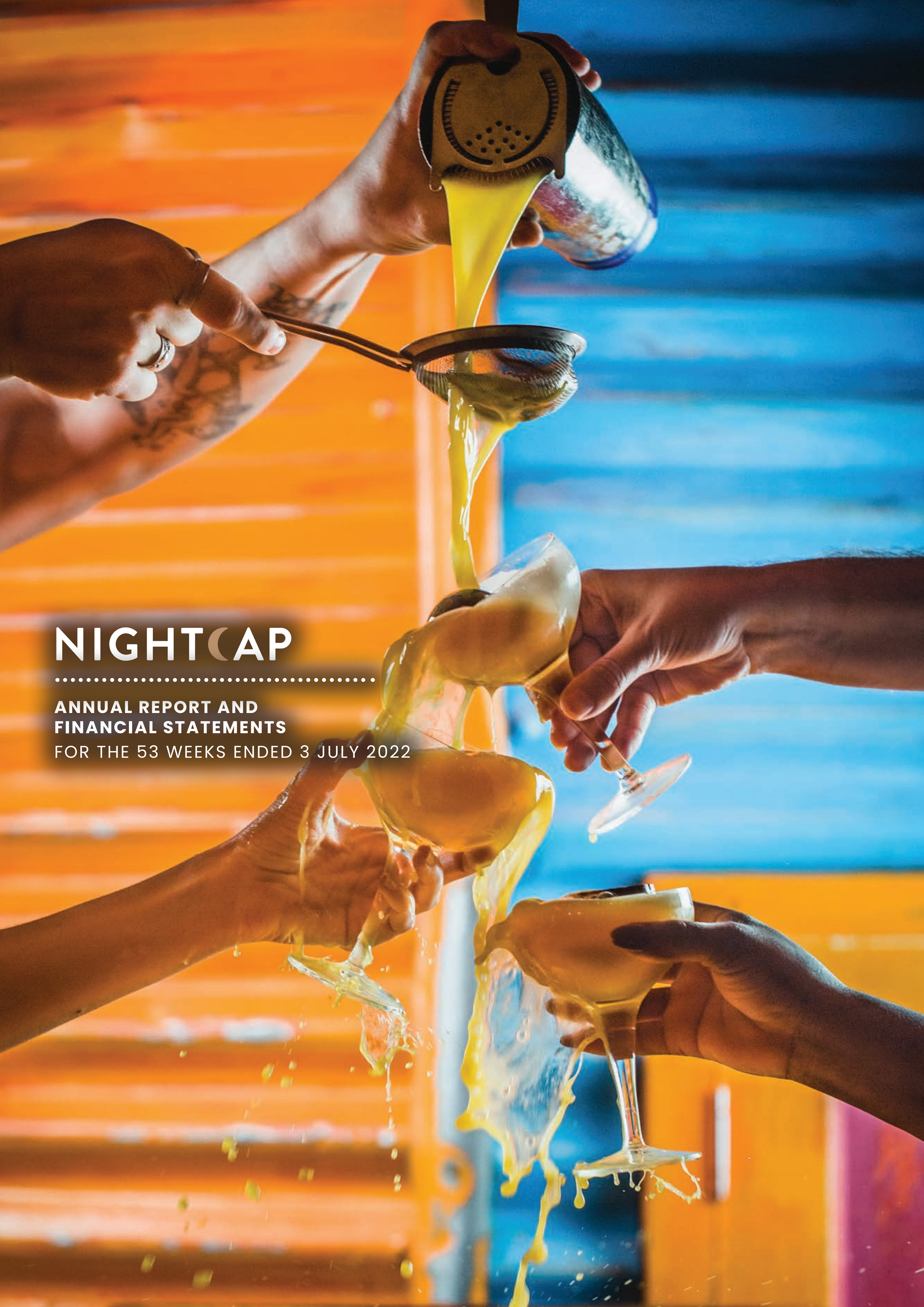

NIGHTCAP

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE 53 WEEKS ENDED 3 JULY 2022

OVERVIEW

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GOVERNANCE

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WHO WE ARE

NIGHTCAP

Nightcap plc's mission is to become the leading operator of premium bars and drinks-led hospitality concepts in the UK through rapid organic growth and the acquisition of scalable late night bar concepts with innovation at their core. Established in the height of the COVID-19 pandemic, Nightcap's aim is to take advantage of the significant changes taking place within the premium bars segment and the hospitality industry more generally in the UK.

The Board believes that the Company will be able to take advantage of an exceptional opportunity to acquire and grow 'drinks-led' hospitality concepts that focus on the consumers' social experience over the coming years. The landscape for retail property has never been better, with the balance of power shifting from landlord to tenant, strong covenants winning lease bids over large premiums and fewer businesses being in a position to expand whilst they repay the debt incurred during the last two years.

During the last financial year the Company saw an extraordinary level of demand from Millennial and Gen Z consumers whose freedom to socialise and party was halted during the pandemic. As generations with an increasingly fast-paced lifestyle, they are seeking 'experiential' ways to fill their leisure time, favouring concepts that offer new and immersive experiences. Based on the Board's extensive experience in the hospitality sector, it believes that guests have become more discerning than ever and that they are actively seeking out individually themed sites that use the highest quality ingredients to produce outstanding drinks, all served in both a friendly and exciting environment with a promise of a truly memorable night out. Nightcap is perfectly placed to fulfil this demand.

Led by entrepreneur and ex BBC Dragon Sarah Willingham, Nightcap has built a team of some of the most talented operators in the hospitality industry, each with extensive experience in the sector and the ability to build and grow Nightcap's brands both rapidly and sustainably across the UK.

WHAT WE DO

THE COCKTAIL CLUB

The Cocktail Club have earnt their reputation as pioneers of the cocktail bar scene, carving out their own niche early on. With a clear mission to serve world class cocktails in unpretentious, speak-easy style venues, where no-holds-barred partying is at the top of the agenda.

Founded in 2010 by JJ Goodman, winner of the World's Best Bartender award at the Cocktail World Cup in 2008, and James Hopkins, The Cocktail Club now operates 16 bars across the country– ten across London and a number across the south-west (Reading, two in Bristol, Exeter, Cardiff and Birmingham).

The Cocktail Club ethos is simple - everybody deserves to have a wild time, from their loyal guests to their dedicated team. Championing the idea that anyone who walks through the doors to a Cocktail Club can leave their inhibitions at the door and party like nobody's watching. No pretention, no judgment, just pure party vibes.

Known for its theatrical displays of mixology, The Cocktail Club offers up an electric atmosphere, led by their team of world-class bartenders, who consistently deliver the crème de la crème of the cocktail world. 2022 has seen them cement their USPs even further, with their recognisable displays of lamp swinging and ice throwing seen increasingly outside of London. They believe in providing unforgettable experiences in a unique environment that guests will talk about for years to come.

From the outside it may just look like one big party but it's the science behind the madness that sets them apart from the rest. Focusing on world class drinks development, meticulously curated playlists, leading bartender training and clear career progression, they have managed to ensure they adopt new trends before others and execute them to perfection. Their innovative approach lends itself aptly to the phrase – go hard or go home.

Each Cocktail Club site is designed to offer its own unique experience, switching up the décor and design for each location means guests will have a desire to visit more locations. Whilst the décor may differ, one thing that remains consistent across all sites is the outrageously high standard of the drinks, music training and service.

The Cocktail Club became part of the Nightcap portfolio in January 2021.

THE ADVENTURE BAR GROUP

The Adventure Bar Group is one of the most dynamic bar companies in London, and now also in several locations across the country. After 15+ years the Adventure Bar Group has built an extremely successful portfolio of bars in the bustling areas of Covent Garden, Waterloo, Shoreditch, Clapham and Birmingham. As well as expanding the portfolio of bars, Adventure Bar Group has built on its success with two large outdoor venues, Luna Springs in Birmingham and Bar Elba in Waterloo.

The Adventure Bar Group began its journey back in 2005, founded by friends Bryan Lloyd, Thomas Kidd, Tobias Jackson and Kieron Botting with a vision to live, breathe, work and go above and beyond for everyone who visits their bars. To constantly evolve their offering, to satisfy the expressed and unexpressed needs of their guests and to consistently exceed expectations.

Known for thinking outside of the box, from ticketed events, wild weeknight entertainment and interiors, to name a few, Adventure Bar Group is always looking to make an impact and set itself apart from the crowd. Tonight Josephine took the Instagram world by storm with their infamous neon sign "Well Behaved Women Don't Make History", now instantly recognisable across the UK.

Famous for their outstanding sold-out brunch events, including: Britney Bottomless Brunch, Mamma Mia Bottomless Brunch and more recently Cosmic Disco, the Adventure Bar Group is constantly tapping into the latest trends and delivering out-of-this-world experiences for their guests. Nurturing talents such as Ru Paul's iconic Bimini Bon Boulash and Victoria Scone, it comes as no surprise that their drag brunches are some of the best in the UK.

It's no wonder this combination of unapologetic partying, tabletop dancing and legendary events has earnt the Adventure Bar Group a firm place in the hearts of party-seeking 20 somethings around the UK.

The Adventure Bar Group became part of Nightcap plc in May 2021 with a vision of expanding the brands, particularly the roll-out of Tonight Josephine and Blame Gloria brands, throughout cities across the UK. Tonight Josephine has now opened new sites in Bristol, Cardiff and most recently Liverpool whilst Blame Gloria has opened in Bristol.

BARRIO FAMILIA GROUP

barrio FAMILIA

Inspired by his travels in Latin America Ferdie Ahmed founded Barrio in 2007 with the aim of bringing a slap of Latino attitude to the London bar scene. The first Barrio opened in Angel in 2007 and the concept proved to be a resounding success with Barrio bringing its vibrant mix of sights, sounds and colours to Soho, Shoreditch and Brixton soon afterwards.

Nightcap acquired Barrio Familia group in November 2021 which included the four Latino-inspired Barrio site in additional to Disrepute, a 60's inspired member's bar in Kingly Court, Soho. Disrepute is for the sophisticated, discerning cocktail drinker – it is consistently in the top 50 cocktail bars in London (currently number 12) and is nestled away in what was formerly 'the Pinstripe Club' famous for its involvement in the Profumo affair scandal.

Barrio Familia Group has integrated seamlessly into the Nightcap family since acquisition and has begun its own expansion with new sites under the Barrio brand opening recently in Watford as well as Barrio Covent Garden in the iconic former Tropicana site, launched as the world's largest tequila bar.

It fits the same mould as the other groups within the Nightcap estate – offering a top quality party style atmosphere, carefully curated entertainment events with a vibrant cocktail menu at its core. It is known for its flamboyant interiors, great food, outstanding margaritas and guaranteed party atmosphere!

WHERE WE DO IT

NIGHTCAP PLC

THE COCKTAIL CLUB
16 cocktail bars

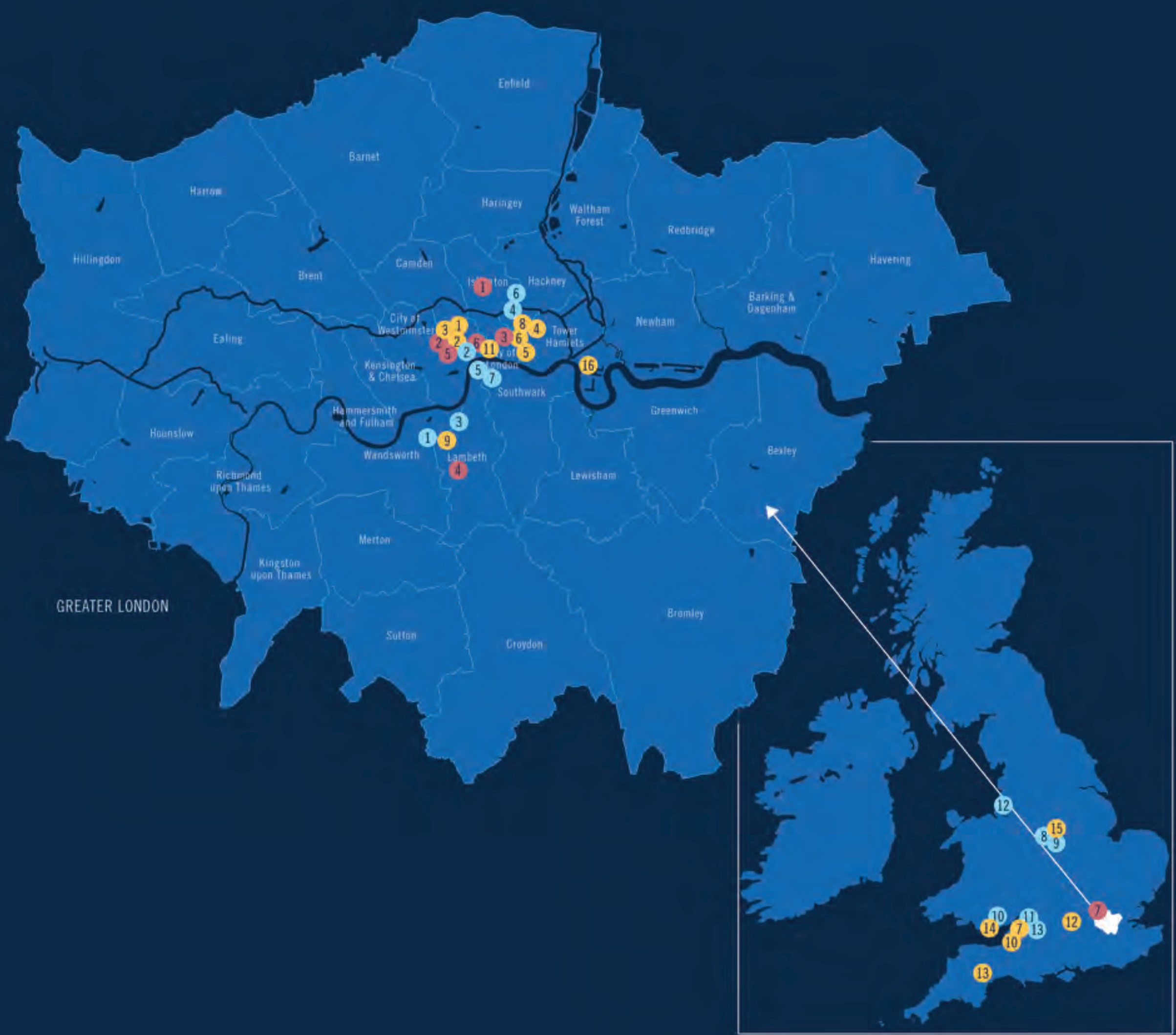
1. Goodge Street
2. Shaftesbury Avenue
3 Oxford Circus
4. Shoreditch
5. Monument
6. Liverpool Street
7. Bristol, Triangle West
8. Old Street
9. Clapham High Street
10. Bristol, Corn Street
11. Queen Victoria Street
12. Reading, Gun Street
13. Exeter, Gandy Street
14. Cardiff, St Mary Street
15. Birmingham, Temple Street
16. Canary Wharf, Cabot Street

ADVENTURE BAR GROUP
13 bars

1. Blame Gloria, Clapham Junction
2. Blame Gloria, Covent Garden
3. Tonight Josephine, Clapham High Street
4 The Escapologist, Covent Garden
5. Tonight Josephine, Waterloo
6a. Tonight Josephine, Shoreditch
6b. Nikki's Bar, Shoreditch
7. Bar Elba, Waterloo
8. Luna Springs, Birmingham
9. Tonight Josephine, Birmingham
10. Tonight Josephine, Cardiff, Caroline Street
11. Blame Gloria, Bristol, Small Street
12. Tonight Josephine, Liverpool, Hanover Street
13. Tonight Josephine, Bristol, Baldwin Street

BARRIO
7 bars

1. Barrio Angel, Essex Road
2. Barrio Soho, Poland Street
3. Barrio Shoreditch, Shoreditch High Street
4 Barrio Brixton, Acre Lane
5. Disrepute Soho, Kingly Court
6. Barrio Covent Garden, Covent Garden
7. Barrio Watford, Watford



STRATEGIC REPORT

CHAIRMAN'S STATEMENT

We have lived with COVID-19 restrictions since March 2020 and at last we appear to be moving away from the more draconian measures, but what the last two years have taught us is that nothing is reliably predictable.

The periods of lockdown were a very difficult time for all of us but especially for those within the hospitality sector. I am pleased that, despite the challenges and uncertainties that have been thrown at us, we have continued to focus on the growth opportunities of the business. Sarah and the wider executive team at Nightcap have shown exceptional leadership to navigate through the uncertainties over the past year quickly and effectively.

Our focus continues to be on growth, both through acquisition and through organic expansion. Since acquisition at IPO on AIM at the beginning of 2021, The Cocktail Club has opened a total of seven new sites in prime locations in key cities across the UK. The biggest Cocktail Club to date opened in September, closely followed by a key site in the financial district of Canary Wharf in October. Since our acquisition of The Adventure Bar Group in May 2021, it has grown with two new site openings in Bristol, one site in Cardiff and a further site opening in Liverpool. In November 2021 the acquisition of the Barrio Familia Group added a further five sites to the Nightcap portfolio and an additional brand that has exciting growth opportunities with two new sites already opened in Covent Garden and Watford. At the end of the financial year, the Group had grown to a total of 31 sites opened with three further sites in final stages of fit-out and, at the date of this report, 36 sites were open and trading.

We continue to make the investment in our staff (both in recruitment and training) a priority. Our people create the welcome and experience that our customers enjoy and that keeps them coming back, we have no doubt our people are central to the continuing growth of the business. We launched the Nightcap Bar Academy to provide in-depth training and improve skills but also to improve both retention and recruitment in the face of a challenging recruitment environment post-Brexit.

If the past year continues to show us anything it is that nothing can be taken for granted. There are significant challenges to overcome with rising inflationary pressures, supply chain disruption as well as the cost of living and cost of energy to be navigated, not to mention recent transport strikes.

It will take resilience, perseverance and innovative approaches from Sarah and the senior management team to overcome the challenges ahead but I am very pleased with the Group's performance and expect the long-term growth to continue in establishing Nightcap as one of the leading bar businesses in the UK.

Gareth Edwards
Chairman

CHIEF EXECUTIVE'S STATEMENT

INTRODUCTION

I am extremely proud to present these excellent audited results for the 53 weeks to 3 July 2022, representing Nightcap's first full year of trading. Our year has been eventful, fun and, at all times, rewarding. During the year, the number of bars we operated increased from 19 to 31 and this reflects our strong growth, driven by both new openings and acquisition.

We welcomed the Barrio Familia Group, which included four Barrio branded bars and a multi award winning Disrepute bar, to the Group following the completion of its acquisition on 21 November 2021 and these final results therefore include Barrio Familia Group's results from this date. We are delighted with how the Barrio Familia Group has settled into Nightcap alongside The Cocktail Club and the Adventure Bar Group, and we are very excited about the first two new openings of the Barrio concept, in Covent Garden and Watford. With this acquisition, we continue to deliver on our strategy to acquire and grow excellent drinks-led bar and late night businesses across the UK.

Our very experienced executive team successfully continued our roll-out strategy of our key brands, opening five The Cocktail Club bars in Reading, Bristol, Exeter, Cardiff and London, along with one Tonight Josephine in Cardiff and a Blame Gloria in Bristol. At the period end our total portfolio of trading bars was 31, including the five original venues within the Barrio Familia Group, with a further three sites in the fit out stage. Since the year-end, the Group has completed on several further sites taking our total portfolio to 36 bars.

As the financial year progressed, we achieved record daily, weekly and monthly sales across a number of our sites, seeing our total like-for-like* revenue growth finish the year at an impressive increase of 23.6%.

This high like-for-like* growth during the 53 weeks ended 3 July 2022 is all the more impressive against the backdrop of the leisure and hospitality industries having tough moments during the period including: COVID-19 "Plan B" Government advice imposed during the essential and very busy Christmas weeks; ongoing tube and train strikes; and the cost of living crisis with inflation exceeding double figures.

Having proven the popularity of "bottomless brunches" within the Adventure Bar Group, we have successfully rolled them out across the rest of the Group. This has seen millennials and Gen Zs loving our entertainment offerings as they go out as groups for a celebration watching a Mamma Mia drag show at Tonight Josephine, or couples and friends meeting for a fun morning or early afternoon enjoying Samba and a DJ set at Barrio. Embedded in each business model is utilisation of our spaces during the daytime when bars have been historically closed and empty. This has further improved our return on investment as we continue to maximise revenue during all of our trading hours.

The rapid roll out of our brands has been helped by a unique opportunity within the property market. Suitable sites in top locations continue to be available on more favourable terms than they have been for many years. Landlords continue to favour stronger covenants (such as we provide) and we continue to see far less competition for sites. Whilst there are a growing number of outstanding sites available to us on increasingly advantageous terms, build costs have continued to increase and, with the uncertainty in the economic climate in mind, we will slow down our expansion plans of new site openings during the current financial year. Our focus will be to maximise returns from our existing and newly opened sites and then continue our roll out programme as market conditions improve.

Without a doubt, none of this year's success would have been possible if it were not for our customers who have stayed loyal to our brands throughout the year. They have continued to enjoy mostly unrestricted social nights out with friends and loved ones in the safe and fun environments that we continue to offer. I would like to take this opportunity to thank them for welcoming us into their towns across the UK, enjoying our opening parties and fun marketing ploys and embracing our weekend brunches. They bring the fun and the laughs with them each time and make our jobs of delivering a great time and fun nights out easy.

ACQUISITIONS UPDATE

Barrio Familia

With the acquisition, on 21 November 2021, of Barrio Familia Group, we continue to deliver on our ambition to create the leading bar group in the UK, consisting of the most loved brands and concepts, with the highest potential for roll-out across the UK.

The four original Barrio Familia branded bars are Latin American inspired and represent a colourful clash of cultures, serving up Tacos and other Latin American street food. The bars also have regular live music features, from samba bands to house bands and DJs playing funk, soul and Latin music until late. Barrio's drinks offering is Tequila-led, including custom Margaritas and other Latin-themed cocktails. Disrepute was also acquired as part of the Barrio Familia Group and represents a different concept to Barrio, being a '60s inspired deluxe members' cocktail bar that recently won the accolade as the 12th best Cocktail bar in the UK in the well-respected "Top50CocktailBars" list of bars.

In addition to Barrio Familia's late night offering, it has experienced significant growth in the demand for events from millennials and Gen Zs that are sometimes ticketed, but always pre-booked. The growth in the popularity of Barrio Familia's "bottomless brunch" is in line with the wider Group strategy to pre-sell periods of the day to efficiently utilise the available space and opening times.

As we get underway with the expansion of this exciting combination of Tequila and Tacos in the Latin inspired Barrio brand, we anticipate substantial potential to grow from the current seven sites up to twenty sites across the UK in the medium term.

The acquisition of Barrio Familia Group further supports the Group's strategy of targeting millennial and Gen Z customers who are moving away from generic mid-market chains and sticky floored nightclubs, and are instead favouring late night bars where they can have a great time, drink high quality drinks and enjoy an experience-led, memorable, safe and fun night out in unique venues.

Adventure Bar Group earn out consideration

When we acquired the Adventure Bar Group in May 2021, part of the transaction included the potential for the Adventure Bar Group shareholders to earn an additional consideration of £1.5 million in Nightcap shares, at an issue price of 21p per share. The strong performance of the Adventure Bar Group led to the achievement of the financial milestones required for all the earn out consideration shares to be issued on a significantly faster timeline than we originally expected. 7,142,856 new ordinary shares were issued in June 2022 to the former owners of the Adventure Bar Group in respect of the deferred consideration earn out.

Realising the full earn-out early was a phenomenal achievement for the founders of the Adventure Bar Group and has benefited the Group.

GROWTH

Going from £6 million to £36 million of revenue and £0.2 million to £3.3 million of Adjusted EBITDA (IAS17 basis) is impressive growth in our first full year. But what excites me the most is that we have defined our brands and fine-tuned their business models to optimise the roll out of the individual brands. The benchmark is for all new sites to deliver on our market-leading goal of a 75% return on investment at maturity (being the third year post opening) as well as a two-year payback on invested capital. The bar concepts also need to remain attractive and differentiated, as we continue to open them side by side in key towns as part of our expansion across the UK. For example, in Bristol two The Cocktail Clubs now trade successfully alongside a Blame Gloria and a Tonight Josephine.

ECONOMIC CLIMATE

Coming out of COVID-19 restrictions at the beginning of the financial year resulted in a strong start to the year, as our millennial and Gen Z target demographics relished the opportunity to meet and socialise with friends and loved ones once again.

During the important Christmas weeks in 2021, COVID-19 "Plan B" advice was imposed on the hospitality industry as a whole by the UK Government. This resulted in more than 7,500 bookings being cancelled across the Group. Whilst initially cancelled our sales team worked tirelessly to claw back more than 70% of these bookings, which were then re-scheduled to take place between January and March 2022. This was a fantastic result and resolution to a difficult situation.

Nightcap was created during a distressed time for the hospitality industry, just after coming out of the first national lockdown and well before the roll out of the first vaccine, with an unprecedented opportunity ahead of us.

Since the Nightcap IPO on AIM in January 2021, the property landscape has been even better for Nightcap than we had expected when creating the Company. Lease terms remain very attractive for operators, with even more availability in top city centre locations. The millennial and Gen Z crowd remain resilient consumers as they continue to enjoy great nights out with their friends and we have been able to acquire great businesses, all with national roll out potential, in a very short period of time. However, inflation caused by COVID-19 supply chain disruption has been compounded by the war in Ukraine, and its impact on energy prices and interest rates, has created a cost of living crisis, which will undoubtedly impact all hospitality businesses in the UK. Over the coming period we expect customers will be more cautious about spending their disposable income.

Whilst the rise in prices have increased our fit out costs we are delighted to have entered into competitively priced drinks contracts, along with enhanced retrospective volume rebates for the next financial year which will ensure that there will be very limited price increases in our operational supply chain.

COSTS

Nightcap is exposed to the current cost of living crisis and inflation in four main ways:

- **Energy:**
  We have entered into a number of fixed two-year energy contracts and therefore the vast majority of our sites currently have fixed energy costs. These contracts expire between March 2023 and March 2024. The UK Government's support of energy costs for businesses such as ours is welcomed.

- **Supply chain price pressures:**
  Most of our direct costs relate to spirits and mixers that go into creating our cocktails, along with some beer, food and prosecco. Due to our fast growth, we have achieved very competitively priced contracts for these products, along with enhanced retrospective volume rebates and ongoing marketing support and are therefore not expecting margin erosion from supply side pressures in the next year.

- **Capital Expenditure:**
  Capital expenditure costs have recently increased up to 10% on new site fit outs. Despite this, for every new site that we have opened, total capital expenditure still meets our 75% return on investment model.

- **Wage inflation and staff retention:**
  Reduced availability of personnel in the hospitality sector and the very low national unemployment rate has created pressure on wages across all hospitality related skill sets. Whilst Nightcap did not experience significant overall wage

pressures during the financial year, because we were already paying living wage across all of our bar functions, we are conscious that continued pressure on wages could result in increased wage costs across the Group. We have seen significant improvements in staff retention across the Group through improvements in training and development of our newly opened Nightcap Bar Academy.

FINANCIAL POSITION

We started the year with a net cash position of £8.5 million (excluding IFRS 16 leases liabilities) which includes cash of £13.2 million. The majority of this cash was earmarked for capital expenditure as we continued our roll out programme.

With seven new sites opened, four sites refurbished and the additional five sites from the acquisition of Barrio Familia Group, along with further sites in various stages of fit-out, we ended the year with a net debt position of £0.2 million (excluding IFRS 16 leases) which includes £5.4 million of cash.

As we embarked on our company and new site acquisition programme last year, we planned to consolidate our debt facilities with the right banking partner when the time was right. Post year end we completed a refinancing with HSBC Bank increasing our debt facilities from £5.5 million at year end to £10.0 million, with the additional £4.5 million earmarked to support our site expansion plans. After a competitive process, we were delighted to be partnering with HSBC Bank, who are long-term supporters of our sector.

The current financial position, alongside the cash generation from operations, puts Nightcap in a solid financial position as we continue to deliver on our promise to create the leading bar group in the UK over the coming years.

PEOPLE

I am often asked what the secret is to the Nightcap success. Without a shadow of a doubt, it is down to our people. Never before have I worked with such talented individuals at all levels. Generally speaking, recruitment and retention have been hard this year. The result of fewer overseas workers in hospitality as a consequence of Brexit, along with more people leaving hospitality during COVID-19 lockdowns, and its aftermath, has meant far fewer people looking for work in our industry. As a direct consequence we are determined to invest more in training and retention than ever before. We believe that a happy, motivated and driven team will only continue to deliver the absolute best experiences for our customers.

I am particularly proud that we have greatly increased the number of women working across the business. We have a strong female representation in our senior executive team (50% women), and I am delighted that through reputation we are now attracting more female talent. The split of women to men cross the business is 47:53. Bar tending, just like hospitality as a whole, has traditionally been a job for men and I am delighted to see so many more brilliant women shine in these roles. Aside from gender, we are determined to continue to welcome all types of diversity, from LGBTQ team members and staff from diverse religious and racial backgrounds. Nightcap will always be a home for anyone who wants to work with the best in the hospitality industry and will commit to working hard in a high energy, rewarding and fun environment.

It was great to see the support for Ukraine across all of our teams when we decided to ban Russian Vodka from our bars after Russia's appalling unprovoked invasion of Ukraine, as well as launching our special Lyubov cocktail, the proceeds of which went to support the refugee crisis caused by the war.

We are very excited and proud to have launched our Nightcap Bar Academy. We expect to see approximately 800 employees trained at this academy over the next year. The days that I have spent watching our new recruits training and being inspired has positively re-enforced time and time again why I love this industry. Going out around the country to see these teams of young people in action, demonstrates why this was an essential decision in order to support the fast but sustainable growth of our brands across the UK by championing recruitment, education, training and excellence.

SUSTAINABILITY

Last year we committed to making progress on reducing our carbon footprint. As a result, we teamed up with a sustainability consultancy to reduce our energy consumption in each of our bars, amongst other initiatives. Following the successful initial trial in three of The Cocktail Club bars, we are installing energy monitoring devices across all of our bars during the coming financial year. This will provide us with weekly reports that identify inefficient equipment that may need servicing or upgrading as well as the ability to monitor and streamline the energy consumption. The initial trial demonstrated a potential 25% reduction in energy consumption, which is now our energy saving target.

We are currently examining new energy storage solutions, options for clean energy generation and how to incentivise staff to meet energy reduction goals. These are intended to reduce our carbon footprint as well as form part of our long-term cost saving initiatives.

CURRENT TRADING AND PROSPECTS

Since the beginning of the new financial year, Nightcap has seen a flurry of activity, with several of the sites planned and announced in the last financial year all successfully open and trading on time. This takes the Group to 36 opened bars, in line with management's expectations.

A lot of the recent openings are significantly larger than the Group's historic sites, thus further increasing their revenue potential. In addition, many of these new sites are in enviable prime city centre locations with excellent trading potential and on attractive terms and incentives from landlords who are keen to work with us. We have opened multiple bar brands in Bristol and Cardiff, which are all trading very well alongside each other and we are excited to roll-out this model across the UK.

CHIEF EXECUTIVE OFFICER'S STATEMENT
CONTINUED

Trading in the first 13 weeks of the new financial year (period to 2 October 2022) has been adversely impacted by record warm weather, train strikes and the cost of living crisis. Warm weather over the summer (which reduced the demand for socialising in basement bars) was offset by record weeks at our outdoor venues, Bar Elba and Luna Springs, as customers enjoyed our large outdoor spaces.

Unaudited Group revenue was £10.3 million for the 13-weeks ended 2 October 2022 ("Q1 FY2023") resulting in a 35.5% increase compared to Group revenue of £7.6 million for the equivalent period in FY2022. Revenue for this 13-week period represents a 15% like-for-like* decrease compared to the equivalent period for FY2021 (due to the reasons set out above) and a 10.8% like-for-like* increase compared to the equivalent period in FY2019.

Whilst trading in October 2022 has continued on the same trend as Q1 FY2023, we are greatly encouraged by trading at our new sites, with several of these performing better than expected. The Board rightly remains cautious about the future due to the challenges presented by continuing train strikes, ongoing inflationary pressures, recent interest rate rises and the cost of living crisis. However, corporate bookings over the Christmas period for all our brands are at record levels, giving us encouragement for the important Christmas trading period.

The Group's balance sheet remains strong. As at 2 October 2022, the Group's cash at bank was £6.8 million with bank debt of £9.8 million. This bank debt is from the Group's new HSBC Bank facility, which was announced on 17 August 2022. In addition to capital expenditure and pre-opening costs of £6.4 million during the last financial year, a further £4.1 million was invested in new site openings in Q1 FY2023 taking the total capital investment in our bars to £10.5 million since the beginning of FY2022.

With a resilient and less affected millennial/Gen Z customer base, we have been trading well given current economic issues facing the sector. Being well capitalised and profitable allows us to remain focussed on leasing the best sites in the best locations across the country on the most advantageous terms, with less competition than during times of positive economic growth. We have acquired businesses on attractive terms and, as we move through the economic downcycle, we will continue to seek out great businesses with fundamentally attractive propositions who may have struggled with both the aftermath of COVID-19 trading restrictions and the current economic downturn.

* 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 year and comparative reporting periods in FY2019, FY2020 and FY2021 uninterrupted by Covid-19 lockdowns.

Sarah Willingham-Toxvaerd
Chief Executive Officer

FINANCIAL REVIEW

The 53-week period ended 3 July 2022 represents the first full year of trading since the Company's IPO on 13 January 2021. The Group's results include a full year of trading for The Cocktail Club, the Adventure Bar Group, and a partial period (32 weeks) for Barrio Familia Group, which was acquired on 21 November 2021.

As the Group accounts on a weekly basis, the full year results report on a 53-week period ended 3 July 2022 with the prior year comparative being the 52 weeks ended 27 June 2021. Nightcap's performance for these periods is summarised in the table below.

	53 weeks ended 3 July 2022 £000s	52 weeks ended 27 June 2021 £000s
Sites trading at year end	31	19
Revenue	35,943	5,969
Adjusted EBITDA (IFRS 16)*	6,036	958
Adjusted EBITDA (IAS 17)*	3,309	181
Profit / (Loss) from operations	1,407	(4,889)
Profit / (Loss) before tax	238	(5,296)
Cash and equivalents	5,353	13,187
Net Debt (including IFRS 16 lease liabilities)	(27,797)	(5,430)
Net (Debt) / Cash (excluding IFRS 16 lease liabilities)	(170)	8,473
Net Assets	16,241	13,181

The Group uses a range of financial and non-financial measures to assess its performance. Several of these (for example Adjusted EBITDA and Adjusted earnings / (losses) per share) are considered to be Alternative Performance Measures ("APMs"), as they are not defined under IFRS. The Board believes that these APMs provide stakeholders with additional useful information on the underlying trends, performance and position of the Group and are consistent with how its business performance is measured internally and across the wider hospitality sector. Adjusted EBITDA / EBITDAR (EBITDA before rental costs) is also the measure used by the Group's banks for the purposes of assessing covenant compliance.

* The table below shows the reconciliation between adjusted EBITDA and statutory figures within these accounts. Further definitions of the APMs can be found in Note 2.4.

	Note	**53 weeks ended 03 July 2022 £'000**	52 weeks ended 27 June 2021 £'000
Profit / (loss) from operations		1,407	(4,889)
Exceptional items	10	84	405
Acquisition related transaction costs	11	(866)	309
Pre-opening costs	12	442	-
Share based payment charge	7	345	3,824
Impairment	6	143	-
Adjusted profit / (loss) from operations		1,555	(352)
Depreciation and amortisation (pre IFRS 16 Right of use asset depreciation)	6	2,256	619
IFRS 16 Right of use asset depreciation	6	2,224	691
Adjusted EBITDA (IFRS 16)		6,036	958
IAS 17 Rent charge		(2,727)	(777)
Adjusted EBITDA (IAS 17)		3,309	181

RESULTS FOR THE YEAR

The Group is delighted with the return to a more normal trading environment and its ability to report revenues of £36 million, which is 502% above the previous year. If the impact that the Omicron covid variant had on our festive trading period is taken into account, then this year has been a welcome return to pre-covid times. On a like-for-like* basis, the group achieved a 23.6% increase in revenues. Revenue for the 53-week period ended 3 July 2022 incorporated a full year of The Cocktail Club and Adventure Bar Group, and 32 weeks of trading for Barrio Familia Group that was acquired on 21 November 2021. In this 32-week period, Barrio Familia Group contributed revenue of £5.7 million to the Group. The Group's brands trade in similar geographical locations and are subject to the same risks as described in the principal risks and uncertainties section below. Therefore, the Group's revenue is reported as one segment. Further information can be found in Note 4.

* 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 year and comparative reporting periods in FY2019, FY2020 and FY2021 uninterrupted by Covid-19 lockdowns.

FINANCIAL REVIEW
CONTINUED

On 21 November 2021, Nightcap acquired 100% of the shares of Barrio Familia Limited, for the total consideration of £5,602,931 comprising cash of £3,628,000, the issue of 5,682,609 new ordinary shares in the Company accounted for at a price of 19.5p per share (£1,108,109) and further consideration in relation to a completion accounts process of £866,822 which was finalised in January 2022. Through this 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").

Based on the return to a more normal trading environment, the Group delivered an Adjusted EBITDA of £6.0 million under IFRS 16, and under IAS 17 an Adjusted EBITDA of £3.3 million. The result includes 32 weeks of trading for Barrio Familia Group, which contributed £0.9 million to the Adjusted EBITDA (IAS 17 basis) and is proving to be a valuable acquisition.

Group depreciation increased from £1.3 million to £3.9 million, which reflects a full year's contribution in relation to the Adventure Bar Group compared to the six weeks in the comparative figures, coupled with depreciation contributions from the seven new sites opened during the financial year and the addition of Barrio Familia Group from 21 November 2021. Group amortisation increased to £0.6 million due to the amortisation of intangibles associated with the Adventure Bar Group and Barrio Familia Group transactions, which arose upon their acquisitions.

Exceptional items in the period of £0.1 million are detailed in Note 10. The Group incurred acquisition related transaction costs, being a net credit, of £0.9 million. Transaction costs relating to the Barrio Familia Group transaction of £0.4 million were offset by a £1.2 million credit that relates to the deferred contingent liability around the issue of earn out shares to the Adventure Bar Group vendors that crystallised in the period, as the targets in the Sale and Purchase Agreement for this acquisition were met.

The Group has a reported tax credit for the year of £0.3 million (2021 – credit of £0.0 million). At year-end, the Group had a deferred tax liability of £0.9 million (2021 - £0.7 million). The Group has utilised capital allowances, tax losses and Group relief where available to mitigate corporation tax payable. The Group has benefited from the introduction of the 130% capital allowance super deduction due to the capital expenditure incurred on the new sites.

With the Group now executing its roll out strategy, during the financial year there were preopening costs that relate to the fixed costs and training costs in getting the new sites ready for opening. In the 53 week period ended 3 July 2022, the Group incurred £0.4 million of preopening costs relating to the seven sites opened in the year.

The Group achieved a profit from operations of £1.4 million for the 53-week period ended 3 July 2022, compared to a loss of £4.9 million in the previous year. The Group also reported a profit before tax of £0.2 million compared to a loss of £5.3m for the 2021 financial year.

The table below sets out our basic and diluted earnings / (loss) per share.

	53 weeks ended 03 July 2022 pence	52 weeks ended 27 June 2021 pence
Earnings per share:		
Basic	0.06	(5.55)
Diluted	0.06	(5.55)
Adjusted EBITDA (IFRS 16) basic	3.19	0.99
Adjusted EBITDA (IFRS 16) diluted	3.09	0.95
Adjusted EBITDA (IAS 17) basic	1.75	0.19
Adjusted EBITDA (IAS 17) diluted	1.69	0.18

Financing

The Group incurred total interest costs of £1.2 million compared to £0.4 million in the previous financial year. Excluding IFRS 16 interest on lease liabilities leaves a £0.25 million interest cost compared to £0.1 million for the previous period.

Since the year-end, the Group has refinanced its borrowings from three individual lenders under multiple tranches with new debt facilities from HSBC Bank to provide support to the business as we execute on the roll out strategy. The new £10 million HSBC Bank facility, replaces £5.5 million of legacy debt that we acquired from acquisitions, which had a blended interest margin of 4%, with the new facility bearing a margin of 3% above SONIA on the £3 million term loan and 3.25% above SONIA on the £7 million Revolving Credit Facility. The remaining £4.5 million of new debt facility is to support the fit out of the new sites that we have in the pipeline for 2022-23. Further details of the loans can be found in Note 22. Since the year end, the Group has taken out an interest rate cap on the reference base rate (SONIA) fixed at 3% giving certainty over interest costs for the next three years.

Cash flow and financial position

The Group's cash flow from operating activities was £2.2 million compared to £2.5 million in the prior year. We invested £6.0 million (2021: £0.5 million), before right of use asset additions, in new site capital expenditure. This was spent bringing seven new sites into the business and refurbishing a further four of the Adventure Bar Group sites. We also invested in IT systems to improve the reporting of management information. In addition, we invested £1.0 million (net of cash acquired and excluding acquisition related transaction costs) on the acquisition of the Barrio Familia Group.

The table below sets out the Group's year end cash and net cash / (debt) position.

		At 3 July 2022
Cash and cash equivalents	Note 19	£5.4m
Cash in transit	Note 2.13, 18	£0.6m
Cash and cash equivalents including cash in transit		£6.0m
Net (debt) - pre IFRS 16 leases	Note 29	£(0.2m)
Cash in transit	Note 2.13, 18	£0.6m
Net cash - pre IFRS 16 leases including cash in transit		£0.4m

As part of the refinancing completed in August 2022, the majority of the debt is on a bullet payment in June 2025, with a further 1-year option to extend. This positions the Group well with the support of our new banking partner to execute on our roll out strategy.

Lease liabilities has increased to £27.6 million from £13.9 million and reflect the addition of the Barrio Familia site to the portfolio together with the nine sites completed in the financial year.

Market overview and opportunities

The Group continues to enjoy a property landscape that presents considerable opportunities to secure sites on attractive terms in prime city centre locations. The current macroeconomic environment has reduced competition, so more sites are available.

The Group faces a number of challenges as a consequence of the cost of living crisis. This has resulted in increased fit out costs for new sites, increased energy costs, increased wage cost pressures and a reduction in our customers' disposable income and are key focus areas for the Board and executive team.

INFLATION AND INTEREST RATES

Given the turbulent nature of inflation and its link to interest rates as a key tool of the Bank of England to control inflation, post year end the Group has hedged over 80% of its debt interest costs for three years by taking out an interest rate cap, so that there is certainty that whilst interest rates increase, the majority of our costs will be fixed due to the interest rate cap on the reference base rate (SONIA) at 3% (Note 22).

UTILITIES

Utility cost inflation continues to be volatile as the wholesale cost of energy has been impacted by global economic factors and the war in Ukraine. Most of the Group's energy deals are fixed into 2023 and some into 2024.

Whilst the combination of the above factors makes the trading environment challenging, our focus on a great customer experience coupled with party atmosphere and good value in the current inflationary environment, means our bars remain popular with guests enjoying themselves. During FY2022, we have invested £6.4 million into new sites and refurbishments (including pre-opening costs), creating a significant number of new jobs in the year. The increase in drink sales has allowed us to secure new competitively priced supplier contracts for all key spirits along with enhanced retrospective volume rebates and ongoing marketing support, which has allowed us to continue to maintain our profit margin and be able to re-invest in our team and our guest experience.

The Group's senior management team carefully monitors the performance of all of the sites within the Group's estate and will look to take action, including closing a site, where sites are underperforming. During the year, the Group initially consolidated its training activities at the previous legacy The Cocktail Club site located in Bethnal Green. This site was chosen due to its historic minimal financial contribution. After the period end, the Group took the decision to close the site after deciding to move its training to a combination of virtual and on-site training. This is in line with the Groups ambition to recruit and train new staff locally as a higher proportion of sites continue to open outside of London. The closure of the Bethnal Green site will have no material impact on the Group's future trading.

Further details around our risk mitigation strategies can be found in the principal risks and uncertainties section.

Going Concern

In concluding that it is appropriate to prepare these 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 any future potential impact of Covid-19 on the business, as well as the current economic and inflationary cost pressures facing consumers.

As reported in this Annual Report and Financial Statements, the Group had cash balances of £6 million as at 3 July 2022, with new banking facilities that structure the debt repayments with the majority as a bullet payment in 2025. The Group has also implemented an internal financial risk policy whereby the Group will always hold a minimum cash level to be in a position to deal with any further pandemics.

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 Financial Statements on the going concern basis.

Business Model & Strategy

The Board's vision is for the Group to become a leading operator of premium bars and drinks-led hospitality concepts in the UK.

Group

The Group's business model is primarily focused on continuing the expansion of The Cocktail Club, the Adventure Bar Group and Barrio Familia Group as well as identifying and acquiring brands with national roll-out potential. This could involve targeting premium drinks-led hospitality businesses with an experiential offering.

By order of the Board

Toby Rolph
Chief Financial Officer

SECTION 172 STATEMENT

Directors' Duties – section 172 Statement

The Directors are aware of their duty under Section 172(1) of the Companies Act 2006, to act in the way that they consider, in good faith, would be most likely to promote the success of the Group for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- The likely consequence of any decision in the long-term
- The interests of the Group's employees
- The need to foster the Group's business relationships with suppliers, customers and others
- The impact of the Group's operations on the community and the environment
- The desirability of the Group maintaining a reputation for high standards of business conduct
- The need to act fairly as between members of the Group

Our key stakeholders and how we engage with them

Further to the section 172 statement the Directors consider the following as the key business decisions made by the Group during the period:

- the re-opening of our estate following the national lockdowns
- the acquisition of Barrio Familia Group in November 2021
- the national roll-out of The Cocktail Club and Adventure Bar Group

This report details how the Directors carry out their activities to promote long-term success for the benefit of the Company's stakeholders. The Directors view our stakeholders as being our employees, our shareholders, our customers, our suppliers and the communities in which we operate.

We set out below some of the ways in which we have engaged with our stakeholders over the past financial year. Further relevant information is included in the Chairman's Corporate Governance Statement and the Environmental, Social and Governance report.

OUR PEOPLE

Our amazing employees are the heartbeat of our business. They are exceptional at the things that they are good at and work tirelessly to create amazing atmospheres for our customers and of course sensational cocktails. We want our employees to shine and be allowed to shine. To attract and retain the best people is fundamental to the success of our business.

In order to recruit, reward and retain the best people, we must aim to be best in class with regards to training, culture and remuneration.

Stakeholder key interests

- Training and career development
- Pay and incentives
- Diversity and inclusion
- Employee engagement
- Health and Safety

How we engage

We have strengthened head office with a dedicated people director and have focused on recruitment and retention with the creation of the Nightcap Bar Academy. The academy is a dedicated training facility to provide in-depth training and skill development for all levels and to deliver consistent levels of excellence and customer service. We want to listen to our people and have undertaken surveys to measure employee engagement, motivation, affiliation and commitment to the business. We want our staff to have fun – in August 2022, we hosted the inaugural "Nightfest" staff party to celebrate the hard work of all our brands to bring them together under one roof as part of the Nightcap family. The Board regularly considers staff turnover and measures of employee satisfaction and reviews these with the Chief Executive Officer and the people director.

OUR SHAREHOLDERS

In order to deliver our strategy and access the capital markets in the future, effective communication is key. Understanding shareholders' needs and providing relevant information assists with shareholders having a strong understanding of the business, its performance, and its strategy.

Stakeholder key interests

- Financial performance
- Understanding the business' strategy and prospects
- Governance
- Confidence in leadership team
- Return on investment

During the year the Board considered the impact on shareholders of both the Barrio acquisition and the roll out of new bars before making such investments. These investments were considered to contribute to shareholder value and are expected to deliver our targeted return on investment.

How we engage

In addition to our annual and half-yearly reports, we publish regular market updates via regulatory announcements. We regularly engage and consult with our investors, hosting investor meetings and roadshows at several points during the year, as well as informal investor events to showcase our business, venues and people in greater detail. We have one to one meetings and we also host online investor presentations which are open to all existing and potential shareholders. In the past year we have discussed trading, the completed new sites and the Barrio acquisition once it was completed.

SECTION 172 STATEMENT
CONTINUED

OUR CUSTOMERS

Our amazing customers are the reason we exist. Our success is down to our loyal customers who come back to enjoy our brands and venues time and again. We must continually evolve and innovate our offering to recognise our customers' needs and to ensure we provide them with a safe environment in which to have fun.

Stakeholder key interests
- Quality of offering and atmosphere
- Entertainment and experience
- Value for money
- Service

How we engage
We engage with our customers directly online through our website and social media platforms as well as through third party review platforms. We promote offers and events as well as new site openings through email, digital marketing and social media channels as well as working with a number of third-party promoters. We undertake regular guest surveys to understand our guests' needs.

OUR COMMUNITY

We strive to be a positive influence in the local community, working with local businesses and partners where possible. We want to engage with the local economy, be it through job creation, supporting local business and suppliers, working closely with local charities or through local marketing.

Stakeholder key interests
- Investment and re-invigoration of the local economy
- Support for charities
- Environmental awareness

How we engage
We engage locally through job creation via our existing sites as well as via our new site rollout program nationwide. We work with local providers in the run up to new site openings.

OUR SUPPLIERS / PARTNERS

Stakeholder key interests
- Long-term relationships
- Mutual growth
- Responsible and ethical procurement aligned to the Group's culture

How we engage
We work closely with our existing and new suppliers, to ensure we keep our offering interesting, vibrant and exciting for our guests. We aim to create trusting long-term relationships working together to offer top quality innovative products and experiences for our guests across the estate.

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG)

Nightcap's strategy from the outset has been to acquire and organically grow drinks-led businesses across the UK. Within this broader growth strategy, we recognise how important it is to make a positive difference and operate as a responsible business, with a long-term focus on sustainability.

A robust ESG strategy is increasingly important for our employees, customers, investors and other stakeholders and whilst the Board recognises that Nightcap is a young company, that has brought together several previously independent entities over a short period of time, we will increasingly focus on ESG and take our responsibilities seriously as we develop a deeper understanding of how we impact our environment and our communities.

During the year the Company has established Group functions, as we have started to integrate our three bar companies. This will allow us to pool resources across the group to start impacting previously established ESG themes such as green transport, recyclable or biodegradable packaging, and local recruiting. Notable achievements this year include:

- Group purchasing:
    - This has allowed us to harmonise our supplier network which is the first step in optimising Group negotiations on volume and value as well as the required infrastructure around packaging and greener delivery to the individual sites. This year we expect to make more progress to ensure our chosen supplier network operates sustainably to reduce packaging, reduce carbon footprint on delivery and to use recyclable and biodegradable packaging wherever possible.
- Group recruitment:
    - As we have continued our expansion across all of our brands outside of London, we have continued to focus on local recruitment, whilst our Group bar academy will allow us to train both locally and in central London, to ensure training of floor staff and bartenders to the highest standards. Local recruitment is essential to establish the best possible relationship with the local communities within which we operate, whilst never compromising on the skills and training required to deliver the best possible nights out for our customers across the country.
- Group energy consulting:
    - Teaming up with energy consultants to establish a coherent strategy for reducing our onsite carbon footprint was high on our agenda early on. After running three trial sites, which delivered tested reductions in energy consumption averaging 25%, this scheme is being rolled out across all of our sites this year, including training of site management to ensure optimal use of these systems to maximise the impact on our carbon footprint reduction.

ENVIRONMENT

The Group recognises and understands that as a fast growing business within the hospitality sector we have an impact on the environment and we believe we should tackle these issues proactively. The Group is committed to trying to reduce our carbon footprint through all means that are available, but has over the past year been particularly focused on what can be done to become more efficient with our existing and future estate.

Carbon footprint reduction

We have been working closely with an environmental consultant to help us create a roadmap towards reducing carbon emissions and get closer towards 'Net Zero' in the longer term and we are already taking action to minimise our energy consumption in the short term. We know we can improve the sustainability of our business and are starting to put in place policies and procedures that we believe will have real beneficial impact. We have a number of sites that already purchase 100% of their electricity from green suppliers and over time we wish to extend these types of good practices across the entire estate, so as well as reducing our carbon footprint through reduced energy consumption, we are working on a Group project to only use green energy across the estate as the various entities end their current contractual obligations.

After completion of a successful trial period across three The Cocktail Club sites in Central London, we have now started implementing the rollout of energy management procedures across the entire estate of existing and new sites. This includes the installation of smart meters and voltage optimizers in addition to using more sustainable products, such as LED lighting. By monitoring our energy usage we are able to generate accurate real time reporting at site level and can identify issues that require immediate attention and help reduce energy leakage and out of hours energy consumption. This reporting also allows us to benchmark site performance and ultimately incentivise and reward our best performing sites in terms of energy reduction. Engaging and educating our employees in this respect is more important now than it has ever been.

We are currently using several different design and build teams for our new site development, but as we grow the number of new site openings, our objective is to collectively establish Group standards for design practices, products and materials to ensure we optimize layouts, materials and energy efficiency without compromising our high standards for building spaces that our customers will enjoy.

Reducing waste

Sustainability has also become a focus for our procurement strategy. Having established a Group purchasing function we are now increasingly negotiating the Group's contracts with all major suppliers. Whilst initial progress has focused on pricing and securing supply, our objective is to minimise the time our goods spend on the road by looking at delivery networks across our sites. We wish to implement standards and expectations around removal of packaging and use of sustainable packaging materials wherever possible. We have a number of policies in place to reduce waste and recycle, working with zero landfill waste companies with separate collections for food waste, glass and dry mixed recycling.

We acknowledge that we are only just starting our journey towards net zero as a Group, but we recognize that goals are reached through incremental improvements. We are proud of the progress we are making and the buy-in we are seeing from our employees and managers. As we look to the future we are excited about the many opportunities to do better.

STREAMLINED ENERGY AND CARBON REPORTING

The data below relates wholly to the United Kingdom and covers the 53 week period ending on 3 July 2022.

	2022 Energy Usage (kWh)	2022 GHG Emissions (CO2e tonnes)
Scope 1 – Natural Gas	305,793	67
Scope 2 – Electricity	1,582,785	337
Scope 3		
Total	1,888,578	404
Energy Intensity (Tonnes CO2e per £1,000 of Revenue)		0.01

This is the Group's first period for the reporting of the energy consumption and as such, comparative figures have not been disclosed. In future years, comparative figures will be disclosed.

Estimation has been required in some areas where data has not been available. These have been completed using standard estimation methods (direct comparison, pro-rata etc.). For sites acquired in the period where information was not readily available, the estimation has been based on the usage at comparable sites within the Group.

The Groups operates solely within the UK.

SOCIAL

Our people, our amazing employees are the heartbeat of our business at both site level and at head office. As a Group we have grown significantly over the past year and at the year-end employ over 650 people. To continue to attract and retain the best people is fundamental to the success of our business.

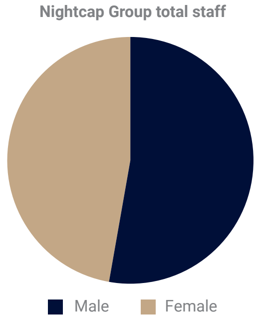
Pushing our people agenda forward, by creating a diverse and inclusive workplace environment and building engaged and motivated teams that feel valued in the workplace is our priority. The majority of our Group has historically been London based, but as we expand our efforts to open sites across the country we have created central recruitment and training functions. The team has worked hard to recruit local teams around the country in locations like Birmingham, Bristol and Cardiff, to ensure local buy-in from both employees, customers and local communities. As we have ramped up our expansion during the year this has required a deeper integration with our training teams along with the launch of our bar academy to ensure consistency and high levels of training at all levels from floor staff to bartenders and management. We believe that wherever you go to one of our sites as a customer, you should receive the same high level of service and quality of our drinks with no compromise to design, cleanliness, lighting, music and general ambience. As we continue to expand, local recruitment mixed with central training and ongoing online and onsite education is central to our expansion efforts and provides real value in the local communities we serve around the country.

Career development

The Group has always been passionate about our employees' career development and has invested more in training and retention than ever before. Historically this was led by The Cocktail Club's accreditation as a Wine & Spirit Education Trust (WSET) training house. However, we wanted to go further and make training more accessible to all employees. This has resulted in the launch of the Nightcap Bar Academy which was announced on 1 August 2022. The establishment of the Academy was led by The Cocktail Club founder and Creative Director, and winner of the 2008 World's Best Bartender award, JJ Goodman. The Academy provides in-depth training and skill development for all staff members and onsite management to deliver consistent levels of excellence and customer service across all functions. The Academy will become a key part of the Group's strategy to mitigate the challenges of recruitment and retention within the hospitality sector as well as playing a key role in the employee training pathway. In line with last year's ESG goal, the Group has continued to recruit locally at all of our sites.

Diversity

The Group is proud to have greatly increased the number of women across the business and have strong representation within the senior executive team. Overall, the Group's workforce is 53% male and 47% female but the Group recognises that there continues to be much work to do despite the positive progress made in the past 12 months.



Aside from gender, the Group continues to welcome diversity across our workforce, from LGBTQ team members or staff from diverse religious and racial backgrounds. Our intention is to proactively push for inclusion and diversity across all functions. It is the Group's belief that progress in terms of gender and diversity will not happen without active engagement, goals and measurement. Our recruitment function is in the process of establishing methods of measuring progress without the risk of being intrusive.

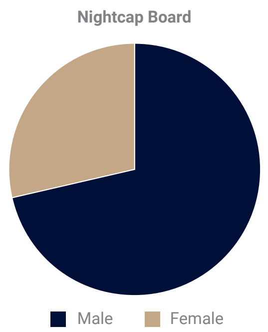
Nightcap employee survey

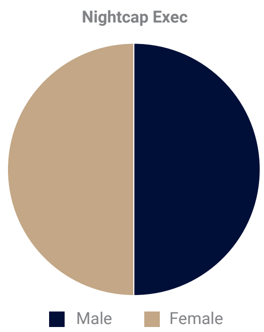
Engaging regularly with the Group's employees is important and the Company has spent significant time undertaking a detailed employee engagement survey which provides honest and insightful feedback to better understand what matters and what is important to our employees. Whilst the overall scoring for Nightcap was satisfactory, we have a stated goal of becoming a The Times 100 Company to work for, so the substantive and detailed survey has let to several immediate initiatives across the Group including, better training for managers and improving direct communication between Head Office functions and individual sites with regards to initiatives and expectations.

The Group recently brought all our staff together for an annual staff event - "Nightfest". The Group closed all of our sites for the day and for the first time all businesses were able to come together under one roof to celebrate the various teams, their accomplishments, the Company's culture and all of the Group's hard work throughout the year. With attendance from more than 600 employees from all over the country it was a successful event with strong employee engagement all through the day.

GOVERNANCE

From the outset the Board has stated their belief in the value and importance of strong corporate governance, at executive level and throughout the operation of the business as well as in our accountability to all stakeholders. The Board applies the Quoted Companies Alliance Corporate Governance Code published in 2018 (the "QCA Code") and believes that the QCA Code is the most appropriate recognised governance code for the Company. The Board has undertaken a review of current governance practices with reference to the ten principles of the QCA Code and considered how to apply each principle to the extent it is judged to be appropriate.





Specifically, within QCA Code principle three of the Chairman's corporate governance statement, we disclose how stakeholder feedback is gathered, shared with and discussed by the Board. Within the Chairman's corporate governance statement of this annual report it is detailed how the QCA Code is applied by the Company.

As part of the establishment of several key Group functions during 2022 it is key that each play a central role in promoting and furthering the Company's ESG efforts. The Company is now in the process of formalising a groupwide ESG committee, which will have representation from key management from across the Group. It is the intention that the ESG committee will assist in the prioritisation of initiatives in line with the Group's budgeting and wider strategy to proactively ensure goals are being measured and met by the individual departments, sites and teams.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group has continued to develop its risk management procedures so that it identifies, monitors, and evaluates risks as they arise and then prioritises them, allowing management to make critical decisions. The Board then reviews and considers the risks and has accepted them after considering the relevant control and mitigation strategies. The Group's risk register is reviewed at least twice per year by the Audit and Risk Committee and material changes reported to the Board. The Board also has a policy of assigning the responsibility of reviewing and reporting on the Group's key risks to an individual director or member of the senior management team.

The Directors consider the following to be the principal risks currently faced by the Group:

COST INFLATION & SUPPLY CHAIN

Nature

The Group operates in a sector that has been and may continue to be subject to significant cost pressures. This includes pressures such as increases in energy prices, rising staff costs led by increases in wages, together with increases in the prices of food and drink.

Mitigation Strategies

As the Group expands, it has been able to secure new 'pouring contracts' for key drinks lines through its buying power to help mitigate cost inflation. Alternative products have also been identified should any shortfall become apparent or if any item becomes cost-prohibitive and relationships are maintained with alternative suppliers. The Group has locked into multi-year energy contracts for most of the Group's sites to give certainty over the Group's energy costs.

We continue to reward staff with industry-leading training programmes, promotion opportunities and competitive pay and incentives, including share options. The Group's strategy on recruitment and retention is to remain an employer of choice. To this end, in August 2022, the Group launched the Nightcap Bar Academy to focus on this key part of our business. The Nightcap Bar Academy is a central point for training across the Group, for both new and existing teams. The Nightcap Bar Academy provides in depth training for all staff members to improve their skills and delivery of consistent levels of excellence and customer service across the estate. It is envisaged that the Academy will function as a central hub to improve both recruitment and retention, as Nightcap continues to open bars and seek out and train the best talent in the sector across the UK.

CONSUMER CONFIDENCE AND LEVELS OF DISPOSABLE INCOME

Nature

The Group derives all of its sales from the United Kingdom and is therefore sensitive to fluctuations in the UK economy. The Group's performance depends to a certain extent on several factors outside of its control which have an impact on consumer sentiment and dictate levels of disposable income.

Mitigation Strategies

The Group has traded extremely well during times when Government hospitality restrictions have been in place. However, if poor economic conditions were to continue for a significant period of time, then the impact from this could be greater. The Group's focus is on cost controls and regular assessments of the UK hospitality market and the macroeconomic environment and how this could impact the business. Systems are in place to give quick and accurate information for decision making. In addition the Group has sought to reduce the concentration risk of sites solely in London with six of the seven sites opened in the financial year being outside of London.

The Board considers that the Group's offering is strong and this provides a level of resilience if there were to be an economic slowdown. The Board considers that the following, in particular, are relevant when considering the resilience of the Group's offering.

- Our target market (being Gen Z and millennials) is more resilient than other segments of the hospitality sector.
- We focus on reviewing customer feedback and addressing it, as well as a monthly analysis of customer dashboard scores.
- We have a heightened focus on value of offer with best in class service.
- We have flexibility in terms of the speed of our site roll out.

RECRUITMENT AND RETENTION

Nature

An important factor of the future success of the Group lies in our ability to continue to recruit and retain the best bartenders and management personnel. This remains a challenge across the sector.

Mitigation Strategies

The Group's focus on engagement and satisfaction is key to retaining a high-quality workforce, together with an industry leading training programme.

The Group will continue to listen to its workforce and continually adapt the way it provides incentives and rewards its staff, to maintain its position as an employer of choice.

The Group reviews salaries to confirm that these are close to market levels. Share options are available for key management personnel.

As described above, the Group has launched its Nightcap Bar Academy, whose focus is to be a centre of training excellence.

PRINCIPAL RISKS AND UNCERTAINTIES
CONTINUED

OTHER KEY BUSINESS RISKS ARE AS FOLLOWS:

INCREASED COMPETITION

Nature

Following the impact from Covid-19, other businesses may be set up or existing businesses may look to consolidate the marketplace.

Mitigation Strategies

The Board believes that the Group has a distinct proposition and is constantly reviewing the market. The Directors and the executive management team believe that they have strong experience in relation to evaluating competitors and the need to expand at the appropriate pace relative to competitors.

RISK – COVID-19

Nature

Nightcap derives all of its sales from the bar brands it operates. The complete closure of sites as required during the Covid-19 lockdowns had a very severe negative impact on sales. Whilst all brands are now fully reopened and trading is restriction free, there remains a risk of future trading restrictions or some level of local or national lockdown, or the Government advising or encouraging persons to stay at home and work from home if possible.

Mitigation Strategies

The Directors and the executive management team believe they are well equipped to deal with any future trading restrictions by building on the knowledge and skills that enabled the Group to navigate the previous Covid lockdown, restrictions and social distancing. The Group has implemented a financial risk policy aimed at maintaining a strong cash position.

AVAILABILITY OF NEW SITES

Nature of risk

The Group's growth strategy is to roll out its current brands and also future brands across the UK. New sites are the focus of management, with reviews of new site activity taking place at each Board meeting. Each proposed site is supported by a robust appraisal model with strict economic criteria examining rent levels, fit out costs, and demographics, which are instrumental to the delivery of the Group's strategy.

Mitigation Strategies

The Directors believe that the current property opportunities provide the Group with a strong pipeline of sites on attractive terms. The Group conducts regular surveys of possibilities. The Group can look at a large diversity of properties due to the different brands within the Group. This allows us to secure sites from 1,500 – 10,000 square feet.

The Group has appointed agents to find properties. These are presented and discussed at subsidiary company board meetings, and then taken forward to investment appraisals for sign off by the subsidiary board and/ or the main Nightcap Plc board.

HEALTH AND SAFETY AND FOOD AND DRINK SAFETY

Nature

The health and safety of the Group's employees and customers is of key concern and the Group is required to comply with health and safety legislation that includes fire safety, food and drink hygiene, and allergens.

Mitigation Strategies

The Group invests significantly in the training of its employees with the creation of the Nightcap Bar Academy launched this year. There are specific modules that focus on the welfare and safety of both our customers and employees.

GOVERNANCE

BOARD OF DIRECTORS

SARAH WILLINGHAM-TOXVAERD, FOUNDER AND CEO

Sarah is an entrepreneur and investor with extensive experience in the hospitality industry starting her career at Planet Hollywood and onto PizzaExpress where she ran the International expansion. She appeared as a Dragon on BBC's 'Dragon's Den' and also as a judge and investor on 'The Restaurant'. Sarah was formerly a director of the Clapham House Group plc where she co-owned, developed and sold the Bombay Bicycle Club. She was also responsible for the development of The Real Greek and Tootsies brands and the combined estate of 47 restaurants. Sarah is chair of the PE-backed Tonkotsu Group and a shareholder of the UK's largest subscription business for alcohol, 'Craft Gin Club'.

TOBY ROLPH, CHIEF FINANCIAL OFFICER

Toby boasts over 20 years of experience in the hospitality sector and was instrumental in growing the cocktail bar chain Be At One and night venue operator Academy Music Group, where his work as Finance Director led to successful trade exits to Stonegate and Live Nation respectively. He worked closely on the management buyout of Academy Music Group to RJD Partners and was later involved in organising its trade sale to Live Nation. Toby subsequently joined PE-backed Be At One where he oversaw the finance function whilst undergoing significant site expansion from 12 to 33 sites, before co-leading the successful exit to Stonegate in 2018.

MICHAEL WILLINGHAM-TOXVAERD, FOUNDER AND EXECUTIVE DIRECTOR

Michael is a serial entrepreneur, investor and venture capital and private equity professional. He founded and led the IPO of NeutraHealth plc in 2005 which he grew to a turnover of £34.6m and EBITDA of £2.3m in 2009. He was previously Managing Partner of HBG Holdings UK and CIO of HBG Holdings, the Dubai based private equity group as well as a director of the specialist asset management and investment banking group Rasmala plc. He has over 15 years of mergers and acquisitions experience and extensive experience in capital markets, strategy, finance, listing and advising companies privately and on the London Stock Exchange. Michael leads Nightcap's acquisition and corporate strategy.

GARETH EDWARDS, NON-EXECUTIVE CHAIRMAN

Gareth is a qualified solicitor and was previously a partner at law firm Pinsent Masons LLP, where he latterly held both the positions of Global Head of Corporate and International Development Partner. He is currently a strategic consultant and an Executive Director of London Bridge Capital Limited, an FCA authorised corporate finance boutique. He has significant public markets experience and is Chairman of Cornerstone FS plc, and a non-executive director on the Board of Various Eateries PLC, both of which are admitted to trading on the AIM market of the London Stock Exchange.

TOBY VAN DER MEER, NON-EXECUTIVE DIRECTOR

Toby is Group Chief Executive Officer of Hastings Group, one of the UK's largest and most successful retail financial services businesses. Having joined in 2011 as Managing Director, Toby helped lead Hastings' growth to a £1bn+ market cap business, and has taken the group through private equity investment, its IPO to a FTSE 250 company, and a subsequent take-private. Toby became Hastings Group CEO in 2018, served on the Plc Board from 2018-2020, and is also an Executive Director of HISL, the group's FCA regulated retail business. Before joining Hastings, Toby was a Managing Director at Moneysupermarket plc, the FTSE 250 price comparison business. Toby is also an angel investor and private equity advisor.

BOARD OF DIRECTORS
CONTINUED

THI-HANH JELF, NON-EXECUTIVE DIRECTOR

Hanh is a senior corporate lawyer and was a partner in London law firm Pinsent Masons LLP. She founded her own boutique corporate law firm in 2013 and now acts for clients in the retail, leisure, technology and fintech sectors. Specialising in corporate and commercial advisory, Hanh has over 20 years' experience of public company corporate governance, mergers and acquisitions and investment transactions. She has acted for both buyers and sellers in private company transactions and public company takeovers. Whilst at Pinsent Masons, she set up the firm's corporate office in Shanghai, implemented internal procedures, standardising business development opportunities and raising the firm's profile.

LANCE MOIR, NON-EXECUTIVE DIRECTOR

Lance has over 35 years' senior business experience in financial and strategy roles. He has been Chief Financial Officer of WIN plc and Executive Director of IMImobile, Group Finance Director and Director of Planning and Business Development for First Choice Holidays plc, Director of Corporate Finance for Bass plc and Head of Corporate Finance and Planning for Storehouse plc. He has formerly been the senior independent director and chair of the Audit committee of Henderson Global Trust plc and also of Raft International plc. He has a PhD from Cranfield University. He is a fellow of the Association of Corporate Treasurers and is currently a Non Executive Director of Thatchers Cider Ltd.

CHAIRMAN'S CORPORATE GOVERNANCE STATEMENT

As Chairman of the Company I am aware of the need for an effective and focused Board that leads the business and builds upon its successes. I and my fellow Board members believe in the value and importance of strong corporate governance, at executive level and throughout the operation of the business, and in our accountability to all stakeholders.

In line with the AIM Rules requirement to apply a recognised corporate governance code, the Board has chosen to apply the Quoted Companies Alliance Corporate Governance Code published in 2018 (the "QCA Code"). The Board believes that the QCA Code is the most appropriate recognised governance code for the Company. The QCA Code has ten broad principles and a set of disclosures. The Board has considered how it applies each principle to the extent it judges to be appropriate in the circumstances and in the statements that follow, we explain our approach to governance and how the Board and its committees operate.

I am committed to working with the Board to build upon the existing values that are in place and ensure that good corporate governance continues to be present within the organisation.

Gareth Edwards
Non-Executive Chairman
9 November 2022

1. ESTABLISH A STRATEGY AND BUSINESS MODEL WHICH PROMOTES LONG-TERM VALUE FOR SHAREHOLDERS

Strategy:
Nightcap's strategy is focused on creating medium to long-term shareholder value through the identification, acquisition and development of 'drinks-led' hospitality concepts that focus on the consumers' social experience over the coming years. In implementing its strategy, the Company acquired The Cocktail Club on admission to AIM in January 2021 and then the Adventure Bar Group in May 2021, followed by Barrio Familia Group in November 2021. Further details on the Group's strategy can be found in the Strategy section of the Company's Strategic Report,

Business Model & Strategy:
The Chief Executive Officer, together with the Board and senior management, will seek to identify suitable opportunities for acquisition and development. Further details on the Group's business model can be found in the Business Model section of the Company's Strategic Report.

Key challenges in the execution of the Company's business model and strategy:
The Board will discuss any anticipated key challenges and risks and review them on a regular basis. The Board will also make use of the relevant experience of both its executive and non-executive directors in this regard.

Details regarding how the Board addresses the key challenges in the execution of the Company's business model and strategy are contained in the Principal Risks and Uncertainties section of the Company's Strategic Report.

2. SEEK TO UNDERSTAND AND MEET SHAREHOLDER NEEDS AND EXPECTATIONS

The Board will continue to provide regular updates relating to the following information, which it considers to be key in managing shareholders' expectations and understanding of how the Company is delivering its strategy, which include:

1. Investor presentations;
2. Developments with respect to expansion of The Cocktail Club;
3. Developments with respect to expansion of the Adventure Bar Group;
4. Developments with respect to expansion of Barrio Familia Group;
5. Developments in relation to any potential acquisitions that occur in the future;
6. Annual audited and half-yearly unaudited financial statements;
7. Notifications made via a Regulatory Information Service; and
8. Results and details of resolutions voted on at the latest Annual General Meeting

The Chief Executive Officer and Chief Financial Officer and Executive Director aim to communicate with shareholders, both private and institutional, on a regular basis and are primarily responsible for shareholder liaison. Investor views will be formally reported back to the Board. Contact details for shareholder communication can be found in the Investor Relations section of the Company website.

The Board encourages all shareholders to attend its Annual General Meeting, and understands its importance in allowing shareholders to have open and direct dialogue with the management of the Company.

Shareholders will be given opportunities to ask questions during the Annual General Meeting or to speak informally with the Board immediately following the Annual General Meeting. Where the voting decisions at a general meeting are not in line with the Company's expectations, the Board will engage with those shareholders to understand and address any issues.

The Board believes that the current methods of communication are sufficient in order to ensure shareholders needs and expectations are met.

3. TAKE INTO ACCOUNT WIDER STAKEHOLDER RESPONSIBILITIES AND THEIR IMPLICATIONS FOR LONG TERM SUCCESS

The Board is committed to maintaining open and honest relations with all of its stakeholders, both internal and external. The Board's familiarity with the Group's operations and the industry in which it operates enable the Board to clearly identify key stakeholders on which the Group's business relies, which includes employees, customers and suppliers.

Please see the Group's ESG report of this Annual Report for further details.

Members of the Board or the Group's senior management will meet regularly with certain of the Group's operational employees, such as individual site managers to allow for any key feedback to be obtained and reviewed. In Q3 of 2022, an employee engagement survey was conducted and the Group is considering the actions that maybe taken based on the findings.

The Group's senior management welcomes feedback from customers through a variety of channels, particularly social media, which the Board recognises as an excellent opportunity to engage with its target audience. Members of the Board or the Group's senior management will also attend site visits and may seek feedback from customers. Moreover, members of the Board or the Group's senior management will also hold meetings with its suppliers discussing a variety of matters including pricing, stock and product feedback from bartenders and managers to ensure continuous improvement of The Cocktail Club, the Adventure Bar Group and Barrio Familia Group experience for customers. Further information on stakeholders and the manner in which we engage with them is provided in the Section 172 Statement.

The Group will endeavour to take account of feedback received from key stakeholders, making amendments to working arrangements and operational plans where appropriate and where such amendments are consistent with the Group's longer-term strategy. In addition, the Group's senior management will regularly visit the bar venues where the Group's operations occur and will be able to gain feedback on the Group's operations. Any significant concerns raised will be reported to the Board. Ultimate responsibility for ensuring that the Group delivers on its corporate responsibility to its stakeholders rests with the Board. However, no material changes to the Group's working processes were required over the period from 28 June 2021 to 3 July 2022, or more recently, as a result of stakeholder feedback received by the Group.

Commentary regarding significant actions that have been generated as a result of stakeholder feedback that are considered by the Board to be material will be contained in the Company's future Annual Reports.

4. EMBED EFFECTIVE RISK MANAGEMENT, CONSIDERING BOTH OPPORTUNITIES AND THREATS, THROUGHOUT THE ORGANISATION

The entire Board is responsible for ensuring that the risks faced by the Group are appropriately managed in order to allow for the execution and delivery of the Company's strategy. When identifying, assessing and managing risks, the Board is assisted by the Audit and Risk Committee, with day to day risks being monitored and managed by the Chief Executive Officer and the other executive Board members, together with assistance from senior management. The Board believes that the Chief Executive Officer, Chief Financial Officer and the Executive Director, who have significant experience within the hospitality sector, have the required knowledge and skills to be able to manage daily risks.

The Group's general risk appetite is a moderate, balanced one that allows it to maintain appropriate potential for growth and scalability, whilst ensuring regulatory compliance. Further details on the principal risks and uncertainties identified by the Board as being applicable to the Group and how these are mitigated are contained in the Principal Risks and Uncertainties section of the Company's Strategic Report.

The Company maintains appropriate directors' and officers' insurance cover. The insured values and type of cover are comprehensively reviewed on an annual basis. In addition, the Company has disaster recovery and business continuity plans to mitigate these types of risks as much as is possible.

The Board has processes in place for reviewing and evaluating risk. Board meetings are held at least on a quarterly basis, where the Board review ongoing operational performance, discuss budgets and forecasts and new risks associated with ongoing operations. This ensures that significant risks and changes to risks are identified by the Board and communicated to the Committees as needed. The Group maintains a risk register which is reviewed by the Audit and Risk Committee, where the responsibility for monitoring individual risks has been allocated to appropriate members of the Board and senior management team. The Board believes that the Group has robust financial procedures and safeguards are in place regarding expenditure and accounting functions.

Independent auditors assist the Board to identify financial risks through their annual audit. These are communicated to the Audit Committee and via an Audit Report.

5. MAINTAIN THE BOARD AS A WELL-FUNCTIONING, BALANCED TEAM LED BY THE CHAIR

The Board comprises four non-executive and three executive directors. The directors' biographies can be found on the Company's website.

The Non-Executive Chairman leads the Board in all matters related to corporate governance. The Chief Executive Officer has executive responsibility for running the Group's business and implementing its strategies.

The QCA Code suggests that the Board should comprise a balance of executive and non-executive directors, with at least two non-executive directors being independent. The QCA Code suggests that independence is a board judgement, but where there are grounds to question the independence of a director, through length of service or otherwise, this must be explained. The Board considers the following non-executive directors to be independent – Gareth Edwards, Lance Moir and Thi-Hanh Jelf. None of these directors are employees, have significant business relationships with the Group, or are significant shareholders in the Company. In accordance with QCA Code guidance, the independent non-executive directors will not participate in performance-related remuneration schemes.

The Board considers that its current composition and structure is appropriate to maintain effective oversight of the Group's activities. As the Company advances, the Board will review its structure on at least an annual basis in order to maintain an appropriate corporate governance environment and independent oversight.

The Board is updated regularly on the operations of the Group by the Chief Executive Officer, specifically on progress made on ongoing projects. Relevant information is circulated to the Board prior to Board and Committee meetings. The Company Secretary is a Board member and is directly accessible by all the other Board members, who are also able to take independent professional advice, if needed, in order to perform their duties. Such advice would be taken at the Company's expense. In addition, all Directors have access to independent professional advice in the furtherance of their duties, at the Company's expense.

The Board will meet at least six times a year, either in person or by telephone. Prior to each Board meeting, the Board and its Committees receive relevant and timely information that will be addressed at each meeting, together with a formal meeting agenda. Additional Board meetings may be called as needed, if specific matters need to be considered.

The Board is assisted in its duties by the Audit and Risk Committee and Remuneration Committee. Further information on the Board Committees can be found in the Committee reports of this Annual Report.

The Remuneration Committee is now chaired by non-executive director Thi-Hanh Jelf, with Tobias van der Meer having stepped down from his role as chair. The other members of the Remuneration Committee, Lance Moir and Gareth Edwards, are non-executive directors whom the Board considers to be independent.

The executive directors are employed on a full-time basis. Non-executive directors are expected to spend on average a minimum of 12 days a year on Company activities in addition to preparation for and attendance at board and sub-committee meetings. The Chairman will spend additional time per month on Company business.

Board meetings

The Board meets formally a minimum of six times a year, excluding Board committee meetings. The table below sets out the total number of meetings held by the Board and its Committees and records of attendance by each member eligible to attend during the financial year ended 3 July 2022:

	Board Meetings		Audit Committee[1]		Remuneration Committee[1]	
	Possible	Attended	Possible	Attended	Possible	Attended
Sarah Willingham-Toxvaerd	12	12				
Toby Rolph	12	12				
Michael Willingham- Toxvaerd	12	12				
Gareth Edwards	12	12			3	3
Tobias van der Meer	12	12	3	3	3	3
Thi-Hanh Jelf	12	12	3	3	2	2
Lance Moir	12	12	3	3	3	3

[1] Only Non-executive Directors are entitled to vote in the meetings of these Board Committees.

Other senior members of the management team and external advisors will attend, at the invitation of the Board, and as appropriate to the matters under discussion

6. ENSURE THAT BETWEEN THEM THE DIRECTORS HAVE THE NECESSARY UP-TO-DATE EXPERIENCE, SKILLS AND CAPABILITIES

The Board considers that its members have an effective and appropriate balance of skills and experience, most notably in areas of hospitality and the drinks-led industry, running and growing public companies, capital markets experience, including mergers and acquisitions and capital raising. The Board therefore believes that its members possess the relevant qualifications and skills necessary to effectively oversee and execute the Group's strategy. The Board considers itself to have an appropriate gender balance given two of its members are female.

The Board is comprised of three executive directors and four non-executive directors. Biographies of the Board members show a complimentary balance of skills and experience and can be found on the Company's website as well as in this annual report.

The executive Board members' operational skills will be maintained through an active day to day involvement in the hospitality industry and by employment of highly skilled and trained bar staff and support.

Non-operational skills are maintained principally via dialogues with the Company's professional advisers and being active in the market. Involvement with a variety of other boards allows those concerned to witness alternative approaches to similar business issues and to benefit from the advice of more than just the Company's retained advisers.

The Chief Executive Officer will update the Board on a regular basis on operational and financial matters, with such relevant information circulated to the Board prior to meetings.

The Board members keep their skillsets up to date through attending industry specific events and by monitoring activity within the sector amongst other things. The Board members are free to seek advice from the Company's corporate advisers (nominated adviser, lawyers and accountants) as needed.

Thi-Hanh Jelf, Non-Executive Director will support the Non-Executive Chairman in addressing the training and development needs of directors and is able to assist with aspects of legal and regulatory compliance. The Board does not consider it necessary for a senior independent director to be appointed at the current stage in the Group's development.

7. EVALUATE BOARD PERFORMANCE BASED ON CLEAR AND RELEVANT OBJECTIVES, SEEKING CONTINUOUS IMPROVEMENT

On an annual basis, the Non-Executive Chairman of the Board will conduct a Board review, assessing the performance of the individual Board members based on specific performance and evaluation criteria. If the Non-Executive Chairman considers it necessary, an independent third-party service provider may be engaged to conduct an annual Board review. The Non-Executive Chairman intends to perform the first Board and Director review in 2022/23. As part of this Board Review, the Non-Executive Chairman will review the skills mix present on the Board, and also ensure that the Board has an appropriate level of financial skills and literacy which is in line with its current size and operations. This performance evaluation will include an assessment of each Board member's continued independence (or otherwise).

In reviewing each Board member's performance, the Board will consider, *inter alia*, the level of achievement of their objectives, assessment of their overall contribution to the performance of the Company and an assessment of their continued independence if applicable.

Following the assessment, the results and recommendations for the Board member shall identify the key corporate and financial targets that are relevant to each Board member and their personal targets in terms of career development and training. Progress against previous targets shall also be assessed where relevant. The assessment will also feed into the remuneration process conducted by the Remuneration Committee.

On an annual basis, the performance of the Committees will be evaluated by the Non-Executive Chairman, with the first review to take place in 2022/23. The results thereof will be reported to Board, together with any recommendations.

Succession planning is the responsibility of the Board and is reviewed on an annual basis. When considering succession planning, the Board will take into account the skills and experience required as the Group grows and develops.

8. PROMOTE A CORPORATE CULTURE THAT IS BASED ON ETHICAL VALUES AND BEHAVIOURS

The Board strives to lead by example in its dealings with all its stakeholders. The Board believes that the Group has a culture of responsible, ethical and inclusive behaviour. The Board will regularly monitor the Group's cultural environment and seeks to address any concerns that may arise. The Board will consider the Group's cultural environment when seeking to recruit staff, and board directors.

In accordance with its business model, and the Group's key risks identified by the Board, particular areas of focus for the Board include:

1. Health and safety of its employees and customers;
2. Dealing in an honest, open and transparent manner with all its stakeholders and suppliers;
3. Ensuring all employees uphold the high standard of corporate culture and values

The Board recognises the importance of a strong and coherent corporate culture particularly as the Group grows and pursues the development of further sites and acquisition of further brands. The Board believes that Group's culture is instilled by the high quality of training provided across all sites and accessible to all employees, with continuous development and training also in place.

The Employee Handbook further promotes ethical values and behaviours, which contain policies and procedures including:

- Licensing and legal responsibility
- Responsibilities and duties of employees
- Safety and hygiene
- Accidents and injury
- Fire procedure
- Confidentiality
- Data Protection
- Whistleblowing policy
- Anti-Corruption and Bribery policy

The Board and senior management are prepared to take appropriate action against unethical behaviour, violation of company policies or misconduct.

The Board are also informed of any material enquiries of employees through site managers and when necessary are available to employees on a direct enquiry basis.

9. MAINTAINING GOVERNANCE STRUCTURES AND PROCESSES THAT ARE FIT FOR PURPOSE AND SUPPORT GOOD DECISION-MAKING BY THE BOARD

The Non-Executive Chairman is responsible for overseeing and running the business of the Board, ensuring strategic focus and direction is maintained, ensuring that no individual or group dominates the Board's decision-making, and ensuring the non-executives are kept up to date with the Group's business. With guidance from the Company's advisers, the Chairman will assess the appropriateness of the Company's governance structures as the Group continues to develop. The Chief Executive Officer has overall responsibility for formulating, planning and implementing the Group's strategy. As noted in principle 1, the Non-Executive Chairman, Chief Executive Officer, Executive Director and Chief Financial Officer, are primarily responsible for shareholder liaison.

In addition to formal Board meetings, the Chief Executive Officer maintains open and regular communications channels with all Board members, and provides regular updates on the financial position and operational status of the Group.

The entire Board is responsible for ensuring the success of the Company, while delivering on its strategy, with matters reserved for the attention of the Board including:

1. The setting of the strategy for the Group and the assessment of whether the Group is achieving its strategy
2. The approval of financial statements, dividends and significant changes in accounting practices;
3. Board membership, succession planning and powers including the appointment and removal of Board members, determining the terms of reference of the Board and establishing the overall control framework;
4. AIM related issues including the approval of communications to the London Stock Exchange and communications with shareholders will be dealt with by the executive directors, involving the non-executive directors where appropriate;
5. Senior management, remuneration, contracts, and the grant of share options will be addressed by the Remuneration Committee;
6. Key commercial matters including consideration of potential acquisition and divestment of new sites or businesses;
7. Financial matters including the approval of the budget and financial plans and performance against such plans and budgets;
8. Approval of the appointment of the current period auditor, year-end audited statutory accounts and audit related queries addressed by the Audit and Risk Committee.
9. Review of management conduct and awareness of the anti-bribery polices. Future capital and funding requirements in the light of new bar and acquisition prospects.
10. Risk Management review;
11. Changes to the Company's capital structure, its business strategy, acquisitions and disposals of businesses; and
12. Other matters including, but not limited to, health and safety policy, insurance and legal compliance.

Key responsibilities of the Audit and Risk Committee and Remuneration Committee can be found on pages 29 to 32 of this Annual Report.

The full terms of reference of these committees are available from the AIM Rule 26 section of the Company's website.

The Company is committed to the evolution of its corporate governance in line with best practice, to the extent the Board members judge it appropriate considering the Group's size, stage of development and resources. At present the Board is satisfied with the Company's corporate governance and as such there are no specific plans for changes to the Company's corporate governance arrangements in the short-term.

10. COMMUNICATE HOW THE COMPANY IS GOVERNED AND IS PERFORMING BY MAINTAINING A DIALOGUE WITH SHAREHOLDERS AND OTHER RELEVANT STAKEHOLDERS

The Board strives to ensure that all shareholders are kept up to date on the Group's operations, with clear and transparent information being provided on a regular basis. The Board intends to maintain an active dialogue with institutional and private shareholders, and all material information will be released through notifications made via a Regulatory Information Service, which are also made available on the Company's website. This includes, when appropriate, trading statements.

The Board discloses in the annual report the work of the Audit and Risk Committee and Remuneration Committee during the period. This can be found in the Committee reports of this Annual Report.

On a regular basis, a corporate presentation will be prepared that provide a more detailed update on the Group's progress. This will be made available on the Company's website.

AUDIT AND RISK COMMITTEE REPORT

AUDIT AND RISK COMMITTEE REPORT

On behalf of the board, the committee is pleased to present the Audit and Risk Committee Report for the 53 weeks ended 3 July 2022.

The Audit and Risk Committee comprises Thi-Hanh Jelf and Tobias van der Meer, and Lance Moir as chair of the committee. During the 53 weeks ended 3 July 2022, the Audit and Risk Committee met formally on three occasions with all members attending. At two of the meetings, the Committee had access to the external auditor without management present.

All members are Non-Executive Directors and Lance Moir and Thi-Hanh Jelf are considered independent. The Audit and Risk Committee's main functions include:

- reviewing the effectiveness of internal control systems and risk assessment
- considering the need for an internal audit function
- making recommendations to the Board in relation to the appointment of the Company's auditors
- determining in consultation with the Board as a whole the auditors' remuneration
- overseeing the Company's relationship with the external auditors as a whole and also considering the nature, scope and results of the auditors' work
- recommending to the Board and implementing policies on the supply of non-audit services that are to be provided by the external auditors
- monitoring the integrity of the financial statements of the Company including its annual and interim reports, preliminary results' announcements and any other financial information provided to Shareholders

EXTERNAL AUDIT

The Company's external auditors, PKF Francis Clark LLP, were reappointed on 3 March 2022. PKF Francis Clark LLP's fee for the audit for the 53 weeks ended 3 July 2022 was £105,000 (2021: £70,000).

RISK GOVERNANCE

As the Group has reopened its venues following the lifting of UK Government Covid-19 'lockdown' restrictions, the Committee has moved its focus to the trading risks around the Group's expansion plans together with the uncertain trading environment. To this extent, the Committee has worked with the Board to review the Group's finance function, risk register and matrix and to put in place processes, systems and controls to monitor, respond and mitigate identified risks.

Further information is in the Principal Risks and Uncertainties section of the Company's Strategic Report.

INTERNAL CONTROL ENVIRONMENT

The Group has established a system of risk management and internal control. The Audit and Risk Committee is responsible for reviewing the internal financial control systems that identify, assess, manage, and monitor financial risks, in addition to other internal control and risk management systems. During the year, the Committee has particularly focused on the controls and systems following acquisitions including promoting consistent controls.

SIGNIFICANT FINANCIAL JUDGEMENTS

During the financial year the Audit and Risk Committee considered the following significant issues regarding the financial statements:

Acquisition accounting (Barrio Familia Limited and subsidiaries)

On 21 November 2021, Nightcap acquired the entire issued share capital of Barrio Familia Limited and its subsidiaries. The Committee has reviewed the calculations for the valuation of the Barrio Familia brands and the key assumptions in respect of IAS 38. It also reviewed the Sale and Purchase Agreement for this acquisition and is satisfied that the accounting treatment has been correctly presented.

Exceptional items

Exceptional items identified by management have been reviewed and considered by the Committee and the Committee is satisfied that they have been appropriately classified.

Share based payments

The Committee, having reviewed the management's memorandum and calculation in determining the value of the options issued in November 2021 and March 2022, is satisfied that the accounting treatment has been correctly presented and disclosed in line with IFRS 2.

IFRS16, Right of Use asset and Covid concessions

The Committee has reviewed management's approach to the adoption of Covid-19 Related Rent Concessions - Amendment to IFRS16 and is satisfied that the rent credit taken in the 53 weeks ended 3 July 2022 to reflect rent waivers agreed with landlords has been appropriately calculated.

The committee have also reviewed the IFRS 16 Right of Use assets and lease liability calculation and is satisfied with the accounting treatment in the annual report.

Impairment of Goodwill and tangible fixed assets

Management undertakes an annual impairment review at individual site level. The key assumptions underpinning cash flow forecasts, future growth rates and discount rates were reviewed by the Committee and the Committee was satisfied with the methodology and assumptions that underpin the conclusion. In respect of goodwill, the Committee has reviewed key assumptions and forecasts for the Group and is satisfied that no impairment charge is required for the financial year.

Going concern

The Committee has considered the impact of a range of potential scenarios on the profitability, cash flows and liquidity of the Group. While Covid-19 and the current macro environment remain potential risks, the Committee is satisfied that the Group has sufficient liquidity to support the assessment that it is appropriate to prepare the financial statements for the 53 weeks ended 3 July 2022 on the going concern basis.

Revenue recognition

Management recognises revenue in accordance with IFRS 15. Revenue predominantly arises from the sale of food and drink to customers at the Group's sites for which payment in cash or cash equivalents is received immediately and as such revenue is recognised at point of sale. Retrospective payments (known in the industry as "retros") and listing fees from suppliers are spread over the life of the contract. The income from retro payments and listing fees is recognised as a credit within cost of sales. Revenue is shown net of value added tax, returns and discounts.

Customer deposits received in advance of events and bookings are recorded as deferred revenue on the balance sheet. They are then recognised as revenue along with any balancing payment from the customer when the associated event / booking occurs. The Committee is satisfied that they have been appropriately classified.

The Committee, having reviewed the significant issues discussed above, was satisfied that these were appropriately accounted for and stated.

ROLE OF THE EXTERNAL AUDITORS

The Audit and Risk Committee monitors and oversees the relationship with the Company's external auditors, PKF Francis Clark LLP, to ensure that external auditor independence and objectivity are maintained. The Committee assesses the independence of the external auditors and effectiveness of the external audit process before making recommendations to the Board in respect of their re-appointment. In assessing independence and objectivity, the Committee considers the level and nature of services provided by the external auditors and the fees paid in respect of such services in relation to the total audit fee. The Audit and Risk Committee seeks confirmation from the external auditors that they have remained independent within the meaning of the APB Ethical Standards of Auditors.

SHARE DEALING, ANTI-BRIBERY AND WHISTLEBLOWING

Nightcap plc adopted, with effect from its admission to AIM, a share dealing code (the "Code") for the Directors and all employees, which is appropriate for a company whose shares are admitted to trading on AIM and which is subject to Rule 21 of the AIM Rules and the Market Abuse Regulation (as applicable in UK domestic law). The Group takes all reasonable steps to ensure compliance by the Directors and any other applicable employees with the terms of the Code.

The Group promotes a culture of integrity, honesty, trust and respect and all employees are expected to operate in an ethical manner in all their internal and external dealings. The Group's staff handbook and policies promote this culture and include such matters as whistleblowing, social media, anti-bribery, communication and general conduct of employees. The Group's whistleblowing and anti-bribery policies are overseen by the Audit and Risk Committee. The Committee believes, based on experience to date, that these policies are effective and that staff members are aware of them.

REMUNERATION COMMITTEE REPORT

At the beginning of the financial year, the Remuneration Committee comprised of Lance Moir and Gareth Edwards with Tobias van der Meer as chair of the committee. On 29th April 2022, it was agreed that Thi-Hanh Jelf would replace Tobias van der Meer as chair of the Committee. The Committee wishes to thank Tobias van der Meer for his work as committee chair. Thi-Hanh Jelf, Lance Moir and Gareth Edwards are Non-Executive Directors and are all considered to be independent.

During the 53 weeks ended 3 July 2022, the Committee met formally on three occasions with all members attending.

The Committee's main functions include:

- formulating and agreeing with the Board the framework or broad policy for the remuneration of the Company's Chairman and Executive Directors
- approving the design of, and determining targets for, any performance related pay schemes operated by the Company and approving the total annual payments made under such schemes
- reviewing the design of all share incentive plans for approval by the Board and Shareholders together with determining each year whether awards will be made and, if so, the overall amount of such awards, the individual awards to Executive Directors and other senior executives and the performance targets to be used
- determining the total individual remuneration package of the Chairman, each Executive Director, and other senior executives including bonuses, incentive payments and share options or other share awards

SHARE OPTION PLAN

As the Group has continued to grow, it is no longer eligible to grant EMI share options to employees. The Company has now replaced its EMI share option scheme with a Company Share Option Scheme ("CSOP"), so as to continue to reward and incentivise staff. This was approved by the Committee on 14 October 2021.

Options were granted to employees and in some instances non-Board persons discharging managerial responsibilities ("PDMRs") on 23 November 2021 and 16 March 2022 and will become exercisable from the third anniversary of the grants until the tenth anniversary of the date of the grants and exercise is conditional on the Company being profitable in the prior accounting year. For these purposes, "profitable" means taking the Company's reported consolidated profit before tax for the relevant prior accounting year and adding back interest, depreciation and amortisation, exceptional items and non-recurring costs.

No share option grants were made to the Directors during the 53 weeks ended 3 July 2022.

Following Admission to AIM on 13 January 2021, options were granted to Executive Directors and PDMRs under the Company's share option plan. On 14 May 2021 further options were granted to additional PDMRs, under the Company's share option plan, following the successful acquisition of the Adventure Bar Group.

The options, granted on 13 January 2021, vest and are exercisable as to one-third on each anniversary of grant date and exercise is conditional on the Company being profitable in the year prior to exercise. For these purposes, "profitable" means taking the Company's reported consolidated profit before tax for the relevant prior accounting year and adding back interest, depreciation and amortisation, exceptional items and non-recurring costs.

The options granted on 14 May 2021 will become exercisable from the third anniversary of the grants until the tenth anniversary of the date of the grants and exercise is conditional on the Company being profitable in the prior accounting year. For these purposes, "profitable" means taking the Company's reported consolidated profit before tax for the relevant prior accounting year and adding back interest, depreciation and amortisation, exceptional items and non-recurring costs.

DETAILS OF SHARE OPTIONS GRANTED TO DIRECTORS AND PDMRS ARE AS BELOW.

Name	Number of options	Date of grant	Exercise price (pence)
Sarah Willingham-Toxvaerd	6,000,000	13/01/2021	10
Michael Willingham-Toxvaerd	2,500,000	13/01/2021	10
Toby Rolph	5,000,000	13/01/2021	10
John James Goodman	1,400,000	13/01/2021	10
Thomas Kidd	999,996	14/05/2021	25
Tobias Jackson	999,996	14/05/2021	25
Dawn Donahoe	999,996	14/05/2021	25
Dawn Donahoe	677,966	16/03/2022	14.75
Jim Robertson	542,373	16/03/2022	14.75

2022 ANNUAL PERFORMANCE AND REWARD

For the 53 week period to 3 July 2022, the CEO and CFO are eligible for a bonus of up to a maximum of 100% of basic salary with 50% based on outperformance by the Company of Board approved profit targets and 50% payable subject to the Company's absolute discretion based on the Board's review of performance against operational, governance and strategic objectives. Michael Willingham-Toxvaerd, an Executive director has been eligible for transaction related remuneration in respect of acquisitions. The Committee has met and reviewed the Company and individual performance for the period to 3 July 2022 and approved the bonuses below on the basis of the Company's strong financial and strategic progress, and the successful transaction completed during the period.

DIRECTORS' EMPLOYMENT AND PENSION CONTRIBUTIONS FOR THE PERIOD TO 3 JULY 2022

	GBP				
Name	Salary and Fees £000s	Annual Bonus £000s	Transaction Related Bonus £000s	Pension Contribution £000s	Total £000s
Sarah Willingham-Toxvaerd	225,000	225,000	–	11,250	461,250
Toby Rolph	137,500	137,500	–	6,875	281,875
Michael Willingham-Toxvaerd	112,500	–	100,000[1]	5,625	218,125
Gareth Edwards	62,500	–	–	–	62,500
Tobias Van der Meer	–	–	–	–	–
Thi-Hanh Jelf	25,000	–	–	–	25,000
Lance Moir	25,000	–	–	–	25,000

[1] Relates to the acquisition of Barrio Familia group on 21 November 2021, in line with the framework in his service agreement as described within the Company's AIM admission document.

The Directors did not receive any other emoluments, compensation or cash or non-cash benefits other than as disclosed above.

DIRECTORS' AND PDMRS' INTERESTS IN SHARES

The interests of the Directors at 3 July 2022 in the Ordinary Shares of the Company were:

Name	Number of Ordinary shares held
Sarah Willingham-Toxvaerd	21,686,584
Michael Willingham-Toxvaerd	12,552,501
Tobias Van der Meer	9,050,000
Thi-Hanh Jelf	180,000
Lance Moir	360,000

The interests of the PDMRs other than the Directors at 3 July 2022 in the Ordinary shares of the Company were:

Name	Number of Ordinary shares held
John James Goodman	16,032,157
James Hopkins	8,105,810
Tobias Jackson	3,545,290
Thomas Kidd	3,936,594
Jim Robertson	111,484

FINANCIAL STATEMENTS

DIRECTORS' REPORT

DIRECTORS' REPORT

The Directors present their report and the audited consolidated financial statements of Nightcap plc for the 53 weeks ended 3 July 2022.

The Corporate Governance Statement also forms part of this Directors' Report.

PRINCIPAL ACTIVITY

The principal activity of the Group is the operation of bars.

RESULTS AND DIVIDENDS

The consolidated statement of comprehensive income shows the comprehensive profit for the year.

There were no dividends paid or proposed in the period under review.

STRATEGIC REPORT

Information in respect of the Business Review, Future Outlook of the Business, Section 172 reporting and Principal Risks and Uncertainties are not shown in the Directors' Report because they are presented in the Financial Review.

ANNUAL GENERAL MEETING ("AGM")

The Group's next Annual General Meeting will be held at the offices of Allenby Capital Limited, 5 St. Helen's Place, London, EC3A 6AB on 6 December 2022. Details of the business to be transacted at the AGM are set out in the Notice of AGM, which is available on the Company's website.

DIRECTORS

The Directors who served during the year, and up to the date of this report, unless otherwise stated, were as follows:

Sarah Willingham-Toxvaerd

Toby Rolph

Michael Willingham-Toxvaerd

Gareth Edwards

Tobias van der Meer

Thi-Hanh Jelf

Lance Moir

DIRECTORS' INTERESTS

A table showing the Directors' interests in the share capital of the Company is set out in the Directors' Remuneration Report.

SHARE CAPITAL

Details of the issued share capital, together with details of movements during the period are shown in Note 27 to the Consolidated Financial Statements.

The Company has one class of share being the ordinary shares of 1p par value each and each ordinary share carries the right to one vote at general meetings on any resolution proposed on a poll.

There are no restrictions on the transfer of the ordinary shares other than those restrictions which may from time to time be imposed by law, for example, insider trading laws.

SUBSTANTIAL SHAREHOLDINGS

The Company is aware that the following persons had an interest of 3% or more of the issued ordinary share capital of the Company as at 9 November 2022, the last practicable date before the publication of this report:

Name	Percentage of Issued Share Capital
Mark Michael Ward	15.11%
Sarah Willingham-Toxvaerd	10.94%
John James Goodman*	8.08%
Michael Willingham-Toxvaerd	6.33%
Hargreave Hale Limited	6.18%
Octopus Investments Nominees	5.93%
Tobias van der Meer	4.56%
James W Hopkins	4.09%
Raymond R A Blanc	3.93%
Greg Le Tocq	3.88%
David W Moore	3.69%

* Includes Ordinary Shares held by CGCC Limited which is beneficially owned and controlled by John James Goodman.

As at 9 November 2022, the Company's issued ordinary share capital was 198,300,657 ordinary shares of 1p each.

EMPLOYMENT POLICY

Our policy is to promote equal opportunity in employment regardless of gender, race, colour or disability, subject only to capability and suitability for the task and legal requirements. Where existing employees become disabled, it is our policy to provide continuing employment under equivalent terms and conditions, and to provide equal opportunity for promotion to disabled employees wherever appropriate.

The Board recognises that Nightcap and its subsidiary businesses' performance and success are directly related to our ability to attract, retain and motivate high-calibre employees. We are committed to linking reward to business and individual performance, giving employees the chance to share in the Company's financial success. Eligible employees are typically provided with financial incentives related to the Group's performance in the form of annual bonuses. The Group also operates incentive plans and share option plans.

EMPLOYEE ENGAGEMENT

We keep our team members regularly updated with issues affecting the running of the business and obtain their views on any key matters, all of which is in accordance with our obligations under the Information and Consultation Regulations 2004. The dissemination of information is achieved in many ways including weekly and quarterly newsletters, regular regional and area meetings, our company intranet and Directors and Managers briefings. These are opportunities for team members to express their views and ask questions. Outside of these specific events, we welcome any questions that team members may have about the business. Further information on employee engagement is provided in the Section 172 Statement.

ENGAGEMENT WITH OTHER STAKEHOLDERS

The Board understands the importance of engagement with key stakeholders, including our customers, the broader communities in which we operate, our suppliers and trading partners and our shareholders. Further information on the stakeholders and the manner in which we engage with them is provided in the Section 172 Statement.

FINANCIAL RISK MANAGEMENT

The Group finances its operations through a combination of operational cash flow, capital fund raising and bank debt. The Group uses various financial instruments in the form of cash, third-party bank debt and other items, such as trade payables, that arise directly from its operations. The main purpose of these financial instruments is to fund the Group's operations.

These financial instruments expose the Group to several financial risks, principally liquidity risks and interest rate risks.

The Group seeks to meet liquidity risk through assessment of short-, medium- and long-term cash flow forecasts to ensure the adequacy of committed debt facilities. Subsequent to the year, Group has refinanced its borrowings from three individual lenders under multiple tranches with new debt facilities from HSBC Bank. As a result of the refinancing, the majority of the Group's debt is on a bullet payment in June 2025, with a further 1 year option to extend.

Interest rate risk is managed by the use of interest rate swaps. Post year end as part of the refinancing discussed above the Group has hedged over 80% of its HSBC debt interest costs for three years by taking out an interest rate cap, so that there is certainty that whilst interest rates increase, the majority of our interest costs will be fixed based on the reference base rate at 3%.

DIRECTORS' LIABILITY INSURANCE AND INDEMNITY

The Group has arranged insurance cover in respect of legal action against its Directors. To the extent permitted by UK law, the Group also indemnifies the Directors. These provisions are qualifying third party indemnity provisions, which were in force throughout the year and in force at the date of this report.

POST BALANCE SHEET EVENTS

Since the year-end, the Group has refinanced its borrowings from three individual lenders under multiple tranches with new debt facilities from HSBC Bank to provide support to the business as we execute on our roll out strategy. The new £10m HSBC facility replaces £5.5m of legacy debt that was acquired from acquisitions, which had a blended interest margin of 4%, with the new facility bearing a margin of 3% above SONIA on the £3m term loan and 3.25% above SONIA on the £7m Revolving Credit Facility. The remaining £4.5m of new debt facility is to support the fit out of the new sites that we have in the pipeline for 2022-23. The Group has taken out an interest rate cap on its reference base rate at 3% on £8m out of £10m of its HSBC facility. Further details of the Group's borrowings can be found in Note 22.

Subsequent to the year end, the Group has entered into three additional property leases - Bristol (Tonight Josephine) and Covent Garden, London and Watford (Barrio Familia Group). In addition, the Group entered into an Agreement for Lease for a site in Canary Wharf, London (The Cocktail Club), in June 2022, with the lease completing post year end.

DIRECTORS' RESPONSIBILITIES STATEMENT

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation. Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006 and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 102 have been followed for the company financial statements, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

DISCLOSURE OF INFORMATION TO AUDITOR

So far as each of the Directors is aware, there is no relevant audit information that has not been disclosed to the Group's auditors and each of the Directors believes that all steps have been taken that ought to have been taken to make them aware of any relevant audit information and to establish that the Group's auditors have been made aware of that information.

INDEPENDENT AUDITORS

The auditors, PKF Francis Clark, have indicated their willingness to continue in office.

This report was approved by the Board of Directors and signed on its behalf.

T Rolph
Chief Financial Officer
9 November 2022

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NIGHTCAP PLC

OPINION

We have audited the financial statements of Nightcap plc (the "parent company") and its subsidiaries (the 'group') for the period ended 3 July 2022, which comprise the Consolidated Statements of Comprehensive Income, the Consolidated and Company statements of financial position, the Consolidated Statement of Cash Flows, the Consolidated and Company Statement of Changes in Equity and the related notes including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and parent company's affairs as at 3 July 2022 and of the group's profit for the period then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards.
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>KEY AUDIT MATTER</th><th>HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER</th></tr>
<tr><td>
Acquisition of the Barrio Familia Group (Note 32)
On 21 November 2021, Nightcap PLC ('the Company') acquired the entire issued share capital of Barrio Familia, being 5 individual companies. This was a material transaction and there is a risk that this is not reported in line with accounting standards being IFRS 3 – Business Combinations. The key aspects of this acquisition are:
Recognition of intangible assets for the brands acquired
The valuation of the brand is a key estimate and due to its subjective nature is at risk of being materially misstated.
Fair value of separable assets on acquisition
Excluding the brand intangible noted above, the group is required to assess the fair value of the separable assets acquired. This also includes the calculation of a Right of Use asset and lease liability under IFRS 16. There is a risk that these fair values are not materially correct.
</td><td>
We reviewed management's calculations for the valuation of the brands and the key assumptions. We assessed the assumptions for reasonableness, reviewed supporting documentation, performed re-calculations and analysed management's conclusions against IAS 38.
We inspected the share purchase agreement and reviewed management's calculation of the consideration against the requirements within IFRS 3.
• We agreed the calculations back to supporting documentation;
• We assessed the competence of external experts used engaged by management to complete the brand valuation and the calculation of the consideration. We reviewed the terms of reference of the external experts and their independence;
• considered the reasonableness of key judgement and estimates in the calculation, including the calculation of the Group's Weighted Average Cost of Capital ('WACC')
• considered whether the assumptions are in line with forecasts and disclosure elsewhere in the financial statements.
We sample tested the acquisition balance sheet and fair value adjustments. This included testing the compliance with group accounting policies and the transition from FRS102 to IFRS. We tested the implementation of IFRS 16 and agreed a sample of calculations back to lease documentation.
The financial statements were reviewed, including a review by our technical team, for compliance with IFRS. This review considered whether there was sufficient disclosure of the accounting policies applied and the transaction in Note 32 of the financial statements.
Our procedures did not result in any significant findings surrounding the accounting for the transaction based on the audit evidence obtained.
</td></tr>
<tr><td>
Impact of potential economic downturn, Covid-19 and impairment of assets
There are a number of audit risks that arise as a result of the possible impact of economic and other external conditions on the wider hospitality sector and the Group.
• Going concern – the ongoing impact of increased costs and reduced spending by potential customers of the group and its impact on trade and bank covenants.
• Impairment of Cash Generating Units (CGUs). Indications of impairment to intangible and tangible assets, including goodwill, and Right of Use assets.
There is a risk that the impact of these factors has not been adequately addressed by management.
</td><td>
We have considered the impact of the economic downturn on various areas of the financial statements and performed procedures to address the risk around the impact of economic conditions and Covid -19.
We have reviewed management's forecasts and sensitivities to ensure that these adequately take into consideration any likely potential impact of the current economic and other conditions. We have assessed whether the going concern disclosures in the accounts adequately explains any potential impact of economic and other conditions on the group and whether these disclosures are consistent with other disclosures in the accounts.
We have reviewed bank and loan covenant agreements and tested management's projections that forecast future covenants will be met. We have reviewed the new post balance sheet facility and loan agreement with HSBC Bank. We have considered the adequacy of disclosures in the accounts.
We have reviewed management's impairment assessment for consistency with forecasts used elsewhere and other management information. We have considered the reasonableness of management's sensitivity analysis and the adequacy of disclosures in the accounts.
Our procedures did not result in any significant findings based on the audit evidence obtained.
</td></tr>
</table>

OUR APPLICATION OF MATERIALITY

Misstatements, including omissions, are considered to be material if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. We use quantitative thresholds of materiality, together with qualitative assessments in planning the scope of our audit, determining the nature, timing and extent of our audit procedures and in evaluating the results of our work.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Materiality Measure	Group	Company
Overall materiality	£360,000	£232,000
Basis for determination	1.0% of revenue	1.0% of gross assets
Misstatements reported to the audit committee	£10,800	£6,960

RANGE OF MATERIALITY AT 11 COMPONENTS SUBJECT TO FULL SCOPE AUDITS:

£7,000 - £232,000

RATIONALE FOR THE BENCHMARK APPLIED:

We consider headline revenue to be the most appropriate measure for materiality as it best reflects the Group's underlying trading performance and is a key metric used by both management and other stakeholders in assessing the Group's performance.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

We planned and performed our audit by obtaining an understanding of the Group and its environment, including the accounting processes and controls, and the industry in which it operates. The Group comprises the following trading companies:

- 18 UK subsidiary companies (17 wholly owned, 1 with a 50% holding);

Of the Group's 18 reporting components, we subjected 18 to full scope audits. All entities requiring an audit were audited by PKF Francis Clark.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and parent company's ability to continue to adopt the going concern basis of accounting included:

– Obtaining management's forecasts and sensitivity analysis.

– Comparing actual historic performance against budget to assess the accuracy of management's budgeting process

– Consideration of whether management have adequately taken into consideration the impact of economic or other factors in their forecasts and sensitivity analysis

– Considering the current level of cash balances and bank facilities available to the group

– Considering any mitigating actions that management could take was forecast performance not in line with expectations. These include deferring the roll out of new bars or delaying capital expenditure.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

OTHER INFORMATION

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

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

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

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement set out on pages 35 and 36, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of our audit planning we obtained an understanding of the legal and regulatory framework that is applicable to the entity and the industry/sector in which it operates to identify the key laws and regulations affecting the entity. As part of this assessment process we discussed with management the laws and regulations applicable to the company and reviewed certification identified on the company website.

The key laws and regulations we identified were employment, health and safety legislation and The General Data Protection Regulation ("GDPR"), Alcohol licensing legislation, Music Licence, and Food standards.

We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, primarily Companies Act 2006 and Corporation Taxes Acts 2009 & 2010.

We discussed with management how the compliance with these laws and regulations is monitored and discussed policies and procedures in place.

We also identified the individuals who have responsibility for ensuring that the entity complies with laws and regulations and deal with reporting any issues if they arise.

As part of our planning procedures, we assessed the risk of any non-compliance with laws and regulations on the entity's ability to continue trading and the risk of material misstatement to the financial statements.

Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations.

Our procedures involved the following:

- Enquiries of management regarding their knowledge of any non-compliance with laws and regulations that could affect the financial statements;
- Reviewed legal and professional costs to identify any possible non compliance or legal costs in respect of non compliance;
- Reviewed Board minutes;
- Examined regulatory inspection reports in relation to the key laws and regulations where such reports had been made during the period and after the period.

We also evaluated management's incentives and opportunities for management bias, override of controls and manipulation of the financial statements. The key incentive identified is to manipulate Revenue and we determined that the principal risks were related to the overstatement of profit via overstating revenue. To address the risk, we:

- Used data analytics to test journal entries throughout the year, for appropriateness;
- Reviewed estimates and judgements made in the accounts for any indication of bias and challenged assumptions used by management in making the estimates.
- Tested a sample of revenue transactions during the period, by agreeing a sample of till readings back to cash or cash equivalents and management reconciliation's;
- Reviewed the revenue nominal activity for bars for unusual transactions during the period.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements. This risk increases the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements as we are less likely to be come aware of instances of non-compliance. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment, collusion, omission or misrepresentation.

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

USE OF OUR REPORT

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

Paul Putnam (Senior Statutory Auditor)
PKF Francis Clark
Statutory Auditor
Ground Floor
90 Victoria St,
Redcliffe,
Bristol,
BS1 6DP
9 November 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE 53 WEEKS ENDED 3 JULY 2022

	Note	**53 weeks ended 03 July 2022 £'000**	52 weeks ended 27 June 2021 £'000
Revenue	4	35,943	5,969
Cost of sales		(7,297)	(1,414)
Gross profit		28,646	4,554
Administrative expenses		(27,404)	(10,009)
Other income	5	165	566
Adjusted EBITDA		6,036	958
Share based payments	7, 26	(345)	(3,824)
Depreciation	6, 15, 16	(3,931)	(1,259)
Amortisation of intangible assets	6, 14	(549)	(51)
Exceptional items	10	(84)	(405)
Acquisition related transaction costs	11	866	(309)
Pre opening costs	12	(442)	–
Impairment	6	(143)	–
Profit / (loss) from operations		1,407	(4,889)
Finance expense	8	(1,169)	(408)
Profit / (loss) before taxation		238	(5,296)
Tax credit on profit / (loss)	9	262	32
Profit / (loss) and total comprehensive profit / (loss) for the period		500	(5,264)
Profit / (loss) for the period attributable to:			
– Owners of the parent		114	(5,373)
– Non-controlling interest		386	109
		500	(5,264)

	Note	**53 weeks ended 03 July 2022 pence**	52 weeks ended 27 June 2021 pence
Earnings per share attributable to the ordinary equity holders of the parent			
Earnings / (loss) per share	13		
– Basic		0.06	(5.55)
– Diluted		0.06	(5.55)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 3 JULY 2022

	Note	03 July 2022 £'000	27 June 2021 £'000
Non-current assets			
Goodwill	14	9,751	6,573
Intangible assets	14	4,604	3,084
Property, plant and equipment	15	9,109	3,548
Right of use assets	16	26,462	13,447
Other receivable	18	699	271
Total non-current assets		50,625	26,923
Current assets			
Inventories	17	554	329
Trade and other receivables	18	2,005	804
Cash and cash equivalents	19	5,353	13,187
Total current assets		7,911	14,321
Total assets		58,537	41,244
Current liabilities			
Loans and borrowings	22	(800)	(1,459)
Trade and other payables	20	(7,889)	(8,628)
Lease liabilities due less than one year	21	(2,374)	(1,441)
Total current liabilities		(11,062)	(11,527)
Non-current liabilities			
Borrowings	22	(4,723)	(3,256)
Lease liabilities due more than one year	21	(25,254)	(12,463)
Provisions	23	(366)	(150)
Deferred tax provision	25	(891)	(667)
Total non-current liabilities		(31,233)	(16,535)
Total liabilities		(42,295)	(28,062)
Net assets		16,241	13,181
Called up share capital	27	1,983	1,855
Share premium	27	21,372	19,267
Share based payment reserve		543	216
Reverse acquisition reserve		(2,513)	(2,513)
Retained earnings		(5,639)	(5,753)
		15,746	13,073
Non-controlling interest		495	109
Total equity		16,241	13,181

The financial statements on pages 42 to 78 were approved and authorised for issue by the Board and were signed on its behalf by:

Toby Rolph
Chief Financial Officer
9 November 2022

Sarah Willingham-Toxvaerd
Chief Executive Officer
9 November 2022

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 53 WEEKS ENDED 3 JULY 2022

	Called up share capital £'000	Share premium £'000	Share based payment reserve £'000	Reverse acquisition reserve £'000	Retained earnings £'000	Total attributable to equity holders of parent £'000	Non-controlling interest £'000	Total equity £'000
At 28 June 2020	55	178	92	(45)	(472)	(192)	–	(192)
Issue of share capital	0	51	(92)	–	92	51	–	51
Transfer to reverse acquisition reserve	(56)	(229)	–	284	–	–	–	–
Recognition of Nightcap plc equity at reverse acquisition	399	845	–	(2,752)	–	(1,508)	–	(1,508)
Issue of shares - IPO	400	3,600	–	–	–	4,000	–	4,000
Transaction fees related to issue of shares	–	(629)	–	–	–	(629)	–	(629)
Issue of shares on acquisition - London Cocktail Club	554	4,984	–	–	–	5,538	–	5,538
Issue of shares on acquisition - Adventure Bar Group	48	1,143	–	–	–	1,190	–	1,190
Issue of shares - placing shares	435	9,565	–	–	–	10,000	–	10,000
Transaction fees related to placing shares	–	(637)	–	–	–	(637)	–	(637)
Issue of shares - debt conversion	20	395	–	–	–	415	–	415
Share based payments and related deferred tax recognised directly in equity	–	–	216	–	–	216	–	216
Total transactions with owners recognised directly in equity	1,855	19,267	216	(2,513)	(380)	18,446	–	18,446
Total comprehensive expense for the 52 week period	–	–	–	–	(5,373)	(5,373)	109	(5,264)
At 27 June 2021	1,855	19,267	216	(2,513)	(5,753)	13,073	109	13,181
Issue of shares on acquisition - Barrio Bar Group	57	1,051	–	–	–	1,108	–	1,108
Issue of shares - Adventure Bar Group contingent consideration	71	1,054	–	–	–	1,125	–	1,125
Share based payments and related deferred tax recognised directly in equity	–	–	326	–	–	326	–	326
Total transactions with owners recognised directly in equity	1,983	21,372	543	(2,513)	(5,753)	15,632	109	15,741
Total comprehensive income for the 53 week period	–	–	–	–	114	114	386	500
At 3 July 2022	1,983	21,372	543	(2,513)	(5,639)	15,746	495	16,241

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE 53 WEEKS ENDED 3 JULY 2022

	53 weeks ended 03 July 2022 £'000	52 weeks ended 27 June 2021 £'000
Cash flows from operating activities		
Profit / (loss) for the period	500	(5,264)
Adjustments for:		
Depreciation	3,931	1,259
Amortisation	549	51
Share based payments	345	3,824
Interest on lease liabilities	917	297
Interest on borrowings	252	110
Impairment	143	–
Tax expense	(262)	(32)
(Increase) / decrease in trade and other receivables	(1,214)	19
(Decrease) / increase in trade and other payables	(2,785)	2,113
(Increase) / decrease in inventories	(113)	43
Cash generated from operations	2,264	2,419
Corporation taxes (paid) / repaid	(72)	31
Net cash flows from operating activities	2,192	2,450
Investing activities		
Acquisition of Adventure Bar Group, net of cash	–	657
Acquisition of London Cocktail Club - transaction costs and pre IPO expenses	–	(902)
Acquisition of Barrio Bar Group, net of cash	(991)	–
Purchase of property, plant and equipment	(6,008)	(509)
Purchase of intangible assets	(48)	(9)
Net cash used in investing activities	(7,048)	(763)
Financing activities		
Issue of ordinary shares	–	15,295
Share issue costs	–	(1,265)
Repayment of loans and borrowings	(941)	(1,418)
Principal paid on lease liabilities	(906)	(744)
Interest paid on lease liabilities	(917)	(297)
Interest paid on loans and borrowings	(215)	(104)
Shareholder loan repayments	–	(230)
Net cash (outflow) / inflow from financing activities	(2,979)	11,236
Net (decrease) / increase in cash and cash equivalents	(7,835)	12,923
Cash and cash equivalents at beginning of the period	13,187	264
Cash and cash equivalents at end of the period	5,353	13,187

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE 53 WEEKS ENDED 3 JULY 2022

1. GENERAL INFORMATION

Nightcap plc ("the Company") and its subsidiaries ("the Group") is an award-winning independent operator of 36 themed bars. At 9 November 2022 the Group operates 16 bars under The Cocktail Club brand, 13 under the Adventure Bar Group ("ABG") brand and seven under the newly acquired Barrio Familia Group brand.

On 21 November 2021 the Company acquired 100% of the shares of Barrio Familia Limited. Through the acquisition, Nightcap became 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"). Further information on this acquisition is provided in Note 32.

The Company is a public limited company whose shares are publicly traded on AIM 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.

2. ACCOUNTING POLICIES

2.1. Basis of preparation of financial statements

The consolidated financial statements of Nightcap plc have been prepared in accordance with International Accounting Standards as adopted for use in the United Kingdom ("UK adopted IAS") and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The Company was incorporated on 23 September 2020 as the vehicle for the purposes of achieving admission of its ordinary shares to trading on the AIM market of the London Stock Exchange ("Admission") and the Company had no significant transactions prior to Admission on 13 January 2021. The Company acquired the entire share capital of The London 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 52 weeks ended 27 June 2021 have been presented as if the Group had always existed in its current form.

The accounting policies adopted in the preparation of the Financial Statements have been consistently applied to all years presented, unless otherwise stated. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The financial statements have been prepared under the historical cost convention.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. The policies have been consistently applied to all periods presented, unless otherwise stated.

Judgements made by the Directors in the application of the accounting policies that have a significant effect on the consolidated financial statements and estimates with significant risk of material adjustment in the next year are discussed in Note 3.

Due to rounding, numbers presented in the 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.

2.2. Going concern

In concluding that it is appropriate to prepare the financial statements for the 53 weeks ended 3 July 2022 on the going concern basis, the Directors have considered the Group's cash flows, liquidity and business activities.

As at 3 July 2022 the Group had cash balances of £6m including cash in transit. Subsequent to the year-end the Group has refinanced its legacy debt with an amortising term loan (£3m) and a Revolving Credit Facility (up to £7m) repayable in June 2025.

Based on the Group's forecasts, the Directors have adopted the going concern basis in preparing the Financial Statements. The Directors have made this assessment after consideration of the Group's cash flows and related assumptions and in accordance with the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting 2014 published by the UK Financial Reporting Council.

In making the assessment the Directors have made a current consideration of any future potential impact of the Covid-19 pandemic as well as the current economic and inflationary cost pressures facing consumers as set out in the Strategic Report. The Directors have considered the impact of these on the cash flows and liquidity of the Group over the next 12-month period and has sensitised these forecasts accordingly.

Based on these assessments the Group forecasts to comply with its banking covenant obligations, and accordingly the Directors have concluded that it is appropriate to prepare the financial statements on the going concern basis.

2.3. Basis of consolidation

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

2.4. Alternative performance measures

The Group has identified certain measures that it believes will assist the understanding of the performance of the business. These alternative performance measures ("APMs") are not defined or specified under the requirements of UK adopted IAS.

The Group believes that these APMs, which are not considered to be a substitute for, or superior to, UK adopted IAS measures, provide stakeholders with additional useful information on the underlying trends, performance and position of the Group and are consistent with how business performance is measured internally. Adjusted EBITDA is also one of the measures used by the Group's banks for the purposes of assessing covenant compliance. The APMs are not defined by UK adopted IAS and therefore may not be directly comparable with other companies' alternative performance measures.

The key APM that the Group uses is Adjusted EBITDA. This APM is set out on page 85 including an explanation of how it is calculated and how it reconciles to a statutory measure where relevant.

These measures exclude exceptional items, as defined below, non-cash share-based payment charges, pre-opening costs and acquisition related costs.

Exceptional items

The Group classifies certain one-off charges or credits that have a material impact on the Group's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the Group. Management splits out these costs for internal purposes when reviewing the business.

Non-cash share based payment charges

Charges/credits relating to share-based payments arising from the Group's long-term incentive schemes are not considered to be exceptional but are separately identified due to the scope for significant variation in charges/credits.

Pre-opening costs

Pre-opening costs can vary significantly depending on the number of new sites acquired and opened in any period, and so do not reflect the costs of the day-to-day operations of the business. These costs are therefore split out in order to aid comparability with prior periods. Site pre-opening costs refer to costs incurred in getting new sites operational, and primarily include costs incurred before opening and in preparing for launch.

Acquisition-related costs

Acquisition-related costs are costs incurred to effect a business combination. Those costs include advisory, legal, accounting, valuation and other professional or consulting fees including employees bonuses in connection with the successful completion of a transaction. Acquisition-related costs are expensed in the period in which the costs are incurred and the services are received.

2.5. Revenue

The Group has recognised revenue in accordance with IFRS 15. The standard requires revenue to be recognised when goods or services are transferred to customers and the entity has satisfied its performance obligations under the contract, and at an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. Revenue predominantly arises from the sale of food and drink to customers in the Group's bars for which payment in cash or cash equivalents is received immediately and as such revenue is recognised at point of sale.

The Group operates in a single geographical region (the UK) and hence all revenues are impacted by the same economic factors.

'Retro' payments and listing fees are spread over the life of the contract. The income is recognised as a credit within cost of sales. Revenue is shown net of value added tax, returns and discounts.

Customer deposits received in advance of events and bookings are recorded as deferred revenue on the balance sheet. They are recognised as revenue along with any balancing payment from the customer when the associated event / booking occurs.

2.6. Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants that are receivable as compensation for losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. This income is recognised within Other income. Where the income relates to a distinct identifiable expense, the income is offset against the relevant expense for example, income received under the Coronavirus Job Retention Scheme has been offset against staff costs.

2.7. Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8. Intangible assets goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the identifiable assets and liabilities of the acquiree at the date of acquisition.

Goodwill is not subject to amortisation and is tested annually for impairment, or more frequently if events or changes in circumstances indicated that they may be impaired.

2.9. Intangible assets – trademarks, licenses and brands

Separately acquired trademarks and licences are shown at historical cost. Trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses.

Intangible assets acquired as part of a business combination are only recognised separately from goodwill when they arise from contractual or other legal rights, are separable, the expected future economic benefits are probable and the cost or value can be measured reliably.

Asset class	Amortization method and rate
Trademarks	10%- straight-line
Licenses	Straight line over the life of the lease
Brand	Straight-line over the expected useful economic life of the brand being 7.5 to 10 years

2.10. Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold building improvements	– straight-line over the life of the lease
Plant and machinery	– 25% straight-line
Fixtures and fittings	– 25% straight-line
Computer equipment	– 33% straight-line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Consolidated Statement of Comprehensive Income.

2.11. Inventories

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price. The impairment loss is recognised immediately in profit or loss.

2.12. Impairment

Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicated that it might be impaired. Goodwill is not allocated to individual cash generating units ("CGUs") but to a group of CGUs encompassing all bars operating under certain brands, including any additional new sites. The brands that make up that group of CGUs is defined by the original acquisition group.

The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

2.13. Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Payments taken from customers on debit and credit cards for which cash remains outstanding at any reporting date ("cash in transit") are recognised as trade receivables. The trade receivable is converted to cash within 3 days of processing. The Directors view these trade receivables as cash when monitoring cash flows and forecasts internally.

2.14. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition

The Group initially recognises trade receivables, trade payables, deposits, loans and borrowings on the date on which they are originated. All other instruments are recognised on the trade date, which is the date on which the Group becomes party to the contractual provisions of the instrument.

All financial instruments are recognised initially at fair value plus or minus, in the case of assets not at fair value through the Statement of comprehensive income, transaction costs that are attributable to the acquisition of the financial asset or liability.

Financial assets

The Group financial assets are measured at amortised cost.

A financial asset is measured at amortised cost when assets that are held for collection of contractual cash flows and where those cash flows represent solely payments of principal and interest. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on de-recognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade and other receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Payments taken from customers on debit and credit cards for which cash remains outstanding at any reporting date ("cash in transit") are recognised as trade receivables. The trade receivable is converted to cash within 3 days of processing.

Impairment losses are presented as separate line item in the statement of profit or loss.

The Group assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade and other receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Loss allowances for expected credit loss ("ECLs") are presented in the statement of financial position as a deduction from the gross carrying amount of the assets. In the profit or loss, the amount of ECL is recognised as an Impairment gain or loss.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial liabilities

Financial liabilities are classified as financial liabilities at fair value through profit or loss or as financial liabilities measured at amortised cost, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

The Group's financial liabilities include trade and other payables, loans and borrowing and other financial liabilities and accrued liabilities that are classified as measured at amortised cost.

Short-term creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest rate method.

Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses arising on the repurchase, settlement or cancellation of liabilities are recognised respectively in interest and other revenues and finance costs. For substantial and non-substantial modifications the Group derecognises a financial liability from the statement of financial position when the obligation specified in the contract or arrangement is discharged, cancelled or expires.

2.15. Leased assets

Under IFRS 16, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Unless the Group is reasonably certain to obtain ownership of the leased assets at the end of the lease term, the recognised right-of-use assets are depreciated over the shorter of its estimated useful life and lease term. Right-of-use assets are subject to impairment testing as described further in Note 15. At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification or a change in the lease term. The Group applies the short-term lease recognition exemption to its short-term leases of equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense in the Statement of Comprehensive Income.

At the reporting date the Group has applied the practical relief available during the Covid-19 pandemic, which provides lessees with relief from applying lease modification accounting to Covid-19 related rent concessions.

For leases acquired as part of a business combination the lease liability is measured at the present value of the remaining lease payments at the acquisition date with the right of use asset being measured at the same value. The discount rate applied to the remaining lease payments is the incremental borrowing rate of the acquiree.

2.16. Pensions

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in the Consolidated Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

2.17. Provisions

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Consolidated Statement of Comprehensive Income in the period that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.18. Share based payments

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 26.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting year, based on the Group's estimate of equity instruments that will eventually vest. At each balance sheet date, the Group revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserve.

2.19. Current and deferred taxation

The tax expense for each reporting period comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same tax authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.20. Related party transactions

The Group discloses transactions with related parties which are not consolidated and not wholly owned within the Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the Directors, separate disclosure is necessary to understand the effect of the transactions on the Group Financial Statements.

2.21. New standards, amendments and interpretations adopted

The Group has applied the same accounting policies and methods of computation in its Financial Statements as in the prior period.

There are a number of standards, amendments to standards, and interpretations, which have been issued by the IASB that are effective in future accounting periods that the group has decided not to adopt early.

The following amendments are effective for the period beginning on or after 1 January 2023:

- Definition of Accounting Estimate (Amendments to IAS 8)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Classification of liabilities as current or non-current (amendments to IAS 1).

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument. The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022. However, in May 2020, the effective date was deferred to annual reporting periods beginning on or after 1 January 2023.Nightcap Plc is currently assessing the impact of these new accounting standards and amendments. The Group does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities.

Other

The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the group.

The following is a list of other new and amended standards which, at the time of writing, had been issued by the IASB but which are effective in future periods. The amount of quantitative and qualitative detail to be given about each of the standards will depend on each entity's own circumstances.

- IFRS 17 Insurance Contracts (effective 1 January 2023)- in June 2020, the IASB issued amendments to IFRS 17, including a deferral of its effective date to 1 January 2023.
- Deferred tax related to assets and liabilities arising from a single transaction (Amendments to IAS 12 Income taxes- effective 1 January 2023).
- Lease liability in a Sale and Leaseback (Amendments to IFRS 16- effective 1 January 2024).

3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

The preparation of consolidated financial information in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates and underlying assumptions are reviewed on an on-going basis and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Although these judgements, estimates and associated assumptions are based on management's best knowledge of current events and circumstances, the actual results may differ. Revisions to accounting estimates are recognised in the period in which the revision takes place and in any future periods affected.

The key assumptions concerning the future and other key sources of estimation and uncertainty at the date of the statement of financial position that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial period are set out below.

The Directors consider the principal judgements made in the Financial Statements to be:

KEY JUDGEMENTS

Operating Segments

The Directors have taken a judgement that individual bars meet the aggregation criteria in IFRS 8 and hence have concluded that the Group only has a single reporting segment, as discussed in Note 4.

Determining the rate used to discount lease payments

At the commencement date of property leases the lease liability is calculated by discounting the lease payments. The discount rate used should be the interest rate implicit in the lease. However, if that rate cannot be readily determined, which is generally the case for property leases, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. As the Group has external borrowings, judgement is required to compute an appropriate discount rate which was calculated based on UK bank borrowings and adjusted by an indicative credit premium that reflects the credit risk of the Group. The weighted average discount rate applied to those leases that pre-dated the Group's IPO was 4.75%. Leases entered into post IPO have been discounted with a weighted average discount rate of 4.25%. For the lease liabilities at 3 July 2022 a 0.1% increase in the discount rate used would have reduced the total liabilities by £218,000.

Consolidation of Waterloo Sunset Limited

Waterloo Sunset Limited ("Waterloo Sunset") is a subsidiary that runs and operates the Bar Elba bar in Waterloo, London. The Group has a 50% economic interest in Waterloo Sunset with each partner holding 50% of the voting rights. The Group maintains an agreement to operate Waterloo Sunset and charges a management fee of 10% to Waterloo Sunset.

The Directors have determined that the Company exerts significant influence and control because it has the power to direct all significant activities of Waterloo Sunset and has a higher economic interest in it as compared to its unrelated venture partner, and as a result consolidates Waterloo Sunset in these financial statements with a 50% non-controlling interest representing the 50% of the equity the Group does not own.

Exceptional items

Exceptional items are those where, in management's opinion, their separate reporting provides a better understanding of the Group's underlying business performance; and which are significant by virtue of their size and nature. In considering the nature of an item, management's assessment includes, both individually and collectively, whether the item is outside the principal activities of the business; the specific circumstances which have led to the item arising; the likelihood of recurrence; and if the item is likely to recur, whether it is unusual by virtue of its size.

No single criterion classifies an item as exceptional, and therefore management must exercise judgement when determining whether, on balance, presenting an item as exceptional will help users of the financial statements understand the Group's underlying business performance.

Valuation of intangible assets and goodwill

Allocation of the purchase price affects the results of the Group as finite lived intangible assets are amortized, whereas indefinite lived intangible assets, including goodwill, are not amortized and could result in differing amortisation charges based on the allocation to indefinite lived and finite lived intangible assets.

During the period, the Group acquired the businesses known as the Barrio Familia Group for total consideration of £5.6m. Details of the acquisition is set out in Note 32. 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 two 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. Further information is provided in Notes 14 and 32.

Valuation of intangible assets and goodwill

The amount of goodwill initially recognised as a result of a business combination is dependent on the allocation of the purchase price to the fair value of the identifiable assets acquired and the liabilities assumed. The determination of the fair value of the assets and liabilities is based, to a considerable extent, on management's judgement.

Key Estimates

Impairment of non current assets

Annually, the Group considers whether non current assets are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates and the longer term growth rate in order to calculate the net present value of those cash flows. Individual bars are viewed as separate CGUs in respect of the impairment of property, plant and equipment. Details of the sensitivity of the estimates used in the impairment exercise are provided in Notes 14 and 15.

Forecast business cashflows

For purposes of the going concern assessment and as an input into the impairment assessment, the Group make estimates of likely future cash flows which are based on assumptions given the uncertainties involved. The assumptions include timings for new sites commencing to trade, performance and growth of existing bars, capital expenditure, cost of labour and supplies and working capital movements. These assumptions are made by management based on recent performance and management's knowledge and expertise of the cashflow drivers

Share-based payments

The charge for share based payments in respect of the Nightcap plc Share Option Plan is calculated in accordance with the methodology described in Note 26. The model requires subjective assumptions to be made including the future volatility of the Company's share price, expected dividend yield, risk-free interest rates, expected time of exercise and employee attrition rates. Changes in such estimates may have a significant impact on the original fair value calculation at the date of grant and therefore the share based payments charge.

Amortisation of intangible assets

Amortisation is recorded to write down intangible assets to a residual value of nil over their useful economic lives (UELs). Management must therefore estimate the appropriate UELs to apply to each class of intangible asset. Changes in the estimated UELs would alter the amount of amortisation charged each year, which could materially impact the carrying value of the assets in question over the long term. UELs are therefore reviewed on an annual basis to ensure that they are in line with policy and that those policies remain appropriate.

4. SEGMENTAL REPORTING

The Group's continuing operating businesses are organized and managed as reportable business segments according to the information used by the Group's Chief Operating Decision maker ("CODM") in its decision making and reporting structure. The CODM is regarded as the Chief Executive together with other Board Members who receive financial information at a bar-by-bar level.

The Group's internal management reporting is focused predominantly on revenue and adjusted EBITDA, as these are the principal performance measures and drive the allocation of resources. The CODM receives information by trading venue, each of which is considered to be an operating segment. All operating segments have similar characteristics and, in accordance with paragraph 12 of IFRS 8, are aggregated to form an 'Ongoing business' reportable segment. Economic indicators assessed in determining that the aggregated operating segments share similar economic characteristics include expected future financial performance, operating and competitive risks and return on investment. These common risks include, but are not limited to, Covid-19, cost inflation, recruitment and retention, Brexit and supply chain disruption, consumer confidence, availability of new sites, health and safety and food and drink safety, These risks are discussed in more detail in the "Principal Risks and Uncertainties" section of this Annual Report. The risks are managed, discussed and monitored at a Board level across the Group.

The Group performs all its activities in the United Kingdom. All the Group's non-current assets are located in the United Kingdom. Revenue is earned from the sale of drink and food with a small amount of admission income.

Revenue
Revenue arises from the sale of food and drink to customers in the Group's bars for which payment in cash or cash equivalents is received immediately. The Group operates in a single geographical region (the UK) and hence all revenues are impacted by the same economic factors. Accordingly, revenue is presented as a single category and further disaggregation is not appropriate or necessary to gain an understanding of the risks facing the business.

5. OTHER INCOME

	53 weeks ended 03 July 2022 £'000	52 weeks ended 27 June 2021 £'000
Business interruption insurance proceeds - COVID related	10	250
Government grants	155	316
	165	566

6. OPERATING PROFIT

The operating profit is stated after charging/ (crediting):

	Note	53 weeks ended 03 July 2022 £'000	52 weeks ended 27 June 2021 £'000
Profit / (loss) from operations is stated after charging:			
Share based payments	7, 26	345	135
Shared based payments relating to Adventure Bar Group acquisition	7	–	3,688
Depreciation of tangible fixed assets	15	1,707	567
Depreciation of right of use assets	16	2,224	691
Amortisation of intangible assets:			
– Trademarks	14	21	2
– Brands	14	528	49
Auditors' remuneration			
– for statutory audit services		106	70
– for other assurance services		25	191
– for tax compliance services		–	1
– for tax advisory services		–	10
Exceptional costs	10	84	405
Acquisition related transaction costs	11	(866)	309
Pre-opening costs	12	442	–
Impairment of tangible fixed assets	15	47	–
Impairment of right of use asset	16	96	–

7. EMPLOYEES AND DIRECTORS

The average monthly number of employees, including the Directors, during the period was as follows:

	53 weeks ended 03 July 2022	52 weeks ended 27 June 2021
Management	49	27
Operations	510	326
	559	353

Staff costs were as follows:

	Note	53 weeks ended 03 July 2022 £'000	52 weeks ended 27 June 2021 £'000
Wages and salaries		11,549	3,077
Social security costs		1,156	313
Defined contribution pension costs		128	35
Other employment costs		109	66
		12,942	3,491
Coronavirus Job Retention Scheme grants		–	(729)
		12,942	2,762
Share based payments	26	345	135
Shared based payments relating to Adventure Bar Group acquisition		–	3,688
Total share based payment expense		345	3,824
		13,287	6,586

All of the Group's employees were based in the United Kingdom in the current and prior periods.

The following table shows a breakdown of the remuneration of individual Directors who served in all or part of the period.

Name	Salary and Fees £'000	Annual Bonus £'000	Transaction Related Bonus £'000	Pension Contribution £'000	Total £'000
Sarah Willingham-Toxvaerd	225	225	–	11	461
Toby Rolph	138	138	–	7	282
Michael Willingham-Toxvaerd	113	–	100	6	218
Gareth Edwards	63	–	–	–	63
Tobias Van der Meer	–	–	–	–	–
Thi-Hanh Jelf	25	–	–	–	25
Lance Moir	25	–	–	–	25
Total	588	363	100	24	1,074

Further information in respect of Directors' remuneration is provided in the Remuneration Committee Report.

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including the directors of the company listed above.

	53 weeks ended 03 July 2022 £'000	52 weeks ended 27 June 2021 £'000
Key management emoluments	1,617	967
Pension contribution	25	14
	1,642	981

8. FINANCE COSTS

	Note	**53 weeks ended 03 July 2022 £'000**	52 weeks ended 27 June 2021 £'000
Interest on bank overdrafts and loans		252	110
Interest on lease liabilities	21	917	297
		1,169	408

9. TAX (CREDIT) / CHARGE ON LOSS

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

	Note	**53 weeks ended 03 July 2022 £'000**	52 weeks ended 27 June 2021 £'000
Taxation (credited) to the income statement			
Current income taxation		131	19
Adjustments for current taxation of prior periods		(54)	–
Total current income taxation		77	19
Deferred Taxation			
Origination and reversal of temporary timing differences			
Current period		(372)	(304)
Adjustments in respect of prior periods		56	(3)
Adjustment in respect of change of rate of corporation tax		(23)	256
Total deferred tax	25	(339)	(51)
Total taxation credit in the consolidated income statement		(262)	(32)
The above is disclosed as:			
Income tax (credit) - current period		(264)	(29)
Income tax charge / (credit) - prior period		2	(3)
		(262)	(32)

	53 weeks ended 03 July 2022 £'000	52 weeks ended 27 June 2021 £'000
Factors affecting the tax credit for the period		
Profit / (loss) before tax	238	(5,296)
At UK standard rate of corporation taxation of 19% (2021: 19%)	45	(1,006)
Income not assessable for tax purposes	(231)	(13)
Expenses not deductible for tax purposes	14	924
Share scheme deductions	–	(21)
Fixed asset differences	(33)	42
Timing differences on leases	34	(114)
Movement in unrecognised deferred tax	23	(97)
Adjustments to current tax charge in respect of prior periods	(54)	–
Adjustments to deferred tax charge in respect of prior periods	56	(3)
Adjustment in respect of change of rate of corporation tax	(117)	256
Total tax credit for the period	(262)	(32)

10. EXCEPTIONAL ITEMS

	53 weeks ended 03 July 2022 £'000	52 weeks ended 27 June 2021 £'000
Included in administrative expenses:		
Reorganisation costs	84	–
IPO related transaction costs	–	238
Corporate finance fees	–	168
	84	405

In the 53 weeks ended 3 July 2022, reorganisation costs were incurred in relation to the restructuring and reorganisation of certain employees in the Group.

The IPO related transaction costs in the 52 weeks ended 27 June 2021 relate to the IPO and reverse acquisition of The Cocktail Club which completed on 13 January 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.

11. ACQUISITION RELATED TRANSACTION COSTS

	Note	53 weeks ended 03 July 2022 £'000	52 weeks ended 27 June 2021 £'000
Acquisition related transaction costs		352	309
ABG contingent consideration		(1,218)	–
	2.4	(866)	309

The acquisition related transaction costs in the 53 weeks ended 3 July 2022 relate to costs incurred directly in connection with the acquisition of Barrio Familia Limited. For the 52 weeks ended 27 June 2021 these costs relate to the acquisition of Adventure Bar Group on 14 May 2021.

The acquisition of Adventure Bar Group in May 2021 included contingent deferred consideration to be settled with the issue of shares. Certain estimates had been used in valuing the consideration including share price volatility, enterprise value/EBITDA multiples, risk free rates and estimates on probabilities and timing for the satisfaction of the shares to be issued. In June 2022, the Group issued the shares relating to the deferred consideration and the difference between the issue price of 15.75p and the estimate used in the prior year to value the consideration has been taken as a gain to the Consolidated Statement of Comprehensive Income in accordance with IFRS 3.

12. PRE OPENING COSTS

	Note	53 weeks ended 03 July 2022 £'000	52 weeks ended 27 June 2021 £'000
Pre opening costs	2.4	442	–

13. 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 shares held pursuant to The Nightcap plc Share Option Plan. Further details of the share options that could potentially dilute basic earnings per share in the future are provided in Note 26.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potential dilutive ordinary shares. During the 53 weeks ended 3 July 2022 and the 52 weeks ended 27 June 2021 the Group had potentially dilutive shares in the form of unvested shares options pursuant to the above long-term incentive plan.

	53 weeks ended 03 July 2022 £'000	52 weeks ended 27 June 2021 £'000
Profit / (loss) for the period after tax for the purposes of basic and diluted earnings per share	114	(5,373)
Non-controlling interest	386	109
Taxation credit	(262)	(32)
Finance cost	1,169	408
Exceptional items	84	405
Acquisition related costs	(866)	309
Pre-opening costs	442	–
Share based payment charge	345	3,824
Impairment	143	–
Depreciation and amortisation	4,480	1,310
Profit for the period for the purposes of Adjusted EBITDA (IFRS 16) basic and diluted earnings per share	6,036	958
IAS 17 Rent charge	(2,727)	(777)
Profit for the period for the purposes of Adjusted EBITDA (IAS 17) basic and diluted earnings per share	3,309	181

	53 weeks ended 03 July 2022 Number	52 weeks ended 27 June 2021 Number
Weighted average number of ordinary shares in issue for the purposes of basic earnings per share	189,008,260	96,859,609
Effect of dilutive potential ordinary shares from share options	6,529,509	3,746,721
Weighted average number of ordinary shares in issue for the purposes of diluted earnings per share	195,537,769	100,606,330

	53 weeks ended 03 July 2022 pence	52 weeks ended 27 June 2021 pence
Earnings per share:		
Basic	0.06	(5.55)
Diluted	0.06	(5.55)
Adjusted EBITDA (IFRS 16) basic	3.19	0.99
Adjusted EBITDA (IFRS 16) diluted	3.09	0.95
Adjusted EBITDA (IAS 17) basic	1.75	0.19
Adjusted EBITDA (IAS 17) diluted	1.69	0.18

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.

14. INTANGIBLE ASSETS

	Trademarks and licenses £'000	Brand £'000	Total £'000	Goodwill £'000
(i) Cost or valuation				
At 28 June 2020	9	–	9	–
Additions	9	–	9	–
On acquisition - ABG	137	2,982	3,119	6,573
At 27 June 2021	155	2,982	3,137	6,573
At 28 June 2021	155	2,982	3,137	6,573
Additions	48	–	48	–
On acquisition - Barrio Familia Group (Note 32)	101	1,936	2,037	3,178
At 3 July 2022	304	4,918	5,222	9,751
(ii) Amortisation				
At 28 June 2020	2	–	2	–
Provided for the period	2	49	51	–
At 27 June 2021	4	49	53	–
At 28 June 2021	4	49	53	–
Provided for the period	21	528	549	–
On acquisition - Barrio Familia Group (Note 32)	16	–	16	–
At 3 July 2022	41	577	618	–
(iii) Net book value				
At 28 June 2020	7	–	7	–
At 27 June 2021	151	2,933	3,084	6,573
At 3 July 2022	263	4,341	4,604	9,751

Goodwill of £3,178,000 arose on the acquisition of Barrio Familia Group in November 2021 – see Note 32 (27 June 2021 - £6,573,000 arose on the acquisition of the Adventure Bar Group).

Goodwill is not amortised, but an impairment test is performed annually by comparing the carrying amount of the goodwill to its recoverable amount. The recoverable amount is represented by the greater of the business's fair value less costs of disposal and its value in use.

The value in use is calculated based upon the Group's latest five-year forecast to June 2027, incorporating the impact of the Covid-19 lockdown and assumptions concerning the rate at which business unit level cash flows will recover and ongoing capital expenditure. The value in use calculations use an annual growth rate of 2% in the initial period. The discount rate used to determine the present value of projected future cash flows is based on the Group's Weighted Average Cost of Capital ("WACC") and the Group's current view of achievable long-term growth. The pre-tax discount rate and terminal growth rate used in the discounted cash flow model were 13% and 2% respectively.

The estimation of value in use involves significant judgement in the determination of inputs to the discounted cash flow model and is most sensitive to changes in future cash flows, discount rates and terminal growth rates applied to cash flows beyond the forecast year. The sensitivity of key inputs and assumptions used was tested by recalculating the recoverable amount using reasonably possible variances to those assumptions. The discount rate was increased by 1%, the terminal growth rate was decreased by 1%, and future cash flows were reduced by 20%. As at 3 July 2022, no reasonably possible change in an individual key input or assumption, as described, would result in the carrying amount exceeding its recoverable amount based on value in use.

15. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements £'000	Plant and computer equipment £'000	Furniture, fixtures and fittings £'000	Computer equipment £'000	Total £'000
(i) Cost or valuation					
At 28 June 2020	1,715	1,751	200	1	3,668
Additions	214	184	100	13	511
On acquisition - ABG	2,004	181	514	147	2,845
At 27 June 2021	3,933	2,115	814	161	7,023
At 28 June 2021	3,933	2,115	814	161	7,023
Additions	3,939	1,405	887	–	6,231
On acquisition - Barrio Familia Group (Note 32)	1,835	775	1,050	–	3,661
Reclassification	–	134	27	(161)	–
Impairment	(27)	(19)	–	–	(47)
At 3 July 2022	9,680	4,411	2,778	–	16,869
(ii) Amortisation					
At 28 June 2020	539	819	90	1	1,448
Provided for the period	231	286	45	5	567
On acquisition - ABG	957	157	260	85	1,460
At 27 June 2021	1,728	1,263	395	90	3,476
At 28 June 2021	1,728	1,263	395	90	3,476
Provided for the period	573	742	392	–	1,707
On acquisition - Barrio Familia Group (Note 32)	1,029	698	850	–	2,577
Reclassification	–	85	6	(90)	–
At 3 July 2022	3,329	2,788	1,643	–	7,760
(iii) Net book value					
At 28 June 2020	1,177	931	111	1	2,220
At 27 June 2021	2,205	853	419	71	3,548
At 3 July 2022	6,351	1,623	1,136	–	9,109

Impairment of property, plant and equipment and right of use assets

The Group has determined that each business unit is a separate CGU for impairment testing purposes. Each CGU is tested for impairment at the balance sheet date if there exists at that date any indicators of impairment.

The value in use of each CGU is calculated based upon the Group's latest five-year forecast. The business unit cash flows include an allocation of central costs and ongoing capital expenditure. Cash flows beyond the initial FY22/23 budget period are extrapolated using the Group's estimate of the long-term growth rate, currently 2%.

The key assumptions in the value in use calculations are the like-for-like sales projections for each bar, changes in the operating cost base, the long-term growth rate and the pre-tax discount rate. The pre-tax discount rate is derived from the Group's WACC and is currently 13%.

The cash flows used within the impairment model are based upon assumptions which are sources of estimation uncertainty. Management has performed sensitivity analysis on the key assumptions in the impairment model using reasonably possible changes in the key assumptions. A reduction in cash flows of 20% in each year does not result in any additional impairment charge. A 100 basis point increase in the discount rate does not result in any additional impairment charge and a 50 basis point reduction in the terminal growth rate does not result in any additional impairment charge.

16. RIGHT OF USE ASSETS

	Right of use assets £'000
(i) Cost	
At 28 June 2020	6,065
Revaluations	(4)
On acquisition - ABG	9,431
At 27 June 2021	15,491
At 28 June 2021	15,491
Additions	10,070
Impairment	(96)
On acquisition - Barrio Familia Group (Note 32)	5,265
At 3 July 2022	30,730
(ii) Depreciation	
At 28 June 2020	1,353
Provided for the period	691
At 27 June 2021	2,045
At 28 June 2021	2,045
Provided for the period	2,224
At 3 July 2022	4,269
(iii) Net book value	
At 28 June 2020	4,711
At 27 June 2021	13,447
At 3 July 2022	26,462

Revaluations in the period to 27 June 2021 are as a result of rent reviews and lease extensions.

17. INVENTORIES

	03 July 2022 £'000	27 June 2021 £'000
Food, beverage and consumables	554	329

There is no material difference between the replacement cost of inventories and the amounts stated above. Inventories are charged to cost of sales in the consolidated statement of comprehensive income.

18. TRADE AND OTHER RECEIVABLES

	03 July 2022 £'000	27 June 2021 £'000
Included within Current assets		
Trade receivables	981	191
Other receivables	50	13
Prepayments and accrued income	974	601
	2,005	804
Included within Non-current assets		
Other receivables - rent deposits	699	271

Included within trade receivables is £649,000 relating to credit card receivables (Note 2.13).

Receivables are denominated in Sterling.

The Group held no collateral against these receivables at the balance sheet dates. The Directors consider that the carrying amounts of receivables are recoverable in full and that any expected credit losses are immaterial.

At each period end, there were no overdue receivable balances.

19. CASH AND CASH EQUIVALENTS

	03 July 2022 £'000	27 June 2021 £'000
Cash at bank and in hand	5,353	13,187

Cash and cash equivalents comprise cash at bank and in hand. The fair value of cash and cash equivalents is the same as the carrying value.

20. TRADE AND OTHER PAYABLES

	03 July 2022 £'000	27 June 2021 £'000
Trade payables	2,841	2,741
Social security and other taxes	1,272	301
Corporation tax	423	344
Other payables	370	2,989
Accruals and deferred income	2,983	2,254
	7,889	8,628

Trade payables were all denominated in Sterling and comprise amounts outstanding for trade purchases and ongoing costs and are non-interest bearing.

The Directors consider that the carrying amount of trade payables approximate to their fair value.

Included within other payables is £nil (27 June 2021 - £2,343,000) relating to the valuation in connection with the contingent deferred consideration shares relating to the Adventure Bar Group acquisition – see Note 11.

21. LEASES

This note provides information for leases where the Group is the lessee.

The Group leases the entire The Cocktail Club, Adventure Bar Group and Barrio Familia Group estates as well as its Head Office. The leases are non-cancellable operating leases with varying terms, escalation clauses and renewal rights and in some cases include variable payments that are not fixed in amount but based upon a percentage of sales. Lease agreements are typically made for fixed years of between 5 and 25 years. At year end the weighted average lease term remaining is 14 years (27 June 2021 – 12 years).

In accordance with IFRS 16, leases of property, plant and equipment are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable, and
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

	Lease liability £'000
At 28 June 2020	5,228
On acquisition - ABG	9,431
Interest expense	297
Lease payments	(1,041)
Revaluations	(11)
At 27 June 2021	13,903
At 28 June 2021	13,903
Additions	10,070
On acquisition - Barrio Familia Group (Note 32)	5,265
Interest expense	917
Lease payments	(2,528)
At 3 July 2022	27,627

In accordance with Covid-19-Related Rent Concessions – Amendment to IFRS 16 Leases (the 2020 amendment), where leases have been renegotiated as a result of Covid-19 the gain has been taken to the income statement. In applying this amendment, the company has taken into consideration the conditions described in IFRS 16 paragraph 46B.

Revaluations in the period to 27 June 2021 are a result of rent reviews and lease extensions.

	03 July 2022 £'000	27 June 2021 £'000
Lease liability:		
Current	2,374	1,441
Non-current	25,254	12,463
	27,627	13,903

Amounts recognised in the consolidated statement of comprehensive income

	03 July 2022 £'000	27 June 2021 £'000
Depreciation charge of right of use assets	2,224	691
Interest expense (included in finance cost)	917	297

22. BORROWINGS

	03 July 2022 £'000	27 June 2021 £'000
Short-term borrowing		
Secured bank loans	793	1,424
Unsecured bank loan	7	35
	800	1,459

	03 July 2022 £'000	27 June 2021 £'000
Long term borrowings		
Secured bank loans	4,723	3,256
	4,723	3,256

Secured bank loans

During the 53 weeks ended 3 July 2022, the Group had six loans with Barclays bank of which £958,329 remained outstanding at 3 July 2022. Loans one to five bore an interest rate of 5.75 per cent. (4.5 per cent. + Base Rate). Loan six bore an interest rate of 4.25 per cent. (3 per cent.+ Base Rate). All six loans were secured by a debenture on LCC's assets.

The maturity of the loans is set out below:

	Maturity	Rate %	03 July 2022 £'000	27 June 2021 £'000
Barclays bank loans				
Secured bank loan 1	2024	5.75	100	148
Secured bank loan 2	2024	5.75	87	154
Secured bank loan 3	2025	5.75	174	221
Secured bank loan 4	2025	5.75	123	167
Secured bank loan 5	2025	5.75	151	201
Secured bank loan 6	2025	4.25	324	435
			958	1,327

During the 53 weeks ended 3 July 2022, the Group had two loans with Oaknorth Bank of which £3,003,000 (gross of debt issue costs of £70,000) remained outstanding at 3 July 2022 (27 June 2021 - £3,003,000). The loans bore a cash interest rate of 3.49% and 3.88% respectively. The interest rate was based on a margin of 1.24% and 1.63% over Bank of England base rate plus a 1% British Business Bank fee. There was a floor of 0.71% below which the rate could not fall. Both loans were secured by a debenture on ABG's assets. In addition to the cash interest rate, both loans bore PIK interest at a rate of 1.25%. The PIK interest accrued is convertible into ordinary 1p shares of the Company at price equal to 21p. The PIK interest is convertible at any time after 12 May 2021 and in any event within 24 months of the earlier to occur of either:

(a) repayment of all outstanding amounts of principal and interest on the Oaknorth loans

(b) the maturity date of the Oaknorth loans

(c) the occurrence of an event of default; or

(d) a change of control

	Maturity	Rate %	**03 July 2022 £'000**	27 June 2021 £'000
Oaknorth bank loans				
Oaknorth Secured bank loan 1	2024	3.49	1,028	1,028
Oaknorth Secured bank loan 2	2024	3.88	1,975	1,975
			3,003	3,003

The Group had a CBILS loan with NatWest of which £263,000 remained outstanding at 3 July 2022 (27 June 2021 - £350,000). The loan bore an interest rate of 3.87%. The interest rate was based on a margin of 2.62% over Bank of England base rate. The loans were secured by a debenture on ABG's assets.

	Maturity	Rate %	**03 July 2022 £'000**	27 June 2021 £'000
Natwest CBILs				
NatWest Secured bank loan 3	2024	3.87	263	350

The Group had a loan with Natwest of which £286,000 (gross of debt issue costs of £5,000) remained outstanding at 3 July 2022. The loans bore a fixed interest rate of 5.08%. The loan was secured by a debenture on Barrio Bars' assets.

	Maturity	Rate %	**03 July 2022 £'000**
Barrio Bars bank loan			
Natwest Secured bank loan 1	2025	5.08	286

The Group had a CBILS loan with NatWest of which £1,080,000 remained outstanding at 3 July 2022. The loan bore an interest rate of 4.64%. The interest rate was based on a margin of 3.39% over Bank of England base rate. The loan was secured by a debenture on Barrio Bars' assets.

	Maturity	Rate %	**03 July 2022 £'000**
Natwest Secured bank loan 2	2026	4.64	1,080

Unsecured bank loan

The Group has an unsecured bank loan with Paragon Banking Group plc which bears an interest rate of 12.5%. The balance due at 3 July 2022 was £7,000 (27 June 2021 was £35,000).

Since the year-end, the Group has refinanced its borrowings from three individual lenders under multiple tranches with new debt facilities from HSBC Bank to provide support to the business as we execute on the roll out strategy. The new £10m HSBC facility, replaces £5.5m of legacy debt that we acquired from acquisitions, which had a blended interest margin of 4%, with the new facility bearing a margin of 3% above SONIA on the £3m term loan and 3.25% above SONIA on the £7m Revolving Credit Facility. The remaining £4.5m of new debt facility is to support the fit out of the new sites that we have in the pipeline for 2022-23. The Group has taken out an interest rate cap on its reference base rate at 3% on £8m out of £10m of its HSBC facility.

On 14 May 2021 the Group acquired the Adventure Bar Group. As part of the acquisition the Group assumed certain loans from Oaknorth Bank to the Adventure Bar Group. These loans were repaid to Oaknorth as part of the Group's post period end August 2022 bank refinancing (which was announced on 17 August 2022). A material part of the Adventure Bar Group's cash was held by Bar Elba, which is part of the Adventure Bar Group, but was not part of Oaknorth's security package. During the bank refinancing process, the Adventure Bar Group obtained a waiver from Oaknorth in June 2022 in relation to its minimum cash holding covenant.

23. PROVISIONS

	Dilapidations provisions £'000
At 28 June 2020	–
On acquisition - ABG	150
At 27 June 2021 and 28 June 2021	150
On acquisition - Barrio Familia Group (Note 32)	216
At 3 July 2022	366

24. FINANCIAL INSTRUMENTS

The Group is exposed to the risks that arise from its use of financial instruments. Derivative instruments may be transacted solely for risk management purposes. The management consider that the key financial risk factors of the business are liquidity risks, interest rate risk and market risks. The Group operates solely within the UK and therefore has limited exposure to foreign exchange risk. The Group's exposure to credit risk is limited due to insignificant receivables balances.

This note describes the objectives, policies and processes of the Group for managing those risks and the methods used to measure them.

Interest rate risk

The Group is exposed to cash flow interest rate risk from long-term borrowings at variable rates.

Given the turbulent nature of inflation and its link to interest rates as a key tool of the Bank of England to control inflation, the Group has since the year end hedged over 80% of its debt interest costs for three years by taking out an interest rate cap, so that there is certainty that whilst interest rates increase, the majority of our interest costs will be fixed based on the reference base rate at 3%.

Commodity price risk

The Group is exposed to movements in the wholesale prices of foods and drinks. Although the Group sources a majority of products in the UK there is a risk that disruption to supply caused by Brexit, the conflict in Ukraine or Covid-19 will cause a significant increase in wholesale food and drink prices. Prices for drinks typically rise once a year to provide short term protection to the Group. The Group benchmarks and verifies any potential cost changes from suppliers and also has the ability to flex its offering to customers to mitigate specific product related cost pressures.

Liquidity risk

The Group's primary objective is to ensure that it has sufficient funds available to meet its financial obligations as they fall due. Following the Company's IPO in January 2021, the placement of additional shares in May 2021 and the post year end refinance with HSBC Bank (Note 34), the Group believes it has sufficient liquidity, along with a cash generative business model.

Capital risk

The Group manages its capital to ensure it will be able to continue as a going concern while maximising the return to shareholders through optimising the debt and equity balance.

The Group monitors cash balances and prepares regular forecasts, which are reviewed by the board. In order to maintain or adjust the capital structure, the Group may, in the future, issue new shares for future acquisition opportunities. Further details are provided in the Company's AIM Admission document available at www.nightcapplc.com.

Financial assets and liabilities

Financial assets and liabilities consist of the following:

	03 July 2022 £'000	27 June 2021 £'000
Financial Assets at amortise cost		
Trade receivables	981	191
Cash and cash equivalents	5,353	13,187
	6,334	13,378
Financial liabilities at amortised cost		
Trade payables	2,841	2,741
Borrowings	5,523	4,714
	8,364	7,455

There are no material differences between the carrying values of financial assets and liabilities held at amortised cost and their fair values.

Maturity analysis

The maturity analysis table below analyses the Group's contractual undiscounted cash flows for the Group's financial liabilities:

	Less than 1 year £'000	1 – 2 years £'000	2 – 3 years £'000	3 – 4 years £'000	4 – 5 years £'000	More than 5 years £'000	Total £'000
03 July 2022							
Secured bank loans	793	3,712	591	299	120	–	5,515
Other loans	7	–	–	–	–	–	7
Trade and other payables	2,841	–	–	–	–	–	2,841
	3,641	3,712	591	299	120	–	8,364
27 June 2021							
Secured bank loans	1,424	117	3,120	19	–	–	4,679
Other loans	35	–	–	–	–	–	35
Trade and other payables	2,741	–	–	–	–	–	2,741
	4,200	117	3,120	19	–	–	7,455

The maturity profile of the Group's lease liabilities as at 3 July 2022 was as follows:

	03 July 2022 £'000	27 June 2021 £'000
Within one year	3,563	2,026
In more than one year but less than two years	3,200	1,876
In more than two years but less than three years	2,816	1,823
In more than three years but less than four years	2,691	1,464
In more than four years but less than five years	2,664	1,320
In more than five years	22,463	9,378
	37,397	17,888
Effects of discounting	(9,769)	(3,985)
Lease liabilities	27,627	13,903

There are no committed lease liabilities not yet commenced at 3 July 2022.

25. DEFERRED TAXATION

	Fixed asset timing differences £'000	Losses £'000	Acquisition accounting £'000	Share Schemes £'000	Other £'000	Total £'000
At 28 June 2020	115	(16)	–	–	(7)	92
Arising on acquisition – ABG	39	(164)	831	–	–	706
Recognised in income statement	(102)	(171)	(9)	(24)	(2)	(307)
Change in deferred tax rate	(6)	–	262	–	–	256
Recognised in equity	–	–	–	(81)	–	(81)
At 27 June 2021	46	(350)	1,084	(105)	(8)	667
On acquisition – Barrio Familia Group (Note 32)	(48)	–	593	–	–	545
Recognised in income statement (Note 9)	(180)	–	(159)	–	–	(339)
Recognised in equity	–	–	–	18	–	18
At 3 July 2022	(182)	(350)	1,518	(86)	(8)	891

26. SHARE BASED PAYMENTS

The Group currently uses one equity settled share plan to incentivise its Executive Directors and employees – The Nightcap plc Share Option Plan (the "Plan").

In accordance with IFRS 2 Share Based Payments, the value of the awards is measured at fair value at the date of the grant. The fair value is expensed on a straight-line basis over the vesting period, based on management's estimate of the number of shares that will eventually vest. The vesting period on the Plan is between 1 and 3 years with an expiration date of 10 years from the date of grant. Furthermore, share options are forfeited if the employee leaves the Group before the options vest unless forfeiture is waived at the discretion of the Board of Directors.

The Group recognised a total charge of £345,000 (52 weeks ended 27 June 2021 - £135,000) in respect of the Group's share based payment plans and related employer's national insurance of £(18,000) (52 weeks ended 27 June 2021 - £28,000).

	The Nightcap plc Share Option Plan Number
Granted during the period – January 2021	15,400,000
Granted during the period – May 2021	4,679,988
Outstanding at 27 June 2021	20,079,988
Outstanding at 28 June 2021	20,079,988
Granted during the period – November 2021	1,350,000
Granted during the period – March 2022	3,864,406
Lapsed / forfeited during the period	(1,790,169)
Outstanding at 3 July 2022	23,504,225

Nightcap Share Option Plan

The Nightcap plc Share Option Plan (the "Plan") is a discretionary executive and management share option plan. One-off Plan awards were granted at the time of the IPO, and subsequently post IPO. The vesting conditions of the Plan are set out in the Remuneration Committee report.

The fair value of the options granted in the period have been calculated using the Black Scholes option pricing model assuming the inputs shown below. The fair value of the option awards was estimated at the grant date taking into account the terms and conditions upon which the awards were granted. This model uses historic dividends and share price fluctuations to predict the distribution of relative share price performance. The shares are potentially dilutive for the purposes of calculating diluted earnings per share. The following assumptions were used:

	23 November 2021	**15 March 2022**
Number of options granted	1,350,000	3,864,406
Share price at date of grant (pence)	20	14.75
Exercise price (pence)	20	14.75
Option life in years	10 years	10 years
Risk free rate (%)	0.74%	1.44%
Expected dividend yield (%)	0.00%	0.00%
Fair value of options (pence)	7.56	5.92

The fair value of the options granted in the comparative period have been calculated using the Black Scholes option pricing model assuming the inputs shown below.

	13 January 2021	14 May 2021
Number of options granted	15,400,000	4,679,988
Share price at date of grant (pence)	10	25
Exercise price (pence)	10	15
Option life in years	10 years	10 years
Risk free rate (%)	0.05% to 0.11%	0.596%
Expected dividend yield (%)	0.00%	0.00%
Fair value of options (pence)	2.7p to 2.9p	8.8p

The weighted average exercise price for options outstanding at the year end was 14p (27 June 2021 – 13p).

27. CALLED-UP SHARE CAPITAL

	03 July 2022 £'000	27 June 2021 £'000
Allotted, called up and fully paid ordinary shares	1,983	1,855

	03 July 2022 Number	27 June 2021 Number
Ordinary shares at £0.01 each	198,300,657	185,475,192

The prior year share capital is presented as a continuation of the consolidated financial statements of The Cocktail Club on the basis that the share-for-share exchange had been accounted for in prior years.

The table below summarises the movements in share capital for Nightcap plc during the periods ended 3 July 2022 and 27 June 2021:

	Ordinary Shares Number of shares	Ordinary Shares £0.01 Nominal Value £'000	Ordinary Shares Share Premium £'000
At date of incorporation – 23 September 2020	2	0	–
Shares issued – 2 October 2020	24,999,999	250	250
Shares issued – 11 November 2020	14,880,000	149	595
Shares issued – 13 January 2021 on IPO	40,000,000	400	3,600
Transaction costs in connection with IPO	–	–	(629)
Share for share exchange – London Cocktail Club 13 January 2021	55,378,837	554	4,984
Shares issued in connection with Adventure Bar Group acquisition – 14 May 2021	4,761,905	48	1,143
Shares issued in connection with debt conversion – 14 May 2021	1,976,190	20	395
Shares issued in placing – 14 May 2021	22,437,502	224	4,936
Shares issued in placing – 3 June 2021	21,040,757	210	4,629
Transaction costs in connection with share placement	–	–	(637)
At 27 June 2021	185,475,192	1,855	19,267
Shares issued in connection with Barrio Bar Group acquisition - 21 November 2021	5,682,609	57	1,051
Shares issued in connection with Adventure Bar Group contingent consideration - 29 June 2022	7,142,856	71	1,054
At 3 July 2022	198,300,657	1,983	21,372

The Company was incorporated on 23 September 2020 with an issued share capital of £0.02 comprising two subscriber shares of £0.01 nominal value each, subscribed for at £0.01 each.

Since incorporation the following changes to the Company's share capital have taken place:

- On 2 October 2020, 24,999,999 Ordinary Shares were allotted at £0.01 per share for cash;
- On 11 November 2020, 14,880,000 Ordinary Shares were allotted at £0.05 per share, with gross proceeds of £744,000;
- On 13 January 2021, on IPO, the Company allotted a further 40,000,000 Ordinary Shares at £0.10, raising gross proceeds of £4,000,000 with associated transaction costs of £742,388;
- On 13 January 2021 the shareholders of The Cocktail Club exchanged their A Ordinary Shares in The Cocktail Club for Ordinary Shares of £0.01 in the Company. The share-for-share exchange resulted in the shareholders of The Cocktail Club receiving 55,378,837 Ordinary Shares in the Company;
- On 14 May 2021, the Company acquired the Adventure Bar Group for initial consideration comprising 4,761,905 Ordinary Shares;
- On 14 May 2021, the Company converted debt associated with the Adventure Bar Group acquisition into Ordinary Shares of the Company. In connection with the debt conversion the Company issued 1,976,190 Ordinary Shares at £0.21 per share;
- On 14 May 2021 and 3 June 2021, the Company placed 22,437,502 and 21,040,757 Ordinary Shares respectively at £0.23 per share, raising gross proceeds of £10,000,000 with associated transaction costs of £636,537.
- On 21 November 2022 the Company acquired the Barrio Familia Group for initial consideration comprising 5,682,609 Ordinary Shares
- On 29 June 2022 the Company issued 7,142,856 Ordinary shares in connection with the settlement of the contingent consideration arising from the Adventure Bar Group acquisition in May 2021.

28. EQUITY

The Group's Equity comprises the following:

Called-up share capital
Called-up share capital represents the nominal value of the shares issued.

Share premium account
The share premium account records the amount above the nominal value received for shares sold.

Share based payment reserve
The share option reserve represents the cumulative amounts charged to profit in respect of employee share option arrangements where the scheme has not yet been settled by means of an award of shares to an individual.

Reverse acquisition reserve
The reverse acquisition reserve arose on the share for share exchange between Nightcap plc and The Cocktail Club on 13 January 2021.

Retained earning
Retained earnings represents cumulative profits or losses, net of dividends paid and other adjustments.

Non-controlling interest
Non controlling interest represents the portion of equity ownership in a subsidiary's net assets not attributable to the parent company.

29. ANALYSIS OF CHANGES IN NET DEBT

	At 28 June 2020 £	Cash flows £	Acquisitions	Reclass long term to short term	Non cash movement £	At 27 June 2021 £
Cash in hand	264	12,266	657	–	–	13,187
Bank loans falling due within 1 year	(974)	106	–	(555)	–	(1,424)
Bank loans falling due greater than 1 year	(458)	1,291	(4,943)	555	300	(3,256)
Other loans falling due within 1 year	(26)	21	(115)	(30)	115	(35)
Other loans falling due greater than 1 year	(30)	–	–	30	–	–
Shareholder loans falling due within 1 year	(230)	230	–	–	–	–
Lease liabilities falling due within 1 year	(524)	744	–	(1,671)	11	(1,441)
Lease liabilities falling due greater than 1 year	(4,703)	–	(9,431)	1,671	–	(12,463)
Total debt	(6,946)	2,392	(14,489)	–	426	(18,617)
Net debt	(6,682)	14,658	(13,832)	–	426	(5,430)
Net (debt) / cash - pre IFRS 16 leases	(1,454)	13,914	(4,401)	–	415	8,473

	At 28 June 2021 £	Cash flows £	Acquisitions (Note 32)	Reclass long term to short term	Non cash movement £	**At 3 July 2022 £**
Cash in hand	13,187	(10,822)	2,988	–	–	5,353
Bank loans falling due within 1 year	(1,424)	914	(277)	(73)	67	(793)
Bank loans falling due greater than 1 year	(3,256)	–	(1,540)	73	–	(4,723)
Other loans falling due within 1 year	(35)	28	–	–	–	(7)
Shareholder loans falling due within 1 year	–	–	–	–	–	–
Lease liabilities falling due within 1 year	(1,441)	1,611	(421)	(2,124)	–	(2,374)
Lease liabilities falling due greater than 1 year	(12,463)	–	(4,845)	2,124	(10,070)	(25,254)
Total debt	(18,617)	2,553	(7,082)	–	(10,003)	(33,150)
Net debt	(5,430)	(8,270)	(4,094)	–	(10,003)	(27,797)
Net cash / (debt) - pre IFRS 16 leases	8,473	(9,881)	1,171	–	67	(170)

30. PENSION COMMITMENTS

	53 weeks ended 03 July 2022 £'000	52 weeks ended 27 June 2021 £'000
Pension cost	128	35

The following contributions were payable to the fund and are included in creditors:

	03 July 2022 £'000	27 June 2021 £'000
Pension contributions payable	44	16

31. RELATED PARTY TRANSACTIONS

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

	53 weeks ended 03 July 2022 £'000	52 weeks ended 27 June 2021 £'000
Purchase of inventories – D&H Spirits Limited	85	–
Purchase of inventories – CGCC Limited	41	–
Consultancy fees – Ferdose Ahmed	24	–
Consultancy fees – James Hopkins	24	–
Consultancy fees – PAF Ventures Limited	–	12
	174	12

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

	53 weeks ended 03 July 2022 £'000	52 weeks ended 27 June 2021 £'000
CGCC Limited – a company controlled by JJ Goodman	41	–
Ferdose Ahmed	24	–
James Hopkins	24	–
D&H Spirits Limited – a company co-controlled by James Hopkins	85	–
PAF Ventures Limited – a company controlled by Michael Willingham-Toxvaerd and Sarah Willingham-Toxvaerd	–	12
	174	12

Amounts owed to related parties were as follows:

	03 July 2022 £'000	27 June 2021 £'000
James Hopkins	2	–
	2	–

In May 2021, Mark Ward subscribed for 5,470,870 new ordinary shares in the Company, representing an amount of £1,258,300 at an issue price. At that point in time, Mr Ward held more than 10 per cent. of the Company's ordinary shares, so this subscription by him was deemed to be a related party transaction pursuant to Aim Rule 13 of the AIM Rules for Companies.

32. 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 £5,652,000 and profit before tax of £694,000 (in accordance with IFRS) to the consolidated Group for the period from 21 November 2021 to 3 July 2022.

	Book Value £'000	Fair Value Adjustments £'000	Fair Value £'000
Property, plant and equipment	1,084	–	1,084
Intangible assets	85	1,936	2,021
Right-of-use assets	5,265	–	5,265
Inventories	112	–	112
Receivables	931	-	931
Cash	2,988	–	2,988
Payables	(2,134)	–	(2,134)
Bank loans and borrowings	(1,816)	–	(1,816)
Lease liabilities	(5,265)	–	(5,265)
Provisions	(216)	–	(216)
Deferred tax liability	24	(569)	(545)
Total net assets acquired	1,058	1,367	2,425

Fair value of consideration paid	£'000
– Cash paid to vendor	4,495
– Consideration shares issued	1,108
Acquisition date fair value of the total consideration transferred	5,603
Goodwill (Note 14)	3,178

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.

The main factors leading to the recognition of goodwill are:

- The expected future benefit the Group expects from the roll out and growth of the existing bars
- The presence of certain intangible assets, such as the assembled workforce of the acquired entity, which do not qualify for separate recognition
- cost savings and synergies through better buying and enhancing the customer offering, which result in the Group being prepared to pay a premium, and
- The fact that a lower cost of capital is ascribed to the expected future cash flows of the entire operation acquired than might be to individual assets.

The goodwill recognised will not be deductible for tax purposes.

Acquisition costs of £352,000 arose as a result of the transaction (Note 11). These have been included as transaction related costs as part of administrative expenses in the statement of comprehensive income.

33. LEGAL ENTITIES

The following table presents the investments in which the Group owns a portion of the nominal value of any class of share capital:

Direct Subsidiary Holding	% Owned	Nature of Business
London Cocktail Club Limited	Ordinary 100%	The development, operation and management of individually themed cocktail bars
+Venture Battersea Limited	Ordinary 100%	The development, operation and management of individually themed bars
Adventure Bars Mid Limited	Ordinary 100%	The development, operation and management of individually themed bars
Adventure Bars Luna Digbeth Limited	Ordinary 100%	The development, operation and management of individually themed bars
Barrio Familia Limited	Ordinary 100%	The development, operation and management of individually themed bars

Indirect Subsidiary Holding	% Owned	Nature of Business
The Craft Cocktail Company Limited	Ordinary 100%	Operation and management of cocktail bars
London Cocktail Club Trading Limited	Ordinary 100%	Dormant
London Cocktail Events Limited	Ordinary 100%	Dormant
The London Cocktail School Limited	Ordinary 100%	Dormant
The Craft Cocktail Club Limited	Ordinary 100%	Dormant
Adventure Bars Group CHS Limited	Ordinary 100%	The development, operation and management of individually themed bars
Adventure Bars Waterloo Limited	Ordinary 100%	The development, operation and management of individually themed bars
Waterloo Sunset Limited	Ordinary 50%	The development, operation and management of individually themed bars
Barworks (Electric) Limited	Ordinary 100%	The development, operation and management of individually themed bars
Adventure Bars Cardiff Limited	Ordinary 100%	The development, operation and management of individually themed bars
Adventure Bars Bristol Limited	Ordinary 100%	The development, operation and management of individually themed bars
Adventure Bars Liverpool Limited	Ordinary 100%	The development, operation and management of individually themed bars
Barrio Central Limited	Ordinary 100%	The development, operation and management of individually themed bars
Barrio Bars Limited	Ordinary 100%	The development, operation and management of individually themed bars
Barrio East Limited	Ordinary 100%	The development, operation and management of individually themed bars
Barrio South Limited	Ordinary 100%	The development, operation and management of individually themed bars
Barrio Regio Limited	Ordinary 100%	The development, operation and management of individually themed bars

34. POST BALANCE SHEET EVENTS NOTE

Since the year-end, the Group has refinanced its borrowings from three individual lenders under multiple tranches with new debt facilities from HSBC Bank to provide support to the business as we execute on our roll out strategy. The new £10m HSBC facility, replaces £5.5m of legacy debt that was acquired from acquisitions, which had a blended interest margin of 4%, with the new facility bearing a margin of 3% above SONIA on the £3m term loan and 3.25% above SONIA on the £7m Revolving Credit Facility. The remaining £4.5m of new debt facility is to support the fit out of the new sites that we have in the pipeline for 2022-23. The Group has taken out an interest rate cap on its reference base rate at 3% on £8m out of £10m of its HSBC facility. Further details of the Group's borrowings can be found in Note 22.

Subsequent to the year end, the Group has entered into three additional property leases - Bristol (Tonight Josephine) and Covent Garden, London and Watford (Barrio Familia Group). In addition, the Group entered into an Agreement for Lease for a site in Canary Wharf, London (The Cocktail Club), in June 2022, with the lease completing post year end.

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 3 JULY 2022

	Note	03 July 2022 £'000	27 June 2021 £'000
Non-current assets			
Investments	5	15,258	9,655
Total non-current assets		15,258	9,655
Current assets			
Trade and other receivables	6	5,435	3,746
Cash and cash equivalents		1,937	9,312
Total current assets		7,372	13,058
Total assets		22,630	22,713
Current liabilities			
Trade and other payables	7	(631)	(2,709)
Total current and total liabilities		(631)	(2,709)
Net assets		21,999	20,004
Called up share capital	8	1,983	1,855
Share premium	8	21,372	19,267
Share based payment reserve		543	216
Retained earnings		(1,899)	(1,334)
Total equity		21,999	20,004

As permitted by section 408(3) of the Companies Act 2006, no profit and loss account has been presented for the Company. The loss for the financial year dealt with in the Financial Statements of the Parent Company is £565,000 (2021: loss - £1,334,000).

The financial statements on pages 79 to 84 were approved and authorised for issue by the Board and were signed on its behalf by:

Toby Rolph
Chief Financial Officer

9 November 2022

Sarah Willingham-Toxvaerd
Chief Executive Officer

9 November 2022

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE 53 WEEKS ENDED 3 JULY 2022

	Called up share capital £'000	Share premium £'000	Share based payment reserve £'000	Retained earnings £'000	Total attributable to equity holders of parent £'000
Issue of ordinary shares	399	845	–	–	1,244
Issue of shares – IPO	400	3,600	–	–	4,000
Transaction fees related to issue of shares	–	(629)	–	–	(629)
Issue of shares on acquisition – London Cocktail Club	554	4,984	–	–	5,538
Issue of shares on acquisition – Adventure Bar Group	48	1,143	–	–	1,190
Issue of shares – placing shares	435	9,565	–	–	10,000
Transaction fees related to placing shares	–	(637)	–	–	(637)
Issue of shares – debt conversion	20	395	–	–	415
Share based payments and related deferred tax recognised directly in equity	–	–	216	–	216
Total transactions with owners recognised directly in equity	1,855	19,267	216	–	21,338
Total comprehensive expense for the 40 week period	–	–	–	(1,334)	(1,334)
At 27 June 2021	1,855	19,267	216	(1,334)	20,004
Issue of shares on acquisition – Barrio Bar Group	57	1,051	–	–	1,108
Issue of shares – Adventure Bar Group contingent consideration	71	1,054	–	–	1,125
Share based payments and related deferred tax recognised directly in equity	–	–	326	–	326
Total transactions with owners recognised directly in equity	1,983	21,372	543	(1,334)	22,564
Total comprehensive expense for the 53 week period	–	–	–	(565)	(565)
At 3 July 2022	1,983	21,372	543	(1,899)	21,999

NOTES TO THE COMPANY FINANCIAL STATEMENTS

FOR THE 53 WEEKS ENDED 3 JULY 2022

1. GENERAL INFORMATION

Nightcap plc ("the Company") is incorporated and registered in England and Wales with company number 12899067. The registered address of the Company is c/o Locke Lord (UK) LLP, 201 Bishopsgate, London, EC2M 3AB.

The Company was incorporated on 23 September 2020 and its ordinary shares were admitted to trading on the AIM market on 13 January 2021.

The Company is a public company limited by shares whose shares are publicly traded on the Alternative Investment Market ("AIM") of the London Stock Exchange.

The principal activity of the Company and the nature of the Company's operations is as a holding entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies is set out below. These have been applied consistently in the Financial Statements.

2.1. Basis of preparation of financial statements

The Financial Statements have been prepared in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006.

The financial statements have been prepared under the historical cost convention. The financial statements are presented in pounds Sterling ('£') except where otherwise indicated.

The Company is a qualifying entity for the purposes of FRS 102, as it prepares publicly available consolidated financial statements, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group. The Company has therefore taken advantage of the exemptions from the following disclosure requirements in FRS 102:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flows and related notes and disclosures;
- Section 11 'Basic Financial Instruments' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument not measured at fair value through profit or loss, and information that enables users to evaluate the significance of financial instruments;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The parent company has not presented its own profit and loss account, statement of total comprehensive income and related notes as permitted by section 408 of the Companies Act 2006.

These financial statements present information about the Company as an individual entity and not about its Group.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. The policies have been consistently applied to all periods presented, unless otherwise stated.

2.2. Going concern

The Directors have concluded that it is appropriate for the financial statements to be prepared on the going concern basis (see Note 2.2 to the consolidated financial statements).

2.3. Investments

Investments held as fixed assets are stated at cost less provision for any impairment. The carrying value of investments are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

2.4. Trade and other receivables

Trade and other receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The Company holds the trade and other receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

2.5. Financial instruments

Financial assets

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost, less any impairment.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are initially measured at transaction price (after deducting transaction costs) and subsequently held at amortised cost.

2.6. Trade and other payables

Short-term creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest rate method.

2.7. Current and deferred taxation

The tax expense for each reporting period comprises current and deferred tax.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same tax authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.8. Related party transactions

The Company discloses transactions with related parties which are not wholly owned within the Group. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the Directors, separate disclosure is necessary to understand the effect of the transactions on the Company Financial Statements.

3. INFORMATION INCLUDED IN THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Some of the information included in the notes to the consolidated financial statements is directly relevant to the financial statements of the company. Please refer to the following:

Note 6 - auditors' remuneration

Note 26 – Share based payments

Note 31 – Related party transactions

Note 34 – Post balance sheet events

4. STAFF COSTS

Nightcap plc has no employees other than the Directors. Details of Directors emoluments are disclosed in the Remuneration Committee Report and in Note 7 to the notes to the consolidated financial statements.

5. INVESTMENTS

	Investments £'000
Share for share exchange - London Cocktail Club including cash consideration of £584,059	6,122
Acquisition of Adventure Bar Group	3,533
At 27 June 2021	9,655
Acquisition of Barrio Bar Group (Note 32)	5,603
At 3 July 2022	15,258

The additions in the period reflect the acquisition of Barrio Familia Group in November 2021 (see Note 32 to the consolidated financial statements).

The Company's subsidiary undertakings are shown in Note 33 to the Consolidated Financial Statements.

6. TRADE AND OTHER RECEIVABLES

	03 July 2022 £'000	27 June 2021 £'000
Included within Current assets		
Deferred tax asset	270	207
Amounts due from Group companies	5,139	3,485
VAT receivable	–	37
Other receivables	–	13
Prepayments and accrued income	26	5
	5,435	3,746

Amounts due from Group companies are repayable on demand and are non-interest bearing

The deferred tax asset arises primarily from unutilised losses and timing differences on the share based compensation expense.

7. TRADE AND OTHER PAYABLES

	03 July 2022 £'000	27 June 2021 £'000
Trade payables	12	37
Social security and other taxes	23	–
Other payables	113	2,343
Accruals and deferred income	484	330
	631	2,709

8. CALLED-UP SHARE CAPITAL

	03 July 2022 £'000	27 June 2021 £'000
Allotted, called up and fully paid ordinary shares	1,983	1,855

	03 July 2022 Number	27 June 2021 Number
Ordinary shares at £0.01 each	185,475,192	185,475,192

The table below summarises the movements in share capital for Nightcap plc during the period ended 27 June 2021:

	Ordinary Shares Number of shares	Ordinary Shares £0.01 Nominal Value £'000	Ordinary Shares Share Premium £'000
At date of incorporation - 23 September 2020	2	0	–
Shares issued - 2 October 2020	24,999,999	250	250
Shares issued - 11 November 2020	14,880,000	149	595
Shares issued - 13 January 2021 on IPO	40,000,000	400	3,600
Transaction costs in connection with IPO	–	–	(629)
Share for share exchange - London Cocktail Club 13 January 2021	55,378,837	554	4,984
Shares issued in connection with Adventure Bar Group acquisition - 14 May 2021	4,761,905	48	1,143
Shares issued in connection with debt conversion - 14 May 2021	1,976,190	20	395
Shares issued in placing - 14 May 2021	22,437,502	224	4,936
Shares issued in placing - 3 June 2021	21,040,757	210	4,629
Transaction costs in connection with share placement	–	–	(637)
At 27 June 2021	**185,475,192**	**1,855**	**19,267**
Shares issued in connection with Barrio Bar Group acquisition - 21 November 2021	5,682,609	57	1,051
Shares issued in connection with Adventure Bar Group contingent consideration - 29 June 2022	7,142,856	71	1,054
At 3 July 2022	**198,300,657**	**1,983**	**21,372**

9. EQUITY

The Company's Equity comprises the following:

Called-up share capital
Called-up share capital represents the nominal value of the shares issued.

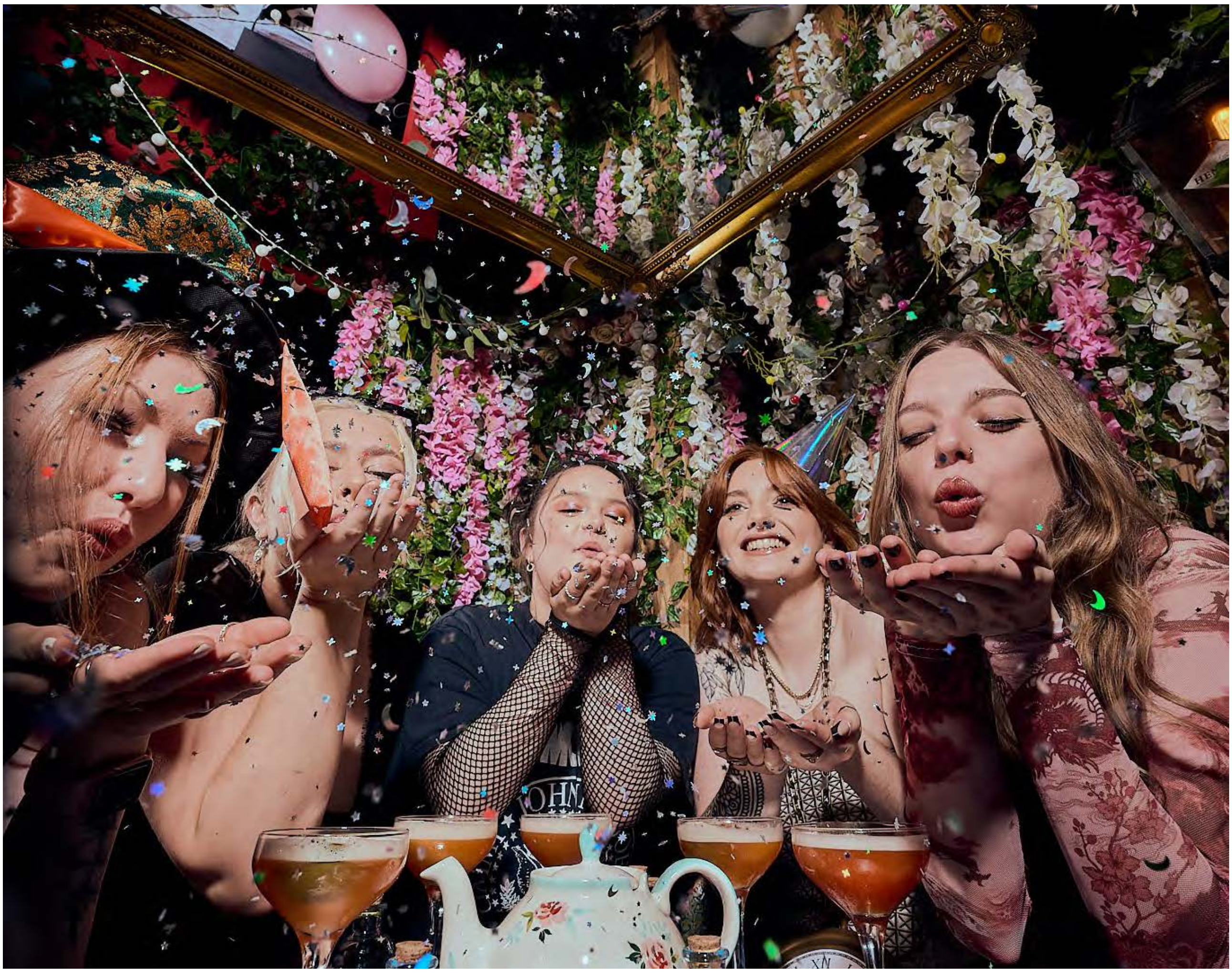
Share premium account
The share premium account records the amount above the nominal value received for shares sold.

Share based payment reserve
The share option reserve represents the cumulative amounts charged to profit in respect of employee share option arrangements where the scheme has not yet been settled by means of an award of shares to an individual.

Retained earnings
Retained earnings represents cumulative profits or losses, net of dividends paid and other adjustments.

RECONCILIATION OF STATUTORY RESULTS TO ALTERNATIVE PERFORMANCE MEASURES ("APMS")

	Note	53 weeks ended 03 July 2022 £'000	52 weeks ended 27 June 2021 £'000
Profit / (loss) from operations		1,407	(4,889)
Exceptional items	10	84	405
Acquisition related transaction costs	11	(866)	309
Pre-opening costs	12	442	–
Share based payment charge	7	345	3,824
Impairment	6	143	–
Adjusted profit / (loss) from operations		1,555	(352)
Depreciation and amortisation (pre IFRS 16 Right of use asset depreciation)	6	2,256	619
IFRS 16 Right of use asset depreciation	6	2,224	691
Adjusted EBITDA (IFRS 16)		6,036	958
IAS 17 Rent charge		(2,727)	(777)
Adjusted EBITDA (IAS 17)		3,309	181



COMPANY INFORMATION

DIRECTORS

Sarah Willingham-Toxvaerd
Toby Rolph
Michael Willingham-Toxvaerd
Gareth Edwards
Tobias van der Meer
Thi-Hanh Jelf
Lance Moir

COMPANY SECRETARY

Toby Rolph

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