

Q1 2024/25 Shareholder Update

Strong Christmas and Solid Strategic Progress Despite Market Challenges

Summary

Whilst Nightcap is outperforming a market in decline, the overall macro environment remains challenging for hospitality. This dynamic has led us to once again acquire a very promising asset out of administration, at a very attractive value. The i360 acquisition in Brighton is the third such transaction in just over two years. The tower opened successfully to the public on Saturday 8th March along with the first part of the 20,000sqft hospitality space, which we will continue to invest in over the coming 18 months.

Recent trading momentum, particularly from The Piano Works and The Cocktail Club, positions Nightcap well for future growth. To support our strategic initiatives, we are planning a fundraise of up to £5m to finance a significant capital expenditure programme for the i360 and other key investments across our existing estate.

Financial Highlights (Q1 OCT-DEC 2024)

- Revenue: £17.9m
- Company EBITDA: £2.25m
- Strong December finish with revenue at £9.2m (+5% like-for-like growth including New Year)
- Record Site EBITDA from The Piano Works contributing significantly to December Group EBITDA performance of £2.7m

Key Developments:

- **Strategic Acquisition of i360, Brighton:** Acquired at an attractive valuation, this represents the third acquisition from companies in Administration in two years. The i360 site in Brighton adds 20,000 sqft of hospitality space with potential to become the highest revenue venue within the Group. An investment of £1.5m is planned over the next 18 months with expected capital payback within a similar time period.
- **Optimising Existing Estate:** Implementation of a two-year capital expenditure programme focused on profit optimisation within the current estate through upgrading and enhancement of our existing venues and revitalisation of some of our brands.
- **Macro Environment:** Despite continuing market challenges including cost-of-living pressures, train strikes, and changing consumer habits, Nightcap is outperforming a market still in decline.
- **Strategic Acquisitions:** Expect to continue to take advantage of the challenging environment to secure high-value assets such as the recent i360 acquisition in Brighton, at attractive valuations.

Strategic Initiatives:

- Focus on integration of i360 as an attraction, alongside gradual opening of each of the six initial hospitality trading areas, whilst further developing plans for roof-top, terrace and beach trading during peak summer period.
- Strategic focus on optimising The Piano Works opportunity with third venue opening during May 2025, including new elevated design and brand elements.

- Enhanced capital expenditure plan to drive like-for-like sales growth across the estate.
- Digital transformation complete, with all brands now operating on one central platform. Renewed focus on integrated data warehouse and AI projects, to further enhance customer engagement and optimise data analysis and operational efficiency.

Outlook:

- The board remains optimistic despite current trading challenges expected throughout 2025.
- Macro indicators suggest gradual economic recovery through easing of cost of living challenges, providing an improved environment by late 2025.
- Continued emphasis on restructuring, cost-control measures, and Head Office efficiencies .
- Significant revenue growth projected, particularly through the i360 acquisition and the proposed Capital expenditure programme.

The Group remains confident in achieving medium-term ambitions of more than doubling the estate size and strengthening its position as a leading hospitality group in the UK.

Thank you for your continued support.

Sarah Willingham CEO, Nightcap Limited

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