolidated financial statements (continued)

the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the income statement in the period it arises.

Provisions for leasehold property dilapidation repairs are recognised when the Group has a present obligation to carry out dilapidation work on the leasehold premises before the property is vacated. The amount recognised as a provision is the best estimate of the costs required to carry out the dilapidations work and is spread over the expected period of the tenancy.

### **(k) Deferred tax and current tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered or paid to the taxation authorities. A provision is made for corporation tax for the reporting period using the tax rates that have been substantially enacted for the company at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the Statement of Comprehensive Income.

Deferred income tax is provided in full on a non-discounted basis, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

### **(l) Leases**

#### *Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (i.e., the date the underlying asset is available for use). Initially, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Subsequently, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

#### *Lease liabilities*

At the commencement date of the lease, the lease liabilities recognised are measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under

## Principal accounting policies for the consolidated financial statements (continued)

residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period on which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Group used the incremental borrowing rate at the lease commencement. After the commencement date, the amount of lease liabilities is increased to account for interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group elected to apply the practical expedient in relation to amendments to IFRS 16: Covid-19 Related Rent Concessions. This allows a lessee to account for any changes to their lease payments due to the effects of Covid-19 in the Statement of Comprehensive Income rather than be treated as a lease modification.

The practical expedient was applied consistently to all lease contracts with similar characteristics and in similar circumstances. This resulted in £982,209 being recognised as a credit to income in the profit and loss for the reporting period reflecting the changes in lease payments arising from the application of this practical expedient.

### **(m) Employee benefits**

#### *Short term employee benefits*

Wages, salaries, paid annual leave, paid sick leave and bonuses are recognised as an expense in the period in which the associated services are rendered by employees.

The Group recognises an accrual for annual holiday pay accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within 12 months. The accrual is measured at the salary cost payable for the period of absence.

#### *Pensions and other post-employment benefits*

The Group pays monthly contributions to defined contribution pension plans. The legal or constructive obligation of the Group is limited to the amount that they agree to contribute to the plan. The contributions to the plan are charged to the Statement of Comprehensive Income in the period to which they relate.

Termination benefits are recognised immediately as an expense when the Group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

### **(n) Revenue**

Revenue represents amounts received and receivable for services and goods provided (excluding value added tax) and is recognised at the point of sale. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the reserve can be reliably measured.

## Principal accounting policies for the consolidated financial statements (continued)

### (o) Expenses

#### *Variable lease payments*

Variable lease payments that do not depend on an index or rate and are not in-substance fixed payments, such as rental expenses payable based on the percentage of sales made in the period, are not included in the initial measurement of the lease liability. These payments are recognised in the income statement in the period in which the event or condition that triggers those payments occurs.

#### *Opening expenses*

Property rentals and related costs incurred up to the date of opening of a new restaurant are written off to the income statement in the period in which they are incurred. Promotional and training costs are written off to the income statement in the period in which they are incurred.

#### *Financial expenses*

Financial expenses comprise of interest payable on bank loans, hire purchase liabilities and other financial costs and charges. Interest payable is recognised on an accrual basis.

### (p) Ordinary share capital

Ordinary shares are classified as equity. Costs directly attributable to the increase of new shares or options are shown in equity as a deduction from the proceeds.

### (q) Dividend policy

In accordance with IAS 10 'Events after the Balance Sheet Date', dividends declared after the balance sheet date are not recognised as a liability at that balance sheet date and are recognised in the financial statements when they have received approval by shareholders. Unpaid dividends that are not approved are disclosed in the notes to the consolidated financial statements.

### (r) Commercial discount policy

Commercial discounts represent a reduction in cost of goods and services in accordance with negotiated supplier contracts, the majority of which are based on purchase volumes. Commercial discounts are recognised in the period in which they are earned and to the extent that any variable targets have been achieved in that financial period. Costs associated with commercial discounts are recognised in the period in which they are incurred.

### (s) Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenue and expenses related to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker to make decisions about resources to be allocated to the segment and assess its performance, and for which

## Principal accounting policies for the consolidated financial statements (continued)

discrete financial information is available. The Chief Operating Decision Maker has been identified as the Board of Executive Directors, at which level strategic decisions are made.

### (t) Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable.

During the year, the Group benefited from receipts from the UK government under the Coronavirus Job Retention Scheme ("CJRS") of £3.4m. The amounts received were presented as 'Other income' on the Statement of Comprehensive Income.

# Notes to the consolidated financial statements

## *For the year ended 31 December 2020*

### 1. Segmental analysis

The Group has only one operating segment being: the operation of restaurants with Lebanese and Middle Eastern Offerings and one geographical segment being 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 revenues.

### 2. Revenue

|  | 31 December<br>2020<br>£ | 31 December<br>2019<br>£ |
|--|--------------------------|--------------------------|
| <b>Income for the year consists of the following:</b>                    |                          |                          |
| Revenue from continuing operations                                       | 12,492,506               | 33,403,402               |
| <b>Other income not included within revenue in the income statement:</b> |                          |                          |
| UberEATs compensation  | 88,517                   | 643,739                  |
| Insurance claims receivable  | 153,186                  | 346,351                  |
| Landlord compensation  | -                        | 30,000                   |
| Covid-19 related rent concessions  | 982,209                  | -                        |
| Coronavirus Job Retention Scheme income                                  | 4,337,498                | -                        |
|  | <u>5,561,410</u>         | <u>1,020,090</u>         |
| <b>Total income for the year</b>   | <b>18,053,916</b>        | <b>34,423,492</b>        |



## Notes to the consolidated financial statements (continued)

### 3. Group operating loss

|   | 31 December<br>2020 | 31 December<br>2019 |
|---|---------------------|---------------------|
|   | £                   | £                   |
| <b>This is stated after charging/(crediting):</b>                   |                     |                     |
| Operating lease charges   | 185,456             | 787,222             |
| Rent concessions  | (982,209)           | -                   |
| Lease modifications   | (340,494)           | -                   |
| Share-based payments expense (see <i>Note 22</i> )                  | 14,578              | 53,963              |
| Restaurant opening costs  | 53,378              | 18,075              |
| Depreciation of property, plant and equipment (see <i>Note 11</i> ) | 4,020,265           | 4,036,957           |
| Impairment of assets (see <i>Note 10 &amp; 11</i> )                 | 4,019,871           | 129,001             |
| Loss on disposal of fixed assets                                    | 171,617             | 298,022             |
| Auditors' remuneration (see <i>Note 4</i> )                         | 52,250              | 51,250              |
| Payroll provision   | 353,012             | -                   |
| Development of the Grab & Go concept subsequently cancelled         | -                   | 74,551              |
| Costs in relation to unopened new sites                             | -                   | 67,211              |
| Reclassification of legal fees                                      | -                   | 15,087              |

Operating lease charges relate to additional rental expenses payable based on selected sites achieving a certain level of turnover for the year.

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 certain post-opening costs for 3 months is shown below:

|                    | 31 December<br>2020 | 31 December<br>2019 |
|--------------------|---------------------|---------------------|
|                    | £                   | £                   |
| Pre-opening costs  | 53,378              | 3,982               |
| Post-opening costs | -                   | 14,093              |
|                    | <b>53,378</b>       | <b>18,075</b>       |

## Notes to the consolidated financial statements (continued)

### 4. Auditors' remuneration

|  | 31 December<br>2020<br>£ | 31 December<br>2019<br>£ |
|--|--------------------------|--------------------------|
| <b>Auditors' remuneration:</b>   |                          |                          |
| Fees payable to Company's auditor for the audit of its annual accounts | 15,750                   | 15,750                   |
| <b>Other fees to the Company's auditors</b>                            |                          |                          |
| The audit of the Company's subsidiaries                                | 20,000                   | 20,000                   |
| <b>Total audit fees</b>  | <b>35,750</b>            | <b>35,750</b>            |
| Review of the half-year accounts                                       | 16,500                   | 15,500                   |
| <b>Total non-audit fees</b>  | <b>16,500</b>            | <b>15,500</b>            |
| <b>Total auditors' remuneration</b>                                    | <b>52,250</b>            | <b>51,250</b>            |

## Notes to the consolidated financial statements (continued)

### 5. Staff costs and numbers

|  | 31 December<br>2020<br>£ | 31 December<br>2019<br>£ |
|--|--------------------------|--------------------------|
| <b>(a) Staff costs (including directors):</b>    |                          |                          |
| <i>Wages and salaries:</i>                       |                          |                          |
| Kitchen, floor and management wages              | 4,619,492                | 11,416,977               |
| Apprentice Levy                                  | 29,632                   | 41,455                   |
| <i>Other costs:</i>                              |                          |                          |
| Social security costs                            | 456,770                  | 842,168                  |
| Share-based payments ( <i>note 22</i> )          | 14,578                   | 53,963                   |
| Pension costs                                    | 107,125                  | 249,086                  |
| <b>Total staff costs</b>                         | <b>5,227,597</b>         | <b>12,603,649</b>        |
| <b>(b) Staff numbers (including directors):</b>  | <b>Number</b>            | <b>Number</b>            |
| Kitchen and floor staff                          | 463                      | 538                      |
| Management staff                                 | 73                       | 114                      |
| <b>Total number of staff</b>                     | <b>536</b>               | <b>652</b>               |
| <b>(c) Directors' remuneration:</b>              |                          |                          |
| Emoluments                                       | 233,456                  | 495,000                  |
| Money purchase (and other) pension contributions | 46,186                   | 101,457                  |
| Non-Executive directors' fees                    | 26,250                   | 30,000                   |
| <b>Total directors' costs</b>                    | <b>305,892</b>           | <b>626,457</b>           |

Directors' remuneration disclosed above include the following amounts paid to the highest paid director:

|  |        |         |
|--|--------|---------|
| Emoluments                                       | 71,250 | 187,500 |
| Money purchase (and other) pension contributions | 27,947 | 50,134  |

Further details on Directors' emoluments and the executive pension schemes are given in the Directors' report.

## Notes to the consolidated financial statements (continued)

### 6. Finance costs

|  | 31 December<br>2020 | 31 December<br>2019 |
|--|---------------------|---------------------|
|  | £                   | £                   |
| <b>Interest payable and similar charges:</b> |                     |                     |
| Interest on bank loans and overdraft         | 6,253               | 21,730              |
| Interest on lease liabilities                | 904,632             | 1,074,732           |
| <b>Total finance costs for the year</b>      | <b>910,885</b>      | <b>1,096,462</b>    |

### 7. Taxation

The major components of income tax for the years ended 31 December 2020 and 2019 are:

#### (a) Analysis of charge in the year:

|  | 31 December<br>2020 | 31 December<br>2019 |
|--|---------------------|---------------------|
|  | £                   | £                   |
| <i>Current tax:</i>                                  |                     |                     |
| UK corporation tax on the profit/(loss) for the year | (18,663)            | 119,645             |
| Adjustments in respect of previous years             | 1,032               | 436                 |
| <i>Deferred tax:</i>                                 |                     |                     |
| Origination and reversal of temporary differences    | (29,611)            | 317                 |
| Tax losses carried forward                           | (1,084)             | 26,175              |
| <b>Total tax (credit)/charge for the year</b>        | <b>(48,326)</b>     | <b>146,573</b>      |

## Notes to the consolidated financial statements (continued)

### 7. Taxation (continued)

#### b) Factors affecting the tax charge for the year:

The tax charged for the year varies from the standard rate of corporation tax in the UK due to the following factors:

|  | 31 December<br>2020 | 31 December<br>2019 |
|--|---------------------|---------------------|
|  | £                   | £                   |
| Loss before tax  | (8,149,855)         | (520,390)           |
| Expected tax credit based on the standard rate of corporation tax in the UK of 19% (2019: 19%) | (1,548,472)         | (98,874)            |
| <i>Effects of:</i>   |                     |                     |
| Depreciation on non-qualifying assets  | 123,867             | 122,499             |
| Expenses not deductible for tax purposes   | 768,144             | 95,716              |
| Adjustments in respect of previous tax years   | 1,032               | 436                 |
| Deferred tax   | -                   | 26,492              |
| Other miscellaneous items  | -                   | 304                 |
| Losses not recognised as deferred tax  | 607,103             | -                   |
| <b>Total tax (credit)/charge for the year</b>  | <b>(48,326)</b>     | <b>146,573</b>      |

### 8. Loss per share

On 4 July 2018 the company granted 4,890,000 approved options to key employees under a new Company Share Option Plan ("CSOP"). For further details see note 22.

The basic and diluted loss per share figures, is based on the weighted average number of shares in issue during the period.

## Notes to the consolidated financial statements (continued)

### 8. Loss per share (continued)

The basic and diluted loss per share figures are set out below:

|                                    | 31 December<br>2020<br>£ | 31 December<br>2019<br>£ |
|------------------------------------|--------------------------|--------------------------|
| Loss attributable to shareholders  | (8,101,529)              | (666,963)                |
|                                    | <b>2020</b>              | <b>2019</b>              |
| Weighted average number of shares  |                          |                          |
| For basic earnings per share       | 122,666,667              | 122,666,667              |
| Adjustment for options outstanding | -                        | 180,385                  |
| For diluted earnings per share     | <b>122,666,667</b>       | <b>122,847,052</b>       |
|                                    | <b>2020</b>              | <b>2019</b>              |
|                                    | <b>Pence per share</b>   | <b>Pence per share</b>   |
| <b>Loss per share:</b>             |                          |                          |
| <u>Basic (pence)</u>               |                          |                          |
| From loss for the year             | (6.60)                   | (0.54)                   |
| <u>Diluted (pence)</u>             |                          |                          |
| From loss for the year             | (6.60)                   | (0.54)                   |

Diluted (loss)/earnings 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 share options 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 31 December 2020 and consequently would be antidilutive, no adjustment was made in respect of the share options outstanding to determine the diluted number of options.

### 9. Dividends

No dividends were paid or declared in the year ended 31 December 2020 (2019: £nil).

## Notes to the consolidated financial statements (continued)

### 10. Intangible assets

#### Group

|  | Goodwill<br>£   | Total<br>£      |
|--|-----------------|-----------------|
| <b>Cost</b>                                    |                 |                 |
| At 1 January 2019                              | 89,961          | 89,961          |
| Additions                                      | -               | -               |
| <b>At 31 December 2019</b>                     | <b>89,961</b>   | <b>89,961</b>   |
| <b>Accumulated amortisation and impairment</b> |                 |                 |
| At 1 January 2019                              | (2,286)         | (2,286)         |
| Amortised during the year                      | -               | -               |
| Impairments                                    | -               | -               |
| <b>At 31 December 2019</b>                     | <b>(2,286)</b>  | <b>(2,286)</b>  |
| Net Book Value as at 31 December 2018          | 87,675          | 87,675          |
| <b>Net Book Value as at 31 December 2019</b>   | <b>87,675</b>   | <b>87,675</b>   |
|  |                 |                 |
|  | Goodwill<br>£   | Total<br>£      |
| <b>Cost</b>                                    |                 |                 |
| At 1 January 2020                              | 89,961          | 89,961          |
| Additions                                      | -               | -               |
| <b>At 31 December 2020</b>                     | <b>89,961</b>   | <b>89,961</b>   |
| <b>Accumulated amortisation and impairment</b> |                 |                 |
| At 1 January 2020                              | (2,286)         | (2,286)         |
| Amortised during the year                      | -               | -               |
| Impairments                                    | (32,408)        | (32,408)        |
| <b>At 31 December 2020</b>                     | <b>(34,694)</b> | <b>(34,694)</b> |
| Net Book Value as at 31 December 2019          | 87,675          | 87,675          |
| <b>Net Book Value as at 31 December 2020</b>   | <b>55,267</b>   | <b>55,267</b>   |

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. During the year, 100% of the goodwill allocated to Yalla Yalla Winsley, being £32,408 was impaired based on the impairment test. The remaining goodwill related to Yalla Yalla Soho. No impairment of goodwill was considered necessary in relation to this site.

## Notes to the consolidated financial statements (continued)

### 11. Property, plant and equipment

| Group  | Right-of use<br>Assets | Leasehold<br>Land and<br>buildings | Plant and<br>machinery | Fixture,<br>fittings &<br>equipment | Motor<br>Vehicles | Total               |
|--|------------------------|------------------------------------|------------------------|-------------------------------------|-------------------|---------------------|
|  | £                      | £                                  | £                      | £                                   | £                 | £                   |
| <b>Cost</b>  |                        |                                    |                        |                                     |                   |                     |
| At 1 January 2019                                  | 27,669,309             | 11,490,327                         | 4,949,517              | 3,096,004                           | 15,120            | 47,220,277          |
| Additions  | 1,426,428              | 647,651                            | 360,815                | 240,973                             | 38,310            | 2,714,177           |
| Disposals  | -                      | (623,376)                          | (158,449)              | (220,458)                           | -                 | (1,002,283)         |
| <b>At 31 December 2019</b>                         | <b>29,095,737</b>      | <b>11,514,602</b>                  | <b>5,151,883</b>       | <b>3,116,519</b>                    | <b>53,430</b>     | <b>48,932,171</b>   |
| <b>Accumulated depreciation and<br/>impairment</b> |                        |                                    |                        |                                     |                   |                     |
| At 1 January 2019                                  | (2,427,099)            | (4,335,233)                        | (2,257,899)            | (1,205,357)                         | (5,443)           | (10,231,031)        |
| Depreciation during the year                       | (2,621,243)            | (760,432)                          | (452,878)              | (200,473)                           | (1,930)           | (4,036,957)         |
| Disposals during the year                          | -                      | 466,755                            | 104,464                | 131,792                             | -                 | 703,011             |
| Impairment during the year                         | (96,316)               | (18,947)                           | (7,074)                | (6,665)                             | -                 | (129,001)           |
| <b>At 31 December 2019</b>                         | <b>(5,144,658)</b>     | <b>(4,647,857)</b>                 | <b>(2,613,387)</b>     | <b>(1,280,703)</b>                  | <b>(7,373)</b>    | <b>(13,693,978)</b> |
| <b>Cost</b>  |                        |                                    |                        |                                     |                   |                     |
| At 1 January 2020                                  | 29,095,737             | 11,514,602                         | 5,151,883              | 3,116,519                           | 53,430            | 48,932,171          |
| Additions  | -                      | 50,421                             | 92,216                 | 39,942                              | -                 | 182,579             |
| Disposals  | -                      | (549,000)                          | (443,325)              | (297,914)                           | -                 | (1,290,239)         |
| Modifications                                      | (1,171,088)            | -                                  | -                      | -                                   | -                 | (1,171,088)         |
| <b>At 31 December 2020</b>                         | <b>27,924,649</b>      | <b>11,016,023</b>                  | <b>4,800,774</b>       | <b>2,858,547</b>                    | <b>53,430</b>     | <b>46,653,423</b>   |
| <b>Accumulated depreciation and<br/>impairment</b> |                        |                                    |                        |                                     |                   |                     |
| At 1 January 2020                                  | (5,144,658)            | (4,647,857)                        | (2,613,387)            | (1,280,703)                         | (7,373)           | (13,693,978)        |
| Depreciation during the year                       | (2,650,381)            | (786,000)                          | (390,594)              | (191,728)                           | (1,562)           | (4,020,265)         |
| Disposals during the year                          | -                      | 523,287                            | 363,668                | 231,668                             | -                 | 1,118,623           |
| Impairment during the year                         | (2,532,866)            | (967,600)                          | (285,767)              | (201,230)                           | -                 | (3,987,463)         |
| <b>At 31 December 2020</b>                         | <b>(10,327,905)</b>    | <b>(5,878,170)</b>                 | <b>(2,926,080)</b>     | <b>(1,441,993)</b>                  | <b>(8,935)</b>    | <b>(20,583,083)</b> |
| <b>Net Book Value as at 31<br/>December 2019</b>   | <b>23,951,079</b>      | <b>6,866,745</b>                   | <b>2,538,496</b>       | <b>1,835,816</b>                    | <b>46,057</b>     | <b>35,238,194</b>   |
| <b>Net Book Value as at 31<br/>December 2020</b>   | <b>17,596,744</b>      | <b>5,137,853</b>                   | <b>1,874,694</b>       | <b>1,416,554</b>                    | <b>44,495</b>     | <b>26,070,340</b>   |

The right of use assets relates to one class of underlying assets, being the property leases entered into for various restaurant sites. At each reporting date the Group considers any indication of impairment to the carrying value of its property, plant and equipment.



## Notes to the consolidated financial statements (continued)

### 11. Property, plant and equipment (continued)

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:

|                           |                    |
|---------------------------|--------------------|
| Sales and costs growth    | 3%                 |
| Discount rate             | 5.9%               |
| 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 of £4,019,871 (2019: £129,001) was recorded for the year.

## Notes to the consolidated financial statements (continued)

### 12. Subsidiaries

The subsidiaries of Comptoir Group Plc, all of which have been included in these consolidated financial statements, are as follows:

| Name                                 | Country of incorporation and principal place of business | Proportion of ownership interest as at 31 December |      | Non-Controlling interests Ownership/voting interest at 31 December |      |
|--------------------------------------|--|--|------|--|------|
|                                      |  | 2020   | 2019 | 2020   | 2019 |
| Timerest Limited                     | England & Wales  | 100%   | 100% | -  | -    |
| Chabane Limited*                     | England & Wales  | 100%   | 100% | -  | -    |
| Comptoir Franchise Limited           | England & Wales  | 100%   | 100% | -  | -    |
| Shawa Group Limited*                 | England & Wales  | 100%   | 100% | -  | -    |
| Shawa Bluewater Limited*             | England & Wales  | 100%   | 100% | -  | -    |
| Shawa Limited                        | England & Wales  | 100%   | 100% | -  | -    |
| Shawa Rupert Street Limited*         | England & Wales  | 100%   | 100% | -  | -    |
| Comptoir Stratford Limited*          | England & Wales  | 100%   | 100% | -  | -    |
| Comptoir South Ken Limited*          | England & Wales  | 100%   | 100% | -  | -    |
| Comptoir Soho Limited*               | England & Wales  | 100%   | 100% | -  | -    |
| Comptoir Central Production Limited* | England & Wales  | 100%   | 100% | -  | -    |
| Comptoir Westfield London Limited*   | England & Wales  | 100%   | 100% | -  | -    |
| Levant Restaurants Group Limited*    | England & Wales  | 100%   | 100% | -  | -    |
| Comptoir Chelsea Limited*            | England & Wales  | 100%   | 100% | -  | -    |
| Comptoir Bluewater Limited*          | England & Wales  | 100%   | 100% | -  | -    |
| Comptoir Wigmore Limited*            | England & Wales  | 100%   | 100% | -  | -    |
| Comptoir Kingston Limited*           | England & Wales  | 100%   | 100% | -  | -    |
| Comptoir Broadgate Limited*          | England & Wales  | 100%   | 100% | -  | -    |
| Comptoir Manchester Limited*         | England & Wales  | 100%   | 100% | -  | -    |
| Comptoir Restaurants Limited         | England & Wales  | 100%   | 100% | -  | -    |
| Comptoir Leeds Limited*              | England & Wales  | 100%   | 100% | -  | -    |
| Comptoir Oxford Street Limited*      | England & Wales  | 100%   | 100% | -  | -    |
| Comptoir I.P. Limited*               | England & Wales  | 100%   | 100% | -  | -    |
| Comptoir Reading Limited*            | England & Wales  | 100%   | 100% | -  | -    |
| TKCH Limited*                        | England & Wales  | 100%   | 100% | -  | -    |
| Comptoir Bath Limited*               | England & Wales  | 100%   | 100% | -  | -    |
| Comptoir Exeter Limited*             | England & Wales  | 100%   | 100% | -  | -    |
| Yalla Yalla Restaurants Limited      | England & Wales  | 100%   | 100% | -  | -    |
| Comptoir Haymarket Ltd*              | England & Wales  | 100%   | 100% | -  | -    |
| Comptoir Oxford Limited*             | England & Wales  | 100%   | 100% | -  | -    |

\*Dormant companies

## Notes to the consolidated financial statements (continued)

### 13. Inventories

|                                     | Group               |                     |
|-------------------------------------|---------------------|---------------------|
|                                     | 31 December<br>2020 | 31 December<br>2019 |
|                                     | £                   | £                   |
| Finished goods and goods for resale | 424,673             | 594,409             |

### 14. Trade and other receivables

|  | Group               |                     |
|--|---------------------|---------------------|
|  | 31 December<br>2020 | 31 December<br>2019 |
|  | £                   | £                   |
| Trade receivables                        | 50,027              | 736,179             |
| Other receivables                        | 576,320             | 796,923             |
| Prepayments and accrued income           | 474,575             | 669,872             |
| <b>Total trade and other receivables</b> | <b>1,100,922</b>    | <b>2,202,974</b>    |

### 15. Trade and other payables

|                                       | Group               |                     |
|---------------------------------------|---------------------|---------------------|
|                                       | 31 December<br>2020 | 31 December<br>2019 |
|                                       | £                   | £                   |
| Trade payables                        | 2,517,573           | 2,399,243           |
| Accruals                              | 3,265,436           | 1,511,579           |
| Other taxation and social security    | 637,640             | 974,453             |
| Other payables                        | 107,019             | 130,329             |
| <b>Total trade and other payables</b> | <b>6,527,668</b>    | <b>5,015,604</b>    |

## Notes to the consolidated financial statements (continued)

### 16. Borrowings

|  | Group               |                     |
|--|---------------------|---------------------|
|  | 31 December<br>2020 | 31 December<br>2019 |
|  | £                   | £                   |
| <b>Amounts falling due within one year:</b>          |                     |                     |
| Bank loans (see below)                               | 250,000             | 261,611             |
| <b>Total borrowings</b>                              | <b>250,000</b>      | <b>261,611</b>      |
| <b>Amounts falling due after more than one year:</b> |                     |                     |
| Bank loans (see below)                               | 2,750,000           | 55,735              |
| <b>Total borrowings</b>                              | <b>2,750,000</b>    | <b>55,735</b>       |

During the year all loans outstanding as at 31 December 2019 were repaid and the Group obtained a £3m Coronavirus Business Interruption Loan Scheme ("CBILS") loan.

The CBILS loan is secured by way of fixed charges over the assets of various Group companies. The CBIL loan of £3,000,000 represent amounts repayable within one year of £250,000 (2019: £261,611) and £2,750,000 (2019: £55,735) repayable in more than one year. The bank loan has a six-year term with maturity date in 2026. The loan has an initial interest free period of 12 months followed by a rate of interest of 2.5% over the Bank base rate.

### 17. Provisions for liabilities

|  | 31 December<br>2020 | 31 December<br>2019 |
|--|---------------------|---------------------|
|  | £                   | £                   |
| Provisions for leasehold property dilapidations  | 106,411             | 65,538              |
| Provisions for rent reviews per lease agreements | 373,032             | 373,032             |
| Provisions for payroll pension costs             | 353,012             | -                   |
| <b>Total provisions</b>                          | <b>832,455</b>      | <b>438,570</b>      |
| <b>Movements on provisions:</b>                  | <b>£</b>            | <b>£</b>            |
| At 1 January 2020                                | 438,570             | 60,892              |
| Provision in the year (net of releases)          | 393,885             | 377,678             |
| <b>Total at 31 December 2020</b>                 | <b>832,455</b>      | <b>438,570</b>      |

## Notes to the consolidated financial statements (continued)

### 17. Provisions for liabilities (continued)

Provisions for leasehold property dilapidation repairs are recognised when the Group has a present obligation to carry out dilapidation repair work on the leasehold premises before the property is vacated. The amount recognised as a provision is the best estimate of the costs required to carry out the dilapidations work and is spread over the expected period of the tenancy.

Provisions for rent reviews relates to any increases in rent that may become payable based on scheduled rent review dates as per lease agreements.

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.

### 18. Deferred taxation

Deferred tax assets and liabilities are offset where the Group or Company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

| Group                          | Liabilities<br>2020<br>£ | Liabilities<br>2019<br>£ | Assets<br>2020<br>£ | Assets<br>2019<br>£ |
|--------------------------------|--------------------------|--------------------------|---------------------|---------------------|
| Accelerated capital allowances | -                        | 170,283                  | -                   | -                   |
| Tax losses                     | -                        | -                        | -                   | 139,588             |
| Share-based payments           | -                        | -                        | -                   | -                   |
|                                | -                        | 170,283                  | -                   | 139,588             |

| Movements in the year:                               | Group<br>2020<br>£ | Group<br>2019<br>£ |
|--|--------------------|--------------------|
| Net liability at 1 January                           | (30,695)           | (4,203)            |
| Charge to Statement of Comprehensive Income (note 7) | 30,695             | (26,492)           |
| Net liability at year end                            | -                  | (30,695)           |

The deferred tax liability set out above is related to accelerated capital allowances and will reverse over the period that the fixed assets to which it relates are depreciated.

## Notes to the consolidated financial statements (continued)

### 19. Share capital

#### Authorised, issued and fully paid

|                       | Number of 1p shares |                     |
|-----------------------|---------------------|---------------------|
|                       | 31 December<br>2020 | 31 December<br>2019 |
| Brought forward       | 122,666,667         | 122,666,667         |
| Issued in the period  | -                   | -                   |
| <b>At 31 December</b> | <b>122,666,667</b>  | <b>122,666,667</b>  |

|                       | Nominal value       |                     |
|-----------------------|---------------------|---------------------|
|                       | 31 December<br>2020 | 31 December<br>2019 |
|                       | £                   | £                   |
| Brought forward       | 1,226,667           | 1,226,667           |
| Issues in the period  | -                   | -                   |
| <b>At 31 December</b> | <b>1,226,667</b>    | <b>1,226,667</b>    |

### 20. Other reserves

The other reserves amount of £97,286 (2019: £82,708) in the balance sheet reflects the credit to equity made in respect of the charge for share-based payments made through the income statement and the purchase of shares in the market in order to satisfy the vesting of existing and future share awards under the Long-Term Incentive Plan.

### 21. Retirement benefit schemes

#### Defined contribution schemes

|                           | 31 December<br>2020 | 31 December<br>2019 |
|---------------------------|---------------------|---------------------|
|                           | £                   | £                   |
| Charge to profit and loss | 107,125             | 249,086             |

A defined contribution scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the Group in an independently administered fund.

## Notes to the consolidated financial statements (continued)

### 22. Share-based payments scheme

#### *Equity-settled share-based payments*

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. On the same day, the options which had been granted under the Group's existing EMI share option scheme were cancelled.

The new 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.

A share-based payment charge of £14,578 (2019: £53,963) was recognised during the year in relation to the new scheme and this amount is included within administrative expenses and added back in calculating adjusted EBITDA.

|   | 31 December<br>2020 |                                | 31 December<br>2019 |                                |
|---|---------------------|--------------------------------|---------------------|--------------------------------|
|   | No. of shares       | Average<br>Exercise price<br>£ | No. of shares       | Average<br>Exercise price<br>£ |
| <b>CSOP options</b>                     |                     |                                |                     |                                |
| Options outstanding, beginning of year  | 4,690,000           | 0.1025                         | 4,890,000           | 0.1025                         |
| Granted                                 | -                   | -                              | -                   | -                              |
| Cancelled                               | 1,380,000           | 0.1025                         | 200,000             | 0.1025                         |
| <b>Options outstanding, end of year</b> | <b>3,310,000</b>    | <b>0.1025</b>                  | <b>4,690,000</b>    | <b>0.1025</b>                  |
| <b>Options exercisable, end of year</b> | <b>-</b>            | <b>-</b>                       | <b>-</b>            | <b>-</b>                       |

## Notes to the consolidated financial statements (continued)

### 22. Share-based payments scheme (continued)

The Black-Scholes option pricing model is used to estimate the fair value of options granted under the Group's share-based compensation plan. The range of assumptions used and the resulting weighted average fair value of options granted at the date of grant for the Group were as follows:

|  | On grant date |
|--|---------------|
| Risk free rate of return                       | 0.1%          |
| Expected term                                  | 3 years       |
| Estimated volatility                           | 51.3%         |
| Expected dividend yield                        | 0%            |
| Weighted average fair value of options granted | £0.03527      |

#### *Risk free interest rate*

The risk-free interest rate is based on the UK 10-year Gilt yield.

#### *Expected term*

The expected term represents the maximum term that the Group's share options in relation to employees of the Group are expected to be outstanding. The expected term is based on expectations using information available.

#### *Estimated volatility*

The estimated volatility is the amount by which the price is expected to fluctuate during the period. No share options were granted during the current year, the estimated volatility for the share options issued in the prior year was determined based on the standard deviation of share price fluctuations of similar businesses.

#### *Expected dividends*

Comptoir's board of directors may from time to time declare dividends on its outstanding shares. Any determination to declare and pay dividends will be made by Comptoir Group PLC's board of directors and will depend upon the Group's results, earnings, capital requirements, financial condition, business prospects, contractual restrictions and other factors deemed relevant by the board of directors. In the event that a dividend is declared, there is no assurance with respect to the amount, timing or frequency of any such dividends. Based on this uncertainty and unknown frequency, no dividend rate was used in the assumptions to calculate the share based compensation expense.



## Notes to the consolidated financial statements (continued)

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

|  | 31 December<br>2020<br>£ | 31 December<br>2019<br>£ |
|--|--------------------------|--------------------------|
| Operating (loss)/profit for the year               | (7,238,970)              | 576,072                  |
| Depreciation                                       | 4,020,265                | 4,036,957                |
| Loss on disposal of fixed assets                   | 171,617                  | 299,272                  |
| Impairment of assets                               | 4,019,871                | 129,001                  |
| Rent concessions                                   | (982,209)                | -                        |
| Lease modifications                                | (340,494)                | -                        |
| Share-based payment charge                         | 14,578                   | 53,963                   |
| <b>Movements in working capital</b>                |                          |                          |
| Decrease in inventories                            | 169,736                  | 112,332                  |
| Decrease/(increase) in trade and other receivables | 1,102,052                | (344,532)                |
| Increase in payables and provisions                | 1,905,948                | 791,906                  |
| <b>Cash from operations</b>                        | <b>2,842,394</b>         | <b>5,654,971</b>         |

### 24. Reconciliation of changes in cash to the movement in net cash/(debt)

|                                | 31 December<br>2020<br>£ | Restated<br>31 December<br>2019<br>£ |
|--------------------------------|--------------------------|--------------------------------------|
| Net cash/(debt):               |                          |                                      |
| At the beginning of the year   | (21,914,841)             | (23,643,462)                         |
| <b>Movements in the year:</b>  |                          |                                      |
| Bank and other borrowings      | (2,660,924)              | 425,786                              |
| Lease liabilities              | 2,458,474                | 3,373,788                            |
| Non-cash movements in the year | 1,589,160                | (2,522,890)                          |
| Cash inflow/(outflow)          | 2,757,066                | 451,937                              |
| <b>At the end of the year</b>  | <b>(17,771,065)</b>      | <b>(21,914,841)</b>                  |

## Notes to the consolidated financial statements (continued)

| Represented by:           | Restated<br>At 1 January<br>2019 | Restated<br>Cash flow<br>movements in<br>the year | Restated<br>Non- cash flow<br>movements in<br>the year | Restated<br>At 31 December<br>2019 |
|---------------------------|----------------------------------|---|--|------------------------------------|
|                           | £                                | £   | £  | £                                  |
| Cash and cash equivalents | 4,624,673                        | 451,937   | -  | 5,076,610                          |
| Bank loans                | (743,132)                        | 425,786   | (21,730)   | (339,076)                          |
| Lease liabilities         | (27,525,003)                     | 3,373,788   | (2,501,160)  | (26,652,375)                       |
|                           | <b>(23,643,462)</b>              | <b>4,251,511</b>                                  | <b>(2,522,890)</b>                                     | <b>(21,914,841)</b>                |

|                           | At 1 January<br>2020 | Cash flow<br>movements in<br>the year | Non- cash flow<br>movements in<br>the year | At 31 December<br>2020 |
|---------------------------|----------------------|---------------------------------------|--|------------------------|
|                           | £                    | £                                     | £  | £                      |
| Cash and cash equivalents | 5,076,610            | 2,757,066                             | -  | 7,833,676              |
| Bank loans                | (339,076)            | (2,660,924)                           | -  | (3,000,000)            |
| Lease liabilities         | (26,652,375)         | 2,458,474                             | 1,589,160                                  | (22,604,741)           |
|                           | <b>(21,914,841)</b>  | <b>2,554,616</b>                      | <b>1,589,160</b>                           | <b>(17,771,065)</b>    |

Restatement of the prior year relates to the inclusion of lease liabilities in the analysis.

### 25. Financial instruments

The Group finances its operations through equity and borrowings, with the borrowing interest subject to 2.5% per annum over base rate.

Management pay rigorous attention to treasury management requirements and continue to:

- ensure sufficient committed loan facilities are in place to support anticipated business requirements;
- ensure the Group's debt service will be supported by anticipated cash flows and that covenants will be complied with; and
- manage interest rate exposure with a combination of floating rate debt and interest rate swaps when deemed appropriate.

The Board closely monitors the Group's treasury strategy and the management of treasury risk. Further details of the Group's capital risk management can be found in the report of the Directors.

Further details on the business risk factors that are considered to affect the Group are included in the strategic report and more specific financial risk management (including sensitivity to increases in interest rates) are

## Notes to the consolidated financial statements (continued)

### 25. Financial instruments (continued)

included in the Report of the Directors. Further details on market and economic risk and headroom against covenants are included in the Strategic Report.

#### Financial assets and liabilities

##### *Group financial assets:*

|                               | 31 December<br>2020 | 31 December<br>2019 |
|-------------------------------|---------------------|---------------------|
|                               | £                   | £                   |
| Cash and cash equivalents     | 7,833,676           | 5,076,610           |
| Trade and other receivables   | 1,093,890           | 2,202,974           |
| <b>Total financial assets</b> | <b>8,927,566</b>    | <b>7,279,584</b>    |

##### *Group financial liabilities:*

|  | 31 December<br>2020 | 31 December<br>2019 |
|--|---------------------|---------------------|
|  | £                   | £                   |
| Trade and other payables excl. corporation tax | 6,527,668           | 5,015,604           |
| Bank loan                                      | 250,000             | 261,611             |
| <b>Short-term financial liabilities</b>        | <b>6,777,668</b>    | <b>5,277,215</b>    |
| Bank loan                                      | 2,750,000           | 55,735              |
| <b>Long-term financial liabilities</b>         | <b>2,750,000</b>    | <b>55,735</b>       |
| <b>Total financial liabilities</b>             | <b>9,527,668</b>    | <b>5,332,950</b>    |

The bank loan has an interest rate of 2.5% per annum over base rate.

## Notes to the consolidated financial statements (continued)

### 25. Financial instruments (continued)

The maturity profile of anticipated gross future cash flows, including interest, relating to the Group's non-derivative financial liabilities, on an undiscounted basis, are set out below:

|                               | Trade and other<br>payables * | Bank loans       |
|-------------------------------|-------------------------------|------------------|
|                               | £                             | £                |
| <b>As at 31 December 2019</b> |                               |                  |
| Within one year               | 5,015,604                     | 261,611          |
| Within two to five years      | -                             | 55,735           |
| Less future interest payments | -                             | (7,151)          |
| <b>Total</b>                  | <b>5,015,604</b>              | <b>310,195</b>   |
| <b>As at 31 December 2020</b> |                               |                  |
| Within one year               | 6,527,668                     | 250,000          |
| Within two to five years      | -                             | 2,750,000        |
| Less future interest payments | -                             | -                |
| <b>Total</b>                  | <b>6,527,668</b>              | <b>3,000,000</b> |

\*excluding corporation tax

### Fair value of financial assets and liabilities

All financial assets and liabilities are accounted for at cost and the Directors consider the carrying value to approximate their fair value.

### 26. Financial risk management

The Group's and Company's financial instruments comprise investments, cash and liquid resources, and various items, such as trade receivables and trade payables that arise directly from its operations. The vast majority of the Group's and Company's financial investments are denominated in sterling.

Neither the Group nor the Company enter into derivatives or hedging transactions. It is, and has been throughout the period under review, the Group's and Company's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's and Company's financial instruments are **credit risk, liquidity risk, foreign currency risk, interest rate risk and investment risk**. The Group does not have a material exposure to foreign currency risk. The board reviews policies for managing each of these risks, and they are summarised as follows:

## Notes to the consolidated financial statements (continued)

### 26. Financial risk management (continued)

#### *Credit Risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial losses to the Group. Counterparties for cash balances are with large established financial institutions. The Group is exposed to credit related losses in the event of non-performance by the financial institutions but does not expect them to fail to meet their obligations.

As a retail business with trading receipts settled either by cash or credit and debit cards, there is very limited exposure from customer transactions. The Group is exposed to credit risk in respect of commercial discounts receivable from suppliers but the Directors believe adequate provision has been made in respect of doubtful debts and there are no material amounts past due that have not been provided against.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Group's maximum exposure to credit risk.

#### *Liquidity risk*

The Group has built an appropriate mechanism to manage liquidity risk of the short, medium and long-term funding and liquidity management requirements. Liquidity risk is managed through the maintenance of adequate cash reserves and bank facilities by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group's loan facilities (as set out in **Note 16**), ensure continuity of funding, provided the Group continues to meet its covenant requirements (as detailed in the report of the Directors).

#### *Foreign currency risk*

The Group is not materially exposed to changes in foreign currency rates and does not use foreign exchange forward contracts.

#### *Interest rate risk*

Exposure to interest rate movements has been controlled historically through the use of floating rate debt to achieve a balanced interest rate profile. The Group does not currently have any interest rate swaps in place as the continued reduction in the level of debt combined with current market conditions results in a low level of exposure. The Group's exposure will continue to be monitored and the use of interest rate swaps may be considered in the future.

## Notes to the consolidated financial statements (continued)

### 26. Financial risk management (continued)

#### *Investment risk*

Investment risk includes investing in companies that may not perform as expected. The Group's investment criteria focus on the quality of the business and the management team of the target company, market potential and the ability of the investment to attain the returns required within the time horizon set for the investment. Due diligence is undertaken on each investment. The Group regularly reviews the investments in order to monitor the level of risk and mitigate exposure where appropriate.

### 27. Lease commitments

The Group has leases assets including 26 restaurants and one head office location within the United Kingdom. The Group has elected to not take the practical expedient for short term and low values leases, therefore all leases have been included. The remaining lease terms range from less than one year to 21 years with an average remaining lease term of 8 years.

Information about leases for which the Group is a lessee is presented below:

| Net book value of right of use assets | 31 December<br>2020 | 31 December<br>2019 |
|---------------------------------------|---------------------|---------------------|
|                                       | £                   | £                   |
| Balance at 1 January                  | 23,951,079          | 25,242,211          |
| Additions                             | -                   | 1,426,428           |
| Depreciation charge                   | (2,650,381)         | (2,621,243)         |
| Impairment charge                     | (2,532,866)         | (96,316)            |
| Modifications                         | (1,171,088)         | -                   |
|                                       | <b>17,596,744</b>   | <b>23,951,079</b>   |

| Maturity analysis - contractual undiscounted cash flows | 31 December<br>2020 | 31 December<br>2019 |
|---|---------------------|---------------------|
|   | £                   | £                   |
| Within one year   | (3,207,583)         | (3,474,376)         |
| More than one year                                      | (24,723,329)        | (30,034,528)        |
|   | <b>(27,930,912)</b> | <b>(33,508,904)</b> |

## Notes to the consolidated financial statements (continued)

### 27. Lease commitments (continued)

|   | 31 December<br>2020 | 31 December<br>2019 |
|---|---------------------|---------------------|
|   | £                   | £                   |
| Lease liabilities included in the statement of financial position |                     |                     |
| Current   | (2,443,198)         | (2,481,471)         |
| Non-current   | (20,161,543)        | (24,170,903)        |
|   | <b>(22,604,741)</b> | <b>(26,652,374)</b> |

|  | 31 December<br>2020 | 31 December<br>2019 |
|--|---------------------|---------------------|
|  | £                   | £                   |
| Amounts charged/(credited) in profit or loss |                     |                     |
| Interest on lease liabilities                | 904,632             | 1,074,732           |
| Expenses relating to variable lease payments | 185,456             | 787,222             |
| Rent concessions                             | (982,209)           | -                   |
| Lease modifications                          | (340,494)           | -                   |
|  | <b>(232,616)</b>    | <b>1,861,954</b>    |

Some site leases contained clauses on variable lease payments where additional lease payments may be required dependant on the revenue being generated at that particular site. Variable lease payments ranged from 9% -15% of revenue in excess of the existing base rent per the respective lease agreements.

|  | 31 December<br>2020 | 31 December<br>2019 |
|--|---------------------|---------------------|
|  | £                   | £                   |
| Amounts recognised in statement of cash flow |                     |                     |
| Total cash outflow for leases                | 2,458,474           | 3,373,788           |
|  | <b>2,458,474</b>    | <b>3,373,788</b>    |

### 28. Contingent liabilities

The Group had no contingent liabilities at 31 December 2020 or 31 December 2019.

### 29. Capital commitments

The Group had no capital commitments of at 31 December 2020 (2019: £34,865).

## Notes to the consolidated financial statements (continued)

### 30. Related party transactions

Remuneration in respect of key management personnel, defined as the Directors for this purpose, is disclosed in note 5. Further information concerning the Directors' remuneration is provided in the Directors' remuneration report. During the year, the Group paid fees to the following related parties:

|          | Remuneration   | Pension      | Total          |
|----------|----------------|--------------|----------------|
| P Hanna  | 48,453         | 1,221        | 49,673         |
| M Kitous | 36,557         | 779          | 37,336         |
| L Kitous | 17,602         | 319          | 17,922         |
|          | <b>102,612</b> | <b>2,319</b> | <b>104,931</b> |

During the year, the Group also paid fees of £26,250 (2019: £30,000) to Messrs Gerald Edelman, a firm in which director R Kleiner is a partner, in respect of part of his non-executive director fees. In addition, the Group paid further amounts totalling £5,000 (2019: £5,640) to Messrs Gerald Edelman, in respect of accountancy and corporate finance services provided to the Group.

### 31. Subsequent events

Subsequent to the year end, from 5<sup>th</sup> January 2021 we have been operating under the third national lockdown. In line with the latest Government announcements, we opened 17 outdoor spaces where feasible from 12<sup>th</sup> April 2021 and opened 21 sites for dine in from 17<sup>th</sup> May 2021.

### 32. Ultimate controlling party

The Company has a number of shareholders and is not under the control of any one person or ultimate controlling party.



## Parent Company accounts (under UK GAAP)

### Company balance sheet as at 31 December 2020

|  | Notes | 31 December<br>2020<br>£ | 31 December<br>2019<br>£ |
|--|-------|--------------------------|--------------------------|
| <b>Fixed assets</b>  |       |                          |                          |
| Property, plant and equipment  | iii   | 13,404                   | 14,277                   |
| Intangible assets  | iv    | 51,106                   | 60,102                   |
| Investments  | v     | 98,666                   | 84,088                   |
|  |       | <b>163,176</b>           | <b>158,467</b>           |
| <b>Current assets</b>  |       |                          |                          |
| Debtors  | vi    | 2,078,363                | 17,362,678               |
| Cash and cash equivalents  |       | 2,684,626                | 54,854                   |
|  |       | <b>4,762,989</b>         | <b>17,417,532</b>        |
| <b>Total assets</b>  |       | <b>4,926,165</b>         | <b>17,575,999</b>        |
| <b>Liabilities</b>   |       |                          |                          |
| <b>Current liabilities</b>   |       |                          |                          |
| Creditors  | vii   | (1,046,463)              | (4,263,525)              |
| Borrowings   | viii  | (250,000)                | -                        |
|  |       | <b>(1,296,463)</b>       | <b>(4,263,525)</b>       |
| <b>Non-current liabilities</b>   |       |                          |                          |
| Borrowings   | viii  | (2,750,000)              | -                        |
| <b>Provisions for liabilities</b>  | ix    | (825)                    | (472)                    |
| <b>Total liabilities</b>   |       | <b>(4,047,288)</b>       | <b>(4,263,997)</b>       |
| <b>Net assets</b>  |       | <b>878,877</b>           | <b>13,312,002</b>        |
| <b>Equity</b>  |       |                          |                          |
| Share capital  | x     | 1,226,667                | 1,226,667                |
| Share premium  | x     | 10,050,313               | 10,050,313               |
| Other reserves   | x     | 97,286                   | 82,708                   |
| Retained earnings  | x     | (10,495,389)             | 1,952,314                |
| <b>Total equity – attributable to equity shareholders of the company</b> |       | <b>878,877</b>           | <b>13,312,002</b>        |

## Parent Company accounts (under UK GAAP)

### *Company balance sheet as at 31 December 2020 (continued)*

The financial statements of Comptoir Group Plc (company registration number 07741283) were approved by the Board of Directors and authorised for issue on 9<sup>th</sup> June 2021 and were signed on its behalf by:



Chaker Hanna  
Chief Executive Director

# Company financial statements – under UK GAAP

## *Accounting policies and basis of preparation*

### **Basis of accounting**

The financial statements for the Company have been prepared under FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102") and the requirements of the Companies Act 2006. The Group financial statements have been prepared under IFRS and are shown separately. The Company financial statements have been prepared under the historical cost convention in accordance with applicable UK accounting standards and on the going concern basis.

### **Going concern**

The Board of Directors have, at the time of approving the financial statements, a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. More details on the going concern uncertainties are discussed in the going concern note in the Principal Accounting Policies for the Consolidated Financial Statements. Thus, the Board continues to adopt the going concern basis of accounting in preparing the financial statements.

### **Dividends**

Equity dividends are recognised when they become legally payable. Interim dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

### **Investments in subsidiaries**

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Group (its subsidiaries).

The results of subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments are valued at cost less any provision for impairment.

### **Intangible assets – Goodwill**

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the income statement over its economic life, which is estimated to be ten years from the date of acquisition.

### **Share-based payment transactions**

The share options have been accounted for as an expense in the Company in which the employees are employed, using a valuation based on the Black-Scholes model.

An increase in the investment held by the Company in the subsidiary in which the employees are employed, with a corresponding increase in equity, is recognised in the accounts of the Company. Information in respect of the Company's share-based payment schemes is provided in Note 22 to the consolidated financial statements.

## Company financial statements – under UK GAAP

### *Accounting policies and basis of preparation (continued)*

The value is accounted for as a capital contribution in relevant Group subsidiaries that employ the staff members to whom awards of share options have been made.

#### **Reserves**

The Company's reserves are as follows:

- Called up share capital represents the nominal value of the shares issued.
- Share premium represents amounts paid in excess of the nominal value of shares.
- Other reserves represent share-based payment charges recognised in equity, and;
- Retained earnings represents cumulative profits or losses, net of dividends paid and other adjustments.

#### **i) Profit attributable to members of the holding company**

As permitted by section 408 of the Companies Act 2006, a separate profit and loss account has not been presented for the holding company. During the year the Company recorded a loss of £12,447,681. A total of £11,833,274 (2019: £nil) of intercompany balances were written off during the year and a further £603,201 of intercompany balances were impaired (2019: £nil). Remuneration of the auditor is borne by a subsidiary undertaking, Timerest Limited.

#### **ii) Employee costs and numbers**

The Company has no employees. All Group employees and Directors' remuneration are disclosed within the Group's consolidated financial statements.

## Company financial statements – under UK GAAP

### Notes to the financial statements (continued)

#### iii) Property, plant and equipment

|  | Leasehold<br>Land and<br>buildings<br>£ | Plant and<br>machinery<br>£ | Fixture,<br>fittings &<br>equipment<br>£ | Total<br>£      |
|--|---|-----------------------------|--|-----------------|
| <b>Cost</b>  |   |                             |  |                 |
| At 1 January 2019                                  | 11,290                                  | 26,655                      | 5,555                                    | 43,500          |
| Additions  | -                                       | -                           | -  | -               |
| <b>At 31 December 2019</b>                         | <b>11,290</b>                           | <b>26,655</b>               | <b>5,555</b>                             | <b>43,500</b>   |
| <b>Accumulated depreciation and<br/>impairment</b> |   |                             |  |                 |
| At 1 January 2019                                  | (9,900)                                 | (13,513)                    | (2,102)                                  | (25,515)        |
| Depreciation during the year                       | (1,390)                                 | (1,973)                     | (345)                                    | (3,708)         |
| <b>At 31 December 2019</b>                         | <b>(11,290)</b>                         | <b>(15,486)</b>             | <b>(2,447)</b>                           | <b>(29,223)</b> |
| Net Book Value as at 31 December 2018              | 1,390                                   | 13,142                      | 3,451                                    | 17,983          |
| <b>Net Book Value as at 31 December 2019</b>       | <b>-</b>                                | <b>11,169</b>               | <b>3,108</b>                             | <b>14,277</b>   |
| <b>Cost</b>  |   |                             |  |                 |
| At 1 January 2020                                  | 11,290                                  | 26,655                      | 5,555                                    | 43,500          |
| Additions  | -                                       | -                           | -  | -               |
| <b>At 31 December 2020</b>                         | <b>11,290</b>                           | <b>26,655</b>               | <b>5,555</b>                             | <b>43,500</b>   |
| <b>Accumulated depreciation and<br/>impairment</b> |   |                             |  |                 |
| At 1 January 2020                                  | (11,290)                                | (15,486)                    | (2,447)                                  | (29,223)        |
| Depreciation during the year                       | -                                       | (718)                       | (155)                                    | (873)           |
| <b>At 31 December 2020</b>                         | <b>(11,290)</b>                         | <b>(16,204)</b>             | <b>(2,602)</b>                           | <b>(30,096)</b> |
| Net Book Value as at 31 December 2019              | -                                       | 11,169                      | 3,108                                    | 14,277          |
| <b>Net Book Value as at 31 December 2020</b>       | <b>-</b>                                | <b>10,451</b>               | <b>2,953</b>                             | <b>13,404</b>   |

## Company financial statements – under UK GAAP

### Notes to the accounts (continued)

#### iv) Intangible assets

| Goodwill                                       | Total<br>£      |
|--|-----------------|
| <b>Cost</b>                                    |                 |
| At 1 January 2019                              | 89,961          |
| Additions during the year                      | -               |
| <b>At 31 December 2019</b>                     | <b>89,961</b>   |
| <b>Accumulated amortisation and impairment</b> |                 |
| At 1 January 2019                              | (20,863)        |
| Amortisation during the year                   | (8,996)         |
| Impairment during the year                     | -               |
| <b>At 31 December 2019</b>                     | <b>(29,859)</b> |
| <b>Net Book Value as at 31 December 2018</b>   | <b>69,098</b>   |
| <b>Net Book Value as at 31 December 2019</b>   | <b>60,102</b>   |
| <b>Cost</b>                                    |                 |
| At 1 January 2020                              | 89,961          |
| Additions during the year                      | -               |
| <b>At 31 December 2020</b>                     | <b>89,961</b>   |
| <b>Accumulated amortisation and impairment</b> |                 |
| At 1 January 2020                              | (29,859)        |
| Amortisation during the year                   | (8,996)         |
| Impairment during the year                     | -               |
| <b>At 31 December 2020</b>                     | <b>(38,855)</b> |
| <b>Net Book Value as at 31 December 2019</b>   | <b>60,102</b>   |
| <b>Net Book Value as at 31 December 2020</b>   | <b>51,106</b>   |

In accordance with FRS 102, goodwill arising on business combinations is amortised over the expected life of the asset and is subject to an impairment review annually if the life of the assets is indefinite or expected to be greater than 10 years, or more frequently if events or changes in circumstances indicate that it might be impaired. Therefore, goodwill arising on acquisition is monitored to compare the value in use to its carrying value. The intangible assets reported on the statement of financial position consists of goodwill arising on the acquisition on 14 December 2016 of the trade and assets of Agushia Limited.

## Company financial statements – under UK GAAP

### Notes to the accounts (continued)

#### v) Investments in subsidiary undertakings

|  | Shares<br>£  | Loans and<br>other<br>£ | Total<br>£    |
|--|--------------|-------------------------|---------------|
| <b>Cost</b>                                    |              |                         |               |
| At 31 December 2019                            | 1,380        | 82,708                  | 84,088        |
| Share-based payment charge on new share scheme | -            | 14,578                  | 14,578        |
| <b>At 31 December 2020</b>                     | <b>1,380</b> | <b>97,286</b>           | <b>98,666</b> |
| <b>Amounts written off</b>                     |              |                         |               |
| 31 December 2019                               | -            | -                       | -             |
| 31 December 2020                               | -            | -                       | -             |
| Net book value at 31 December 2019             | 1,380        | 82,708                  | 84,088        |
| <b>Net book value at 31 December 2020</b>      | <b>1,380</b> | <b>97,286</b>           | <b>98,666</b> |

#### vi) Debtors

|  | 31 December<br>2020<br>£ | 31 December<br>2019<br>£ |
|--|--------------------------|--------------------------|
| Other debtors                              | 90                       | 90                       |
| Amounts receivable from group undertakings | 2,078,000                | 17,361,310               |
| <b>Total</b>                               | <b>2,078,090</b>         | <b>17,361,400</b>        |

#### Amounts falling due after more than one year:

|                    |                  |                   |
|--------------------|------------------|-------------------|
| Deferred tax asset | 273              | 1,278             |
| <b>Total</b>       | <b>2,078,363</b> | <b>17,362,678</b> |

#### vii) Creditors

|                                   | 31 December<br>2020<br>£ | 31 December<br>2019<br>£ |
|-----------------------------------|--------------------------|--------------------------|
| Amounts due to group undertakings | 528,475                  | 3,487,956                |
| Other creditors                   | 517,988                  | 775,569                  |
| <b>Total</b>                      | <b>1,046,463</b>         | <b>4,263,525</b>         |

## Company financial statements – under UK GAAP

### Notes to the accounts (continued)

#### viii) Borrowings

|   | 31 December<br>2020 | 31 December<br>2019 |
|---|---------------------|---------------------|
|   | £                   | £                   |
| Amounts falling due within one year:          |                     |                     |
| Bank loans (see below)                        | 250,000             | -                   |
| <b>Total borrowings</b>                       | <b>250,000</b>      | <b>-</b>            |
| Amounts falling due after more than one year: |                     |                     |
| Bank loans (see below)                        | 2,750,000           | -                   |
| <b>Total borrowings</b>                       | <b>2,750,000</b>    | <b>-</b>            |

During the year the Group obtained a £3m Coronavirus Business Interruption Loan Scheme ("CBILS") loan. The CBILS loan is secured by way of fixed charges over the assets of various Group companies. The CBIL loan of £3,000,000 represent amounts repayable within one year of £250,000 (2019: £nil) and £2,750,000 (2019: £nil) repayable in more than one year. The bank loan has a six-year term with maturity date in 2026. The loan has an initial interest free period of 12 months followed by a rate of interest of 2.5% over the Bank base rate.

#### ix) Provisions

|   |            |
|---|------------|
| Deferred tax recognised in balance sheet: | Total      |
|   | £          |
| <i>Deferred tax liabilities:</i>          |            |
| Brought forward                           | 472        |
| Charge/(credit) to profit or loss         | 353        |
| <b>Total</b>                              | <b>825</b> |



## Company financial statements – under UK GAAP

### Notes to the accounts (continued)

#### x) Share capital and reserves

|                                       | Share capital | Share premium | Other reserves | Retained earnings | Total        |
|---------------------------------------|---------------|---------------|----------------|-------------------|--------------|
|                                       | £             | £             | £              | £                 | £            |
| At 1 January 2019                     | 1,226,667     | 10,050,313    | 28,745         | 1,964,576         | 13,586,891   |
| Share-based payment charge            | -             | -             | 53,963         | -                 | 53,963       |
| Total comprehensive loss for the year | -             | -             | -              | (12,262)          | (12,262)     |
| At 31 December 2019                   | 1,226,667     | 10,050,313    | 82,708         | 1,952,314         | 13,312,002   |
| At 1 January 2020                     | 1,226,667     | 10,050,313    | 82,708         | 1,952,314         | 13,312,002   |
| Share-based payment charge            | -             | -             | 14,578         | -                 | 14,578       |
| Total comprehensive loss for the year | -             | -             | -              | (12,447,703)      | (12,447,703) |
| At 31 December 2020                   | 1,226,667     | 10,050,313    | 97,286         | (10,495,389)      | 878,877      |

Details of share issues during the year are given in Note 20 of the consolidated financial statements and details of the dividends paid and proposed during the year are given in note 9 of the consolidated financial statements.

#### xi) Contingent liabilities

The Company had no contingent liabilities at 31 December 2020 or 31 December 2019.

#### xii) Capital commitments

The Company had no capital commitments at 31 December 2020 or 31 December 2019.

#### xiii) Related party transactions

The Company has taken advantage of the exemption in FRS 102 and has not disclosed transactions entered into between members of the Group.

#### xiv) Ultimate controlling party

The Company has no ultimate controlling party.

#### xv) Subsequent events

Details of subsequent events relating to COVID-19 are discussed in note 31 to the Group financial statements.