

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this Document or as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 (as amended), who specialises in advising on the acquisition of shares and other securities if you are resident in the UK or, if not, from another appropriately authorised independent adviser.

This Document, which comprises an AIM admission document prepared in accordance with the AIM Rules for Companies, has been issued in connection with the application for admission to trading of the entire issued and to be issued ordinary share capital of the Company to trading on AIM. This Document contains no offer of transferable securities to the public within the meaning of sections 85 and 102B of the FSMA, the Act or otherwise. Accordingly, this Document does not constitute a prospectus within the meaning of section 85 of the FSMA and has not been drawn up in accordance with the Prospectus Regulation Rules or approved by, or filed with, the FCA or any other competent authority.

Application has been made for the entire issued and to be issued ordinary share capital of the Company to be admitted to trading on AIM, a market operated by the London Stock Exchange. It is expected that Admission will become effective, and dealings in the Ordinary Shares will commence at 8.00 a.m. on 13 January 2021. The Ordinary Shares are not dealt on any other recognised investment exchange and no application has been or is being made for the Ordinary Shares to be admitted to any such exchange. The New Ordinary Shares to be issued pursuant to the Fundraising will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares, and will rank in full for all dividends and other distributions declared, made or paid on Ordinary Shares after Admission.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List of the FCA. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Each AIM company is required, pursuant to the AIM Rules for Companies published by the London Stock Exchange plc, to have a nominated adviser. The nominated adviser is required to make a declaration to the London Stock Exchange on Admission in the form set out in Schedule Two to the AIM Rules for Nominated Advisers. The London Stock Exchange has itself not examined or approved the contents of this Document.

The Directors and the Proposed Directors, whose names, business addresses and functions are set out on page 7 of this Document, and the Company accept responsibility, both individually and collectively, for all the information contained in this Document, and compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Directors and the Proposed Directors and the Company (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this Document is in accordance with the facts and does not omit anything likely to affect the import of such information or which would make misleading any statement in this Document, whether of facts or of opinion. In connection with this Document, no person is authorised to give any information or make any representation other than as contained in this Document.

Your attention is also drawn to the discussion of risks and other factors which should be considered in connection with an investment in the Ordinary Shares, set out in Part II (Risk Factors) of this Document.

NIGHTCAP

Nightcap plc

(Incorporated in England and Wales with Company Number 12899067)

**Placing and Primary Bid Offer for 40,000,000 Ordinary Shares of 1p each
at 10 pence per Ordinary Share**

Acquisition of The London Cocktail Club Limited

and

Admission to trading on AIM

Nominated Adviser and Broker



Allenby Capital Limited

Authorised and regulated by the Financial Conduct Authority

Allenby Capital Limited ("**Allenby Capital**"), which is authorised and regulated in the United Kingdom by the FCA, is acting as nominated adviser, sole broker and sole bookrunner to the Company in connection with the proposed Placing and Admission and will not be acting for any other person (including a recipient of this Document) or otherwise be responsible to any person for providing the protections afforded to clients of Allenby Capital or for advising any other person in respect of the proposed Placing and Admission or any transaction, matter or arrangement referred to in this Document. Allenby Capital's responsibilities as the Company's nominated adviser and broker under the AIM Rules for Nominated Advisers are owed solely to London Stock Exchange and are not owed to the Company or to any Director or Proposed Director or to any other person in respect of his decision to acquire shares in the Company in reliance on any part of this Document.

Apart from the responsibilities and liabilities, if any, which may be imposed on Allenby Capital by FSMA or the regulatory regime established thereunder, Allenby Capital does not accept any responsibility whatsoever for the contents of this Document, including its accuracy, completeness or verification or for any other statement made or purported to be made by it, or on its behalf, in connection with the Company, the Ordinary Shares or the Fundraising and Admission. Allenby Capital accordingly disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above) in respect of this Document or any such statement.

This Document will be available from the Company's website www.nightcapplc.com

IMPORTANT INFORMATION

Investment in the Company carries risk. In deciding whether or not to invest in the Ordinary Shares, prospective investors should rely only on the information contained in this Document. No person has been authorised to give any information or make any representations other than as contained in this Document and, if given or made, such information or representations must not be relied on as having been authorised by the Company, the Directors and the Proposed Directors or Allenby Capital. Neither the receipt of this Document nor any acquisition of Ordinary Shares made in reliance on this Document shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date of this Document or that the information contained herein is correct as at any time after its date.

Prospective investors must not treat the contents of this Document or any subsequent communications from the Company or Allenby Capital, or any of their respective affiliates, officers, directors, employees or agents as advice relating to legal, financial, taxation, accounting, regulatory, investment or any other matters. Each prospective investor should consult his or her own lawyer, financial adviser or tax adviser for legal, financial, business or tax advice in relation to a purchase or proposed purchase of Ordinary Shares. Each prospective investor should consult with such advisers as needed to make its investment decision and to determine whether it is legally permitted to hold shares under applicable legal, investment or similar laws or regulations. Investors should be aware that they may be required to bear the financial risks of an investment in the Ordinary Shares for an indefinite period of time.

Neither Allenby Capital nor any person acting on their behalf makes any representations or warranties, express or implied, with respect to the completeness, accuracy or verification of this Document, nor does any such person authorise the contents of this Document. No such person accepts any responsibility or liability whatsoever for the contents of this Document or for any other statement made or purported to be made by it or on its behalf in connection with the Company, the Ordinary Shares, the Fundraising or Admission. Allenby Capital accordingly disclaim all and any liability whether arising in tort or contract or otherwise which they might otherwise have in respect of this Document or any such statement. Neither Allenby Capital nor any person acting on their behalf accepts any responsibility or obligation to update, review or revise the information in this Document or to publish or distribute any information which comes to their attention after the date of this Document, and the distribution of this Document shall not constitute a representation by Allenby Capital or any other person that this Document will be updated, reviewed or revised or that any such information will be published or distributed after the date hereof.

The distribution of this Document and issue of Ordinary Shares in certain jurisdictions other than the United Kingdom may be restricted by law. No action has been taken by the Company to permit a public offering of Ordinary Shares or possession or distribution of this Document (or any other offering or publicity materials relating to Ordinary Shares) in any other jurisdiction where action for that purpose may be required or doing so is restricted by law. Accordingly, neither this Document nor any advertisement may be distributed or published in any other jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Document comes are required by the Company and Allenby Capital to inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This Document does not constitute or form part of an offer to sell, or the solicitation of an offer to buy or subscribe for, Ordinary Shares to any person in any jurisdiction to whom or in which such offer or solicitation is unlawful.

Any reproduction or distribution of this Document, in whole or in part, and any disclosure of its contents or use of any information herein for any purpose other than considering an investment in the Ordinary Shares offered hereby is prohibited. Each offeree of the Placing Shares or the PrimaryBid Shares, by accepting delivery of this Document, agrees to the foregoing.

This Document is exempt from the general restriction on the communication of invitations or inducements to enter into investment activity (within the meaning of section 21 of FSMA) and has therefore not been approved by an authorised person within the meaning of FSMA. This Document is only being communicated to and may only be issued or passed on in the United Kingdom to persons falling within Articles 19 (investment professionals) and 49 (high net worth companies etc.) of the Financial Services and Markets Act 2000 (Financial Promotion Order) 2005 (SI. 2005/No. 1529) or other persons to whom it may otherwise

lawfully be communicated (“**Relevant Persons**”). The Company and Allenby Capital will only deal with Relevant Persons in relation to the investments to which this Document relates and those who are not Relevant Persons should not rely on it.

Notice to overseas investors

The Ordinary Shares have not been and will not be registered under the US Securities Act 1933 (the “**US Securities Act**”), or under the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold, directly or indirectly, in the United States or to, or for the account or benefit of, US persons (as defined in Regulation S under the US Securities Act) absent registration except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and otherwise in accordance with any applicable securities laws of any state or other jurisdiction of the United States.

The Ordinary Shares have not been approved or disapproved by the US Securities and Exchange Commission, any federal or state securities commission in the United States or any other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Ordinary Shares or confirmed the accuracy or determined the adequacy of the information contained in this Document. Any representation to the contrary is a criminal offence in the United States.

The Ordinary Shares have not been and will not be registered under the applicable securities laws of Australia, Canada, Japan or the Republic of South Africa. Accordingly, subject to certain exceptions (noted below), the Ordinary Shares may not be offered or sold in Australia, Canada, Japan or the Republic of South Africa or to, or for the account or benefit of, any resident of Australia, Canada, Japan or the Republic of South Africa.

Data Protection

The information that a prospective investor provides in documents in relation to a purchase of Ordinary Shares or subsequently by whatever means which relates to the prospective investor (if it is an individual) or a third party individual (“**personal data**”) will be held and processed by the Company (and any third party to whom it may delegate certain administrative functions in relation to the Company) in compliance with the relevant data protection legislation and regulatory requirements of the United Kingdom. Such information will be held and processed by the Company (or any third party, functionary or agent appointed by the Company) for the following purposes:

- verifying the identity of the prospective investor to comply with statutory and regulatory requirements in relation to anti-money laundering procedures;
- contacting the prospective investor with information about products and services, or its affiliates, which may be of interest to the prospective investor;
- carrying out the business of the Company and the administering of interests in the Company;
- meeting the legal, regulatory, reporting and/or financial obligations of the Company in England and Wales and elsewhere (as required); and
- disclosing personal data to other functionaries of, or advisers to, the Company to operate and/or administer the Company’s business.

Where appropriate it may be necessary for the Company (or any third party, functionary or agent appointed by the Company) to:

- disclose personal data to third party service providers, agents or functionaries appointed by the Company to provide services to prospective investors; and
- transfer personal data outside of the United Kingdom to countries or territories which do not offer the same level of protection for the rights and freedoms of prospective investors as the United Kingdom.

If the Company (or any third party, functionary or agent appointed by a member of the Company) discloses personal data to such a third party, agent or functionary and/or makes such a transfer of personal data it will use reasonable endeavours to ensure that any third party, agent or functionary to whom the relevant

personal data are disclosed or transferred is contractually bound to provide an adequate level of protection in respect of such personal data.

In providing such personal data, investors will be deemed to have agreed to the processing of such personal data in the manner described above. Prospective investors are responsible for informing any third-party individual to whom the personal data relates of the disclosure and use of such data in accordance with these provisions.

Forward-looking Statements

This Document includes statements that are, or may be deemed to be, “forward-looking statements”. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the terms “targets”, “believes”, “estimates”, “anticipates”, “expects”, “intends”, “aims”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology. They appear in a number of places throughout this Document and include statements regarding the intentions, beliefs or current expectations of the Company and the Board concerning, among other things: (i) the Company’s objective, acquisition and financing strategies, returns of capital, results of operations, financial condition, capital resources, prospects, capital appreciation of the Ordinary Shares and dividends; (ii) future deal flow and implementation of active management strategies; and (iii) trends in the sectors in which the Company may elect to invest. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and factors which are beyond the Company’s control. Forward-looking statements are not guarantees of future performance. The Enlarged Group’s actual performance, results of operations, internal rate of return, financial condition, distributions to Shareholders and the development of its financing strategies may differ materially from the impression created by the forward-looking statements contained in this Document. In addition, even if the Enlarged Group’s actual performance, results of operations, internal rate of return, financial condition, distributions to Shareholders and the development of its financing strategies are consistent with the forward-looking statements contained in this Document, those results or developments may not be indicative of results or developments in subsequent periods. Such forward looking statements are based on numerous assumptions regarding the Enlarged Group’s present and future business strategies and income flows and the environment in which the Enlarged Group will operate in future.

Prospective investors should carefully review the risk factors set out in Part II of this Document for a discussion of additional factors that could cause the Enlarged Group’s actual results to differ materially, before making an investment decision. For the avoidance of doubt, nothing in this section constitutes a qualification of the working capital statement contained in paragraph 19 of Part VII of this Document.

Forward-looking statements contained in this Document apply only as at the date of this Document. Save as required, the Company undertakes no obligation publicly to update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

Third party data

Where information contained in this Document has been sourced from a third party, the Company and the Directors and the Proposed Directors confirm that such information has been accurately reproduced and, so far as they are aware and have been able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Currency presentation

Unless otherwise indicated, all references in this Document to “UK Sterling”, “British pound sterling”, “sterling”, “£”, or “pounds” are to the lawful currency of the UK.

Non incorporation of website

The contents of any website of the Company or any other person do not form part of this Document.

Information to Distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Placing Shares have been subject to a product approval process, which has determined that such securities are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, Distributors should note that: the price of the Placing Shares may decline and investors could lose all or part of their investment; the Placing Shares offer no guaranteed income and no capital protection; and an investment in the Placing Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing. Furthermore, it is noted that, notwithstanding the Target Market Assessment, Allenby Capital will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Placing Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Placing Shares and determining appropriate distribution channels.

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DIRECTORS, PROPOSED DIRECTORS, SECRETARY AND ADVISERS

| | | |
|------------------|---|---|
| Directors | <u>Gareth</u> Maitland Edwards | <i>Proposed Non-Executive Chairman</i> |
| | <u>Sarah</u> Willingham-Toxvaerd | <i>Chief Executive Officer</i> |
| | <u>Toby</u> John Rolph | <i>Proposed Chief Financial Officer</i> |
| | <u>Michael</u> Willingham-Toxvaerd | <i>Executive Director</i> |
| | Tobias (<u>Toby</u>) Adriaan van der Meer | <i>Proposed Non-Executive Director</i> |
| | <u>Lance</u> Stuart Moir | <i>Proposed Non-Executive Director</i> |
| | Thi- <u>Hanh</u> Jelf | <i>Proposed Non-Executive Director</i> |

All of whose business address is at the Company's registered office

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| Company Secretary | Toby Rolph |
| Registered office | 201 Bishopsgate London EC2M 3AB |
| Principal Place of Business on Admission | 20 Sclater Street London E1 6LB |
| Website | www.nightcapplc.com |
| Nominated adviser | Allenby Capital Limited 5 St. Helen's Place London EC3A 6AB |
| Reporting Accountants to the Company | PKF Littlejohn LLP 15 Westferry Circus London E14 4HD |
| Reporting Accountants on the audited Historical Financial Information on the London Cocktail Club | PKF Francis Clark 90 Victoria Street Bristol BS1 6DP |
| Solicitors to the Company | Locke Lord (UK) LLP 201 Bishopsgate London EC2M 3AB |
| Solicitors to the Nominated adviser and Broker | Hill Dickinson LLP 50 Fountain Street Manchester M2 2AS |
| Registrars | Link Asset Services The Registry 34 Beckenham Road Beckenham Kent BR3 4TU |

DEFINITIONS

The following definitions apply throughout this Document, unless the context otherwise requires:

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| “Acquisition” | the proposed acquisition by the Company of the entire issued share capital of the London Cocktail Club pursuant to the terms of the Acquisition Agreement |
| “Acquisition Agreement” | the conditional agreement dated 7 December 2020 made between: (i) the Company; and (ii) the Vendors relating to the Acquisition, details of which are set out in paragraph 13.1 of Part VII of this Document, as amended pursuant to a deed of amendment between those same parties dated 7 January 2021 |
| “Act” | the Companies Act 2006 (as amended) |
| “acting in concert” | shall bear the meaning ascribed thereto in the Takeover Code |
| “Admission” | admission of the Enlarged Share Capital to trading on AIM following completion of the Acquisition and the Fundraising and such admission becoming effective in accordance with the AIM Rules for Companies |
| “AIM” | AIM, a market operated by the London Stock Exchange |
| “AIM Rules for Companies” | the AIM rules for companies published by the London Stock Exchange from time to time |
| “AIM Rules for Nominated Advisers” | the AIM rules for nominated advisers published by the London Stock Exchange from time to time |
| “Allenby Capital” | Allenby Capital Limited, a company registered in England and Wales with company number 06706681 |
| “Articles” | the articles of association of the Company |
| “Board” | the board of directors of the Company from Admission, comprising the Directors and the Proposed Directors |
| “Brexit” | the United Kingdom's ceasing to be a member of the European Union, including the expiry of the transitional period from membership on 31 December 2020 |
| “City Code” or “Takeover Code” | the UK City Code on Takeovers and Mergers, as updated from time to time |
| “Consideration” | means: (i) initial consideration (subject to adjustment in accordance with the terms of the Acquisition Agreement) of £5.7 million, to be satisfied by the issue of a total of 55,378,837 Consideration Shares on Admission to the Vendors (other than the Optionholder) and a payment of £162,116.19 in cash to the Optionholder; and (ii) contingent deferred cash consideration of up to £550,000 |
| “Consideration Shares” | the 55,378,837 new Ordinary Shares to be allotted and issued to certain of the Vendors at the Issue Price pursuant to the Acquisition Agreement |
| “Company” or “Nightcap” | Nightcap plc, a company incorporated in England and Wales with company number 12899067 |

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| “COVID” | the outbreak of the strain of coronavirus that lead to a pandemic in 2020 (also known as “Covid-19”, “coronavirus”, the “2019 novel coronavirus” or “2019-nCoV”), which has negatively impacted economic conditions globally and, as at the date of this Document was having an adverse and disruptive effect on the UK economy |
| “CREST” | the relevant system, as defined in the CREST Regulations, for paperless settlement of share transfers and holding shares in uncertificated form which is administered by Euroclear |
| “CREST Regulations” | the Uncertificated Securities Regulations 2001 of the UK (SI 2001 No. 3755) (as amended) |
| “Directors” | the directors of the Company as at the date of this Document, being Sarah Willingham-Toxvaerd and Michael Willingham-Toxvaerd |
| “Disclosure Guidance and Transparency Rules” or “DTR” | the Disclosure Guidance and Transparency Rules made by the FCA pursuant to section 73A of the FSMA, as amended from time to time |
| “Document” | means this admission document |
| “EBITDA” | earnings before interest, tax, depreciation and amortisation for the relevant period |
| “EMI Code” | the EMI code as defined in Section 527(3) of the Income Tax (Earnings and Pensions) Act 2003, and as amended or re-enacted from time to time |
| “EMI Options” | share options which are intended to qualify for favourable tax treatment under the provisions of Schedule 5 to the Income Tax (Earnings and Pensions) Act 2003 |
| “Enlarged Group” | the Company, the London Cocktail Club and its Subsidiaries following completion of the Acquisition |
| “Enlarged Share Capital” | the issued share capital of the Company on Admission, comprising the Existing Ordinary Shares, the Consideration Shares, the Placing Shares and the PrimaryBid Shares |
| “Euroclear” | Euroclear UK & Ireland Limited, the operator of CREST |
| “Existing Ordinary Shares” | the 39,880,001 Ordinary Shares in issue at the date of this Document |
| “FCA” | the UK Financial Conduct Authority, the statutory regulator under FSMA responsible for the regulation of the United Kingdom financial services industry |
| “FSMA” | the Financial Services and Markets Act 2000 (as amended) |
| “Fundraising” | the Placing and the PrimaryBid Offer |
| “IFRS” | the International Financial Reporting Standards as adopted by the International Accounting Standards Board |
| “ISIN” | International Securities Identification Number |
| “Issue Price” | 10 pence per New Ordinary Share |
| “Lock-In Agreement” | the lock-in agreement, as summarised in paragraph 13.5 of Part VII of this Document |

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| “Locked-In Shareholders” | Sarah Willingham-Toxvaerd, Michael Willingham-Toxvaerd, Tobias Van der Meer, Greg Le Tocq, John James Goodman, James Hopkins, David Moore, Lance Moir, Thi-Hanh Jelf and Raymond Blanc, who are subject to the Lock-In Agreement |
| “London Cocktail Club” | The London Cocktail Club Ltd, a private limited company incorporated in England and Wales with registered number 07438012 |
| “London Stock Exchange” or “LSE” | London Stock Exchange Plc |
| “MAR” | the Market Abuse Regulation (2014/596/EU) |
| “millennials” | a term for people reaching young adulthood in the early 21st century |
| “millennial pound” | a term used to describe the spending power of millennials |
| “New Ordinary Shares” | together, the Consideration Shares, the Placing Shares and the PrimaryBid Shares |
| “Official List” | the Official List of the FCA |
| “Optionholder” | Michelle Hall |
| “Orderly Market Agreement” | the orderly market agreement, as summarised in paragraph 13.7 of Part VII of this Document |
| “Ordinary Shares” | the ordinary shares of 1p each in the Company |
| “Panel” | the UK Panel on Takeover and Mergers |
| “Placees” | proposed subscribers for Placing Shares at the Issue Price in the Placing |
| “Placing” | the proposed conditional placing of the Placing Shares at the Issue Price with Placees pursuant to the Placing Agreement |
| “Placing Agreement” | the conditional agreement dated 7 January 2021 between: (1) the Company; (2) Allenby Capital; (3) the Directors and; (4) the Proposed Directors, relating to the Placing, further details of which are set out in paragraph 13.2 of Part VII of this Document |
| “Placing Shares” | the 38,070,689 new Ordinary Shares in the capital of the Company which have been issued, subject to Admission, and allotted to the Placees pursuant to the Placing |
| “Proposed Directors” | Gareth Edwards, Toby Rolph, Lance Moir, Thi-Hanh Jelf and Tobias van der Meer, who will join the Board upon Admission |
| “Prospectus Regulation Rules” | the prospectus regulation rules made by the FCA pursuant to section 73A of the FSMA, as amended from time to time |
| “PrimaryBid” | PrimaryBid Limited, a company incorporated in England and Wales with registered number 08092575 |
| “PrimaryBid Engagement Letter” | the agreement between the Company and PrimaryBid with respect to the PrimaryBid Offer dated 7 December 2020, further details of which are set out in paragraph 13.3 of Part VII of this Document |

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| “PrimaryBid Offer” | the placing by the Company of the PrimaryBid Shares at the Issue Price with PrimaryBid’s UK retail clients |
| “PrimaryBid Shares” | the 1,929,311 new Ordinary Shares in the capital of the Company which have been issued, subject to Admission, and allotted to subscribers at the Issue Price pursuant to the PrimaryBid Offer |
| “QCA Code” | the Quoted Companies Alliance’s Corporate Governance Code published from time to time |
| “Relationship Agreement” | the agreement between the Company, Sarah Willingham-Toxvaerd, Michael Willingham-Toxvaerd and Allenby Capital, as summarised in paragraph 13.4 of Part VII of this Document |
| “Share Dealing Code” | the Company’s share dealing code as referred to in paragraph 21 of Part I of this Document |
| “Share Option Plan” | the Company’s share option plan, which allows for the grant of EMI Options and non-approved share options, further details of which and the options proposed to be granted under this plan are set out in paragraphs 4.5, 7.2 and 11 of Part VII of this Document. |
| “Shareholders” | means the holders of shares in the capital of the Company from time to time |
| “Significant Shareholder” | any person who holds any legal or beneficial interest directly or indirectly in 3 per cent. or more of the Enlarged Share Capital or voting rights of the Company, as defined in the AIM Rules for Companies |
| “Subsidiaries” | the subsidiaries of London Cocktail Club, being The Craft Cocktail Company Ltd, London Cocktail Club Trading Limited, London Cocktail Events Ltd, The London Cocktail School Limited and The Craft Cocktail Club Ltd |
| “Substantial Shareholder” | any person who holds any legal or beneficial interest directly or indirectly in 10 per cent. or more of the Enlarged Share Capital or voting rights of the Company, as defined in the AIM Rules for Companies |
| “UK” or “United Kingdom” | the United Kingdom of Great Britain and Northern Ireland |
| “UK COVID Restrictions” | the various UK Government restrictions enacted in 2020 aimed at preventing the spread of COVID, including the March 2020 and November 2020 nationwide lockdown restrictions, the 10.00 p.m. closing time restrictions imposed upon pubs, bars and restaurants in September 2020, the tiered system of local COVID Alert Levels established in October 2020 (and as amended in December 2020) and the nationwide lockdown restrictions put in place on 4 January 2021 |
| “uncertificated” or “in uncertificated form” | a share or other security recorded on the relevant register of the relevant company concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST |
| “United States” or “US” | the United States of America, its territories and possessions, any State of America and the District of Columbia |
| “VAT” | value added tax |

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| “Vendors” | the vendors of the entire issued share capital of the London Cocktail Club, being John J Goodman, Raymond Blanc, David Moore, Sarah Willingham-Toxvaerd, James Hopkins, Ava Goodman, CGCC Ltd, Andrew Lewis, Phil Wright, John Lederer, Joel Medrington and the Optionholder |
| “Voting Rights” | all the voting rights attributable to the capital of a company which are currently exercisable at a general meeting |
| “\$” | lawful current of the United States of America |
| “£” or “UK Sterling” or “pounds” or “Pounds Sterling” | lawful currency for the time being of the United Kingdom |

GLOSSARY OF ALTERNATIVE PERFORMANCE MEASURES

In relation to the reporting of certain financial information within this Document, the Board has adopted various Alternative Performance Measures. Alternative Performance Measures are financial measures of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in IFRS, being the applicable financial reporting framework in respect of the Company. The Board believes that the Alternative Performance Measures contained within this Document assist in providing additional useful information on the underlying trends, performance and financial position of the Enlarged Group. The Alternative Performance Measures contained within this Document are unaudited.

The Alternative Performance Measures contained within this Document may not be directly comparable with other companies' Alternative Performance Measures, including those in the Enlarged Group's industry. In order to make a proper assessment of the financial performance of the Enlarged Group's business, prospective investors should read the Document as a whole and not rely solely on the Alternative Performance Measures, which should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measurements. Certain of the Alternative Performance Measures used within this Document relate to past performance. Past performance is not an indication of future results.

| TERM | DEFINITION |
|---|---|
| "average capital expenditure" | a measure of the total historical capital expenditure for all of the London Cocktail Club's sites divided by the number of sites. The capital expenditure is the initial investment to secure a new lease, and to fit-out the site associated with that lease to a level ready to open to the public. This specifically includes any premium paid, legal and licensing fees, fit-out costs, and property costs during the fit-out period. |
| "average normalised site EBITDA" | a measure of the site's normalised historical EBITDA divided by the total amount of sites in operation during the normalised period. The Board considers average normalised site EBITDA to be an important indicator of the London Cocktail Club's capital efficiency when measured against the average capital expenditure. |
| "like-for-like" | a measure of growth in total sales for sites that have been opened for at least a year, which the Board considers to be a widely used indicator in the hospitality sector to measure current trading performance. Within the context of this Document the London Cocktail Club's trading in August and September 2020 when the bars were open have been compared with August and September 2019. |
| "normalised" | the making of adjustments to the London Cocktail Club's financial position, via the items shown in the EBITDA Bridge in paragraph 9 of Part I of this Document, to arrive at a level that the Board believes is more representative of the performance of the London Cocktail Club's business. |
| "normalised, adjusted historical company EBITDA" | normalised, historical site EBITDA (as defined below) adjusted for the deduction of normalised, historical head office costs, which the Board believes is more representative of the performance of the London Cocktail Club's business. Please refer to the EBITDA Bridge in paragraph 9 of Part I of this Document for details. |
| "normalised, historical site EBITDA" | a version of the London Cocktail Club's EBITDA prepared on a proforma basis, which the Board believes is more representative of the performance of the London Cocktail Club's business. Please refer to the EBITDA Bridge in paragraph 9 of Part I of this Document, for details. |

“normalised, historical site EBITDA margin”

a measure of the normalised, historical site EBITDA as a percentage of its normalised, historical revenue. The Board considers progression in normalised, historical site EBITDA margin to be an important indicator of the London Cocktail Club’s operating efficiency.

“return on investment”

a ratio where the normalised, historical site EBITDA is divided by the total historical capital expenditure for all of the London Cocktail Club’s sites. This ratio is considered by the Board to be an important indicator of the London Cocktail Club’s capital efficiency.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

| | |
|---|------------------------------|
| Publication of this Document | 7 January 2021 |
| Admission and commencement of dealings in Ordinary Shares on AIM | 8.00 a.m. on 13 January 2021 |
| CREST members' accounts credited in respect of Ordinary Shares by | 13 January 2021 |
| Ordinary Share certificates dispatched by | 27 January 2021 |

The dates, times and offer statistics in this Document are subject to change at the determination of the Company and Allenby Capital.

ADMISSION AND FUNDRAISING STATISTICS

| | |
|--|-----------------------------|
| Total number of Existing Ordinary Shares | 39,880,001 |
| Placing Shares | 38,070,689 |
| PrimaryBid Shares | 1,929,311 |
| Total Ordinary Shares issued pursuant to the Fundraising | 40,000,000 |
| Consideration Shares | 55,378,837 |
| Enlarged Share Capital | 135,258,838 |
| Percentage of Enlarged Share Capital represented by Ordinary Shares issued pursuant to the Fundraising | 29.57% |
| Percentage of Enlarged Share Capital represented by the Consideration Shares | 40.94% |
| Issue Price | 10 pence |
| Gross Proceeds of the Fundraising | £4 million |
| Estimated Costs of Admission | approximately £1 million |
| Estimated Net Proceeds of the Fundraising | approximately £3 million |
| Market capitalisation of the Company at the Issue Price upon Admission | approximately £13.5 million |
| LEI code | 213800MVK2M2T12TZA46 |
| ISIN | GB00BLKGVD49 |
| SEDOL | BLKGVD4 |
| EPIC/TIDM | NGHT.L |

KEY INFORMATION

The following is a summary of certain information appearing elsewhere in this Document and should be read as an introduction to this Document only. This summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial information appearing elsewhere in this Document. Any decision to invest in the Ordinary Shares should be based on consideration of this Document as a whole. Prospective investors should consider the factors and risks attaching to an investment in the Ordinary Shares and in particular the risk factors set out in Part II of this Document.

- Nightcap was established in 2020 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.
- Upon Admission, Nightcap will acquire the London Cocktail Club, which is an award winning independent operator of ten individually themed cocktail bars in nine London locations and one location in Bristol, targeting customers aged between 26 to 40 years old.
- The Board considers the London Cocktail Club to be a scalable model and well-positioned to take advantage of the current opportunity in the hospitality segment of the UK property market for taking on attractively priced sites against a backdrop of decreased competition.
- The Board and the London Cocktail Club's senior management team have extensive and relevant experience in developing successful companies in both the UK hospitality sector and across quoted and unquoted companies in general.
- In addition to scaling the London Cocktail Club, Nightcap intends to identify and acquire other drinks-led hospitality groups that are considered by the Board to have significant potential for additional value creation through roll-out, refinancing, turnaround or market repositioning.
- In conjunction with the Acquisition and conditional upon, *inter alia*, Admission, the Company is proposing to raise £4 million, before expenses, through the Fundraising, in order to:
 - (i) satisfy the cash component of the Consideration;
 - (ii) expand the London Cocktail Club;
 - (iii) fund potential future acquisition opportunities; and
 - (iv) for general working capital purposes.

The attention of prospective investors is drawn to the information contained in the rest of this Document and, in particular, to the risk factors set out in Part II.

PART I

INFORMATION ON THE COMPANY AND THE ENLARGED GROUP

1. Introduction

Nightcap plc was established in 2020 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.

As the first step in implementing its strategy, upon Admission, Nightcap will acquire the London Cocktail Club, which is an award winning independent operator of ten individually themed cocktail bars in nine London locations and one location in Bristol, targeting customers aged between 26 to 40 years old. The London Cocktail Club is a well-established brand which the Directors believe is highly scalable. The London Cocktail Club has expanded successfully since 2010 and has shown strong performance during the recent period of COVID-related uncertainty when its venues have been able to be open.

The Board and the London Cocktail Club's senior management team have extensive and relevant experience in developing successful companies in both the UK hospitality sector and across quoted and unquoted companies in general.

Upon Admission, the Enlarged Group's executive team will be led by prominent hospitality entrepreneur and former Dragon's Den investor Sarah Willingham-Toxvaerd (Chair of Tonkotsu Group and formerly of PizzaExpress, Planet Hollywood, The Clapham House Group plc and the Bombay Bicycle Club group of companies). The Enlarged Group's finance function will be overseen by Toby Rolph (formerly of leading UK cocktail bar chain Be At One and night venue operator Academy Music Group Limited). The Board will be led by Gareth Edwards (a director of Various Eateries plc and Alina Holdings plc). The Enlarged Group's acquisition strategy will be led by serial entrepreneur, investor and private equity professional Michael Willingham-Toxvaerd (formerly of NeutraHealth plc, HBG Holdings UK LLP and Rasmala plc).

The Enlarged Group will also benefit from the experience of the London Cocktail Club's senior executive management team, which includes JJ Goodman (co-founder of the London Cocktail Club and winner of the 2008 World's Best Bartender award), Michelle Hall (formerly of Kornicis Group plc, Frontline Inns Limited trading as Little Gems Country Dining and Lewis and Clarke Wine Bar) and Michael Ha (formerly of the Group Genuine and Boparan Restaurant Group).

The Board and the London Cocktail Club's senior management team have collectively been involved in the opening and operation of over a hundred bars and restaurants and have achieved a number of successful exits of hospitality companies for investors.

The Board considers the London Cocktail Club to be a scalable model and well-positioned to take advantage of the current opportunity in the hospitality segment of the UK property market for taking on attractively priced sites against a backdrop of decreased competition. The Board believes that the Acquisition combined with its expertise provides the foundations for building a major drinks-led UK hospitality group.



In addition to scaling the London Cocktail Club, Nightcap intends to identify and acquire other drinks-led hospitality groups that are considered by the Board to have significant potential for additional value creation through roll-out, refinancing, turnaround or market repositioning. The Board believes that further acquisitions of this nature will create additional economies of scale, which will benefit the Enlarged Group in terms of increased purchasing power and other operational and head office synergies.

In conjunction with the Acquisition and conditional upon, *inter alia*, Admission, the Company is proposing to raise £4 million, before expenses, through the Fundraising, in order to (i) satisfy the cash component of the Consideration; (ii) expand the London Cocktail Club; (iii) fund potential future acquisition opportunities; and (iv) for general working capital purposes. Further details about the Fundraising and the use of its net proceeds are set out in paragraphs 14 and 15 of this Part I.

2. Background

The Directors founded Nightcap because they believe that premium drinks-led hospitality businesses with an experiential offering will show resilience and benefit from consumers' desire for social interaction, particularly when targeting millennials in the 26 to 40 age bracket. The Board believes that due to the impact of COVID there will be substantial opportunities for growth in this segment of the UK hospitality industry, including an exceptional opportunity in the sector to acquire fundamentally sound businesses at relatively low valuations due to distressed balance sheets.

In the short to medium term the Board expects that more businesses will be put up for sale, leading to reduced valuations in an environment where the Board expects competition for acquisition opportunities to be significantly reduced. Nightcap will focus its acquisition strategy on simple, easy to replicate scalable business models with nationwide roll out potential.

The Board believes that a high number of attractive individual bar sites will become available on favorable rental, covenant and lease terms. The Board believes that these market dynamics are likely to be present for a number of years and that Nightcap will be well placed to capitalise on these opportunities.

The Board's vision is for the Enlarged Group to become a leading operator of premium bars and drinks-led hospitality concepts in the UK. The Board believes that target consumers are increasingly seeking an 'experiential' component to their leisure time, favouring concepts that offer an immersive experience. Based on the Board's extensive experience in the hospitality sector, it believes that customers have become more discerning than ever and that customers have moved towards choosing more individually themed sites that use the best quality ingredients to make outstanding drinks, served in a friendly and exciting environment.

3. Industry and competitive landscape

Given the recent and anticipated further closures of branded casual dining sites across the UK, the Board believes that the impact from COVID on the hospitality industry in the UK has led to a significant increase in the number of available sites, decreases in rents, increased incentives from landlords and reductions in site premiums and therefore capital expenditure. The Board also believes that, over the coming years it is likely that there will be less competition across the hospitality industry as businesses continue to close, combined with an increase in the availability of talented hospitality staff in the jobs market.

A number of transactions have taken place in the drinks-led hospitality sector in the UK over the previous five years. The result of this consolidation is that some fundamentally sound businesses are now part of private equity owned groups, where they are facing a significant debt burden. The Board believes that the current and future hospitality market dynamics in the UK will result in significant levels of divestment activity and that this will provide opportunities to acquire fundamentally sound drinks-led brands at relatively low valuations.

The challenging conditions presented by the UK COVID Restrictions have compounded issues for some hospitality sector operators. The drinks-led hospitality sector did not benefit from the UK Government's eat-out-to-help-out scheme or the reduction in VAT on food and non-alcoholic drinks. As a consequence of difficult trading conditions, several hospitality businesses have entered into company voluntary arrangements (CVAs) in an effort to dispose of expensive and undesirable sites, to reduce their cost bases.

As an AIM-quoted company, Nightcap will have flexible access to further equity funding and the ability to issue quoted equity as part of the consideration for future acquisitions. Given the Enlarged Group's significant operational and acquisition-related experience, the Board believes that the timing of Nightcap's strategy to make selective and targeted acquisitions of individual sites, or if the opportunity presents itself, drinks-led hospitality brands, has rarely been better.

4. Acquisition of the London Cocktail Club

The Company has conditionally agreed to acquire the entire issued share capital of the London Cocktail Club for an initial consideration of £5.7 million (subject to adjustment in accordance with the terms of the Acquisition Agreement). The London Cocktail Club owns and operates a group of 10 premium bars, focusing on serving customers aged between 26 and 40 years old.

The London Cocktail Club's concept is based on offering customers sophisticated cocktails, made by skilled bartenders in a vibrant 'party style' environment with first-class service. The London Cocktail Club places an emphasis on the decor and ambience of each venue, with each bar hosting a different theme. The bars are primarily in basement sites, which the Directors believe adds to the party atmosphere and helps to keep a lower operational breakeven point, given their relatively low rents and site premiums. The Board believes that the London Cocktail Club has an industry-leading staff training and development programme.

The London Cocktail Club showed strong performance over the 1 July to 30 September 2020 period following the re-opening of the hospitality sector after the UK COVID Restrictions put in place on 20 March 2020 were lifted. The London Cocktail Club delivered strong like-for-like* growth of 8.4 per cent. in August and September 2020 compared to the same period in 2019, despite the UK COVID Restrictions that were in place over the August and September 2020 period. All of the London Cocktail Club's bars were closed on 5 November 2020, in line with the UK Government's new restrictions in England. The London Cocktail Club reopened its London venues on 2 December 2020, with a substantial meal offering to accompany alcoholic drinks. On 16 December 2020, the London Cocktail Club's London venues were closed, following London becoming subject to the UK Government's tier three restrictions, which requires hospitality venues to be closed. On 20 December 2020, London became subject to the UK Government's tier four restrictions.

The Board is of the view that, following the reopening of its London venues once restrictions on how hospitality venues are able to trade due to COVID are eased, the London Cocktail Club will be well positioned to commence preparations to roll out its brand in more locations in London and other major cities in the UK.

The Board believes that the London Cocktail Club's business model is compelling, given that its bars have a return on investment* of 75 per cent., an average normalised site EBITDA* of approximately £256,000, normalised, historical site EBITDA margins* of 33 per cent. and an average capital expenditure* of £339,000.

In 2020, the London Cocktail Club has achieved additional reductions in the operating costs for each of its bars. Reductions have come from reduced prices from suppliers, staff moving to hourly pay and reductions in rent which have been negotiated across the majority of the estate.

The Board views the London Cocktail Club as being a highly scalable concept which is building a strong pipeline of potential new openings, made more attractive by the current economic environment. Accordingly, the Board plans to expand the London Cocktail Club's current 10 sites to approximately 40 over the following five years. The Board believes that there could potentially be 120 appropriate locations for London Cocktail Club venues in the UK.

Outside of the London Cocktail Club's family of bars and brand, the Board intends to pursue opportunistic acquisitions of existing brands in need of stabilisation, refinancing, turnaround or market repositioning.

The Board believes that recent announcements in relation to positive clinical efficacy of a number of COVID vaccines and the commencement of the UK-wide vaccination programme, will assist with the reopening of the UK hospitality industry and therefore further benefit the Company's strategy of rapidly scaling the London Cocktail Club and other drinks-led concepts across the UK.

The Enlarged Group's executive team will be led by successful entrepreneur Sarah Willingham-Toxvaerd, who, along with the Enlarged Group's executive team, has many years' experience of operating and scaling drinks-led groups along with significant corporate finance experience and extensive relationships within the hospitality industry. The Board believes that this combination of skills will be essential to successfully progressing its buy and build strategy.

The initial consideration (subject to adjustment in accordance with the terms of the Acquisition Agreement) for the Acquisition is to be satisfied through the issue of a total of 55,378,837 Consideration Shares to the Vendors other than the Optionholder following Admission and a cash payment of £162,116.19 to the Optionholder. Further details on the Acquisition are set out in paragraph 13 of this Part I and in paragraph 13.1 of Part VII of this Document.

* Please see the Glossary of Alternative Performance Measures on page 13 of this Document for the definition of this Alternative Performance Measure.

The Board believes that the Vendors (other than the Optionholder) agreeing to receive all of the proceeds of the sale of their shares in the London Cocktail Club in Consideration Shares (valued at approximately £5.5 million at the Issue Price) is a positive endorsement of the prospects and strategy of the Enlarged Group.

5. Information on the London Cocktail Club

History and background

The Board considers that the London Cocktail Club has carved out its own niche in London's cocktail bar scene, with its speakeasy-style, destination-led basement sites. The London Cocktail Club concept was initially conceived by the winner of the World's Best Bartender award at the 2008 Cocktail World Cup John James 'JJ' Goodman and James Hopkins, who aimed to create a collection of bars where customers could experience best-in-class cocktails in exciting environments with added 'theatre'.



In 2009, JJ Goodman and James Hopkins were the winners of the television show competition 'The Restaurant', which brought further exposure and also the prize of partnering with Raymond Blanc and Sarah Willingham-Toxvaerd. The first site that this founder group partnered on was on Goodge Street which was established under the London Cocktail Club brand. A further eight sites were opened in London over the subsequent eight years, with the first regional site opened in Bristol in 2018.

The Board believes that the establishment of successful Monument and Liverpool Street venues has demonstrated that the London Cocktail Club's model is transferable to the City of London, alongside the established West End locations, and that the performance of the Bristol venue demonstrates that the model is capable of being rolled out nationally.

The London Cocktail Club's sites are all individually unique from a design, decor and size perspective, although the quality of drinks, training and service remains consistent across the portfolio.

The London Cocktail Club has won several awards including:

- Icons of Gin's 'Bar Group of the year 2018'
- Top 10 Best International High-Volume Cocktail Bars at Tales of the Cocktail Spirited Awards 2017
- Greater London Enterprise Magazine's Cocktail Bar Chain of the Year 2017

- Winner of several Design My Night awards, including Best Cocktail Bar in the West End 2016/2017
- The Prince's Trust Get Hired Champion 2017

The London Cocktail Club has also been nominated or shortlisted for a number of other awards.

The London Cocktail Club's business model

Under normal operating conditions when COVID-related restrictions are not in effect, the London Cocktail Club's bars are typically open from 4.30 p.m. until between midnight and 2.00 a.m. on Mondays to Sundays.

The majority of the London Cocktail Club sites are located in basement sites. The Board believes that by turning basement sites into popular and stylish bar destinations, the result is lower rents and premises costs as a proportion of turnover, when compared to ground floor sites.

With average capital expenditure of £339,000* and average, normalised site EBITDA* of £256,000, the Board believes that the London Cocktail Club has a compelling business model, given that its bars have a return on investment* of 75 per cent.

Whilst the London Cocktail Club has historically generated high gross margins, its normalised, historical site EBITDA margin* of 33 per cent. is what further strengthens the Board's belief in its roll-out potential.



The London Cocktail Club's offering continued to prove attractive when the UK COVID Restrictions were eased in July 2020, with the London Cocktail Club recording like-for-like* growth of 8.4 per cent. in August and September 2020 compared to the same period in 2019. The Board believes that the London Cocktail Club benefitted from customers' desire for social interaction in a safe environment. The Board further believes that this demonstrates the case for continued growth and investment in the London Cocktail Club's business.

The Board believes that the London Cocktail Club's resilience, as demonstrated by the increase in like-for-like* sales during the August and September 2020 period when the majority of its venues were able to open, was achieved as a result of:

* Please see the Glossary of Alternative Performance Measures on page 13 of this Document for the definition of this Alternative Performance Measure.

- Increasing spend per head, via 'turning tables' faster (increasing the number of customers who are potentially served per table per evening), typically via customers' time at a table being limited to a pre-booked period of time, which is normally two hours with table service only.
- Simplifying its cocktail menu, which has reduced its cost of sales and labour whilst increasing turnover and cocktail preparation time for bartenders.
- Increasing the efficiency of staff costs, by moving from a monthly to an hourly pay scheme, following the UK COVID Restrictions.
- Renegotiating with suppliers as a result of COVID, including increased bulk ordering of core products resulting from the move to a simplified menu.

Drinks

The Board considers the London Cocktail Club to be at the forefront of cocktail taste innovation and menu design, with its menu being inspired by JJ Goodman's knowledge of the cocktail mixology industry. JJ Goodman has developed a set drinks compendium, employed across all of the London Cocktail Club's venues, using his extensive experience in cocktail mixology. The most popular cocktails offered are priced between £9 and £12. A selection of sharing cocktails are available, costing from £40 to £260. Wines, sparkling wines, champagne, spirit mixers, beer and non-alcoholic drinks are also available.

Selected cocktails are promoted on 'two for the price of one' offers, with 'happy hour' discounts also being available on all individual cocktails on the menu at certain times at certain venues.



Cocktail mixing courses

The London Cocktail Club also offers customers cocktail mixing courses. The course costs £40 per person with customers learning how to make three signature cocktails and includes a London Cocktail Club masterclass certificate.

Customers

The London Cocktail Club’s target customers are 26 to 40 year old millennials seeking social experiences. Recent bookings show that approximately 70 per cent. of the lead customers making a booking are female.

Specifically, the London Cocktail Club targets the ‘millennial pound’, which refers to the growing spending power of millennials. As noted in Experian’s Spending Index Report published in 2019, millennials are progressing at work and their growing seniority is mirrored in their income, with overall millennial spending forecast to grow at a higher rate in 2020 than other age groups, by 2.6 per cent. versus an average of 2.5 per cent.

The Board believes that the millennial pound is resilient and that businesses offering social experiences in a safe environment will benefit from the continued millennial desire for social interaction and experiences.



Staff training

The Board believes that an important factor in the success of the London Cocktail Club is the quality of its staff. The London Cocktail Club is thorough in both its selection and training of bartenders, with the objective of ensuring consistency of product and service. The staff are continuously assessed and provided with an ongoing training programme. General managers and bar managers also have an individual training programme from which they are assessed.



The London Cocktail Club is an accredited Wine & Spirit Education Trust (WSET) training house. Its training programme includes topics such as: bar set up, customer service, training to mix over 200 classic cocktails from its compendium, first aid, fire safety, allergen awareness, food safety, health and safety, employment law and customer data protection.

The London Cocktail Club further assesses each bar on a weekly basis through the deployment of a team to ensure the consistency of the “party feel” in each location.

The London Cocktail Club’s venues

The London Cocktail Club currently operates 10 bar venues, all of which are held on a leasehold basis. The estate predominantly consists of basement sites based in London, with a further site in Bristol. All of the bars are individually unique from a design and size perspective, thus providing customers with a unique experience in each location. The Board believes that basement sites reinforce escapism and a party atmosphere leading to increased consumption, which has been a strong driver in historical financial performance. The Board also believes that basement sites tend to be available at attractive lease terms, which are likely to improve further and remain attractive over the coming years.

The capacity figures stated below do not include adjustments for COVID-related social distancing measures within the bars.

Shaftesbury Avenue

The Shaftesbury Avenue venue was opened in 2012. The bar has a trading area of 1,200 square feet and a capacity of 120 persons. It is themed around a Tattoo Parlour, with old school British Navy style pin-ups and similar graphics as its decor.

Oxford Circus

The Oxford Circus venue was opened in 2013 and is the London Cocktail Club’s largest site with a trading area of 3,000 square feet and a capacity of 200 persons. It has an urban theme, including walls covered in graffiti.



Clapham

The Clapham venue was opened in 2019. The bar is situated on Clapham High Street near to Clapham Common Underground station and has a trading area of 1,500 square feet and a capacity of 120 persons, with a cinema/movie theme.



Goodge Street

The Goodge Street venue was opened in 2010 and was the first bar in partnership with Raymond Blanc and Sarah Willingham-Toxvaerd. The bar is situated halfway down Goodge Street and has a trading area of 708 square feet and a capacity of 80 persons. It is themed as a 'Punk Palace' and specialises in gin cocktails.

Monument

The Monument venue was the London Cocktail Club's first site in the City of London and was opened in 2017. The bar has a trading area of 1,100 square feet and a capacity of 120 persons and has a classic Savile Row style tailor theme.



Liverpool Street

The Liverpool Street venue was the London Cocktail Club's second site in the City of London and was opened in 2017. The bar has a trading area of 1,000 square feet and a capacity of 60 persons and has a vintage fairground theme.



Old Street

The Old Street venue was opened in 2018. The bar is situated between the City of London and Shoreditch, near Moorgate and Old Street Underground stations and has a trading area of 2,200 square feet and a capacity of 200 persons and has a secret garden theme.



Shoreditch

The Shoreditch venue was opened in 2014 and is located close to the Box Park food and retail park. The bar has a trading area of 2,500 square feet and a capacity of 140 persons and has a Motor City/biker theme.



Bethnal Green

The Bethnal Green venue was opened in 2016 and is located under the train tracks of Paradise Row. The bar has a trading area of 2,200 square feet and a capacity of 120 persons (with an additional outside capacity of 80 persons) and has a London transport/railway theme, with a focus on gin cocktails.



Bristol

The Bristol venue was opened in 2018 and is located in the Triangle West area. The bar has a trading area of 1,800 square feet and a capacity of 140 persons and has a Peter Pan's Neverland theme.

Licencing

The London Cocktail Club's venues all hold local council licences permitting the retail and consumption of alcohol at the relevant sites. Each licence is validly in effect at present and prescribe no time restrictions as to the effectiveness of their provisions. All of the bars are licensed to sell food and are registered with the Food Standards Agency.

Information on leases

The London Cocktail Club and its Subsidiaries are parties to ten lease agreements and one authorised guarantee agreement.

The lease terms vary, but can be categorised as follows:

| <i>Term remaining</i> | <i>Number of leases</i> |
|---|--|
| Less than five years | 1 (Bristol) |
| Greater than five years and less than ten years | 5 (Shaftesbury Avenue, Oxford Circus, Monument, Goadge Street and Bethnal Green) |
| Greater than ten years and less than fifteen years | 3 (Bishopsgate, Clapham and Old Street) |
| Greater than fifteen years and less than twenty years | 1 (Shoreditch) |

All of the London Cocktail Club's leases are subject to periodic rent reviews. Six of the ten leases benefit from certain statutory renewal rights afforded by the Landlord and Tenant Act 1954. Oxford Circus, Bethnal Green, Clapham and Shoreditch do not benefit from such rights.

During 2019, the London Cocktail Club closed its Islington site and assigned the lease to the new tenant. The terms of the authorised guarantee agreement are such that if the assignee were to default on the lease, the London Cocktail Club would be liable for payments due under that lease which has a further 8.5 years to run.

Further details of the London Cocktail Club's premises are set out in paragraph 14 of Part VII of this Document.

2020 renegotiation of leases

Following the advent of COVID in the UK, the London Cocktail Club has entered into negotiations with its landlords, firstly to reach agreement in respect of rent arrears for 2020 and secondly, where possible to secure improved terms, for example rent free periods and ongoing rent reductions.

Of the 10 sites:

- Clapham, Oxford Circus and Monument: agreements have been entered into between the landlords of these sites and the London Cocktail Club in respect of improved terms including material rent reductions for 2020.
- Bristol, Goodge Street and Shaftesbury Avenue: all of these landlords have agreed in principle, *inter alia*, material rent reductions for 2020. Contractual documentation reflecting these agreements in principle is being drafted and the Board believes that those agreements will be entered into shortly after Admission.
- Negotiations with the remaining landlords are on-going.

The London Cocktail Club will continue to negotiate with the remaining landlords in an effort to agree terms in respect of unpaid rent for 2020 and otherwise improve the terms of those leases in the Enlarged Group's favour.

When conducting lease renegotiations, the London Cocktail Club has been targeting 20 per cent. reductions in rents on an ongoing basis. In some instances, the London Cocktail Club has extended its leases in order to achieve rent reductions and other lease benefits.

Future leases

In relation to lease negotiations in the hospitality segment of the UK property market, the Board believes that there has been a significant shift in power from owner to occupier. When expanding the London Cocktail Club, the Board believes that the Enlarged Group will be in a strong negotiating position for new leases over the coming years. Further details on this topic can be found in paragraph 8 of this Part I.

Financial facilities

As at 30 September 2020, the London Cocktail Club had outstanding loans which totalled £1.68 million of which £0.48 million was due within less than one year. Approximately £1.43 million of the London Cocktail Club's total outstanding loans are comprised of a number of bank loans from Barclays Bank PLC (the "Bank Loans"). In 2020, the London Cocktail Club received a waiver from Barclays Bank PLC in relation to the financial covenants attached to certain of the Bank Loans, which were put in place prior to the COVID pandemic, and Barclays Bank PLC agreed a capital repayment holiday in respect of the majority of the Bank Loans until 31 December 2020.

Under the terms of the relevant loan agreements with Barclays Bank PLC, the London Cocktail Club's next financial covenant test date is on 30 June 2021 and the Board recognises that if the London Cocktail Club's trading is impacted by the COVID pandemic due to the current UK Government tier four restrictions on London (or tier three restrictions which also require hospitality venues to be closed) remaining in place for an extended period of time or other restrictions being put in place in 2021, resulting in the London Cocktail Club being unable to trade under normal conditions during the first six months of 2021, then it is likely that

the current financial covenants on the relevant Bank Loans will be breached at 30 June 2021. No waiver of financial covenants has yet been obtained by the London Cocktail Club in relation to the period from Admission onwards, as it is standard banking practice to provide financial covenant waivers retrospectively rather than prospectively. The Board believes that Barclays Bank PLC remains supportive of the London Cocktail Club and the relevant Bank Loans that contain financial covenants will not have to be repaid should the financial covenants be breached. In addition, the Board believes that the financial covenants on the relevant Bank Loans will be reset ahead of this time.

Should the London Cocktail Club need to repay the relevant Bank Loans that contain financial covenants after June 2021, the Board believes that the Company will have the funds to do so, via the net proceeds of the Fundraising, and that such repayment will not significantly impact the growth prospects of the London Cocktail Club.

6. Challenges to the hospitality industry and COVID impact

The hospitality sector has been through an era of unprecedented change. Focus within the drinks-led sector has shifted away from the provision of commoditised products at scale, with a new emphasis being on quality and individuality. Younger consumers, of which millennials are a significant part, identify less with beer and wine and increasingly with spirits and cocktails, with the Diageo Drinks Report 2019 indicating that spirits have grown to almost one in three serves in total beverage alcohol, whilst beer and wine have both reduced their share of sales. Data from the CGA Mixed Drinks Report Q1 2020 indicates that in 2020, 10.3 million British consumers drank cocktails out of home. Between 2014 and 2018 the number of on-trade outlets serving cocktails grew by 75 per cent. to 42,000 outlets. The same report found that sales of cocktails in UK licensed premises grew 6.4 per cent. in Q1 2020 compared to Q1 2019, leading the Board to believe that the cocktail industry is thriving.

In contrast to the growth in on-trade outlets serving cocktails, the wider hospitality industry was facing a number of pre-COVID challenges.

According to a publication titled 'Restaurant insolvencies jump 25% in the last year alone' by the accounting firm UHY Hacker Young published in September 2019, the number of restaurant businesses becoming insolvent increased by 25 per cent. between 2017/18 and 2018/19. The Board believes that many of the structural issues seen in the casual dining sector and across drinks-led businesses were prevalent prior to the arrival of COVID. The immediate impact of the UK COVID Restrictions forced the closure of many sites and businesses that were already struggling with the changing consumer trends.

Nightclubs in particular have struggled to meet changing consumer habits and rising costs, and according to Alix Partners' Market Growth Monitor published in December 2019 the number of UK nightclub sites as at September 2019 had decreased by 10.8 per cent. relative to September 2018. The UK COVID Restrictions have accelerated this crisis further, with nightclubs being unable to open throughout much of 2020.

The Board is of the view that in 2018 and 2019, prior to the COVID outbreak, parts of the UK hospitality industry were under strain following the fall in consumer confidence due to the result of the Brexit vote. The hospitality industry was faced with rising costs, increased rents, over saturation, home delivery and a low availability of staff. Over the same period, the Board observed a shift in consumer preferences towards authentic, social and experiential-led hospitality offerings, which the Board believes has had an especially adverse impact on commoditised hospitality brands.

A combination of the effects of COVID and UK COVID Restrictions have put large parts of the UK drinks-led business under increased pressure, presenting new challenges for the industry while compounding already prevalent issues.

The Board believes that casual dining and hospitality concepts are predominantly suffering from the burden of expensive rents and high levels of capital expenditure, discounted voucher offerings, increased food prices and a shift to home delivery which has been accelerated by the various COVID-related lockdown restrictions enacted over 2020. In recent months, further casualties in the casual dining market have been announced on a regular basis as the full impact of this combination of issues is felt.

The Board believes that the impact on the casual dining industry along with the permanent closure of many drinks-led pubs and bars will result in reduced rents and significantly better lease terms. The Board believes that it is likely that this position will last for several years.

7. The Enlarged Group's strategy

Nightcap was founded by experienced bar and restaurant entrepreneur Sarah Willingham-Toxvaerd to specifically identify, acquire and roll-out brands which have substantial potential to thrive when the market dynamics in the drinks-led sector stabilise.

The London Cocktail Club

The London Cocktail Club will be Nightcap's first acquisition of a bar concept with, in the Directors' opinion, substantial under-utilised potential. The Board's objective is for the London Cocktail Club to expand to approximately 40 sites over the next five years through a roll-out across the UK. It is the Board's intention to pursue a focused roll-out by choosing sites which can support the estate's return on investment* of 75 per cent., throughout the length of the site's lease. The Company is building its pipeline of potential additional target sites in London and across the UK to facilitate this expansion.

Other drinks-led concepts

In addition to the roll out of the London Cocktail Club brand, the Board intends to pursue opportunistic acquisitions of existing brands which may require stabilisation, refinancing, turnaround or market repositioning, where appropriate opportunities arise. This may involve the acquisition, re-capitalisation and development of distressed drinks-led concepts with significant potential across the UK. The Company has identified a pipeline of potential targets in this regard.

8. Market opportunities

The Board intends that Nightcap's branded roll-out strategy of the London Cocktail Club and its buy-and-build strategy in relation to other drinks-led concepts will take advantage of the following opportunities:

Availability of sites

A large number of attractive sites are becoming available on substantially better rental and lease terms than would have been available pre-COVID and with more aggressive incentives from landlords than have been seen historically. This is happening as a consequence of a number of hospitality businesses either entering into administration or closing a significant number of sites by undertaking a CVA or other restructuring process.

The Board is aware of many existing and new leaseholders that are negotiating significant rent reductions on leases, with some achieving rent free periods of up to two years. These incentives are available because landlords are fearful of not being able to find tenants for their sites in the short to medium term. The Board believes that this will lead to tenants being in stronger negotiating positions over the coming years, with many sites being available for expanding brands and with less competition when securing prime locations. The Board believes that this shift in power from owner to occupier will be in effect for several years.

Availability of acquisitions

The Board believes that a strong pipeline of acquisition opportunities will become available on attractive terms, due to financial distress and a need for stabilisation, refinancing, turnaround or market repositioning. The Board is aware of a number of such groups that are seeking solutions to allow fundamentally viable businesses to survive. These businesses would be able to benefit from the types of resources that the Enlarged Group will be able to offer, such as access to capital, the utilisation of economics of scale and relevant industry experience.

* Please see the Glossary of Alternative Performance Measures on page 13 of this Document for the definition of this Alternative Performance Measure.

Decreased competition

The Board is aware of many drinks-led businesses that have expanded quickly via sites with high rents and high capital expenditure, which was financed by substantial levels of debt. These businesses have suffered disproportionately from the impact of the UK COVID Restrictions. The Board believes that many of them will be forced to re-finance, enter CVAs or alternatively close permanently.

Increases in the influence of the millennial pound

The Board believes that the millennial pound is growing in its influence, as those in this age group make their way up the career ladder. Millennials make up a significant proportion of the UK population and therefore have a sizeable influence. Experian's Spending Index Report published in 2019 forecasts that millennials' overall spending is to grow at a slightly higher rate in 2020 than other age groups, reflecting their growing spending power as they assume more senior roles. The Board believe that millennials are driving the demand for cocktails away from nightclubs to party bars and that it is therefore crucial to meet the demands of this resilient, highly influential consumer.

Shift in consumer preferences

The Board believes that consumers are more discerning than ever in terms of their hospitality preferences. They demand top quality drinks and meals, but also value. The Board believes that consumers are currently not discount led, but they hate 'bill shock'. The Board further believes that customers are increasingly seeking hospitality that is expert and unique, rather than the offerings of mass-produced formulaic hospitality chains. The Board believes that hospitality businesses which provide social experiences, offered responsibly both generally and in the COVID environment, will benefit from millennial customers' desire for social interaction and experiences.

The Board believes that consumers, in particular millennials, are increasingly viewing experiences as 'currency' in social interactions. According to survey data reported in a publication from Deloitte in June 2019 titled 'Experience is everything – The UK leisure consumer, June 2019', 18-34 year old consumers would treat themselves to an experience rather than shopping for clothes or shoes, with spending on things to do growing much faster than spending on things to own.

The Board is of the view that the fundamental shifts in both the hospitality industry's business environment and consumer preferences has created a compelling commercial opportunity, which the Board intends to capitalise on.

Changes in the competitive landscape

As consumers' expectations of their nights out are changing, so too are trends in the drinks-led segment of the UK hospitality market. The millennial pound in particular is moving away from value and generic propositions towards favouring more fulfilling, experience-led venues which may involve a degree of premium pricing. Based on its experience and industry knowledge of the drinks-led segment of the UK hospitality industry and its analysis of competitors, the Board believes that the London Cocktail Club sits in the millennial consumer's 'sweet spot', with high quality drinks delivered at accessible prices in a high energy atmosphere.

Increased access to talent

An unfortunate consequence of hospitality businesses closing sites, or entire chains of restaurants and bars, is an increasing number of talented and experienced hospitality staff in the jobs market. The Board is aware that the unavailability of appropriately skilled staff can often be a hurdle to successful hospitality scale-ups, although it is anticipated that this will be much less of an issue for the foreseeable future given the oversupply in the hospitality jobs market. In particular, the increased availability of experienced bartenders and bar managers should assist the expansion of the Enlarged Group's brand.

9. Normalised EBITDA

The Board does not believe that the historical financial information contained in Part III of this Document (the "Historical Financial Information") is representative of the London Cocktail Club's ongoing business, particularly given: i) the growth through the opening, since 1 July 2018, of three new London Cocktail Club sites in Old Street, Clapham and Bristol; and ii) the maturing sales from these three newer sites and the Liverpool Street site. In addition, the Historical Financial Information does not reflect the impact of the

operational efficiencies obtained from: (i) reducing the size of the cocktail menu and improved purchasing due to the discontinuing of legacy contracts with specific spirits brands and the resulting increase in gross margin on spirits; and (ii) the impact on trading resulting from significant reductions in head office costs. This includes the discontinuation of a pre-made cocktails business which was undertaken by the London Cocktail Club's subsidiary, The Craft Cocktail Company Limited.

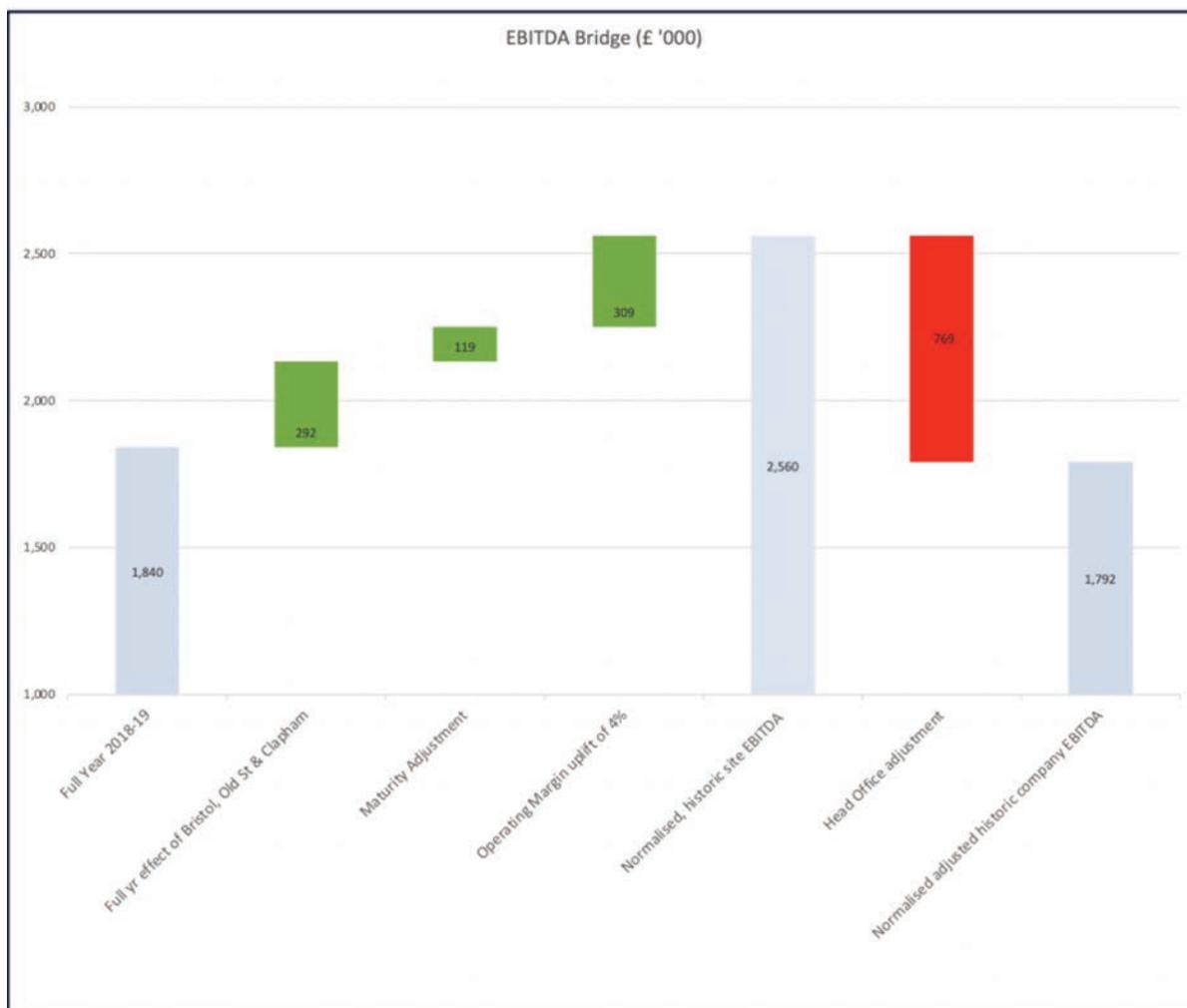
Accordingly, for illustrative purposes only, the Board has prepared a normalised, adjusted historical version of the London Cocktail Club's EBITDA on a proforma basis for the underlying business. This proforma financial information addresses a hypothetical situation and, therefore, does not represent the London Cocktail Club's actual financial position or results or expectation of its financial position or results. It is based on the extracted site EBITDA of approximately £1.8 million for the seven sites that were trading during the whole of the financial year ended 30 June 2019 and the Old Street and Bristol sites which were opened during that year, adjusted as per the Board's assumptions set out below (the "Assumptions"). The financial information contained in the EBITDA Bridge (defined and presented below) is unaudited.

By applying the Assumptions to the EBITDA for these seven sites for the financial year ended 30 June 2019 and the two sites opened during that year, as well as adding the Clapham site which opened in the financial year ended 30 June 2020, the normalised, historical site EBITDA for the London Cocktail Club would be approximately £2.6 million (the "EBITDA Bridge"). Further adjustments to reflect the impact of the reduction in head office costs and one-off costs would result in a normalised, adjusted historical company EBITDA of approximately £1.8 million for the same period.

It should be noted that the Assumptions and the EBITDA Bridge do not take into account the full negative impact of COVID experienced during 2020, or the revenue from and costs of future site openings. The Assumptions and the EBITDA Bridge are in relation to the London Cocktail Club only and do not take into account any financial information in relation to Nightcap or the costs associated with Admission or being a company with its shares traded on AIM. It also does not take into account any adjustments under IFRS16.

The EBITDA Bridge is not a forecast, and for the avoidance of doubt is not what the Board expects the London Cocktail Club to achieve in the financial period ending 30 June 2021 or any following financial period. It is provided for guidance purposes only and, as set out above, is intended to illustrate the normalised, adjusted historical company EBITDA of the London Cocktail Club and solely on the basis of the Assumptions.

The EBITDA Bridge and the presentation of the normalised, historical site EBITDA and the normalised, adjusted historical company EBITDA are Alternative Performance Measures. In order to make a full assessment of the London Cocktail Club's business, prospective investors should read the whole of this Document and not rely solely on these Alternative Performance Measures, which should be considered in addition to, and are not intended to be a substitute for, or superior to, IFRS measurements (as set out in the Historical Financial Information). Certain of the components used within these Alternative Performance Measures relate to past performance. Past performance is not an indication of future results.



Source: The Board's adjustments to the unaudited site EBITDA for the London Cocktail Club for the 52 week period ended 30 June 2019.

Further details of the Assumptions are as follows:

Full year effect for Bristol, Old Street and Clapham sites

This reflects the inclusion of EBITDA expected to be generated by the sites at Bristol, Old Street and Clapham on the assumption that these three sites continued to trade in a similar way to that evidenced during the first eight months of the financial year to 30 June 2020, prior to the impact of COVID. This assumption would have an overall positive impact on site EBITDA of approximately £0.3 million.

Maturity of sales at Liverpool Street, Bristol, Old Street and Clapham sites

An adjustment has been applied that assumes that site maturity at the Liverpool Street, Bristol, Old Street and Clapham sites would follow the historic and planned maturity profile typically shown by the other London Cocktail Club's sites, which would increase site EBITDA by approximately £0.1 million. This is based on assumptions regarding the expected like for like trading growth anticipated at each site, as a consequence of additional new customers and increase of customers visiting more frequently as the cocktail bars and their staff become more widely known and appreciated in the local areas.

Operational margin uplifts

A number of initiatives were implemented during 2020 which resulted in increased Gross Margins across the portfolio. These initiatives include a new simplified menu resulting in a streamlining of the types of cocktails produced and the varieties of spirits used across all of the London Cocktail Club's sites. In addition, increased gross margin was achieved through the untying of legacy contracts with spirits brands, resulting in better pricing on purchasing. A streamlining of the London Cocktail Club's wage structure was achieved via moving certain staff from a monthly to an hourly pay scheme, increasing the operational flexibility across all ten sites. The Board estimates that the combined company EBITDA impact of these assumptions would be approximately £0.3 million.

Head office and one off adjustments

Actual central costs from the London Cocktail Club's financial year ended 30 June 2019 of approximately £1.4 million have been deducted, after an adjustment of £0.4 million for one off expenses, relating to preopening costs and discontinued operations. The discontinued operations adjustment relates primarily to the closure of the pre-made cocktails business, The Craft Cocktail Company Limited. In addition, a reduction of approximately £0.2 million in head office costs has been realised to give a normalised, adjusted historical company EBITDA of approximately £1.8 million (before taking account of any adjustments under IFRS16 and without any negative adjustments for COVID).

10. Board, Senior Management and employees

Details of Nightcap's Board upon Admission and the London Cocktail Club's Senior Management are as follows:

The Board

Gareth Edwards, aged 62, *Proposed Non-Executive Chairman*

Gareth is a qualified solicitor and was previously a partner at law firm Pinsent Masons LLP, where he 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 is also a director of FXPress Payment Services Limited, an FCA and HMRC authorised international payment services business and is a director of Cornerstone FS plc (its parent company). He has significant public markets experience and is Chairman of Honye Financial Services Limited and Senior Independent Director of Alina Holdings plc (previously known as The Local Shopping REIT plc) and Anemoi International Limited, which are all quoted on the London Stock Exchange; and he also brings significant AIM experience to the Board, having acted on the AIM Disciplinary and Appeals Committee until 2017 and is currently a Non-Executive Director of AIM listed Various Eateries plc.

Sarah Willingham-Toxvaerd, aged 47, *Chief Executive Officer*

Sarah is an entrepreneur, investor and consumer expert with expertise in the hospitality industry. She was a Dragon on the panel of BBC's 'Dragon's Den'. Sarah was also formerly a judge and investor on BBC Two's 'The Restaurant' and 'Cooks to Market'. Sarah was a director of the Clapham House Group plc where she co-owned, developed and sold the Bombay Bicycle Club. As Executive Director of the Clapham House Group she was also responsible for the development of The Real Greek and Tootsies brands and the combined estate of 47 restaurants. Sarah is also chair of the private equity backed, fast expanding, Tonkotsu Group of Japanese ramen eateries as well as being a shareholder of the UK's largest subscription business for alcohol, the Craft Gin Club. Sarah is currently a director of and a shareholder in the London Cocktail Club and has played a pivotal role since inception and will continue to lead the next stage of its expansion as Nightcap's Chief Executive Officer.

Toby Rolph, aged 46, *Proposed Chief Financial Officer*

With over 20 years of experience in the hospitality sector, Toby has been instrumental in significantly growing leading cocktail bar chain Be At One and night venue operator Academy Music Group as Finance Director. In both instances he was a member of the executive team leading the successful trade exits to Stonegate and Live Nation respectively. Toby is a Chartered Accountant who rose to Finance Director during his 11 years with Academy Music Group, which expanded to 12 venues during his tenure. 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 private equity backed Be At One, a leading UK Cocktail Bar chain, where he spent seven years as Finance Director, overseeing the finance function, expanding debt facilities with new banking partners, professionalising the company's systems and reporting structures whilst undergoing significant site expansion from 12 to 33 sites, before co-leading the successful exit to Stonegate in July 2018.

Michael Willingham-Toxvaerd, aged 46, *Executive Director*

Michael is a serial entrepreneur, investor, and venture capital and private equity professional. Michael 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 Managing Partner of HBG Holdings UK and CIO of HBG Holdings, the Dubai based private equity group from 2010 to 2018. From 2011 to 2020, Michael was also a director of the specialist asset management and investment banking group Rasmala plc, which has \$1.82 billion of assets under

management. He has over 15 years of mergers and acquisitions experience and significant experience in capital markets, strategy, founding, finance, listing and advising companies privately and on the London Stock Exchange. Michael holds an MBA from Cranfield University and is a member of the advisory board of Cranfield's Bettany Centre of Entrepreneurship. Michael will be responsible for the Enlarged Group's mergers and acquisitions activities and will lead Nightcap's acquisition strategy.

Tobias (Toby) van der Meer, aged 43, *Proposed Non-Executive Director*

Toby is Group Chief Executive Officer of Hastings Group ("Hastings"). Hastings is one of the UK's largest and fastest growing retail financial services businesses with over 3 million customers and 3,500 staff. Having joined in 2011 as Managing Director of Hastings' retail business, Toby has helped lead Hastings' growth, and has taken the group through private equity investment, its IPO and growth to a FTSE 250 company, and more recently successfully completed a £1.6 billion 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 comparison business. He has also spent nearly a decade in other senior financial services roles, including leading Citigroup UK's retail bank and helped with the IPO and was a member of the executive team of online bank Egg Plc.

Lance Moir, aged 63, *Proposed Non-Executive Director*

Lance has over 30 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. Lance is currently Non-Executive Chairman of the London Cocktail Club.

Thi-hanh Jelf, aged 47, *Proposed 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 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.

Senior Management

The London Cocktail Club currently has the following Senior Managers, who upon Admission will be the initial non-Board senior management team of the Enlarged Group. The Board believes that an excellent operational leadership team is in place and ready to execute the Enlarged Group's aggressive growth strategy.

Michelle Hall, aged 47, *Managing Director, London Cocktail Club*

Michelle was appointed in 2015 to oversee the London Cocktail Club's expansion. She has over 25 years' experience in the industry, joining the London Cocktail Club from Kornicis Group. She started her management career in the sector in 2002 at Lewis & Clarke for Imbiba and then co-founded Little Gems Country Dining with Steve Wilkins. Michelle is responsible for running the London Cocktail Club on a day-to-day basis and has played an integral role in growing its estate to ten successful cocktail bars.

John James 'JJ' Goodman, aged 36, *Head Bartender and Co-Founder, London Cocktail Club*

By the age of 20, James was winning cocktail flare championships across Europe, culminating in winning the World's Best Bartender award at the Cocktail World Cup in 2008 and starting the London Cocktail Club. Over time the organisational structure of the London Cocktail Club's business has developed, allowing James to share operational responsibilities with key employees. James is jointly responsible for branding, training, site development and menu curation.

Michael Ha, aged 36, *Head of Finance, London Cocktail Club*

Michael is a finance professional with extensive multisite hospitality experience. His previous roles include Group Financial Controller at Group Genuine, a Senior Management Accountant at Boparan Restaurant Group, Head of Finance at 12 Hay Hill Ltd and Financial Controller at the Century Club and the Paramount Club. Michael is a Chartered Certified Accountant.

As at 30 November 2020, the London Cocktail Club employed 86 employees, all based in the United Kingdom, the activity breakdown of which is as follows:

| <i>Number of employees by function</i> | <i>Number of employees</i> |
|--|----------------------------|
| Management | 4 |
| Operations | 78 |
| Administration | 4 |

11. Summary financial information

The following summary of the audited financial information relating to the London Cocktail Club's activities for each of the 52 week periods ended 28 June 2020, 30 June 2019 and 1 July 2018 has been extracted from the historical financial information set out in Part III of this Document. The London Cocktail Club's unaudited interim results for the thirteen week period ended 27 September 2020 and the thirteen week period ended 29 September 2019 have also been summarised below, and have been extracted from the unaudited historical financial information set out in Part IV of this Document.

In order to make a proper assessment of the financial performance of the London Cocktail Club's business, prospective investors should read this Document as a whole and not rely solely on the key or summarised information in this section.

SUMMARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the periods

| | <i>52 weeks</i> | <i>52 weeks</i> | <i>52 weeks</i> | <i>13 weeks</i> | <i>13 weeks</i> |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| | <i>28 June</i> | <i>30 June</i> | <i>1 July</i> | <i>27 Sept</i> | <i>29 Sept</i> |
| | <i>2020</i> | <i>2019</i> | <i>2018</i> | <i>2020</i> | <i>2019</i> |
| | £ | £ | £ | £ | £ |
| Revenue | 5,196,710 | 6,592,214 | 5,905,434 | 1,249,333 | 1,574,891 |
| Cost of goods sold | (1,074,931) | (1,416,272) | (1,306,821) | (264,059) | (320,340) |
| Gross Profit | 4,121,779 | 5,175,942 | 4,598,613 | 985,274 | 1,254,550 |
| Administrative expenses | (4,400,818) | (5,097,215) | (4,527,153) | (978,929) | (1,302,992) |
| Operating Profit/(Loss) (IFRS) | (279,039) | 78,727 | 71,460 | 6,345 | (48,441) |
| Addback | | | | | |
| Property costs (Depreciation, Rent, impairments) | 346,801 | 391,927 | 468,536 | 89,950 | 57,967 |
| Non-recurring costs | 75,486 | 389,442 | 197,202 | – | – |
| Adjusted EBITDA | 143,249 | 860,096 | 737,197 | 96,295 | 9,525 |

Pro forma net asset value

As set out in Part VI of this Document, based on the historical financial information of the Company as at 30 November 2020, the Company's net asset value is £987,645 and the net asset value per share is approximately £0.02. Adjusted for the acquisition of the London Cocktail Club, the Placing and the Primary Bid Offer, on Admission, the Enlarged Group's unaudited pro forma consolidated net asset value will be £3,988,572 and its unaudited pro forma net asset value per share will be approximately £0.03.

12. Current trading and prospects

London Cocktail Club

The London Cocktail Club showed a strong performance over the 1 July 2020 to 30 September 2020 period, following the re-opening of the hospitality sector after the first national lockdown, put in place on 20 March 2020, was lifted. In August and September 2020, the London Cocktail Club's like-for-like* sales increased by 8.4 per cent. compared to the same period in 2019. During this period, the London Cocktail Club's venues were subject to a range of measures, including requiring the use of table service where possible instead of ordering at the bar, one-way systems and other restrictions to promote social distancing. Further details of the London Cocktail Club's financial performance over the 1 July 2020 to 30 September 2020 period can be found in Part IV of this Document.

On 14 October 2020, the UK Government's three-tier system of COVID restrictions in England came into force and 90 per cent. of the London Cocktail Club's venues, being all of its London venues, were subject to tier two restrictions, which included a prohibition on customers socialising with anybody outside their household or support bubble in any indoor setting and a 10.00 p.m. closing time. Notwithstanding these restrictions, the London Cocktail Club traded resiliently and managed its costs efficiently.

All of the London Cocktail Club's bars closed on 5 November 2020, in line with the UK Government's new national lockdown in England. The London Cocktail Club furloughed a number of its staff under the Coronavirus Job Retention Scheme and it continues to benefit from other UK Government support measures for the hospitality industry (such as reduced business rates and other grants). The London Cocktail Club reopened its nine London venues on 2 December 2020. These bars opened under the UK Government's new tier two restrictions, which only permit bars to open if they serve 'a substantial meal', which permits the serving of alcoholic drinks with such meals. The preparation for reopening the London bars involved putting arrangements in place for the selling of hot dogs with a side of salad, coleslaw and chips. Some of the London bars allowed food delivery companies to enable customers to order food, with orders being taken by the bar staff and the cost added to the customer's bill. The London Cocktail Club's bars also operated alongside local restaurants so that they could deliver food to the bars. Under the new tier two restrictions, the bars were required to close at 11.00 p.m., with last orders at 10.00 p.m.

On 16 December 2020, the London Cocktail Club's London venues were closed, following London becoming subject to the UK Government's tier three restrictions, which requires hospitality venues to be closed. On 20 December 2020, London became subject to the UK Government's tier four restrictions.

The Board was encouraged by the London Cocktail Club's trading from reopening on 2 December 2020 to 15 December 2020, which saw customers returning to all London venues. The Board believes that this demonstrates the popularity of the London Cocktail Club's venues and the Board views this as a positive indicator for when its London venues are able to reopen.

After the national lockdown ended on 2 December 2020, Bristol was subject to the UK Government's tier three restrictions and the London Cocktail Club's Bristol venue therefore remained closed. Following the announcement by the UK Government on 17 December 2020 regarding Bristol being placed into tier two restrictions from 19 December 2020, the London Cocktail Club reopened its Bristol venue on 19 December 2020 with a substantial meal offering to accompany alcoholic drinks. On 26 December 2020, the London Cocktail Club's Bristol venue was closed, following Bristol becoming subject to tier three restrictions.

All bar venues are currently closed under the nationwide lockdown restrictions put in place on 4 January 2021.

Nightcap

Since its incorporation Nightcap has raised approximately £1.24 million through a private pre-IPO fundraising, which is currently the Company's sole material asset. The Company currently has a low level of liabilities, no employees and will not commence operations until following Admission.

* Please see the Glossary of Alternative Performance Measures on page 13 of this Document for the definition of this Alternative Performance Measure.

13. Principal terms of the Acquisition

Pursuant to the Acquisition Agreement, the Company has conditionally agreed to acquire the entire issued and to be issued share capital of the London Cocktail Club.

The Consideration payable by the Company for the purchase of the London Cocktail Club, consists of: (a) the initial consideration comprising the issue and allotment of the Consideration Shares and cash consideration payable to the Optionholder of £162,116.19; and (b) contingent deferred consideration equal to: (i) any sums credited to or received by the London Cocktail Club following Admission and prior to 31 December 2021 in respect of leasehold property rental reductions agreed with landlords which are applicable to any period prior to Admission, subject to a maximum amount of £300,000; and (ii) any net sums received by the London Cocktail Club in respect of claims made prior to Admission under the London Cocktail Club's business interruption insurance referable to the period prior to Admission, subject to a maximum amount of £250,000.

The initial consideration is subject to adjustment (up or down) in respect of completion net debt and working capital, as determined by completion accounts.

The Acquisition Agreement is conditional on, among other things, Admission and may be terminated by the Company in certain customary limited circumstances, including where the Company becomes aware of a material breach of warranty or material breach of interim covenant prior to Admission.

Further particulars of the Acquisition Agreement are set out in paragraph 13.1 of Part VII of this Document.

14. Details of the Fundraising

The Fundraising is comprised of the Placing and the PrimaryBid Offer, details of which can be found below.

The Placing

The Company is proposing to raise gross proceeds of approximately £3.81 million by the conditional placing of 38,070,689 Placing Shares pursuant to the Placing. The Placing Shares are in registered form, and the Enlarged Share Capital will be free from restrictions on transfer and freely transferable.

The Placing Shares will represent approximately 28.15 per cent. of the Enlarged Share Capital on Admission. The Placing Shares will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive dividends and other distributions declared, made or paid in respect of the Ordinary Shares and will be placed free of any expenses and stamp duty.

The Placing, which is not underwritten or guaranteed, is conditional, *inter alia*, upon Admission. The principal terms of the Placing Agreement are summarised in paragraph 13.2 of Part VII of this Document.

The PrimaryBid Offer

PrimaryBid has conditionally agreed, pursuant to the PrimaryBid Engagement Letter, to act as agent for the Company and use its reasonable endeavours to procure subscribers for the PrimaryBid Shares at the Issue Price. The PrimaryBid Offer is not being underwritten. The PrimaryBid Offer has raised approximately £0.19 million for the Company (before commission and expenses).

The PrimaryBid Shares will represent approximately 1.43 per cent. of the Enlarged Share Capital on Admission. The PrimaryBid Shares will, on Admission, rank *pari passu* in all respects with the Existing Ordinary Shares, including the right to receive dividends and other distributions declared, made or paid in respect of the Ordinary Shares and will be placed free of any expenses and stamp duty.

The principal terms of the PrimaryBid Engagement Letter are summarised in paragraph 13.3 of Part VII of this Document.

15. Reasons for Admission and use of proceeds

Reasons for Admission

The Board believes that, as well as providing the net proceeds of the Fundraising, the Company's Admission to trading on AIM will allow the Company to take advantage of:

- a quoted company's public profile thereby promoting the Enlarged Group and its strategy;
- the possibility of creating a broad investor base and accessing institutional and other investors not only on Admission but in the secondary market;
- further access to equity capital in a cost effective and time efficient manner, thereby providing the Enlarged Group with the financial flexibility to further pursue its strategy;
- the potential liquidity in the Company's Ordinary Shares offered by the quotation on AIM;
- the potential to issue quoted equity as part of the consideration for future acquisitions; and
- help the Company to attract and retain high-quality and experienced personnel.

Use of proceeds

The net proceeds of the Fundraising are expected to total approximately £3 million. The Board intends to use these funds as follows:

- to fund the expansion of the London Cocktail Club's sites to approximately 40 in London and major UK cities over the next five years;
- to the funding of potential acquisitions of fundamentally sound drinks led brands with simple, easy to replicate business models for cash and/or shares;
- to consider acquisitions of groups requiring stabilisation and re-financing and/or new equity and turnaround or repositioning;
- to satisfy the cash component of the Consideration; and
- for general working capital purposes.

16. Lock-in agreement and Orderly Market Agreement

The Locked-In Shareholders, who will hold Ordinary Shares that will be subject to the Lock-In Agreement which in aggregate represent 56.55 per cent. of the Enlarged Share Capital, have, on 7 January 2021, entered into the Lock-In Agreement, pursuant to which they have undertaken to the Company and Allenby Capital not to dispose of the Ordinary Shares held by them at Admission that are subject to the Lock-In Agreement at any time prior to the first anniversary of Admission (the "Lock-in Period"). Certain specified and customary exceptions apply to this obligation.

Furthermore, Locked-In Shareholders have also undertaken to the Company and Allenby Capital for the period of 12 months following the expiry of the Lock-in Period that they shall only dispose of their Ordinary Shares that are subject to the Lock-In Agreement through the Company's broker or as the Company's broker may reasonably require, so as to ensure an orderly market in the Ordinary Shares.

Further details on the Lock-In Agreement are set out in paragraph 13.5 of Part VII of this Document.

Separately pursuant to the Orderly Market Agreement, certain of the Vendors have also undertaken to the Company and Allenby Capital for the period of 24 months following Admission that they shall only dispose of certain of their Consideration Shares through the Company's broker or as the Company's broker may reasonably require, so as to ensure an orderly market in the Ordinary Shares.

Further details on the Orderly Market Agreement are set out in paragraph 13.7 of Part VII of this Document.

17. Relationship Agreement

Immediately following Admission, Sarah Willingham-Toxvaerd and Michael Willingham-Toxvaerd will collectively hold 25.31 per cent. of the Enlarged Share Capital. Sarah Willingham-Toxvaerd and Michael Willingham-Toxvaerd, the Company and Allenby Capital have entered into a relationship agreement with the

Company and Allenby Capital under which Sarah Willingham-Toxvaerd and Michael Willingham-Toxvaerd have undertaken, for so long as they individually or together with any of their associates hold Ordinary Shares representing 17.5 per cent. or more of the voting capital of the Company, among other things, that the Enlarged Group and its business shall be managed for the benefit of the shareholders as a whole and independently of Sarah Willingham-Toxvaerd and Michael Willingham-Toxvaerd and any of their associates.

Further details on the Relationship Agreement are set out in paragraph 13.4 of Part VII of this Document.

18. Dividend policy

The Board believes that the Enlarged Group will continue to have the potential to be cash generative in the future and recognises the importance of dividend income to Shareholders. Having considered the requirement for capital expenditure to achieve the strategic objectives of the Enlarged Group, including the Board's wish to pursue a buy and build strategy which will involve potential acquisitions in the future, the Board intends at an appropriate point to pursue a progressive dividend policy that will take account of the Enlarged Group's profitability, underlying growth and availability of cash and distributable reserves, while maintaining an appropriate level of dividend cover. However, the Company does not anticipate paying dividends to Shareholders in the short to medium term.

The Board may amend the dividend policy of the Company from time to time and the above statement regarding the dividend policy should not be construed as any form of profit or dividend forecast.

19. Corporate governance

The Board acknowledges the importance of high standards of corporate governance and the Company has adopted the QCA Code. The QCA Code sets out a standard of minimum best practice for small and mid-size quoted companies, particularly AIM companies.

Upon Admission, the Board will comprise seven Directors, three of whom will be Executive Directors and four of whom will be Non-Executive Directors, reflecting a blend of different skills, experiences and backgrounds. The Board considers that Gareth Edwards, Lance Moir and Thi-Hanh Jelf are independent, having taken into account their shareholdings and their separation from the day-to-day running of the business.

The Board intends to meet regularly to review, formulate and approve the Enlarged Group's strategy, budgets, corporate actions and oversee the Enlarged Group's progress towards its goals.

The Company has established properly constituted audit and risk and remuneration committees of the Board with formally delegated duties and responsibilities, a summary of which is set out below.

Audit and risk committee

The Audit and Risk Committee comprises Thi-Hanh Jelf and Toby van der Meer with Lance Moir as chair of the committee. The Audit and Risk Committee meets as often as required and at least twice a year. The Audit and Risk Committee's main functions include, *inter alia*, 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; and monitoring and reviewing annually the auditors independence, objectivity, effectiveness and qualifications. The Audit and Risk Committee also monitors 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. The Audit and Risk Committee is responsible for overseeing the Company's relationship with the external auditors as a whole and also considers the nature, scope and results of the auditors' work and reviews, and develops, recommends to the Board and implements policies on the supply of non-audit services that are to be provided by the external auditors. The Audit and Risk Committee further focuses on compliance with legal and accounting standards and ensuring that an effective system of internal financial and non-financial controls is maintained. The ultimate responsibility for reviewing and approving the annual report and accounts will remain with the Board. The membership of the Audit and Risk Committee and its terms of reference will be reviewed on an annual basis.

Remuneration committee

The Remuneration Committee comprises Lance Moir and Gareth Edwards with Toby van der Meer as chair of the committee. The Remuneration Committee's main functions includes, *inter alia*, 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, company secretary and other senior executives and the performance targets to be used; and 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.

QCA Code

From Admission, the Company is required under the AIM Rules to apply a recognised corporate governance code to be chosen by the Board. The Board recognises the importance of sound corporate governance and intends that the Company will apply the QCA Code. The QCA Code sets out a standard of minimum best practice for small and mid-sized quoted companies, particularly AIM companies.

From Admission, the Company shall disclose on its website and within its annual report and accounts how the Company complies with the QCA Code and, where it departs from the QCA Code, the Company will explain the reasons for doing so. This information is also set out below. The Company will review this information annually in accordance with the requirements of AIM Rule 26.

The Company's Chairman leads the Board and oversees its function and direction, as well as having ultimate responsibility for implementing the Company's corporate governance arrangements.

The following summary sets out how the Company intends to apply the key governance principles defined in the QCA Code from Admission.

Principle

Application

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

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. As the first step in implementing its strategy, upon Admission, the Company will acquire the London Cocktail Club. Further details on the Nightcap's strategy in general and its strategy in relation to the London Cocktail Club can be found in paragraphs 1, 2, 4, 7 and 8 of this Part I above and will be contained in the Company's future Annual Reports.

Business Model:

The Enlarged Group's business model is primarily focused on identifying, acquiring and developing existing distressed brands and continuing the expansion of the London Cocktail Club. 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 London Cocktail Club's business model can be found in paragraph 5 of this Part I above and will be contained in the Company's future Annual Reports.

Key challenges in the execution of the Company's business model and strategy

The Risk Factors in Part II of this Document detail the key challenges and risks to the Company, including those in relation to the execution of the Enlarged Group'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.

Commentary regarding how the Board intends to address the key challenges in the execution of the Company's business model and strategy will be contained in the Company's future Annual Reports.

2 Seek to understand and meet shareholder needs and expectations

The Board recognises the importance of providing all shareholders with clear and regular information relating to the Company's activities. Primary communications are through Regulatory Information Service announcements, which will also be made available on the Company's website.

The Board will 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 is planned to include:

- Latest investor presentations;
- Latest developments with respect to expansion of the London Cocktail Club;
- Latest developments in relation to any potential acquisitions that occur in the future;
- All annual and half-yearly audited financial statements;
- All notifications made via a Regulatory Information Service; and
- Results and details of all resolutions voted on at the latest Annual General Meeting.

The Non-Executive Chairman, Chief Executive Officer and Chief Financial Officer 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 Enlarged Group's operations and the industry in which it operates enable the Board to clearly identify key stakeholders on which the Enlarged Group's business relies, which includes employees, customers and suppliers.

Members of the Board or the Enlarged Group's senior management will meet regularly with certain of the Enlarged Group's operational employees, such as individual site managers to allow for any key feedback to be obtained and reviewed.

The Enlarged 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 Enlarged Group's senior management will also attend site visits and may seek feedback from customers. Moreover, members of the Board or the Enlarged 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 London Cocktail Club's menu and the mixology experience for customers.

The Company will endeavour to take account of feedback received from stakeholders, making amendments to working arrangements and operational plans where appropriate and where such amendments are consistent with the Company's longer-term strategy. In addition, the Enlarged Group's senior management will regularly visit the bar venues where the Enlarged Group's operations occur and will be able to gain feedback on the Enlarged Group's operations. Any significant concerns raised will be reported to the Board. Ultimate responsibility for ensuring that the Company delivers on its corporate responsibility to its stakeholder's rests with the Board.

Commentary regarding actions that have been generated as a result of stakeholder feedback 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 Enlarged 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, who has significant experience within the hospitality sector, has the required knowledge and skills to be able to manage daily risks.

The Enlarged 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 Enlarged Group's identified risks are contained in Part II of this document.

The Company intends to maintain appropriate directors' and officers' insurance cover. The insured values and type of cover are comprehensively reviewed on an annual basis.

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 Board will formally review and document the principal risks to the business at least annually. The Board believes that the Enlarged Group has robust financial procedures and safeguards are in place regarding expenditure and accounting functions. The Board is assisted in the performance of its risk management duties by the Audit and Risk Committee.

Going forward a commentary regarding the Board's risk management and related control systems will be contained in the Annual Report which will be available on the Company's website.

5 Maintain the Board as a well-functioning, balanced team led by the chair

Upon Admission, the Board will comprise of four non-executive and three executive directors. The directors' biographies can be found in paragraph 10 of this Part I above. The Non-Executive Chairman leads the Board in all matters related to corporate governance. The Chief Executive Officer has executive responsibility for running the Enlarged Group's business and implementing its strategies.

The QCA Code suggests that the Board should comprise of 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 Enlarged 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 Enlarged 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 Enlarged 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 on a quarterly basis, 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.

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. As part of the 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

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 paragraph 19 of this Part I above.

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.

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 Enlarged Group's strategy. The Board considers itself to have an appropriate gender balance given two of its members are female.

Upon Admission, the Board will be comprised of three executive directors and four non-executive directors. Biographies of the Board members can be found in paragraph 10 of this Part I above.

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 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 their 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 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 Enlarged Group's development.

7 Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

The performance and effectiveness of the Board, its committees and the individual Directors and Proposed Directors will be evaluated on an annual basis. The 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. 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 Enlarged Group grows and develops its projects.

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 Enlarged Group will have a culture of responsible and ethical behaviour. The Board will regularly monitor the Enlarged Group's cultural environment and seeks to address any concerns that may arise. The Board will consider the Enlarged Group's cultural environment when seeking to recruit staff, and board directors.

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

- Health and safety of its employees and customers;
- Dealing in an honest, open and transparent manner with all its stakeholders and suppliers;
- 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 Enlarged Group grows and pursues the development of further sites and acquisition of further brands. The Board believes that Enlarged 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 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 Enlarged Group's business. With guidance from the Company's advisers, the Chairman will assess the appropriateness of the Company's governance structures as the Enlarged Group continues to develop. The Chief Executive Officer has overall responsibility for formulating, planning and implementing the Enlarged Group's strategy. As noted in principle 1, the Non-Executive Chairman, Chief Executive Officer 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 Enlarged Group.

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

- Ensuring the Company's internal control systems and processes are operating effectively, and for establishing an overall control framework
- Ensuring that commercial risks and financial needs are properly considered
- All financial matters, which include approval of budgets, changes to the Enlarged Group's financial structures, changes to business strategy, acquisitions or disposals of brands and incurrence of significant capital expenditure
- Compliance with all relevant health and safety policies
- Ensure the Enlarged Group complies with all rules and regulations as required by AIM, and the jurisdictions it operates in
- Any other material matter or business that may affect the Enlarged Group

Key responsibilities of the Audit and Risk Committee and Remuneration Committee can be found in paragraph 19 of this Part I above. From Admission, the full terms of reference of these committees will be 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 Enlarged Group's size, stage of development and resources. However, 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 will strive to ensure that all shareholders are kept up to date on the Enlarged 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.

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

Going forward, the Company's website will display:

- the results of voting on all resolutions in future general meetings (including Annual General Meetings), including any actions to be taken as a result of resolutions for which votes against have been received from at least 20 per cent. of independent shareholders; and
- historical annual reports and other governance-related material, including notices of all general meetings over the last five years.

The Company's annual report and accounts will be published together with notice of the Company's Annual General Meeting. The Company's interim results will be notified via Regulatory Information Service announcements and also made available on the Company's website.

The Company has not previously prepared an Audit and Risk Committee report and Remuneration Committee report, as the Company is recently incorporated. The Board intends to include an Audit and Risk Committee report and a Remuneration Committee report in its Annual Reports published after Admission.

20. Anti-bribery and corruption policy

The Company has adopted an anti-bribery and corruption policy which applies to the Board and employees of the Company and will, following Admission apply to management and employees of the Enlarged Group. It generally sets out their responsibilities in observing and upholding a zero-tolerance position on bribery and corruption as well as providing guidance to those working for the Enlarged Group on how to recognise and deal with bribery and corruption issues and the potential consequences. The Company expects all of the Enlarged Group's employees, suppliers, agents, contractors and consultants to conduct their day-to-day business activities in a fair, honest and ethical manner, be aware of and refer to this policy in all of their business activities worldwide and to conduct business on the Company's behalf in compliance with it, in terms of both the letter and the spirit of the policy and applicable laws.

21. Share dealing code

The Board has adopted a Share Dealing Code for persons discharging managerial responsibility ("PDMRs") and their closely associated persons, which complies with Rule 21 of the AIM Rules for Companies and also with the requirements of MAR. The Share Dealing Code provides that there are certain periods during which dealings in the Company's Ordinary Shares cannot be made including the periods leading up to the publication of the Company's financial results, including interim results, and any periods during which the PDMRs and other applicable employees may be in possession of inside information (as defined in MAR). The Company will take all reasonable steps to ensure compliance by PDMRs and their Closely Associated Persons with the share dealing code.

It should be noted that the insider dealing legislation set out in the UK Criminal Justice Act 1993, as well as provisions relating to market abuse, will apply to the Company and dealings in Ordinary Shares.

22. Share Option Plan

On 7 January 2021, the Company adopted the Share Option Plan, which allows for the grant of EMI Options and non-approved share options. On Admission or shortly following Admission, the Company proposes to grant options over 15,900,000 Ordinary Shares pursuant to the Share Option Plan. Details of the Share Option Plan and the options proposed to be granted are set out in paragraphs 4.5, 7.2 and 11 of Part VII of this Document.

23. The Takeover Code and takeover provisions

The Takeover Code

The Company is a public company incorporated in England and Wales, and application will be made to the London Stock Exchange for the Enlarged Share Capital to be admitted to trading on AIM. The City Code applies, *inter alia*, to all companies which have their registered office in the UK, Channel Islands or Isle of Man and whose securities are traded on a regulated market in the UK or a multilateral trading facility (such as AIM) or a stock exchange in the Channel Islands or Isle of Man. Accordingly, the City Code applies to the Company and, therefore, Shareholders are entitled to the protections afforded by the City Code. The Takeover Panel has statutory powers to enforce the City Code in respect of companies to which the Code applies.

Under Rule 9 of the City Code, any person who acquires an interest (as defined in the City Code) in shares which, taken together with shares in which he is already interested and in which persons acting in concert with him are interested, carry 30 per cent. or more of the Voting Rights of a company which is subject to the City Code, is normally required to make a general offer to all the remaining Shareholders to acquire their shares. Similarly, when any person, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. of the Voting Rights of such a company but does not hold shares carrying more than 50 per cent. of such Voting Rights, a general offer will normally be required if any further interests in shares are acquired by any such person.

Unless the Panel otherwise consents, an offer under Rule 9 of the City Code must be made to all other Shareholders, be in cash (or have a cash alternative) at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interests in shares of the Company during the 12 months prior to the announcement of the offer and cannot be conditional on anything other than the securing of acceptances which will result in the offeror and persons acting in concert with him holding shares carrying more than 50 per cent. of the Voting Rights.

Rule 9 of the City Code further provides, among other things, that where any person who, together with persons acting in concert with him, holds over 50 per cent. of the Voting Rights of a company, acquires any further shares carrying Voting Rights, then they will not generally be required to make a general offer to the other Shareholders to acquire the balance of their shares, although individual members of a concert party cannot acquire interests in the Voting Rights of such company through or between a Rule 9 threshold without Panel consent.

Concert Party

The Takeover Code defines persons “acting in concert” as comprising persons who, pursuant to an agreement or understanding (whether formal or informal), co-operate to obtain or consolidate control of a company or to frustrate the successful outcome of an offer for a company. “Control” means an interest, or interests, in shares carrying in aggregate 30 per cent. or more of the Voting Rights of a company, irrespective of whether such interest or interests give de facto control. A person and each of its affiliated persons will be deemed to be acting in concert with each other. There is a non-exhaustive list of persons who will be presumed to be acting in concert with other persons in the same category unless the contrary is established.

This list includes:

- (a) a fund manager (including an exempt fund manager) with any investment company, unit trust or other person whose investments such fund manager manages on a discretionary basis, in respect of relevant investment accounts;
- (b) a person, the person’s close relatives, and the related trusts of any of them, all with each other; and

- (c) shareholders in a private company who sell their shares in that company in consideration for the issue of new shares in a company to which the Takeover Code applies, or who, following the re-registration of that company as a public limited company in connection with an initial public offering or otherwise, become shareholders in a company to which the Takeover Code applies.

Sarah Willingham-Toxvaerd, Michael Willingham-Toxvaerd, Tobias Van der Meer, Greg Le Tocq, Lance Moir, John James Goodman, Ava Goodman (the sister of JJ Goodman), CGCC Limited (beneficially owned by JJ Goodman), Raymond Blanc, David Moore, James Hopkins, Andrew Lewis, Phil Wright, John Lederer and Joel Medrington (the “Concert Party”) are treated as acting in concert by virtue of connections that both the existing holders of Ordinary Shares and the Vendors have to Sarah and Michael Willingham-Toxvaerd. The Concert Party will hold an aggregate of 71.74 per cent. of the Enlarged Share Capital on Admission.

Certain members of the Concert Party will be granted options over an aggregate of 9,900,000 Ordinary Shares under the Share Option Plan. In the event that all such option holders exercise their options in full and there are no further Ordinary Shares issued by the Company, the Concert Party would hold, in aggregate, 106,941,338 Ordinary Shares, equivalent to 73.67 per cent. of the then enlarged issued share capital of the Company.

The shareholdings of the members of the Concert Party at Admission and on exercise of all of the options held by members of the Concert Party, assuming no further Ordinary Shares are issued by the Company, are or will be as follows:

| <i>Shareholder</i> | <i>Ordinary Shares at Admission</i> | <i>% of Enlarged Share Capital</i> | <i>Share options held at Admission</i> | <i>Ordinary Shares after full option exercise*</i> | <i>% of then enlarged issued share capital</i> |
|-----------------------------|-------------------------------------|------------------------------------|--|--|--|
| Sarah Willingham-Toxvaerd | 21,686,584 | 16.03% | 6,000,000 | 27,686,584 | 19.07% |
| Michael Willingham-Toxvaerd | 12,552,501 | 9.28% | 2,500,000 | 15,052,501 | 10.37% |
| Tobias Van der Meer | 9,050,000 | 6.69% | – | 9,050,000 | 6.23% |
| Greg Le Tocq | 7,200,000 | 5.32% | – | 7,200,000 | 4.96% |
| Lance Moir | 360,000 | 0.27% | – | 360,000 | 0.25% |
| John James Goodman | 15,130,845 | 11.19% | 1,400,000 | 16,530,845 | 11.39% |
| Ava Goodman | 1,621,162 | 1.20% | – | 1,621,162 | 1.12% |
| James Hopkins | 8,105,810 | 5.99% | – | 8,105,810 | 5.58% |
| Raymond Blanc | 10,807,746 | 7.99% | – | 10,807,746 | 7.44% |
| David Moore | 9,186,584 | 6.79% | – | 9,186,584 | 6.33% |
| CGCC Ltd | 901,312 | 0.67% | – | 901,312 | 0.62% |
| Phil Wright | 169,141 | 0.13% | – | 169,141 | 0.12% |
| Andrew Lewis | 169,141 | 0.13% | – | 169,141 | 0.12% |
| John Lederer | 68,089 | 0.05% | – | 68,089 | 0.05% |
| Joel Medrington | 32,423 | 0.02% | – | 32,423 | 0.02% |
| Total Concert Party | 97,041,338 | 71.74% | 9,900,000 | 106,941,338 | 73.67% |

* Assuming no other Ordinary Shares are issued.

As the Concert Party will control in excess of 50 per cent. of the Enlarged Share Capital on Admission, for so long as this remains the case, the Concert Party can increase its aggregate interest in the Voting Rights of the Company without incurring an obligation under Rule 9 of the City Code to make a general offer, although individual members of the Concert Party cannot acquire shares through or between a Rule 9 threshold without Panel consent.

Other

The Act provides that if an offer is made in respect of the issued share capital of the Company, the offeror is entitled to acquire compulsorily any remaining shares if it has received acceptances amounting to 90 per cent. in value of the shares to which the offer relates, subject to the rights of any Shareholders who have not accepted the offer to apply to the Court for relief. Certain time limits apply.

24. Taxation

Information regarding United Kingdom taxation is set out in paragraph 18 of Part VII of this Document. These details are, however, intended only as a general guide to the current tax position under UK taxation law. Shareholders who are in doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their own independent financial adviser immediately.

25. Settlement, dealing arrangements and CREST

Application has been made to the London Stock Exchange for all of the Ordinary Shares (including the Placing Shares, the PrimaryBid Shares and the Consideration Shares) to be admitted to trading on AIM. It is expected that Admission will be effective and that dealings in the Enlarged Share Capital of the Company will commence on 13 January 2021.

No temporary documents of title will be issued. All documents sent by or to a Shareholder, or at their direction, will be sent through the post at the Shareholder's risk. Pending the despatch of definitive share certificates, instruments of transfer will be certified against the register of members of the Company.

No temporary documents of title will be issued in connection with the Placing. Pending the despatch of definitive share certificates, instruments of transfer will be certified against the register of members of the Company. In respect of subscribers who will receive their Placing Shares in uncertificated form, Ordinary Shares will be credited to their CREST stock accounts on Admission. The Company reserves the right to issue any Ordinary Shares in certificated form should it consider this to be necessary or desirable.

In the case of investors receiving PrimaryBid Shares in uncertificated form, it is expected that the appropriate CREST accounts will be credited for the PrimaryBid Shares with effect from 13 January 2021. In the case of investors receiving PrimaryBid Shares in certificated form, it is expected that share certificates will be despatched by post within 14 days of Admission.

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. CREST is a voluntary system and applicants who wish to receive and retain certificates will be able to do so. The Articles permit the holding of Ordinary Shares in CREST. The Company will apply for the Enlarged Share Capital to be admitted to CREST on the date of Admission. Accordingly, settlement of transactions in the uncertificated Ordinary Shares following Admission may take place within the CREST system if any Shareholder so wishes.

26. Additional information

Your attention is drawn to the information included in Parts II to VII of this Document. In particular, you are advised to consider carefully the risk factors contained in Part II of this Document.

PART II

RISK FACTORS

The attention of prospective investors is drawn to the fact that ownership of shares in the Company will involve a variety of risks which, if they materialise, may have an adverse effect on the Company's business, financial condition, results or future operations. In such a case, the market price of the Ordinary Shares could decline, and an investor might lose all or part of his investment.

In addition to the information set out in this Document, the following risk factors should be considered carefully in evaluating whether to make an investment in the Company. The following factors do not purport to be an exhaustive list or explanation of all the risk factors involved in investing in the Company and they are not set out in any order of priority. In particular, the Company's performance might be affected by changes in market, policy and economic conditions and in legal, regulatory and tax requirements.

Additionally, there may be further risks of which the Board is not aware or believe to be immaterial that may, in the future, adversely affect the Company's business and the market price of the Ordinary Shares.

Before making a final investment decision, prospective investors should consider carefully whether an investment in the Company is suitable for them and, if they are in any doubt, should consult with an independent financial adviser authorised under the Financial Services and Markets Act 2000, as amended, who specialises in advising on the acquisition of shares and other securities.

RISK FACTORS RELATING TO THE BUSINESS, STRATEGY AND OPERATIONS OF THE ENLARGED GROUP AND THE HOSPITALITY INDUSTRY

COVID and Economic conditions

Over 2020, the UK Government executed the UK COVID Restrictions in response to the Coronavirus pandemic. A high degree of uncertainty exists around the impact of COVID on the UK economy and the London Cocktail Club's trading. As at the date of this Document, given that a significant number of UK Government schemes designed to support the economy through the pandemic are still in place, the full economic impact of COVID is unknown.

As at the date of this Document, all of the London Cocktail Club's venues are closed, under the nationwide lockdown restrictions put in place on 4 January 2021, which require hospitality venues to be closed. As at the date of this Document, the timing of the lifting of the restrictions allowing the London Cocktail Club's London venues to reopen is unknown.

There is a significant risk that the impact of COVID on the UK economy could lead to a recession. If this recession significantly impacts disposable income across the London Cocktail Club's target demographic, then this in turn could impact the London Cocktail Club's trading.

Over 2020, as a consequence of COVID, there have been changes to working patterns with a significant number of office workers, particularly in cities, continuing to work from home. It is unknown if this trend towards homeworking is temporary or will become more permanent in the medium-term, but diminished levels of footfall in parts of Central London or at the London Cocktail Club's other sites could have a material effect on the Enlarged Group's trading in these areas.

In the medium-term it is unknown if further UK Government restrictions, including lockdowns (at a local or national level) will be implemented in the future, nor is there any visibility as to when the social distancing rules and regulations imposed on the UK population will be lifted or varied (or whether stricter rules will be imposed). In the short to medium term, if restrictions remain in place, then these will affect the London Cocktail Club's ability to trade at its full potential. If COVID restrictions continue in the longer-term, then this may significantly affect the trading of the Enlarged Group. Finally, there may also be changes as a

consequence of COVID that will impact the Enlarged Group and its trading in the future, but which are currently unknown to the Board and cannot be reasonably predicted.

The Enlarged Group derives all of its revenues from the UK and is therefore sensitive to fluctuations in the UK economy. Changes in economic conditions in the UK and elsewhere, including, for example adverse changes in, interest rates, rates of inflation, industry conditions, political and diplomatic events and trends, tax laws, gross domestic product levels, credit conditions, rising levels of consumer debt, a deterioration in the pound sterling's foreign exchange position, levels of employment, and other factors could have a negative impact on the UK economy, leading to a consequent adverse effect on the financial performance and prospects of the Enlarged Group.

Dependence on key executives and personnel

The Enlarged Group has a relatively small senior management team and the loss of any key individual or the inability to attract appropriate personnel could impact upon the Enlarged Group's future performance.

Existing leases

All of the London Cocktail Club's premises are leased from a variety of counterparties with terms that vary. A minority of the London Cocktail Club's 10 lease agreements contain provisions that have the potential to be onerous. Two of the London Cocktail Club's leases contain landlord's options to end the lease on short notice periods under certain circumstances. The Monument lease contains broad repair/redevelopment rights for the benefit of the landlord by virtue of the site's proximity to the Underground, which could result in the lease being terminated if the landlord decided to exercise these rights.

All of the London Cocktail Club's leases are subject to periodic rent reviews. There can be no assurance that any increases in rent arising from such rent reviews would be offset by an increase in site revenues and accordingly any future substantial increase in the rents paid by the Enlarged Group on its sites could adversely affect the Enlarged Group's business, financial and other conditions, profitability and results of operations. If the Enlarged Group were to fail to renew or extend the terms of its leases for its key sites, or fail to effect such renewals or extensions on reasonable terms, then this could have a material adverse effect on its results of operations and financial condition. In addition, lengthy lease terms and restrictive alienation clauses may hinder the Enlarged Group's operational flexibility and have a negative effect on its business.

All of the London Cocktail Club's lease agreements provide that the landlord may terminate the lease by exercising the usual landlord right to forfeiture in the event of non-payment of rent, tenant insolvency or breach of the tenant covenants in the lease. The Bristol site is also subject to a particularly onerous forfeiture provision which allows for forfeiture in the event of changes in the principal shareholdings or management in the London Cocktail Club (excepting the Acquisition itself) which could result in the landlord of this site having a disproportionate level of influence over the Company's business should any such changes be contemplated and were the Company wishing to seek to avoid giving the landlord an ability to use these forfeiture provisions. Termination of any of the Enlarged Group's leases could harm the results of the Enlarged Group's operations.

Six of the London Cocktail Club's leases benefit from security of tenure under the Landlord and Tenant Act 1954, which means that, subject to certain exceptions, including, amongst others, the landlord wanting to carry out a redevelopment, the relevant member of the Enlarged Group will be able to apply to court for a renewal of the lease after the expiry of the contractual period. Any lease renewal will be on the same terms as the existing lease subject to updates to cater for reasonable modernisation and the current market rent. In respect of any lease that is excluded from these security of tenure provisions, the Enlarged Group does not have the benefit of this protection and would need to negotiate a new lease with the landlord.

If the Enlarged Group wished to exit one of its sites (whether due to expiry of the lease or otherwise), the Enlarged Group may have to pay sums of money to the relevant landlord in lieu of carrying out works of repair and/or redecoration of the premises as required under the lease, or could be required to incur costs in commissioning such works itself prior to handing back the site to the landlord. This could adversely affect the Enlarged Group's operating results, financial condition and prospects.

Development of new London Cocktail Club sites

The Company intends to pursue a growth strategy which, to be successful, will depend in a material part on the ability to open new London Cocktail Club sites, to operate these sites on a successful basis and to introduce its brand into new locations successfully. The Company cannot guarantee that the Enlarged Group will be able to achieve its expansion goals or that the new sites will be operated profitably.

The success of the planned expansion of the London Cocktail Club will depend on numerous factors, many of which are beyond the Enlarged Group's control, including, among others, the following: the ability to identify and secure available and suitable sites on an economic basis, including lease terms and the costs of fit out; the ability to secure all necessary operating approvals and licenses in a timely manner and in a satisfactory form; delays in the timely development of sites to operating maturity; and general economic conditions.

In addition, the success of the London Cocktail Club's venues is significantly influenced by location and there can be no assurance that the Enlarged Group will be able to identify sufficient sites in its target locations to fully implement its growth strategy, or be able to identify and secure additional suitable locations as demographic and economic patterns change. There may also be additional factors that will affect the success of individual new sites which cannot be reasonably predicted in advance.

Expansion through acquisitions

Part of the Enlarged Group's strategy involves expanding through potential acquisitions of existing drinks-led businesses in need of stabilisation, refinancing, turnaround or market repositioning. Such acquisitions will require the integration of new operations into the Enlarged Group's business. The Enlarged Group's ability to realise the expected benefits from future acquisitions will depend, in a material part, upon its ability to integrate new operations with existing operations in a timely and effective manner and to manage an increasingly large business.

The success of future acquisitions may also potentially depend upon the Enlarged Group's ability to recruit additional management, since it cannot be assured that the management of acquired businesses will continue to work for the Enlarged Group in the longer-term, or that any of its recruiting efforts will succeed. There can be no certainty that the Company will be able to make further acquisitions on acceptable terms or at all.

The acquisition of financially distressed businesses may involve numerous risks. Financially distressed businesses may have greater working capital requirements or more significant operational issues than originally anticipated and the turnaround or integration of financially distressed businesses may require a significant diversion of management's time.

To pay for future acquisitions, the Enlarged Group may issue new Ordinary Shares, pay cash or use a combination of both. Issues of Ordinary Shares will dilute Shareholders' percentage shareholdings. The use of cash reserves could diminish the Enlarged Group's ability to respond to other opportunities or challenges. Borrowing to fund the cash element of an acquisition's purchase price could result in increased debt obligations and the terms of any such borrowings could include covenants or other restrictions that may impair the Enlarged Group's ability to manage its operations in an optimal fashion.

Rapid growth and expansion

The rapid development and establishment of sites may raise unanticipated operational or control related risks. Management of growth through newly developed or acquired sites will require, among other things: the implementation of financial and management controls and information technology systems in newly established or acquired sites; integration of business culture and adoption of the Enlarged Group's policies and best practices; increased marketing activities; and identifying, hiring and training of suitable new personnel.

As the Enlarged Group's operations expand and additional growth opportunities are sought, the Enlarged Group's management will need to continue to adapt the Enlarged Group's operational and financial systems and managerial controls and procedures to respond to the growing demands of the Enlarged Group's business activities. Effective internal controls are necessary for the effective management of the Enlarged Group and for the production of reliable financial reports, and are important to help prevent fraud. A failure

to achieve and maintain effective internal controls over cash management and financial reporting as the Enlarged Group's business grows could harm the Enlarged Group's business, financial condition and results of operations and negatively impact the trading price of the Ordinary Shares.

Outstanding rent

The London Cocktail Club has not paid rent due to certain of its landlords under its leases in relation to the period since the nationwide lockdown which commenced in March 2020. The London Cocktail Club has formally agreed terms with three of its landlords that the formal rental payments for the period when its venues have been prevented from being able to be open due to the UK COVID Restrictions will be waived or reduced, and therefore this will not constitute a breach of the relevant lease. Similar terms have been agreed in principle for three sites, but have yet to be formalised. Discussions are ongoing in respect of the remaining four sites.

In relation to those landlords which have not reached an agreement with the London Cocktail Club in respect to any outstanding debt, a failure to pay rent is a material breach of the London Cocktail Club's obligations under the individual terms of the leases, which would ordinarily entitle a landlord to terminate the lease after the expiration of any applicable cure periods. However, while these rental payments continue to accrue, UK Government legislation in the form of the Coronavirus Act 2020 has introduced a moratorium, which has been extended through to 31 March 2021, during which landlords are prevented from issuing statutory demands or forfeiting leases on the grounds of non-payment of rent. If a formal agreement with any of the remaining eight landlords is not agreed, the Enlarged Group would be required to remedy the default by paying all overdue rent, together with any interest accrued under the terms of the lease. The London Cocktail Club has accrued for unpaid rent in its accounts in the sum of £535,198, being the total sum outstanding as at 22 November 2020. This sum is treated as a debt-like item for the purposes of calculating the Consideration payable to the Vendors pursuant to the terms of the Acquisition Agreement. To the extent that actual claims from landlords in respect of unpaid rent in respect of the period up to completion of the Acquisition are validly received by the Company and are in excess of such accrued amount, that excess will be capable of being recovered from the Vendors through the completion accounts process in the Acquisition Agreement.

Financial covenants

Certain of the London Cocktail Club's current debt facilities contain a number of financial covenants (including covenants linked to EBITDA), which were put in place prior to the COVID pandemic. In 2020, the London Cocktail Club received a waiver in relation to its financial covenants. No waiver of financial covenants has yet been obtained by the London Cocktail Club in relation to the period from Admission onwards, as it is standard banking practice to provide financial covenant waivers retrospectively rather than prospectively. There is a risk, particularly if the current UK Government tier four restrictions (or tier three restrictions which also require hospitality venues to be closed) on London remain in place for an extended period of time or there are further lockdown restrictions imposed by the UK Government in 2021, that the London Cocktail Club's trading results will mean that these financial covenants may not be met at its next financial covenant test date (being on 30 June 2021). In such circumstances, there can be no assurance that the Enlarged Group will be able to successfully renegotiate the financial covenants with its bankers or obtain replacement finance at all or on commercially acceptable terms. Failure to satisfy financial covenants on the relevant financial covenant test dates may lead to acceleration of repayment obligations. Should the London Cocktail Club need to repay the relevant parts of its existing debt after June 2021, the Board believes that the Company will have the funds to do so and that such repayment will not significantly impact the growth prospects of the London Cocktail Club.

Regulation and reliance on licences, permits and approvals

Each of the Enlarged Group's existing, and planned future bars is, or will need to be, licensed to permit, among other things, the sale of alcoholic drinks. Difficulties or failures in obtaining or maintaining required licences or approvals could delay or prohibit the operation of the Enlarged Group's bars. If any of the Enlarged Group's licences were withdrawn or amended, the profitability of the affected bars would be adversely affected and this, in turn, may have an adverse effect on the Enlarged Group's operating results, financial condition and prospects. The licensing requirements which affect the Enlarged Group's bars are subject to change, and additional or more stringent requirements may be imposed on the Enlarged Group's operations in the future, which could have an adverse effect on the Enlarged Group's operating results, financial condition and prospects.

The Enlarged Group is subject to regulation in areas such as health and safety and fire safety. Whilst the Board believes that the Enlarged Group has appropriate policies and procedures in place, if the applicable regulations change, then the Enlarged Group may need to adapt at either an individual site or corporate level, which may require additional expenditure. Changes to fire safety regulations, or the interpretation or implementation of these regulations at a local level, could involve a variation in the authorised capacity of the Enlarged Group's bars. Furthermore, in order to ensure that the Enlarged Group's sites remain fully compliant with legislative requirements there will always be the need to adequately maintain its premises, not only generally but if an ad hoc issue arises, which will require capital expenditure.

The Enlarged Group's bars are subject to other laws and regulations that affect their operations, including in relation to employment, minimum wages, premises and personal licenses, sanitation and data protection. If additional or more stringent requirements were to be imposed in the future, it would increase this burden, which could adversely affect the Enlarged Group's operating results (as a result of increased costs or lower revenues) and, in turn, adversely affect the Enlarged Group's financial condition and prospects. If the Enlarged Group were unable to comply with additional regulatory requirements, or compliance became uneconomic, the Enlarged Group may need to change its operations, and such changes may adversely affect the Enlarged Group's financial performance.

Consumer perceptions may change

Changes in consumer tastes for drinks and drinks-led nightlife may adversely affect the appeal of the Enlarged Group's bars to consumers, especially if the Enlarged Group does not anticipate, identify and respond to such changes by evolving its brands, formats, offerings and premises. This, in turn, would have an adverse effect on the Enlarged Group's operating results, financial condition and prospects.

Tax

Changes in the Enlarged Group's tax status or in applicable taxation legislation in the UK could affect the Enlarged Group's ability to provide returns to Shareholders. For instance, an increase in alcohol duties or an increase in the level of value-added tax (VAT) on alcoholic drinks for consumption on premises would negatively impact the Enlarged Group's operating results.

Statements in this Document concerning the taxation of investors in relation to shares are based on current law and practice, which is subject to change. The taxation of an investment in the Company depends on the individual circumstances of investors.

Non-IFRS financial information and Alternative Performance Measures

This Document contains certain financial measures that are not defined or recognised under IFRS, including various computations of EBITDA (being earnings before interest, tax, depreciation and amortisation, but also in some instances other adjustments). This Document contains certain Alternative Performance Measures, which are defined in the Glossary of Alternative Performance Measures section of this Document or in paragraph 9 of Part I of this Document.

Information regarding these measures are sometimes used by investors to evaluate the efficiency of a company's operations and its ability to employ its earnings toward repayment of debt, capital expenditures and working capital requirements. There are no generally accepted principles governing the calculation of these measures and the criteria upon which these measures are based can vary from company to company. These measures, by themselves, do not provide a sufficient basis to compare the London Cocktail Club's or Enlarged Group's performance with that of other companies and should not be considered in isolation or as a substitute for operating profit or any other IFRS measures as indicators of operating performance, or as an alternative to cash generated from operating activities as a measure of liquidity. In order to make a proper assessment of the financial performance of the Enlarged Group's business, prospective investors should read this Document as a whole and not rely solely on these measures. Certain of these measures relate to past performance. Past performance is not an indication of future results.

Tronc

As is a common practice in the hospitality industry, the London Cocktail Club operates a 'tronc' system. This is a separate organised pay arrangement used to distribute tips, gratuities and service charges to employees. Pursuant to HMRC guidelines, national insurance contributions on tips are not payable by the

London Cocktail Club if the ‘tronicmaster’ (a person nominated by the company to independently operate the tronc) decides how the money in the tronc is divided. The London Cocktail Club’s excess tronc is determined by the individual site managers without any input from the directors of the London Cocktail Club and accordingly no national insurance contributions on tips are paid. The London Cocktail Club has historically made efforts to ensure that the historical paperwork from the tronicmasters is completed to the required standard and will continue to do so in the future. Nevertheless, if HMRC were to determine that the independence of the tronicmasters cannot be sufficiently ascertained, then there is a risk that historical national insurance contributions would need to be paid.

Exit from the European Union

The UK’s exit from the European Union (commonly referred to as ‘Brexit’) has created significant political, social and macroeconomic uncertainty for the UK and Europe. The potential direct and indirect impacts of UK completing its withdrawal from the European Union on the Enlarged Group are unclear. The known possible effects of Brexit, and other effects that the Enlarged Group cannot anticipate, could materially adversely affect the Enlarged Group’s business, prospects, results of operations and financial position. In addition to the general economic risk that Brexit poses to the Enlarged Group’s business, withdrawal from the European Union could potentially inhibit the Enlarged Group’s ability, and the ability of its suppliers, to source the supplies required for the Enlarged Group’s operations at an equal price to current supplies.

Furthermore, the Enlarged Group may face increased competition for personnel given a potential shortage of suitable workers across labour markets following the UK’s withdrawal from the European Union, potentially leading to higher labour costs and difficulties in contracting and retaining staff. Such shortage of personnel may have an adverse impact on the Enlarged Group’s operations, business and prospects.

Concentration of ownership

On Admission, a concert party will hold approximately 71.74 per cent. of the Enlarged Share Capital. Investors may negatively perceive this level and concentration of share ownership due to the influence that the concert party may resultantly exert, which may adversely affect the market value of the Ordinary Shares. To illustrate this, whilst the concert party, in aggregate, holds greater than 25 per cent. of the Company’s Ordinary Shares in issue from time to time, and assuming the concert party acts together, the concert party could prevent the passing of any special resolution which the Company may propose (which at a meeting would require approval from a majority of at least 75 per cent. of the votes cast to be passed). Furthermore, the concert party’s interest may not be aligned with those of the Enlarged Group or the other Shareholders, which could, for example, delay or prevent an acquisition or change of control of the Enlarged Group.

Data Protection

The London Cocktail Club is subject to, and must comply with, the General Data Protection Regulation (“GDPR”). Failure to comply with the GDPR could result in the Enlarged Group being liable under the GDPR, which may include fines.

RISKS RELATING TO AN INVESTMENT IN THE ORDINARY SHARES

Trading and performance of Ordinary Shares

The AIM Rules are less demanding than those of the Premium Segment of the Official List and an investment in a company whose shares are traded on AIM is likely to carry a higher risk than an investment in a company whose shares are admitted to the Premium Segment of the Official List. It may be more difficult for investors to realise their investment in a company whose shares are traded on AIM than to realise an investment in a company whose shares are admitted to the Premium Segment of the Official List. The share price of publicly traded early stage companies can be highly volatile. The price at which the Ordinary Shares will be traded and the price at which investors may realise these investments will be influenced by a large number of factors, some specific to the Enlarged Group and its operations and some which may affect quoted companies generally. The value of Ordinary Shares will be dependent upon the success of the operational activities undertaken by the Enlarged Group and prospective investors should be aware that the value of the Ordinary Shares can go down as well as up. Furthermore, there is no guarantee that the market price of an Ordinary Share will accurately reflect its underlying value.

Volatility of share price

The trading price of the Ordinary Shares may be subject to wide fluctuations in response to a number of events and factors, such as variations in operating results, announcements of innovations or new services by the Enlarged Group or its competitors, changes in financial estimates and recommendations by securities analysts, the share price performance of other companies that investors may deem comparable to the Company, news reports relating to trends in the Company's markets, large purchases or sales of Ordinary Shares, liquidity (or absence of liquidity) in the Ordinary Shares, currency fluctuations, legislative or regulatory changes and general economic conditions. These fluctuations may adversely affect the trading price of the Ordinary Shares, regardless of the Company's performance.

Future sales of Ordinary Shares could adversely affect the price of the Ordinary Shares

Certain Shareholders have given lock-in undertakings that, save in certain circumstances, they will not until twelve months following Admission, dispose of the legal or beneficial ownership of, or any other interest in, certain of the Ordinary Shares held by them at Admission. There can be no assurance that such parties will not effect transactions upon the expiry of the lock-in or any earlier waiver of the provisions of their lock-in. The sale of a significant number of Ordinary Shares in the public market, or the perception that such sales may occur, could materially adversely affect the market price of the Ordinary Shares.

Shareholders not subject to lock-in arrangements and, following the expiry of twelve months following Admission (or earlier in the event of a waiver of the provisions of the lock-in), Shareholders who are otherwise subject to lock-in arrangements, may sell their Ordinary Shares in the public or private market and the Company may undertake a public or private offering of Ordinary Shares. The Company cannot predict what effect, if any, future sales of Ordinary Shares will have on the market price of the Ordinary Shares. If the Company's Shareholders were to sell, or the Company was to issue a substantial number of Ordinary Shares in the public market, the market price of the Ordinary Shares could be materially adversely affected. Sales by the Company's Shareholders could also make it more difficult for the Company to sell equity securities in the future at a time and price that it deems appropriate.

Dividends

There can be no assurance as to the level of future dividends. The declaration, payment and amount of any future dividends of the Company are subject to the discretion of the Board and will depend upon, amongst other things, the Company's earnings, financial position, cash requirements, availability of profits, as well as provisions for relevant laws or generally accepted accounting principles from time to time. Although the Board intends to pay dividends to Shareholders in the future, there can be no assurance that the Company will declare and pay, or have the ability to declare and pay, any dividends in the future.

Forward looking statements

This Document contains forward-looking statements that involve risks and uncertainties. The Enlarged Group's results could differ materially from those anticipated in the forward-looking statements as a result of many factors, including the risks faced by the Enlarged Group, which are described above and elsewhere in the Document. Additional risks and uncertainties not currently known to the Board may also have an adverse effect on the Enlarged Group's business.

THE SPECIFIC AND GENERAL RISK FACTORS DETAILED ABOVE DO NOT INCLUDE THOSE RISKS ASSOCIATED WITH THE ENLARGED GROUP WHICH ARE UNKNOWN TO THE DIRECTORS AND THE PROPOSED DIRECTORS.

ALTHOUGH THE BOARD WILL SEEK TO MINIMISE THE IMPACT OF THE RISK FACTORS, INVESTMENT IN THE COMPANY SHOULD ONLY BE MADE BY INVESTORS ABLE TO SUSTAIN A TOTAL LOSS OF THEIR INVESTMENT. INVESTORS ARE STRONGLY RECOMMENDED TO CONSULT AN INVESTMENT ADVISER AUTHORISED UNDER FSMA WHO SPECIALISES IN INVESTMENTS OF THIS NATURE BEFORE MAKING ANY DECISION TO INVEST.

PART III

SECTION A – ACCOUNTANT’S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF THE LONDON COCKTAIL CLUB LIMITED

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The Directors and Proposed Directors
Nightcap PLC
C/O Locke Lord (UK) LLP
201 Bishopsgate
London
EC2M 3AB

The Directors
Allenby Capital Limited
5th Floor
5 St Helen’s Place
London
EC3A 6AB

7 January 2021

Dear Sirs

The London Cocktail Club Limited and its subsidiary The Craft Cocktail Company Limited (the “Group”)

We report on the historical financial information set out in Section B of Part III (the “Financial Information”) relating to The London Cocktail Club Limited and its subsidiary The Craft Cocktail Company Limited (the “Group”). This information has been prepared for inclusion in the AIM admission document dated 7 January 2021 (the “Admission Document”) relating to the proposed admission to AIM of Nightcap PLC and on the basis of the accounting policies set out in note 2. This report is required by Rule 18 of Annex 1 of the Prospectus Regulation Rules as applied by part (a) of Schedule Two to the AIM Rules for Companies and is given for the purpose of complying with that paragraph and for no other purpose.

Responsibilities

The directors (the “Directors”) and the proposed directors (the “Proposed Directors”) of Nightcap PLC are responsible for preparing the Financial Information in accordance with International Financial Reporting Standards as adopted by the European Union.

It is our responsibility to form an opinion on the Financial Information and to report our opinion to you.

Save for any responsibility arising under paragraph 18 of Annex 1 of the Prospectus Regulation Rules as applied by part (a) of Schedule Two to the AIM Rules for Companies to any person as and to the extent there provided, to the fullest extent permitted by law, we do not accept or assume responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Rule 18 of Annex 11 of the Prospectus Regulation Rules as applied by part (a) of Schedule Two to the AIM Rules for Companies, or consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. We are independent of Nightcap plc and the Group in accordance with relevant ethical requirements. In the United Kingdom this is the Financial Reporting Council's Ethical Standard as applied to Investment Circular Reporting Engagements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Our work included an assessment of evidence relevant to the amounts and disclosures in the Financial Information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the Financial Information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Information is free from material misstatement whether caused by fraud or other irregularity or error.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in any jurisdictions other than the United Kingdom and accordingly should not be relied upon as if it had been carried out in accordance with those other standards and practices.

Going concern

We have nothing to report in respect of the following matters in relation to which we are required to report to you where:

- the Directors and Proposed Directors' use of the going concern basis of accounting in the preparation of the Financial Information is not appropriate; or
- the Directors and Proposed Directors have not disclosed in the Financial Information any identified material uncertainties that may cast significant doubt about the Group's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the Financial Information is authorised for issue.

Opinion

In our opinion, the Financial Information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of the Group as at 28 June 2020, 30 June 2019 and 1 July 2018 and of its profits, cash flows and changes in equity for the periods then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Declaration

For the purposes of paragraph 1.2 of Annex 1 and paragraph 1.2 of Annex 11 of the Prospectus Regulation Rules as applied by part (a) of Schedule Two to the AIM Rules for Companies we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and makes no omission likely to affect its import. This declaration is included in the Admission Document in compliance with paragraph 1.2 of Annex I and paragraph 1.2 of Annex 11 of the Prospectus Regulation Rules as applied by part (a) of Schedule Two to the AIM Rules for Companies.

Yours faithfully

PKF Francis Clark
Chartered Accountants

PART III

SECTION B – HISTORICAL FINANCIAL INFORMATION
ON THE LONDON COCKTAIL CLUB LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | | <i>52 weeks ended 28 June 2020</i> | <i>52 weeks ended 30 June 2019</i> | <i>52 weeks ended 1 July 2018</i> |
|--------------------------------|-------------|--|--|---|
| | <i>Note</i> | <i>£</i> | <i>£</i> | <i>£</i> |
| Revenue | 4 | 5,196,710 | 6,592,214 | 5,905,434 |
| Cost of goods sold | | <u>(1,074,931)</u> | <u>(1,416,272)</u> | <u>(1,306,821)</u> |
| Gross profit | | 4,121,779 | 5,175,942 | 4,598,613 |
| Other income | 5 | 125,000 | – | – |
| Administrative expenses | | <u>(4,525,818)</u> | <u>(5,097,215)</u> | <u>(4,527,153)</u> |
| Operating (loss)/profit | 6 | (279,039) | 78,727 | 71,460 |
| Finance cost | 8 | <u>(337,263)</u> | <u>(309,486)</u> | <u>(219,532)</u> |
| Loss before tax | | <u>(616,302)</u> | <u>(230,759)</u> | <u>(148,072)</u> |
| Tax (expense)/credit | 9 | <u>(15,888)</u> | <u>10,724</u> | <u>(154,555)</u> |
| Loss for the period | | <u><u>(632,190)</u></u> | <u><u>(220,035)</u></u> | <u><u>(302,627)</u></u> |

There is no other comprehensive income for the period ended 28 June 2020 (30 June 2019: nil, 1 July 2018: nil).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | | <i>As at</i> 28 June 2020 | <i>As at</i> 30 June 2019 | <i>As at</i> 1 July 2018 |
|--|-------------|---------------------------------|---------------------------------|--------------------------------|
| | <i>Note</i> | £ | £ | £ |
| Non-current assets | | | | |
| Intangible assets | 11 | 7,318 | 7,795 | – |
| Property, plant and equipment | 12 | 2,219,508 | 2,410,723 | 1,844,075 |
| Right of use assets | 13 | 4,711,230 | 5,045,799 | 3,489,839 |
| | | <u>6,938,056</u> | <u>7,464,317</u> | <u>5,333,914</u> |
| Current assets | | | | |
| Trade and other receivables | 14 | 701,379 | 867,470 | 626,891 |
| Inventories | 15 | 139,725 | 121,233 | 88,671 |
| Cash and cash equivalents | 16 | 264,488 | 238,302 | 341,428 |
| | | <u>1,105,592</u> | <u>1,227,005</u> | <u>1,056,990</u> |
| Total assets | | <u>8,043,648</u> | <u>8,691,322</u> | <u>6,390,904</u> |
| Current liabilities | | | | |
| Trade and other payables | 17 | 1,196,807 | 1,051,750 | 868,350 |
| Borrowings | 18 | 1,230,725 | 775,441 | 264,559 |
| Lease liabilities | 13 | 524,408 | 447,200 | 319,644 |
| | | <u>2,951,940</u> | <u>2,274,391</u> | <u>1,452,553</u> |
| Non-current liabilities | | | | |
| Borrowings | 18 | 488,070 | 831,881 | 659,677 |
| Lease liabilities | 13 | 4,703,184 | 5,036,523 | 3,525,513 |
| Deferred tax provision | 10 | 92,246 | 108,128 | 108,132 |
| | | <u>5,283,500</u> | <u>5,976,532</u> | <u>4,293,322</u> |
| Total non-current liabilities | | <u>5,283,500</u> | <u>5,976,532</u> | <u>4,293,322</u> |
| Total liabilities | | <u>8,235,440</u> | <u>8,250,923</u> | <u>5,745,875</u> |
| Net (liabilities)/assets | | <u>(191,792)</u> | <u>440,399</u> | <u>645,029</u> |
| Equity | | | | |
| Share capital | 20 | 10,248 | 10,248 | 10,248 |
| Share premium | 21 | 178,017 | 178,017 | 178,017 |
| Share based payment reserve | 21 | 92,429 | 92,429 | 77,024 |
| Retained earnings | 21 | (472,486) | 159,705 | 379,740 |
| | | <u>(191,792)</u> | <u>440,399</u> | <u>645,029</u> |
| Total equity attributable to owners of the parent | | <u>(191,792)</u> | <u>440,399</u> | <u>645,029</u> |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | <i>Share capital</i> £ | <i>Share premium</i> £ | <i>Share based payment reserve</i> £ | <i>Retained earnings</i> £ | <i>Total</i> £ |
|---|-------------------------------|-------------------------------|---|-----------------------------------|-------------------------|
| Balance as at 3 July 2017 | 10,248 | 178,017 | 46,214 | 712,506 | 946,985 |
| Share based payment charge | – | – | 30,810 | – | 30,810 |
| Dividends paid | – | – | – | (30,139) | (30,139) |
| Total comprehensive income for the year | – | – | – | (302,627) | (302,627) |
| Balance as at 1 July 2018 | <u>10,248</u> | <u>178,017</u> | <u>77,024</u> | <u>379,740</u> | <u>645,029</u> |
| Share based payment charge | – | – | 15,405 | – | 15,405 |
| Total comprehensive income for the year | – | – | – | (220,035) | (220,035) |
| Balance as at 30 June 2019 | <u>10,248</u> | <u>178,017</u> | <u>92,429</u> | <u>159,705</u> | <u>440,399</u> |
| Total comprehensive income for the year | – | – | – | (632,190) | (632,190) |
| Balance as at 28 June 2020 | <u><u>10,248</u></u> | <u><u>178,017</u></u> | <u><u>92,429</u></u> | <u><u>(472,486)</u></u> | <u><u>(191,792)</u></u> |

CONSOLIDATED STATEMENT OF CASH FLOWS

| | | 52 weeks ended 28 June 2020 | 52 weeks ended 30 June 2019 | 52 weeks ended 1 July 2018 |
|---|------|--------------------------------------|--------------------------------------|-------------------------------------|
| | Note | £ | £ | £ |
| Cash flows from operating activities | | | | |
| Loss for the period before tax | | (616,302) | (230,759) | (148,072) |
| <i>Adjustments for:</i> | | | | |
| Depreciation and amortisation | 6 | 1,038,994 | 855,311 | 612,139 |
| Losses on disposal of property plant and equipment | 6 | 8,761 | 3,593 | – |
| Share based payments | 7 | – | 15,405 | 30,810 |
| Loss on disposal of sites and equipment and impairment | 6 | – | 97,404 | 283,192 |
| Interest on lease liabilities and borrowings | 8 | 337,263 | 309,486 | 219,532 |
| Decrease/(increase) in trade and other receivables | 14 | 166,092 | (240,579) | (190,842) |
| Increase in inventories | 15 | (18,493) | (32,563) | (11,723) |
| Decrease in trade and other payables | 17 | 176,057 | 222,656 | 223,334 |
| Cash generated from operations | | <u>1,092,372</u> | <u>999,954</u> | <u>1,018,370</u> |
| Income taxes paid | | (62,770) | (28,536) | (6,845) |
| Net cash flows from operating activities | | <u><u>1,029,602</u></u> | <u><u>971,418</u></u> | <u><u>1,011,525</u></u> |
| Investing activities | | | | |
| Purchase of property, plant and equipment | 12 | (297,175) | (1,109,676) | (855,148) |
| Net proceeds from sale of property, plant and equipment | 12 | 1,550 | – | – |
| Cost of disposal | | – | (15,995) | – |
| Other investments | 11 | (1,100) | (8,278) | – |
| Net cashflow in investing activities | | <u><u>(296,725)</u></u> | <u><u>(1,133,949)</u></u> | <u><u>(855,148)</u></u> |
| Financing activities | | | | |
| Dividends paid | | – | – | (30,139) |
| Interest paid | 8 | (58,535) | (62,893) | (30,450) |
| Shareholder loan repayments | | (170,821) | 367,010 | 24,209 |
| Loans granted | | 500,000 | 580,000 | 632,680 |
| Loan repayments | | (217,706) | (263,924) | (105,254) |
| Repayment of lease obligations | 13 | (759,629) | (560,788) | (426,796) |
| Net cashflow in financing activities | | <u><u>(706,691)</u></u> | <u><u>59,405</u></u> | <u><u>64,250</u></u> |
| Net increase/(decrease) in cash and cash equivalents | | | | |
| Cash and cash equivalents at beginning of period | 16 | 26,186 | (103,126) | 220,627 |
| | | <u>238,302</u> | <u>341,428</u> | <u>120,801</u> |
| Cash and cash equivalents and end of period | 16 | <u><u>264,488</u></u> | <u><u>238,302</u></u> | <u><u>341,428</u></u> |

NOTES TO THE FINANCIAL INFORMATION

1. General Information

The principal activity of The London Cocktail Club Limited (the 'London Cocktail Club') and its subsidiaries (together the 'Group') is the operation of cocktail bars. The London Cocktail Club is incorporated and domiciled in England. The address of its registered office is 29 Sclater Street, London, England, E1 6LB.

2. Accounting policies

The principal accounting policies applied in the preparation of the consolidated financial information are set out below ('Accounting Policies' or 'Policies'). These Policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 *Basis of preparation of financial statements*

The consolidated financial information of the Group have been prepared in accordance with International Financial Reporting Standards ('IFRS') and IFRIC Interpretations Committee ('IFRIC') as adopted by the European Union. The consolidated financial information has also been prepared under the historical cost convention and are presented for periods of 52 weeks concluding on the last Sunday closest to 30 June.

The consolidated financial information is presented in UK Pounds Sterling rounded to the nearest pound.

The preparation of the consolidated financial information in conformity with IFRS's requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's Accounting Policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial information are disclosed in note 2.15.

These are the first financial statements prepared in accordance with IFRS. No previous consolidated financial statements have been prepared. Consequently no reconciliation between these financial statements and previous financial statements has been prepared.

The Group has taken advantage of certain exemptions in IFRS in preparing its first set of IFRS financial statements. These include:

- As explained in note 2.7 the measurement of right of use assets at date of transition.
- The practical expedient on first time adoption of IFRS to account for the investment cost based on the calculation under UK GAAP. Goodwill is considered the difference between this and fair value of net assets acquired.

2.2 *Basis of consolidation*

The consolidated financial information consolidates the financial statements of the company and all of its subsidiary undertakings for all periods presented.

The Group has fully retrospectively adopted IFRS for business combinations. In accordance with IFRS 3, at the date of transition, 3 July 2017 the London Cocktail Club has identified the assets and liabilities of acquired subsidiaries and adjusted the carrying amounts to the amounts that IFRS would require in the subsidiary's separate financial statements.

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.

Acquisition-related costs are expensed as incurred unless they result from the issuance of shares, in which case they are offset against the premium on those shares within equity.

2.3 **Going concern**

The consolidated financial information has been prepared on a going concern basis. The Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial information.

In the light of the ongoing COVID-19 challenges, and in making their going concern assessment, the Board has considered both the negative impacts of the spring and autumn 2020 business lock-downs and the receipt of UK Government CJRS grants and Government backed CBI's bank loan of £500,000. The Board has sensitised their financial forecasts and projections for the next 12 months (from the date of approval of this financial information) to take account of possible changes in trading performance in order to determine when, and to what extent, additional cash management measures may be necessary. The key assumption is on the level of sales. These are based upon sales at 33 per cent. of prior year sales to December 2020, 45 per cent. of prior year sales for January-March 2021 and 75 per cent. of prior year sales from April to June 2021 before returning to normal levels from July 2021. In addition the Group will access any future UK Government and bank support. Any further reduction in sales is a key sensitivity in these cash flow forecasts.

These assumptions, along with the level of cash reserves immediately prior to the impact of pandemic on the business, mean the Board anticipate that the Group will have at least £200,000 of headroom against its' bank facilities during the next 12 months, apart from a brief period in February 2021. Whilst the company has breached its bank covenants as at 28 June 2020, it has agreed capital repayments holidays until 31 December 2020 with its lender who the Board believes remains supportive and, consequently, the Board expects the current bank facilities will continue.

It is anticipated that the proposed acquisition of the London Cocktail Club by Nightcap plc will provide further liquidity and to support expansion. Should the proposed admission to AIM of Nightcap plc not occur and COVID restrictions continue beyond the Board's assessment, the Group will need to renegotiate the terms of its existing bank debt and seek alternative or additional finance either from its current bankers or a new source of finance to continue to operate as a going concern. Given the proposed admission to AIM of Nightcap plc and the additional liquidity this would raise, no discussions to raise alternative finance have commenced.

2.4 **Revenue recognition**

Revenue arises from the sale of food and drink to customers in 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. The Group operates in a single geographical region (the UK) and hence all revenues are impacted by the same economic factors. During the COVID crisis, the Group has received government and local authority grants and furlough payments. These are recognised when claimed and believed to be receivable.

Retro payments and listing fees are spread over the life of the contract. The income is recognised as a credit within cost of sales.

2.5 **Intangible assets**

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

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

| Asset class | Amortisation method and rate |
|--------------------|-------------------------------------|
| Trademark | 10% straight line |

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the subsidiary level.

Goodwill impairment reviews are undertaken annually, or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2.6 **Property, plant and equipment**

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

| Asset class | Depreciation method and rate |
|-------------------------------------|--|
| Leasehold property | Straight line over the period of the lease |
| Fixtures and fittings | 20% reducing balance |
| Other property, plant and equipment | 20% reducing balance |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within the Statement of comprehensive income.

2.7 **Leases**

The Group has adopted IFRS 16 for the first time using the fully retrospective method with the date of initial application being 3 July 2017. In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessment of whether a lease is onerous
- measurement of a right-of-use asset at the date of transition to IFRS Standards by choosing on a lease-by-lease basis, to measure that right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of transition to IFRS Standards
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

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. 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. Potential liabilities to dilapidations have been excluded as they are not considered to be enforceable. 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.

2.8 **Inventories**

Stocks are stated at the lower of cost and estimated selling price less costs to sell. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to sell; the impairment loss is recognised immediately in profit or loss.

2.9 **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. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. Payments taken from customers on debit and credit cards are recognised as cash.

2.10 **Current and deferred taxation**

The tax expense for each reporting year comprises current and deferred tax. Tax is recognised in the 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; and
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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.

2.11 **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 assets 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 where those cash flows represent solely payments of principal and interest are measured at amortised cost. 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.

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

From 3 July 2017, 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 from the investments 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.

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.

Trade and other payables are initially measured at their fair value and are subsequently measured at their amortised cost using the effective interest rate method; this method allocates interest expense over the relevant period by applying the 'effective interest rate' to the carrying amount of the liability.

2.12 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 22. The fair value determined at the grant date of the equity-settled

share-based payments is expensed on a straight-line basis over the required period to be entitled to exercise such options. 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.

2.13 **Employee benefits – defined contribution plans**

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

2.14 **COVID-19 Government grants**

The Group recognises government grants when it complies with the conditions in which they were received. Amounts received by the Group through the furlough scheme are credited against the employee costs for which they relate. Government grants that are awarded as part of the retail, hospitality and leisure fund are recognised as other income .

2.15 **Key judgements and estimates**

Key judgements

Operating Segments: The Board has taken a judgement that individual sites meet the aggregation criteria in IFRS 8 and hence have concluded that the Group has a single reporting segment.

Determining the rate used to discount lease payments: At transition to IFRS or 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. Leases have been discounted with a discount rate of 4.75 per cent.

Deferred Tax Assets: The Group has not recognised deferred tax assets due to the uncertainty of the timing of future taxable profits available to offset against these amounts, given the availability of tax losses and the allowances available from a future roll out programme.

Key estimates

Impairment of property plant and equipment: Annually, the Group considers whether tangible 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 in order to calculate the net present value of those cash flows. Individual sites are viewed as separate CGUs in respect of the impairment of property, plant and equipment.

Useful economic lives of property, plant and equipment: The depreciation charge in each year is sensitive to the assumptions used regarding the economic lives of assets.

Share-based payments: The charge for share based payments in respect of the EMI scheme is calculated in accordance with the methodology described in note 22. The model requires subjective assumptions to be made including the future volatility of a comparative companies equity value, expected dividend yield, and risk-free interest rates.

Impairment of Goodwill: Goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicated that it might be impaired.

3. Segment information

IFRS 8 “Operating Segments” requires operating segments to be based on the Group’s internal reporting to its Chief Operating Decision Maker (“CODM”). The CODM is regarded as the Managing Director together with other Board Members who receive financial information at a site-by-site level. Traditionally, the Group trades in one business segment (operating cocktail bars) and these sites meet the aggregation criteria set out in paragraph 12 of IFRS 8. 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. The CODM uses Adjusted EBITDA as the primary measure for assessing the Group’s results on an aggregated basis. However during the COVID pandemic, income received relating to furlough payments and grants received is disclosed separately.

4. Revenue

| | <i>52 weeks ended 28 June 2020 £</i> | <i>52 weeks ended 30 June 2019 £</i> | <i>52 weeks ended 1 July 2018 £</i> |
|---------------|--|--|---|
| Liquor Sales | 5,074,071 | 6,466,751 | 5,764,691 |
| Other revenue | 122,639 | 125,463 | 140,743 |
| | <u>5,196,710</u> | <u>6,592,214</u> | <u>5,905,434</u> |

All of the Group’s revenue was derived from the UK for each of the periods presented.

5. Other income

| | <i>52 weeks ended 28 June 2020 £</i> | <i>52 weeks ended 30 June 2019 £</i> | <i>52 weeks ended 1 July 2018 £</i> |
|-------------------|--|--|---|
| Government Grants | 125,000 | – | – |
| | <u>125,000</u> | <u>–</u> | <u>–</u> |

Government grants of £125,000 were awarded to the Group through the retail, hospitality and leisure grant fund.

6. (Loss)/profit from operations

| | <i>52 weeks ended 28 June 2020 £</i> | <i>52 weeks ended 30 June 2019 £</i> | <i>52 weeks ended 1 July 2018 £</i> |
|--|--|--|---|
| Operating (loss)/profit is stated after charging: | | | |
| Depreciation of right of use assets | 559,339 | 462,837 | 352,289 |
| Depreciation of property, plant and equipment | 478,078 | 391,991 | 259,850 |
| Amortisation of intangibles | 1,577 | 483 | – |
| Loss on disposal of property, plant and equipment | 8,761 | 3,593 | – |
| Loss on closure of site | – | 97,404 | – |
| Impairment on right of use asset | – | – | 174,903 |
| Impairment of goodwill | – | – | 108,289 |
| Pre-opening costs | 30,251 | 112,351 | 39,353 |
| Craft manufacturing operations (now ceased) | 11,479 | 130,294 | 76,633 |
| Craft head office costs | 29,767 | 34,928 | 22,054 |
| Islington bar losses | – | 31,511 | 28,352 |
| Exceptional costs | 3,989 | 64,953 | – |

Exceptional costs are transaction and other costs relating to a failed attempt to sell the London Cocktail Club together with other non-recurring, non-operational costs.

7. Staff costs

| | <i>52 weeks ended 28 June 2020 £</i> | <i>52 weeks ended 30 June 2019 £</i> | <i>52 weeks ended 1 July 2018 £</i> |
|--|--|--|---|
| Staff costs (including directors) | | | |
| Salaries and wages including NI | 2,508,521 | 2,374,628 | 2,157,575 |
| Furlough payments | (518,591) | – | – |
| Post-employment benefits | 28,941 | 18,951 | 7,080 |
| Staff costs | <u>2,018,871</u> | <u>2,393,579</u> | <u>2,164,655</u> |
| Other employment costs | 17,898 | 35,201 | 20,644 |
| Share based payments | – | 15,405 | 30,810 |
| | <u>2,036,769</u> | <u>2,444,185</u> | <u>2,216,109</u> |
| | | | |
| | <i>52 weeks ended 28 June 2020</i> | <i>52 weeks ended 30 June 2019</i> | <i>52 weeks ended 1 July 2018</i> |
| Average number of employees by function | | | |
| Management | 4 | 4 | 4 |
| Operations | 85 | 84 | 70 |
| Administration | 8 | 10 | 8 |
| | <u>97</u> | <u>98</u> | <u>82</u> |

All of the Group's employees were based in the United Kingdom over the three years to 28 June 2020.

During the period ended 28 June 2020 salary costs of £518,591 were paid to the Group under the Government COVID-19 furlough scheme.

The key management personnel are considered to be the Directors of the London Cocktail Club and details of their remuneration are disclosed below. The following table shows a breakdown of the remuneration of individual Directors who served in all or part of the period.

Directors emoluments

| | <i>Basic Salary/Fees</i> | <i>Pension Contributions</i> | <i>52 weeks ended 28 June 2020 Total £</i> |
|--------------------------------|------------------------------|----------------------------------|--|
| | £ | £ | £ |
| Executive Directors | | | |
| James Hopkins | 72,661 | 1,315 | 73,976 |
| John Goodman | 72,661 | 1,315 | 73,976 |
| Non-Executive Directors | | | |
| Lance Moir | 22,800 | – | 22,800 |
| Sarah Willingham* | 12,000 | – | 12,000 |
| | <u>180,122</u> | <u>2,630</u> | <u>182,752</u> |

| | <i>Basic Salary/Fees</i> | <i>Bonus</i> | <i>Pension Contributions</i> | <i>52 weeks ended 30 June 2019 Total £</i> |
|--------------------------------|------------------------------|---------------|----------------------------------|--|
| | £ | £ | £ | £ |
| Executive Directors | | | | |
| James Hopkins | 76,361 | 7,500 | 1,019 | 84,880 |
| John Goodman | 76,361 | 7,500 | 1,019 | 84,880 |
| Non-Executive Directors | | | | |
| Lance Moir | 12,500 | – | – | 12,500 |
| Sarah Willingham* | 5,750 | – | – | 5,750 |
| | <u>170,972</u> | <u>15,000</u> | <u>2,038</u> | <u>188,010</u> |

| | <i>Basic Salary/Fees</i> | <i>Bonus</i> | <i>Pension Contributions</i> | <i>52 weeks ended 1 July 2018 Total £</i> |
|--------------------------------|------------------------------|---------------|----------------------------------|---|
| | £ | £ | £ | £ |
| Executive Directors | | | | |
| James Hopkins | 75,000 | 7,500 | 495 | 82,995 |
| John Goodman | 75,000 | 7,500 | 495 | 82,995 |
| Non-Executive Directors | | | | |
| Lance Moir | 604 | – | – | 604 |
| Sarah Willingham* | 27,417 | – | – | 27,417 |
| | <u>178,021</u> | <u>15,000</u> | <u>990</u> | <u>194,011</u> |

*Sarah Willingham's fees are paid to PAF Ventures for her services

8. Finance cost

| | <i>52 weeks ended 28 June 2020 £</i> | <i>52 weeks ended 30 June 2019 £</i> | <i>52 weeks ended 1 July 2018 £</i> |
|---------------------------------------|--|--|---|
| Interest on lease liabilities | 278,728 | 246,593 | 189,082 |
| Interest on bank overdrafts and loans | 58,535 | 62,893 | 30,450 |
| | <u>337,263</u> | <u>309,486</u> | <u>219,532</u> |

9. Taxation

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

| | <i>52 weeks ended 28 June 2020 £</i> | <i>52 weeks ended 30 June 2019 £</i> | <i>52 weeks ended 1 July 2018 £</i> |
|---|--|--|---|
| Current income taxation | 24,552 | 326 | 39,578 |
| Adjustments for current taxation of prior periods | 38,047 | – | 6,845 |
| Research & development claim | (30,825) | (11,046) | – |
| Total current income taxation | <u>31,774</u> | <u>(10,720)</u> | <u>46,423</u> |
| Deferred taxation | | | |
| Current year | (15,886) | (4) | – |
| Prior periods | – | – | 108,132 |
| Total deferred taxation | <u>(15,886)</u> | <u>(4)</u> | <u>108,132</u> |
| Total taxation charged/(credited) in the consolidated income statement | <u>15,888</u> | <u>(10,724)</u> | <u>154,555</u> |
| The above is disclosed as: | | | |
| Current income taxation charged/(credited) | 8,666 | (10,724) | 39,578 |
| Prior periods | 7,222 | – | 114,977 |
| | <u>15,888</u> | <u>(10,724)</u> | <u>154,555</u> |

Factors affecting the tax charge for the period

| | <i>52 weeks ended 28 June 2020 £</i> | <i>52 weeks ended 30 June 2019 £</i> | <i>52 weeks ended 1 July 2018 £</i> |
|---|--|--|---|
| Loss before tax | (616,302) | (230,759) | (148,072) |
| At UK standard corporation tax rate of 19% | (117,097) | (43,844) | (28,134) |
| Expenses not deductible for tax purposes | | | |
| – Share based payments | – | 2,927 | 5,854 |
| – Other | 12,822 | 7,049 | 35,880 |
| – Loss on disposal disallowable | – | 18,507 | – |
| – Impairments | – | – | 53,806 |
| Fixed asset differences | 98,341 | (12,619) | 72,463 |
| R&D claims | (30,825) | (11,046) | – |
| Timing differences on leases | 9,143 | 28,242 | 21,769 |
| Unused losses carried forward | 43,561 | – | – |
| Adjustments to taxation in respect of prior years | (57) | 60 | (7,083) |
| Total tax charge/(credit) for the period | <u>15,888</u> | <u>(10,724)</u> | <u>154,555</u> |

10. Deferred Taxation

| | <i>Accelerated capital Allowances £</i> | | |
|----------------------------------|---|----------------------------------|---------------------------------|
| At 3 July 2017 | | | – |
| Recognised in income statement | | | (108,132) |
| At 1 July 2018 | | | (108,132) |
| Recognised in income statement | | | 4 |
| At 30 June 2019 | | | (108,128) |
| Recognised in income statement | | | 15,882 |
| At 28 June 2020 | | | <u>(92,246)</u> |
| | <i>At 28 June 2020 £</i> | <i>At 30 June 2019 £</i> | <i>At 1 July 2018 £</i> |
| Unrecognised deferred tax assets | 182,996 | 119,269 | 88,100 |
| | <u>182,996</u> | <u>119,269</u> | <u>88,100</u> |

11. Intangible assets

| | <i>Trademarks, patents and licenses</i> £ | <i>Goodwill</i> £ | <i>Total</i> £ |
|--------------------------|--|----------------------|-------------------|
| Intangible assets | | | |
| At 3 July 2017 | – | 108,289 | 108,289 |
| Impairment | – | (108,289) | (108,289) |
| At 1 July 2018 | – | – | – |
| Additions | 8,278 | – | 8,278 |
| At 30 June 2019 | 8,278 | – | 8,278 |
| Additions | 1,100 | – | 1,100 |
| At 28 June 2020 | 9,378 | – | 9,378 |
| Amortisation | | | |
| At 3 July 2017 | – | – | – |
| At 1 July 2018 | – | – | – |
| Charge for the year | 483 | – | 483 |
| At 30 June 2019 | 483 | – | 483 |
| Charge for the year | 1,577 | – | 1,577 |
| At 28 June 2020 | 2,060 | – | 2,060 |
| Net book value | | | |
| At 28 June 2020 | 7,318 | – | 7,318 |
| At 30 June 2019 | 7,795 | – | 7,795 |
| At 1 July 2018 | – | – | – |

Goodwill

Goodwill of £108,289 arose on the acquisition of The Craft Cocktail Club Ltd by the London Cocktail Club on 1 April 2016. 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. Goodwill is monitored at the operating segment level identified in note 3.

For assessing impairment a value in use calculation has been performed using a discounted cash flow method based on the forecast cash flows, a CGU specific discount rate and a terminal growth rate. 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 13.2 per cent. and zero 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. Following a review at 28 June 2018, the goodwill was fully impaired.

12. Property, plant and equipment

| | <i>Leasehold property</i> £ | <i>Fixtures and fittings</i> £ | <i>Other PPE</i> £ | <i>Total</i> £ |
|------------------------|------------------------------------|---------------------------------------|-----------------------|-------------------|
| Cost | | | | |
| At 3 July 2017 | 823,969 | 64,969 | 784,602 | 1,673,540 |
| Additions | 225,888 | 96,053 | 533,207 | 855,148 |
| At 1 July 2018 | 1,049,857 | 161,022 | 1,317,809 | 2,528,688 |
| Additions | 615,300 | 29,210 | 465,166 | 1,109,676 |
| Disposals | (111,862) | (1,650) | (129,959) | (243,471) |
| At 30 June 2019 | 1,553,295 | 188,582 | 1,653,016 | 3,394,893 |
| Additions | 162,110 | 12,865 | 122,199 | 297,174 |
| Disposals | – | – | (24,367) | (24,367) |
| At 28 June 2020 | 1,715,405 | 201,447 | 1,750,848 | 3,667,700 |
| Depreciation | | | | |
| At 3 July 2017 | 90,494 | 23,765 | 310,504 | 424,763 |
| Charge for the year | 92,111 | 17,049 | 150,690 | 259,850 |
| At 1 July 2018 | 182,605 | 40,814 | 461,194 | 684,613 |
| Charge for the year | 153,725 | 25,884 | 212,382 | 391,991 |
| Disposal | (22,206) | – | (70,228) | (92,434) |
| At 30 June 2019 | 314,124 | 66,698 | 603,348 | 984,170 |
| Charge for the year | 224,631 | 23,797 | 229,650 | 478,078 |
| Disposals | – | – | (14,056) | (14,056) |
| At 28 June 2020 | 538,755 | 90,495 | 818,942 | 1,448,192 |
| Net book value | | | | |
| At 28 June 2020 | 1,176,650 | 110,953 | 931,905 | 2,219,508 |
| At 30 June 2019 | 1,239,171 | 121,884 | 1,049,668 | 2,410,723 |
| At 1 July 2018 | 867,252 | 120,208 | 856,615 | 1,844,075 |

13. Leases

The Group leases the entire estates as well as its Head Office. The leases are non-cancellable leases with varying terms, escalation clauses and renewal rights. Rental contracts are typically made for fixed years of between 10 and 25 years, the average lease runs for 20 years from commencement.

From 3 July 2017, leases are recognised as a right-of-use asset and a corresponding lease 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 lease payments. 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.

| | <i>Right of use assets</i> |
|------------------------|----------------------------|
| | £ |
| Cost | |
| At 3 July 2017 | 4,017,031 |
| Additions | – |
| Impairment | (174,903) |
| | <hr/> |
| At 1 July 2018 | 3,842,128 |
| Additions | 2,235,482 |
| Disposals | (237,825) |
| | <hr/> |
| At 30 June 2019 | 5,839,785 |
| Additions | 224,770 |
| Disposals | – |
| | <hr/> |
| At 28 June 2020 | <u><u>6,064,555</u></u> |
| Depreciation | |
| At 3 July 2017 | – |
| Charge for the year | 352,289 |
| | <hr/> |
| At 1 July 2018 | 352,289 |
| Charge for the year | 462,837 |
| Disposal | (21,140) |
| | <hr/> |
| At 30 June 2019 | 793,986 |
| Charge for the year | 559,339 |
| Disposals | – |
| | <hr/> |
| At 28 June 2020 | <u><u>1,353,325</u></u> |
| Net book value | |
| At 28 June 2020 | <u><u>4,711,230</u></u> |
| At 30 June 2019 | <u><u>5,045,799</u></u> |
| At 1 July 2018 | <u><u>3,489,839</u></u> |

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

The Group has determined that each site 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 Covid-19 pandemic and the associated national lockdown introduced on 20 March 2020 are considered an indicator of potential impairment, accordingly all sites have been tested for impairment. The value in use of each CGU is calculated based upon the Group's latest three-year forecast, incorporating the impact of the Covid-19 lockdown and assumptions concerning the rate at which site level cash flows will recover. The site cash flows include an allocation of central costs and ongoing capital expenditure to maintain the sites. The cash flows exclude any growth capital. Cash flows beyond the three-year period are extrapolated using no further growth. The key assumptions in the value in use calculations are the like for like sales projections for each site, changes in the operating cost base, the long-term growth rate and the pre-tax discount rate. The post-tax discount rate is derived from the Group's WACC and is currently 13.2 per cent. The Group has recognised an impairment charge of 2020: £nil (2019: £nil; 2018: £174,903). 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 site cash flows of 10 per cent. in each year would result in no further impairment. An increase of 14.3 pts in the discount rate used would result in no further impairment.

Lease liability

| | <i>Lease liability</i> £ |
|------------------------|-----------------------------|
| At 3 July 2017 | 4,082,871 |
| Additions | – |
| Interest expense | 189,082 |
| Lease payments | (426,796) |
| At 1 July 2018 | 3,845,157 |
| Additions | 1,873,541 |
| Disposals | (282,720) |
| Interest expense | 246,593 |
| Lease payments | (560,788) |
| Revaluations | 361,940 |
| At 30 June 2019 | 5,483,723 |
| Additions | 224,769 |
| Interest expense | 278,729 |
| Lease payments | (759,629) |
| At 28 June 2020 | 5,227,592 |

Revaluations in the period to 30 June 2019 are as a result of rent reviews.

| | <i>At 28 June</i> <i>2020</i> £ | <i>At 30 June</i> <i>2019</i> £ | <i>At 1 July</i> <i>2018</i> £ |
|------------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| Lease liability | | | |
| Current | 524,408 | 447,200 | 319,644 |
| Non-current | 4,703,184 | 5,036,523 | 3,525,513 |
| | <u>5,227,592</u> | <u>5,483,723</u> | <u>3,845,157</u> |

14. Trade and other receivables

| | <i>At 28 June</i> <i>2020</i> £ | <i>At 30 June</i> <i>2019</i> £ | <i>At 1 July</i> <i>2018</i> £ |
|-------------------|---------------------------------------|---------------------------------------|--------------------------------------|
| Current | | | |
| Trade receivables | 59,873 | 207,634 | 101,348 |
| Other receivables | 257,904 | 259,825 | 196,465 |
| Prepayments | 383,602 | 400,011 | 329,078 |
| | <u>701,379</u> | <u>867,470</u> | <u>626,891</u> |

All trade and other receivables are due within one year.

| | <i>Current</i> £ | <i>31-60 days</i> £ | <i>61-90 days</i> £ | <i>>90 days</i> £ | <i>Total</i> £ |
|-------------------------------|---------------------|------------------------|------------------------|-------------------------|-------------------|
| 2020 Trade receivables | – | – | – | 59,873 | 59,873 |
| 2019 Trade receivables | 97,652 | 42,840 | 9,522 | 57,620 | 207,634 |
| 2018 Trade receivables | 28,966 | 41,022 | 12,360 | 19,000 | 101,348 |

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. Under the Group's current analysis there are no impaired assets within trade and other receivables.

15. Inventories

| | <i>At 28 June 2020</i> | <i>At 30 June 2019</i> | <i>At 1 July 2018</i> |
|------------------|----------------------------|----------------------------|---------------------------|
| | £ | £ | £ |
| Goods for resale | 139,725 | 121,233 | 88,671 |
| | <u>139,725</u> | <u>121,233</u> | <u>88,671</u> |

16. Cash and cash equivalents

| | <i>At 28 June 2020</i> | <i>At 30 June 2019</i> | <i>At 1 July 2018</i> |
|--------------------------|----------------------------|----------------------------|---------------------------|
| | £ | £ | £ |
| Cash at bank and in hand | 264,488 | 238,302 | 341,428 |
| | <u>264,488</u> | <u>238,302</u> | <u>341,428</u> |

17. Trade and other payables

| | <i>At 28 June 2020</i> | <i>At 30 June 2019</i> | <i>At 1 July 2018</i> |
|---------------------------------|----------------------------|----------------------------|---------------------------|
| | £ | £ | £ |
| Current | | | |
| Trade payables | 737,379 | 602,725 | 338,606 |
| Corporation tax payable | – | 322 | 39,578 |
| Social security and other taxes | 38,960 | 172,690 | 158,910 |
| Defined contribution pension | 37,107 | 11,727 | 6,315 |
| Other creditors | 163,383 | 74,538 | 65,795 |
| Accrued expenses | 219,978 | 189,748 | 259,146 |
| | <u>1,196,807</u> | <u>1,051,750</u> | <u>868,350</u> |

18. Borrowings

| | <i>At 28 June 2020</i> | <i>At 30 June 2019</i> | <i>At 1 July 2018</i> |
|-----------------------------|----------------------------|----------------------------|---------------------------|
| | £ | £ | £ |
| Short-term borrowing | | | |
| Secured bank loans | 974,491 | 352,805 | 230,884 |
| Other loans | 26,371 | 21,951 | – |
| Shareholders loans | 229,863 | 400,685 | 33,675 |
| | <u>1,230,725</u> | <u>775,441</u> | <u>264,559</u> |
| Long term borrowings | | | |
| Secured bank loans | 458,191 | 778,832 | 659,677 |
| Other loans | 29,879 | 53,049 | – |
| | <u>488,070</u> | <u>831,881</u> | <u>659,677</u> |

Secured bank loans

Principal outstanding

The Group has six loans with Barclays bank of which £1,432,682 remains outstanding at 28 June 2020. Loans one to five bear an interest rate of 4.6 per cent. (4.5 per cent. + LIBOR). Loan six bears an interest rate of 3.1 per cent. (3 per cent.+ LIBOR). All six loans are secured by a debenture on the Group's assets. The maturity of the loans is set out below:

| | | | At 28 June 2020 £ | At 30 June 2019 £ | At 1 July 2018 £ |
|----------------------------|----------|--------|-------------------------|-------------------------|------------------------|
| | Maturity | Rate % | | | |
| Barclays bank loans | | | | | |
| Secured bank loan 1 | 2023 | 4.60 | 163,021 | 215,138 | 290,766 |
| Secured bank loan 2 | 2023 | 4.60 | 162,197 | 208,458 | 267,115 |
| Secured bank loan 3 | 2022 | 4.60 | 226,223 | 273,239 | 332,680 |
| Secured bank loan 4 | 2022 | 4.60 | 179,065 | 213,855 | – |
| Secured bank loan 5 | 2023 | 4.60 | 202,176 | 220,947 | – |
| Secured bank loan 6 | 2025 | 3.10 | 500,000 | – | – |
| | | | <u>1,432,682</u> | <u>1,131,637</u> | <u>890,561</u> |

At 28 June 2020 the Group breached financial ratio loan covenants for loans one to five and technically the loans are repayable on demand. Consequently the secured borrowing for loans one to five have been re-classified as current liabilities.

Unsecured bank loan

The Group has an unsecured bank loan with Paragon Banking Group plc which bears an interest rate of 12.5 per cent. The balance due at 28 June 2020 was £56,250 (30 June 2019: £75,000 and 1 July 2018: nil).

19. Net debt

Analysis of changes in net debt

| | At 3 July 2017 £ | Cashflows £ | Non Cash Movement £ | At 1 July 2018 £ |
|--------------------|------------------------|------------------|---------------------------|-------------------------|
| Cash in hand | 120,801 | 220,627 | – | 341,428 |
| Secured bank loans | (363,135) | (527,426) | – | (890,561) |
| Lease liabilities | (4,082,871) | 426,796 | (189,082) | (3,845,157) |
| Shareholder loans | (9,466) | (24,209) | – | (33,675) |
| Net debt | <u>(4,334,671)</u> | <u>95,788</u> | <u>(189,082)</u> | <u>(4,427,965)</u> |
| | At 2 July 2018 £ | Cashflows £ | Non Cash Movement £ | At 30 June 2019 £ |
| Cash in hand | 341,428 | (103,126) | – | 238,302 |
| Secured bank loans | (890,561) | (241,076) | – | (1,131,637) |
| Unsecured loans | – | (75,000) | – | (75,000) |
| Lease liabilities | (3,845,157) | 560,788 | (2,199,355) | (5,483,724) |
| Shareholder loans | (33,675) | (367,010) | – | (400,685) |
| Net debt | <u>(4,427,965)</u> | <u>(225,424)</u> | <u>(2,199,355)</u> | <u>(6,852,744)</u> |

| | <i>At 1 July 2019</i> | <i>Cashflows</i> | <i>Non Cash Movement</i> | <i>At 28 June 2020</i> |
|--------------------|---------------------------|------------------|------------------------------|----------------------------|
| | £ | £ | £ | £ |
| Cash in hand | 238,302 | 26,186 | – | 264,488 |
| Secured bank loans | (1,131,637) | (301,045) | – | (1,432,682) |
| Unsecured loans | (75,000) | 18,750 | | (56,250) |
| Lease liabilities | (5,483,724) | 692,193 | (436,062) | (5,227,593) |
| Shareholder loans | (400,685) | 170,822 | – | (229,863) |
| Net debt | <u>(6,852,744)</u> | <u>606,906</u> | <u>(436,062)</u> | <u>(6,681,900)</u> |

20. Called up share capital

| | <i>Number of A Ordinary shares of 0.001 each</i> | <i>Share Capital £</i> |
|------------------------------------|--|----------------------------|
| Allotted, called up and fully paid | | |
| As at 28 June 2020 | 10,247,990 | 10,248 |
| As at 30 June 2019 | 10,247,990 | 10,248 |
| As at 1 July 2018 | <u>10,247,990</u> | <u>10,248</u> |

21. Reserves

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 based payment reserve represents the amounts charged cumulatively to the income statement for share based payments.

Retained earnings

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

22. Share Based Payments

The London Cocktail Club Ltd operates an EMI Share Option Plan.

The London Cocktail Club has a share option scheme in which one employee participates. The London Cocktail Club Ltd EMI Share Option Plan (EMI scheme) set up in January 2016. Under the EMI scheme, the company has granted an EMI option over Ordinary A shares in the company. The option vests upon certain criteria in respect of the sale of the company or its assets, or the company being listed on a recognised stock exchange, being met.

The directors of the London Cocktail Club have granted options over 300,000 shares to one employee with an exercise price of £0.17 and an expiry date of January 2026.

The fair value of the award was estimated at the grant date using a Black-Scholes model, taking into account the terms and conditions upon which the awards were granted.

The following key assumptions used in determining the fair value of options granted were:

| | <i>2016 grant</i> |
|----------------------------------|-------------------|
| Share price at date of grant (£) | £0.21 |
| Expected volatility (%) | 50% |
| Exercise price (£) | £0.17 |
| Term until exercised (years) | 3 years |
| Risk free interest rate (%) | 3% |
| Expected dividend yield (%)* | 0.00% |

*Expected volatility was determined using a weighted median volatility of comparator sector companies.

The fair value of the option at grant was £92,429 and has been charged evenly to the income statement as an expense over three years.

The London Cocktail Club Ltd Unapproved Option Agreement

The London Cocktail Club has a share option scheme in which one director participates. The London Cocktail Club Ltd Unapproved Option Agreement (Option agreement) set up in November 2017.

Under the Option agreement, the company has granted an option over Ordinary A shares in the company. The option vests upon certain criteria in respect of the sale of the company or its assets, or the company being listed on a recognised stock exchange, being met or on the tenth anniversary of the agreement. The directors of the London Cocktail Club have granted options over 105,480 shares to one director each with an exercise price of £0.76. The Board have calculated the fair value of the share options as £nil.

23. Financial instruments-risk management

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 at present the Group has not entered into derivative transactions.

Management consider that the key financial risk factors of the business are interest rate risk and liquidity risk. 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's exposure to the variable interest element of its term loan is unhedged given the low forecast interest rate environment and the relatively short maturities of the Group's debt.

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. The Covid-19 pandemic and the lockdown period that ensued significantly raised the potential liquidity risk. This increased risk was addressed through the raising of an additional £0.5m loan from the Group's bankers under the Corona Business Interruption Loan Scheme as well as agreeing capital repayment deferrals on existing debt.

The Group monitors cash balances and prepares regular forecasts, which are reviewed by the board.

The Group is exposed to risks that arise from its use of financial instruments. The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Trade receivables
- Cash and cash equivalents

- Trade payables
- Borrowings

To the extent financial instruments are not carried at fair value in the statement of financial position, book value approximates to fair value at 28 June 2020, 30 June 2019 and 1 July 2018.

Financial instruments by category

Financial assets at amortised cost

| | At 28 June 2020 £ | At 30 June 2019 £ | At 1 July 2018 £ |
|---------------------------|-------------------------|-------------------------|------------------------|
| Trade receivables | 59,873 | 207,634 | 101,348 |
| Cash and cash equivalents | 264,488 | 238,302 | 341,428 |
| | <u>324,361</u> | <u>445,936</u> | <u>442,776</u> |

Financial liabilities at amortised cost

| | At 28 June 2020 £ | At 30 June 2019 £ | At 1 July 2018 £ |
|----------------|-------------------------|-------------------------|------------------------|
| Trade payables | 737,379 | 602,725 | 338,606 |
| Borrowings | 1,718,795 | 1,607,322 | 924,236 |
| | <u>2,456,174</u> | <u>2,210,047</u> | <u>1,262,842</u> |

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

Borrowing maturities are split between current and non-current. The table below summarises the maturity of the Group's financial liabilities based on undiscounted contractual payments:

| | Current £ | Less than 3 months £ | Between 3 and 12 months £ | Between 1-2 years £ | Between 2-5 years £ | Total £ |
|---------------------------|------------------|----------------------------|------------------------------------|---------------------------|---------------------------|------------------|
| As at 28 June 2020 | | | | | | |
| Trade payables | 610,403 | 126,976 | – | – | – | 737,379 |
| Borrowings | 994,626 | 5,325 | 87,993 | 160,012 | 373,517 | 1,621,473 |
| | <u>1,605,029</u> | <u>132,301</u> | <u>87,993</u> | <u>160,012</u> | <u>373,517</u> | <u>2,358,852</u> |
| As at 30 June 2019 | | | | | | |
| Trade payables | 253,114 | 349,611 | – | – | – | 602,725 |
| Borrowings | 32,063 | 64,124 | 288,558 | 384,745 | 555,220 | 1,324,710 |
| | <u>285,177</u> | <u>413,735</u> | <u>288,558</u> | <u>384,745</u> | <u>555,220</u> | <u>1,927,435</u> |
| As at 1 July 2018 | | | | | | |
| Trade payables | 200,802 | 137,804 | – | – | – | 338,606 |
| Borrowings | 18,529 | 37,059 | 166,764 | 222,352 | 548,764 | 993,468 |
| | <u>219,331</u> | <u>174,863</u> | <u>166,764</u> | <u>222,352</u> | <u>548,764</u> | <u>1,332,074</u> |

An increase in LIBOR from 0.1 per cent. to 1 per cent. would result in an increase in cash out flow of £25,571 over the lifetime of the six Barclays secured loans.

24. Related party transaction

Related parties are considered to be the directors of the London Cocktail Club. Transactions with them are detailed below:

Transactions with related parties

| | <i>52 weeks ended 28 June 2020 £</i> | <i>52 weeks ended 30 June 2019 £</i> | <i>52 weeks ended 1 July 2018 £</i> |
|---------------------------|--|--|---|
| Purchase of inventories | 2,175 | 3,440 | 13,000 |
| Consultancy Fees | 12,000 | 5,750 | 27,417 |
| Interest charges on loans | – | 3,358 | – |
| Dividend Payments | – | – | 24,019 |
| | <u>14,175</u> | <u>12,548</u> | <u>64,436</u> |

These transactions are split by related party as follows:

| | | | |
|----------------------|---------------|---------------|---------------|
| CGCC Ltd | 2,175 | 4,476 | 13,491 |
| PAF Ventures Limited | 12,000 | 5,750 | 27,417 |
| John J Goodman | – | 525 | 8,235 |
| James W Hopkins | – | 285 | 4,412 |
| Raymond R A Blanc | – | 945 | 5,881 |
| Sarah Willingham | – | 567 | 5,000 |
| | <u>14,175</u> | <u>12,548</u> | <u>64,436</u> |

Amounts owed/(receivable) to related parties were as follows:

| | <i>At 28 June 2020 £</i> | <i>At 30 June 2019 £</i> | <i>At 1 July 2018 £</i> |
|----------------------|----------------------------------|----------------------------------|---------------------------------|
| CGCC Ltd | 117,835 | 185,488 | (2,512) |
| PAF Ventures Limited | 6,820 | – | – |
| John J Goodman | 1,332 | 14,634 | 25,893 |
| James W Hopkins | – | – | 4,412 |
| Raymond R A Blanc | 50,279 | 100,000 | 5,882 |
| Sarah Willingham | 50,284 | 100,563 | – |
| | <u>226,550</u> | <u>400,685</u> | <u>33,675</u> |

25. Post Balance Sheet Events

On 6 November 2020 an offer was received by the London Cocktail Club from Nightcap plc for the entire issued share capital and a conditional agreement for the sale of the London Cocktail Club to Nightcap plc was signed on 7 December 2020.

26. Contingencies

The Group has assigned one lease for a property which was formerly occupied. If the assignee were to default on that lease, the Group would be liable for payments of £35,000 per annum due under that lease which has a further 8.5 years to run.

PART IV

UNAUDITED CONDENSED CONSOLIDATED HISTORICAL FINANCIAL INFORMATION ON THE LONDON COCKTAIL CLUB FOR THE THIRTEEN WEEK PERIOD ENDED 27 SEPTEMBER 2020 AND THE THIRTEEN WEEK PERIOD ENDED 29 SEPTEMBER 2019

The Board has prepared the following unaudited condensed consolidated historical financial information for the 13 weeks ended 27 September 2020 on the basis set out in note 2 to the condensed consolidated historical financial information. The unaudited condensed consolidated historical financial information contained in this Part IV, which has been prepared by the Board and is unaudited. The Board is responsible for the unaudited condensed consolidated historical financial information contained in this Part IV.

**UNAUDITED CONDENSED CONSOLIDATED HISTORICAL FINANCIAL INFORMATION ON THE
LONDON COCKTAIL CLUB LIMITED**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | | <i>13 weeks to 27 September 2020</i> | <i>13 weeks to 29 September 2019</i> | <i>52 weeks ended 28 June 2020</i> |
|--------------------------------|-------------|--|--|--|
| | <i>Note</i> | £ | £ | £ |
| Revenue | 3 | 1,249,333 | 1,574,891 | 5,196,710 |
| Cost of goods sold | | <u>(264,059)</u> | <u>(320,340)</u> | <u>(1,074,931)</u> |
| Gross profit | | <u>985,274</u> | <u>1,254,551</u> | <u>4,121,779</u> |
| Other Income | | – | – | 125,000 |
| Administrative expenses | | <u>(978,929)</u> | <u>(1,302,992)</u> | <u>(4,525,818)</u> |
| Operating profit/(Loss) | | <u>6,345</u> | <u>(48,441)</u> | <u>(279,039)</u> |
| Finance cost | | <u>(69,980)</u> | <u>(80,071)</u> | <u>(337,263)</u> |
| Loss before tax | | <u>(63,635)</u> | <u>(128,512)</u> | <u>(616,302)</u> |
| Tax credit | | – | – | <u>(15,888)</u> |
| Loss for the period | | <u>(63,635)</u> | <u>(128,512)</u> | <u>(632,190)</u> |

There is no other comprehensive income for the 13 weeks to 27 September 2020 (13 weeks to 29 September: nil, 52 weeks to 28 June 2020: nil).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | <i>As at 27 September 2020</i> | <i>As at 29 September 2019</i> | <i>As at 28 June 2020</i> |
|--|--|--|-----------------------------------|
| | £ | £ | £ |
| Non-current assets | | | |
| Intangible assets | 7,318 | 7,795 | 7,318 |
| Property, plant and equipment | 2,249,460 | 2,694,661 | 2,219,508 |
| Right of use assets | 4,464,085 | 4,826,716 | 4,711,230 |
| | <u>6,720,863</u> | <u>7,529,172</u> | <u>6,938,056</u> |
| Current Assets | | | |
| Trade and other receivables | 503,795 | 593,999 | 701,379 |
| Inventories | 140,896 | 113,322 | 139,726 |
| Cash and cash equivalents | 880,823 | 192,357 | 264,488 |
| | <u>1,525,514</u> | <u>899,678</u> | <u>1,105,592</u> |
| Total assets | <u>8,246,377</u> | <u>8,428,850</u> | <u>8,043,648</u> |
| Current liabilities | | | |
| Trade and other payables | 1,581,418 | 1,281,222 | 1,196,807 |
| Borrowings | 1,215,466 | 509,277 | 1,230,725 |
| Lease liabilities | 524,408 | 447,200 | 524,408 |
| | <u>3,321,292</u> | <u>2,237,699</u> | <u>2,951,940</u> |
| Non-Current liabilities | | | |
| Borrowings | 483,349 | 831,881 | 488,070 |
| Lease liabilities | 4,604,918 | 4,939,255 | 4,703,184 |
| Deferred tax provision | 92,246 | 108,128 | 92,246 |
| | <u>5,180,513</u> | <u>5,879,264</u> | <u>5,283,500</u> |
| Total liabilities | <u>8,501,805</u> | <u>8,116,963</u> | <u>8,235,440</u> |
| Net (liabilities)/assets | <u>(255,428)</u> | <u>311,887</u> | <u>(191,792)</u> |
| Equity | | | |
| Share capital | 10,248 | 10,248 | 10,248 |
| Share premium | 178,017 | 178,017 | 178,017 |
| Share based payment reserve | 92,429 | 92,429 | 92,429 |
| Retained earnings | (536,122) | 31,193 | (472,486) |
| | <u>(255,428)</u> | <u>311,887</u> | <u>(191,792)</u> |
| Total equity attributable to owners of the parent | <u>(255,428)</u> | <u>311,887</u> | <u>(191,792)</u> |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | <i>Share capital</i> £ | <i>Other reserves</i> £ | <i>Share based payment Reserve</i> £ | <i>Retained earnings</i> £ | <i>Total</i> £ |
|--|-------------------------------|--------------------------------|---|-----------------------------------|-------------------|
| Balance as at 29 June 2019 | 10,248 | 178,017 | 92,429 | 159,705 | 440,399 |
| Total comprehensive income for the period | – | – | – | (632,190) | (632,190) |
| Balance as at 30 June 2020 | <u>10,248</u> | <u>178,017</u> | <u>92,429</u> | <u>(472,486)</u> | <u>(191,792)</u> |
| Total comprehensive income for the period | – | – | – | (63,636) | (63,636) |
| Balance as at 27 September 2020 | <u>10,248</u> | <u>178,017</u> | <u>92,429</u> | <u>(536,122)</u> | <u>(255,428)</u> |
| Balance as at 1 July 2019 | 10,248 | 178,017 | 92,429 | 159,705 | 440,399 |
| Total comprehensive income for the period | – | – | – | (128,512) | (128,512) |
| Balance as at 29 September 2019 | <u>10,248</u> | <u>178,017</u> | <u>92,429</u> | <u>31,193</u> | <u>311,887</u> |

CONSOLIDATED CASH FLOW STATEMENTS

| | <i>13 weeks to 27 September 2020 £</i> | <i>13 weeks to 29 September 2019 £</i> | <i>52 weeks ended 28 June 2020 £</i> |
|---|--|--|--|
| Cash flows from operating activities | | | |
| Loss for the period before tax | (63,635) | (128,513) | (616,302) |
| <i>Adjustments for:</i> | | | |
| Depreciation and amortisation | 247,144 | 219,083 | 1,038,994 |
| Losses on disposal of property plant and equipment | – | – | 8,761 |
| Interest on Lease Liabilities and Borrowings | 69,980 | 80,071 | 337,263 |
| Increase in trade and other receivables | 197,584 | 273,471 | 166,091 |
| (Decrease)/increase in inventories | (1,170) | 7,911 | (18,493) |
| Decrease/(increase) in trade and other payables | 384,611 | (229,472) | 176,057 |
| Cash generated from operations | <u>834,514</u> | <u>222,551</u> | <u>1,092,372</u> |
| Income taxes paid | – | – | (62,770) |
| Net cash flows from operating activities | <u>834,514</u> | <u>222,551</u> | <u>1,029,602</u> |
| Investing activities | | | |
| Purchase of property, plant and equipment | (29,952) | (283,938) | (297,175) |
| Net Proceeds from Sale of property, plant and equipment | – | – | 1,550 |
| Other investments | – | – | (1,100) |
| Net cashflow in investing activities | <u>(29,952)</u> | <u>(283,938)</u> | <u>(296,725)</u> |
| Financing activities | | | |
| Interest paid | (11,052) | (16,221) | (58,535) |
| Shareholder loan | (5,730) | 48,651 | (170,821) |
| Loans granted to group | – | 226,770 | 500,000 |
| Loan repayments | (14,251) | (82,642) | (217,706) |
| Repayment of lease obligations | (157,193) | (161,116) | (759,629) |
| Net cashflow in financing activities | <u>(188,226)</u> | <u>15,442</u> | <u>(706,691)</u> |
| Net increase in cash and cash equivalents | 616,336 | (45,945) | 26,186 |
| Cash and cash equivalents at beginning of period | <u>264,488</u> | <u>238,302</u> | <u>238,302</u> |
| Cash and cash equivalents and end of period | <u><u>880,823</u></u> | <u><u>192,357</u></u> | <u><u>264,488</u></u> |

NOTES TO THE FINANCIAL INFORMATION

1. General Information

The principal activity of The London Cocktail Club Limited (the 'London Cocktail Club') and its subsidiaries (together the 'Group') is the operation of cocktail bars. The London Cocktail Club is incorporated and domiciled in England. The address of its registered office is 29 Sclater Street, London, England, E1 6LB.

2. Accounting policies

The principal accounting policies applied in the preparation of the condensed, consolidated interim financial information are set out below ('Accounting Policies' or 'Policies'). These Policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1. Basis of preparing of financial information

The condensed, consolidated interim financial information included in this interim financial report has been prepared in accordance with IAS 34 'Interim Financial Reporting', as adopted by the European Union and accounting policies consistent with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations as endorsed by the European Union.

The same accounting policies, presentation and methods of computation have been followed in the preparation of these results as were applied in the Group's latest annual consolidated financial information.

The condensed, consolidated interim financial information for the 13 weeks ended 29 September 2020 has not been subject to an audit nor a review in accordance with international Standard on Review Engagements 2410, review of interim financial information performed by the independent auditor of the entity, issued by the Auditing Practices Board.

The condensed, consolidated interim financial information for the period ended 28 June 2020 does not constitute the full statutory accounts for that period.

The condensed, consolidated interim financial statements are presented in sterling and all values are rounded to the nearest pound (£).

Except where otherwise indicated, the condensed, consolidated interim financial information incorporate the financial statements of The London Cocktail Club Limited and its subsidiaries made up to the relevant period end.

Use of judgements and estimates

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

The key judgements and key estimates can be found in the in the consolidated financial information for the period ended 28 June 2020.

2.2. Going concern

As part of the adoption of the going concern basis the Group has considered the uncertainty caused by Covid-19 pandemic and put the following measures in place:

- minimise costs and cash outflows
- use of Government Job Retention Scheme (CJRS)
- taking advantage of rates reliefs and grants
- negotiating rent concessions
- secured a £500k 5-year term 3.1 per cent. interest loan under the Coronavirus Business Interruption Loan Scheme.

The Group monitors cash balances and prepares regular forecasts, which are reviewed by the directors of the London Cocktail Club. The directors of the London Cocktail Club believe that it remains appropriate to prepare the financial statements on a going concern basis. However, the ongoing COVID-19 challenges represent a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and, therefore, to continue realising their assets and discharging their liabilities in the normal course of business.

2.3 Accounting policies

The Group's full accounting policies can be found in the annual consolidated financial information for the period ended 28 June 2020.

3. Revenue

| | <i>13 weeks to 27 September 2020</i> | <i>13 weeks to 29 September 2019</i> | <i>52 weeks ended 28 June 2020</i> |
|---------------|--|--|--|
| | £ | £ | £ |
| Liquor Sales | 1,249,333 | 1,551,192 | 5,196,710 |
| Other revenue | – | 23,699 | – |
| | <u>1,249,333</u> | <u>1,574,891</u> | <u>5,196,710</u> |

All of the Group's revenue was derived from the UK for each of the periods presented.

4. Profit/ (loss) from operations

| | <i>13 weeks to 27 September 2020</i> | <i>13 weeks to 29 September 2019</i> | <i>52 weeks ended 28 June 2020</i> |
|--|--|--|--|
| | £ | £ | £ |
| <i>Operating profit/(loss) is stated after charging:</i> | | | |
| Depreciation of right of use assets | 120,964 | 120,964 | 559,339 |
| Depreciation of property, plant and equipment | 125,786 | 97,998 | 478,078 |
| Amortisation of intangibles | 394 | 121 | 1,577 |
| Loss on disposal of property, plant and equipment | – | – | 8,761 |
| Exceptional costs | – | 24,690 | 3,989 |
| Pre-opening costs | – | 23,905 | 30,251 |
| Staff costs | 482,572 | 642,946 | 2,036,769 |
| Craft manufacturing operations (now ceased) | – | 13,600 | 11,479 |
| Craft head office costs | – | 9,962 | 29,767 |
| | <u>–</u> | <u>9,962</u> | <u>29,767</u> |

In the period to 28 June 2020 the Group received government grants of £125,000 through the retail, hospitality and leisure grant fund (period to 27 September 2020: nil).

During the 13 weeks to 27 September 2020 staff costs include a credit of £121,489 which was paid to the Group under the Government COVID-19 furlough scheme (52 weeks ended 28 June 2020: credit of £518,591).

5. Trade and other payables

| | <i>13 weeks to 27 September 2020</i> | <i>13 weeks to 29 September 2019</i> | <i>52 weeks ended 28 June 2020</i> |
|-------------------------------|--|--|--|
| | £ | £ | £ |
| Trade payables | 742,398 | 532,777 | 737,379 |
| Social security & other taxes | 79,373 | 147,102 | 38,960 |
| Accruals | 289,636 | 162,086 | 219,978 |
| Other payables | 470,011 | 439,257 | 200,490 |
| | <u>1,581,418</u> | <u>1,281,222</u> | <u>1,196,807</u> |

6. Related parties

| | <i>13 weeks to 27 September 2020</i> | <i>13 weeks to 29 September 2019</i> | <i>52 weeks ended 28 June 2020</i> |
|--|--|--|--|
| | £ | £ | £ |
| <i>Transactions with related parties</i> | | | |
| Purchase of inventories | – | – | 2,175 |
| Consultancy fees | 6,000 | – | 12,000 |
| | <u>6,000</u> | <u>–</u> | <u>14,175</u> |
| <i>These transactions are split by related party as follows:</i> | | | |
| CGCC Ltd | – | – | 2,175 |
| PAF Ventures Limited | 6,000 | – | 12,000 |
| | <u>6,000</u> | <u>–</u> | <u>14,175</u> |

7. Employees

| | <i>13 weeks to 27 September 2020</i> | <i>13 weeks to 29 September 2019</i> | <i>52 weeks ended 28 June 2020</i> |
|--|--|--|--|
| <i>Average number of employees by function</i> | | | |
| Management | 4 | 4 | 4 |
| Operations | 81 | 82 | 85 |
| Administration | 6 | 9 | 8 |
| | <u>91</u> | <u>95</u> | <u>97</u> |

Directors emoluments

| | | | 13 weeks ended 13 September 2020 Total £ | | | 13 weeks ended 13 September 2019 Total £ |
|----------------------------------|-------------------------------|------------------------------------|---|-------------------------------|------------------------------------|---|
| | Basic Salary/ Fees £ | Pension Contri- butions £ | | Basic Salary/ Fees £ | Pension Contri- butions £ | |
| Executive Directors | | | | | | |
| James Hopkins | 17,849 | 328 | 18,177 | 19,121 | 329 | 19,450 |
| John Goodman | 17,849 | 328 | 18,177 | 19,121 | 329 | 19,450 |
| Non – Executive Directors | | | | | | |
| Lance Moir | 5,200 | – | 5,200 | 6,000 | – | 6,000 |
| Sarah Willingham | 6,000 | – | 6,000 | – | – | – |
| | <u>46,897</u> | <u>656</u> | <u>47,554</u> | <u>44,242</u> | <u>658</u> | <u>44,900</u> |

| | | | 52 weeks ended 28 June 2020 Total £ |
|----------------------------------|-------------------------------|------------------------------------|--|
| | Basic Salary/ Fees £ | Pension Contri- butions £ | |
| Executive Directors | | | |
| James Hopkins | 72,661 | 1,315 | 73,976 |
| John Goodman | 72,661 | 1,315 | 73,976 |
| Non – Executive Directors | | | |
| Lance Moir | 22,800 | – | 22,800 |
| Sarah Willingham | 12,000 | – | 12,000 |
| | <u>180,122</u> | <u>2,630</u> | <u>182,752</u> |

8. Post balance sheet events

On 6 November 2020 an offer was received by the London Cocktail Club from Nightcap plc for the entire issued share capital and a conditional agreement for the sale of the London Cocktail Club to Nightcap plc was signed on 7 December 2020.

PART V

SECTION A – ACCOUNTANT’S REPORT ON THE HISTORICAL FINANCIAL INFORMATION OF NIGHTCAP PLC

PKF Littlejohn LLP

The Directors and Proposed Directors
Nightcap Plc
C/O Locke Lord (UK) Llp
201 Bishopsgate
London
EC2M 3AB



Accountants &
business advisers

The Directors
Allenby Capital Limited
5th Floor
5 St Helen’s Place
London
EC3A 6AB

7 January 2021

Dear Sirs

Accountants report on the Historical Financial Information of Nightcap Plc (“Nightcap” or “the Company”)

Introduction

We report on the historical financial information set out in Section B of Part V (the “Financial Information”) relating to Nightcap Plc (“Nightcap” or “the Company”). This information has been prepared for inclusion in the AIM admission document dated 7 January 2021 (the “Admission Document”) relating to the proposed admission to AIM of Nightcap and the acquisition of the London Cocktail Club Ltd and on the basis of the accounting policies set out in note 2. This report is given for the purpose of complying with paragraph 18.1 of Annex I of the Prospectus Regulation Rules as applied by paragraph (a) of Schedule Two of the AIM Rules for Companies and for no other purpose.

Responsibility

The Directors of the Company are responsible for preparing the Financial Information on the basis of preparation set out in the notes to the Financial Information and in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union.

It is our responsibility to form an opinion as to whether the Financial Information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

Save for any responsibility arising under paragraph 18.1 of Annex 1 of the Prospectus Regulation Rules as applied by Schedule Two of the AIM Rules for Companies to any person as and to the extent provided, and save for any responsibility that we have expressly agreed in writing to assume, to the fullest extent permitted by law we do not assume responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with paragraph 18.1 of Annex 1 of the Prospectus Regulation Rules as applied by Schedule Two of the AIM Rules for Companies, consenting to its inclusion in the Admission Document.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom. We are independent of Nightcap plc and the London Cocktail Club Ltd in accordance with relevant ethical requirements. In the United Kingdom this is the Financial Reporting Council's Ethical Standard as applied to Investment Circular Reporting Engagements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our work included an assessment of evidence relevant to the amounts and disclosures in the Financial Information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the Financial Information and whether the accounting policies are appropriate to the Company and consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial Information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the Financial Information in Section B of Part V gives, for the purpose of the Admission Document dated 7 January 2021, a true and fair view of the state of affairs of Nightcap as at 30 November 2020 and of its results, cash flows and changes in equity for the period then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Declaration

For the purposes of paragraph 1.2 of Annex 1 and paragraph 1.2 of Annex 11 of the Prospectus Regulation Rules as applied by paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the Admission Document and declare we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and makes no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules for Companies.

Yours faithfully

PKF Littlejohn LLP
Reporting Accountants

PART V

SECTION B – HISTORICAL FINANCIAL INFORMATION ON NIGHTCAP PLC

STATEMENT OF COMPREHENSIVE INCOME

The Statement of Comprehensive Income of the Company is stated below:

| | Note | <i>Period from incorporation to 30 November 2020</i> £ |
|---|------|---|
| Revenue | | – |
| Administrative expenses | 3 | (256,355) |
| Operating loss | | <u>(256,355)</u> |
| Finance income/(expense) | | – |
| Loss before taxation | | <u>(256,355)</u> |
| Income tax | | – |
| Total comprehensive loss for the period | | <u><u>(256,355)</u></u> |
| Earnings per share attributable to equity owners | | |
| Basic and diluted earnings per share (£) | 5 | (0.009) |

The income statement has been prepared on the basis that all operations are continuing operations.

STATEMENT OF FINANCIAL POSITION

The Statement of Financial Position of the Company is stated below:

| | <i>Note</i> | <i>As at 30 November 2020 £</i> |
|--------------------------------------|-------------|---|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | | 1,244,000 |
| Total Assets | | <u>1,244,000</u> |
| Current Liabilities | | |
| Trade and other payables | 6 | (256,355) |
| Total Liabilities | | <u>(256,355)</u> |
| Net Assets | | <u>987,645</u> |
| EQUITY AND LIABILITIES | | |
| Equity Attributable to owners | | |
| Share capital | 7 | 398,800 |
| Share premium | 7 | 845,200 |
| Reserves | | (256,355) |
| Total Equity and Liabilities | | <u>987,645</u> |

STATEMENT OF CASH FLOWS

The Statement of Cash Flows of the Company is as follows:

| | | <i>Period from incorporation to 30 November 2020</i> |
|---|-------------|--|
| | <i>Note</i> | <i>£</i> |
| Cash flow from operating activities | | |
| Loss for the period | | (256,355) |
| Adjustments for: | | — |
| Increase in trade and other payables | 6 | 256,355 |
| Net cash flows from operating activities | | — |
| Cash flows from financing activities | | |
| Proceeds from the issue of shares | 7 | 1,244,000 |
| Net cash inflows from financing activities | | 1,244,000 |
| Net increase in cash and cash equivalent | | 1,244,000 |
| Cash and cash equivalents at beginning of period | | — |
| Cash and cash equivalents at end of period | | 1,244,000 |

STATEMENT OF CHANGES IN EQUITY

| | <i>Share capital £</i> | <i>Share premium £</i> | <i>Retained earnings £</i> | <i>Total Equity £</i> |
|--|--------------------------------|--------------------------------|------------------------------------|-------------------------------|
| At incorporation | – | – | – | – |
| Transactions with equity owners | | | | |
| Issue of ordinary shares | 398,800 | 845,200 | – | 1,244,000 |
| Total transactions with equity owners | 398,800 | 845,200 | – | 1,244,000 |
| Total comprehensive loss for the period | | | | |
| Loss for the period | – | – | (256,355) | (256,355) |
| Other comprehensive income | – | – | – | – |
| Total comprehensive loss for the period | – | – | (256,355) | (256,355) |
| As at 30 November 2020 | 398,800 | 845,200 | (256,355) | 987,645 |

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. General information

Nightcap Plc (“the Company”) was incorporated on 23 September 2020 as a public limited company in England and Wales with Registered Number 12899067 under the Companies Act 2006. The Company has not yet commenced business and no dividends have been declared or paid since the date of incorporation. The principal activity of the Company is to acquire and grow hospitality concepts in the premium bars segment and the hospitality industry more generally in the UK.

The address of its registered office is 201 Bishopsgate, London, EC2M 3AB.

The Historical Financial Information covers the period from incorporation on 23 September 2020 to 30 November 2020.

This Historical Financial Information of the Company has been prepared for the sole purpose of publication within this Admission Document. It has been prepared in accordance with the requirements of the AIM rules for Companies and has been prepared in accordance with International Financial Reporting Standards (“IFRS”) and IFRS interpretations Committee (IFRS IC) interpretations as adopted by the European Union and the policies stated elsewhere within the Historical Financial Information. The Historical Financial Information does not constitute statutory accounts within the meaning of section 434 of the Companies Act 2006.

The Historical Financial Information is presented in Sterling, which is the Company’s functional and presentational currency and has been prepared under the historical cost convention.

2. Significant accounting policies

The financial information is based on the following policies which have been consistently applied:

Going concern

The Historical Financial Information has been prepared on the assumption that the Company will continue as a going concern. Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations. In assessing whether the going concern assumption is appropriate, the Directors take into account all available information for the foreseeable future, in particular for the twelve months from the date of approval of the Historical Financial Information within this Admission Document.

Following the review of cash flows prepared as part of this AIM Admission, the Directors have a reasonable expectation that the Company and its newly acquired subsidiary have adequate resources, with the net proceeds of the Fundraising, to continue operational existence for the foreseeable future.

The Directors have considered the ongoing situation with Covid-19 and do not consider its effects to have a material impact on the Company’s going concern.

Adoption of new and revised standards

(a) New standards, amendments and interpretations

The Company has adopted all of the new and amended standards and interpretations issued by the International Accounting Standards Board that are relevant to its operations and effective for accounting periods commencing on or after 23 September 2020.

New standards, amendments and interpretations not yet adopted by the Company and not early adopted

(b) Standards, amendments and interpretations that are not yet effective are as follows:

| <i>Standard</i> | <i>Impact on initial application</i> | <i>Effective date</i> |
|---------------------|--|-----------------------|
| IFRS 3 (Amendments) | Definition of a Business | *1 January 2020 |
| IAS 1 | Classification of Liabilities as Current or Non-Current. | *1 January 2022 |
| IAS 37 (Amendments) | Provisions contingent liabilities and contingent assets | *1 January 2022 |

* Subject to EU endorsement

The Company has evaluated the impact of transition to the above standards and does not consider that there will be a material impact of transition on the Historical Financial Information.

Cash and cash equivalents

In the Statement of Cash Flows, cash and cash equivalents comprise cash at bank and in hand and demand deposits with banks and other financial institutions, that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial liabilities

The Directors determine the classification of the Company's financial liabilities at initial recognition. The financial liabilities held comprise trade payables and accrued liabilities and these are classified as other financial liabilities.

Other financial liabilities

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

Derecognition of other financial liabilities

Financial liabilities are derecognised when the Company's contractual obligations expire or are discharged or cancelled.

Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds.

Critical accounting estimates and judgements

The Company makes estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual results may differ from these estimates and assumptions. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

Current and deferred income tax

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the consolidated statement of financial position date, and any adjustment to tax in respect of previous periods.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

3. Operating expenses by nature

| | <i>Period from incorporation to 30 November 2020 £</i> |
|---|--|
| Professional costs incurred in respect of proposed listing of the Company | 256,355 |
| Total | <u>256,355</u> |

As at 30 November 2020 the Company had not yet applied to be registered for VAT. All invoiced costs are inclusive of VAT. The Company intends to apply for VAT registration in due course and may, subject to normal rules, be able to recover VAT currently charged within the income statement.

4. Taxation

The actual charge for the period can be reconciled to the expected charge based on the profit or loss and the standard rate of tax as follows:

The Company is subject to income tax at a rate of 19 per cent., as at 30 November 2020.

Tax charged:

| | <i>as at 30 November 2020 £</i> |
|-------------------|---|
| Current taxation | – |
| Deferred taxation | – |
| | <u>–</u> |

| | <i>Period from incorporation to 30 November 2020</i> |
|--|--|
| | £ |
| Loss before tax | (256,355) |
| Corporation tax at 19% | (48,707) |
| Disallowed expenses | – |
| Losses for which no deferred tax is recognised | 48,707 |
| Total tax charge | <u>–</u> |

The Company has tax losses available to be carried forward against trading profits arising in future periods. At this time, a deferred tax asset has not been recognised due to insufficient certainty over the level of future profits to utilise against this amount.

5. Earnings per share

The calculation for earnings per Ordinary Share (basic and diluted) is based on the profit after income tax attributable to equity Shareholder for the period and is as follows:

| | <i>Period from incorporation to 30 November 2020</i> |
|--|--|
| | £ |
| Loss for the period attributable to equity holders (£) | (256,355) |
| Weighted average number of shares in issue | 28,720,000 |
| Basic and diluted loss per share (£) | <u>(0.009)</u> |

Earnings and diluted earnings per Ordinary share are calculated using the weighted average number of Ordinary shares in issue during the period. There were no dilutive potential Ordinary shares outstanding during the periods.

6. Trade and other payables

| | <i>As at 30 November 2020</i> |
|----------------|-----------------------------------|
| | £ |
| Trade payables | 61,800 |
| Accruals | 195,555 |
| Total | <u>256,355</u> |

7. Share capital and premium

| | <i>Number of shares</i> | <i>Share capital £</i> | <i>Share premium £</i> | <i>Total £</i> |
|---------------------|-----------------------------|--------------------------------|--------------------------------|--------------------|
| At incorporation | 2 | – | – | – |
| Issued | 39,879,999 | 398,800 | 845,200 | 1,244,000 |
| At 30 November 2020 | <u>39,880,001</u> | <u>398,800</u> | <u>845,200</u> | <u>1,244,000</u> |

On incorporation, the Company issued 2 ordinary shares for consideration of £0.01 per share at nominal value.

On 2 October 2020, the Company issued 24,999,999 ordinary shares of £0.01 for consideration of £499,999.98 cash.

On 11 November 2020, the Company issued 14,880,000 ordinary shares of £0.01 for consideration of £744,000.00 cash.

8. Controlling party

Michael and Sarah Willingham-Toxvaerd hold 25,000,001 shares (63 per cent.) of the issued share capital and are considered to be the Company's controlling party as at the period end.

9. Post balance sheet events

On 6 November 2020, Nightcap Plc made an offer to purchase the entire issued share capital of The London Cocktail Club Ltd.

10. Related party transactions

Michael and Sarah Willingham-Toxvaerd are the sole directors of Nightcap Plc and during the period were issued a total of 25,000,001 ordinary shares of £0.01 for a total consideration of £500,000.

PART VI

UNAUDITED PROFORMA CONSOLIDATED NET ASSET STATEMENT FOR THE ENLARGED GROUP

Set out below is an unaudited pro forma statement of net assets of Nightcap as at 30 November 2020 and the London Cocktail Club as at 27 September 2020. The unaudited pro forma net asset statement of Nightcap as at 30 November 2020 and the London Cocktail Club as at 27 September 2020 respectively has been prepared on the basis set out in the notes below to illustrate the impact of the Fundraising and proposed Acquisition.

The unaudited pro forma information has been prepared for illustrative purposes only and, by its nature, addresses a hypothetical situation and does not, therefore, represent the Enlarged Group's actual financial position or results. Such information may not, therefore, give a true picture of the Enlarged Group's financial position or results nor is it indicative of the results that may or may not be expected to be achieved in the future.

The unaudited pro forma information is based on the unaudited net assets of the Nightcap and the London Cocktail Club as at 30 November 2020 and 27 September 2020 respectively and is based on the Company's audited historical financial information as shown in Section B of Part V of this Document and the unaudited historical financial information for the London Cocktail Club as shown in Part IV of this Document. No adjustments have been made to take account of trading, expenditure or other movements subsequent to 30 November 2020, being the date of the audited historical financial information of the Company.

The unaudited pro forma information does not constitute financial statements within the meaning of section 434 of the Act. Investors should read the whole of this Document and not rely solely on the summarised financial information contained in this Part VI.

Unaudited pro forma statement of net assets as at 30 November 2020

| | <i>The Company Net Assets as at 30 November 2020 (Note 1) £</i> | <i>The London Cocktail Club Net liabilities as at 27 September 2020 (Note 2) £</i> | <i>Issue of Placing Shares and PrimaryBid Shares net of costs (Note 3) £</i> | <i>Unaudited pro forma adjusted aggregated net assets of the Enlarged Group on Admission £</i> |
|--|---|--|--|--|
| Assets | | | | |
| Non-current assets | | | | |
| Intangible assets | – | 7,318 | – | 7,318 |
| Property, plant & equipment | – | 2,249,460 | – | 2,249,460 |
| Right of use assets | – | 4,464,085 | – | 4,464,085 |
| Non-current assets | – | 6,720,863 | – | 6,720,863 |
| Current assets | | | | |
| Cash and cash equivalents | 1,244,000 | 880,823 | 3,000,000 | 5,124,823 |
| Trade and other receivables | – | 503,795 | – | 503,795 |
| Inventories | – | 140,896 | – | 140,896 |
| Current assets | 1,244,000 | 1,525,514 | 3,000,000 | 5,769,514 |
| Total assets | 1,244,000 | 8,246,377 | 3,000,000 | 12,490,377 |
| Liabilities | | | | |
| Non-current liabilities | | | | |
| Borrowings | – | 483,349 | – | 483,349 |
| Lease liabilities | – | 4,604,918 | – | 4,604,918 |
| Deferred tax | – | 92,246 | – | 92,246 |
| Total non-current liabilities | – | 5,180,513 | – | 5,180,513 |
| Current liabilities | | | | |
| Trade and other payables | 256,355 | 1,581,418 | (256,355) | 1,581,418 |
| Borrowings | – | 1,215,466 | – | 1,215,466 |
| Lease liabilities | – | 524,408 | – | 524,408 |
| Total current liabilities | 256,355 | 3,321,292 | (256,355) | 3,321,292 |
| Total Liabilities | 256,355 | 8,501,805 | (256,355) | 8,501,805 |
| Total net assets | 987,645 | (255,428) | 3,256,355 | 3,988,572 |
| Net asset value (NAV) per share | 0.02 | – | – | 0.03 |

Notes

The pro forma statement of net assets has been prepared on the following basis:

1. The audited net assets of the Company as at 30 November 2020 have been extracted without adjustment from the historical financial information as shown in section B of Part V of this Document.
2. The unaudited net liabilities of the London Cocktail Club as at 27 September 2020 have been extracted without adjustment from the unaudited historical financial information for the London Cocktail Club as shown in Part IV of this Document.
3. An adjustment has been made to reflect the proceeds of the Fundraising of 40,000,000 new Ordinary Shares of the Company at an Issue Price of £0.1 per Ordinary Share less an adjustment to reflect the payment in cash of Admission-related costs estimated at approximately £1 million exclusive of any non-recoverable sales taxes.
4. The Company's net asset value as at 30 November 2020 was £987,645 and the net asset value per share was approximately £0.02. Adjusted for the Acquisition of the London Cocktail Club, the Placing and the PrimaryBid Offer, on Admission, the Enlarged Group's unaudited pro forma consolidated net asset value will be £3,988,572 and its unaudited pro forma the net asset value per share will be approximately £0.03.
5. No adjustments have been made to reflect the trading or other transactions, other than described above of:
 - i. the Company since 30 November 2020;
 - ii. The London Cocktail Club since 27 September 2020; and
 - iii. The contingent deferred cash consideration of up to £550,000 in accordance with the Acquisition Agreement.
 - iv. The acquisition of London Cocktail Club was completed by means of a share for share exchange. The Company will adopt IFRS 3 to reflect this acquisition. At the date of publication of this Pro-forma statement of net assets the Purchase Price Allocation ('PPA') exercise to evaluate the consideration against the acquired tangible and intangible assets has not been undertaken. Under IFRS 3 the Company has 12 months to finalise its PPA.
6. The pro forma statement of net assets does not constitute financial statements.

PART VII

ADDITIONAL INFORMATION

1. RESPONSIBILITY

The Directors and the Proposed Directors, whose names, business addresses and functions are set out on page 7 of this Document, and the Company accept responsibility, both individually and collectively, for all the information contained in this Document, and compliance with the AIM Rules for Companies. To the best of the knowledge and belief of the Directors and the Proposed Directors and the Company (each of whom has taken all reasonable care to ensure that such is the case), the information contained in this Document is in accordance with the facts and does not omit anything likely to affect the import of such information or which would make misleading any statement in this Document, whether of facts or of opinion.

2. THE COMPANY

- 2.1 The Company was incorporated in England and Wales on 23 September 2020 as a public company limited by shares under the Act with the name Nightcap plc and with registered number 12899067. The Company's commercial name is Nightcap plc.
- 2.2 The Company's registered office is at C/O Locke Lord (UK) LLP, 201 Bishopsgate, London EC2M 3AB. The Company is domiciled in the United Kingdom. The Company's telephone number is 0208 088 1889. The principal place of business of the Enlarged Group is 20 Sclater Street, London E1 6LB.
- 2.3 The principal legislation under which the Company operates, and pursuant to which the Ordinary Shares (including the New Ordinary Shares) have been or will be created (as applicable), is the Act and the subordinate legislation made under it.
- 2.4 The business of the Company and its principal activity is to act as the holding company of the Enlarged Group.
- 2.5 The Company's web site address which discloses the information required by Rule 26 of the AIM Rules for Companies is www.nightcapplc.com.
- 2.6 The Company's accounting reference date is 30 June.

3. THE SUBSIDIARIES

- 3.1 The Company currently has no material investments (in progress or planned for the future on which the Directors or the Proposed Directors have made firm commitments or otherwise) other than the subsidiary undertakings listed below. The Company has no interests in any other undertakings or in any joint ventures.
- 3.2 Following Admission, the principal subsidiaries and subsidiary undertakings of the Company will be:

| <i>Name</i> | <i>Country of incorporation</i> | <i>Percentage ownership interest held</i> | <i>Principal activity</i> |
|--------------------------------------|---------------------------------|---|--------------------------------------|
| The London Cocktail Club Ltd | England and Wales | 100% | Operation of licensed bars and clubs |
| The Craft Cocktail Company Ltd | England and Wales | 100%* | Operation of licensed bars and clubs |
| London Cocktail Club Trading Limited | England and Wales | 100%* | Non-trading |
| London Cocktail Events Limited | England and Wales | 100%* | Non-trading |
| The Craft Cocktail Club Ltd | England and Wales | 100%* | Non-trading |
| The London Cocktail School Limited | England and | 100%* | Non-trading |

* denotes held by London Cocktail Club

4. THE COMPANY'S SHARE CAPITAL

- 4.1 As at 7 January 2021 (being the latest practicable date prior to the date of this Document) and, assuming that the Placing and PrimaryBid Offer are both fully subscribed, immediately following Admission, the Company's issued and fully paid up share capital is, and will be, as follows:

| | <i>Number of Ordinary Shares issued and credited as fully paid</i> | <i>Aggregate nominal value</i> |
|---------------------------------|--|--|
| As at 7 January 2021 | 39,880,001 | £398,800.01 |
| Immediately following Admission | 135,258,838 | £1,352,588.38 |

- 4.2 The Company was incorporated with an issued share capital of £0.02 comprising two subscriber shares of £0.01 nominal value each, subscribed for at £0.02 each. Since incorporation and to the date of this Document, the following changes to the Company's share capital have taken place:

- (a) on 2 October 2020, 24,999,999 Ordinary Shares were allotted at £0.02 per share;
- (b) on 11 November 2020, 14,880,000 Ordinary Shares were allotted at £0.05 per share; and
- (c) in connection with Acquisition, the Company entered into the Acquisition Agreement pursuant to which the Company agreed to issue the Consideration Shares to the Vendors credited as full paid at the Issue Price. The Consideration Shares will represent approximately 40.94 per cent. of the Enlarged Share Capital.

- 4.3 Pursuant to the ordinary and special resolutions of the Company passed on 22 December 2020 and an ordinary resolution of the Company passed on 6 January 2021:

- (a) the directors were generally and unconditionally authorised pursuant to section 551 of the Act, to exercise all the powers of the Company to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company ("**Relevant Securities**") up to an aggregate nominal amount of:
 - (i) £1,160,000 in connection with the issue of shares in connection with the Acquisition and the Fundraising;
 - (ii) otherwise than pursuant to sub-paragraph (a)(i) above and (a)(iii) below, the allotment of Relevant Securities up to an aggregate nominal amount of £519,600 or, if less, the nominal value of one third of the Enlarged Share Capital; and
 - (iii) a further £220,000 in connection with the Acquisition

provided that such authorities shall, unless renewed, varied or revoked by the Company, expire at the conclusion of the first annual general meeting of the Company or, if earlier, 22 March 2022, save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or Relevant Securities to be granted and the directors may allot shares or grant Relevant Securities pursuant to such offer or agreement notwithstanding that such authorities have expired; and

- (b) the directors were empowered to allot equity securities (within the meaning of section 560(1) of the Act) for cash pursuant to the authorities conferred in paragraph 4.3(a)(i) and (ii) above, pursuant to section 570 and section 573 of the Act in substitution for all prior powers conferred upon them, but without prejudice to any allotments made pursuant to the terms of such powers, as if section 561 of the Act (statutory pre-emption rights) did not apply to any such allotment, provided that this power shall be limited to:
 - (i) the issue of Ordinary Shares pursuant to the authorities described under paragraph (a)(i), above;
 - (ii) the allotment of equity securities and sale of treasury shares for cash in connection with an offer of, or invitation to apply for, equity securities in favour of holders of Ordinary Shares in proportion (as nearly as may be practicable) to their existing holdings and to holders of other equity securities as required by the rights attached to those securities or as the directors otherwise consider necessary, but subject to such restrictions or

other arrangements as the directors deem necessary or appropriate in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and

- (iii) the allotment of Ordinary Shares (other than under paragraphs (b)(i) and (b)(ii) above) up to an aggregate nominal amount of £311,760, or, if less, the nominal value of 20 per cent. of the Enlarged Share Capital),

provided that this power shall expire at the first annual general meeting of the Company or, if earlier, 22 March 2022 (unless renewed, varied or revoked by the Company prior to or on that date), save that the Company may, before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that such power has expired.

- 4.4 As at the date of this Document, other than in connection with the Fundraising and the Acquisition, the Directors and the Proposed Directors do not have any present intention of exercising the authorities referred to in paragraph 4.3 above.
- 4.5 As at the date of this Document, no options to subscribe for Ordinary Shares have been granted under the Share Option Plan. On or shortly following Admission, the Company proposes to grant options over 15,900,000 Ordinary Shares pursuant to the Share Option Plan, with an exercise price equal to the market value of Ordinary Shares at the date of grant, and becoming exercisable as to 1/3 on each anniversary of the grant date subject to the Company having been 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) and remaining exercisable until the day before the tenth anniversary of grant. Further particulars of the options proposed to be granted and the rules of the Share Option Plan are set out in paragraphs 7.2 and 11, respectively, of this Part VII.
- 4.6 As at the date of this Document, the Company does not have an authorised share capital and there is therefore no authorised but unissued share capital.
- 4.7 Save as set out in this Part VII:
 - (a) no share or loan capital of any member of the Enlarged Group is under option or is the subject of an agreement, conditional or unconditional, to be put under option;
 - (b) no share or loan capital of the Company has been issued, or is now proposed to be issued (other than pursuant to the Placing or the Primary Bid Offer), fully or partly paid, either for cash or other consideration to any person;
 - (c) no person has any preferential subscription rights for any share capital of the Company;
 - (d) the Company has no convertible securities, exchangeable securities or securities with warrants in issue;
 - (e) there are no acquisition rights or obligations over the authorised but unissued share capital of the Company and there is no undertaking to increase the share capital of the Company;
 - (f) there are no shares of the Company held by or on behalf of itself or any member of the Enlarged Group; and
 - (g) no commissions, discounts, brokerages, or other special terms have been granted by the Company since its incorporation in connection with the issue or sale of any share or loan capital of the Company.
- 4.8 The Ordinary Shares have been created under the Act. The nominal (par) value of the Ordinary Shares is £0.01 each. The Company has only one class of shares, being the Ordinary Shares.
- 4.9 The Ordinary Shares are in registered form and may be held either in certificated form or in uncertificated form through CREST. The Articles permit the Company to issue shares in uncertificated form.

- 4.10 No shares of the Company are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived.
- 4.11 The Company does not have in issue any securities not representing share capital.
- 4.12 There are no issued but not fully paid Ordinary Shares.
- 4.13 Other than pursuant to the Placing and the Primary Bid Offer the Ordinary Shares are not being marketed or being made available to the public in whole or in part in conjunction with the application for Admission.
- 4.14 The Existing Ordinary Shares have not been admitted to dealing on any recognised investment exchange or other trading facility, nor has any application for such admission been made and it is not intended to make any arrangements for dealings in the Ordinary Shares on any such exchange other than the application to be made in connection with Admission.
- 4.15 The Company has the contractual capacity of a natural person and is empowered to borrow, guarantee and give security.

5. ARTICLES OF ASSOCIATION

The Articles, which were adopted by a special resolution of the Company on 22 December 2020, contain no specific restriction on the Company's objects and purposes and contain provisions, *inter alia*, to the following effect. This is a description of significant rights and does not purport to be complete or exhaustive.

5.1 Voting rights

- (a) Subject to any special terms as to voting upon which any shares may be issued, or may for the time being be held and any restriction on voting referred to below, every Shareholder present in person, by proxy (regardless of the number of members for whom he is a proxy) or by a duly authorised corporate representative at a general meeting of the Company shall have one vote on a show of hands and, on a poll, every Shareholder present in person, by proxy, or by a duly authorised corporate representative shall have one vote for every Share of which he is the holder, proxy or representative.
- (b) The duly authorised representative of a corporate shareholder may exercise the same powers on behalf of that corporation as it could exercise as if it were an individual shareholder.
- (c) A Shareholder is not entitled to vote unless all calls or other sums due from him have been paid.
- (d) Unless the Board determines otherwise, a Shareholder is also not entitled to attend or vote at meetings of the Company in respect of any shares held by him in relation to which he or any other person appearing to be interested in such shares has been duly served with a notice under section 793 of the Act and, having failed to comply with such notice within the period specified in such notice (being not less than 28 days from the date of service of such notice (or, where the shares represent at least 0.25 per cent. of their class, 14 days), is served with a disenfranchisement notice. Such disenfranchisement will apply only for so long as the notice from the Company has not been complied with or until the Company has withdrawn the disenfranchisement notice, whichever is the earlier.

5.2 General meetings

- (a) The Company must hold an annual general meeting each year in addition to any other general meetings held in the year. The directors can call a general meeting at any time.
- (b) At least 21 clear days' written notice must be given for every annual general meeting. For all other general meetings, not less than 14 clear days' written notice must be given. The notice for any general meeting must state: (i) whether the meeting is an annual general meeting or general meeting; (ii) the date, time and place of the meeting; (iii) the general nature of the

business of the meeting; (iv) if any resolution is to be proposed as a special resolution, the text of such resolution; and (v) that a member entitled to attend and vote is entitled to appoint one or more proxies to attend, to speak and to vote instead of him and that a proxy need not also be a member. All members who are entitled to receive notice under the Articles must be given notice.

- (c) Before a general meeting starts, there must be a quorum, being two members present in person or by proxy.
- (d) The directors may resolve to enable persons entitled to attend and participate in a general meeting to do so partly (but not wholly) by simultaneous attendance and participation by means of electronic facility or facilities. The members present in person or by proxy by means of an electronic facility or facilities (as so determined by the directors) shall be counted in the quorum for, and be entitled to participate in, the general meeting in question.
- (e) Each Director may attend and speak at any general meeting.
- (f) Where the Company has given an electronic address in any notice of meeting, any document or information relating to proceedings at the meeting may be sent by electronic means to that address, subject to any conditions or limitations specified in the relevant notice of meeting.

5.3 **Dividends and other distributions**

- (a) All dividends shall be paid in British pounds sterling.
- (b) Subject to the Act, the Company may, by ordinary resolution, declare dividends to be paid to members of the Company according to their rights and interests in the profits of the Company available for distribution, but no dividend shall be declared in excess of the amount recommended by the Board.
- (c) Subject to the Act, the Board may from time to time pay to the Shareholders of the Company such interim dividends as appear to the Board to be justified by the profits available for distribution and the position of the Company, on such dates and in respect of such periods as it thinks fit.
- (d) Except insofar as the rights attaching to, or the terms of issue of, any share otherwise provide (no such shares presently being in issue), all dividends shall be apportioned and paid *pro rata* according to the amounts paid or credited as paid up (other than in advance of calls) on the shares during any portion or portions of the period in respect of which the dividend is paid.
- (e) Any dividend unclaimed after a period of 12 years from the date of declaration shall be forfeited and shall revert to the Company.
- (f) The Board may, if authorised by an ordinary resolution, offer the holders of Ordinary Shares the right to elect to receive additional Ordinary Shares, credited as fully paid, instead of cash in respect of any dividend or any part of any dividend.
- (g) The Board may withhold dividends payable on shares representing not less than 0.25 per cent. by number of the issued shares of any class (calculated exclusive of treasury shares) after there has been a failure to comply with any notice under section 793 of the Act requiring the disclosure of information relating to interests in the shares concerned as referred to in paragraph 5.9 below.

5.4 **Return of capital**

On a voluntary winding-up of the Company, the liquidator may, with the sanction of a special resolution of the Company and subject to the Act and the Insolvency Act 1986 (as amended), divide amongst the Shareholders of the Company in specie the whole or any part of the assets of the Company, or vest the whole or any part of the assets in trustees upon such trusts for the benefit of the members as the liquidator, with the like sanction, shall determine.

5.5 **Transfer of Shares**

- (a) The Articles provide for shares to be held in a system for holding shares in uncertificated form (for example CREST), such shares being referred to as “Participating Securities”. The Shares are freely transferable, save as set out in this paragraph 5.
- (b) In the case of shares represented by a certificate (“**Certificated Shares**”), the transfer shall be made by an instrument of transfer in the usual form or in any other form which the Board may approve. A transfer of a Participating Security need not be in writing, but shall comply with such rules as the Board may make in relation to the transfer of such shares, a CREST transfer being acceptable under the current rules.
- (c) The instrument of transfer of a Certificated Share shall be executed by or on behalf of the transferor and (in the case of a partly paid share) by or on behalf of the transferee, and the transferor is deemed to remain the holder of the share until the name of the transferee is entered in the register of members.
- (d) The Board may refuse to register a transfer unless:
 - (i) in the case of a Certificated Share, the instrument of transfer, duly stamped (if required) is lodged at the registered office of the Company or at some other place as the Board may appoint accompanied by the relevant share certificate and such other evidence of the right to transfer as the Board may reasonably require;
 - (ii) in the case of a Certificated Share, the instrument of transfer is in respect of only one class of share; and
 - (iii) in the case of a transfer to joint holders of a Certificated Share, the transfer is in favour of not more than four such transferees.
- (e) In the case of Participating Securities, the Board may refuse to register a transfer if the Uncertificated Securities Regulations 2001 (as amended) allow it to do so, and must do so where such regulations so require.
- (f) The Board may also decline to register a transfer of shares if they represent not less than 0.25 per cent. by number of their class and there has been a failure to comply with a notice requiring disclosure of interests in the shares (as referred to in paragraph 5.9 below) unless the Shareholder has not, and proves that no other person has, failed to supply the required information. Such refusal may continue until the failure has been remedied, but the Board shall not decline to register:
 - (i) a transfer in connection with a *bona fide* sale of the beneficial interest in any shares to any person who is unconnected with the Shareholder and with any other person appearing to be interested in the share;
 - (ii) a transfer pursuant to the acceptance of an offer made to all the Company's Shareholders or all the Shareholders of a particular class to acquire all or a proportion of the shares or the shares of a particular class; or
 - (iii) a transfer in consequence of a sale made through a recognised investment exchange or any stock exchange outside the UK on which the Company's shares are normally traded.

5.6 **Allotment**

The Company may from time to time pass an ordinary resolution authorising, in accordance with section 551 of the Act, the Board to exercise all the powers of the Company to allot shares in the Company or to grant rights to subscribe for or to convert any security into shares in the Company up to the maximum nominal amount specified in the resolution. The authority shall expire on the day specified in the resolution (not being more than five years from the date on which the resolution is passed).

Subject (other than in relation to the sale of treasury shares) to the Board being generally authorised to allot shares and grant rights to subscribe for or to convert any security into shares in the Company

in accordance with section 551 of the Act, the Company may from time to time resolve, by special resolution, that the Board be given power to allot equity securities for cash as if section 561 (statutory pre-emption rights) of the Act did not apply to the allotment but that power shall be limited: (A) to the allotment of equity securities in connection with a rights issue; and (B) to the allotment (other than in connection with a rights issue) of equity securities having a nominal amount not exceeding in aggregate the sum specified in the special resolution.

5.7 **Variation of rights**

- (a) Where the share capital of the Company is divided into different classes of shares, the rights attached to any class of shares may, subject to the Act, and any other act relating to companies be varied or abrogated in such a manner as those rights may provide for or, where no such provision is made:
 - (i) with the consent of the holders of not less than three fourths in the nominal value of the issued shares of that class (excluding any shares of that class held as treasury shares); or;
 - (ii) with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class.
- (b) The special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the Articles or the conditions of issue of such shares, be deemed to be varied by the creation or issue of new shares ranking *pari passu* therewith or subsequent thereto.

5.8 **Share capital and changes in capital**

- (a) Subject to and in accordance with the provisions of the Act, the Company may issue redeemable shares.
- (b) Without prejudice to any special rights previously conferred on the holders of any existing shares, any share may be issued with such rights or such restrictions as the Company shall from time to time determine by special resolution.
- (c) Subject to the provisions of the Articles and the Act, the power of the Company to offer, allot and issue any shares lawfully held by the Company or on its behalf (such as shares held in treasury) shall be exercised by the Board at such time and for such consideration and upon such terms and conditions as the Board shall determine.
- (d) The Company may by ordinary resolution alter its share capital, in accordance with the Act. The resolution may determine that, as between holders of shares resulting from a sub-division any of the shares may have any preference or advantage or be subject to any restriction as compared with the others.
- (e) Subject to the Act and to any rights conferred on the holders of any class of shares, the Company may purchase all or any of its own shares of any class (including any redeemable shares). The Company may only purchase Shares out of distributable reserves or the proceeds of a new issue of shares made for the purpose of funding the repurchase.

5.9 **Disclosure of interests in shares**

- (a) Section 793 of the Act provides a public company with the statutory means to ascertain the persons who are, or have within the last three years been, interested in its relevant share capital and the nature of such interests. When a Shareholder receives a statutory notice of this nature, he or she has 28 days (or 14 days where the shares represent at least 0.25 per cent. of their class) to comply with it, failing which the Company may decide to restrict the rights relating to the relevant shares and send out a further notice to the holder (known as a “disenfranchisement notice”). The disenfranchisement notice will state that the identified shares no longer give the Shareholder any right to attend or vote at a Shareholders’ meeting or to exercise any other right in relation to Shareholders’ meetings.

- (b) Once the disenfranchisement notice has been given, if the directors are satisfied that all the information required by any statutory notice has been supplied, the Company shall, within not more than seven days, withdraw the disenfranchisement notice.
- (c) The Articles do not restrict in any way the provisions of section 793 of the Act.

5.10 **Non-UK Shareholders**

Shareholders with addresses outside the UK are not entitled to receive notices from the Company unless they have given the Company an address within the UK at which such notices shall be served.

5.11 **Untraced Shareholders**

Subject to various notice requirements, the Company may sell any of a Shareholders' Shares in the Company if, during a period of 12 years, at least three dividends (either interim or final) on such shares have become payable and no cheque or warrant or other method of payment for amounts payable in respect of such shares sent and payable in a manner authorised by the Articles has been cashed or effected and no communication has been received by the Company from the member or person concerned.

5.12 **Borrowing powers**

- (a) The Board may exercise all the powers of the Company to borrow money and to mortgage or charge all or any of its undertaking, property and assets (present and future) and uncalled capital and, subject to any relevant statutes, to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligations of the Company or any third party.
- (b) These borrowing powers may be varied by an alteration to the Articles. Any variation of the Articles would require a special resolution of the Shareholders.

5.13 **Directors**

- (a) Subject to the Act, and provided he has made the necessary disclosures, a Director may be a party to or otherwise directly or indirectly interested in any transaction or arrangement with the Company or in which the Company is otherwise interested or a proposed transaction or arrangement with the Company.
- (b) The Board has the power to authorise any matter which would or might otherwise constitute or give rise to a breach of the duty of a Director under section 175 of the Act to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with, the interests of the Company. Any such authorisation will only be effective if the matter is proposed in writing for consideration in accordance with the Board's normal procedures, any requirement about the quorum of the meeting is met without including the Director in question and any other interested director and the matter was agreed to without such directors voting (or would have been agreed to if the votes of such directors had not been counted). The Board may impose terms or conditions in respect of its authorisation.
- (c) Save as mentioned below, a director shall not vote in respect of any matter in which he has, directly or indirectly, any material interest (otherwise than by virtue of his interests in shares or debentures or other securities of, or otherwise in or through, the Company) or a duty which conflicts or may conflict with the interests of the Company. A Director shall not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.
- (d) A Director shall (in the absence of material interests other than those indicated below) be entitled to vote (and be counted in the quorum) in respect of any resolution concerning any of the following matters:
 - (i) the giving of any guarantee, security or indemnity to him or any other person in respect of money lent to, or an obligation incurred by him or any other person at the request of or for the benefit of, the Company or any of its subsidiaries;
 - (ii) the giving of any guarantee, security or indemnity to a third party in respect of an obligation of the Company or any of its subsidiaries for which he himself has assumed

- any responsibility in whole or in part alone or jointly under a guarantee or indemnity or by the giving of security;
- (iii) any proposal concerning the Director being a participant in the underwriting or sub-underwriting of an offer of shares, debentures or other securities by the Company or any of its subsidiaries;
 - (iv) any proposal concerning any other company in which he is interested, directly or indirectly, and whether as an officer or shareholder or otherwise, provided that he is not the holder of or beneficially interested in five per cent. or more of any class of the equity share capital of such company (or of any corporate third party through which his interest is derived) or of the voting rights available to members of the relevant company (any such interest being deemed to be a material interest in all circumstances);
 - (v) any arrangement for the benefit of employees of the Company (and/or the members of their families (including a spouse or civil partner or a former spouse or former civil partner) or any person who is or was dependent on such persons including but without being limited to a retirement benefits scheme and an employees' share plan) which does not accord to any Director any privilege or advantage not generally accorded to the employees to which such arrangement relates; and
 - (vi) any proposal concerning any insurance which the Company is empowered to purchase and/or maintain for the benefit of any of the directors or for persons who include directors, provided that for that purpose "insurance" means only insurance against liability incurred by a Director in respect of any act or omission by him in the execution of the duties of his office or otherwise in relation thereto or any other insurance which the Company is empowered to purchase and/or maintain for, or for the benefit of any groups of persons consisting of or including, directors.
- (e) The directors shall be paid such remuneration (by way of salary, commission, participation in profits or otherwise) as any committee authorised by the Board may determine and either in addition to or in lieu of his remuneration as director. The directors shall also be entitled to be repaid by the Company all hotel expenses and other expenses of travelling to and from board meetings, committee meetings, general meetings or otherwise incurred while engaged in the business of the Company or his duties as director, including the attendance of any spouse or civil partner where such spouse or civil partner accompanies a director for the purpose of advancing the business of the Company. Any director who by request of the Board performs special services or goes or resides abroad for any purposes of the Company may be paid such extra remuneration by way of salary, percentage of profits or otherwise as the Board may determine.
 - (f) The Company may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, to or for the benefit of past directors who held executive office or employment with the Company or a predecessor in business of any of them or to or for the benefit of persons who are or were related to or dependants of any such directors.
 - (g) The Company may indemnify a director and a director of an associated company (as defined in the Act) against all losses and liabilities which they may sustain in the execution of the duties of their office, except to the extent that such an indemnity is not permitted by sections 232 or 234 of the Act. Subject to sections 205(2) to (4) of the Act, the Company may provide a Director (or a director of an associated company) with funds to meet his expenditure in defending any civil or criminal proceedings brought or threatened against him in relation to the Company. The Company may also provide a director with funds to meet expenditure incurred in connection with proceedings brought by a regulatory authority.
 - (h) At each annual general meeting, each director who was appointed or last re-appointed (or is treated by virtue of the Act as if he had been appointed) at or before the annual general meeting held in the calendar year which is three years before the current year, and one third of the other directors (if their number is not three or a multiple of three, the number nearest to but not exceeding one third shall retire from office but so that, if there are fewer than three directors who are subject to retirement by rotation, one) shall retire from office.

- (i) There is no age limit for directors.
- (j) Unless and until otherwise determined by ordinary resolution of the Company, the directors (other than alternate directors) shall not be less than two in number and not more than ten.

5.14 **Redemption**

The Ordinary Shares are not redeemable, nor are they convertible into any other class of shares.

5.15 **Electronic communication**

The Company may communicate electronically with its members in accordance with the provisions of the Electronic Communications Act 2000.

5.16 **Other**

There are no provisions in the Articles that would have an effect of delaying, deferring or preventing a change in control of the Company.

6. TAKEOVER CODE, 'SQUEEZE OUT' AND 'SELL OUT'

6.1 **Mandatory takeover bids**

The Company is subject to the Takeover Code. Brief details of the Panel, the Takeover Code and the protections they afford are described below. The Takeover Code is issued and administered by the Panel. The Takeover Code applies to all takeover and merger transactions, however effected, where the offeree company is, *inter alia*, a listed public company resident in the United Kingdom. The Company is a public company resident in the United Kingdom and its shareholders are therefore entitled to the protections afforded by the Takeover Code. Under Rule 9 of the Takeover Code a person who acquires, whether by a single transaction or by a series of transactions over a period of time, interests in shares which (taken with interests in shares held or acquired by persons acting in concert with him) carry 30 per cent. or more of the voting rights of a company, is normally required to make a cash offer for all the outstanding shares of that company at not less than the highest price paid by him or them or any persons acting in concert during the offer period and in the 12 months prior to its commencement. This requirement would also be triggered by an acquisition of interests in shares by a person holding (together with its concert parties) interests in shares carrying between 30 per cent. and 50 per cent. of the voting rights in the company if the effect of such acquisition were to increase that person's percentage of the voting rights.

Rule 9 of the Takeover Code further provides, among other things, that where any person who, together with persons acting in concert with him holds over 50 per cent. of the voting rights of a company, acquires an interest in shares which carry additional voting rights, then they will not generally be required to make a general offer to the other shareholders to acquire the balance of their shares. However, individual members of a concert party will not be able to increase their percentage interest in shares through or between a Rule 9 threshold without Panel consent. For the purposes of the Takeover Code, persons acting in concert comprise persons who, pursuant to an agreement or understanding (whether formal or informal), cooperate to obtain or consolidate control of a company. Paragraph (9) of the definition of 'acting in concert' also deems any shareholders in a private company who sell their shares in that company inconsideration for the issue of new shares in a company to which the Takeover Code applies to be acting in concert for the purposes of the Takeover Code unless the contrary is established.

6.2 **Squeeze out**

Under the Act, if a "takeover offer" (as defined in section 974 of the Act) is made for the Ordinary Shares and the offeror were to acquire, or unconditionally contract to acquire, not less than 90 per cent. in value of the Shares to which the takeover offer relates (the "**Takeover Offer Shares**") and not less than 90 per cent. of the voting rights attached to the Takeover Offer Shares within three months of the last day on which its offer can be accepted, it could acquire compulsorily the remaining 10 per cent. It would do so by sending a notice to outstanding Shareholders telling them that it will acquire compulsorily their Takeover Offer Shares and then, six weeks later, it would execute a transfer

of the outstanding Takeover Offer Shares in its favour and pay the consideration to the Company, which would hold the consideration on trust for the outstanding Shareholders. The consideration offered to the Shareholders whose Takeover Offer Shares are acquired compulsorily under the Act must, in general, be the same as the consideration that was available under the takeover offer.

6.3 **Sell-out**

The Act also gives minority Shareholders a right to be bought out in certain circumstances by an offeror who has made a takeover offer. If a takeover offer relates to all the Ordinary Shares and at any time before the end of the period within which the offer could be accepted the offeror holds or has agreed to acquire not less than 90 per cent. of the Ordinary Shares (being voting shares that carry voting rights in the Company), any holder of Shares to which the offer relates who has not accepted the offer is entitled by a written communication to the offeror to require it to acquire its Ordinary Shares. The offeror is required to give any Shareholder notice of his right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of the minority Shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period or, if later, the giving notice. If a Shareholder exercises his other rights, the offeror is bound to acquire those Ordinary Shares on the terms of the offer or on such other terms as may be agreed.

7. **DIRECTORS' INTERESTS**

7.1 The interests of the Directors and the Proposed Directors and their respective families (within the meaning of the AIM Rules) in the issued share capital of the Company immediately prior to and following Admission are as follows:

| <i>Name</i> | <i>Immediately prior to Admission</i> | | <i>Immediately following Admission</i> | |
|-----------------------------|---|---|--|---|
| | <i>Number of Existing Ordinary Shares</i> | <i>Percentage of Existing Share Capital</i> | <i>Number of Ordinary Shares</i> | <i>Percentage of Enlarged Share Capital</i> |
| Michael Willingham-Toxvaerd | 12,500,001 | 31.34% | 12,552,501 | 9.28% |
| Sarah Willingham-Toxvaerd | 12,500,000 | 31.34% | 21,686,584 | 16.03% |
| Tobias van der Meer | 8,000,000 | 20.06% | 9,050,000 | 6.69% |
| Lance Moir | 320,000 | 0.80% | 360,000 | 0.27% |
| Thi-Hanh Jelf | 160,000 | 0.40% | 180,000 | 0.13% |
| Gareth Edwards | – | – | – | – |
| Toby Rolph | – | – | – | – |

7.2 On or shortly following Admission, the Directors and the Proposed Directors will be interested in unissued Ordinary Shares under share options held by them pursuant to the Share Option Plan, all of which will be granted for nil consideration, as follows:

| <i>Name</i> | <i>Exercise price</i> | <i>Number of Ordinary Shares</i> | <i>Latest exercise date/Exercise period</i> |
|-----------------------------|-------------------------------|----------------------------------|--|
| Sarah Willingham-Toxvaerd | Market value at date of grant | 6,000,000 | Options vest and are exercisable as to 1/3 on each anniversary of grant date, exercise conditional on Company being profitable in the year prior to exercise; not exercisable after the tenth anniversary of grant |
| Michael Willingham-Toxvaerd | Market value at date of grant | 2,500,000 | Options vest and are exercisable as to 1/3 on each anniversary of grant date, exercise conditional on Company being profitable in the year prior to exercise; not exercisable after the tenth anniversary of grant |

| <i>Name</i> | <i>Exercise price</i> | <i>Number of Ordinary Shares</i> | <i>Latest exercise date/Exercise period</i> |
|-------------|-------------------------------|----------------------------------|--|
| Toby Rolph | Market value at date of grant | 5,000,000 | Options vest and are exercisable as to 1/3 on each anniversary of grant date, exercise conditional on Company being profitable in the year prior to exercise; not exercisable after the tenth anniversary of grant |

7.3 Save as set out in this Document:

- (a) none of the Directors or the Proposed Directors nor any member of their respective families (within the meaning of the AIM Rules) nor any of their respective connected persons (within the meaning of section 252 of the Act) has any interest in the share capital of the Company;
- (b) no Director or Proposed Director nor any member of their respective families (within the meaning of the AIM Rules) nor any of their respective connected persons (within the meaning of section 252 of the Act) has any option over or warrant or other right to subscribe for any shares in the Company; and
- (c) none of the Directors or the Proposed Directors nor any member of their respective families (within the meaning of the AIM Rules) holds or has held any financial product whose value in whole or in part is determined directly or indirectly by reference to the price of Ordinary Shares.

8. ADDITIONAL INFORMATION ON THE DIRECTORS AND THE PROPOSED DIRECTORS

- 8.1 In addition to their directorships of the Company, the Directors and the Proposed Directors held directorships (as defined in the AIM Rules for Companies) and/or have been a partner in the following partnerships within the five years prior to the date of this Document:

| <i>Name</i> | <i>Current directorships/partnerships</i> | <i>Previous directorships/partnerships over the last five years</i> |
|----------------|---|---|
| Gareth Edwards | Alina Holdings Plc Anemol International Ltd Bartholomew Street SPV Limited Co-Living London Limited Cornerstone Brands Ltd Cornerstone EBT Trustee Limited Cornerstone FS plc CS Commercial Limited FXPress Payment Services Limited Honye Financial Services Limited LGEC Capital Partners LLP LML Acquisition Co PLC London Bridge Capital Limited Nos 4 Limited Nos 5 Limited Nos 6 Limited Nos 7 Limited Nos Holdings Limited Various Eateries Plc Zed Capital Limited | IQ3 Plc Interserve Plc (in administration) Pinsent Mason Director Limited Pinsent Mason Secretarial Limited Positive Healthcare Plc (in administration) |

| <i>Name</i> | <i>Current directorships/partnerships</i> | <i>Previous directorships/partnerships over the last five years</i> |
|-----------------------------|--|---|
| Sarah Willingham-Toxvaerd | PAF Ventures Limited The Craft Cocktail Company Ltd The Craft Cocktail Club Ltd The London Cocktail Club Ltd The London Cocktail Club Trading Limited London Cocktail Events Limited The London Cocktail School Limited Tonkotsu Limited Craft Clubs Limited | Letssavesomemoney Limited |
| Michael Willingham-Toxvaerd | PAF Ventures Limited Craft Clubs Limited | BR31 Limited Comparison Cashback Limited Diamondcorp plc Ginger Bacon Limited HBG Holdings UK LLP Letssavemoney Limited Letssavesomemoney Limited Mizmoz Limited Nutrahealth plc Peoples Holdings Limited Peoples Web Limited Rasmala UK Limited Sidekik Limited |
| Toby Rolph | Acebounce Ltd Bounce Birmingham Limited Bounce Leisure Ltd Bounce Ping Pong Venues Limited Bounce Shoreditch Limited Social Entertainment Ventures (Bingo) Limited Social Entertainment Ventures Limited Tom Cat Cocktail Bars Limited | Baillie Ltd Be At One Limited Be At One Holdings Limited |
| Lance Stuart Moir | Bath & West Enterprises Limited The London Cocktail Club Limited The Royal Bath & West of England Society Bath & West Shows Ltd Craft Clubs Limited | BR31 Limited Engandscot Limited Henderson Global Trust plc IMImobile Europe Limited IMImobile SAT Limited Letssavesomemoney Limited MS2U Limited Orchestral 2014 Limited Peoples Holdings Limited Peoples Holdings Overseas Limited The Association of Dance of the African Diaspora Thompson Dunn Ltd Decision Profile Ltd |
| Thi-hanh Jelf | Cornerstone EBT Trustee Limited Padbury Pre-School TH Jelf LLP | Dyrnan Communications Limited IQ3 plc |

| <i>Name</i> | <i>Current directorships/partnerships</i> | <i>Previous directorships/partnerships over the last five years</i> |
|---------------------|--|---|
| Tobias van der Meer | 1066 Direct Limited Advantage Insurance Services Limited Advantage Global Holdings Limited Conquest House Limited Hastings Direct Limited Hastings Group (Finance) plc Hastings Group Limited Hastings (Holdings) Limited Hastings Insurance Group (Holdings) Limited Hastings Insurance Group (Investment) Limited Hastings Insurance Group (Layer 2) Limited Hastings Insurance Group (Layer 3) Limited Hastings Insurance Services Limited Hastings (UK) Limited Hastings (US) Limited People's Choice (Europe) Limited Renew Insurance Services Limited | Brendagate Limited Hastings Repair Services Limited Hastings Group Holdings plc |

- 8.2 Gareth Edwards was appointed as a director of Interserve plc on 1 February 2017. Interserve plc entered administration on 15 March 2019 with a deficit to creditors of approximately £70.4 million. Immediately following appointment, the joint administrators of Interserve plc completed a sale of substantially all of its business and assets and certain liabilities to a specially formed company, Interserve Group Limited. The administration of Interserve plc remains ongoing.
- 8.3 Gareth Edwards was appointed as a director of Positive Healthcare plc on 2 November 2015. Positive Healthcare plc was placed into creditors' voluntary liquidation on 11 October 2018 with a deficit to creditors of approximately £2.3m.
- 8.4 Gareth Edwards was a director of Interserve plc from 1 February 2017 until 15 March 2019. On 11 May 2018, Interserve plc notified the market that it had received a formal notice from the FCA that it had been referred to the FCA's Enforcement Division for investigation in connection with its handling of inside information and its market disclosures in relation to its exited Energy from Waste business during the period from 15 July 2016 to 20 February 2017. The FCA has taken no further action following their investigation.
- 8.5 Sarah Willingham-Toxvaerd was a director of Be Premiere Limited from 1 November 2012 to 23 March 2013. Be Premiere Limited was placed into creditors' voluntary liquidation on 3 March 2014 with a deficit to creditors of £53,023.
- 8.6 Michael Willingham-Toxvaerd was appointed as a non-executive director of Diamondcorp plc on 1 May 2012. The company was placed in administration on 9 May 2017 following the shut-in of its principal asset, the Lace Diamond Mine in South Africa.
- 8.7 Michael Willingham-Toxvaerd was a non-executive director of Peoples Holdings Limited from 10 February 2016 until 11 July 2018. The company was placed in Creditors Voluntary Liquidation in October 2018, with a deficit to creditors of approximately £1.3 million.
- 8.8 Michael Willingham-Toxvaerd was a director of SEM Holding af 2001 A/S from 25 April 2001 to 30 July 2003. On 4 September 2003 bankruptcy proceedings in relation to SEM Holding af 2001 A/S began and the company was placed into bankruptcy on 25 August 2004. Michael Willingham-Toxvaerd was a director of SEM Electronics Denmark A/S from 3 September 2002 to 30 July 2003. On 18 February

2004 bankruptcy proceedings in relation to SEM Electronics Denmark A/S began and the company was placed into bankruptcy on 2 June 2005. Michael Willingham-Toxvaerd was a director of SEM Electronics A/S from 23 May 2001 to 16 June 2003. On 3 September 2003 bankruptcy proceedings in relation to SEM Electronics A/S began and the company was placed into bankruptcy on 8 September 2005. Michael Willingham-Toxvaerd was a director of Selectek ApS from 12 November 2007 until 10 November 2008. Selectek ApS has been undergoing bankruptcy proceedings since 28 August 2008.

- 8.9 Lance Moir was also a non-executive director of Peoples Holdings Limited from 10 February 2016 until 12 July 2018. As noted above, Peoples Holdings Limited was placed in Creditors Voluntary Liquidation in October 2018 with a deficit to creditors of £1.3 million.
- 8.10 Lance Moir was a non-executive director of MS2U Limited (a subsidiary of Peoples Holdings Limited) from 18 May 2017 until 12 July 2018. The company was placed into administration on 10 August 2018 with a deficit to creditors of approximately £989,000.
- 8.11 Lance Moir was appointed as an executive director (for a period of eight days) of Hudson Place Investments Limited in March 1991. Hudson Place Investments Limited was placed into administrative receivership in March 1991 and was subsequently subject to a compulsory liquidation in July 1991 and was subsequently dissolved in 2005.
- 8.12 Lance Moir was previously a director and legal representative of a Greek company in relation to which certain allegations have been made of fraud and embezzlement in connection with that company's activities. Mr Moir held these roles as a function of his directorship of a UK incorporated plc of which the Greek entity was a subsidiary. Under the Greek legal system legal entities such as companies cannot be held criminally liable for their activities and accordingly a Greek company's directors face criminal charges when these are brought, instead of the company itself. The parties involved in this matter cannot be named due to confidentiality considerations. The allegations have not yet reached court and Mr Moir has not been indicted nor had charges brought against him. Mr Moir's Greek legal counsel has advised him that there are a number of procedural issues relating to the allegations and therefore expects that the allegations will be dismissed on procedural grounds before any formal charges are lodged.
- 8.13 Thi-Hanh Jelf was a director of Dyrnan Communications Limited from 21 March 2013 to 12 January 2018. The company was placed into administration on 23 March 2018 when it was in a deficit of funds after its initial fundraising rounds and its failure to break even, with a deficit to creditors of £89,976.76.
- 8.14 At the date of this Document, save as disclosed in this paragraph 8, no Director or Proposed Director:
- (a) has any unspent convictions in relation to any indictable offences;
 - (b) been or is the subject of any bankruptcy order made against them or been the subject of any form of individual voluntary arrangement;
 - (c) been a director of a company which has been placed in receivership, compulsory liquidation, creditors' voluntary liquidation, administration, been subject to a company voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst they were a director of that company or within the 12 months after they ceased to be a director;
 - (d) been a partner in any partnership which has been placed in compulsory liquidation, or administration or been the subject of a partnership voluntary arrangement or where the assets of any such partnership have been subject of a receivership whilst they were a partner in that partnership or within the 12 months after they ceased to be a partner in that partnership;
 - (e) been the owner of any asset or been a partner in any partnership which owned, any asset which while they owned that asset, or while they were a partner or within the 12 months after they ceased to be a partner in the partnership which owned the asset, which has at any time been the subject of a receivership;
 - (f) has been subject to any public criticism by any statutory or regulatory authority (including any recognised professional body); or

(g) has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of a company.

8.15 Save as disclosed in this Document, none of the Directors or the Proposed Directors has or have had any interest in transactions which are or were unusual in their nature or conditions or which are or were significant to the business of the Company and which were effected by any member of the Company in the current or immediately preceding financial year or which were effected during an earlier financial year and which remain in any respect outstanding or unperformed.

8.16 The former name of Sarah Willingham-Toxvaerd is Sarah Louise Willingham.

8.17 The former name of Michael Willingham-Toxvaerd is Michael Hjelm Toxvaerd.

8.18 The former name of Thi Hanh Jelf is Thi Hanh Le.

9. LOANS TO DIRECTORS

No loans made or guarantees granted or provided by any of the Company's members to or for the benefit of any Director or Proposed Director are outstanding and there are no loans or guarantees provided by any of the Directors or Proposed Directors for the Company.

10. SIGNIFICANT SHAREHOLDERS

10.1 Immediately following Admission, to the extent known by the Company, it is expected that (in addition to the interests of the Directors and the Proposed Directors set out in paragraph 7.1 above) the following persons will be interested (directly or indirectly) in 3 per cent. or more of the Company's Enlarged Share Capital:

| <i>Name of Shareholder</i> | <i>Number of Ordinary Shares</i> | <i>Percentage of Enlarged Share Capital</i> |
|----------------------------|----------------------------------|---|
| Mark Michael Ward | 20,473,030 | 15.14% |
| John James Goodman* | 16,032,157 | 11.85% |
| Hargreave Hale Limited | 7,500,000 | 5.54% |
| Greg LeTocq | 7,200,000 | 5.32% |
| James W Hopkins | 8,105,810 | 5.99% |
| Raymond R A Blanc | 10,807,746 | 7.99% |
| David W Moore | 9,186,584 | 6.79% |

* Includes 901,312 Ordinary Shares held by CGCC Ltd which is beneficially owned and controlled by John James Goodman.

10.2 No Shareholder set out above has (nor will it have) voting rights attached to the Ordinary Shares it holds which are different to those held by the other Shareholders.

10.3 Save as disclosed in this Document, the Company is not aware of any person who directly or indirectly, jointly or severally, exercises or could exercise control over the Company and none of the Company or any of the Directors or Proposed Directors is aware of any arrangement the operation of which may at a subsequent date result in a change of control of the Company.

10.4 Shareholders are obliged to comply with the shareholding notification and disclosure requirements set out in Chapter 5 of the Disclosure Guidance and Transparency Rules ("**DTRs**"). A Shareholder is required pursuant to Rule 5 of the DTRs to notify the Company if, as a result of an acquisition or disposal of shares or financial instruments, the Shareholder's percentage of voting rights of the Company reaches, exceeds or falls below, three per cent. of the nominal value of the Company's share capital or any one per cent. threshold above that. The DTRs can be accessed and downloaded from the FCA's website at <http://fshandbook.info/FS/html/FCA/DTR>. Shareholders are urged to consider their notification and disclosure obligations carefully as a failure to make a required disclosure to the Company may result in disenfranchisement.

11. SHARE OPTION PLAN

11.1 Introduction

- (a) The Company established the Share Option Plan on 7 January 2021, which allows for the grant of (i) EMI Options which are intended to qualify for favourable tax treatment under the Enterprise Management Incentive regime and (ii) awards of non-qualifying options ((i) and (ii) together “**Awards**”).
- (b) Awards will not be transferable. Only the person to whom an Award is granted, or their personal representatives, may acquire Ordinary Shares pursuant to an Award. Benefits provided are not pensionable.

11.2 Administration

The Board has, and from Admission the Remuneration Committee will, have overall responsibility for the operation and administration of the Share Option Plan and discretion to select the persons to whom Awards are to be granted.

11.3 Grant of Awards

Awards are proposed to be granted on or shortly following Admission on the terms set out within this section. The Remuneration Committee will have absolute discretion to select the recipients of Awards and, subject to the limits set out in this section, to select the number of Ordinary Shares which are to be the subject of any Award. No Awards will be granted under the Share Option Plan after the tenth anniversary of the date of its adoption.

11.4 Form of Awards

Awards granted under the Share Option Plan can take the form of market value share options or can be share options exercisable with a strike price lower than market value, provided the strike price exceeds the nominal value of the shares over which the option is granted. The options that the Company proposes to grant on or shortly following Admission are market value options to acquire Ordinary Shares, granted with a strike price equal to the market value of the Ordinary Shares over which they are granted at the time the grant is made.

11.5 Size of EMI Option grants/plan limits

- (a) The Company will grant EMI Options for as long as the Company satisfies the qualifying conditions set out in the EMI Code, and where the recipient of the grant is an “eligible employee” within the meaning of the EMI Code.
- (b) Under the EMI Code, an employee may hold EMI Options over Ordinary Shares with a value (as at the date of grant) of up to £250,000. Where this threshold is exceeded, the employee may not receive EMI Options for three years. They may, however, receive non-qualifying Awards.
- (c) Unless the Remuneration Committee otherwise determines, the aggregate nominal value of Ordinary Shares over which Awards may be granted under the Share Option Plan on any date shall be limited so that the total number of Ordinary Shares issued and issuable pursuant to Awards granted under the Share Option Plan and any other share scheme operated by the Company during the previous 10 years will be restricted to 15 per cent. of the Company’s issued Ordinary Share capital in issue on that date. For the purposes of applying that limit, any Ordinary Shares which were subject to an option or other right under the Share Option Plan or any other employees’ share scheme adopted by the Company which has lapsed or has been surrendered will not count towards the limit; and any Ordinary Shares held in treasury which are used to satisfy Awards or other rights under any other employees’ share scheme adopted by the Company shall be taken into account in counting the Company’s issued Ordinary Share capital.

11.6 **Individual limits**

The value of Ordinary Shares over which an employee or executive director may be granted EMI Options under the Share Option Plan at any time may not exceed £250,000.

11.7 **Performance targets**

- (a) The Remuneration Committee may (but need not) impose objective targets which will determine the extent to which Awards will vest or the time at which Awards may be exercised. Any performance conditions will be set out in the relevant option agreement.
- (b) In the event that a performance condition is imposed, it must be fulfilled prior to the exercise of an Award. Unless otherwise provided in the relevant option agreement, an Award will lapse, without opportunity for retesting, to the extent that a performance condition is not met. However, Remuneration Committee has discretion to amend, substitute, or waive performance conditions if it considers that this is appropriate.

11.8 **Vesting of Awards**

- (a) Awards will vest on the date or dates set out in the relevant option agreement.
- (b) Awards may vest earlier on the occurrence of certain events such as the takeover of the Company.

11.9 **Rights attaching to shares**

Ordinary Shares issued in connection with the exercise of Awards will rank equally with Ordinary Shares of the same class then in issue (save as regards any rights attaching to Ordinary Shares by reference to a record date prior to the date on which the allottee is entered on the register of members). Application will be made for admission to trading on AIM of new Ordinary Shares issued.

11.10 **Variation of share capital**

If there is any alteration of the issued share capital of the Company, the number of Ordinary Shares subject to an Award and the exercise price of a market value option will be subject to adjustments. The Board may adjust Awards in such manner as it determines to be appropriate.

11.11 **Alteration of the Share Option Plan**

The Board has discretion from time to time to amend the Share Option Plan. However, alterations or additions that adversely affect the subsisting rights of an existing participant may only be made with the consent in writing of the relevant participant or consent of 75 per cent. of the participants.

11.12 **Prohibition on Exercise**

- (a) Exercise of options is prohibited during any formal close period or when the Market Abuse Regulations would apply, and may further be prohibited during particular times by the Company's Share Dealing Code.
- (b) Exercise of options will usually be limited to a small number of relatively short exercise windows in each year, to be determined by the Board or Remuneration Committee.

11.13 **Cessation of employment**

- (a) If an Award holder ceases to be employed by the Company or its Group by reason of injury, ill-health, disability, death, redundancy, retirement, or the sale or transfer out of the Group of the company or undertaking employing him, they will be permitted (outside of any formal close period, where the Market Abuse Regulations would apply, or when prohibited by the Company's Share Dealing Code) to exercise any vested Awards without needing to meet any performance condition relating to exercise, unless the Board or Remuneration Committee determines otherwise in its discretion.

- (b) If an Award holder ceases to be employed by the Company or its Group for any other reason, including giving or being given notice in respect of their employment, their Awards will lapse in full immediately, unless the Remuneration Committee exercises its discretion to determine when and to what extent the Award may be retained.

11.14 Awards

- (a) As at the date of this Document, no options to subscribe for Ordinary Shares have been granted under the Share Option Plan.
- (b) On or shortly following Admission, the Company proposes to grant options over a total of 15,900,000 Ordinary Shares to employees pursuant to the Share Option Plan, with an exercise price equal to the market value of Ordinary Shares at the date of grant. Subject to the rules of the Share Option Plan, these awards will vest as to 1/3 on each anniversary of the grant date, but will only be exercisable when and if the Company was 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), and will remain potentially exercisable until the day before the tenth anniversary of grant.
- (c) Included in these awards are options over 13,500,000 Ordinary Shares as set out in paragraph 7.2 of this Part VII.

12. DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

12.1 Executive Directors

- (a) Sarah Willingham-Toxvaerd and the Company entered into a service agreement dated 7 January 2021, the terms of which are conditional on Admission. Sarah's appointment as Chief Executive is terminable on 6 months' notice by either party and the agreement contains provisions for early termination, without notice, in certain circumstances, including if she is prevented or prohibited by law from being a director or is in serious repeated breach of any of her obligations or legal duties to the Company. Sarah's salary is £225,000 per annum. Sarah will be eligible for consideration for an annual bonus up to a maximum of 100 per cent. of basic salary, with up to 50 per cent. payable subject to the Company's absolute discretion and up to 50 per cent. payable subject to satisfactory outperformance by the Company of its annual audited EBITDA compared to the Board- approved budget EBITDA for the financial year in question. The agreement also provides for pension contributions by the Company at 5 per cent. of salary, private health insurance, as well as the repayment of all reasonable expenses properly incurred in the performance of the director's duties. In addition, the agreement contains customary post-termination restrictive covenants, intellectual property and confidentiality obligations.
- (b) Michael Willingham-Toxvaerd and the Company entered into a service agreement dated 7 January 2021, the terms of which are conditional on Admission. Michael's appointment is terminable on 6 months' notice by either party and the agreement contains provisions for early termination, without notice, in certain circumstances, including if he is prevented or prohibited by law from being a director or is in serious repeated breach of any of his obligations or legal duties to the Company. Michael's salary is £100,000 per annum. Michael will be eligible for bonuses relating to the completion of acquisitions by the Company in which he has a material involvement in facilitating as follows: (i) £100,000 on each such company acquisition which has a consideration of between £1 million and £10 million; (ii) £200,000 on each such company acquisition which has a consideration of between £10 million and £20 million; and (iii) £300,000 on each such acquisition which has a consideration above £20 million. Michael will also be eligible for a bonus of 5 per cent. of amounts raised by the Company on any capital raised primarily through Michael's agency from external private investors, who are not at that time already investors in the Enlarged Group and which investment is not already subject to commission payable to brokers or other intermediaries. Pursuant to these terms, Michael will be eligible for a bonus comprised of (a) £100,000 in respect of the Acquisition of the London Cocktail Club; and (b) £46,640 in relation to the (i) funds raised by the Company prior to Admission; and (ii) Placing Shares subscribed for by Placees introduced to the Company by

Michael. The agreement also provides for pension contributions by the Company at 5 per cent. of salary, private health insurance, as well as the repayment of all reasonable expenses properly incurred in the performance of the director's duties. In addition, the agreement contains customary post-termination restrictive covenants, intellectual property and confidentiality obligations.

- (c) Toby Rolph and the Company entered into a service agreement dated 7 January 2021, the terms of which are conditional on Admission. Toby's appointment as Chief Financial Officer is terminable on 6 months' notice by either party and the agreement contains provisions for early termination, without notice, in certain circumstances, including if he is prevented or prohibited by law from being a director or is in serious repeated breach of any of his obligations or legal duties to the Company. Toby's salary is £125,000 per annum. Toby will be eligible for consideration for an annual bonus up to a maximum of 100 per cent. of basic salary, with up to 50 per cent. payable subject to the Company's absolute discretion and up to 50 per cent. payable subject to satisfactory outperformance by the Company of its annual audited EBITDA compared to the Board-approved budget EBITDA for the financial year in question. Toby will also be eligible for an IPO completion bonus of £25,000 following Admission. The agreement also provides for pension contributions by the Company at 5 per cent. of salary, private health insurance, as well as the repayment of all reasonable expenses properly incurred in the performance of the director's duties. In addition, the agreement contains customary post-termination restrictive covenants, intellectual property and confidentiality obligations.

12.2 **Proposed Non-Executive Directors**

- (a) Gareth Edwards entered into a letter of appointment with the Company dated 7 January 2021. The terms of the letter of appointment and the appointment will expire if Admission does not occur by 31 January 2021. The appointment is for an initial term of three years from Admission, subject to re appointment pursuant to the Articles and is terminable on 3 months' notice by either party. The annual fee payable is £50,000 and Gareth is entitled to the reimbursement of reasonable travelling and other expenses incurred in performing his duties. There are no benefits payable on the termination of the appointment.
- (b) Thi-hanh Jelf entered into a letter of appointment with the Company dated 7 January 2021. The terms of the letter of appointment and the appointment will expire if Admission does not occur by 31 January 2021. The appointment is for an initial term of three years from Admission, subject to re appointment pursuant to the Articles and is terminable on 3 months' notice by either party. The annual fee payable is £25,000 and Hanh is entitled to the reimbursement of reasonable travelling and other expenses incurred in performing her duties. There are no benefits payable on the termination of the appointment.
- (c) Tobias van der Meer entered into a letter of appointment with the Company dated 7 January 2021. The terms of the letter of appointment and the appointment will expire if Admission does not occur by 31 January 2021. The appointment is for an initial term of three years from Admission, subject to re appointment pursuant to the Articles and is terminable on 3 months' notice by either party. Initially, Toby will not be paid an annual fee by the Company. Toby has the right to request fees (in keeping with the other non-executive directors) to be paid in the future. Toby is entitled to the reimbursement of reasonable travelling and other expenses incurred in performing his duties. There are no benefits payable on the termination of the appointment.
- (d) Lance Stuart Moir entered into a letter of appointment with the Company dated 7 January 2021. The terms of the letter of appointment and the appointment will expire if Admission does not occur by 31 January 2021. The appointment is for an initial term of three years from Admission, subject to re appointment pursuant to the Articles and is terminable on 3 months' notice by either party. The annual fee payable is £25,000 and Lance is entitled to the reimbursement of reasonable travelling and other expenses incurred in performing his duties. There are no benefits payable on the termination of the appointment. Lance Moir will receive a fee of £15,000 on or shortly after Admission in recognition of his support in completing the Acquisition of London Cocktail Club by the Company.

13. MATERIAL CONTRACTS

Set out below is a summary of: (a) each material contract (other than a contract in the ordinary course of business) to which the Company or another member of the Enlarged Group is a party which has been entered into within the two years immediately preceding the date of this Document; and (b) any other contract (other than a contract in the ordinary course of business) entered into by the Company or another member of the Enlarged Group which contains a provision under which any member of the Enlarged Group has any obligation or entitlement which is material to the Enlarged Group as at the date of this Document.

13.1 Acquisition Agreement

- (a) On 7 December 2020, the Company and the Vendors entered into a conditional share sale and purchase agreement (as amended by a deed of amendment dated 7 January 2021), pursuant to which the Company agreed to acquire the entire issued and to be issued share capital of London Cocktail Club for an initial consideration of £5.7 million to be satisfied by the issue of the Consideration Shares to certain of the Vendors fully paid at the Issue Price and a cash payment of £162,116.19 to the Optionholder, in accordance with the elections made by the Vendors in the Acquisition Agreement.
- (b) The initial consideration is subject to adjustment (up or down) in respect of completion net debt and working capital, as determined by completion accounts. In addition, contingent deferred consideration may also be payable in amounts equal to: (i) sums credited to or received by London Cocktail Club following Admission and prior to 31 December 2021 in respect of leasehold property rental reductions agreed with landlords which are applicable to any period prior to Admission, subject to a maximum amount of £300,000; and (ii) any net sums received by London Cocktail Club in respect of claims made prior to Admission under the London Cocktail Club's business interruption insurance referable to the period prior to Admission, subject to a maximum amount of £250,000.
- (c) Under the Acquisition Agreement the Company has the benefit of customary warranties relating to the business of London Cocktail Club (and its subsidiaries), a tax indemnity, and a specific indemnity in relation to the potential dispute referred to in paragraph 15.2 of this Part VII, in each case given by certain Vendors of London Cocktail Club.
- (d) The Acquisition Agreement is conditional on, among other things, Admission and may be terminated by the Company in certain customary limited circumstances, including where the Company becomes aware of a material breach of warranty or material breach of interim covenant prior to Admission.

13.2 Placing Agreement

- (a) Pursuant to the Placing Agreement, between the Company, the Directors and Proposed Directors and Allenby Capital dated 7 January 2021, Allenby Capital has agreed, subject to certain customary conditions, to use its reasonable endeavours to procure subscribers for the Placing Shares at the Issue Price.
- (b) The Placing Agreement is conditional on, amongst other things, Admission occurring by 8.00 am on 13 January 2021 or by such later date as is agreed in writing between the Company and Allenby Capital (being not later than 8.00 am on 29 January 2021).
- (c) The Placing Agreement contains certain customary representations and warranties from the Company, the Directors and the Proposed Directors in favour of Allenby Capital, as to the accuracy of the information in this Document and certain other Placing documents, and certain other matters concerning the Enlarged Group. The Placing Agreement also contains a customary indemnity from the Company to Allenby Capital and its associates in respect of certain claims and/or liabilities that may arise or be made against such indemnified persons in connection with the Fundraising and Admission.
- (d) Conditional on Admission, the Company has agreed to pay Allenby Capital a corporate finance fee together with a commission based on the aggregate value of the Placing Shares subscribed at the Issue Price, and to pay the costs and expenses of the Placing (plus any applicable VAT).

- (e) Allenby Capital may terminate the Placing Agreement prior to Admission in certain circumstances, including, amongst other things, any breach by the Company or any Director or Proposed Director of any of their respective obligations or warranties in the Placing Agreement or in certain customary force majeure circumstances. If the Placing Agreement is terminated, the Placing will not proceed and no shares will be issued under the Placing.

13.3 **PrimaryBid Engagement Letter**

Pursuant to the PrimaryBid Engagement Letter dated 7 December 2020, the Company has engaged PrimaryBid as the arranger of the PrimaryBid Offer. The PrimaryBid Engagement Letter contains certain customary representations and warranties by PrimaryBid in favour of the Company relating to the conduct of the PrimaryBid Offer and certain customary representations and warranties by the Company in favour of PrimaryBid relating to the Ordinary Shares. Conditional on Admission, the Company has agreed to pay PrimaryBid a commission based on the aggregate value of the PrimaryBid Shares subscribed at the Issue Price pursuant to the PrimaryBid Offer subscribed at the Issue Price pursuant to the PrimaryBid Offer, subject to a specified minimum broker fee (plus any applicable VAT).

13.4 **Relationship Agreement**

- (a) On 7 January 2021, Sarah Willingham-Toxvaerd and Michael Willingham-Toxvaerd, the Company and Allenby Capital have entered into the Relationship Agreement, which is conditional on Admission.
- (b) The Relationship Agreement provides for the autonomous operation of the Enlarged Group by the Board independently of Sarah Willingham-Toxvaerd and Michael Willingham-Toxvaerd, in their capacity as significant shareholders, and will cease to be binding on them if: (i) the aggregate number of Ordinary Shares held by them individually or together with any of their associates (as defined in paragraph (c) of the definition of “related party” in the AIM Rules for Companies) ceases, for a period in excess of consecutive 12 months, to represent 17.5 per cent. or more of the voting capital of the Company; or (ii) the Company is no longer admitted to trading on AIM.
- (c) Pursuant to the Relationship Agreement, Sarah Willingham-Toxvaerd and Michael Willingham-Toxvaerd, undertaken, among other things, that (and, in relation to their associates, will procure that each of their associates will) unless they have first received the consent of Allenby Capital and the Company (such consent not to be unreasonably withheld) (i) the Enlarged Group and its business shall be managed for the benefit of the shareholders as a whole and independently of Sarah Willingham-Toxvaerd and Michael Willingham-Toxvaerd and any of their associates; the Board shall at all times be comprised of an independent chairman and at least two independent directors; (iii) they and their associates will conduct all transactions, agreement and arrangements with the Enlarged Group on an arm’s length basis and on normal commercial terms; (iv) they will not vote (nor will any of their associates vote) on resolutions concerning any business with the Enlarged Group in which they or any associates are interested.

13.5 **Lock-in Agreement**

Pursuant to the Lock in Agreement dated 7 January 2021, each of the Locked-In Shareholders has undertaken to the Company and Allenby Capital that, save in certain specified and customary circumstances (including in the case of those Locked-In Shareholders who are also giving warranties to the Company pursuant to the Acquisition Agreement, the ability to dispose of Ordinary Shares in order to meet any liability they may have for claims made by the Company under those warranties), they will not, and they shall use their reasonable endeavours to procure that their associates, by reference to the definition of “related party” in the AIM Rules for Companies, will not dispose of any interest in their Ordinary Shares that are subject to the Lock-In Agreement for a period of 12 months from Admission (“**Lock in Period**”) and for a further period of 12 months following the expiry of the Lock in Period that they shall only dispose, and shall use their reasonable endeavours to procure that their associates will only dispose, of their Ordinary Shares that are subject to the Lock-In Agreement through the Company’s broker or as the Company’s broker may reasonably require, so as to ensure an orderly market in the Ordinary Shares.

13.6 **Nominated Adviser and Broker Agreement**

- (a) The Company, the Directors, the Proposed Directors and Allenby Capital have entered into a nominated adviser and broker agreement, dated 7 January 2021 (the “**Nominated Adviser and Broker Agreement**”), pursuant to which and conditional upon Admission, the Company has appointed Allenby Capital to act as its nominated adviser and broker for the purposes of the AIM Rules for Companies. The Company has agreed to pay Allenby Capital an annual advisory fee for its services as nominated adviser and broker under such agreement, payable quarterly in advance from the date of Admission.
- (b) The Nominated Adviser and Broker Agreement contains certain undertakings from the Directors and the Proposed Directors and the Company and indemnities given by the Company in respect of, amongst other things, compliance with all laws and applicable regulations. The Nominated Adviser and Broker Agreement continues for a minimum period of 12 months from Admission and is subject to termination by either the Company or Allenby Capital on not less than 3 months’ prior written notice.

13.7 **Orderly Market Agreement**

The Company, Allenby Capital and certain of the Vendors have entered into an orderly market agreement dated 7 January 2021, pursuant to which, conditional upon Admission, those Vendors agree that any disposals of certain of the Consideration Shares owned by such Vendors and which are made by them in the 24 month period following Admission shall be made through Allenby Capital and in such orderly manner as Allenby Capital, or such other brokers as may from time to time be appointed as brokers to the Company, shall reasonably determine.

14. **PREMISES**

As at the date of this Document, the Enlarged Group leases the following properties:

| <i>Name of property</i> | <i>Address</i> | <i>Tenure</i> | <i>Use/nature of premises</i> |
|--------------------------------|---|---------------|-------------------------------|
| Bethnal Green | Arch 253 Paradise Row, Bethnal Green, London E2 9LE | Leasehold | Cocktail bar/club |
| Bristol | 37 Triangle West, Clifton, Bristol BS8 1ER | Leasehold | Cocktail bar/club |
| Clapham | Basement, 182-184 Clapham High Street, London, SW4 7UG | Leasehold | Cocktail bar/club |
| Goodge Street | Basement Floor, 61 Goodge Street, London W1T 1TL | Leasehold | Cocktail bar/club |
| Liverpool Street (Bishopsgate) | Part Ground and Lower Ground Floor, 206-210 Bishopsgate London EC2M 4NR | Leasehold | Cocktail bar/club |
| Monument | Basement and Part Ground Floor, Entrance, 56 King William Street, London EC3M 1AB | Leasehold | Cocktail bar/club |
| Old Street | Basement and Part Ground Floor, 2-4 Paul Street, London EC2A 4JH | Leasehold | Cocktail bar/club |
| Oxford Circus | Part of Lower Ground Floor, Portland House, 4 Great Portland Street, London W1W 8QJ | Leasehold | Cocktail bar/club |
| Shaftesbury Avenue | 224a Shaftesbury Avenue, London WC2H 7JB | Leasehold | Cocktail bar/club |
| Shoreditch | Unit 12, Ground Floor and Basement, 29 Sclater Street, London E1 6GX | Leasehold | Cocktail bar/club |

15. LITIGATION

- 15.1 Save as set out below, there are no and have been no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company or the Enlarged Group is aware) during the 12 months preceding the date of this Document, which may have, or in the recent past have had, a significant effect on the Company's and/or the Enlarged Group's financial position or profitability.
- 15.2 Pursuant to an engagement letter dated 4 October 2018 (the "**Engagement Letter**"), London Cocktail Club and certain of the Vendors engaged a corporate finance adviser (the "**CF Adviser**") in relation to a potential sales process of London Cocktail Club. A purchaser for London Cocktail Club offering, in the opinion of the board and the Vendors, sufficiently attractive terms was not found and accordingly London Cocktail Club terminated the CF Adviser's engagement on 16 June 2020. The CF Adviser subsequently became aware of the Acquisition and has written to London Cocktail Club noting that, should the Acquisition complete, payment of the success fee set out in the Engagement Letter would become due and payable to it, being in the sum of £225,000 plus VAT ("**Success Fee**"). The Company understands that the Vendors and the board of London Cocktail Club strongly disagree with the CF Adviser's interpretation of the Engagement Letter and are therefore disputing payment of the Success Fee and having taken counsel's advice intend to defend any claim that the CF Adviser may seek to bring. Under the terms of the Acquisition Agreement the certain of the Vendors have provided an indemnity to the Company in respect of the full amount of the Success Fee, should it ultimately be deemed payable, together with the costs and expenses of any litigation undertaken in respect thereof.

16. RELATED PARTY TRANSACTIONS

- 16.1 Save as set out in the notes to the Historical Financial Information or the notes to unaudited historical financial information on the London Cocktail Club for the period ended 27 September 2020, there are no related party transactions that were entered into by members of the Enlarged Group during the period covered by the Historical Financial Information contained in Part III of this Document or during the period covered by the unaudited historical financial information on the London Cocktail Club for the period ended 27 September 2020 contained in Part IV of this Document and during the period from 27 September 2020 to the date of this Document.
- 16.2 Save as set out above in paragraphs 12 or 13 of this Part VII or in the notes to the Historical Financial Information on the Company for the period from incorporation to 30 November 2020, there are no related party transactions that were entered into by the Company during the period covered by the Historical Financial Information contained in Part V of this Document and during the period from 30 November 2020 to the date of this Document.

17. EMPLOYEES

- 17.1 As at 30 November 2020, the London Cocktail Club and its Subsidiaries employed 86 employees, all based in the United Kingdom, the activity breakdown of which is as follows:

| <i>Activity</i> | <i>Number of employees</i> |
|-----------------|----------------------------|
| Management | 4 |
| Operations | 78 |
| Admin | 4 |

- 17.2 As at the date of this Document the Company has no employees. On Admission, the Company will have three employees, being the three executive Directors.

18. TAXATION

The following statements are intended only as a general guide to certain UK tax considerations relevant to prospective investors in the Ordinary Shares. They do not purport to be a complete analysis of all potential UK tax consequences of acquiring, holding or disposing of Ordinary Shares. They are based on current UK tax law and what is understood to be the current published practice (which may not be binding) of HMRC as at the date of this Document, both of which are

subject to change, possibly with retrospective effect. The following statements relate only to Shareholders who are resident (and, in the case of individuals, resident and domiciled) for tax purposes in (and only in) the UK (except in so far as express reference is made to the treatment of non-UK residents), who hold their Ordinary Shares as an investment (other than in an individual savings account or pension arrangement) and who are the absolute beneficial owners of both the Ordinary Shares and any dividends paid on them. The tax position of certain categories of Shareholders who are subject to special rules, such as persons who acquire (or are deemed to acquire) their Ordinary Shares in connection with their (or another person's) office or employment, traders, brokers, dealers in securities, insurance companies, banks, financial institutions, investment companies, tax-exempt organisations, persons connected with the Company or the Enlarged Group, persons holding Ordinary Shares as part of hedging or conversion transactions, Shareholders who are not domiciled or not resident in the UK, collective investments schemes, trusts and those who hold 5 per cent. or more of the Ordinary Shares, is not considered. Nor do the following statements consider the tax position of any person holding investments in any HMRC-approved arrangements or schemes, including the enterprise investment scheme or venture capital scheme, able to claim any inheritance tax relief or any non-UK resident Shareholder holding Ordinary Shares in connection with a trade, profession or vocation carried on in the UK (whether through a branch or agency or, in the case of a corporate Shareholder, a permanent establishment or otherwise).

Prospective investors who are in any doubt as to their tax position or who may be subject to tax in a jurisdiction other than the UK are strongly recommended to consult their own professional advisers.

18.1 **Taxation of dividends**

No tax is required to be withheld from dividend payments made by the Company.

Individuals

An individual Shareholder receiving a dividend from the Company whose total income from dividends in the relevant financial year does not exceed £2,000 (the "Tax Free Dividend Allowance") will not pay any income tax on such dividend. Based on current law at the date of this Document, an individual Shareholder receiving a dividend from the Company whose total income from dividends in the relevant tax year does exceed £2,000 will be taxed as follows:

- (a) the individual Shareholders will not pay income tax on the first £2,000 of dividend income in any tax year;
- (b) to the extent that the individual's Total Income (as defined below) exceeds the personal allowance but does not exceed the basic rate tax band for that tax year, the individual will be liable to income tax on the Excess Dividend (as defined below) at the rate of 7.5 per cent.;
- (c) to the extent that the individual's Total Income (as defined below) exceeds the basic rate band but does not exceed the higher rate tax band for that tax year, the individual will be liable to income tax on the Excess Dividend (as defined below) at the rate of 32.5 per cent.;
- (d) to the extent that the individual's Total Income (as defined below) falls within the additional rate band for that tax year, the individual will be liable to income tax on the Excess Dividend (as defined below) at the rate of 38.1 per cent.;
- (e) "Total Income" means the total of the individual's dividend income and other taxable income for a tax year; and
- (f) "Excess Dividend" means the total of that individual's dividend income in that tax year less £2,000. For the year 2020/2021 in England and Wales, the basic rate band is the first £37,500 of income in excess of any personal allowance, the higher rate band is income between £37,501 and £150,000 in excess of any available personal allowance and the additional rate band applies to income in excess of £150,000 (these bands differ slightly in Scotland). Where an individual's taxable income exceeds £100,000, their personal allowance is abated by £1 for every £2 of income such that individuals with income in excess of £125,000 will have no personal allowance.

Trustees of interest in possession trusts and representatives of deceased persons receiving dividends from shares are also liable to account for income tax at a rate of 38.1 per cent., unless the dividends are mandated directly to beneficiaries, in which case only the beneficiaries need to account for the income. In either case, the beneficiaries will be taxable at the rates detailed above. Trustees and personal representatives do not qualify for the dividend allowance available to individuals.

Companies

Shareholders within the charge to UK corporation tax which are “small companies” (for the purposes of UK taxation of dividends) will not generally expect to be subject to tax on dividends from the Company. Other Shareholders within the charge to UK corporation tax will not be subject to tax on dividends (including dividends from the Company) so long as the dividends fall within an exempt class and certain conditions are met. In general, dividends paid on shares that are “ordinary share capital” for UK tax purposes and are not redeemable, and dividends paid to a person holding less than 10 per cent. of the issued share capital of the payer (or any class of that share capital) are examples of dividends that generally fall within an exempt class. Persons who are not resident in the UK should consult their own tax advisers on what tax may be payable in respect of a dividend received from the Company, in the jurisdiction in which they are resident.

18.2 **Taxation of chargeable gains**

For the purpose of UK tax on chargeable gains, the acquisition of Ordinary Shares pursuant to the Placing and the Primary Bid Offer will be regarded as an acquisition of a new holding in the share capital of the Company. The amount paid for the Ordinary Shares will usually constitute the allowable cost of a Shareholder’s holding.

If a Shareholder disposes of all or some of his or her Ordinary Shares, a liability to tax on chargeable gains may arise, depending on the Shareholder’s circumstances and subject to any available exemptions and reliefs.

A UK tax resident individual Shareholder who disposes (or is deemed to dispose) of all or any of their Ordinary Shares may be liable to capital gains tax in relation to the disposal proceeds (or deemed disposal proceeds) at rates up to 20 per cent., subject to the deduction from the disposal proceeds (or deemed disposal proceeds) of the relevant Ordinary Shares’ allowable cost and incidental costs of acquisition and disposal, and subject to any available exemptions and reliefs. In addition, an individual UK Shareholder who ceases to be tax resident in the UK for a period of less than five complete years and who during that period of temporary non-residence disposes of the Ordinary Shares held prior to such period may, under anti avoidance legislation, be liable to capital gains tax on his or her return to the UK.

Shareholders who are not resident in the UK (or are temporarily non-resident – see above) and do not carry on a trade, profession or vocation through a branch or agency in the UK with which the Ordinary Shares are connected, will not normally be liable to UK taxation on capital gains arising on the sale or other disposal of Ordinary Shares. Such Shareholders should consult their own tax advisers concerning their tax liabilities.

A UK tax resident corporate Shareholder disposing of its Ordinary Shares may be liable to corporation tax on chargeable gains arising on the disposal at the corporation tax rate applicable to its taxable profits (the main rate currently being 19 per cent.).

In computing the chargeable gain liable to corporation tax, the corporate Shareholder is entitled to deduct from the disposal proceeds the cost to it of the Ordinary Shares together with incidental costs of acquisition and disposal costs.

The UK operates a substantial shareholding exemption regime which may apply to the disposal of Ordinary Shares by corporate Shareholders subject to certain conditions being met.

18.3 **Inheritance tax**

Ordinary Shares are assets situated in the UK for the purposes of UK inheritance tax.

Investors who are concerned with the potential UK inheritance tax implications of their Ordinary Shares should consult their own tax adviser.

18.4 **Stamp duty and stamp duty reserve tax (“SDRT”)**

No stamp duty or SDRT will generally be payable on the issue of the Placing Shares or the Primary Bid Shares. SDRT should not arise on transfers of Ordinary Shares on AIM (including instruments transferring Shares and agreements to transfer Ordinary Shares) based on the following assumptions:

- (a) the Ordinary Shares are admitted to trading on AIM, but are not listed on any market (with the term “listed” being construed in accordance with section 99A of the Finance Act 1986), and this has been certified to Euroclear; and
- (b) AIM continues to be accepted as a “recognised growth market” as construed in accordance with section 99A of the Finance Act 1986).

In the event that either of the above assumptions does not apply, SDRT may apply to transfers of Ordinary Shares in certain circumstances.

The above comments are intended as a guide to the general stamp duty and SDRT position and may not relate to persons such as charities, market makers, brokers, dealers, intermediaries and persons connected with depositary arrangements or clearance services to whom special rules apply.

THIS SUMMARY OF UK TAXATION ISSUES CAN ONLY PROVIDE A GENERAL OVERVIEW OF THESE AREAS AND IT IS NOT A DESCRIPTION OF ALL THE TAX CONSIDERATIONS THAT MAY BE RELEVANT TO A DECISION TO INVEST IN THE COMPANY. THE SUMMARY OF CERTAIN UK TAX ISSUES IS BASED ON THE LAWS AND REGULATIONS IN FORCE AS AT THE DATE OF THIS DOCUMENT AND MAY BE SUBJECT TO ANY CHANGES IN UK LAWS OCCURRING AFTER SUCH DATE. LEGAL ADVICE SHOULD BE TAKEN WITH REGARD TO INDIVIDUAL CIRCUMSTANCES. ANY PERSON WHO IS IN ANY DOUBT AS TO THEIR TAX POSITION OR WHERE THEY ARE RESIDENT, OR OTHERWISE SUBJECT TO TAXATION, IN A JURISDICTION OTHER THAN THE UK, SHOULD CONSULT THEIR PROFESSIONAL ADVISER.

19. **WORKING CAPITAL**

In the opinion of the Directors and the Proposed Directors, having made due and careful enquiry and taking into account the existing cash resources of the Enlarged Group and the net proceeds of the Fundraising, the working capital available to the Enlarged Group will be sufficient for its present requirements, that is for at least 12 months from the date of Admission.

20. **SIGNIFICANT CHANGE**

Except for the execution of the Acquisition Agreement, the Fundraising and the transactions, agreements and trading updates referred to in this Document, there has been no significant change in the financial performance or financial position of the Company since 30 November 2020, being the date to which the Historical Financial Information of the Company as set out in Section B of Part V of this Document was prepared.

Except for the transactions, agreements and trading updates referred to in this Document, there has been no significant change in the financial performance or financial position of the London Cocktail Club since 27 September 2020, being the date to which the Historical Financial Information of the London Cocktail Club as set out in Part IV of this Document was prepared.

21. **GENERAL**

- (a) PKF Francis Clark accepts responsibility for their report on the London Cocktail Club contained in Section A of Part III of this Document. To the best of the knowledge of PKF Francis Clark (who have taken all reasonable care to ensure that such is the case), the information contained in such report is in accordance with the facts and does not omit anything likely to affect the import of such information.

- (b) PKF Francis Clark, the reporting accountant to the Company in relation to the historical financial information contained in Section B of Part III, is a firm of chartered accountants which is a member of and regulated by the Institute of Chartered Accountants in England and Wales. PKF Francis Clark has given and not withdrawn its written consent to the inclusion of its name and its accountant's report in Section A of Part III in the form and context in which they appear and has authorised the contents of that report for the purposes of Schedule Two of the AIM Rules for Companies. PKF Francis Clark has no material interest in the Company.
- (c) PKF Littlejohn LLP accepts responsibility for their report on the Company contained in Section A of Part V of this Document. To the best of the knowledge of PKF Littlejohn LLP (who have taken all reasonable care to ensure that such is the case), the information contained in such report is in accordance with the facts and does not omit anything likely to affect the import of such information. PKF Littlejohn LLP, the reporting accountant to the Company (other than in relation to the historical financial information relating to the London Cocktail Club), is a firm of chartered accountants which is a member of and regulated by the Institute of Chartered Accountants in England and Wales. PKF Littlejohn LLP has given and not withdrawn its written consent to the inclusion of its name and its accountant's report in Section A of Part V of this Document in the form and context in which they appear and has authorised the contents of that report for the purposes of Schedule Two of the AIM Rules for Companies. PKF Littlejohn LLP has no material interest in the Company.
- (d) Where information which appears in this Document has been sourced from a third party, the information has been accurately reproduced. As far as the Directors and the Proposed Directors and the Company are aware and able to ascertain from such information supplied or published by a third party, no facts have been omitted which would render any reproduced information false, inaccurate or misleading.
- (e) Allenby Capital, which is regulated by the Financial Conduct Authority, in its capacity as nominated adviser and broker to the Company has given and has not withdrawn its written consent to the inclusion in this Document of its name in the form and context in which it appears. Allenby Capital has no material interest in the Company.
- (f) PrimaryBid, which is regulated by the Financial Conduct Authority, has given and has not withdrawn its written consent to the inclusion in this Document of its name in the form and context in which it appears. PrimaryBid has no material interest in the Company.
- (g) The total expenses of and incidental to the Admission and Fundraising, are estimated to amount to approximately £1 million (excluding VAT).
- (h) The financial information set out in this Document does not constitute statutory accounts within the meaning of section 434 of the Act. The historical financial information contained in Section B of Part III of this Document has been audited by PKF Francis Clark, which is a firm of chartered accountants which is a member of and regulated by the Institute of Chartered Accountants in England and Wales. The historical financial information contained in Section B of Part V of this Document has been audited by PKF Littlejohn LLP, which is a firm of chartered accountants which is a member of and regulated by the Institute of Chartered Accountants in England and Wales.
- (i) Save as disclosed in this Document, except for fees payable to the professional advisers, payments to trade suppliers, no person has received any fees, securities in the Company or other benefit to a value of £10,000 or more, whether directly or indirectly, from the Company within the 12 months preceding the application for Admission, or has entered into any contractual arrangement to receive from the Company, directly or indirectly, any such fees, securities or other benefit on or after Admission.
- (j) Other than the current application for Admission, the Ordinary Shares have not been admitted to dealings on any recognised investment exchange nor has any application for such admission been made nor are there intended to be any other arrangements for dealings in the Ordinary Shares.
- (k) Save as disclosed in this Document, there are no investments in progress and there are no future investments on which the Directors and the Proposed Directors have already made firm commitments, which are significant to the Enlarged Group.

- (l) Save as disclosed in this Document the Enlarged Group is not dependent, on any patents or licences, industrial, commercial or financial contracts or new manufacturing processes.
- (m) Save as disclosed in this Document, the Directors and the Proposed Directors are unaware of any environmental issues that may affect the Enlarged Group's utilisation of its tangible fixed assets.
- (n) Save as disclosed in this Document, the Directors and the Proposed Directors are unaware of any:
 - (i) trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Enlarged Group's prospects for the current financial year; or
 - (ii) any significant trends in production, sales and inventory and costs and selling prices that are likely to have a material effect on the Enlarged Group.
- (o) No public takeover bids have been made by third parties in respect of the Company's issued share capital since its incorporation up to the date of this Document.
- (p) The ISIN for the Ordinary Shares is GB00BLKGVD49.
- (q) The Company's LEI is 213800MVK2M2T12TZA46.
- (r) The Fundraising will result in the allotment and issue of a total of 40,000,000 Ordinary Shares, diluting existing holders of Ordinary Shares (and their corresponding voting rights) by approximately 50.08 per cent. The Fundraising and the issue of the Consideration Shares will result in the allotment and issue of an aggregate of 95,378,837 Ordinary Shares, diluting existing holders of Ordinary Shares (and their corresponding voting rights) by approximately 70.52 per cent.
- (s) The contents of any website of the Company or any other person do not form part of this Document.

22. DOCUMENT AVAILABLE FOR INSPECTION

Copies of this Document will be available for inspection during usual business hours on any weekday (Saturdays, Sundays and English public holidays excepted) for a period of one month from Admission at the Company's registered office.

An electronic version of this Document will also be available to download from the Company's website at www.nightcapplc.com.

Dated: 7 January 2021

