

Corporate

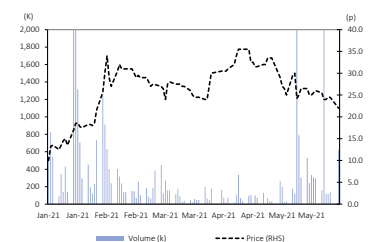
Current price **22.0**

Sector **Premium Bars**

Code **NGHT.L**

AIM **AIM**

Share Performance



1m -34% 3m -35% IPO +120%

Source: Thomson Reuters, Allenby Capital

Share Data*

Market Cap (£m) **40.8**

Shares in issue (m) **185.5**

52 weeks High Low

35.5 10.0

Financial year end **June 30**

Source: Company Data, Allenby Capital

Key Shareholders*

Mark Ward 14.04%

Sarah Willingham-Toxvaerd 11.69%

JJ Goodman 8.64%

Michael Willingham-Toxvaerd 6.77%

Tobias van der Meer 4.88%

James Hopkins 4.37%

Source: Company Data, Allenby Capital

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Nightcap plc (NGHT.L)

Adventure Bar acquisition, £10m fundraise

Yesterday's GM approval enabled the completion of the second tranche of Nightcap's £10m fundraise at 23p. This followed the acquisition of the Adventure Bar Group ("Adventure") for an equity consideration of £1.0m and assumption of Adventure's £4.6m net debt position. The acquisition brings nine bars into the Nightcap Group, one being a 50:50 JV. In the year to January 2020 (last full year pre COVID), the portfolio acquired generated revenue and EBITDA of £11.5m and £1.35m respectively – albeit this was the portfolio of seven bars so there is upside from two new venues. We estimate the acquisition will increase Nightcap's June 2022 Revenue, EBITDA and EPS forecasts by 143%, 127% and 119% respectively. Furthermore, the Company now has a net cash position of over c.£6m which will allow further acquisitions and expansion. The 4.2x historic EV/EBITDA acquisition multiple or 4.0x 2022 EV/EBITDA acquisition multiple relates favourably to Nightcap's pre acquisition 2022 EV/EBITDA multiple (at the 23p issue price) of 26.0x.

- **Adventure Group – London centric cocktail and spirits focused bars.** Founded in 2005, the Adventure Group has been built into a portfolio of individually themed bars with a focus on "late night cocktail parties in striking venues". The bars acquired are located in Covent Garden (x2), Waterloo (x2), Shoreditch, Clapham Junction, Clapham High Street and two new bars recently opened in Birmingham. Not acquired are the Adventure bars in Courcheval, Soho and Leicester Square.
- **Acquisition in line with stated strategy.** At IPO, following the acquisition of the London Cocktail Club, Nightcap stated its desire to acquire additional drinks-led brands with significant potential for value creation through roll-out, turnaround and/or recapitalisation. Adventure fits this description. Operationally it was performing well but entered the COVID lockdowns highly geared. Additional debt during lockdown led to the need for a solution ahead of imminent interest and capital debt repayments. Nightcap has provided this recapitalisation and in doing so doubles the size of its own portfolio.
- **Materially earnings enhancing.** The acquisition has almost doubled Nightcap's portfolio from 10 to 19 bars. We take the performance of the Adventure bars in the period to January 2020 and assume just 5% growth in EBITDA for 12m period to June 2022 (despite this period benefiting from the two new Birmingham bars). Our 2022 Nightcap Group Revenue and EBITDA forecasts are increased by 143% and 127% respectively and the same 2023 numbers by 119% and 85% respectively. Including the £10m fundraise, the transaction leads to a 37.1% increase in the shares in issue. Potential exists for a performance based £1.5m deferred consideration in shares at 21p (7.2m shares or 3.85% further dilution) to be issued to the vendors. If achieved, it would imply we would need to raise our 2022 Group EBITDA forecast by a further 11%.

| Year End: 30 June | | | | | |
|-------------------|-------|--------|---------|---------|---------|
| (£'000) | 2019A | 2020A | 2021E | 2022E | 2023E |
| SITES AT YEAR END | 9 | 10 | 19 | 24 | 32 |
| REVENUE | 6,592 | 5,197 | 3,083 | 22,646 | 27,096 |
| GROWTH | 11.6% | -21.2% | -40.7% | 634.4% | 19.7% |
| GROSS PROFIT | 5,176 | 4,122 | 2,343 | 17,076 | 20,322 |
| EBITDA (IAS17) | 848 | 85 | (602) | 2,527 | 3,489 |
| NET DEBT/(CASH) | 1,369 | 1,454 | (6,163) | (6,599) | (6,729) |
| EV/EBITDA (x) | 40.8 | 409.6 | na | 13.7 | 9.9 |

Allenby Capital acts as Nomad & Broker to Nightcap plc (NGHT.L).

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

Acquisition more than doubles EBITDA

Founded in 2005, the Adventure Bar Group consists of nine bars and a 50:50 joint venture of Bar Elba in Waterloo. Nightcap is buying six of the bars and the stake in Bar Elba. Nightcap is also acquiring two new, recently launched, venues in Birmingham: a Tonight Josephine Bar and outdoor venue called Luna Springs. The Adventure Bars bear similarities to the London Cocktail Club portfolio in that they are late night party bars with a focus on spirits and cocktails. Pre the acquisition, at the £10m fundraising price of 23p, Nightcap traded on a 2022 EV/EBITDA multiple of 26.0x. Nightcap has acquired Adventure on a 2022 EV/EBITDA multiple of just 4.0x. We view the acquisition price as highly attractive.

The bars acquired operate under several different brands but share similar themes, target markets and product offerings. The cocktail and spirit focused bars target young professionals aged between 21-35, with 88% of guests reportedly made up of this age group. The venues are tailored towards females, which account for 65% of the customer base, and as such are designed to be female friendly whilst also appealing to the male demographic. The bars are drink-led albeit around 10% of revenue has historically been generated by food sales.

Exhibit 1: Adventure Bar Group portfolio

| | Bar | Location | Opened | Holding | Size (sq. ft) | Comment |
|------|-------------------|---------------------|----------|---------|---------------|---|
| 1 | Adventure Bar | Clapham Junction | 2004 | 100% | 1,717 | The original Adventure Bar |
| 2 | Blame Gloria | Covent Garden | 2010 | 100% | 2,424 | Cocktail and wine bar, previously branded as an Adventure Bar |
| 3 | Adventure Bar | Clapham High Street | 2012 | 100% | 1,568 | Cocktails, craft and draft beers, wines and bubbles |
| 4 | The Escapologist | Covent Garden | 2016 | 100% | 2,203 | Twisted classic cocktails and a menu of high-quality pizzas |
| 5 | Tonight Josephine | Waterloo | 2017 | 100% | 3,080 | Flamboyant cocktail menu with classic twists |
| 6 i | Tonight Josephine | Shoreditch | 2018 | 100% | 2,072 | Located downstairs in same building as Nikki's Bar |
| 6 ii | Nikki's Bar | Shoreditch | 2018 | 100% | 2,112 | Located upstairs in same building as Tonight Josephine |
| 7 | Bar Elba | Waterloo | 2018 | 50% | 4,712 | Rooftop party bar. 'Bottomless Brunch' food offering |
| 8 | Luna Springs | Birmingham | April-21 | 100% | | Large outdoor arena, Cocktails, beers and burgers. Suited to large one-off events |
| 9 | Tonight Josephine | Birmingham | May-21 | 100% | 3,936 | Expected to open May-21 |
| | Jimi Loves Gloria | SOHO | | | | Not acquired |
| | The Lost Alhambra | Leicester Square | | | | Not acquired |
| | Waikiki | Courcheval, France | | | | Not acquired |

Source: Company data. All leases within the Landlord & Tenant Act 1954 except for Tonight Josephine Waterloo and Bar Elba Waterloo (Landlord break option April 2024).

Acquired portfolio – year to Jan 2020 revenues of £11.5m, EBITDA £1.35m

Nightcap has acquired a portfolio that ahead of COVID was performing well. In the year to January 2020, revenue of £11.5m was up 27% on the prior year, driven by organic growth but also the full year contributions from the two Shoreditch bars opened in July 2018. EBITDA (IAS 17) of £1.35m (excluding new site opening costs and a goodwill write down) was up 27% from the £1.06m in the year to January 2019.

Not surprisingly, the year to January 2021 was heavily impacted by COVID-19. Revenue fell 42% to £6.6m and the EBITDA was essentially all wiped out but the Group still recorded a positive £85k EBITDA contribution. We view the year to January 2020 as more representative of what the portfolio would achieve in a normal year.

Acquisition of a business with net debt position of £4.6m

On acquisition, the portfolio acquired had a debt position of £4.6m. We have assumed a zero cash balance but Nightcap took on the £4.5m OakNorth Bank debt and £115k of Director loan notes.

- **OakNorth debt of £4.5m.** Was on an interest rate of c. 7.25% p.a. £1.5m was repaid on acquisition and the interest rate on the £3.0m balance was negotiated down to 4.25%.
- **Adventure Director loan notes of £115k.** These were converted into equity (with a one year lock-in) at 21p as part of the transaction.

Exhibit 2: Adventure Bar Group - Net debt position

| Net Debt (£m) | April-21 | |
|--|--------------|--|
| Cash | 0.00 | Assumed nil balance on acquisition |
| OakNorth debt | 4.50 | Paying interest at c.7.25%, £1.5m repaid. Balance at 4.25% |
| Director's Loans | 0.115 | Converted into equity @21p (12m lock-in) |
| Net Debt | 4.615 | |
| Other liabilities/Quasi debt (£m) | | |
| Supplier loan - ICS | 0.300 | Converted into equity @21p (12m lock-in) |
| Hire purchase | 0.371 | |
| HMRC | 0.217 | |
| Unpaid rent | 0.200 | |
| | 1.088 | |
| Fully loaded Net Debt (£m) | 5.703 | |

Source: Company data

A more cautious approach would also include other liabilities, which although not interest bearing, need to eventually be repaid. In this category we would include a loan from a supplier (also converted to equity as part of the transaction), hire purchase agreements, amounts owed to HMRC and unpaid rent. Including all of these balances adds a further £1.09m and takes the total net debt figure to £5.7m.

Acquisition EBITDA multiple of 4.2x or 5.0x if using 'fully loaded' debt figure

Nightcap paid £1.0m for the Adventure portfolio with a potential for a further £1.5m of shares (all at 21p) to be issued should the vendors hit certain performance targets. The targets are mainly linked to the performance of the newer bars in the portfolio but if achieved would essentially equate to EBITDA growth of around 25% on the 2020 performance of £1.35m. In calculating our acquisition multiples we assume the following:

- We base the calculations on the £1.35m EBITDA earned in the year to January 2020. This was pre any impact from COVID and we believe gives a good indication of a base level of earnings from the portfolio.
 - Since then, two new bars in Birmingham have been launched in April and May of 2021 and so earnings going forward should be higher.
- We have not assumed the performance based deferred consideration shares (£1.5m @ 21p) are issued. These would only be issued if EBITDA (of the portfolio being acquired) of around £1.70m is achieved. Our 2022 forecast is £1.42m.
- We do not adjust the EBITDA for any synergies as part of the enlarged Nightcap Group such as head office costs or purchasing power benefits.

| Exhibit 3: Acquisition multiple of 4.2x or 5.0x if adding all liabilities into the net debt calculation | | | |
|--|-------------|---|------------------|
| Acquisition price (£m) | 1.00 | Issuing 4.76m shares at 21p (1 year lock-in) | |
| Assumed net debt (£m) | 4.62 | | |
| | | 2020 EBITDA (£m) | EV/EBITDA |
| Enterprise Value (£m) | 5.62 | 1.35 | 4.2x |
| Other liabilities/Quasi debt | 1.09 | | |
| Fully loaded' Enterprise Value | 6.70 | 1.35 | 5.0x |
| If deferred consideration paid | | | |
| Deferred consideration (£m) | 1.50 | Will issue 7.14m shares at 21p (1 year lock-in) | |
| Fully loaded EV with deferred consideration | 8.20 | 1.70 | 4.8x |

Source: Company data, Allenby Capital forecasts

Low multiple paid leading to material earnings enhancement

The acquisition essentially doubles the size of the Nightcap bar portfolio from 10 to 19 sites when including the two recently opened Birmingham venues. The impact on revenue and earnings is even greater due to the larger average size of the bars in the Adventure portfolio.

In the table below we have modelled the impact of the acquisition on the Nightcap financials for the year to June 2022. We have taken the performance of the Adventure bars portfolio in the year to January 2020 as our base year and have then made a series of assumptions as to how it will perform as part of the Nightcap Group in the year to June 2022. We then add the two bar groups together. We have made the following assumptions:

- The two new Birmingham sites add an additional £1.83m (total) in revenue. At £915k per site this is significantly below the average revenue per site of £1.70m achieved by the rest of the Adventure portfolio in 2020.
- No negative impact from any COVID trading restrictions that may be brought in during the year to June 2022.
- A small increase in the Adventure Bar Gross Margin from 72.4% to 72.9% driven by purchasing power on the back of portfolio growth.
- Other Adventure Bar costs conservatively assumed to grow at a faster rate than revenues (19.0% cost base growth vs. 15.9% revenue growth).
- No synergies of the two Groups although these could reasonably be expected in head office costs and also through purchasing cost savings.
- £1.5m of the bank debt paying interest at c.7.25% was repaid.
- The interest rate on the remaining £3.0m bank debt was negotiated down to 4.25% from c.7.25%.
- For simplicity we have assumed both entities pay corporation tax at 10% as does the newly enlarged Group.
- £10m of new equity at 23p was issued alongside the acquisition.
- Director Loan notes worth £115k and a supplier loan of £300k are also converted to equity at 21p (one year lock-in).

We note comparability issues occur below the EBITDA level as the Adventure numbers are not presented under IFRS 16. For this exercise we have adjusted our Nightcap numbers to remove the impact of IFRS16 to aid comparability.

Exhibit 4: Adventure Group and Nightcap combined (pre exceptionals and pre new site opening costs)

| | Adventure | | Adventure | Comments | Nightcap | | Adventure + Nightcap | Impact | Comments |
|---|----------------|--------------|----------------|---|----------------|-----------------|----------------------|---|----------|
| | Jan-20 | Change | | | Jun-22 | Jun-22 | | | |
| Revenue | 11,508 | 1,830 | 13,338 | 2 new Birmingham sites opened May-21 | 9,308 | 22,646 | 143.3% | | |
| <i>Growth</i> | | | 15.9% | | | | | | |
| Cost of goods sold | (3,178) | | (3,615) | | (1,955) | (5,569) | | | |
| Gross profit | 8,330 | | 9,723 | | 7,353 | 17,076 | 132.2% | | |
| <i>Margin</i> | 72.4% | | 72.9% | | 79.0% | 75.4% | | Not assumed but purchasing power should lead to margin improvement | |
| Labour costs | (2,769) | (554) | (3,323) | Assume 20.0% growth vs 15.9% growth in revenues | (2,234) | (5,557) | | | |
| Overheads | (2,109) | (422) | (2,531) | Assume 20.0% growth vs 15.9% growth in revenues | (1,528) | (4,060) | | | |
| Rental, Rates, Insurance costs | (1,244) | (249) | (1,493) | Assume 20.0% growth vs 15.9% growth in revenues | (813) | (2,306) | | | |
| Head office | (616) | (100) | (716) | | (1,666) | (2,382) | | | |
| Total Administrative expenses | (6,739) | | (8,063) | | (6,241) | (14,304) | 129.2% | | |
| Minority interest | (245) | | (245) | Assume same performance for Bar Elba as 2020 | | (245) | | 50% stake in Bar Elba not owned but consolidated | |
| EBITDA (IAS 17) | 1,346 | | 1,415 | Growth vs 2022 of 5% | 1,113 | 2,527 | 127.2% | | |
| Depreciation & Amortisation (IAS 17) | (333) | | (417) | 25% growth in line with growth in Bars from 8 to 10 | (605) | (1,021) | | | |
| EBIT | 1,013 | | 998 | | 508 | 1,506 | 196.5% | | |
| Interest on borrowings | (222) | | (222) | | (90) | (312) | 246.8% | Adventure pre acquisition had £4.5m of OakNorth Bank debt @ c.7.25% | |
| Interest on debt taken during 2021 | | | (137) | | | (137) | | £1.5M of debt @7.25% repaid on acquisition | |
| Interest saving on debt repayment | | | | | | 109 | | Remaining £3m debt negotiated to 4.25% from 7.25% | |
| Interest rate reduction on remaining debt | | | | | | 90 | | | |
| Net interest charge | (222) | | (359) | | (90) | (250) | | | |
| Profit/(Loss) before tax | 791 | | 639 | | 418 | 1,256 | 200.4% | | |
| Tax (expense)/credit | (79) | | (64) | | (42) | (126) | | | |
| Tax rate | 10.0% | | 10.0% | | 10.0% | 10.0% | | For comparability assumed both entities paying 10% | |
| Profit after tax | 712 | | 575 | | 376 | 1,130 | 200.4% | | |
| Number of shares (m) | | | | | 135 | 135.3 | | | |
| New shares issued (m) | | | | | | 50.2 | | | |
| New total shares (m) | | | | | | 185.5 | | | |
| EPS | | | | | 0.28 | 0.61 | 119.1% | | |

Source: Company data, Allenby Capital forecasts

Expected equity dilution of 37.1% for c. doubling size of Group and creating war chest

We calculate that as part of the transaction a total of 50.2m new shares have been issued. As previously described, there is potential for a deferred consideration of £1.5m in shares at 21p to be paid to the Adventure vendors. This is not currently in our assumptions. It would occur if the EBITDA achieved by the Adventure portfolio exhibited growth in the year to June 2022 from the year to January 2020 of around 25% against our current assumption of growth of 5%.

The equity issue (vendor shares and £10m raise) has led to dilution of 37.1%. However, it should be noted that not only does this bring in the Adventure portfolio but provides Nightcap with a current cash position of c.£11m (net c.£6m) with which it can make further acquisitions without having to return to the market.

Exhibit 5: Expected increase in number of shares by 50.2m or 37.1%

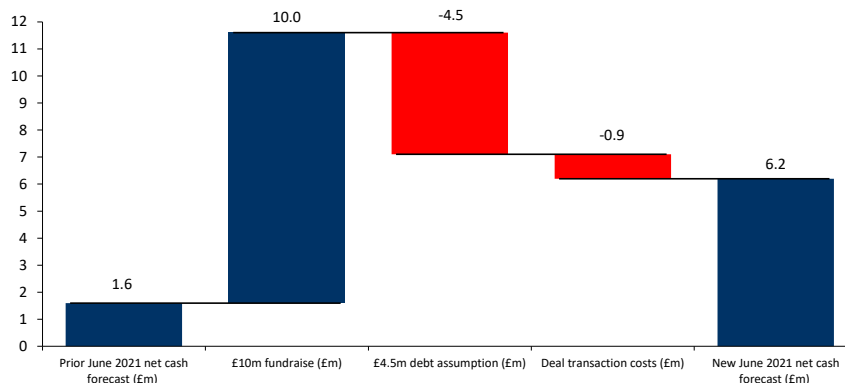
| | |
|---|--------------|
| Vendor shares (£m) @21p | 1.00 |
| Director's loan converted to equity (£m) @21p | 0.12 |
| Supplier Loan converted to equity (£m) @21p | 0.30 |
| £10m placing @23p | 4.00 |
| Total value of shares issued (£m) | 11.42 |
| Number of shares issued (m) | 50.2 |
| Pre-acquisition number of shares | 135.3 |
| % increase in number of shares in issue | 37.1% |
| New total number of shares in issue (m) | 185.5 |
| If Earn out targets achieved | |
| Earn out value (£m) | 1.50 |
| Additional shares issued @ 21p (m) (one year lock in) | 7.14 |
| New total number of shares in issue | 192.6 |
| Additional dilution | 3.85% |

Source: Company data, Allenby Capital forecasts

Impact on other financial years

As the Adventure bars will only be a part of the Nightcap portfolio for c. 2 months in the financial year ending June 2021, and as some of the bars will still be closed for some of this period due to COVID, we make no changes to our June 2021 income statement forecasts. We do however adjust our cash flow and balance sheet for the cost of the acquisition and £10m fundraise. We previously forecast the Group would end June 2021 with a net cash position of £1.6m. Post the £10m fund raise, assumption of £4.5m of debt and £0.9m acquisition costs we now forecast a June 2021 net cash position of £6.2m. This figure is forecast to consist of £10.9m of cash being partially offset by £4.7m of debt.

Exhibit 6: New net cash forecast of £6.2m forecast for end June 2021



Source: Company data, Allenby Capital.

In the year to June 2023, we assume that three further Adventure bars are opened to add to the five LCC bars we had originally forecast to be opened in that year. These new openings will take the portfolio to 32 venues. With this enlarged size of the Group, we allow for a c. £465k increase in head office costs in that year as the Group adapts to the newly enlarged size. The end result is that we have increased our June 2023 Revenue, EBITDA and EPS forecasts by 119%, 85% and 63% respectively.

Prior to the acquisition, at the £10m fundraise issue price of 23p Nightcap was trading on a FY22 EV/EBITDA multiple of 26.0x. Adjusting for the acquisition, at the current 22.0p, this has dropped to 13.7x. This compares to listed peer, The City Pub Group, currently trading on 12.5x. Although at a small premium, we note that Nightcap now has cash on its balance sheet of c. £11m with which to make a further acquisition(s). A transaction anywhere similar to the Adventure Bar Group would bring Nightcap’s earnings multiple down materially further.

If Nightcap were to trade on its pre-acquisition multiple of 26.0x this would imply a price of 38.5p.

Exhibit 7: Acquisition leads to sharp drop in Nightcap EV/EBITDA trading multiple

| | Shares (m) | Price(p) | Mkt. Cap.(£m) | Net Debt/(cash)(£m) | EV(£m) | 2022 EBITDA(£m) | EV/EBITDA(x) |
|--------------------------------------|------------|----------|---------------|---------------------|--------|-----------------|--------------|
| Pre-acquisition at 23p placing price | 135.3 | 23.0 | 31.1 | -2.2 | 28.9 | 1.11 | 26.0 |
| Post-acquisition at current 22.0p | 185.5 | 22.0 | 40.8 | -6.2 | 34.6 | 2.53 | 13.7 |
| City Pub Group | 105.68 | 131.00 | 138.4 | 17.7 | 156.1 | 12.50 | 12.5 |

Source: Company data, Allenby Capital forecasts

Exhibit 8: 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 | 19.0 | 24.0 | |
| Net Openings during the year | 2.0 | 3.0 | 1.0 | 9.0 | 5.0 | 8.0 | |
| Sites at end of year | 8.0 | 9.0 | 10.0 | 19.0 | 24.0 | 32.0 | |
| Revenue | 5,905 | 6,592 | 5,197 | 3,083 | 22,646 | 27,096 | |
| <i>Growth</i> | 42.9% | 11.6% | -21.2% | -40.7% | 634.4% | 19.7% | |
| Cost of goods sold | (1,307) | (1,416) | (1,075) | (740) | (5,569) | (6,774) | |
| Gross profit | 4,599 | 5,176 | 4,122 | 2,343 | 17,076 | 20,322 | |
| <i>Margin</i> | 77.9% | 78.5% | 79.3% | 76.0% | 75.4% | 75.0% | |
| Other income | - | - | 125.0 | - | - | - | Government grants |
| Staff costs | (2,216) | (2,444) | (2,037) | (863) | (5,557) | (6,503) | |
| <i>as a % of sales</i> | 37.5% | 37.1% | 39.2% | 28.0% | 24.5% | 24.0% | |
| Other Administrative expenses | (800) | (789) | (511) | (463) | (4,210) | (4,931) | |
| <i>as a % of sales</i> | 13.5% | 12.0% | 9.8% | 15.0% | 18.6% | 18.2% | |
| Head office costs | (899) | (1,009) | (939) | (720) | (1,508) | (1,975) | |
| <i>as a % of sales</i> | 15.2% | 15.3% | 18.1% | 23.4% | 6.7% | 7.3% | |
| PLC Costs | - | - | - | (400) | (874) | (874) | |
| Depreciation & Amortisation | (612) | (855) | (1,039) | (1,100) | (2,598) | (3,006) | |
| Total Administrative expenses | (4,527) | (5,097) | (4,526) | (4,996) | (14,747) | (17,290) | |
| Minority interest | | | | | (245) | (269) | |
| EBIT | 71 | 79 | (279) | (2,652) | 2,085 | 2,763 | |
| Interest on lease liabilities | (189) | (247) | (279) | (279) | (679) | (919) | |
| Interest on borrowings | (30) | (63) | (59) | (90) | (250) | (250) | |
| Profit/(Loss) before tax | (148) | (231) | (616) | (3,021) | 1,156 | 1,593 | |
| Tax (expense)/credit | (155) | 11 | (16) | - | (64) | (159) | |
| Profit after tax | (303) | (220) | (632) | (3,021) | 1,092 | 1,434 | |
| Exceptionals included above | | | | | | | |
| Impairment on Right of use asset | (175) | - | - | - | - | - | |
| Impairment of Goodwill | (108) | - | - | - | - | - | |
| Pre opening costs | (39) | (112) | (30) | - | (150) | (240) | Estimate of £30k per site going forward |
| Discontinued operations | (127) | (197) | (41) | - | - | - | Cocktail pre mix sold to 3rd parties, now exited |
| Other exceptionals | (31) | (69) | (13) | (1,450) | - | - | IPO and acquisition costs |
| Loss on closure of site | - | (97) | - | - | - | - | Only site closed over a decade (Islington) |
| Total Exceptionals | (480) | (475) | (84) | (1,450) | (150) | (240) | |
| Profit after tax (pre exceptionals) | | | | (1,571) | 1,242 | 1,674 | |
| Wtd Ave Shares | | | | 143.6 | 185.5 | 185.5 | |
| EPS | | | | (1.09) | 0.67 | 0.90 | |
| EBITDA Reconciliation (Pre exceptionals) | | | | | | | |
| EBITDA IFRS 16 | 1,164 | 1,409 | 844 | (102) | 4,833 | 6,009 | |
| Margin | 19.7% | 21.4% | 16.2% | -3.3% | 21.3% | 22.2% | |
| Site EBITDA IFRS 16 | 2,063 | 2,418 | 1,783 | 1,018 | 7,215 | 8,858 | Adding back head office and Plc costs |
| Margin | 34.9% | 36.7% | 34.3% | 33.0% | 31.9% | 32.7% | |
| Operating lease expense | (427) | (561) | (760) | (500) | (2,306) | (2,520) | |
| EBITDA IAS 17 | 737 | 848 | 85 | (602) | 2,527 | 3,489 | Adjusting IFRS 16 EBITDA for op. lease expense |
| Margin | 12.5% | 12.9% | 1.6% | -19.5% | 11.2% | 12.9% | |
| Site EBITDA IAS 17 | 1,637 | 1,857 | 1,023 | 518 | 4,909 | 6,338 | Adding back head office and Plc costs |
| Margin | 27.7% | 28.2% | 19.7% | 16.8% | 21.7% | 23.4% | |

Source: Company data, Allenby Capital forecasts

| Exhibit 9: Balance sheet | | | | | | | |
|--|--------------|--------------|--------------|----------------|----------------|----------------|----------------------------------|
| Year End June (£'000) | 2018 | 2019 | 2020 | 2021e | 2022e | 2023e | Comments |
| Property, plant and equipment | 1,844 | 2,411 | 2,220 | 7,735 | 6,826 | 6,460 | |
| Right of use asset | 3,490 | 5,046 | 4,711 | 4,711 | 7,211 | 11,211 | |
| Intangible assets | - | 8 | 7 | 7 | 7 | 7 | |
| Fixed assets | 5,334 | 7,464 | 6,938 | 12,453 | 14,045 | 17,678 | |
| Trade and other receivables | 627 | 867 | 701 | 370 | 906 | 1,084 | |
| Inventories | 89 | 121 | 140 | 93 | 340 | 542 | |
| Cash and cash equivalents | 341 | 238 | 264 | 10,882 | 11,318 | 11,448 | |
| Current assets | 1,057 | 1,227 | 1,106 | 11,345 | 12,563 | 13,074 | |
| Total assets | 6,391 | 8,691 | 8,044 | 23,798 | 26,608 | 30,752 | |
| Trade and other payables | 868 | 1,052 | 1,197 | 740 | 1,585 | 1,897 | |
| 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 | 3,340 | 3,652 | |
| Loans and borrowings | 660 | 832 | 488 | 3,488 | 3,488 | 3,488 | |
| Lease liabilities | 3,526 | 5,037 | 4,703 | 4,203 | 4,397 | 5,877 | |
| Deferred tax provision | 108 | 108 | 92 | 92 | 92 | 92 | |
| Total long term liabilities | 4,293 | 5,977 | 5,284 | 7,784 | 7,978 | 9,458 | |
| Net assets | 645 | 440 | (192) | 13,519 | 15,290 | 17,643 | |
| Equity attributable to owners of the parent | | | | | | | |
| Share capital | 10 | 10 | 10 | 1,656 | 1,656 | 1,656 | |
| Share premium | 178 | 178 | 178 | 14,986 | 14,986 | 14,986 | |
| Equity Shares | 77 | 92 | 92 | 92 | 92 | 92 | |
| Retained earnings | 380 | 160 | (472) | (3,215) | (1,444) | 909 | |
| Total equity attributable to owners of the parent | 645 | 440 | (192) | 13,519 | 15,290 | 17,643 | |
| Balance sheet ratios | | | | | | | |
| Short term borrowings | 265 | 775 | 1,231 | 1,231 | 1,231 | 1,231 | |
| Long term borrowings | 660 | 832 | 488 | 3,488 | 3,488 | 3,488 | April 2021 +£3.0m Adventure debt |
| Gross debt | 924 | 1,607 | 1,719 | 4,719 | 4,719 | 4,719 | |
| Cash and cash equivalents | 341 | 238 | 264 | 10,882 | 11,318 | 11,448 | |
| Net debt / (cash) | 583 | 1,369 | 1,454 | (6,163) | (6,599) | (6,729) | |

Source: Company data, Allenby Capital forecasts

| Exhibit 10: Cashflow statement | | | | | | | |
|---|--------------|----------------|--------------|----------------|----------------|----------------|---------------------------------------|
| Year End June (£'000) | 2018 | 2019 | 2020 | 2021e | 2022e | 2023e | Comments |
| Profit before tax | (148) | (231) | (616) | (3,021) | 1,156 | 1,593 | |
| Adjustments for: | | | | | | | |
| Depreciation and amortisation | 612 | 855 | 1,039 | 1,100 | 2,598 | 3,006 | |
| 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 | 929 | 1,169 | |
| Decrease/(increase) in trade and other receivables | (191) | (241) | 166 | 331 | (536) | (178) | |
| Increase in inventories | (12) | (33) | (18) | 47 | (247) | (202) | |
| Decrease in trade and other payables | 223 | 223 | 176 | (457) | 845 | 312 | |
| Cash generated from operations | 1,018 | 1,000 | 1,092 | (1,630) | 4,745 | 5,700 | |
| Income taxes paid | (7) | (29) | (63) | - | (64) | (159) | |
| Net cash flows from operating activities | 1,012 | 971 | 1,030 | (1,630) | 4,682 | 5,541 | |
| Investing activities | | | | | | | |
| Purchase of P,P&E | (855) | (1,110) | (297) | (6,615) | (1,690) | (2,640) | 2021 – Adventure acquisition |
| Sale of P,P&E | - | (16) | 2 | - | - | - | £330k capex cost per new opening |
| Other investments | - | (8) | (1) | - | - | - | |
| Net cash used in investing activities | (855) | (1,134) | (297) | (6,615) | (1,690) | (2,640) | |
| Financing activities | | | | | | | |
| Dividends paid | (30) | - | - | - | - | - | |
| Interest paid | (30) | (63) | (59) | (90) | (250) | (250) | |
| Shareholder loan repayments | 24 | 367 | (171) | - | - | - | |
| Loans granted | 633 | 580 | 500 | 4,500 | - | - | |
| Loan Repayments | (105) | (264) | (218) | (1,500) | - | - | |
| Repayment of lease obligations | (427) | (561) | (760) | (500) | (2,306) | (2,520) | Lease rental payments |
| Issuance of new ordinary shares | - | - | - | 16,453 | - | - | £1.2m pre IPO, £4m IPO, £10m raise, |
| Net cash used in financing activities | 64 | 59 | (707) | 18,863 | (2,556) | (2,770) | £1m vendor, £0.4m creditor conversion |
| Net increase in cash and cash equivalents | 221 | (103) | 26 | 10,618 | 435 | 130 | |
| Cash and cash equivalents at beginning of period | 121 | 341 | 238 | 264 | 10,882 | 11,318 | |
| Cash and cash equivalents and end of period | 341 | 238 | 264 | 10,882 | 11,318 | 11,448 | |

Source: Company data, Allenby Capital forecasts

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