

CORPORATE

 Current price (p) **28.0**

 Sector **Premium Bars**

 Code **(NGHT)**

 Listing **AIM**
SHARE PERFORMANCE


Source: Reuters Eikon, Allenby Capital

SHARE DATA

 Market cap (£) **37.8m**

 Shares in issue (m) **135.259**

52 weeks	High	Low
	34	10

 Financial year end **June**

Source: Company Data, Allenby Capital

LARGEST SHAREHOLDERS

Sarah Willingham-Toxvaerd	16.03%
Mark Ward	15.14%
JJ Goodman	11.85%
Michael Willingham-Toxvaerd	9.28%
Raymond Blanc	7.99%
Tobias van der Meer	6.69%

Source: Company Data, Allenby Capital

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NIGHTCAP(NGHT)
Portfolio primed for reopening and growth

Nightcap Plc has reported interims for the period to 31 December 2020. The Company was essentially a cash shell for this period as its first acquisition, The London Cocktail Club (“LCC”), did not complete until 13 January 2021. Figures are also provided for LCC’s performance in H2 2020 which we view as resilient given the COVID-19 induced trading restrictions in place. The ten LCC venues are being prepared for the staged reopening of the hospitality sector, five bars will open from mid-April with the remainder in mid-May. The balance sheet remains healthy and at 28 February 2021 Nightcap Plc had a net cash position of £2.4m.

- LCC results resilient in COVID-19 impacted period.** Post the first UK wide lockdown most of the LCC bars reopened during July 2020 albeit under new COVID-19 regulations such as 10pm closing. All bars were shut again on 5 November as part of the second lockdown in England and then nine were reopened on 2 December but traded under Tier II restrictions which included serving a ‘substantial’ meal. In this heavily disrupted period revenues of £1.97m were down 50% year on year but the operating loss was restricted to just £49k (2019: operating profit of £301k).
- Healthy cash position of £3.75m.** Nightcap raised £4m on IPO in January 2021 with the IPO costs largely covered by the cash already in the shell. Business costs have been kept to a minimum: securing rent reductions for periods when its estate has been closed; reducing the rent liability going forward; use of the furlough scheme; taking advantage of rates reliefs and grants; agreed capital repayment holidays with banks; and Director salary sacrifices. At 28 February 2021, the Group had cash of £3.75m and total debt of c. £1.35m (net debt £2.4m)
- Reopening from mid-April.** All ten LCC bars remain closed under the nationwide lockdown restrictions put in place on 4 January 2021. Five bars will be reopened on 12 April with customers allowed to be served outdoors. The remaining five will then be opened on 17 May 2021 when venues are allowed to serve customers indoors.
- Positioned for reopening and growth.** COVID restrictions allowing, all ten LCC bars will be open by mid-May. We expect the LCC portfolio to grow from the current ten sites and Nightcap noted that it is “currently in negotiations on several new leases inside and outside of London”. Beyond LCC, Nightcap’s strategy of acquiring other attractive drinks brands primed for growth remains firmly in place with the opportunities becoming available being “even stronger than the Board had anticipated at the time of the Company’s admission to AIM”. Nightcap has the balance sheet and management experience to accelerate growth which we fully expect to occur over the next 12 months.

	Year End: June				
(£'000)	2019A	2020A	2021E	2022E	2023E
SITES AT YEAR END	9	10	10	15	20
REVENUE	6,592	5,197	3,083	9,308	12,396
GROWTH	11.6%	-21.2%	-40.7%	201.9%	33.2%
GROSS PROFIT	5,176	4,122	2,343	7,353	9,855
EBITDA (IAS17)	848	85	(602)	1,113	1,891
NET DEBT/(CASH)	1,369	1,454	(1,563)	(1,117)	(1,303)
EV/EBITDA(x) (CAL)	76.1	na	na	23.6	17.1

Please refer to the last page of this communication for all required disclosures and risk warnings.

INCOME STATEMENT

INCOME STATEMENT							
Year End June (£'000)	2018	2019	2020	2021e	2022e	2023e	Comments
Sites at start of year	6.0	8.0	9.0	10.0	10.0	15.0	
Net Openings during the year	2.0	3.0	1.0	-	5.0	5.0	
Sites at end of year	8.0	9.0	10.0	10.0	15.0	20.0	
Revenue	5,905	6,592	5,197	3,083	9,308	12,396	
<i>Growth</i>	42.9%	11.6%	-21.2%	-40.7%	201.9%	33.2%	
Cost of goods sold	(1,307)	(1,416)	(1,075)	(740)	(1,955)	(2,541)	
Gross profit	4,599	5,176	4,122	2,343	7,353	9,855	
<i>Margin</i>	77.9%	78.5%	79.3%	76.0%	79.0%	79.5%	
Other income	-	-	125.0	-	-	-	Government grants
Staff costs	(2,216)	(2,444)	(2,037)	(863)	(2,234)	(2,975)	
<i>as a % of sales</i>	37.5%	37.1%	39.2%	28.0%	24.0%	24.0%	
Other Administrative expenses	(800)	(789)	(511)	(463)	(1,678)	(2,256)	
<i>as a % of sales</i>	13.5%	12.0%	9.8%	15.0%	18.0%	18.2%	
Head office costs	(899)	(1,009)	(939)	(720)	(792)	(871)	
<i>as a % of sales</i>	15.2%	15.3%	18.1%	23.4%	8.5%	7.0%	
PLC Costs	-	-	-	(400)	(874)	(874)	
Depreciation & Amortisation	(612)	(855)	(1,039)	(1,100)	(1,355)	(1,610)	
Total Administrative expenses	(4,527)	(5,097)	(4,526)	(4,696)	(6,933)	(8,586)	
EBIT	71	79	(279)	(2,352)	420	1,268	
Interest on lease liabilities	(189)	(247)	(279)	(279)	(429)	(579)	
Interest on borrowings	(30)	(63)	(59)	(90)	(90)	(90)	
Profit/(Loss) before tax	(148)	(231)	(616)	(2,721)	(99)	600	
Tax (expense)/credit	(155)	11	(16)	-	-	-	
Profit after tax	(303)	(220)	(632)	(2,721)	(99)	600	
Exceptionals included above							
Impairment on Right of use asset	(175)	-	-	-	-	-	IFRS 16 Non cash adjustment
Impairment of Goodwill	(108)	-	-	-	-	-	Non cash write down
Pre opening costs	(39)	(112)	(30)	-	(150)	(150)	Estimate of £30k per site going forward
Discontinued operations	(127)	(197)	(41)	-	-	-	Craft Cocktail pre mix sold to 3rd parties, now exited
Other exceptionals	(31)	(69)	(13)	(1,150)	-	-	Includes share based payments. 2021 IPO costs
Loss on closure of site	-	(97)	-	-	-	-	Only site closed over a decade (Islington)
Total Exceptionals	(480)	(475)	(84)	(1,150)	(150)	(150)	
Profit after tax (pre exceptionals)				(1,571)	51	750	
Wtd Ave Shares				135.26	135.26	135.26	
EPS				(1.16)	0.04	0.55	
EBITDA Reconciliation (Pre exceptionals)							
EBITDA IFRS 16	1,164	1,409	844	(102)	1,925	3,028	
<i>Margin</i>	19.7%	21.4%	16.2%	-3.3%	20.7%	24.4%	
Site EBITDA IFRS 16	2,063	2,418	1,783	1,018	3,591	4,774	Adding back head office and Plc costs
<i>Margin</i>	34.9%	36.7%	34.3%	33.0%	38.6%	38.5%	
Operating lease expense	(427)	(561)	(760)	(500)	(813)	(1,138)	
EBITDA IAS 17	737	848	85	(602)	1,113	1,891	Adjusting IFRS 16 EBITDA for op. lease expense
<i>Margin</i>	12.5%	12.9%	1.6%	-19.5%	12.0%	15.3%	
Site EBITDA IAS 17	1,637	1,857	1,023	518	2,779	3,636	Adding back head office and Plc costs
<i>Margin</i>	27.7%	28.2%	19.7%	16.8%	29.9%	29.3%	

Source: Company data, Allenby Capital forecasts

BALANCE SHEET

BALANCE SHEET							
Year End June (£'000)	2018	2019	2020	2021e	2022e	2023e	Comments
Property, plant and equipment	1,844	2,411	2,220	1,220	1,465	1,505	
Right of use asset	3,490	5,046	4,711	4,711	7,211	9,711	Each new site adds c. £500k to Right of use asset
Intangible assets	-	8	7	7	7	7	
Fixed assets	5,334	7,464	6,938	5,938	8,683	11,223	
Trade and other receivables	627	867	701	370	1,117	1,487	
Inventories	89	121	140	93	186	248	
Cash and cash equivalents	341	238	264	3,282	2,835	3,022	
Current assets	1,057	1,227	1,106	3,744	4,139	4,757	
Total assets	6,391	8,691	8,044	9,682	12,822	15,980	
Trade and other payables	868	1,052	1,197	740	1,862	2,479	
Loans due in under one year	265	775	1,231	1,231	1,231	1,231	
Lease liabilities under one year	320	447	524	524	524	524	
Total current liabilities	1,453	2,274	2,952	2,495	3,617	4,234	
Loans and borrowings	660	832	488	488	488	488	
Lease liabilities	3,526	5,037	4,703	4,203	5,891	7,253	Each new site adds c. £500k to lease liability
Deferred tax provision	108	108	92	92	92	92	
Total long term liabilities	4,293	5,977	5,284	4,784	6,471	7,834	
Net assets	645	440	(192)	2,404	2,734	3,912	
Equity attributable to owners of the parent							
Share capital	10	10	10	514	514	514	
Share premium	178	178	178	4,712	4,712	4,712	
Equity Shares	77	92	92	92	92	92	
Retained earnings	380	160	(472)	(2,915)	(2,585)	(1,406)	
Total equity attributable to owners of the parent	645	440	(192)	2,404	2,734	3,912	
Balance sheet ratios	2018	2019	2020	2021e	2022e	2023e	
Short term borrowings	265	775	1,231	1,231	1,231	1,231	
Long term borrowings	660	832	488	488	488	488	
Gross debt	924	1,607	1,719	1,719	1,719	1,719	
Cash and cash equivalents	341	238	264	3,282	2,835	3,022	
Net debt / (cash)	583	1,369	1,454	(1,563)	(1,117)	(1,303)	

Source: Company data, Allenby Capital forecasts

CASHFLOW STATEMENT

CASHFLOW STATEMENT							
Year End June (£'000)	2018	2019	2020	2021e	2022e	2023e	Comments
Profit before tax	(148)	(231)	(616)	(2,721)	(99)	600	
Adjustments for:							
Depreciation and amortisation	612	855	1,039	1,100	1,355	1,610	
Losses on disposal of tangible assets	-	4	9	-	-	-	
Share based payments	31	15	-	-	-	-	
Loss on disposal of sites and equipment and impairment	283	97	-	-	-	-	
Interest on lease liabilities and borrowings	220	309	337	369	519	669	
Decrease/(increase) in trade and other receivables	(191)	(241)	166	331	(747)	(371)	
Increase in inventories	(12)	(33)	(18)	47	(94)	(62)	
Decrease in trade and other payables	223	223	176	(457)	1,122	618	
Cash generated from operations	1,018	1,000	1,092	(1,331)	2,056	3,064	
Income taxes paid	(7)	(29)	(63)	-	-	-	
Net cash flows from operating activities	1,012	971	1,030	(1,331)	2,056	3,064	
Investing activities							
Purchase of P,P&E	(855)	(1,110)	(297)	(100)	(1,600)	(1,650)	£300k per opening, £10k maintenance per site
Sale of P,P&E	-	(16)	2	-	-	-	
Other investments	-	(8)	(1)	-	-	-	
Net cash used in investing activities	(855)	(1,134)	(297)	(100)	(1,600)	(1,650)	
Financing activities							
Dividends paid	(30)	-	-	-	-	-	
Interest paid	(30)	(63)	(59)	(90)	(90)	(90)	
Shareholder loan repayments	24	367	(171)	-	-	-	
Loans granted	633	580	500	-	-	-	
Loan Repayments	(105)	(264)	(218)	-	-	-	
Repayment of lease obligations	(427)	(561)	(760)	(500)	(813)	(1,138)	Lease rental payments
Issuance of new ordinary shares	-	-	-	5,038	-	-	£1.2m pre IPO + £4m IPO less £162k
Net cash used in financing activities	64	59	(707)	4,448	(903)	(1,228)	cash element of LCC acquisition
Net increase in cash and cash equivalents	221	(103)	26	3,017	(446)	186	
Cash and cash equivalents at beginning of period	121	341	238	264	3,282	2,835	
Cash and cash equivalents and end of period	341	238	264	3,282	2,835	3,022	

Source: Company data, Allenby Capital forecasts

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