This announcement contains Inside Information for the purposes of Article 7 of EU Regulation 596/2014 (which forms part of domestic UK law pursuant to the European Union (Withdrawal) Act 2018). Upon the publication of this announcement this Inside Information is now considered to be within the public domain.

NIGHTCAP

18 March 2024

Nightcap plc
(“Nightcap”, the “Company” or the “Group”)

Interim results for the 26-week period ended 31 December 2023

“Positive Christmas trading rounds off a challenging first half”

<u>Key highlights for unaudited results for the 26-week period ended 31 December 2023:</u>

	26 weeks ended 31 December 2023 (Unaudited)	26 weeks ended 1 January 2023 (Unaudited)	52 weeks ended 2 July 2023 (Audited)
Revenue (£m)	33.4	23.5	46.4
Adjusted EBITDA (IFRS 16)* (£m)	4.9	4.1	6.6
Adjusted EBITDA (IAS17)** (£m)	2.1	2.0	2.6
(Loss)/profit from operations (£m)	(0.1)	(0.1)	(2.8)
(Loss)/profit before tax (£m)	(1.8)	(0.9)	(4.9)
Cash and cash equivalents (£m)	3.0	4.9	5.4
Cash generated from operations (£m)	3.1	4.1	6.8
Net debt (£m) (excluding IFRS 16 lease liabilities and convertible loan notes)	5.6	4.2	6.7

- Revenue growth of 42.1% to £33.4 million driven by the acquisition of Dirty Martini, the successful collaboration with The Piano Works over the Christmas period and the maturing of sites opened in the previous year.
- IAS17 Adjusted EBITDA increased 5% to £2.1 million despite the train strikes and higher than expected Dirty Martini integration costs.
- The Piano Works acquisition completed on 19 February 2024, securing the Piano Works presence at our Covent Garden site, adding a new site at Farringdon and providing the opportunity for Nightcap to roll out The Piano Works concept further.
- Like-for-like*** sales decrease of 10.0% for H1 FY2024 largely due to the ongoing train strikes and the impact of the cost of living crisis.
- 46 bars traded throughout the period following the acquisition of Dirty Martini at the end of the last financial year.
- As at 31 December 2023, the Group had cash of £3.1 million (excluding cash in transit) and total bank debt of £8.6 million resulting in net debt of £5.6 million (excluding IFRS 16 lease liabilities and convertible loan notes). Since the half year end, the Group has extended the maturity date on the B convertible loan notes by a further 12 months to mature on 9 September 2026 (as announced on 20 February 2024) and has recently reset its banking covenants to more favourable terms.

Sarah Willingham, CEO of Nightcap, commented:

"I am pleased that we continue to show great progress in building the UK's leading bar group. Five acquisitions and 13 openings in just over three years is an incredible achievement. To deliver an increase in revenue of 42.1% and an increase in IAS 17 Adjusted EBITDA of 5% for the half year during such a tough period for the hospitality industry is down to the dedication of our incredible team. We set out to build a great business at the back end of COVID and the economy has moved through several additional challenges from the energy crisis and rail strikes to interest rates, inflation and cost of living crisis – throwing just about everything at us. I believe this environment is where some of the best businesses are built. With a rapidly changing landscape away from nightclubs and sticky dancefloors to late night party bars which are safer, more flexible and more inclusive environments, I believe that no other bar group is as well positioned to take advantage than Nightcap with the brands and estate that we have acquired and built over the last three years.

"Whilst we have entered the next stage of our development where we will start to enjoy the benefits of the scale we have built in a short time, I continue to see great opportunities for growth in the market. Our ambition to double the size of our estate in the medium term is achievable.

"We expect the second half of FY2024 to continue to be uncertain and challenging, but I believe hospitality has gone through the worst of this downturn with many economic indicators showing a likely recovery later on this year. In the meantime, we continue our focus on leading our sector in terms of quality, innovation and training. Our ambition to become a leading company from a digital perspective is gathering pace, with several new systems and integrations launching this quarter. These are all initiatives that will position Nightcap well for further acquisitions and organic roll-out of our leading brands when the market allows. I remain very excited about the future prospects for Nightcap and look forward to the next year of fun and hard work, surrounded by the most brilliant people, as our synergies bed in, the economy settles and we start to benefit from the successful integration of all of our businesses."

Investor presentation

Sarah Willingham, Michael Toxvaerd and Richard Haley will provide a live presentation relating to the Interim Results via the Investor Meet Company platform on 2 April 2024 at 11:00 am/pm GMT.

The presentation is open to all existing and potential shareholders. Investors can sign up to Investor Meet Company for free and add to meet Nightcap via: https://www.investormeetcompany.com/nightcap-plc/register-investor

Investors who already follow Nightcap on the Investor Meet Company platform will automatically be invited.

For further enquiries:

Nightcap plc

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** IFRS 16 Earnings before interest, tax, depreciation, amortisation, share-based payments, exceptional items, acquisition related transaction costs and pre-opening costs.*

*** IAS 17 Earnings before interest, tax, depreciation, amortisation, share-based payments, exceptional items, acquisition related transaction costs and pre-opening costs.*

**** Like-for-like revenue is same site revenue defined as revenue at only those venues that traded in the same week in both the current period and comparative reporting periods.*

CHIEF EXECUTIVE OFFICER'S STATEMENT

I am pleased to present Nightcap's unaudited interim results for the 26-week period from 3 July 2023 to 31 December 2023 (the "Half Year" or "H1 FY2024").

TRADING

During the Half Year, the Group's reported revenues increased by 42.1% to £33.4 million compared to Group revenue of £23.5 million for the equivalent period in FY2023. This represents a like-for-like sales decrease of 5.9% for Q2 FY2024 against Q2 FY2023 and a 10.0% decrease for H1 FY2024 against H1 FY2023, largely due to the ongoing train strikes and the impact of the cost of living crisis.

I was delighted that customers returned to our bars over the Christmas and New Year period giving us a really positive end to a challenging first half of the financial year. Group revenue for the four-week period ended 31 December 2023 was £7.4 million, a 65.7% increase compared to Group revenue of £4.5 million for the equivalent period in 2022 and a like-for-like increase of 11.9%.

As well as rapid growth, we have focussed on the integration of our businesses, in particular Dirty Martini (which was acquired just prior to the beginning of this financial year) and, more recently, the integration of The Piano Works. Our profit conversion remained a focus and we report an increase in IFRS 16 Adjusted EBITDA of 20% to £4.9 million compared to £4.1 million for H1 FY2023. IAS17 Adjusted EBITDA increased by 5% to £2.1 million for the Half Year compared to £2.0 million for H1 FY2023. This increase was achieved despite the challenging trading conditions. We estimate that the rail strikes had an adverse impact of approximately £0.8 million on the business at the IAS17 Adjusted EBITDA level during the Half Year.

The H1 FY2024 revenue growth of 42.1% followed 48.7% growth in the equivalent period for H1 FY2023 and, as a result, we continue to deliver on our strategy to become the leading bar group in the UK. The accumulated growth since IPO is a result of five acquisitions, made at appealing valuations, as well as the opening of 13 new bars due to the attractive terms offered by landlords since Covid and prolonged by the cost of living crisis. We founded Nightcap to consolidate the sector and whilst we have experienced two years with like-for-like decline, across our sector, mainly due to rail strikes and the cost of living crisis, it is the same tough trading environment that has enabled us to grow at a much faster pace than initially anticipated. This leaves us well placed to take advantage of a well-positioned and operationally strong estate across the country when the economy returns to optimism and growth.

We now operate a multi-brand cluster model with 46 bars in London and across the country and we believe our current brands have the potential to grow to more than 100 bars in the medium term.

FINANCIAL POSITION

As at 31 December 2023, the Group had cash resources of £3.1 million (excluding cash in transit of £0.9 million). As at 31 December 2023, the Group had total bank debt of £8.6 million (including £0.3 million of capitalised fees) resulting in net debt of £5.6 million (excluding IFRS 16 lease liabilities and convertible loan notes). £1.25 million of the Group's total bank debt is scheduled for repayment over the coming 12 months. The Group has an interest rate cap on the reference base rate (SONIA) fixed at 3% on £7.1 million of the remaining £8.9 million gross bank facility. Since the Half Year end the Group has reset its banking covenants to more favourable terms, giving increased stability to the business.

The Group generated £3.1 million cash from operations during the Half Year (H1 FY2023: £4.1 million).

In conjunction with the acquisition of The Piano Works in February 2024, the Group raised £1.0 million through a subscription of 16,666,666 new ordinary shares to fund the acquisition, integration and development of The Piano Works.

BAR BRANDS

As a result of the important ongoing integration work with the acquired businesses and organically opened sites, which began last year and has continued with the acquisitions of Dirty Martini and The Piano Works, we have incurred significant one-off costs in the Half Year. These costs represent a material investment in the Group's future and include several new system integrations to optimise and manage a multi-site, multi-brand infrastructure with significant additional growth potential.

We recently finalised the implementation of our cluster model, where several brands can exist side by side in city centres across the country without risk of dilution due to the differentiated curated events and experiences offered by the different brands. This has been a proven success in a number of cities across the UK from Bristol to Birmingham and parts of London like Clapham, Shoreditch and the West End, where multiple Nightcap brands flourish next to each other.

To ensure each brand retains its edge and uniqueness, a systems and processes overhaul is underway to allow a complete customer view when marketing to Nightcap's database of more than one million customers. This overhaul also includes a completely new web presence, optimisation and insight tools, as well as differentiated events and social media to ensure we capture the special attributes at every brand, voice and conversion touchpoint both online and offline. We believe that these changes will enable us to drive business growth and to gain market share.

Whilst these changes are important, we consider that they will be the first of many as we strive to move to become a digital first company in every aspect of our engagement with customers, employees and shareholders.

PROPERTY

The focus of H1 FY2024 has been on the consolidation and integration of previous acquisitions, especially Dirty Martini. Therefore, as stated previously, the Group has not opened any new sites organically during the first half of the financial year. The Group successfully secured the assignment of nine leases of the Dirty Martini brand in November 2023, including all of our target leases.

In November, we entered into a collaboration with The Piano Works in our Barrio Covent Garden site. This collaboration resulted in a significant uplift in revenues compared to the Board's forecasts for the Barrio brand for the four week Christmas period ended 31 December 2023.

The recent acquisition of The Piano Works brand and assets includes their Farringdon site which adds further to the Group's property portfolio and helps offsets the loss of the Bar Elba lease, which we announced earlier this year. With the existing brands and the recent acquisition of The Piano Works, the Group will consider the opportunity for further roll outs of our brands should compelling opportunities arise. However, the short-term focus remains on optimising existing brands and sites.

As announced on 20 February the lease on Bar Elba, held in a 50:50 owned joint venture, came to an end on 24 February 2024 following the landlord's (and the Company's joint venture partner) decision to commence the re-development of the building. Given that Tonight Josephine's Waterloo site is in the same building as Bar Elba that is being redeveloped, we consider that it is likely that the landlord will exercise the six month break clause for Tonight Josephine Waterloo on or around 3 April 2024. This site has historically had a high level of rent and a search is underway to replace this bar with another basement site in the area for Tonight Josephine to move to, where anticipated lease costs could be substantially lower than the existing location.

PEOPLE

Over the past year significant changes were made to the Group's leadership structure in a deliberate move away from small business/start up generalists to experienced subject matter specialists from larger organisations, with significant experience working with higher levels of complexity. This has been done whilst retaining a focus on creativity, innovation and flair in our bars. As part of this programme to operate with a single Group management structure rather than individual subsidiary structures, we made a series of senior hires over the past 12 months in addition to the appointment of a Group Managing Director. These appointments included a new Group People Director, a new Group Sales and Marketing Director and a new Interim Chief Financial Officer. This management upgrading process is nearing completion and the systems overhaul, as described earlier, is as a direct result of integrating new tools to drive business growth and to gain market share.

I remain deeply thankful for all the passion shown by our brilliant people across all our brands who continue to deliver unique events and great nights out for our customers throughout the year. We are investing more than ever before in attracting, training, developing and retaining our colleagues at all levels. We are committed to quality and to allowing our colleagues at all levels the opportunity to make hospitality a career journey filled with opportunity and achievement in a fun, challenging and rewarding environment. We continue to give our customers more and better reasons to visit through our commitment to providing unique experiences and memorable nights out.

CURRENT TRADING AND OUTLOOK

As announced on 20 February 2024, trading since the start of 2024 has been challenging, in line with reports from across the hospitality sector; we expect this to continue until the end of FY2024. We then expect the start of a gradual recovery later on this year as lower inflation, lower energy costs, lower interest rates and higher disposable income begin to embed in the economy and improve the financial outlook for our customer base. The Group is trading in line with market expectations. The Nightcap estate is of a higher quality, better operated and with better trained and more engaged teams than ever before. We therefore remain optimistic about the future of the Group and remain excited about building the UK's leading bar group.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE 26 WEEKS ENDED 31 DECEMBER 2023

	Note	26 weeks ended 31 December 2023 (Unaudited) £'000	26 weeks ended 01 January 2023 (Unaudited) £'000	52 weeks ended 02 July 2023 (Audited) £'000
Revenue		**33,369**	23,513	46,414
Cost of sales		**(7,044)**	(4,736)	(9,029)
Gross profit		**26,325**	18,777	37,386
Administrative expenses		**(26,472)**	(19,102)	(40,643)
Other income		**60**	231	446
Adjusted EBITDA		**4,926**	4,094	6,625
Share based payments		**6**	(102)	(181)
Profit / (loss) on disposal of right of use asset		**24**	1	220
Depreciation		**(3,694)**	(2,541)	(5,745)
Amortisation of intangible assets		**(515)**	(313)	(627)
Exceptional items	3	**(614)**	(314)	(792)
Acquisition related transaction costs		**-**	-	(734)
Pre-opening costs		**(52)**	(920)	(1,013)
Impairment	4	**(168)**	-	(565)
(Loss) from operations		**(87)**	(94)	(2,812)
Finance income		**-**	-	-
Net finance expense	5	**(1,757)**	(835)	(2,052)
(Loss) before taxation		**(1,844)**	(930)	(4,863)
Tax credit on loss	6	**245**	169	931
(Loss) and total comprehensive loss for the period		**(1,599)**	(761)	(3,392)
(Loss) / profit for the period attributable to:				
- Owners of the parent		**(1,794)**	(991)	(4,169)
- Non-controlling interest		**195**	230	237
		(1,599)	(761)	(3,392)

Earnings per share attributable to the ordinary equity holders of the parent (Loss) / earnings per share	Note	26 weeks ended 31 December 2023 pence	26 weeks ended 01 January 2023 pence	52 weeks ended 02 July 2023 pence
- Basic	7	**(0.82)**	(0.50)	(2.09)
- Diluted	7	**n/a**	n/a	(2.09)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	31 December 2023 (Unaudited) £'000	01 January 2023 (Unaudited) £'000	02 July 2023 (Audited) £'000
Non-current assets				
Goodwill		**12,144**	9,751	12,144
Intangible assets		**6,506**	4,318	6,971
Property, plant and equipment	8	**11,770**	13,755	12,723
Deferred tax asset		**1,801**	-	1,489
Right of use assets		**42,335**	37,684	35,905
Derivative financial asset		**136**	249	361
Other receivables		**1,095**	876	914
Total non-current assets		**75,787**	66,633	70,507
Current assets				
Inventories		**1,537**	1,019	1,154
Trade and other receivables		**2,404**	2,433	3,266
Cash and cash equivalents		**3,053**	4,930	5,017
Total current assets		**6,994**	8,381	9,438
Total assets		**82,781**	75,015	79,945
Current liabilities				
Loans and borrowings	10	**(1,250)**	(750)	(1,000)
Trade and other payables	9	**(11,381)**	(9,765)	(12,980)
Lease liabilities due less than one year		**(3,601)**	(3,396)	(3,281)
Derivative financial instruments		**-**	-	-
Total current liabilities		**(16,232)**	(13,910)	(17,261)
Non-current liabilities				
Borrowings	10	**(10,006)**	(8,358)	(10,687)
Lease liabilities due more than one year		**(40,678)**	(36,076)	(34,594)
Provisions		**(684)**	(366)	(683)
Deferred tax provisions		**(2,266)**	(803)	(2,200)
Total non-current liabilities		**(53,634)**	(45,603)	(48,164)
Total liabilities		**(69,866)**	(59,513)	(65,425)
Net assets		**12,915**	15,501	14,520
Called up share capital	11	**2,179**	1,983	2,179
Share premium		**23,527**	21,372	23,527
Share based payment reserve		**655**	564	661
Reverse acquisition reserve		**(2,513)**	(2,513)	(2,513)
Retained earnings		**(11,860)**	(6,630)	(10,066)
		11,988	14,777	13,788
Non-controlling interest		**927**	725	732
Total equity		**12,915**	15,501	14,520

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 26 WEEKS ENDED 31 DECEMBER 2023

	Called up share capital	Share premium	Share based payment reserve	Reverse acquisition reserve	Retained earnings	Total attributable to equity holders of parent	Non-controlling interest	Total equity
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 3 July 2022	1,983	21,372	543	(2,513)	(5,639)	15,746	495	16,241
Shared based payments and related deferred tax recognised directly in equity	-	-	21	-	-	21	-	21
Total transactions with owners recognised directly in equity	**1,983**	**21,372**	**564**	**(2,513)**	**(5,639)**	**15,768**	**495**	**16,262**
Total comprehensive expense for the 26 week period	-	-	-	-	(991)	(991)	230	(761)
At 1 January 2023	**1,983**	**21,372**	**564**	**(2,513)**	**(6,630)**	**14,777**	**725**	**15,501**
Shares issued for cash subscription - 8 June 2023	196	2,154	-	-	-	2,350	-	2,350
Share based payments and related deferred tax recognised directly in equity	-	-	97	-	-	97	-	97
Dividends paid - non controlling interest portion	-	-	-	-	(257)	(257)	-	(257)
Total transactions with owners recognised directly in equity	**2,179**	**23,527**	**661**	**(2,513)**	**(6,887)**	**16,966**	**725**	**17,691**
Total comprehensive income for the 26 week period	-	-	-	-	(3,178)	(3,178)	7	(3,171)
At 2 July 2023	**2,179**	**23,527**	**661**	**(2,513)**	**(10,066)**	**13,788**	**732**	**14,520**
Share based payments and related deferred tax recognised directly in equity	-	-	(6)	-	-	(6)	-	(6)
Total transactions with owners recognised directly in equity	**2,179**	**23,527**	**655**	**(2,513)**	**(10,666)**	**13,782**	**732**	**14,514**
Total comprehensive expense for the 26 week period	-	-	-	-	(1,794)	(1,794)	195	(1,599)
At 31 December 2023	**2,179**	**23,527**	**655**	**(2,513)**	**(11,860)**	**11,988**	**927**	**12,915**

CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE 26 WEEKS ENDED 31 DECEMBER 2023

	26 weeks ended 31 December 2023 (Unaudited) £'000	26 weeks ended 01 January 2023 (Unaudited) £'000	52 weeks ended 02 July 2023 (Audited) £'000
Cash flows from operating activities			
(Loss) for the period	(1,599)	(761)	(3,932)
Adjustments for:			
Depreciation	3,695	2,541	5,745
Amortisation	515	313	627
Profit / loss on disposal of right of use asset	(24)	(1)	(220)
Share based payments	(6)	102	181
Interest on lease liabilities	976	829	1,699
Interest on borrowings	557	256	714
Net change in fair value of hedging instrument in a fair value hedge	225	(249)	(361)
Impairment	168	-	565
Tax credit	(245)	(169)	(931)
Decrease / (increase) in trade and other receivables	681	(605)	(1,377)
(Decrease) / increase in trade and other payables	(1,509)	2,308	4,387
(Increase) / decrease in inventories	(382)	(465)	(255)
Cash generated from operations	**3,052**	**4,097**	**6,840**
Corporation taxes (paid) / repaid	(253)	(130)	(184)
Net cash flows from operating activities	**2,799**	**3,967**	**6,656**
Investing activities			
Acquisition of Dirty Martini	-	-	(4,150)
Purchase of property, plant and equipment	(697)	(6,067)	(6,658)
Purchase of intangible assets	(49)	(27)	(45)
Net cash used in investing activities	**(746)**	**(6,093)**	**(10,583)**
Financing activities			
Issue of ordinary shares	-	-	2,350
Proceeds from borrowings	-	9,847	12,030
Issue costs in connection with borrowings	-	(479)	(479)
Repayment of loans and borrowings	(502)	(5,847)	(5,597)
Principal paid on lease liabilities	(2,216)	(829)	(2,255)
Interest paid on lease liabilities	(976)	(829)	(1,699)
Interest paid on loans and borrowings	(323)	(159)	(489)
Net cash (outflow) / inflow from financing activities	**(4,017)**	**1,703**	**3,861**
Net (decrease) / increase in cash and cash equivalents	(1,964)	(423)	(336)
Cash and cash equivalents at beginning of the period	5,017	5,353	5,353
Cash and cash equivalents at end of the period	**3,053**	**4,930**	**5,017**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Directors of Nightcap plc (the "Company") and its subsidiaries (the "Group") present their interim report and the unaudited condensed consolidated financial statements for the 26 weeks ended 31 December 2023 ("Interim Financial Statements").

The Company is a public limited company whose shares are publicly traded on the AIM market of the London Stock Exchange and is incorporated and registered in England and Wales. The registered office address of the Company is c/o Locke Lord (UK) LLP, 201 Bishopsgate, London, EC2M 3AB.

The Interim Financial Statements were approved by the Board of Directors on 18 March 2024.

2. ACCOUNTING POLICIES

2.1. Basis of preparation

The Interim Financial Statements have been prepared in accordance with IAS34, 'Interim Financial Reporting'. They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last financial statements.

The Interim Financial Statements are presented in Pounds Sterling (£'000), except where otherwise indicated, and under the historical cost convention. Due to rounding, numbers presented in the Interim Financial Statements may not add up precisely to the totals provided and percentages may not precisely reflect the presented figures as the underlying calculations are referenced from absolute values, whereas numbers presented have been rounded to thousands.

The Directors consider that the principal risks and uncertainties faced by the Group are as set out in the Group's Annual Report and Financial Statements for the period ended 2 July 2023.

The accounting policies adopted in the preparation of the Interim Financial Statements are consistent with those applied in the preparation of the Group's consolidated financial statements for the period ended 2 July 2023. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2.2. Going concern

The Board has assessed the Group's ability to continue to operate as a going concern in the current challenging economic conditions. In making the going concern assessment, the Board has made a current consideration of the impact of economic conditions on the cash flows and liquidity of the Group over the next 12-month period and has sensitised these forecasts accordingly.

As at 31 December 2023 the Group had cash balances of £3.1m (excluding cash in transit of £0.9 m) and Net Debt (excluding IFRS 16 lease liabilities and convertible loan notes) of £5.6m. The Group has access to a £10.0m bank facility comprising a £3m term loan (of which £2.0m was drawn at 31 December 2023) repayable over the period to June 2025 and a £7m Revolving Credit Facility (of which £6.7m was drawn at 31 December 2023) available to August 2025. The facility is subject to certain covenants. Since the half year end the Group has reset its banking covenants to more favorable terms, giving increased stability to the business.

Management has prepared forecasts covering the period of 12 months from the date of signing this half year report. Taking into account reasonably possible changes in trading performance, the Group's forecasts show that the Group should be able to operate within its current and available borrowing facility throughout the going concern assessment period of 12 months from the date of signing this half year report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Continued

In making the going concern assessment Management has also prepared a severe but plausible downside scenario taking into account the principal risks of the business. This scenario assumes a reduction in sales resulting, for example, from the impact of further rail strikes and continuing costs of living pressure for our customers. In this severe but plausible downside scenario, Management has modelled mitigating actions including implementing cost saving actions. Under this scenario, the Group maintains sufficient liquidity and is projected to meet the requirements of the bank facility over the period of the going concern assessment without taking other mitigating actions such as reducing CAPEX or taking short-term working capital actions, although headroom is tight.

The Board recognises that the forecasts rely on important factors such as ongoing trading performance, which is currently volatile and impacted by the challenging macroeconomic environment, as well as the delivery of conversion into site and Group EBITDA along with implementing cost saving actions where necessary. The Board continually monitors its forecasts and the potential impacts the above factors may have.

Based on the Group's forecasts, the Board is satisfied that the Group will be able to operate for a period of at least 12 months from the date of issuing this half year report. For this reason, the Board has adopted the going concern basis in preparing the Interim Financial Statements.

2.3. Alternative Performance Measures

The Interim Financial Statements include both statutory and alternative performance measures ("APMs"). Further background to the use of APMs and reconciliations between statutory measures and APMs are presented in Note 16.

2.4. Accounting estimates and judgements

In preparing these interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the Group's consolidated financial statements for the period ended 2 July 2023 and are set out in the Group's Annual Report and Financial Statements for that period.

2.5. Seasonality

The Group has a variety of brands and concepts within its business. The demand across our sites is well spread throughout the financial year. Historically the lead up to Christmas has always been a busy period for hospitality businesses and will become more so for the Group with the acquisition of The Piano Works. The seasonal impact of Christmas is partially balanced by our diversified range of brands, some of which offer large outdoor bar and event space in the summer periods, although the termination of the Bar Elba lease subsequent to the half year reduces this balance somewhat.

3. EXCEPTIONAL ITEMS

	26 weeks ended 31 December 2023 (Unaudited) £'000	26 weeks ended 01 January 2023 (Unaudited) £'000	52 weeks ended 02 July 2023 (Audited) £'000
Included in administrative expenses:			
Legal costs	-	-	300
Site closure costs	290	43	81
Reorganisation costs	324	271	411
	614	**314**	**792**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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4. IMPAIRMENT

As a result of the Group's Barrio Watford site remaining vacant and not trading during the half year, the right of use asset for that site has been impaired by £0.2 million. The Group previously impaired the property, plant and equipment for the that site by £0.6 million at 2 July 2023.

5. NET FINANCE EXPENSE

	26 weeks ended 31 December 2023 (Unaudited) £'000	26 weeks ended 01 January 2023 (Unaudited) £'000	52 weeks ended 02 July 2023 (Audited) £'000
Interest on bank overdrafts and loans	486	256	503
Interest on lease liabilities	976	829	1,699
Net change in fair value of hedging instrument	224	(249)	(361)
Amortisation of debt issue costs – HSBC	71	-	136
Amortisation of debt issue costs – legacy debt	-	-	74
	1,757	**835**	**2,052**

6. TAX (CREDIT) / CHARGE ON LOSS

The following income tax (credit)/charge is applicable on the Group's operations.

	26 weeks ended 31 December 2023 (Unaudited) £'000	26 weeks ended 01 January 2023 (Unaudited) £'000	52 weeks ended 02 July 2023 (Audited) £'000
Taxation charged / (credited) to the income statement			
Current income taxation	-	-	**61**
Adjustments for current taxation of prior periods	-	-	**(12)**
Total current income taxation	**-**	**-**	**49**
Deferred Taxation			
Origination and reversal of temporary timing differences			
Current period	**(184)**	**(169)**	**(988)**
Adjustments in respect of prior periods	**(61)**	**-**	**37**
Adjustment in respect of change of rate of corporation tax	**-**	**-**	**(29)**
Total deferred tax	**(245)**	**(169)**	**(980)**
Total taxation credit in the consolidated income statement	**(245)**	**(169)**	**(931)**
The above is disclosed as:			
Income tax (credit) – current period	**(184)**	**(169)**	**(956)**
Income tax (credit) / charge – prior period	**(61)**	**-**	**25**
	(245)	**(169)**	**(931)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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The taxation credit on loss for the interim period is £245,000 (26 weeks ended 1 January 2023 – credit £169,000). The effective tax rate of 10.9% (26 weeks ended 1 January 2023 – 18.1%) differs from the UK corporation tax rate of 25% (26 weeks ended 1 January 2023 19%) as a result of permanent disallowable costs (depreciation of non-qualifying fixed assets, exceptional items, accounting share based payment charges) and the differential between the rate at which items impact current tax compared with deferred tax, all reducing the effective tax rate for the year. The rate reduction is partially offset by the 23% permanent element of the 130% capital allowances 'super deduction' on new qualifying plant and machinery additions.

The full year effective tax rate is expected to be c.10.9%.

7. EARNINGS PER SHARE

Basic earnings / (loss) per share is calculated by dividing the profit / (loss) attributable to equity shareholders by the weighted average number of shares outstanding during the year, excluding unvested share options granted pursuant to The Nightcap plc Share Option Plan.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. During the 26 weeks ended 31 December 2023 the Group had no potentially dilutive shares as all options and convertible loan notes have exercise or conversion prices that are below the Company's current share price and are therefore not currently considered dilutive.

During a period where the Group or Company makes a loss, accounting standards require that 'dilutive' shares for the Group be excluded in the earnings per share calculation, because they will reduce the reported loss per share; consequently, all per-share measures in the current period are based on the weighted number of ordinary shares in issue.

	26 weeks ended 31 December 2023 (Unaudited) £'000	26 weeks ended 01 January 2023 (Unaudited) £'000	52 weeks ended 02 July 2023 (Audited) £'000
(Loss) / profit for the period after tax for the purposes of basic and diluted earnings per share	**(1,794)**	(991)	(4,169)
Non-controlling interest	**195**	230	237
Taxation credit	**(245)**	(169)	(931)
Finance cost	**1,757**	835	2,052
Exceptional items	**614**	314	792
Acquisition related costs	**-**	-	734
Pre-opening costs	**52**	920	1,013
Share based payment charge	**(6)**	102	181
Impairment	**168**	-	565
Depreciation and amortisation	**4,209**	2,854	6,372
Profit / loss on disposal of right of use asset	**(24)**	(1)	(220)
Profit for the period for the purposes of Adjusted EBITDA (IFRS 16) basic and diluted earnings per share	**4,926**	4,094	6,625
IAS 17 Rent charge	**(2,787)**	(2,051)	(3,997)
Profit for the period for the purposes of Adjusted EBITDA (IAS 17) basic and diluted earnings per share	**2,139**	2,043	2,627

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Continued

	26 weeks ended 31 December 2023 (Unaudited) Number	26 weeks ended 01 January 2023 (Unaudited) Number	52 weeks ended 02 July 2023 (Audited) Number
Weighted average number of ordinary shares in issue for the purposes of basic earnings per share	**217,883,990**	198,300,657	199,591,866
Effect of dilutive potential ordinary shares from share options	**-**	1,888,689	950,758
Weighted average number of ordinary shares in issue for the purposes of diluted earnings per share	**217,883,990**	200,189,346	200,542,623

	26 weeks ended 31 December 2023 (Unaudited) Pence	26 weeks ended 01 January 2023 (Unaudited) Pence	52 weeks ended 02 July 2023 (Audited) Pence
Earnings per share:			
Basic	**(0.82)**	(0.50)	(2.09)
Diluted	**(0.82)**	n/a	(2.09)
Adjusted EBITDA (IFRS 16) basic	**2.26**	2.06	3.32
Adjusted EBITDA (IFRS 16) diluted	**2.26**	n/a	3.30
Adjusted EBITDA (IAS 17) basic	**0.98**	1.03	1.32
Adjusted EBITDA (IAS 17) diluted	**0.98**	n/a	1.31

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Continued

8. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements	Plant and computer equipment	Furniture, fixtures and fittings	Total
	£'000	**£'000**	**£'000**	**£'000**
Cost of valuation				
At 4 July 2022	9,680	4,411	2,778	16,869
Additions	2,685	2,392	607	5,684
Reclassification	-	274	(274)	0
At 1 January 2023	**12,365**	**7,077**	**3,111**	**22,553**
At 2 January 2023	12,365	7,077	3,111	22,553
Additions	24	(550)	1,045	519
On acquistion – Dirty Martini	306	136	-	442
Reclassification	-	(274)	274	-
Disposals	(40)	(1,102)	(1,063)	(2,205)
At 2 July 2023	12,655	5,288	3,367	21,309
At 3 July 2023	12,655	5,288	3,367	21,309
Additions	177	75	444	697
Reclassifications	750	(4,297)	3,547	-
Disposals	(306)	(22)	(312)	(640)
At 31 December 2023	**13,279**	**1,044**	**7,046**	**21,366**
Depreciation				
At 4 July 2022	3,329	2,788	1,643	7,760
Provided for the period	456	362	221	1,038
Reclassification	-	194	(194)	-
At 1 January 2023	**3,785**	**3,344**	**1,670**	**8,798**
At 2 January 2023	3,785	3,344	1,670	8,798
Provided for the period	568	400	460	1,428
Disposal	(40)	(1,102)	(1,063)	(2,205)
Impairment	294	17	254	565
Reclassification	-	(194)	194	-
At 2 July 2023	**4,608**	**2,465**	**1,514**	**8,587**
At 3 July 2023	4,608	2,465	1,514	8,587
Charge for the period	836	104	708	1,648
Disposals	(305)	(22)	(312)	(639)
Reclassification	110	(1,881)	1,771	1
At 31 December 2023	**5,249**	**666**	**3,681**	**9,596**
Net book value				
At 1 January 2023	8,580	3,733	1,441	13,755
At 2 July 2023	8,047	2,822	1,853	12,723
At 31 December 2023	8,028	378	3,364	11,770

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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9. TRADE AND OTHER PAYABLES

	31 December 2023 (Unaudited) £'000	01 January 2023 (Unaudited) £'000	02 July 2023 (Audited) £'000
Trade payables	**4,961**	4,283	4,628
Social security and other taxes	**2,744**	2,013	2,458
Corporation tax	**35**	293	288
Other payables	**1,330**	781	2,048
Accruals and deferred income	**2,311**	2,395	3,559
	11,381	9,765	12,980

10. BORROWINGS

	31 December 2023 (Unaudited) £'000	01 January 2023 (Unaudited) £'000	02 July 2023 (Audited) £'000
Short-term borrowing			
Secured bank loans	**1,250**	750	1,000

	31 December 2023 (Unaudited) £'000	01 January 2023 (Unaudited) £'000	02 July 2023 (Audited) £'000
Long-term borrowing			
Secured bank loans	**7,356**	8,358	8,037
Convertible loan notes	**2,650**	-	2,650
	10,006	8,358	10,687

The Group has a £10.0m bank facility comprising a £3m term loan (of which £2.0m was drawn at 31 December 2023) and £7m Revolving Credit Facility (of which £6.8m was drawn at 31 December 2023). The facility bears a margin of 3% above SONIA on the £3m term loan and 3.25% above SONIA on the £7m Revolving Credit Facility. The Group has taken out an interest rate cap on its reference base rate at 3% on £8m out of £10m of the facility. Since the half year end the Group has reset its banking covenants to more favorable terms.

11. CALLED UP SHARE CAPITAL

	31 December 2023 (Unaudited) £'000	01 January 2023 (Unaudited) £'000	02 July 2023 (Audited) £'000
Allotted, called up and fully paid ordinary shares	**2,179**	1,983	2,179

	31 December 2023 (Unaudited) Number	01 January 2023 (Unaudited) Number	02 July 2023 (Audited) Number
Ordinary shares at £0.01 each	**217,883,990**	198,300,657	217,883,990

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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12. ANALYSIS OF CHANGES IN NET DEBT

	At 4 July 2022 £'000	Cash flows £'000	Reclass long term to short term £'000	Non-cash movement £'000	At 1 January 2023 £'000
Cash at bank	**5,353**	**(423)**	**-**	**-**	**4,930**
Bank loans falling due within 1 year	(793)	794	(750)	(1)	(750)
Bank loans falling due greater than 1 year	(4,723)	(4,322)	750	(64)	(8,358)
Other loans falling due within 1 year	(7)	7	-	-	-
Lease liabilities falling due within 1 year	(2,374)	829	(1,851)	-	(3,396)
Lease liabilities falling due greater than 1	(25,254)	-	1,851	(12,674)	(36,076)
Total debt	**(33,150)**	**(2,691)**	**-**	**(12,739)**	**(48,580)**
Net debt	**(27,797)**	**(3,114)**	**-**	**(12,739)**	**(43,650)**
Net (debt) / cash – pre IFRS 16 leases	**(170)**	**(3,944)**	**-**	**(65)**	**(4,179)**

	At 1 January 2023 £'000	Cash flows £'000	Reclass long term to short term £'000	Non-cash movement £'000	At 2 July 2023 £'000
Cash at bank	**4,930**	**87**	**-**	**-**	**5,017**
Bank loans falling due within 1 year	(750)	-	(250)	-	(1,000)
Bank loans falling due greater than 1 year	(8,358)	467	250	(146)	(8,037)
Other loans falling due within 1 year	-	(2,650)	-	-	(2,650)
Lease liabilities falling due within 1 year	(3,396)	1,425	(1,310)	-	(3,281)
Lease liabilities falling due greater than 1	(36,076)	-	1,310	172	(34,594)
Total debt	**(48,580)**	**(758)**	**-**	**26**	**(49,562)**
Net debt	**(43,650)**	**(671)**	**-**	**26**	**(44,545)**
Net (debt) / cash – pre IFRS 16 leases	**(4,179)**	**(2,095)**	**-**	**(146)**	**(6,670)**

	At 2 July 2023 £'000	Cash flows £'000	Reclass long term to short term £'000	Non-cash movement £'000	At 31 December 2023 £'000
Cash at bank	**5,017**	**(1,964)**	**-**	**-**	**3,053**
Bank loans falling due within 1 year	(1,000)	502	(750)	(2)	(1,250)
Bank loans falling due greater than 1 year	(8,037)	-	750	(69)	(7,356)
Other loans falling due within 1 year	(2,650)	-	-	-	(2,650)
Lease liabilities falling due within 1 year	(3,281)	2,216	(1,843)	(693)	(3,601)
Lease liabilities falling due greater than 1	(34,594)	-	1,843	(7,927)	(40,678)
Total debt	**(49,562)**	**2,718**	**-**	**(8,691)**	**(55,535)**
Net debt	**(44,545)**	**754**	**-**	**(8,691)**	**(52,482)**
Net (debt) / cash – pre IFRS 16 leases	**(6,670)**	**(1,462)**	**-**	**(71)**	**(8,203)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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13. RELATED PARTY TRANSACTIONS

Related parties are considered to be the directors of Nightcap plc, The Cocktail Club, Adventure Bar Group and Barrio Familia. Transactions with them are detailed below:

	26 weeks ended 31 December 2023 (Unaudited) £'000	26 weeks ended 01 January 2023 (Unaudited) £'000	52 weeks ended 02 July 2023 (Audited) £'000
Purchase of inventories – D&H Spirits Limited	-	12	33
Purchase of inventories – CGCC Limited	13	31	11
Consultancy fees – CGCC Limited	-	-	30
Consultancy fees – Ferdose Ahmed	-	30	44
Consultancy fees – James Hopkins	-	41	16
	13	114	133

The companies listed below are deemed to be related parties due to having common shareholders with the Company. The people listed below are shareholders of the Company and therefore deemed to be related parties. These transactions are split by related party as follows:

	26 weeks ended 31 December 2023 (Unaudited) £'000	26 weeks ended 01 January 2023 (Unaudited) £'000	52 weeks ended 02 July 2023 (Audited) £'000
D&H Spirits Limited – a company co-controlled by James Hopkins	-	12	33
CGCC Limited – a company controlled by JJ Goodman	13	31	41
Ferdose Ahmed	-	30	44
James Hopkins	-	41	16
	13	114	133

Amounts owed to related parties were as follows:

	31 December 2023 (Unaudited) £'000	01 January 2023 (Unaudited) £'000	02 July 2023 (Audited) £'000
CGCC Limited – a company controlled by JJ Goodman	-	-	-
Ferdose Ahmed	-	24	-
James Hopkins	-	-	-
D&H Spirits Limited – a company co-controlled by James Hopkins	-	-	-
	-	24	-

14. CONTINGENT LIABILITY

Nightcap plc and DMN Bars Limited, a subsidiary company of Nightcap, have received notification that 18 individuals wish to bring proceedings to an employment tribunal where Nightcap and DMN Bars Limited have been listed as second and third respondents. The nature of their claim is in relation to the acquisition of certain assets of Dirty Martini out of administration where they were not included in the acquisition of those assets. The claimants are alleging to have been employed by DC Bars Limited and that they should have transferred to DMN Bars Limited or Nightcap under the Transfer of Undertakings Protection of Employment rights (“TUPE”) regulations. The total amount claimed is £338,000 together with further unquantified amounts. Management has sought legal advice on the matter and management believes that there are no grounds for such claims. Given the uncertainty involved and the strength of legal opinion, no provision has been made in these financial statements as management believes that the most likely outcome is no liability. We have no indication of the likely timescales involved.

15. EVENTS AFTER THE REPORTING PERIOD

On 19 February 2024 the Group entered into an asset purchase agreement to acquire certain of the assets (the "Assets") of TDC Concepts Limited ("TDCC") (the "The Piano Works Acquisition") for a total consideration of £200,000.

On the same date the Group raised a total of £1.0 million, through a subscription (the "Subscription") of 16,666,666 of new ordinary shares in the Company (the "Subscription Shares") at 6 pence per share.

On the same date the Group entered into an amendment and restatement agreement (“ARA”) for some of its convertible loan notes. The ARA amends and restates the conversion price of some of the convertible loan notes ("B Notes") to 10 pence per share and has provided the loan note holders who have remained on original terms the option to convert their convertible loan notes to B Notes on the new terms at any time prior to 15 August 2024. As such those B Notes are now convertible at the higher of 10 pence per share or a 15% discount to the volume weighted average share price of the Company's shares for the five business day period prior to the note holder notifying the Company of its intention to convert. Additionally, the maturity date on the B Notes has been extended by a further 12 months to mature on 9 September 2026. All other terms of the B Notes remain the same.

16. RECONCILIATION OF STATUTORY RESULTS TO ALTERNATIVE PERFORMANCE MEASURES

	26 weeks ended 31 December 2023 (Unaudited) £’000	26 weeks ended 01 January 2023 (Unaudited) £’000	52 weeks ended 02 July 2023 (Audited) £’000
(Loss) / profit from operations	**(87)**	**(94)**	**(2,812)**
Exceptional items	614	314	792
Acquisition related transaction costs	-	-	734
Pre-opening costs	52	920	1,013
Share based payment charge	(6)	102	181
Impairment	168	-	565
Adjusted profit from operations	**741**	**1,242**	**473**
Depreciation and amortisation (pre IFRS 16 Right of use asset depreciation)	2,164	1,351	3,094
IFRS 16 Right of use asset depreciation	2,045	1,503	3,278
IFRS 16 Right of use asset / liability disposal	(24)	(1)	(220)
Adjusted EBITDA (IFRS 16)	**4,926**	**4,094**	**6,625**
IAS 17 Rent charge	(2,787)	(2,051)	(3,997)
Adjusted EBITDA (IAS 17)	**2,139**	**2,043**	**2,627**