

**28 September 2018**

## **Richoux Group plc**

### **Interim results for the period to 1 July 2018**

Richoux Group plc (the "Group"), the owner and operator of Richoux, Friendly Phil's, Villagio and The Broadwick restaurants today announces its unaudited interim results for the 26 week period to 1 July 2018.

#### **Key points:**

- Revenues of £5.0 million for 26 week period were 10.3% lower than the comparable 28 week period
- EBITDA improved to a loss of £0.75 million (H1 2017: loss of £0.90 million)
- Currently eighteen restaurants trading
- Cash of £1.10 million at period end (December 2017: £4.73 million)

#### **Enquiries**

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Simon Morgan, Chairman

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#### **Results**

Revenue for the 26 week period ended 1 July 2018 was 10.3% lower than the 28 week period ended 9 July 2017 to £5.0 million (2017: £5.65 million). Company EBITDA was (£0.75 million), representing an improvement of 16.7% over the prior period (H1 2017: (£0.90 million)), and the Adjusted operating loss\* decreased to £0.67 million (2017: £0.76 million), with pre-opening costs of £0.10 million (2017: £0.39 million). The net loss for the period was £0.98 million (2017: £1.10 million).

The Directors are not recommending the payment of a dividend.

\* before pre-opening costs, impairment, reorganisation costs, onerous lease provision and profit on disposal

#### **Operations**

The Group currently has eighteen operating restaurants, which operate under the Richoux, Friendly Phil's, Villagio and The Broadwick brands. Further details on each of the brands are set out below.

We successfully disposed of one underperforming unit during the period, and have rebranded a further two. Since the period end we have taken on two new sites under The Broadwick brand.

#### **Richoux**

Richoux is an all-day cafe and brasserie established in London in 1909.

The Group operates five Richoux restaurants in Knightsbridge, Mayfair, Piccadilly, Gloucester Arcade, and Port Solent.

#### **Friendly Phil's**

Friendly Phil's is a vintage American Diner.

The Group currently has five Friendly Phil's restaurants; Hempstead Valley which opened in March 2017, Port Solent which opened in April 2017, Chatham which opened in May 2017, Braintree which opened in May 2017, and Fareham which opened in June 2017.

### Italian restaurants

The Group currently has four Villagio restaurants in Andover, Basildon, Hammersmith, and Chatham.

### The Broadwick

The Broadwick is a restaurant and bar offering homemade popular global food with an extensive drinks selection, including a range of cocktails and gins. The restaurants are bright, vibrant, and display a range of contemporary and urban art.

We currently have four restaurants (Chislehurst, Chatham, Maidenhead, and Radlett) operating under this new format and early signs are encouraging.

### Capital expenditure and cash flow

As at the end of the period under review, the Group held cash of £1.10 million (December 2017: £4.73 million) and the Company subsequently completed a subscription to raise a further £1.09 million on 29 August 2018. As at today's date, the Group holds cash of £1.8 million.

Capital expenditure of £0.5 million (H1 2017: £3.71 million) was incurred in the period, having rebranded and refurbished existing restaurants.

### Outlook

As indicated in our trading update on 29 August 2018, in line with a number of other companies in the sector, the Group has seen continued pressure on trading during the period, with further impact from temporary restaurant closures due to conversion or refurbishment. In view of these continued headwinds, the Group has remained focused on cost reduction and, where necessary, refinement of both its brand and property portfolio. We do not expect to see any material improvement in trading over the balance of the current financial year.

The Group had been in negotiation regarding a potential lease sale for one of the Group's restaurant locations in Central London. However, we have concluded that the disposal of this lease on the terms available is not in the best interest of the Group at this time and we have terminated those negotiations.

Simon Morgan  
Chairman  
28 September 2018

## Condensed consolidated statement of comprehensive income

for the 26 week period ended 1 July 2018

	Notes	26 week period ended 1 July 2018 £000	28 week period ended 09 July 2017 £000	53 week period ended 31 December 2017 £000
<b>Revenue</b>	3	<b>5,061</b>	5,646	10,998
<b>Cost of sales:</b>				
Excluding pre-opening costs		<b>(5,517)</b>	(6,026)	(11,647)

Pre-opening costs		<b>(100)</b>	(390)	(439)
<b>Total cost of sales</b>		<b>(5,617)</b>	(6,416)	(12,086)
<b>Gross (loss)/profit</b>		<b>(556)</b>	(770)	(1,088)
Administrative expenses		<b>(422)</b>	(586)	(964)
Net profit on disposals		<b>(12)</b>	235	277
Other operating income		-	-	-
Operating loss before impairment		<b>(990)</b>	(1,121)	(1,775)
Impairment of intangible assets	6	-	-	(83)
Impairment of property, plant and equipment	7	-	-	(2,675)
Reorganisation costs		-	-	(26)
Onerous lease provision		-	-	88
<b>Operating loss</b>		<b>(990)</b>	(1,121)	(4,471)
Finance income		<b>2</b>	1	1
<b>Loss before taxation</b>	3	<b>(988)</b>	(1,120)	(4,470)
Taxation		-	-	-
<b>Loss and total comprehensive loss for the period</b>		<b>(988)</b>	(1,120)	(4,470)
<b>Loss and total comprehensive loss attributable to equity holders of the parent</b>		<b>(988)</b>	(1,120)	(4,470)
<b>Loss and total comprehensive loss per share:</b>				
Loss per share	4	<b>(0.9)p</b>	(1.1)p	(3.9)p
Diluted loss per share	4	<b>(0.9)p</b>	(1.1)p	(3.9)p

## Condensed consolidated statement of changes in equity

for the 26 week period ended 1 July 2018

	Share capital	Share premium account	Profit and loss account	Total
	£000	£000	£000	£000
At 25 December 2016	3,975	13,696	(13,736)	3,935

Loss for the period	-	-	(1,120)	(1,120)
Total comprehensive loss	-	-	(1,120)	(1,120)
Credit to equity for equity settled share based payments	-	-	29	29
New share capital subscribed	1,024	3,058	-	4,075
New share capital issue costs	-	(5)	-	(5)
Total contributions by and distributions to owners of the Company, recognised directly in equity	1,024	3,053	29	4,099
At 10 July 2017	4,999	16,749	(14,834)	6,914
Loss for the period	-	-	(3,319)	(3,319)
Total comprehensive loss	-	-	(3,319)	(3,319)
Credit to equity for equity settled share based payments	-	-	-	-
New share capital subscribed	-	-	-	-
Total contributions by and distributions to owners of the Company, recognised directly in equity	-	-	-	-
At 25 December 2017	4,999	16,749	(18,153)	3,595
Loss for the period	-	-	(988)	(988)
Total comprehensive loss	-	-	(988)	(988)
Credit to equity for equity settled share based payments	-	-	25	25
New share capital subscribed	-	-	-	-
New share capital issue costs	-	-	-	-
Total contributions by and distributions to owners of the Company, recognised directly in equity	-	-	25	25
<b>At 1 July 2018</b>	<b>4,999</b>	<b>16,749</b>	<b>(19,166)</b>	<b>2,632</b>

## Condensed consolidated statement of financial position

at 1 July 2018

	Notes	1 July 2018 £000	9 July 2017 £000	31 December 2017 £000
<b>Assets</b>				
<b>Non-current assets</b>				
Goodwill	6	145	229	146
Other intangible assets	6	46	49	44
Property, plant and equipment	7	3,310	5,809	3,163
<b>Total non-current assets</b>	3	<b>3,501</b>	6,087	3,353
<b>Current assets</b>				
Inventories		237	202	204
Trade and other receivables		1,173	1,149	984
Cash and cash equivalents		1,099	4,727	1,736
<b>Total current assets</b>		<b>2,509</b>	6,078	2,924
<b>Total assets</b>		<b>6,010</b>	12,165	6,277
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables		(3,060)	(4,671)	(2,354)
Provisions		-	(200)	-
<b>Total current liabilities</b>		<b>(3,060)</b>	(4,871)	(2,354)
<b>Non-current liabilities</b>				
Trade and other payables		(318)	(380)	(328)
<b>Total non-current liabilities</b>		<b>(318)</b>	(380)	(328)
<b>Total liabilities</b>		<b>(3,378)</b>	(5,251)	(2,682)
<b>Net assets</b>		<b>2,632</b>	6,914	3,595
<b>Capital and reserves</b>				
Share capital		4,999	4,997	4,999
Share premium account		16,749	16,744	16,749
Retained earnings		(19,116)	(14,827)	(18,153)

<b>Total equity</b>	<b>2,632</b>	6,914	3,595
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Condensed consolidated statement of cash flows  
for the 26 week period ended 1 July 2018

	Notes	<b>26 week period ended 1 July 2018</b> <b>£000</b>	28 week period ended 9 July 2017 £000	53 week period ended 31 December 2017 £000
<b>Operating activities</b>				
Cash (used in)/generated from operations	8	<b>(256)</b>	(1,871)	(2,752)
Interest paid		-	-	-
<b>Net cash (used in)/from operating activities</b>		<b>(256)</b>	(1,871)	(2,752)
<b>Investing activities</b>				
Purchase of property, plant and equipment		<b>(533)</b>	(1,618)	(3,772)
Purchase intangible assets		-	(5)	(9)
Net proceeds from sale of property, plant and equipment		<b>150</b>	293	334
Interest received		<b>2</b>	1	1
<b>Net cash used in investing activities</b>		<b>(381)</b>	(1,329)	(3,446)
<b>Financing activities</b>				
Proceeds from issue of ordinary shares		-	4,075	4,082
Share issue costs		-	(5)	(5)
<b>Net cash from financing activities</b>		-	4,070	4,077
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(637)</b>	870	(2,121)
Cash and cash equivalents at the beginning of the period		<b>1,736</b>	3,857	3,857
<b>Cash and cash equivalents at the end of the period</b>		<b>1,099</b>	4,727	1,736

1. The consolidated financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as adopted by the European Union and therefore the Group financial statements comply with Article 4 of the EU IAS Regulation. The financial statements have been prepared on the historical cost basis.

2. The condensed financial information for the 26 week period ended 1 July 2018 and the 28 week period ended 9 July 2017 has been prepared in accordance with IAS 34 "Interim financial reporting" and should be read in conjunction with the annual financial statements for the period ended 31 December 2017 which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The accounting policies used in preparing the condensed financial information are consistent with those of the annual financial statements for the period ended 31 December 2017. During the period various Standards and Interpretations were adopted in line with the effective dates as outlined in the annual financial statements for the period ended 31 December 2017. The condensed financial information for the 26 week period ended 1 July 2018 and the 28 week period ended 9 July 2017 has not been audited or reviewed and does not constitute full financial statements within the meaning of section 435 of the Companies Act 2006.

The financial information for the 53 week period ended 31 December 2017 does not constitute the Group's statutory accounts for that period but it is derived from those accounts. Statutory accounts for the 53 week period ended 31 December 2017 have been delivered to the Registrar of Companies. The auditors have reported on these accounts; their report was unqualified and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

### 3. Operating segments

The Group has only one operating segment: the operation of restaurants and one geographical segment (the United Kingdom). The Group's brands meet the aggregation criteria set out in paragraph 22 of IFRS 8 "Operating Segments" and as such the Group reports the business as one reportable segment.

None of the Group's customers individually contribute over 10% of the total revenue.

### 4. Loss per share

The calculation of the basic and diluted loss per share is based on the following data:

	<b>1 July 2018</b>	09 July 2017	31 December 2017
	<b>£000</b>	£000	£000
<b>Loss</b>			
Loss for the purposes of basic loss per share being the net loss attributable to equity holders of the parent	<b>(988)</b>	(1,120)	(4,470)
<b>Number of shares</b>			
Weighted average number of ordinary shares for the purposes of the basic profit per share	<b>113,355,877</b>	103,002,105	113,355,877
Effect of dilutive potential ordinary shares:			
Share options and incentive shares	<b>1,726,710</b>	1,885,321	1,726,710
Weighted average number of ordinary shares for the purposes of the diluted profit per share	<b>115,082,587</b>	104,887,426	115,082,587
Share options and incentive shares not included in the diluted calculations as per the requirements of IAS 33 (as they are anti-dilutive)	<b>29,854,695</b>	26,326,085	29,854,695
<b>Basic loss per share:</b>			
From total operations	<b>(0.9)p</b>	(1.1)p	(3.9)p

**Diluted loss per share:**

From total operations	<b>(0.9)p</b>	(1.1)p	(3.9)p
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5. No dividend is proposed.

**6. Intangible fixed assets**

	<b>Goodwill</b>	<b>Trademarks</b>	<b>Software</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cost</b>				
At 25 December 2016	269	25	147	441
Additions	-	1	8	9
Disposals	(5)	(6)	(23)	(34)
At 10 July 2017	264	20	132	416
Additions	-	-	-	-
Disposals	-	-	-	-
At 31 December 2017	264	20	132	416
Additions	-	2	10	12
Disposals	-	(1)	-	(1)
At 01 July 2018	264	21	143	427
<b>Accumulated amortisation and impairment</b>				
At 25 December 2016	35	12	103	150
Charge for period	-	2	17	19
Impairment	83	-	-	83
Disposals	-	(3)	(23)	(26)
At 10 July 2017	118	11	97	226
Charge for period	-	-	-	-
Impairment	-	-	-	-
Disposals	-	-	-	-
At 31 December 2017	118	11	97	226
Charge for period	-	1	9	10
Disposals	-	-	-	-



At 01 July 2018	118	12	106	236
<b>Carrying amount</b>				
<b>At 01 July 2018</b>	<b>145</b>	<b>9</b>	<b>37</b>	<b>191</b>
At 31 December 2017	145	9	35	190
At 10 July 2017	229	10	39	278

### Impairment testing of goodwill and intangible fixed assets

Goodwill of £263,000 (2017: £263,000) relates to the acquisition of Richoux Limited in August 2000 and is allocated to the group of cash generating units (CGUs) that comprise the business acquired with each restaurant site being treated as a single CGU.

The Group tests annually for impairment or more frequently if there are indications that the goodwill and intangible assets may be impaired. The recoverable amounts of the restaurants are calculated from value in use calculations based on cash flow projections from forecasts to December 2022 based on a sales growth rate of 2 per cent for established sites. The discount rate applied to cash flow projections is 10 per cent.

The Board has concluded that at this time no impairment provision is required (December 2017: £84,000).

## 7. Property, plant and equipment

	<b>Short leasehold land and buildings</b>	<b>Fixtures, fittings, and equipment</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Cost</b>			
At 25 December 2016	9,858	4,305	14,163
Additions	2,865	839	3,704
Disposals	(3,507)	(1,840)	(5,347)
At 09 July 2017	9,216	3,304	12,520
Additions	-	-	-
Disposals	(619)	(167)	(786)
At 31 December 2017	8,597	3,137	11,734
Additions	368	154	522
Disposals	(715)	(184)	(899)
At 01 July 2018	8,250	3,107	11,357

### Accumulated amortisation and impairment

At 25 December 2016	7,896	3,909	11,805
Charge for period	110	93	203
Impairment	-	-	-
Disposals	(3,507)	(1,790)	(5,297)
At 09 July 2017	4,499	2,212	6,711
Charge for period	1612	248	1,860
Impairment	-	-	-
Disposals	-	-	-
At 31 December 2017	6,111	2,460	8,571
Charge for period	111	110	221
Disposals	(634)	(111)	(745)
At 1 July 2018	5,588	2,459	8,047
<b>Carrying amount</b>			
<b>At 01 July 2018</b>	<b>2,662</b>	<b>648</b>	<b>3,310</b>
At 31 December 2017	2,486	677	3,163
At 09 July 2017	4,717	1,092	5,809

### Impairment testing of property, plant and equipment

The Group considers each trading restaurant to be a cash-generating unit (CGU) and each CGU is reviewed when there are indications of impairment.

The recoverable amounts of the restaurants are calculated from value in use calculations based on cash flow projections from forecasts to December 2022 based on a sales growth rate of 2 per cent for established sites. The discount rate applied to cash flow projections is 10 per cent.

The Board has concluded that at this time no impairment provision is required (December 2017: £2,675,000).

## 8. Reconciliation of operating loss to operating cash flows

	<b>26 week period ended 1 July 2018 £000</b>	28 week period ended 09 July 2017 £000	53 week period ended 31 December 2017 £000
Operating loss	<b>(990)</b>	(1,121)	(4,471)
Loss on disposal of intangible fixed assets	-	8	8
(Profit)/loss on disposal of property, plant and equipment	<b>(12)</b>	(243)	(285)

Depreciation charge	<b>231</b>	203	508
Amortisation charge	-	10	19
Impairment of intangible fixed assets	-	-	-
Impairment of property, plant and equipment	-	-	2,675
(Increase)/decrease in stocks	<b>(32)</b>	(4)	(6)
Increase in debtors	<b>54</b>	(222)	(57)
(Decrease)/increase in creditors	<b>493</b>	(531)	(1,279)
Equity settled share based payments	-	29	53
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(256)</b>	(1,871)	(2,752)

## 9. Related party transactions

### Transactions with directors:

Directors' emoluments

	<b>26 week period ended 1 July 2018 £000</b>	28 week period ended 09 July 2017 £000	53 week period ended 31 December 2017 £000
Short term employee benefits	<b>169</b>	102	169
Share based payments	<b>22</b>	12	22
	<b>191</b>	114	191

During the period Salvatore Diliberto subscribed for nil ordinary shares (2017: 5,273,375 including 2,636,687 subscribed for by his wife Irene Diliberto), The Hon. Robert Rayne subscribed for nil ordinary shares (2017: 4,103,838), Jonathan Kaye subscribed for nil ordinary shares (2017: 3,125,000) and Simon Morgan subscribed for nil ordinary shares (2017: 125,000) as part of the subscription that took place during the relevant period. The price paid per share was 16 pence in 2017.

### Transactions with substantial shareholders:

During the period Phillip Kaye subscribed for nil ordinary shares (2017: 3,121,025), Samuel Kaye subscribed for nil ordinary shares (2017: 1,250,000), Adam Kaye subscribed for nil ordinary shares (2017: 1,250,000) and Michinoko Limited subscribed for nil ordinary shares (2017: 4,216,750) as part of the subscription that took place during the relevant period. The price paid per share was 16 pence.

On 22 December 2017 the Group entered into an agreement with Amberstar Limited, a Company in which Phillip Kaye is a shareholder, to temporarily suspend the rent of its former Chiswick restaurant, where it retains a liability under an authorised guarantee agreement, for up to six months from 25 December 2017.

## 10. Post balance sheet events

The Company had 124,979,072 ordinary shares of £0.04 each in issue as 31 December 2017. On 29 August 2018

the Company raised £1.1 million (before costs of £148,707) through the issuance of 18,168,335 new shares by way of a placing at a price of £0.06 per share.

## **11. Report and accounts**

Copies of the interim report and accounts will be available at [www.richouxgroup.co.uk](http://www.richouxgroup.co.uk).