



NIGHTCAP

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INTERIM RESULTS
FOR THE 26 WEEK PERIOD ENDED
1 JANUARY 2023

HIGHLIGHTS

"Strong trading results despite significant rail strike disruptions"

KEY HIGHLIGHTS FOR UNAUDITED RESULTS FOR THE 26-WEEK PERIOD ENDED 1 JANUARY 2023:

	26 weeks ended 1 January 2023 (Unaudited)	26 weeks ended 26 December 2021 (Unaudited)	53 weeks ended 3 July 2022 (Audited)
Revenue (£m)	23.5	15.8	35.9
Adjusted EBITDA (£m)	4.1	2.5	6.0
Adjusted EBITDA (IAS17) (£m)	2.0	1.6	3.3
(Loss)/profit from operations (£m)	(0.1)	(0.0)	1.4
(Loss)/profit before tax (£m)	(0.9)	(0.5)	0.2
Basic (loss)/earnings per share (pence)	(0.50)p	(0.39)p	0.06p
Cash generated from operations (£m)	4.1	1.1	2.3

- Revenue growth of 48.7% to £23.5 million as the Company's strategy to build the leading UK premium bar group continues successfully.
- Like-for-like* revenue increase of 4.7% for Q2 FY2023 against Q2 FY2022 and 10.1% increase for H1 FY2023 against equivalent period in FY2019, however, a 5.8% like-for-like* decrease occurred in H1 FY2023 against H1 FY2022, largely due to the ongoing rail strikes.
- IAS17 Adjusted EBITDA increased by 25% to £2.0 million, despite significant rail strikes held across the UK. Management estimates that the 13 rail strike days over the period have cost the Company approximately £1.2 million in EBITDA.
- 30 bars traded throughout the half year period, with 36 bars being operated at the end of the half year period, reflecting the openings of six new sites - two The Cocktail Club bars, two Tonight Josephine venues and two Barrio bars during September and October 2022.
- Christmas trading period exceeded expectations with record amount of corporate Christmas parties, pre-sold events and New Year's Eve almost entirely sold out across all bars.
- The six additions to the estate during the half year period along with maturity of the 13 new bars opened since November 2021, will have a significant impact on both the Group's expected revenue and EBITDA as the sites reach maturity.
- 13 new sites have traded on average just over six months at the end of the period, with an early trading and maturity profile that puts them on track to deliver the Group's target of 75% annual return on investment (ROI) on total capital invested in new bars in their third year of operation. Several sites are on track to beat the 75% ROI target in their first year of operation.
- Cash generated from operations increased by 273% to £4.1 million during the period as the business focussed on maximising returns from existing and recently opened bars.
- As at 1 January 2023, the Group's net debt was £4.1 million with £0.75 million of the Group's total bank debt scheduled for repayment during FY2023.
- Management continues to see extremely attractive opportunities within the property market and look forward to the ongoing roll-out of all of its key brands.
- Integrated subsidiary operations into one Group structure from January 2023 resulting in £1.4 million in anticipated annualised efficiency savings.
- The millennial and Gen Z crowd remain resilient consumers, with high disposable income, as they continue to enjoy great nights out.
- Trading has remained resilient since the start of 2023. The Group continues to trade in line with market expectations and the outlook is encouraging. Board welcomes potential resolution regarding rail strikes, although is conscious of the impact that further rail strikes could have.

HIGHLIGHTS CONTINUED

Sarah Willingham, CEO of Nightcap, commented:

"Nightcap has had a fantastic half year. Our incredible team opened six bars in six weeks across the country, whilst also delivering a Christmas that exceeded expectations and records in terms of corporate parties, pre-sold events and a nearly sold out New Year's Eve across all 36 sites. This was followed by a significant business integration and streamlining process, resulting in expected Group savings of £1.4 million annually, whilst preserving the much loved individual identities of our brands. The new sites have opened well with trading continuing to build week-on-week all the way through to the end of February 2023.

"Whilst rapidly building the leading premium bar group in the UK in a very attractive market for property deals, we continue our focus on strong cost controls, proven by our impressive cash generation of £4.1 million from operations during the period thanks to the unwavering dedication of our talented and highly motivated team.

"We look forward to the second half of the year with confidence and once again we thank our customers for coming to our sites and enjoying themselves with friends in a fun, relaxed party atmosphere and leaving knowing they have had a night to remember."

For further enquiries:

Nightcap plc

Sarah Willingham / Toby Rolph / Gareth Edwards

Allenby Capital Limited (Nominated Adviser and Broker)

Nick Naylor / Alex Brearley / Piers Shimwell (Corporate Finance)
Jos Pinnington / Amrit Nahal / Tony Quirke (Sales and Corporate Broking)

Bright Star Digital (PR)

Pam Lyddon

INVESTOR PRESENTATION

Sarah Willingham, Michael Toxvaerd and Toby Rolph will provide a live presentation relating to the interim results via the Investor Meet Company platform on 15 March 2023 at 3:00pm GMT.

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

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

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

CHIEF EXECUTIVE OFFICER'S STATEMENT

I am pleased to present Nightcap's unaudited interim results for the 26-week period from 4 July 2022 to 1 January 2023 (the "Half Year").

TRADING

During the Half Year, the Group's reported revenues increased by 48.7% to £23.5 million. This represents a like-for-like* revenue increase of 4.7% for Q2 FY2023 against Q2 FY2022 and a 10.1% increase for H1 FY2023 against the equivalent period in FY2019, however, it resulted in a 5.8% like-for-like* decrease for H1 FY2023 against H1 FY2022 largely due to the ongoing train strikes.

The Board considers that the 10.1% increase in like-for-like* trading against FY2019, across the businesses acquired since 2021, demonstrates the successful implementation of the Company's strategy to acquire drinks-led hospitality groups that are considered to have significant potential for additional value creation through roll-out and efficiency savings.

As well as rapid, sustainable growth, we continue to focus on our profit conversion, and in this respect, we are delighted to report a strong Adjusted EBITDA of £4.1 million (IAS17 Adjusted EBITDA: £2.0 million) for the Half Year. Whilst this is an increase of over 25% on the comparable period in 2021, we estimate that the rail strikes had an impact of approximately £1.2 million on the business at the EBITDA level during the Half Year.

Through very strong Q2 FY2023 trading, led by Christmas, we saw, for the first time, the underlying long-term potential of the Group's portfolio of 36 bars. We achieved a 60.9% increase in revenue compared to Q2 FY2022 and a 4.7% increase on a like-for-like* basis and delivered a Christmas trading period exceeding expectations with a record amount of corporate Christmas parties, pre-sold events and New Year's Eve almost entirely sold out across all bars.

FINANCIAL POSITION

As at 1 January 2023, the Group had unaudited cash resources of approximately £5.5 million (including cash in transit). As at 1 January 2023, the Group had total bank debt of approximately £9.6 million giving a net debt position of £4.1 million (excluding lease liabilities). Only £0.75 million of the Group's total bank debt is scheduled for repayment during FY2023 and the Group put in place an interest rate cap on the reference base rate (SONIA) fixed at 3% on £7.8 million out of £9.6 million of its total HSBC bank facility.

The Group generated £4.1 million of cash from operations during the Half Year period, which is an increase of 273% versus the comparative period. Since we took the decision to slow the rollout and focus on maximising returns from existing and recently opened bars, the business has enjoyed a significant improvement in cash generation.

BRANDS

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

As a Group, the recent operational focus has been the integration of subsidiaries into one Group structure from January 2023, resulting in £1.4 million in anticipated annualised efficiency savings. The focus of the integration has been to maximise synergies and efficiencies across the three businesses we had acquired and we now operate as one, much more streamlined and capable organisation under the Nightcap umbrella. The new structure allows Nightcap to better manage the continued roll-out, share areas of excellence across the brands whilst maintaining their individual identities, as well as simplifying the integration of any potential future acquisitions. We are confident about the new integrated senior management structure and excited to see how the positive energy and team dynamic will impact the business through increased clarity, focus, collaboration and leadership.

During the Half Year, we opened six new sites across The Cocktail Club, Tonight Josephine and Barrio brands.

Tonight Josephine has now grown to six venues, following the openings of new sites in Bristol during September 2022 and in Liverpool during October 2022. In Bristol, Tonight Josephine was the Group's fourth site in the city and trading has been positive since launch, further proving the success of the Company's cluster model of trading several different concepts within a very short walk of each other, increasing footfall to the areas, cross selling our brunches and nights out - without cannibalizing trade.

Barrio opened two sites during October 2022. These included our Tequila and Tacos bar in Covent Garden which is now one of the world's largest Tequila-focused bars with a capacity of 600 guests, as well as a venue in Watford spread across two-floors. These were the first openings since Barrio was acquired in November 2021. As at the end of the Half Year period, both bars had each traded for less than three months with trading building well in both sites.

The Cocktail Club opened two new bars during the Half Year, an incredible venue designed by the world-famous Matthew Williamson in Birmingham during September 2022, and our first bar located in the heart of Canary Wharf during October 2022. Both sites have been trading well ahead of expectations since opening.

The six additions to the estate during the reporting period along with maturity of the 13 new bars opened since November 2021, will provide an increase in expected run rate revenues for the second half of this financial year.

CHIEF EXECUTIVE OFFICER'S STATEMENT CONTINUED

RAIL STRIKES

Management estimates that the 13 rail strike days over the Half Year will have cost the Company approximately £1.2 million in EBITDA as a consequence of the deliberate targeting of mainly Thursdays and Saturdays as strike days, two of the three most lucrative weekly trading days for the Company and the hospitality industry as a whole.

PROPERTY

Management continues to see very attractive opportunities within the property market having opened bars in some of the best placed sites in its target cities. We have received a number of significant financial contributions from landlords and believe that this property landscape will continue for a lot longer. With the strong financial performance of the Half Year, alongside a more granular understanding of the short-term impact of rail strikes, we look forward to the ongoing roll-out of all our key brands.

As a result of the maturity profile associated with the opening of new bars, the Group's management is expecting to achieve the Group's target of 75% ROI on total capital invested in new bars in their third year of operation.

The Group has opened a total of 13 new sites since listing in January 2021, investing £10.3 million in new site openings. On average these sites had been open for just over six months at the end of the period. Early trading has been positive, with several being on track to beat the 75% third year ROI target already in their first year of operation.

COSTS

As previously reported, we continue to be exposed to ongoing macro-economic pressures which are mitigated against as follows:

- **Energy** – The Group is on fixed electricity rates on the majority of the estate with very low gas consumption. Electricity prices have been reducing in recent months and in recent weeks we are now able to fix new contracts below our forecasted rates as sites come out of fixed contracts.
- **Supply chain price pressures** – The Group has fixed supplier contracts entered into during 2022 protecting profit margins which remain stable. The significant increase in revenue continues to improve the Group's negotiating position with key suppliers.
- **Wage inflation** – Labour shortages have reduced along with upward wage pressures as we are already paying National Living Wage across the Company.
- **Rail Strikes** – These continue to have the most significant short-term impact on our sales. Rail strikes have been ongoing since the beginning of the period. Whilst these may continue throughout H2 FY2023 the Company is now better positioned to manage labour costs on strike days with the hope and expectation that a resolution will be found over the coming period.

CURRENT TRADING AND MARKET OUTLOOK

Trading has remained resilient since the start of 2023. The Group continues to trade in line with market expectations and the outlook is encouraging. Whilst the Board welcomes a potential resolution regarding rail strikes, we are conscious of the impact that further rail strikes or other major interruptions could have.

The challenges facing the economy persist, but the outlook for the industry is stabilising with only the potential for further rail strikes currently providing significant disruptions to trading. Whilst our teams are working tirelessly to mitigate cost pressures, we are pleased that our core market of Millennial and Generation Z customers are still showing strong demand.

The business has a premium and well invested portfolio of bars which is well positioned in the market to see continued trading growth and weather any challenges it faces.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 1 JANUARY 2023

	Note	01 January 2023 (Unaudited) £'000	26 December 2021 (Unaudited) £'000	03 July 2022 (Audited) £'000
Non-current assets				
Goodwill		9,751	9,280	9,751
Intangible assets		4,318	4,928	4,604
Property, plant and equipment	7	13,755	6,806	9,109
Right of use assets		37,684	21,065	26,462
Derivative financial asset		249	–	–
Other receivable		876	417	699
Total non-current assets		66,633	42,496	50,625
Current assets				
Inventories		1,019	611	554
Trade and other receivables		2,433	1,675	2,005
Cash and cash equivalents		4,930	9,449	5,353
Total current assets		8,381	11,735	7,911
Total assets		75,015	54,231	58,537
Current liabilities				
Loans and borrowings	9	(750)	(1,604)	(800)
Trade and other payables	8	(9,765)	(10,109)	(7,889)
Lease liabilities due less than one year		(3,396)	(1,968)	(2,374)
Total current liabilities		(13,910)	(13,681)	(11,062)
Non-current liabilities				
Borrowings	9	(8,358)	(4,408)	(4,723)
Lease liabilities due more than one year		(36,076)	(20,684)	(25,254)
Provisions		(366)	(150)	(366)
Deferred tax provision		(803)	(1,263)	(891)
Total non-current liabilities		(45,603)	(26,506)	(31,233)
Total liabilities		(59,513)	(40,187)	(42,295)
Net assets				
Called up share capital	10	1,983	1,912	1,983
Share premium		21,372	20,319	21,372
Share based payment reserve		564	427	543
Reverse acquisition reserve		(2,513)	(2,513)	(2,513)
Retained earnings		(6,630)	(6,490)	(5,639)
		14,777	13,655	15,746
Non-controlling interest		725	389	495
Total equity		15,501	14,044	16,241

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 26 WEEKS ENDED 1 JANUARY 2023

	Called up share capital £'000	Share premium £'000	Share based payment reserve £'000	Reverse acquisition reserve £'000	Retained earnings £'000	Total attributable to equity holders of parent £'000	Non-controlling interest £'000	Total equity £'000
At 27 June 2021	1,855	19,267	216	(2,513)	(5,753)	13,073	109	13,181
Issue of shares on acquisition – Barrio Bar Group	57	1,051	–	–	–	1,108	–	1,108
Share based payments and related deferred tax recognised directly in equity	–	–	211	–	–	211	–	211
Total transactions with owners recognised directly in equity	1,912	20,319	427	(2,513)	(5,753)	14,392	109	14,501
Total comprehensive expense for the 26 week					(737)	(737)	280	(457)
At 26 December 2021	1,912	20,319	427	(2,513)	(6,490)	13,655	389	14,044
Issue of shares – Adventure Bar Group contingent consideration	71	1,054	–	–	–	1,125	–	1,125
Share based payments and related deferred tax recognised directly in equity	–	–	115	–	–	115	–	115
Total transactions with owners recognised directly in equity	1,983	21,372	543	(2,513)	(6,490)	14,895	389	15,284
Total comprehensive income for the 26 week period	–	–	–	–	851	851	106	957
At 3 July 2022	1,983	21,372	543	(2,513)	(5,639)	15,746	495	16,241
Share based payments and related deferred tax recognised directly in equity	–	–	21	–	–	21	–	21
Total transactions with owners recognised directly in equity	1,983	21,372	564	(2,513)	(5,639)	15,768	495	16,262
Total comprehensive expense for the 26 week period	–	–	–	–	(991)	(991)	230	(761)
At 1 January 2023	1,983	21,372	564	(2,513)	(6,630)	14,777	725	15,501

CONSOLIDATED STATEMENT OF CASH FLOW

FOR THE 26 WEEKS ENDED 1 JANUARY 2023

	26 weeks ended 01 January 2023 (Unaudited) £'000	26 weeks ended 26 December 2021 (Unaudited) £'000	53 weeks ended 03 July 2022 (Audited) £'000
Cash flows from operating activities			
(Loss) / profit for the period	(761)	(457)	500
<i>Adjustments for:</i>			
Depreciation	2,541	1,654	3,931
Amortisation	313	207	549
Profit / loss on disposal of right of use asset	(1)	–	–
Share based payments	102	198	345
Interest on lease liabilities	829	371	917
Interest on borrowings	256	102	252
Net change in fair value of hedging instrument in a fair value hedge	(249)	–	–
Impairment	–	–	143
Tax expense	(169)	(33)	(262)
(Increase) / decrease in trade and other receivables	(605)	(256)	(1,214)
Increase / (decrease) in trade and other payables	2,308	(518)	(2,785)
(Increase) / decrease in inventories	(465)	(170)	(113)
Cash generated from operations	4,097	1,098	2,264
Corporation taxes (paid) / repaid	(130)	(59)	(72)
Net cash flows from operating activities	3,967	1,039	2,192
Investing activities			
Acquisition of Barrio Bar Group, net of cash	–	(462)	(991)
Purchase of property, plant and equipment	(6,067)	(2,729)	(6,008)
Purchase of intangible assets	(27)	(30)	(48)
Net cash used in investing activities	(6,093)	(3,221)	(7,048)
Financing activities			
Proceeds from borrowings	9,847	–	–
Issue costs in connection with borrowings	(479)	–	–
Repayment of loans and borrowings	(5,847)	(526)	(941)
Principal paid on lease liabilities	(829)	(570)	(906)
Interest paid on lease liabilities	(829)	(371)	(917)
Interest paid on loans and borrowings	(159)	(90)	(215)
Net cash inflow / (outflow) from financing activities	1,703	(1,557)	(2,979)
Net (decrease) / increase in cash and cash equivalents	(423)	(3,739)	(7,835)
Cash and cash equivalents at beginning of the period	5,353	13,187	13,187
Cash and cash equivalents at end of the period	4,930	9,449	5,353

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Directors of Nightcap plc (the "Company") and its subsidiaries (the "Group") present their interim report and the unaudited condensed consolidated financial statements for the 26 weeks ended 1 January 2023 ("Interim Financial Statements").

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

The Interim Financial Statements were approved by the Board of Directors on 10 March 2023.

2. ACCOUNTING POLICIES

2.1. Basis of preparation

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

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

The Directors consider that the principal risks and uncertainties faced by the Group are as set out in the Group's Annual Report and Financial Statements for the period ended 3 July 2022.

The accounting policies adopted in the preparation of the Interim Financial Statements are consistent with those applied in the preparation of the Group's consolidated financial statements for the period ended 3 July 2022. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

2.2. Going concern

In concluding that it is appropriate to prepare these Interim Financial Statements for the 26 weeks ended 1 January 2023 on the going concern basis, the Directors have considered the Group's cash flows, liquidity and business activities.

As at 1 January 2023 the Group had cash balances of £5.5m including cash in transit. During the period the Group refinanced its legacy debt with an amortising term loan (£3m) and a Revolving Credit Facility (up to £7m) repayable in August 2025.

Based on the Group's forecasts, the Directors have adopted the going concern basis in preparing the Financial Statements. In making the assessment the Directors have made a current consideration of the current economic and inflationary cost pressures facing consumers. The Directors have considered the impact of these on the cash flows and liquidity of the Group over the next 12-month period and has sensitised these forecasts accordingly.

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

2.3. Alternative Performance Measures

The Interim Financial Statements include both statutory and alternative performance measures ("APMs"). Further background to the use of APMs and reconciliations between statutory measures and APMs are presented in Note 13.

2.4. Accounting estimates and judgements

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the Group's consolidated financial statements for the period ended 3 July 2022 and are set out in the Group's Annual Report and Financial Statements for that period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

2.5. Seasonality

The Group has a variety of brands and concepts within its business. The demand across our sites is well spread throughout the financial year. Historically the lead up to Christmas has always been a busy period for hospitality businesses but with our well diversified range of brands, the seasonal impact of Christmas is balanced with strong summer periods due to the outdoor venues in the Group, particularly Luna Springs and Bar Elba which provide large outdoor bar and event space.

3. EXCEPTIONAL ITEMS

	26 weeks ended 01 January 2023 (Unaudited) £'000	26 weeks ended 26 December 2021 (Unaudited) £'000	53 weeks ended 03 July 2022 (Audited) £'000
Included in administrative expenses:			
Site closure costs	43	–	–
Reorganisation costs	271	–	84
Acquisition related transaction costs	–	353	–
	314	353	84

4. NET FINANCE EXPENSE

	26 weeks ended 01 January 2023 (Unaudited) £'000	26 weeks ended 26 December 2021 (Unaudited) £'000	53 weeks ended 03 July 2022 (Audited) £'000
Interest on bank overdrafts and loans	256	102	252
Interest on lease liabilities	829	371	917
Net change in fair value of hedging instrument	(249)	–	–
	835	473	1,169

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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5. TAX (CREDIT) / CHARGE ON LOSS

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

	26 weeks ended 01 January 2023 (Unaudited) £'000	26 weeks ended 26 December 2021 (Unaudited) £'000	53 weeks ended 03 July 2022 (Audited) £'000
Taxation (credited) to the income statement			
Current income taxation	–	–	131
Adjustments for current taxation of prior periods	–	–	(54)
Total current income taxation	–	–	77
Deferred Taxation			
Origination and reversal of temporary timing differences			
Current period	(169)	19	(372)
Adjustments in respect of prior periods	–	–	56
Adjustment in respect of change of rate of corporation tax	–	(52)	(23)
Total deferred tax	(169)	(33)	(339)
Total taxation credit in the consolidated income statement	(169)	(33)	(262)
The above is disclosed as:			
Income tax (credit) – current period	(169)	(33)	(264)
Income tax charge / (credit) – prior period	–	–	2
	(169)	(33)	(262)

The taxation credit on loss for the interim period is £169,000 (26 weeks ended 26 December 2021 – credit £33,000). The effective tax rate of 18.1% (26 weeks ended 26 December 2021 – 6.8%) differs from the UK corporation tax rate (19%) as a result of permanent disallowable costs (depreciation of non-qualifying fixed assets, exceptional items, accounting share based payment charges) and the differential between the rate at which items impact current tax compared with deferred tax, all reducing the effective tax rate for the year. The rate reduction is partially offset by the 23% permanent element of the 130% capital allowances 'super deduction' on new qualifying plant and machinery additions

The full year effective tax rate is expected to be c.18.1%. The full year effective tax rate at 26 December 2021 was expected to be 5.7%

6. EARNINGS PER SHARE

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

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. During the 26 weeks ended 1 January 2023 the Group had potentially dilutive shares in the form of unvested share options pursuant to the above long-term incentive plan.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

	26 weeks ended 01 January 2023 (Unaudited) £'000	26 weeks ended 26 December 2021 (Unaudited) £'000	53 weeks ended 03 July 2022 (Audited) £'000
(Loss) / profit for the period after tax for the purposes of basic and diluted earnings per share	(991)	(737)	114
Non-controlling interest	230	280	386
Taxation credit	(169)	(33)	(262)
Finance cost	835	473	1,169
Exceptional items	314	353	84
Acquisition related costs	–	–	(866)
Pre-opening costs	919	131	442
Share based payment charge	102	198	345
Impairment	–	–	143
Depreciation and amortisation	2,854	1,862	4,480
Profit / loss on disposal of right of use asset	(1)	–	–
Profit for the period for the purposes of Adjusted EBITDA (IFRS 16) basic and diluted earnings per share	4,094	2,527	6,036
IAS 17 Rent charge	(2,051)	(943)	(2,727)
Profit for the period for the purposes of Adjusted EBITDA (IAS 17) basic and diluted earnings per share	2,043	1,584	3,309

	26 weeks ended 01 January 2023 (Unaudited) Number	26 weeks ended 26 December 2021 (Unaudited) Number	53 weeks ended 03 July 2022 (Audited) Number
Weighted average number of ordinary shares in issue for the purposes of basic earnings per share	198,300,657	186,593,082	189,008,260
Effect of dilutive potential ordinary shares from share options	1,888,689	6,665,383	6,529,509
Weighted average number of ordinary shares in issue for the purposes of diluted earnings per share	200,189,346	193,258,465	195,537,769

	26 weeks ended 01 January 2023 (Unaudited) pence	26 weeks ended 26 December 2021 (Unaudited) pence	53 weeks ended 03 July 2022 (Audited) pence
Earnings per share:			
Basic	(0.50)	(0.39)	0.06
Diluted	n/a	n/a	0.06
Adjusted EBITDA (IFRS 16) basic	2.06	1.35	3.19
Adjusted EBITDA (IFRS 16) diluted	n/a	n/a	3.09
Adjusted EBITDA (IAS 17) basic	1.03	0.85	1.75
Adjusted EBITDA (IAS 17) diluted	n/a	n/a	1.69

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

7. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements £'000	Plant and computer equipment £'000	Furniture, fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost or valuation					
At 28 June 2021	3,933	2,115	814	161	7,023
Additions	640	1,524	408	–	2,572
On acquisition – Barrio Familia Group	1,835	756	1,086	–	3,677
Reclassification	–	(181)	27	154	–
At 26 December 2021	6,408	4,214	2,335	315	13,272
At 27 December 2021	6,408	4,214	2,335	315	13,272
Additions	3,299	(118)	479	–	3,660
On acquisition – Barrio Familia Group	–	19	(35)	–	(16)
Reclassification	–	315	–	(315)	–
Impairment	(27)	(19)	(0)	–	(47)
At 3 July 2022	9,680	4,411	2,778	–	16,869
At 4 July 2022	9,680	4,411	2,778	–	16,869
Additions	2,685	2,392	607	–	5,684
Reclassification	–	274	(274)	–	0
At 1 January 2023	12,365	7,077	3,111	–	22,553
Amortisation					
At 28 June 2021	1,728	1,263	395	90	3,476
Provided for the period	244	248	151	15	658
On acquisition – Barrio Familia Group	1,029	569	734	–	2,332
Reclassification	–	(161)	6	155	–
At 26 December 2021	3,000	1,919	1,286	260	6,466
At 27 December 2021	3,000	1,919	1,286	260	6,466
Provided for the period	329	494	241	(15)	1,048
On acquisition – Barrio Familia Group	–	129	116	–	245
Reclassification	–	246	(0)	(245)	–
At 3 July 2022	3,329	2,788	1,643	(0)	7,760
At 4 July 2022	3,329	2,788	1,643	(0)	7,760
Provided for the period	456	362	221	–	1,038
Reclassification	–	194	(194)	–	–
At 1 January 2023	3,785	3,344	1,670	(0)	8,798
Net book value					
At 26 December 2021	3,408	2,295	1,048	55	6,806
At 3 July 2022	6,351	1,623	1,136	0	9,109
At 1 January 2023	8,580	3,733	1,441	0	13,755

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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8. TRADE AND OTHER PAYABLES

	01 January 2023 (Unaudited) £'000	26 December 2021 (Unaudited) £'000	03 July 2022 (Audited) £'000
Trade payables	4,283	2,777	2,841
Social security and other taxes	2,013	1,127	1,272
Corporation tax	293	359	423
Other payables	781	3,727	370
Accruals and deferred income	2,395	2,119	2,983
	9,765	10,109	7,889

9. BORROWINGS

	01 January 2023 (Unaudited) £'000	26 December 2021 (Unaudited) £'000	03 July 2022 (Audited) £'000
Short-term borrowing			
Secured bank loans	750	1,583	793
Unsecured bank loan	–	22	7
	750	1,604	800

	01 January 2023 (Unaudited) £'000	26 December 2021 (Unaudited) £'000	03 July 2022 (Audited) £'000
Long term borrowings			
Secured bank loans	8,358	4,408	4,723
	8,358	4,408	4,723

In August 2022, the Group refinanced its borrowings from three individual lenders under multiple tranches with a new £10.0m debt facility from HSBC Bank, comprised of a £3m term loan and a £7m Revolving Credit Facility, to provide support to the business as it executes on its roll out strategy. The new £10.0m HSBC facility, replaced £5.5m of legacy debt that was acquired from acquisitions, which had a blended interest margin of 4%, with the new facility bearing a margin of 3% above SONIA on the £3m term loan and 3.25% above SONIA on the £7m Revolving Credit Facility. The Group has taken out an interest rate cap on its reference base rate at 3% on £8m out of £10m of its HSBC facility.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

10. CALLED UP SHARE CAPITAL

	01 January 2023 (Unaudited) £'000	26 December 2021 (Unaudited) £'000	03 July 2022 (Audited) £'000
Allotted, called up and fully paid ordinary shares	1,983	1,912	1,983

	01 January 2023 Number	26 December 2021 Number	03 July 2022 Number
Ordinary shares at £0.01 each	198,300,657	191,157,801	198,300,657

11. ANALYSIS OF CHANGES IN NET DEBT

	At 27 June 2021 £'000	Cash flows £'000	Acquisitions £'000	Reclass long term to short term £'000	Non cash movement £'000	At 26 December 2021 £'000
Cash at bank	13,187	(6,905)	3,166	–	–	9,449
Bank loans falling due within 1 year	(1,424)	513	–	(672)	–	(1,583)
Bank loans falling due greater than 1 year	(3,256)	–	(1,824)	672	–	(4,408)
Other loans falling due within 1 year	(35)	13	–	–	–	(22)
Lease liabilities falling due within 1 year	(1,441)	570	–	(1,097)	–	(1,968)
Lease liabilities falling due greater than 1 year	(12,463)	–	(5,265)	1,097	(3,349)	(19,979)
Total debt	(18,617)	1,096	(7,090)	–	(3,349)	(27,960)
Net debt	(5,430)	(5,809)	(3,924)	–	(3,349)	(18,511)
Net cash – pre IFRS 16 leases	8,473	(6,379)	1,342	–	–	3,436

	At 27 June 2021 £'000	Cash flows £'000	Acquisitions £'000	Reclass long term to short term £'000	Non cash movement £'000	At 3 July 2022 £'000
Cash at bank	13,187	(10,822)	2,988	–	–	5,353
Bank loans falling due within 1 year	(1,424)	914	(277)	(73)	67	(793)
Bank loans falling due greater than 1 year	(3,256)	–	(1,540)	73	–	(4,723)
Other loans falling due within 1 year	(35)	28	–	–	–	(7)
Lease liabilities falling due within 1 year	(1,441)	1,611	(421)	(2,124)	–	(2,374)
Lease liabilities falling due greater than 1 year	(12,463)	–	(4,845)	2,124	(10,070)	(25,254)
Total debt	(18,617)	2,553	(7,082)	–	(10,003)	(33,150)
Net debt	(5,430)	(8,270)	(4,094)	–	(10,003)	(27,797)
Net (debt) / cash – pre IFRS 16 leases	8,473	(9,881)	1,171	–	67	(170)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

12. RELATED PARTY TRANSACTIONS

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

	26 weeks ended 01 January 2023 (Unaudited) £'000	26 weeks ended 26 December 2021 (Unaudited) £'000	53 weeks ended 03 July 2022 (Audited) £'000
Purchase of inventories – D&H Spirits Limited	12	–	85
Purchase of inventories – CGCC Limited	31	–	41
Consultancy fees – Ferdose Ahmed	30	–	24
Consultancy fees – James Hopkins	41	–	24
	114	–	174

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

	26 weeks ended 01 January 2023 (Unaudited) £'000	26 weeks ended 26 December 2021 (Unaudited) £'000	53 weeks ended 03 July 2022 (Audited) £'000
CGCC Limited – a company controlled by JJ Goodman	31	–	41
Ferdose Ahmed	30	–	24
James Hopkins	41	–	24
D&H Spirits Limited – a company co-controlled by James Hopkins	12	–	85
	114	–	174

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CONTINUED

Amounts owed to related parties were as follows:

	01 January 2023 (Unaudited) £'000	26 December 2021 (Unaudited) £'000	03 July 2022 (Audited) £'000
CGCC Limited – a company controlled by JJ Goodman	–	–	–
Ferdose Ahmed	24	–	–
James Hopkins	–	–	2
D&H Spirits Limited – a company co-controlled by James Hopkins	–	–	–
	24	–	2

13. RECONCILIATION OF STATUTORY RESULTS TO ALTERNATIVE PERFORMANCE MEASURES

	26 weeks ended 01 January 2023 (Unaudited) £'000	26 weeks ended 26 December 2021 (Unaudited) £'000	53 weeks ended 03 July 2022 (Audited) £'000
(Loss) / profit from operations	(94)	(17)	1,407
Exceptional items (Note 3)	314	353	84
Acquisition related transaction costs	–	–	(866)
Pre-opening costs	919	131	442
Share based payment charge	102	198	345
Impairment	–	–	143
Adjusted profit from operations	1,241	665	1,555
Depreciation and amortisation (pre IFRS 16 Right of use asset depreciation)	1,351	866	2,256
IFRS 16 Right of use asset depreciation	1,503	996	2,224
IFRS 16 Right of use asset disposal	(1)	–	–
Adjusted EBITDA (IFRS 16)	4,094	2,527	6,036
IAS 17 Rent charge	(2,051)	(943)	(2,727)
Adjusted EBITDA (IAS 17)	2,043	1,584	3,309