MUSTARD STUDIO

FEASIBILITY REPORT PREPARED FOR ABERDEEN CITY COUNCIL
APRIL 2023

BACKGROUND

Following the closure of The Belmont in October 2022, Aberdeen City Council (ACC) commissioned Mustard Studio to create a report and business plan to determine whether, and on what basis, The Belmont might operate in a financially sustainable manner and to assess what kind of operator may give the venue the best chance of future success.

Since this document aims to inform ACC's subsequent efforts to engage a new operator for The Belmont – and we cannot know at the time of writing who that operator is or the specificities of their trading framework – certain aspects necessarily remain speculative. We have developed analysis and options planning that we hope offers suitable guidance for re-launching and operating The Belmont, no matter who takes on that responsibility. We have kept the plan adaptable by describing and assessing multiple options around legal structure, renovation and ongoing operations.

Mustard Studio is a cinema and film consultancy established in 2020 and works across projects in exhibition and hospitality.

All our projections are based on our understanding and experience running cinema operations in the UK and elsewhere and on our knowledge of the industry's current state. We are confident that our forecasts offer realistic project development and planning guidelines but we do not guarantee financial performance. As we outline in this document, many factors influence a cinema's success.

ABOUT THIS REPORT

This is a topline summary report. A full report, business plan and financial model have been delivered to Aberdeen City Council. For in-depth context and analysis and a fuller set of recommendations, please refer to the main report and the various supplementary documents.

This summary report expresses the current market conditions and gives an overview of the positioning of The Belmont should the cinema be able to reopen.

We have assessed four operational and financial scenarios for the cinema. These scenarios are based on existing venues across the UK that have created blueprints for a thriving cultural cinema. Each scenario has implications for the The Belmont's ability to trade successfully. By comparing the scenarios from both operational and financial perspectives, we can develop a sense of where The Belmont needs to aim in order to re-launch on a viable basis and to continue delivering cultural value to Aberdeen and the Northeast.

CINEMA INDUSTRY + TRENDS

Before the pandemic, cinema admits had grown yearly, and 2020 looked set to follow that trend. Admits at Belmont in 2020 (Q1 data only) looked like they would match 2018 admits based on reporting that existed from CMI. Pre-2020 trends also showed that the top 20 films were taking over 50% of the box office, which means that programming the right mix of content is as much science as art to ensure a consistent offer and steady income over a calendar year.

Industry experts such as Comscore and Gower Street Analytics now predict that the UK box office will return to pre-pandemic numbers by 2024. One of the biggest concerns since 2020 has been the lack of film content that helps to draw people to cinemas; by 2024, that picture will have changed, with more films for all audiences being released. Alongside the expected recovery in production and distribution pipelines from established studios, recent reports in industry outlets such as Deadline and Screen International show that streamers such as Apple will pivot to releasing films theatrically and supporting them with healthy marketing budgets.

Cinema is surviving despite the series of unique challenges for the sector, but audiences and audience behaviour have changed. Whilst there has been a lot of discussion in the industry about older audiences failing to return to the cinema, that is only part of the picture. Overall, audiences have gotten out of the habit of going to the cinema - possibly because of the gaps in film content caused by COVID's impact on production and distribution. Mid-market European and arthouse films have struggled in the current market. Customers book later. Distributors have reduced advertising and media spending, although this is an opportunity for closer and more direct working relationships with cinemas.

Some cinemas have reduced their barriers to entry by launching ‘Choose Days’ tickets where you can opt to pay for a ticket at one of three price points (i.e. £6, £8 and £10 on specific days) and have seen some success with this.

Everyman was the only cinema group to post an increase in admits for 2022 (with most cinema circuits posting a decrease of around 20%). This circuit is renowned for its hospitality and guest experience. Cinemas must invest in the experience, food and beverage and other ancillary streams such as private hire and membership to contribute to the overall bottom line. Cinema remains a uniquely powerful and inclusive form of art and entertainment and, when done correctly, will continue to be a commercially attractive line of business.

EVOLUTION OF INDEPEDENT CINEMAS

LOCALISED PROGRAMMING

Localised programming that offers a bespoke experience. Because of the South-West connection, Plymouth Arts Centre saw several sell-out screenings of Mark Jenkins' 'Enys Men'. An operator for Belmont could look at regular Scottish programming via archive.

FOOD + BEVERAGE

Increased focus on food and beverage as part of the cinemagoing experience. The venue becomes the destination, not only a building in which to watch a film. The success and expansion of the Everyman group indicate a strong audience desire to have a 'whole night out'.

THE OFFER

The architecture of the experience. The cinema aims to offer a conceptual space to welcome visitors – pop-up guest vendors, or book sales, for example. The Belmont had already successfully experimented with pop-up food events before its closure.

CUSTOMER EXPERIENCE

Increased focus on customer experience. This includes everything from marketing to hospitality, digital journey to the technical presentation. Picturehouse Cinemas are the latest circuit to invest in a hospitality programme that will elevate its customer service.

SUSTAINABILITY

Increased focus on environmentally sustainable methods to provide healthy spaces for audiences and staff and address rising energy costs. Cinemas, like everyone, need a healthy world to live in – and audiences respond well to venues that share their values and concerns. Lexi Cinema in West London sets out its core values and commitment to sustainability through its website, the addition of their second screen which was built to be sustainable and includes a living roof, and their daily practice.

THE MARKET

Aberdeen's cinema market currently lacks the sort of provision The Belmont would exist to deliver. The city's market currently appears to be at a plateau, but the outlook should be relatively promising based on broader industry trends. In particular, recovering performance over the past twelve months at cultural and community-focused independent cinemas around the UK may warrant cautious optimism that the market for a diversified film offer in Aberdeen will recover at least as quickly as the overall market.

Box office data and survey results indicate that The Belmont's cultural film mix appeals strongly to some people but not everyone. Many filmgoers choose their venue based on other factors, highly likely including the overall experience of visiting the cinema. In particular, historical data and anecdotal reports point strongly towards the closure of the Café-bar as a significant factor in its below-trend box office performance since 2017.

With the closure of The Belmont, no full-time venues are screening independent and non-mainstream films in Aberdeen. As we have seen from the survey results, audiences are open to more than one kind of experience; they will often make choices based on personal preference at the time rather than ongoing loyalty to a specific venue. At the time of writing (Feb/March 2023), five films were playing across all three multiplexes, and between the Cineworlds, there was an overlap of eight duplicate titles. So while the multiplex operators increase the volume of what is on offer in Aberdeen, they do not fully use their many screens to diversify the film mix available to the city. Aberdeen still needs a broader range of cultural content.

The evidence available to us suggests that to maximise the chance of commercial sustainability, a re-launched Belmont should focus on improving the overall experience of visiting and, as a priority, should ensure an attractive food and beverage service with comfortable dwell space as part of its offer. Moreover, by elevating the offer while keeping it welcoming, friendly, inclusive and accessible, it should be possible to attract more people not wedded to The Belmont by loyalty or film choice but whose custom may make a significant difference to financial sustainability.

BELMONT OFFER

AUDIENCES IN ABERDEEN.

The Audience Agency indicate that the primary cinemagoing groups relevant to developing an audience at The Belmont fall into the following categories (paraphrased from their work):

Primary:
EXPERIENCE SEEKERS

Based in a city centre location, these people like to be able to walk or cycle to the cinema, or may routinely use public transport.

Highly active, diverse, social and ambitious regular and eclectic arts engagers. As well as being culturally and digitally savvy, these audiences tend to be early adopters, looking at how to spend their disposable income. It's important to note this audience catchment falls into two categories:
E1 – socially minded mid-life professionals with varied tastes.
E2 – students and graduates with adventurous attitudes in diverse urban areas.
It is likely that E2, and to some extent E1, will be affected by the cost of living crisis.

Secondary:
KALEIDOSCOPE CREATIVITY

This audience has pockets in old Aberdeen and Torry, with roughly a 12-minute drive time.

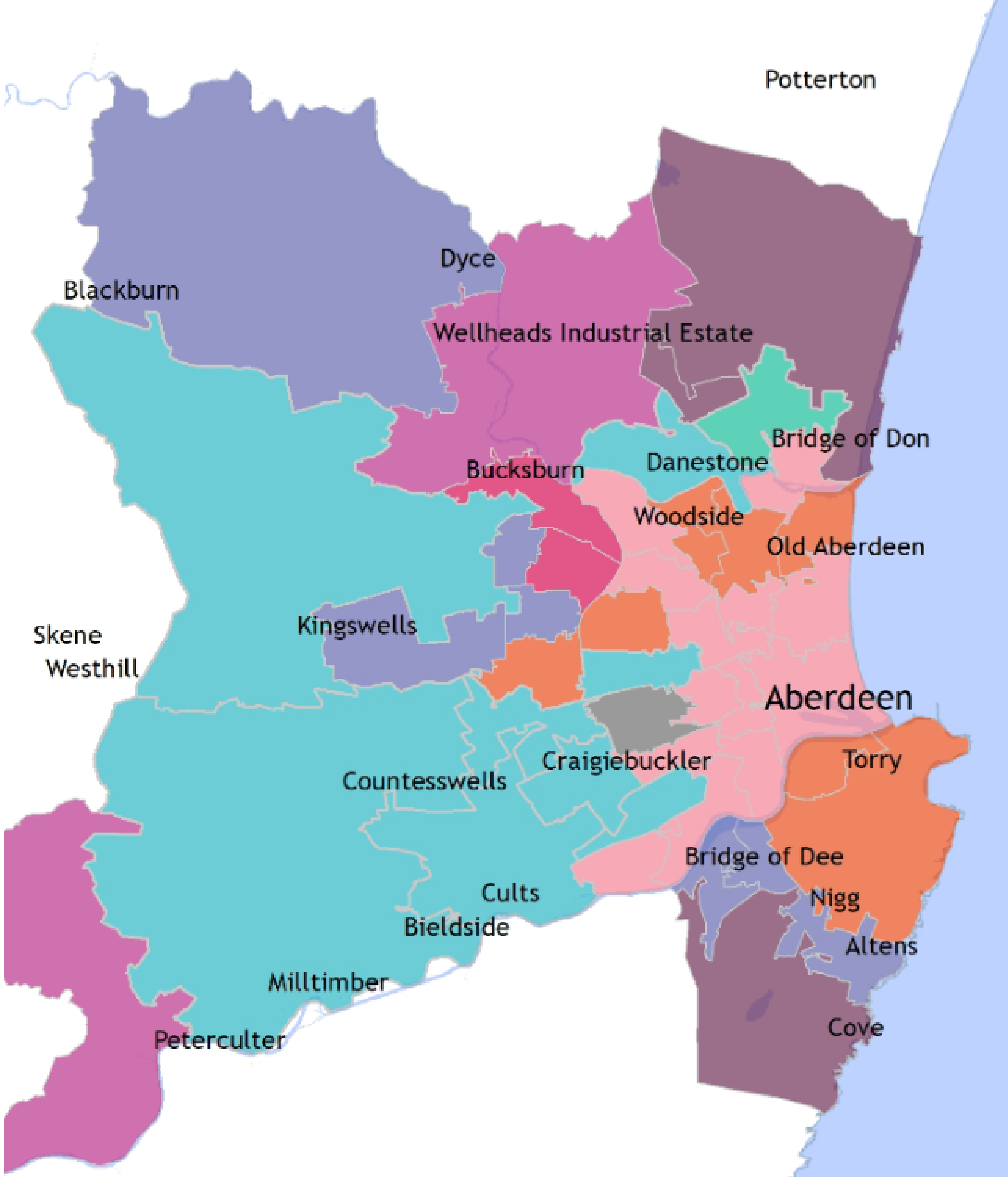
Mixed age, urban low engagers preferring free, local, culturally specific arts and festivals. This audience is the most ethnically diverse segment and is classed as seeking income-restriction leisure opportunities. This group is, therefore, more likely to attend free events.

Secondary:
COMMUTERLAND CULTUREBUFFS

Those living on the periphery of Aberdeen offer audience potential, too. Craigiebuckler or Danestone, for example, are within striking distance. Although the driving time for both areas is under 15 mins, public transport takes longer at 43 and 33 minutes respectively. These audiences will likely be motivated by special occasions rather than regular cinema trips.

CC is a predominantly middle-aged group of older families and empty nesters. It is likely that this audience decreased some of their cultural and artistic activity post-pandemic and has been slower to return to typical pursuits. This has been the case across the cultural sector, such as theatre; however, they have recently been seen returning more frequently.

Aberdeen thus offers several demographic segments that The Belmont should focus on engaging.



POSITIONING

PROGRAMMING MIX

A balanced programme meeting ACC's specific cultural diversity requirements but possibly trending more towards offbeat eclecticism than has been the case in recent years.

As a first-run cinema, there will inevitably be some overlap in programming with the larger commercial sites, but the emphasis will be on differentiation. The Belmont will deliver a cultural mix of films unavailable elsewhere, including foreign language films, documentaries, and local filmmaking.

- We suggest introducing a greater sense of eclecticism, including a selection of cult or eccentric films and events.
- This will include working to gain a new following for 35mm screenings by creating a sense of discovery for the audience and featuring well-known world cinema and cult cinema titles that audiences are unlikely to have seen on the big screen.
- The programme will incorporate close captioned, community-focused, autism-friendly and dementia-friendly screenings.
- In our renovation scenarios 1, 2 and 3, the basement area could be used for additional events such as comedy, music and other events that bring in new audiences.

EDUCATION

An education programme should be built into all scenarios. The list of benefits to the local community is usually very evident. In addition, there are multiple partners across the region who could work with the cinema to develop programmes and activities.

Schools Screening Programme
A school screening programme to align with local curricula is a core learning activity at most independent cultural cinemas. Such activities cost relatively little to deliver but have a broad impact because they reach a relatively large number of young people. We expect The Belmont to continue running school screenings in future on similar lines as previously. This might include screenings tying in with seasonal events such as National Holocaust Memorial activities and Black History Month; screenings to tie in with curricula for specific subjects such as French or Spanish language and culture; or collaboration with Into Film, the UK's leading charity for film in education.

Small Group Learning
A fully effective Education programme would also include opportunities for small-group learning. We spoke with Murray Dawson (SHMU) and several Save the Belmont group educators. Their perspectives raise several possibilities for small group learning activities, including some that have been delivered successfully in the past:

- Group and Individual filmmaking workshops.
- Student volunteering or internship opportunities.
- Young Programmers courses.
- Young Filmmaker's practical experience - this could go beyond just filmmaking to bring in craft elements.
- Content creation beyond films (podcasts, video and audio etc.)
- Creating a hub for third-party regional or national initiatives such as BFI Academy, etc.

Activities such as these impact fewer people, but the impact can be deeper if the engagement is more sustained and involved.

POSITIONING

THE STUDIO (TOP FLOOR SPACE)

The Save the Belmont group includes several creative practitioners, including writers, filmmakers and artists. Conversations with some of these individuals and with Aberdeen University representatives suggest a need for a hub that contributes to local professional development. Scotland's central belt is felt to have many more facilities to encourage film production. We see the potential for The Belmont to develop an industry-facing strategy, providing a place for practitioners and creatives to develop their skills to contribute to the filmmaking industry in Scotland.

As part of the research for this report, we looked at regional professional development programmes linked to cinemas, and a number, such as Nottingham Broadway's Near Now and Watershed's Pervasive Media Studio, could be blueprints of how The Belmont could develop their offer.

The Near Now concept is structured around 'The Future of Storytelling', and a base eligibility requirement is that each practitioner's work must have a technical element. Pervasive Media Studio is a diverse community exploring creative technology, a home for early ideas and companies, and a studio offering space, events and opportunities.

The Studio would operate by having co-working spaces that can be hired at sliding fee scales, ensuring the entry level is genuinely affordable. In addition, The Studio space would be configured to allow for conferences and masterclasses.

MEMBERSHIP

Membership is an important part of building a cinema identity, and it also offers a data point that contributes to understanding the audience. Members can often champion more diverse and specialised films. In all the scenarios, we have built a subscription model based on a 4-ticket price. Membership will always be marginally cheaper than buying four peak tickets, making it a no-friction offer. Once people have a membership, they are more likely to return to the cinema to get the full benefit of their membership.

PRIVATE HIRE

A private hire income stream is built into all scenarios. Private hire has several advantages: it brings in new audiences, adds a level of commerciality, and has potential upside opportunities such as catering provision.

BRAND + MARKETING

A local operator must consider rebranding the cinema and undertaking regular marketing activity. At a minimum, a weekly newsletter and social media would be necessary for listings and bookings, and then eventually, this would be built up to include digital marketing such as advertising, analytics and SEO (search engine optimisation).

SCENARIOS

RENOVATION SCENARIOS

Developing a truly attractive, inclusive and modernised 360° customer experience at The Belmont is a major plank in building its commercially sustainable future. This will require capital expenditure prior to relaunch. Since a new operator has not yet been appointed, we cannot determine what level of CapEx may be possible, in practice. In order to assess and illustrate the building's potential, and to provide an adaptable plan that might be used by any operator – whether they can deploy much or little capital – we have developed four renovation scenarios.

Each renovation scenario has implications for future operations within the site and for the associated financial modelling. Scenario 1 is a minimal CapEx scenario prioritising speed to open. and leaving the cinema basically unchanged, with limited upside potential. Scenario 2 is similar to Scenario 1, although some refurbishment has taken place to improve the experience including re-seating which reduces the number of seats in all three screens. Unlike Scenario 1, Scenario 2 imagines the Café-bar will be operated by the cinema operations team. The payroll cost for operating the Café-bar in Scenario 2 means the OpEx in this scenario remains quite high and makes the numbers hard to square.

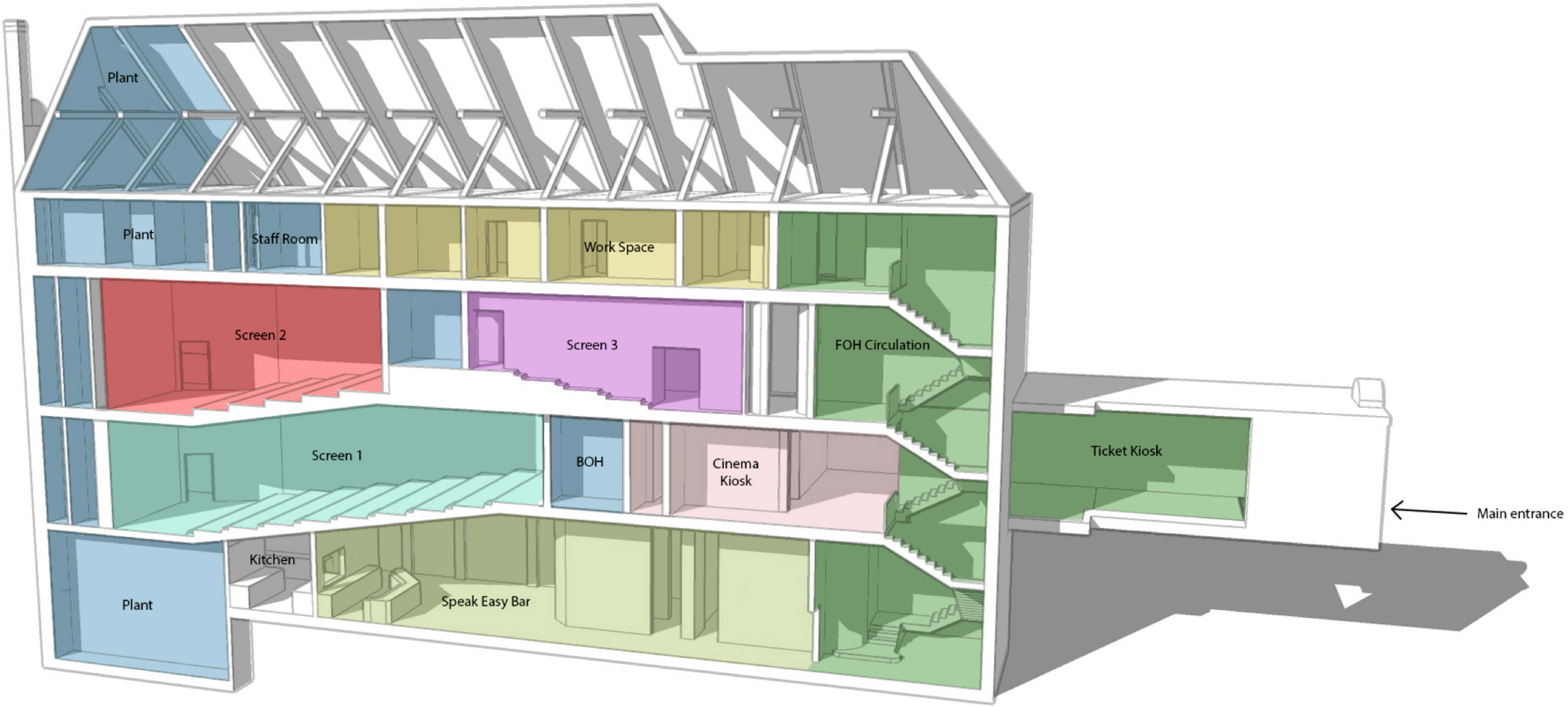
SCENARIO ONE

- Scenario 1: Status quo.
  - *Minimal CapEx scenario.*
  - Minimise CapEx and prioritise speed to re-opening.
  - The space remains much as it has been; major problems, such as out-of-date heating and ventilation plant, are stored up for the future.
  - This model has minimal staffing and is likely supported by a volunteer contingent.
  - The cafe-bar would be operated by a third party so that cinema operations could concentrate on the programme and top floor space for education and partnership opportunities.
  - This scenario is for the short-term only whilst there is a fundraising drive for Scenario 3.

SCENARIO TWO

- Scenario 2: Refurbishment
  - *Low CapEx scenario.*
  - Make good all dilapidations noted in the recent survey; replace mechanical installation (which expired in 2015).
  - Refresh furnishings and decoration throughout.
  - Cafe-bar is operated as part of the cinema operations rather than by a third party.

SCENARIO 2 - 3D



RENOVATION SCENARIOS

Scenario 3 represents significant improvement to the layout of the building, creating the possibility of a significantly improved offer with only a modest increase in OpEx over Scenario 2.

Scenario 4 is a radical transformation of the cinema. Using as our guide other venues across the UK that have successfully combined a cinema and restaurant to create a 'destination' venue we looked at the sums to configure the building for a restaurant in the ground floor area and wider seats in the screens to create a more opulent experience. To make this model work its likely that cinema tickets would have to increase well above £10, to an extent that may not work in the Aberdeen market.

The model (available as a 5-year P&L projection with monthly cashflow breakdown alongside the main report) illustrates that Scenario 3 offers the best hope for the cinema to create a viable business. Our recommendation is therefore to aim for Scenario 3. If that is not possible in the first instance, then it would be worth exploring ways of starting in Scenario 1 and phasing up to Scenario 3.

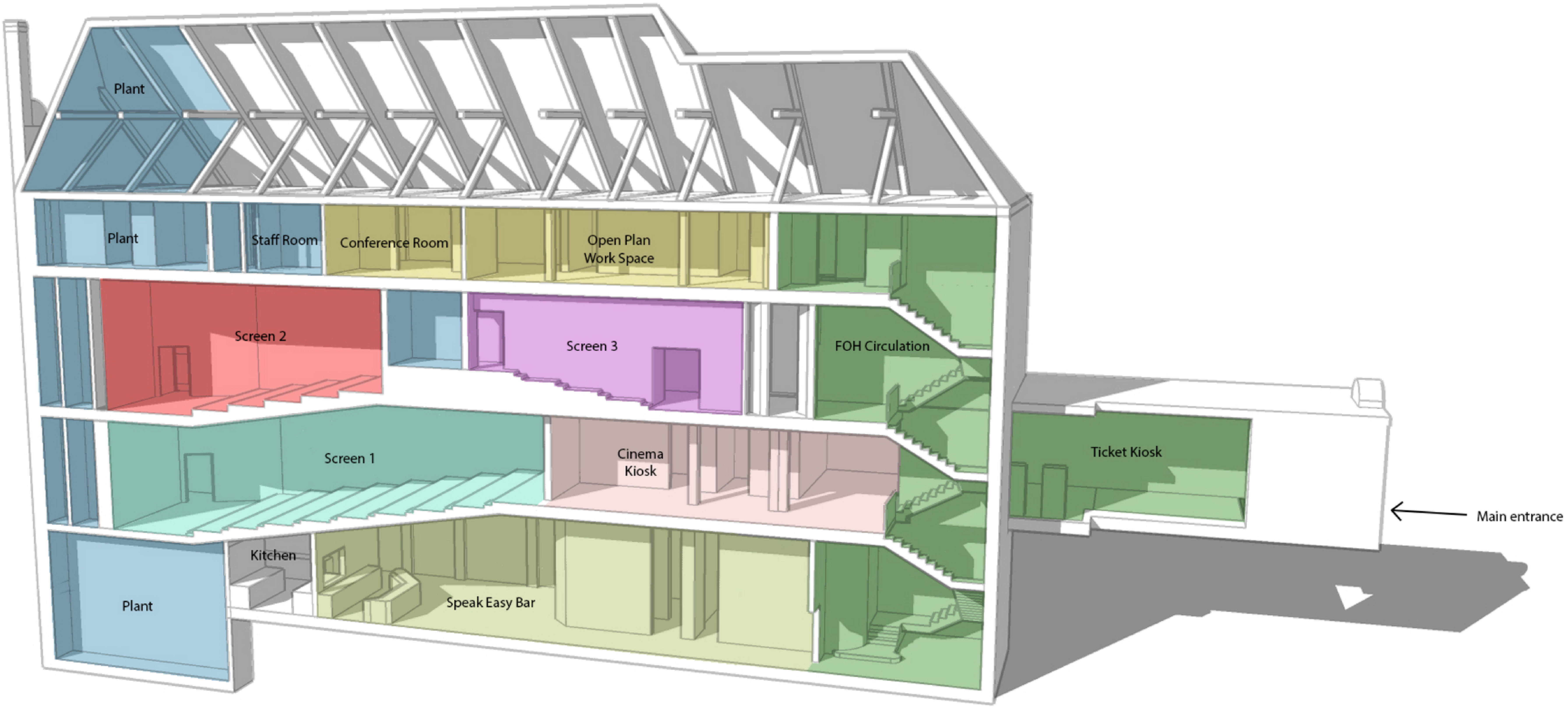
SCENARIO THREE

- Scenario 3: Improvement
  - *Middle CapEx scenario.*
  - Make good all dilapidations noted in the recent survey; replace mechanical installation (which expired in 2015).
  - Refresh furnishings and decoration throughout.
  - Open up ground floor lobby for café-style dwell space by removing kiosk, office and projection room.
  - Retain basement as speakeasy bar with option for live performance.
  - Open up top floor into more flexible co-working space for local creatives.

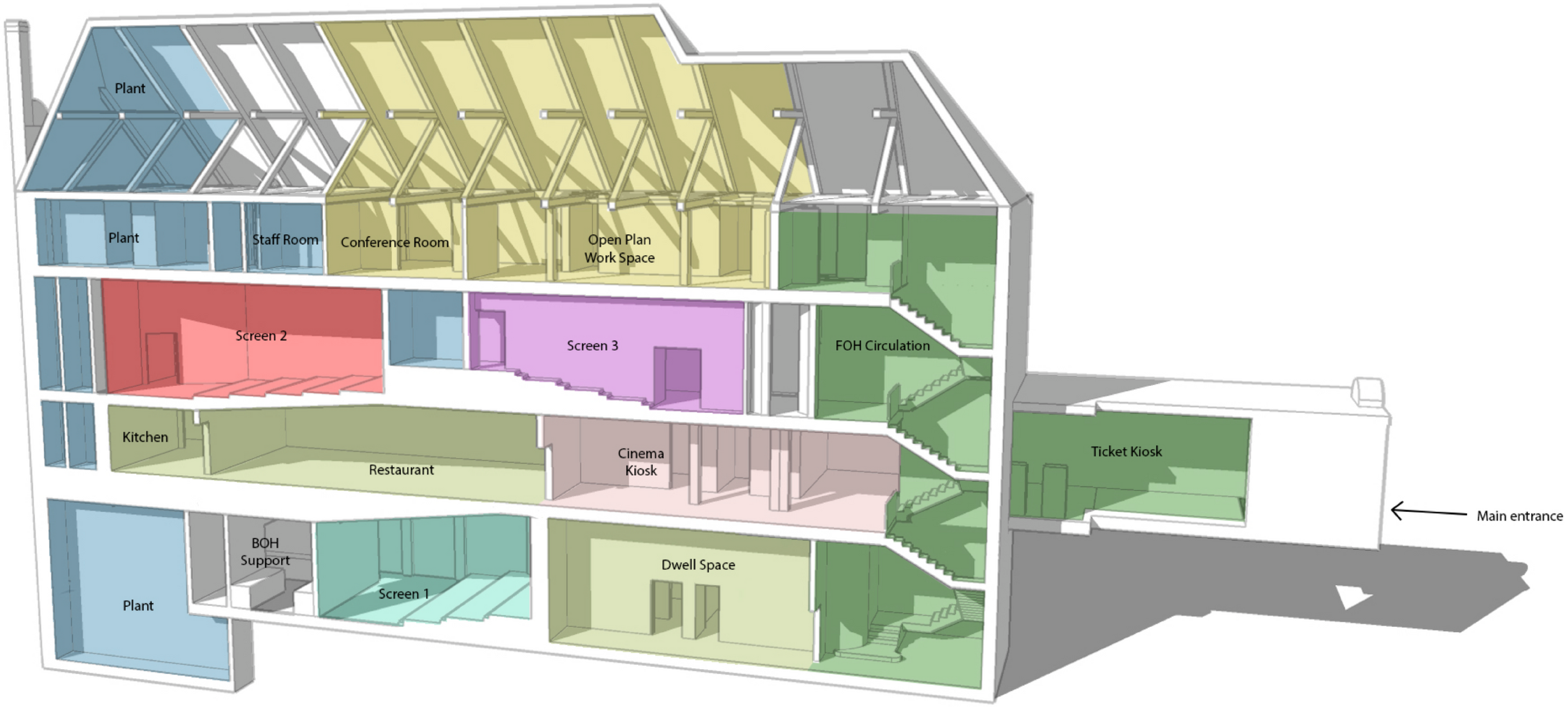
SCENARIO FOUR

- Scenario 4: Transformation
  - *Higher CapEx scenario.*
  - Make good all dilapidations noted in the recent survey, except where rendered irrelevant by wider reconfiguration; replace mechanical installation (which expired in 2015).
  - Refresh furnishings and decoration throughout.
  - Convert the ground floor to a full restaurant with an open kitchen by removing the kiosk, office, projection room and Cinema 1; reinstate windows to allow natural light. Dwell space café is still also available on the ground floor.
  - Install a small Cinema 1 in the basement and reconfigure other spaces on that level, allowing additional dwell space and breakout space for private hires.
  - Open up the top floor into a more flexible co-working space for local creatives; reinstate windows and expand into the roof void to add space and bring in more natural light.

Scenario 3 - 3D



Scenario 4 - 3D



EXECUTIVE SUMMARY

- Aberdeen is a small city with only mainstream cinemas, so there is a clear appetite and need for an alternative venue, particularly one of historical relevance such as The Belmont.
- That venue should deliver a range of cultural and educational benefits to the community but, to survive, it must attract a broader audience. This is likely to require investment in the building and fittings to improve the overall experience.
- Only Scenario 4 exceeds a £10 per peak adult ticket; the offer should thus be competitive in the local market.
- The cinema requires a high-quality F&B offer.
- The cinema programme may need a stronger bias towards cult eclecticism and a slightly reduced emphasis on 'highbrow' arthouse fare to position itself as a more attractive offer to all audiences.
- We recommend the new operator look to innovators elsewhere in the country to develop a Studio space that delivers for local media practitioners.

FINANCIAL VIABILITY

- The financial summaries displayed in the next few slides are taken from our full granular financial model, in which we map likely performance over an initial five-year period.
- Three of our four scenarios present a negative EBITDA. Operating The Belmont will clearly present financial challenges.
- Our modelling is based on a local charitable organisation operating the site but does NOT include any grants or other subsidies. Shortfalls in the bottom line illustrate the gap. (Note that property costs are also set to £0, as are the revenue lines for grants and funding).
- Scenario 3 is the only scenario that achieves a positive EBITDA on our current inputs. This indicates the direction to aim for.
- The initial renovation is what pushes the cinema towards financial viability, but even in the best-case scenario, it looks impossible for the cinema to cover repayment and costs of initial CapEx at that scale.
- The core viability challenge, then, is to find a way to deploy enough capital to realise the trading gains we see in Scenario 3, without placing the entire burden of deploying and servicing that capital squarely on the cinema business.
- For full context and analysis, further recommendations, and ideas as to how to proceed from here, please refer to the main report especially section 8 (Financial) and section 10 (Recommendations).

FINANCIALS

Right: Example of speakeasy bar

KEY INDICATORS - 1

The table of projected P&L figures illustrates the financial difficulty of operating The Belmont under any conditions, emphasising that Aberdeen is a challenging market. The spread in outcomes shows that the character of the cinema's offer matters greatly.

In scenarios where there has been more investment in the building, we can comfortably project higher occupancy and SPH levels. This translates into higher net sales, and tends to offset (up to a point) the higher cost of delivering an enhanced offer. The EBITDA comparison indicates Scenario 3 is the most promising route to viability.

The model currently assumes that the cinema finances 100% of the initial CapEx in all scenarios. The discrepancy between EBITDA and net profit arises from depreciation and interest payments. If the costs of capital are removed, however, then a Scenario 3 cinema looks much healthier. So, while the cinema needs significant initial CapEx in order to become viable from a trading perspective, it cannot fully bear the repayment and costs of that initial capital outlay. We can conclude that for The Belmont to re-open on a financially sustainable footing, there needs to be an initial injection of capital from an external source that is not looking for a normal ROI or even full repayment.

Admissions	Year 1	Year 2	Year 3	Year 4	Year 5
Scenario 1	62,117	62,738	63,365	63,999	64,639
Scenario 2	78,719	79,113	79,508	79,906	80,305
Scenario 3	99,186	99,682	100,180	100,681	101,185
Scenario 4	98,271	99,254	100,247	101,249	102,262

Net Sales	Year 1	Year 2	Year 3	Year 4	Year 5
Scenario 1	£549,134	£570,940	£587,851	£605,266	£623,200
Scenario 2	£968,906	£1,002,823	£1,027,850	£1,053,504	£1,079,798
Scenario 3	£1,528,760	£1,582,168	£1,621,547	£1,661,908	£1,703,274
Scenario 4	£1,860,154	£1,934,373	£1,992,031	£2,051,416	£2,112,578

Gross Profit	Year 1	Year 2	Year 3	Year 4	Year 5
Scenario 1	£340,457	£353,981	£364,471	£375,274	£386,399
Scenario 2	£600,120	£621,136	£636,646	£652,545	£668,840
Scenario 3	£966,009	£999,699	£1,024,521	£1,049,960	£1,076,033
Scenario 4	£1,182,451	£1,229,483	£1,265,979	£1,303,565	£1,342,273

Payroll	Year 1	Year 2	Year 3	Year 4	Year 5
Scenario 1	£228,459	£235,313	£240,019	£244,819	£249,716
Scenario 2	£415,326	£427,785	£436,341	£445,068	£453,969
Scenario 3	£613,671	£632,081	£644,723	£657,617	£670,770
Scenario 4	£948,680	£977,141	£996,684	£1,016,617	£1,036,950

EBITDA	Year 1	Year 2	Year 3	Year 4	Year 5
Scenario 1	(£193,952)	(£196,593)	(£197,252)	(£195,145)	(£195,574)
Scenario 2	(£133,813)	(£134,929)	(£134,656)	(£136,803)	(£136,367)
Scenario 3	£16,132	£21,150	£26,222	£29,011	£34,526
Scenario 4	(£119,274)	(£111,710)	(£102,465)	(£95,188)	(£84,859)

KEY INDICATORS - 2

A look at KPI proportions, projected CapEx, and costs of capital (repayment loan and depreciation) provides further context for assessing of the four scenarios.

The next two slides present internal views of topline numbers for each of the four scenarios.

GP as % of Sales	Year 1	Year 2	Year 3	Year 4	Year 5
Scenario 1	62%	62%	62%	62%	62%
Scenario 2	62%	62%	62%	62%	62%
Scenario 3	63%	63%	63%	63%	63%
Scenario 4	64%	64%	64%	64%	64%

Payroll as % of Sales	Year 1	Year 2	Year 3	Year 4	Year 5
Scenario 1	42%	41%	41%	40%	40%
Scenario 2	43%	43%	42%	42%	42%
Scenario 3	40%	40%	40%	40%	39%
Scenario 4	51%	51%	50%	50%	49%

EBITDA as % of Sales	Year 1	Year 2	Year 3	Year 4	Year 5
Scenario 1	-35%	-34%	-34%	-32%	-31%
Scenario 2	-14%	-13%	-13%	-13%	-13%
Scenario 3	1%	1%	2%	2%	2%
Scenario 4	-6%	-6%	-5%	-5%	-4%

CapEx	Initial	Year 1	Year 2	Year 3	Year 4	Year 5
Scenario 1	£215,531	£155,000	£205,000	£166,400	£175,000	£145,000
Scenario 2	£1,275,134	£30,000	£30,000	£30,000	£30,000	£0
Scenario 3	£1,804,470	£30,000	£30,000	£30,000	£30,000	£0
Scenario 4	£2,537,753	£30,000	£30,000	£30,000	£30,000	£0

Costs of Capital	Year 1	Year 2	Year 3	Year 4	Year 5
Scenario 1	(£32,152)	(£37,400)	(£47,280)	(£58,659)	(£65,341)
Scenario 2	(£196,811)	(£183,627)	(£170,599)	(£157,581)	(£144,440)
Scenario 3	(£272,502)	(£258,586)	(£245,191)	(£232,155)	(£219,332)
Scenario 4	(£372,736)	(£354,074)	(£335,933)	(£318,125)	(£300,477)

SCENARIO ONE - STATUS QUO

Scenario 1	Initial	Year 1	Year 2	Year 3	Year 4	Year 5
Admissions		62,117	62,738	63,365	63,999	64,639
Net Sales	£0	£549,134	£570,940	£587,851	£605,266	£623,200
Gross Profit	£0	£340,457	£353,981	£364,471	£375,274	£386,399
Capex	£215,531	£155,000	£205,000	£166,400	£175,000	£145,000
Opex	£34,931	£534,409	£550,574	£561,722	£570,419	£581,973
EBITDA	(£34,931)	(£193,952)	(£196,593)	(£197,252)	(£195,145)	(£195,574)
Net Profit	(£34,931)	(£226,105)	(£233,993)	(£244,532)	(£253,804)	(£260,915)

SCENARIO TWO - REFURBISHMENT

Scenario 2	Initial	Year 1	Year 2	Year 3	Year 4	Year 5
Admissions		78,719	79,113	79,508	79,906	80,305
Net Sales	£0	£968,906	£1,002,823	£1,027,850	£1,053,504	£1,079,798
Gross Profit	£0	£600,120	£621,136	£636,646	£652,545	£668,840
Capex	£1,262,634	£30,000	£30,000	£30,000	£30,000	£0
Opex	£51,458	£733,933	£756,065	£771,303	£789,348	£805,208
EBITDA	(£51,458)	(£133,813)	(£134,929)	(£134,656)	(£136,803)	(£136,367)
Net Profit	(£51,458)	(£330,625)	(£318,556)	(£305,255)	(£294,385)	(£280,807)

SCENARIO THREE - IMPROVEMENT

Scenario 3	Initial	Year 1	Year 2	Year 3	Year 4	Year 5
Admissions		99,186	99,682	100,180	100,681	101,185
Net Sales	£0	£1,528,760	£1,582,168	£1,621,547	£1,661,908	£1,703,274
Gross Profit	£0	£966,009	£999,699	£1,024,521	£1,049,960	£1,076,033
Capex	£1,786,470	£30,000	£30,000	£30,000	£30,000	£0
Opex	£69,552	£949,877	£978,549	£998,299	£1,020,949	£1,041,506
EBITDA	(£69,552)	£16,132	£21,150	£26,222	£29,011	£34,526
Net Profit	(£69,552)	(£256,370)	(£237,436)	(£218,970)	(£203,143)	(£184,805)

SCENARIO FOUR - TRANSFORMATION

Scenario 4	Initial	Year 1	Year 2	Year 3	Year 4	Year 5
Admissions		98,271	99,254	100,247	101,249	102,262
Net Sales	£0	£1,860,154	£1,934,373	£1,992,031	£2,051,416	£2,112,578
Gross Profit	£0	£1,182,451	£1,229,483	£1,265,979	£1,303,565	£1,342,273
Capex	£2,497,753	£30,000	£30,000	£30,000	£30,000	£0
Opex	£92,550	£1,301,726	£1,341,192	£1,368,444	£1,398,753	£1,427,132
EBITDA	(£92,550)	(£119,274)	(£111,710)	(£102,465)	(£95,188)	(£84,859)
Net Profit	(£92,550)	(£492,011)	(£465,784)	(£438,398)	(£413,313)	(£385,336)

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