

A vibrant, festive bar scene with confetti falling and people celebrating. The image is filled with warm, golden light and a dense shower of white confetti. In the foreground, a woman with her hair in a bun, wearing a blue and white striped dress, is seen from the back, smiling. Behind her, another woman in a white shirt is laughing with her arms raised. In the background, a bartender is visible behind the bar, and another woman is smiling. The bar is cluttered with bottles, glasses, and a Red Bull can. A sign on the wall reads "PLEASE PLAN TO OUR SITE FOR ALLERGIC INFORMATION".

NIGHTCAP

INTERIM RESULTS
FOR THE 26 WEEK PERIOD ENDED
26 DECEMBER 2021

HIGHLIGHTS

"Strong trading results and the successful acquisition of Barrio Familia – Nightcap continues to execute its strategy"

KEY HIGHLIGHTS FOR UNAUDITED RESULTS FOR THE 26-WEEK PERIOD ENDED 26 DECEMBER 2021:

	26 weeks ended 26 December 2021 (Unaudited)	26 weeks ended 27 December 2020 (Unaudited)	52 weeks ended 27 June 2021 (Audited)
Revenue (£m)	15.8	2.0	6.0
Adjusted EBITDA (£m)	2.5	0.6	1.0
Adjusted EBITDA (IAS17) (£m)	1.6	0.5	0.2
Loss from operations (£m)	(0.0)	(0.0)	(4.9)
Loss before tax (£m)	(0.5)	(0.3)	(5.3)
Basic and diluted loss per share (pence)	(0.39)	(0.46)	(5.55)
Cash generated from operations (£m)	1.1	0.2	2.4

- Reported revenues for the period increased by more than 700% and IAS17 Adjusted EBITDA increased by more than 200%, despite Government "Plan B" guidelines in the final two weeks of the period
- Acquisition of Barrio Familia on 21 November 2021 brought four Latin American-inspired, Tequila-led, cocktail bars and Disrepute, a luxurious high-end Soho cocktail bar into the Group
- Bars continue to trade strongly, with like for like* revenue growth of 24.8% for the nine weeks ended 27 February 2022 when compared to the same period in 2020 and 24.6% when compared to the same period in 2019
- 19 bars traded throughout the period, with 27 bars being operated at the end of the period, reflecting the acquisition of Barrio Familia and the opening of three TCC venues during November 2021 all of which traded for only the last five weeks of the period
- Additions to the estate provide a significant increase in expected run rate revenues for the second half of this financial year and the subsequent year
- Organic growth progressing well, with three new openings, four refurbishments and one additional new lease completed in the period
- Excellent opportunities in the property market with over 24 sites in legal negotiations or under offer across several Group brands
- Investment in people to add key operational management to facilitate roll out plans, plus welcomed key management from Barrio Familia
- As at 26 December 2021, the Group had unaudited cash resources of approximately £9.4m and had total legacy bank borrowings of approximately £6.0m giving a net cash position of £3.4m (excluding lease liabilities)
- Nightcap has £4.7m of legacy bank borrowings from its acquisitions in previous periods, and in the period assumed a further £1.3m of debt from the acquisition of Barrio Familia on long-term favourable terms
- Completed additional two leases for TCC in Cardiff and Exeter in 2022, which together with the three new TCC openings and the Tonight Josephine Cardiff lease signed during the period, takes the total new sites to six for the year so far

HIGHLIGHTS CONTINUED

Sarah Willingham, CEO of Nightcap, commented:

"Nightcap has had a fantastic half year. We have taken the first steps in significantly growing our family of bars, both by adding the Barrio Familia Group in November 2021 and by opening three more The Cocktail Clubs in Bristol, Reading and London. We finished the calendar year with 27 top quality, late night bars."

"This half year has been spent focusing on getting the team and the Group ready for the fast and sustainable growth that we have planned for 2022 and beyond. With the team now in place to execute Nightcap's strategy, we see continued excellent opportunities in the property market with over 24 sites in legal negotiations or under offer across several of our brands, in addition to the three new bars we have already announced for Cardiff and Exeter. Importantly, out of this portfolio of sites not a single property premium has been paid or offered to date. We can look forward to the growth of our brilliant brands across the United Kingdom with confidence during the 2022 calendar year."

"At the same time we have delivered incredible numbers throughout the core estate with reported revenue increasing by more than 700% compared to last year (H1 2020) (primarily due to the acquisition of The Adventure Bar Group) and a 300% increase compared to the same period in 2019. The like for like* revenue growth of 22.4% (compared to H1 2019) demonstrates that through excellent management and motivated, happy teams we have been able to respond to the pent up demand from our wonderful customers, while significantly growing the underlying businesses."

"It is worth noting that out of our 27 bars only 19 bars (70%) traded for the whole 26 week period. Five sites were added

through the acquisition of the Barrio Familia Group on 21 November 2021 (19%) and a further three sites (11%) opened under The Cocktail Club brand also in November 2021."

"All of this was despite the Government's "Plan B" Guidelines introduced in December 2021 that impacted the final few weeks of the 26 week period. Up until the two weeks before Christmas, for the 24 weeks ended 12 December 2021, we achieved a 28.3% increase on a like for like* basis against the same period in 2019."

"Our amazing team were able to reschedule over 70% of the initially cancelled Christmas bookings into our Q3 (January 2022 – March 2022), and because of their flexibility and customer care, we are already seeing bookings and re-bookings for Christmas 2022!"

"This performance shows that we can trade strongly with or without COVID restrictions, and our guests and their demographics are resilient and keen to get out and socialise."

Sarah Willingham, Michael Toxvaerd and Toby Rolph will provide a live presentation relating to the Interim Results for the 26 weeks ended 26 December 2021 via the Investor Meet Company platform on 16 March 2022 at 3:00 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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* Like for like revenue is a measure of the period over period change in revenue for the same site base. We define the same site base to include sites that have been open for a full 52 week period. The Board believes this measure highlights the performance of existing sites, while excluding the impact of new site openings and site closures due to refurbishments. The Board considers this to be a widely used indicator in the hospitality sector to measure current trading performance.

Within the context of this announcement, the Group's trading over the 26-week period ended 26 December 2021 has been compared with the 26 week period ended 29 December 2019. The trading over the 24-week period ended 12 December 2021 has been compared with the 24 week period ended 15 December 2019. For the post half year end trading period, the trading over the nine-week period ended 27 February 2022 has been compared with the nine week period ended 1 March 2020 for the 2020 comparison and has been compared with the nine week period ended 3 March 2019 for the 2019 comparison.

For all periods presented the same site base includes ten TCC sites, seven Adventure Bar Group sites and five Barrio Familia sites. The Board believes this gives a more meaningful comparison to highlight trading performance in the Group following the acquisitions of Adventure Bar Group in May 2021 and Barrio Familia in November 2021'.

CHIEF EXECUTIVE OFFICER'S STATEMENT

I am pleased to present Nightcap's unaudited interim results for the 26-week period from 28 June 2021 to 26 December 2021.

TRADING

For the 26 weeks ended 26 December 2021, the Group's reported revenues increased by more than 700% to £15.8m, with a 22.4% like for like* increase compared to the same period in 2019. Excluding the 'Plan B' period, Group revenue increased by 28.3% on a like for like* basis for the 24 weeks ended 12 December 2021 compared to the same period in 2019.

As well as fast, sustainable growth, we continue to focus on our conversion, and in this respect, we are delighted to report a strong Adjusted EBITDA of £2.5m (IAS17 Adjusted EBITDA: £1.6m) for the half year. This is an increase of over 300% and 200% respectively on the comparable period in 2020.

As at 26 December 2021, the Group had unaudited cash resources of approximately £9.4m and had total legacy bank borrowings assumed from its acquisitions of approximately £6.0m giving a net cash position of £3.4m (excluding lease liabilities). With the legacy debt from our acquisitions having attractive terms (both in tenure and interest rate) Nightcap is well placed to execute its roll out strategy.

BRANDS

Since the inception of Nightcap in January 2021, we have delivered on our strategy to acquire strong brands, aimed at the resilient millennial market, with simple, replicable business models and nationwide appeal.

In November 2021, we welcomed the Barrio Familia group into the Nightcap family, comprising four Latin American-inspired, Tequila-led, cocktail bars under the Barrio brand and the famous Disrepute bar in Kingly Court, Soho, which recently won a well deserved 12th place in William Reed's UK Top 50 Cocktail Bars. The total consideration paid for the Barrio Familia group was £5.6m, comprising cash and shares. As part of the acquisition, the Group acquired net cash of £1.4m (comprising cash of £3.2m and bank loans and borrowings of £1.8m) resulting in a net cash consideration of £3.2m (excluding the consideration shares issued of £1.1m).

When Nightcap was founded and after the acquisition of The Cocktail Club (TCC), one of our goals was to acquire a bar group that has the potential to maximise on the winning combination of margaritas and tacos. Over the past year, we have closely observed the significant growth of the Tequila market with great interest, and believe that this acquisition has significant potential for UK-wide expansion and we have already begun sourcing potential sites across the country. The entire team at Barrio has hit the ground running and has integrated well, sharing offices and resources with the other brands and teams. They have already prepared an ambitious roll-out plan for the brand and are now fully embedded into the property pipeline as described.

In addition to The Cocktail Club and Barrio brands, during 2022 we will focus on the roll out of Tonight Josephine and Blame Gloria across the UK.

Tonight Josephine has now grown to four venues, with the most recent venture being the opening of their new site in Clapham High Street (replacing an Adventure Bar site). Seeing a significant uplift in sales since its re-brand, the site has become a go-to hotspot for on-trend 20-somethings in South-West London. Fuelled by wild themed brunches and late-night party antics, the site continues to go from strength to strength.

In the pipeline for Tonight Josephine is the imminent launch of a new bar in Cardiff in early April 2022, which will be the first of their bars to boast a brand-new look and feel. Noticing a gap in the market, Tonight Josephine is on a mission to disrupt the Millennial-focused landscape and fulfil the surge in demand from Generation Z for stand out places to enjoy a night out. Tapping into popular culture and piggybacking off the 'TikTok' era – this design refresh is planned to be, as always, right on trend and is set to put Tonight Josephine on the map as the trailblazers of this new wave of hospitality.

Much like Tonight Josephine, Blame Gloria is also going through exciting developments. Having successfully opened their second bar in Clapham Junction (also replacing an original Adventure Bar site), they are set to swing the doors open to their first regional site in the first half of 2022. Part of Blame Gloria's ongoing strategy is to bring the same sell-out brunches and late night socialising from Covent Garden, to all corners of the UK.

Fuelled by their dreamy interiors, outstanding cocktail menus and electric vibes; Tonight Josephine, Blame Gloria and The Cocktail Club have recently undertaken a partnership with hot new dating app, **Thursday**. Selling out in minutes and surpassing midweek sales targets, this ongoing partnership has solidified these bars as the place to be for singles across London.

Having successfully opened three new sites in November 2021, The Cocktail Club is well on its way to its fast national roll out with two more sites announced in Exeter and Cardiff both opening their doors in April, with many more planned over the coming months. All three Cocktail Club bars have opened ahead of budget and are already exceeding management's expectations.

With their Mansion House site in a prime location for after-work partygoers, it has seen midweek trade build significantly week on week, proving that a cocktail with your colleagues is no longer a thing of the past. Bristol and Reading are re-affirming the Board's views that there is strong demand for quality cocktails and late night socialising in the regions outside of London.

MARKET OUTLOOK

The challenges facing the economy and hospitality industry cannot go without mention.

We continue to receive unprecedented demand, in a typically quiet time of year, across the entire Nightcap portfolio; The

CHIEF EXECUTIVE OFFICER'S STATEMENT CONTINUED

Adventure Bar Group, The Cocktail Club and our newest acquisition, Barrio Familia. This is largely due to the distinct and immersive concepts that they continue to offer, and the growing popularity of the premium brands they represent. With Covid cases being a fraction of what was seen at Christmas, and life drawing ever closer to normal, we have seen an immediate bounce-back across the estate and pre-Covid socialising habits resurging, leading to the steep incline in growth. Effectively entering our delayed "Christmas period", with a wealth of rearranged Christmas parties, we are seeing a promising uplift in late-night footfall and the return of late-night partying both in the Capital and the regions.

Having put all the wheels in motion to ensure that we are well positioned, should further restrictions be put in place, and equipped to tackle the everchanging Covid landscape, whilst remaining profitable at a site level – the Board is confident that the end of the pandemic is near and even more confident that we are in a fantastic position to continue thriving in this new and exciting climate.

The staff across all three of our bar groups are proof that we are building one of the best hospitality businesses in the UK. Faced with unexpected adversity across the Christmas period, with cancelled Christmas parties, working from home orders coming into effect and livelihoods put on hold, they have remained resilient, persistent and most importantly, filled with buckets of energy. We were pleased that our staff were not disheartened by the unexpected turn of events at Christmas, and rather were optimistic about what lay on the other side.

Aside from our in-house teams, we have also seen continued support from suppliers, stakeholders, landlords and investors, who have all remained flexible and been willing to adapt with us, going above and beyond to find solutions in an undeniably difficult time.

Finally, we owe a huge thank you to our guests, who have handled cancelled plans, missed celebrations and lost time with unrivalled patience and understanding. When all is said and done, our guests are the people who allow us to continue to put on great parties and ultimately thrive as a business. We cannot wait to play host to hundreds of belated Christmas parties and deliver our biggest year of summer parties to date.

PIPELINE/ROLL OUT

With a business model that seeks an ROI** above 75% per site per year across the Group we are capitalised and ready to ramp up our fast sustainable growth in 2022.

Our team have been travelling all over the country making sure that we are able to take advantage of the significant opportunity that we currently see in the property landscape. Competition for sites is lower than management has seen in 20 years as many

businesses are forced to focus on balance sheet challenges, having taken on significant debt over the course of the last two years. Landlords are looking for strong covenants and long term tenants. The end of the moratorium for commercial rent in March 2022 will likely see a further influx of property onto the market.

With a varied portfolio of brands we are able to look at most sites on the market from 2,000 – 10,000 square feet that have the relevant planning and licensing. We have already demonstrated that we can have multiple brands successfully operating alongside each other in both Clapham and Shoreditch and by the end of the year we will see a number of Nightcap brands in other cities operating close to each other, helping to revive city centres and enhance quality late night socialising in key urban areas, where demand is high.

In all of the more than 30 new sites that we have opened, announced as completed, currently have under offer or in legal negotiations, we have not offered or paid a single property premium and yet we continue to find top tier sites in all of our prioritised cities nationwide.

PEOPLE

We have continued to put power behind our hiring strategy to secure only the most skilled people in the hospitality sector, to ensure that we nurture an industry-leading management team that trickles down to all levels of staff. The end goal is to improve company culture, promote growth across all departments and to act with an 'aces in places' mentality to ensure that opportunity unites with skill.

With the acquisition of Barrio Familia in November 2021, new additions to the management team included hospitality entrepreneur and founder of the Barrio bar group, Ferdie Ahmed, and Jim Robertson, Barrio's Managing Director, who has over 15 years of experience within the hospitality sector. Together they have successfully opened multiple sites and along with the existing team represent the best-in-class of the premium bars world in the UK.

In addition, we have appointed Nick Moule, formerly of Stonegate, as Operations Director at The Adventure Bar Group, who we consider to be an exciting hire with a track-record of delivering fantastic guest experiences across an extensive number of sites, whilst managing a fast growing group. Also joining The Adventure Bar Group, is newly appointed Head of People, Chantelle Christy. Chantelle has a wealth of knowledge across both the restaurant and cocktail bar sector and is well equipped to spearhead the new HR function within the Adventure Bar Group.

SYSTEMS

Although the changing hospitality landscape has presented us with the opportunity and reason to expand at a rapid pace, we are dedicated to retaining our authenticity across all of our brands throughout our expansion. A huge part of why the bars in our portfolio are viewed as pioneers, is down to the

**ROI is a ratio where the mature normalised site EBITDA is divided by the site's total capital expenditure. This ratio is considered by the Board to be an important indicator of the group's capital efficiency.

CHIEF EXECUTIVE OFFICER'S STATEMENT CONTINUED

independence, culture and ultimately, the magic and experiences that they provide for guests when visiting their much loved venues – this is something we will never take away. By acting as a group, it allows us to share our pools of knowledge, align our back of house systems, benefit from group purchasing and generally elevate our internal processes, offering up the foundations for fruitful business by utilising the best skill sets across the individual operating groups.

We expect to continue to invest further in both people and systems to enhance and improve our online and offline customer journeys, app and web interfaces and experience, point of sale systems, data management and utilisation, plus several other areas. The Board considers that this is key to enhancing the customer experience of our individual brands as well as giving our managers and leadership across the Group the best possible tools to optimise the existing estate whilst also continuing our nationwide expansion.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 26 DECEMBER 2021

		26 December 2021 (Unaudited) £	27 December 2020 (Unaudited) £	27 June 2021 (Audited) £
	Note			
Non-current assets				
Goodwill		9,279,942	–	6,572,920
Intangible assets		4,927,790	6,586	3,084,034
Property, plant and equipment		6,806,280	2,011,225	3,547,573
Right of use assets		21,064,846	4,540,133	13,446,863
Other receivable		417,270	257,620	271,150
Total non-current assets		42,496,128	6,815,564	26,922,540
Current assets				
Inventories		611,413	130,312	329,350
Trade and other receivables		1,674,535	322,111	804,411
Cash and cash equivalents		9,448,673	127,943	13,187,479
Total current assets		11,734,621	580,366	14,321,240
Total assets		54,230,749	7,395,930	41,243,780
Current liabilities				
Loans and borrowings		(1,604,373)	(1,076,027)	(1,458,652)
Trade and other payables	6	(10,108,618)	(1,098,459)	(8,628,163)
Lease liabilities due less than one year		(1,968,145)	(691,117)	(1,440,525)
Total current liabilities		(13,681,136)	(2,865,603)	(11,527,340)
Non-current liabilities				
Borrowings		(4,408,181)	(402,287)	(3,255,620)
Lease liabilities due more than one year		(20,684,179)	(4,483,150)	(12,462,624)
Provisions		(150,054)	–	(150,054)
Deferred tax provision		(1,263,393)	(92,240)	(666,662)
Total non-current liabilities		(26,505,807)	(4,977,677)	(16,534,960)
Total liabilities		(40,186,943)	(7,843,280)	(28,062,300)
Net assets/(liabilities)		14,043,806	(447,350)	13,181,480
Called up share capital	7	1,911,578	55,379	1,854,752
Share premium		20,318,766	178,017	19,267,483
Share based payment reserve		427,201	92,429	216,230
Reverse acquisition reserve		(2,512,590)	(45,131)	(2,512,590)
Retained earnings		(6,490,032)	(728,044)	(5,753,167)
		13,654,923	(447,350)	13,072,708
Non-controlling interest		388,883	–	108,772
Total equity		14,043,806	(447,350)	13,181,480

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 26 WEEKS ENDED 26 DECEMBER 2021

	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 £
At 28 June 2020	55,379	178,017	92,429	(45,131)	(472,485)	(191,791)	–	(191,791)
Total comprehensive expense for the 26 week period	–	–	–	–	(255,559)	(255,559)	–	(255,559)
At 27 December 2020	55,379	178,017	92,429	(45,131)	(728,044)	(447,350)	–	(447,350)
Issue of share capital	300	50,700	(92,429)	–	92,429	51,000	–	51,000
Transfer to reverse acquisition reserve	(55,679)	(228,717)	–	284,396	–	–	–	–
Recognition of Nightcap plc equity at reverse acquisition	398,800	845,200	–	(2,751,855)	–	(1,507,855)	–	(1,507,855)
Issue of shares – IPO	400,000	3,600,000	–	–	–	4,000,000	–	4,000,000
Transaction fees related to issue of shares	–	(628,588)	–	–	–	(628,588)	–	(628,588)
Issue of shares on acquisition – The Cocktail Club	553,788	4,984,095	–	–	–	5,537,884	–	5,537,884
Issue of shares on acquisition – Adventure Bar Group	47,619	1,142,857	–	–	–	1,190,476	–	1,190,476
Issue of shares – placing shares	434,783	9,565,217	–	–	–	10,000,000	–	10,000,000
Transaction fees related to placing shares	–	(636,537)	–	–	–	(636,537)	–	(636,537)
Issue of shares – debt conversion	19,762	395,238	–	–	–	415,000	–	415,000
Share based payments and related deferred tax recognised directly in equity	–	–	216,230	–	–	216,230	–	216,230
Total transactions with owners recognised directly in equity	1,854,752	19,267,483	216,230	(2,512,590)	(635,615)	18,190,260	–	18,190,260
Total comprehensive expense for the 26 week period	–	–	–	–	(5,117,552)	(5,117,552)	108,772	(5,008,780)
At 27 June 2021	1,854,752	19,267,483	216,230	(2,512,590)	(5,753,167)	13,072,708	108,772	13,181,480
Issue of shares on acquisition – Barrio Bar Group	56,826	1,051,283	–	–	–	1,108,109	–	1,108,109
Share based payments and related deferred tax recognised directly in equity	–	–	210,971	–	–	210,971	–	210,971
Total transactions with owners recognised directly in equity	1,911,578	20,318,766	427,201	(2,512,590)	(5,753,167)	14,391,788	108,772	14,500,560
Total comprehensive expense for the 26 week period	–	–	–	–	(736,865)	(736,865)	280,111	(456,754)
At 26 December 2021	1,911,578	20,318,766	427,201	(2,512,590)	(6,490,032)	13,654,923	388,883	14,043,806

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE 26 WEEKS ENDED 26 DECEMBER 2021

	26 weeks ended 26 December 2021 (Unaudited) £	26 weeks ended 27 December 2020 (Unaudited) £	52 weeks ended 27 June 2021 (Audited) £
Cash flows from operating activities			
Loss for the period	(456,754)	(255,559)	(5,264,339)
<i>Adjustments for:</i>			
Depreciation	1,654,486	524,805	1,258,637
Amortisation	207,169	732	51,099
Lease concessions	–	(177,448)	–
Revaluation of right of use assets	–	(108,697)	–
Share based payments	198,140	–	3,823,642
Interest on lease liabilities	370,754	128,809	297,215
Interest on borrowings	101,890	77,626	110,322
Tax expense	(33,104)	–	(32,098)
(Increase)/decrease in trade and other receivables	(256,147)	121,648	19,436
(Decrease)/increase in trade and other payables	(518,215)	(129,004)	2,112,687
(Increase)/decrease in inventories	(170,322)	9,414	42,744
Cash generated from operations	1,097,897	192,326	2,419,345
Corporation taxes (paid)/repaid	(59,091)	30,899	30,901
Net cash flows from operating activities	1,038,806	223,225	2,450,246
Investing activities			
Acquisition of Adventure Bar Group, net of cash	–	–	657,088
Acquisition of The Cocktail Club – transaction costs and pre IPO expenses	–	–	(902,401)
Acquisition of Barrio Bar Group, net of cash	(461,800)	–	–
Purchase of property, plant and equipment	(2,728,869)	(36,977)	(508,865)
Purchase of intangible assets	(30,025)	–	(9,275)
Net cash used in investing activities	(3,220,694)	(36,977)	(763,453)
Financing activities			
Issue of ordinary shares	–	–	15,295,000
Share issue costs	–	–	(1,265,125)
Repayment of loans and borrowings	(525,996)	(10,618)	(1,418,023)
Principal paid on lease liabilities	(569,853)	(4,687)	(744,081)
Interest paid on lease liabilities	(370,754)	–	(297,215)
Interest paid on loans and borrowings	(90,315)	(77,625)	(104,495)
Shareholder loan repayments	–	(229,863)	(229,863)
Net cashflow from financing activities	(1,556,918)	(322,793)	11,236,198
Net (decrease)/increase in cash and cash equivalents	(3,738,806)	(136,545)	12,922,991
Cash and cash equivalents at beginning of the period	13,187,479	264,488	264,488
Cash and cash equivalents at end of the period	9,448,673	127,943	13,187,479

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 26 December 2021 ("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 11 March 2022.

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, except where otherwise indicated; and under the historical cost convention.

In January 2021 the Company acquired the entire share capital of The Cocktail Club Limited in a share for share exchange. The introduction of the Company into the Group has been accounted for as a reverse acquisition. In doing so the comparatives for the 26 weeks ended 27 December 2021 and 52 weeks ended 27 June 2021 have been presented as if the Group had always existed in its current form.

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 27 June 2021.

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 27 June 2021. 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

In concluding that it is appropriate to prepare these Interim Financial Statements on the going concern basis, the Directors have considered the Group's cash flows, liquidity and business activities. Particular attention has been paid to the impact of Covid-19 on the business, both experienced to date and potentially foreseeable in the future.

As reported in the Group's Annual Report and Financial Statements for the period ended 27 June 2021, the Group had cash balances of £13.2m at that date. As at 26 December 2021, the Group had cash balances of £9.4m with the reduction primarily driven by the £2.7m the Group has invested in its existing and new sites during the period, along with net cash outflows of £0.8m associated with the Barrio Familia acquisition.

Based on these assessments the Group forecasts to be in compliance with its banking covenant obligations, and accordingly the Directors have concluded that it is appropriate to prepare the Interim Financial Statements on the going concern basis. If further lockdowns are mandated there is a risk that a reduction in trade could potentially cause the Group to breach future EBITDA based bank covenants. However, given the strong relationship the Group has with its bankers, the Board anticipates that its bankers would continue to be supportive.

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 10.

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 27 June 2021 and are set out in the Group's Annual Report and Financial Statements for that period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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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 but with our well diversified range of brands, the seasonal impact of Christmas is balanced with strong summer periods due to the outdoor venues in the Group, particularly Luna Springs and Bar Elba which provide large outdoor bar and event space.

3. EXCEPTIONAL ITEMS

	26 weeks ended 26 December 2021 (Unaudited) £	26 weeks ended 27 December 2020 (Unaudited) £	52 weeks ended 27 June 2021 (Audited) £
Included in administrative expenses:			
IPO and acquisition related transaction costs	352,984	150,582	546,068
Corporate finance fees	–	–	167,530
	352,984	150,582	713,598

The IPO and acquisition related transaction costs in the 26 weeks ended 26 December 2021 relate to costs incurred directly in connection with the acquisition of Barrio Familia Limited. For the 26 weeks ended 27 December 2020 and 52 weeks ended 27 June 2021 these costs relate to the IPO and reverse acquisition of The Cocktail Club which completed on 13 January 2021, along with the acquisition of Adventure Bar Group on 14 May 2021. These costs include employee bonuses and professional fees.

The corporate finance fees in the 52 weeks ended 27 June 2021 represent legal and advisory costs paid by The Cocktail Club in 2021 in connection with an aborted sale of The Cocktail Club in 2019. These costs had no cash impact on the Group, as they were borne by the vendors of The Cocktail Club by virtue of being withheld by the Company from the sale proceeds paid to them.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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4. TAX CREDIT ON LOSS

The income tax credit is applicable on the Group's operations.

	26 weeks ended 26 December 2021 (Unaudited) £	26 weeks ended 27 December 2020 (Unaudited) £	52 weeks ended 27 June 2021 (Audited) £
Taxation (credit) / charge to the income statement			
Current income taxation	–	–	18,585
Adjustments for current taxation of prior periods	–	–	–
Research & development claim	–	–	–
Total current income taxation	–	–	18,585
Deferred Taxation			
Origination and reversal of temporary timing differences			
Current period	19,122	–	(303,947)
Adjustments in respect of prior periods	–	–	(3,168)
Adjustment in respect of change of rate of corporation tax	(52,226)	–	256,432
Total deferred tax	(33,104)	–	(50,683)
Total taxation credit in the consolidated income statement	(33,104)	–	(32,098)

The taxation credit on loss for the interim period is £33,104 (26 weeks ended 27 December 2020 - £nil). The effective tax rate of 6.8% (26 weeks ended 27 December 2020 - 0%) differs from the UK corporation tax rate (19%) as a result of permanent disallowable costs (depreciation of non-qualifying fixed assets, exceptional items, accounting share based payment charge) 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 30% permanent element of the 130% capital allowances 'super deduction' on new qualifying plant and machinery additions and the impact of certain brought forward deferred tax balances being restated from 19% to 25% (to the extent the temporary differences are expected to unwind after 1 April 2023 when that rate applies).

The full year effective tax rate is expected to be c.5.7%.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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5. EARNINGS PER SHARE

Basic (losses)/earnings 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 pursuant to The Nightcap plc Share Option Plan and contingently issuable shares in connection with the acquisition of the Adventure Bar Group.

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 26 December 2021 the Group had potentially dilutive shares in the form of unvested share options pursuant to the above long-term incentive plan.

	26 weeks ended 26 December 2021 (Unaudited) £	26 weeks ended 27 December 2020 (Unaudited) £	52 weeks ended 27 June 2021 (Audited) £
Loss for the period after tax for the purposes of basic and diluted earnings per share	(736,865)	(255,559)	(5,373,111)
Non-controlling interest	280,111	–	108,772
Taxation credit	(33,104)	–	(32,098)
Finance cost	472,644	206,435	407,537
Exceptional items	352,984	150,582	713,598
Pre-opening costs	131,322	–	–
Share based payment charge	198,140	–	3,823,642
Depreciation and amortisation	1,861,655	525,537	1,309,736
Profit for the period for the purposes of Adjusted EBITDA (IFRS 16) basic and diluted earnings per share	2,526,887	626,995	958,076
IAS 17 Rent charge	(942,727)	(136,928)	(777,042)
Profit for the period for the purposes of Adjusted EBITDA (IAS 17) basic and diluted earnings per share	1,584,160	490,067	181,034

	26 weeks ended 26 December 2021 (Unaudited) £	26 weeks ended 27 December 2020 (Unaudited) £	52 weeks ended 27 June 2021 (Audited) £
Weighted average number of ordinary shares in issue for the purposes of basic earnings per share	186,593,082	55,378,837	96,859,609
Effect of dilutive potential ordinary shares from share options	6,665,383	–	3,976,038
Weighted average number of ordinary shares in issue for the purposes of diluted earnings per share	193,258,465	55,378,837	100,835,647

	26 weeks ended 26 December 2021 (Unaudited) pence	26 weeks ended 27 December 2020 (Unaudited) pence	52 weeks ended 27 June 2021 (Audited) pence
Earnings per share:			
Basic and diluted	(0.39)	(0.46)	(5.55)
Adjusted EBITDA (IFRS 16) basic	1.35	1.13	0.99
Adjusted EBITDA (IAS 17) basic	0.85	0.88	0.19

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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6. TRADE AND OTHER PAYABLES

	26 December 2021 (Unaudited) £	27 December 2020 (Unaudited) £	27 June 2021 (Audited) £
Trade payables	2,776,797	542,625	2,740,849
Social security and other taxes	1,126,970	60,259	300,549
Corporation tax	359,132	221	343,652
Defined contribution pension	16,796	14,860	15,043
Other payables	3,710,409	200,563	2,974,422
Accruals and deferred income	2,118,514	279,931	2,253,648
	10,108,618	1,098,459	8,628,163

Included within other payables is £2,343,000 relating to the valuation in connection with the contingent deferred consideration shares relating to the Adventure Bar Group acquisition in May 2021. Other payables also includes £866,822 in respect of deferred consideration arising from a completion accounts process in relation to the acquisition of Barrio Familia Limited in November 2021 – see Note 9. This was paid in January 2022.

7. CALLED UP SHARE CAPITAL

	26 December 2021 (Unaudited) £	27 December 2020 (Unaudited) £	27 June 2021 (Audited) £
Allotted, called up and fully paid ordinary shares	1,911,578	55,379	1,854,752

	26 December 2021 Number	27 December 2020 Number	27 June 2021 Number
A Ordinary shares of £0.001 each	–	55,378,838	–
Ordinary shares of £0.01 each	191,157,801	–	185,475,192

On 21 November 2021 the Company issued 5,682,609 ordinary shares in connection with the acquisition of Barrio Familia Limited accounted for at 19.5 pence – see Note 9.

8. 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 26 December 2021 (Unaudited) £	26 weeks ended 27 December 2020 (Unaudited) £	52 weeks ended 27 June 2021 (Audited) £
Consultancy Fees	–	12,000	12,000
	–	12,000	12,000

These transactions are split by related party as follows:

PAF Ventures Limited	–	12,000	12,000
	–	12,000	12,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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9. BUSINESS COMBINATIONS

On 21 November 2021, Nightcap plc acquired 100% of the shares of Barrio Familia Limited, for the total consideration of £5,602,931 comprising cash of £3,628,000, 5,682,609 shares issued and accounted for at a price of 19.5p (£1,108,109) and deferred consideration in relation to the completion accounts process of £866,822. Through the acquisition, Nightcap has become the operator of an additional five bars, which comprise: i) four Latin American inspired, Tequila-led, cocktail bars in popular areas of London which trade under the 'Barrio' brand; and ii) a high end '60s themed members' cocktail bar which trades under the 'Disrepute' brand in London's Soho area (collectively the "Barrio Bar Group").

The acquired business contributed revenues of £831,000 and profit before tax of £31,000 (in accordance with IFRS) to the consolidated Group for the period from 21 November 2021 to 26 December 2021.

The values identified in relation to the acquisition are provisional as at 26 December 2021.

	Book Value £	Fair Value Adjustments £	Fair Value £
Property, plant and equipment	1,345,503	–	1,345,503
Intangible assets	84,900	1,936,000	2,020,900
Right-of-use assets	5,265,431	–	5,265,431
Inventories	111,741	–	111,741
Receivables	760,097	–	760,097
Cash	3,166,200	–	3,166,200
Payables	(2,041,588)	–	(2,041,588)
Bank loans and borrowings	(1,824,278)	–	(1,824,278)
Lease liabilities	(5,265,431)	–	(5,265,431)
Deferred tax liability	(73,874)	(568,792)	(642,666)
Total net assets acquired	1,528,701	1,367,208	2,895,909
Fair value of consideration paid			£
– Cash paid to vendor			3,628,000
– Consideration shares issued			1,108,109
– Deferred consideration			866,822
Acquisition date fair value of the total consideration transferred			5,602,931
Goodwill			2,707,022

The Group has made certain estimates and judgements in arriving at the valuation of intangible assets and goodwill.

In accordance with IFRS 3, the identifiable assets acquired and liabilities and contingent liabilities assumed should be measured at fair value at the acquisition date in order to determine the difference between the cost of acquisition and the fair value of the Group's share of net assets acquired, which should then be recognised as goodwill on the balance sheet or recognised in the income statement. In determining the fair value, management has recognised brand values totalling £1.9m in respect of the brands acquired. Key estimates used in arriving at the brand valuation include growth rates, discount rate, cashflow assumptions including working capital estimates, appropriate royalty rates and useful economic lives.

In addition, the Group has made certain estimates in determining the deferred consideration payable as part of the completion accounts process.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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10. RECONCILIATION OF STATUTORY RESULTS TO ALTERNATIVE PERFORMANCE MEASURES

	26 weeks ended 26 December 2021 (Unaudited) £	26 weeks ended 27 December 2020 (Unaudited) £	52 weeks ended 27 June 2021 (Audited) £
Loss from operations	(17,214)	(49,124)	(4,888,900)
Exceptional items (Note 3)	352,984	150,582	713,598
Pre-opening costs	131,322	–	–
Share based payment charge	198,140	–	3,823,642
Adjusted profit / (loss) from operations	665,232	101,458	(351,660)
Depreciation and amortisation (pre IFRS 16 Right of use asset depreciation)	865,633	245,743	618,544
IFRS 16 Right of use asset depreciation	996,022	279,794	691,192
Adjusted EBITDA (IFRS 16)	2,526,887	626,995	958,076
IAS 17 Rent charge	(942,727)	(136,928)	(777,042)
Adjusted EBITDA (IAS 17)	1,584,160	490,067	181,034