

XP Factory Plc

1 September 2025

XP Factory plc (AIM: XPF)

("XP Factory", the "Company" or the "Group")

Preliminary unaudited results for the year ended 31 March 2025

XP Factory is pleased to announce its preliminary unaudited final results for the year ended 31 March 2025.

FINANCIAL HIGHLIGHTS

- Group revenue for the 12-month period increased 19% to £57.8m compared to the prior year¹ (12 months to Mar 2024: £48.6m (unaudited); 15 months to March 2024: £57.3m) representing significant further growth in scale:
 - Escape Hunt® owner operated site revenue increased by 7% to £14.2m (12 months to Mar 2024 £13.3m (unaudited); 15 months to Mar 2024: £16.7m)
 - Boom Battle Bar® (“Boom”) owner operated revenue increased by 29% to £42.2m (12 months to Mar 2024: £32.7m (unaudited); 15 months to Mar 2024: £37.5m)
- Pre IFRS 16 Group Adjusted EBITDA increased to £6.6m (12 months to Mar 2024: £5.1m² (unaudited); 15 months to Mar 2024: £6.3m)
- Site level pre IFRS 16 EBITDA was £15.2m (12 months to Mar 2024: £13.1m² (unaudited); 15 months to Mar 2024: £16.3m)
- Group Adjusted EBITDA rose to £10.5m (15 months to Mar 2024: £9.9m)
- Adjusted Operating profit³ of £3.5m (15 months to Mar 2024: £2.7m)
- Adjusted earnings per share of 0.23p (15 months to 31 Mar 2024: 0.09p); statutory loss per share of 0.71p (15 months to Mar 2024: loss 0.27p)
- £1.1m cash balance and £4.8m net debt at 31 March 2025 (31 Mar 2024: £3.9m cash and £0.1m net cash)

OPERATING HIGHLIGHTS

- Continued positive like-for-like sales growth delivered across both owner-operated brands:
 - Boom: up 2.3 % in the 52 weeks to 30 March 2025
 - Escape Hunt: up 3.2% in the 52 weeks to 30 March 2025
- New owner operated Boom site opened in Cambridge in December 2024
- Five Boom franchise sites in Wandsworth, Aldgate East, Bournemouth, Southampton and Ipswich acquired during the year
- Boom owner operated Pre IFRS16 site level EBITDA margin increased to 18% (15 months to Mar 2024: 17%)

- Boom Pre IFRS 16 site level EBITDA return on capital of 54% (15 months to Mar 2024: 52%)
- New owner operated Escape Hunt sites opened in Worcester, Glasgow and at shared site in Cambridge in September, October and December 2024 respectively
- Escape Hunt owner operated Pre IFRS 16 site level EBITDA margin of 44% (15 months to Mar 2024: 42%)
- Escape Hunt Pre IFRS 16 site level EBITDA return on capital of 51% (15 months to Mar 2024: 48%)
- Escape Hunt games catalogue advanced with 3 brand new games launched in the year
- New £10m revolving credit facility with Barclays signed
- Revised, accelerated strategy for growth announced supported by the Barclays bank facility
- Pipeline of further site openings developed across both brands
- Both brands continue to receive industry leading customer reviews

POST PERIOD END HIGHLIGHTS

- New Boom site in Reading and new Escape Hunt site in Canterbury opened in May 2025
- Further Escape Hunt site expanding existing Birmingham Resorts world site opened in August 2025
- Escape Hunt site in Sheffield in build, and a further five sites in advanced negotiations
- Group owner operated ('O&O') revenue was up 12% in the 19 weeks to 10 August 2025 compared with the prior year
 - Escape Hunt UK LFL sales +0.4% year-to-date ('YTD'), with LFLs of +8.6% in the six weeks to 10 August 2025 having fully offset the negative -3.6% in Q1
 - Boom UK LFL sales -5.6% YTD, excluding the impact of Euro 2024 LFLs returned to +0.2% in the six weeks to 10 August 2025 vs -6.4% in Q1
- New Boom site in Reading trading materially ahead of plan, and positive early indications for new EH sites which are trading in line with plan
- Positive momentum on corporate bookings, which bodes well for the all-important calendar Q4 trading period
- The Board remains cautiously optimistic about meeting the market's expectations for the full year

Richard Harpham, Chief Executive of XP Factory, commented:

“The year to March 2025 represents another successful period of development for XP Factory, with underlying operating metrics showing continued positive improvement. Whilst the business is having to cope with increased costs from government policy and a challenging first quarter has posed operational challenges, we have made significant progress towards our strategic goals and remain resolute in pursuit of success.”

1. Unaudited period to 31 March 2024
2. Annualisation of the FY25 15 month period to 31 March 2024 due to a change in accounting period
3. Adjusted Operating profit calculated as statutory operating profit before exceptional costs and pre-opening costs and before fair value gains / losses

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About XP Factory plc

The XP Factory Group is one of the UK's pre-eminent experiential leisure businesses which currently operates two fast growing leisure brands. Escape Hunt is a global leader in providing escape-the-room experiences delivered through a network of owner-operated sites in the UK, an international network of franchised outlets and through digitally delivered games which can be played remotely.

Boom Battle Bar is a fast-growing network of owner-operated and franchise sites in the UK that combine competitive socialising activities with themed cocktails, drinks and street food in a high energy, fun setting. Activities include a range of games such as augmented reality darts, Bavarian axe throwing, 'crazier golf', shuffleboard and others. The Group's products enjoy premium customer ratings and cater for leisure or teambuilding, in small groups or large, and are suitable for consumers, businesses and other organisations. The Company has a strategy to expand the network in the UK and internationally, creating high quality games and experiences delivered through multiple formats and which can incorporate branded IP content. (<https://xpfactory.com/>)

STRATEGIC REPORT

Chairman's Statement

Once again, I am pleased to report on a successful year in which the Group has made further material strategic, operational and cultural progress whilst achieving its financial performance objectives. Group turnover of £57.8m reflects growth of c.19% on the comparable prior year 12 month period, delivering a pre-IFRS16 Adjusted EBITDA of £6.6m. The turnover growth was delivered through both positive like-for-like growth in both brands together with new site openings and acquisitions of former Boom franchise sites. Overall site-level and group-level Adjusted EBITDA margins improved and, whilst Escape Hunt again exceeded our margin target, both Boom and Group margins are tracking towards our medium term targets. Adjusted EPS was 0.23p per share (statutory EPS loss 0.71p per share).

Escape Hunt has continued to deliver, with underlying turnover up 7% compared with the 12 months to 31 March 2024 to £14.2m, delivering pre IFRS 16 site level EBITDA margin of 44%, ahead of our internal targets, and an industry-leading return on capital of 51%. Boom underlying turnover grew 29% compared with the 12 months to 31 March 2024 to £42.2m, delivering pre IFRS 16 site level EBITDA margin of 18% up from 17% in the prior reporting period, and approaching our internal target of 20%-plus. Boom also delivered a healthy return on capital of 54%.

All these metrics are symptomatic of an enterprise which has matured from a fledgling business into a credible, scale operator in the last few years.

Alongside the financial success, further progress has been made in other areas. We have focused investment into technology and data analytics which is transforming the way we make decisions, both at an operational and strategic level. Since the year end, we have upgraded our accounting and ERP systems and the improved insight into day-to-day operations is expected to have a meaningful, positive impact going forward. Within Escape Hunt, we have launched three new games in the year, extending our catalogue of intellectual property which underpins the unique value of the brand. Within Boom, progress is being made on developing proprietary technology to enable us to better curate customer experiences and improve site level operations. We are at the beginning of looking to the use of Artificial Intelligence to augment and improve our customer experience and operational efficiency. Whilst building on the inherent value of the business, these and similar investments are helping the teams deliver memorable customer experiences evidenced in our industry-leading customer ratings.

In October 2024, we signed a £10m revolving credit agreement with Barclays which gave us the confidence to announce an accelerated growth strategy presented to shareholders and other stakeholders in early March 2025. Our plan is to build the business with a run-rate of £100m sales and £15m Adjusted EBITDA by March 2028 and to fund the growth by accessing modest levels of debt. The pipeline of opportunities for Escape Hunt is well-developed, whilst focus in Boom is to deliver fewer, larger sites in high-footfall areas. We believe the market in the UK would support at least 100 Escape Hunt sites and 50 Booms longer term. Today the group has 22 owner-operated Escape Hunt sites and 30 Boom sites in the UK, of which five are franchised. Internationally, the group has three owner-operated and 20 franchised Escape Hunt sites, and one owner-operated Boom site.

We are conscious of both our public duty towards and the benefits of developing a culture which embraces broader environmental, social and governance issues alongside commercial success. Last year we presented our first Streamlined Energy and Carbon Reporting ("SECR") report which set a base line for the business. We report again this year, and as we gather more data are confident of being able to show improvements, notably in our energy intensity measures. During the financial year, the business introduced a number of employee focused incentives and support structures through our THRIVE initiative, and we have made further progress on these initiatives during the year. We have a group bonus scheme for all centrally located staff, which aims to link individual reward to business success. We also have equity participation programmes available to all staff and appropriate site level incentivisation for site level employees.

Our board was unchanged during the period under review. We have a highly experienced board of directors who have made a significant contribution to the success of the business thus far, and to whom I would like to extend my thanks.

Finally, I wanted to thank all our people in the Group without whose efforts and dedication the business would not be the success it is today.

Outlook

The opportunity presented by the growth of experiential leisure continues to be attractive. Across both market segments, Escape Hunt and Boom are emerging as winners in the UK market, with growing market share, industry-leading customer ratings and best-in-class operating metrics. As market leaders in their respective segments, the businesses benefit from scale which has proven to be of increased importance in the current environment. The cost increases brought about by tax increases are now beginning to show and it is evident that a number of the weaker competitors are struggling. The number of new entrants also seems to be falling and we are starting to see evidence of consolidation. We believe XP Factory continues to be well placed to capitalise on the changes and to continue to expand.

Following the updated strategic plan communicated at the Capital Markets Day in March, both businesses have continued with site rollouts and the development of a robust pipeline. Performance of recent openings remains encouraging, with sites trading in line or ahead of board expectations. This reinforces confidence in the strategy, with a significant untapped UK growth runway remaining for both brands.

As flagged in prior trading statements, unseasonal weather impacted Q1 trading, with the warmest and sunniest UK spring on record particularly impacting demand for indoor activities. Encouragingly, both businesses have rebounded through Q2 to date, with underlying LFLs for Escape Hunt of 8.6% and Boom 0.2% in the subsequent 6 weeks to 10 August 2025. The improved trading momentum, combined with internal initiatives supports the board's cautious optimism about meeting full year market expectations.

Richard Rose

Chairman

31 August 2025

Chief Executive's Report

FY25 was a year of continued progress for XP Factory, with further revenue and EBITDA growth and cash generation. The company opened 4 sites in year and announced updated strategic targets to accelerate future openings and new FY28 targets centred on robust unit economics and an attractive UK runway. The business remains in a uniquely strong position as the market leader within its subsegments to capitalise on the growth in experiential leisure.

Group performance

Revenue was £57.8m, up 19% compared to the prior 12 month period, underpinned by LFL growth, new site openings, franchise acquisitions, and the annualisation effect of growth in the prior year. Pre-IFRS 16 EBITDA expanded to £6.6m, representing a margin of 11.4% on sales, a modest improvement on the 11.0% delivered in the 15 months to March 2024. Adjusted pre IFRS profit after tax was £1.9m, and £0.4m post IFRS.

The group's customer proposition has continued to evolve guided by customer trends and data driven insights. The customer experience remains our central pillar, and is reflected in industry-leading review scores with an average score of 98% across the estate (FY24: 98%). Gradual enhancements are being made to improve the estate, including selectively added capacity in sites with pent-up demand where space permitted.

During the year, XP Factory detailed its FY28 strategic targets at a Capital Markets Day, targeting £90m of revenue and £13m of pre-IFRS EBITDA in FY28, with underlying year end run rates of £100m and £15m respectively. The strategy is anchored in confidence in the group's industry leading unit economics and reflects the extensive runway identified in the UK market. Expansion is supported by a £10m Revolving Credit Facility from Barclays signed in year, providing flexibility to manage intra year working capital and site launch timings.

Escape Hunt

Escape Hunt has continued to deliver strong and consistent performance, with site-level revenue and EBITDA margins exceeding initial expectations. Revenue grew 7% in the 52 weeks to 30 March, with LFL sales up 3.2%. EBITDA margin also further expanded to 44% (FY24 42%). During the year, 3 new sites were launched; in Worcester, Glasgow and a co-located site in Cambridge; with Canterbury and an extension at Birmingham Resorts World opening shortly after year end. All new sites have opened strongly with initial performance consistent with targets and returns criteria.

Sales at the initial seven UK sites opened in 2018 remained stable at a high level, and 34% above pre-covid levels. Notably, this has been achieved largely with the original games which have remained in place seven years post launch, representing a much longer than expected lifespan. Subsequent sites also have continued to outperform expectations, benefitting from our cumulative learnings since inception on game design, site selection and operational excellence. In combination with enhanced landlord incentives these have driven improved returns on capital for successive cohorts.

Escape Hunt's strong performance has been consistent across towns and cities of varying affluence, catchment profiles, and competitive intensity. In addition, its destination appeal and a flexible and modular site layout enables it to trade effectively in a wide range of micro-locations, including less prominent and irregularly shaped units that would typically be

unsuitable for traditional retail which draws attractive offers from landlords. This consistency of performance across diverse environments underpins confidence in a longer UK runway.

As a result, the group is targeting an average of 8-10 new Escape Hunt openings per year to FY28, although these are likely to be back-end weighted in the three year period, resulting in 50-60 Escape Hunt sites in FY28. The Group would expect this to generate c£30m of revenue at c40% EBITDA margins. In the mid-term, XP Factory now sees a potential for at least 100 UK Escape Hunt sites where previously the expectation was closer to 50.

The pipeline remains active, with several sites under legal negotiation or evaluation. In addition to the Canterbury opening after period end, the Resorts World site has been extended from 5 to 8 rooms, and a new site in Sheffield is in build. A further 5 sites are in active legal discussions, with a vibrant pipeline of additional opportunities beyond this.

Escape Hunt continues to innovate its product portfolio, launching three new Escape Room themes during the year, bringing the portfolio of Escape Room themes to 15, and the total catalogue of Escape Hunt games to 30. These latest additions distil 7 years of guest feedback and games design innovation into uniquely immersive experiences. Encouragingly these games deliver the highest customer review scores and repeat visit rates across the estate. The introduction of themed Escape Hunt cocktails, tailored to specific rooms, has elevated the drink offering and contributed to an increase in wet spend.

Boom Battle Bar

FY25 represented another year of progress for Boom, consolidating learnings across the estate following a rapid new site roll out through 2022. Revenue grew to £42.2m, representing 29% growth in the 52 week period to 30 March 2025. Growth was driven by LFL growth of 2.3%, franchise acquisitions, the opening of the new Cambridge site, and annualisation effects. Pre IFRS 16 Adjusted EBITDA margin also expanded from 17% to 18% as the estate matured.

The co-located Cambridge opening and the Reading opening after period end showcase learnings from the 30 prior launches. Both sites are in high-footfall, premium locations, supporting local awareness and spontaneous visits which are particularly important for Boom. Site layouts were optimised based on detailed analysis of historical sites and their marginal returns by asset type – designed to maximise expected contribution per square foot. The launch also brought together Boom's most vibrant team members from sites across the country to embed the unique Boom brand identity into the team.

These enhancements in new site openings, from location selection to fitout design to operational execution, reflect the benefits of Boom's scale as market leader within the competitive socialising sector. The impact of this is evident in performance, with Cambridge and Reading delivering the strongest opening weekends of any Boom site since inception.

Going forward, Boom will continue to focus on selective openings in premium locations, with a target to open 2-4 new sites per year to FY28, similarly back-ended. This drives the company's target to reach 35-40 Boom sites in FY28, contributing c£60m of revenue at a 20% margin, consistent with historic trends.

Five Boom franchise sites were acquired during FY25; Aldgate, Bournemouth, Ipswich, Southampton and Wandsworth. Post acquisition performance has been in line with management's expectations, with franchise sites typically showing an uplift upon

implementation of owner-operated best practice after acquisition. We will continue to consider future franchise acquisitions if incremental returns exceed internal hurdle rates.

As the group has scaled, XP Factory has been able to secure materially improved supplier terms as contracts reach renewal. Many of the original agreements were established when the group had significantly less scale and brand recognition. As these agreements mature, they are being renewed or renegotiated on more favourable terms, driving material cost savings reflecting the group's stronger negotiating position.

People and culture

XP Factory has continued to invest in an exceptional team capable of building a sustainable and scalable business, whilst fostering a culture which nurtures and develops talent, embraces best practices, and operates with integrity, honesty and enthusiasm. We are proud to offer opportunities for internal progression to our most talented team members, with many having progressed from site roles to central functions including in operations, guest services, finance and legal.

Investments in data and technology continue to enhance decision-making, guest experience, and efficiency across the business. Examples include

- Analytics: Real-time insights now inform on decisions across the business, supporting site enhancements, pricing strategy and have helped to guide the group's mid-term strategy
- Customer journey: Both brands have been consolidated onto one booking system, with streamlined booking flows and additional add-ons to boost average basket size
- Internal support: Business reporting has been improved with the transition to a new finance system, allowing enhanced and faster reporting. In parallel, the group has developed an internal app to streamline site operations, and an internally developed chatbot to assist guest services and improve customer response times

We continue to explore how technology can support the business and augment the customer experience with various initiatives in active development.

Strategic objectives

During the year we outlined the details of our near-term strategic objectives, components of which have been described above. In summary, our strategy is built around three pillars:

Site Expansion

Accelerate the expansion of Escape Hunt in the UK targeting an average of 8 – 10 new sites per year over a three year period. Within Boom, we aim to continue to expand, targeting an average of 2 – 4 new sites per year over a three year period, prioritising premium locations. Focus will initially remain on the UK market, whilst international expansion is seen as a significant incremental medium term opportunity.

Unit economics

The business is investing in data and systems to implement key learnings which underpin the success of the brands. Tactically, investment is aimed at expanding capacity to unlock pent up demand whilst technology investment is being made to drive cost efficiency and product enhancements.

Central costs

In time, operational leverage is expected to benefit the group resulting in a reduction on the ratio of central costs to group revenue. In the mid term the target is to achieve a central cost ratio of 10% - 12.5% of group revenue.

Current Position and longer-term opportunity

The group is seeing the benefits from enhanced scale and is expanding the competitive advantages. By design, the business model is capital efficient with a fast pay back on investment, as well as being modular and scalable. This allows the company to deliver a consistent and quality customer experience, enabling strong growth and superior returns on capital. Key company strengths include:

- Standardised modular formats and automated games
- Expanding data lake, enabling the implementation of best practice across the estate and accelerating the speed to maturity of new sites
- Increasing brand equity with consistently strong customer reviews and growing awareness
- Cost advantages with modular off-site build construction
- Attractiveness to landlords driving improved rent conditions and incentives on new builds
- Enhanced supplier terms at scale

Outlook and post period end

The opportunity presented by the growth of experiential leisure remains as attractive today as it was when XP Factory (then Escape Hunt) started its journey. Escape Hunt has settled into an attractive and consistent rhythm, producing high site level margins and attractive returns on capital. Boom's performance has continued its gradual improvement, with site level EBITDA margins approaching the targeted 20% and returns on capital exceeding 50%.

In the near term, as noted in prior trading statements and by other industry participants, after a strong start to the calendar year, XP Factory saw a slowdown through fiscal Q1. This was heavily impacted by unfavourable weather comparisons with the warmest and sunniest spring on record which reduced demand for indoor activities. In addition, a deterioration in business confidence related to rising minimum wage and national insurance costs, amongst other factors, impacted B2B bookings. As a result, Q1 trading was challenging and resulted in negative LFLs of -3.5% for Escape Hunt and -6.4% for Boom.

Encouragingly, as these external factors have started to normalise, trends have subsequently improved with underlying LFL growth of 8.6% and 0.2% for Boom in the subsequent 6 weeks to 10 August, the latter excluding the final week of the 2024 Euros. Meanwhile, improved B2B momentum has driven bookings growth back in to positive territory at 2%, providing optimism ahead of the all-important festive period.

Whilst the material increases to labour costs associated with increases in minimum wage and national insurance have impacted labour ratios, the company has mitigated against these factors with a sharpened focus on cost management. As market leader within its respective segments, the company is well positioned to manage these challenges.

The enhanced scale achieved through expansion has further strengthened this position, which has enabled the negotiation of materially improved terms across several supplier contracts. By

contrast, we are beginning to see signs of consolidation among sub-scale operators for whom these pressures are proving more difficult to manage.

Based on the improved trajectory in recent months, and internal initiatives, we remain cautiously optimistic about meeting market expectations for the full-year. In the mid-term, we remain excited by the significant untapped growth runway ahead for both brands and will continue to deliver on the targeted expansion outlined in our strategy.

Financial Review

Revenue

Group revenue for the year to 31 March 2025 grew 19% to £57.8m compared to £48.6m (unaudited) in the year to 31 March 2024*, a modest increase over the £57.3m delivered in the 15 months to 31 March 2024. The growth was delivered from the full year effects of the new Boom and Escape Hunt sites opened and acquired during FY24, further site openings in the current period and underlying like-for-like growth.

	Year ended 31 March 2025 £'000	Fifteen months ended 31 March 2024 £'000
New site upfront location exclusivity fees, support and administrative fees	216	354
Franchise revenues	1,224	2,339
Owned branch game revenues	28,995	31,085
Owned branch food and drinks revenues	25,419	22,188
Volume based rebates on food and drink purchases	1,176	1,012
Other	788	361
Total	57,818	57,339

* 12 months to 31 March 2024 are Unaudited

Within the Escape Hunt owner operated estate, revenue grew 7% in the 52 weeks to 30 March 2025, resulting in total owner-operated sales of £14.2m from Escape Hunt up from £13.3m (unaudited) in the comparable prior year period. Of the c.£1.0m increase delivered in the period, £0.4m was delivered from like for like sales growth, representing annual like-for-like growth of 3.2%, £0.7m came from new sites opened in the year and £0.2m from the full year effects of sites opened in the prior year. These increases were offset by a reduction of £0.2m of sales from the closure of our original Norwich site.

The Boom owner operated estate revenue rose 29% in the 52 weeks to 30 March, an increase of c.£9.4m on the equivalent 52 week period, resulting in owner-operated sales of £42.2m in the financial year. The increase was delivered through a combination of like-for-like growth of £0.7m representing 2.3% annual like-for-like growth across the estate, £4.2m from the acquisition of former franchise sites, £0.9m from new sites opened in the period and £3.7m from the full year effects of sites opened or acquired in the prior period. Within the estate, 3 underperforming sites were put under strategic review. Since year one of these has closed, a decision has been made to close the second and the third site is under review. Note that the first two sites are currently on turnover-related rent deals only, and the third site has a 'zero' rent deal.

At the start of the reporting period, the estate comprised 20 owner operated sites. One new site was opened and a further five franchise sites were brought under owner operation, bringing the total to 26 owner-operated sites.

The Escape Hunt franchise network delivered turnover of £0.6m, unchanged from the comparable 12 months in the prior year. The Boom franchise business delivered turnover of £0.8m, a reduction of 50%

compared to the same period in the prior year. The reduction was as a result of the acquisition of franchise sites in the year and the full year impact of the acquisition of franchise sites in the prior year.

Gross profit

Cost of sales includes the variable labour cost at sites and other direct cost of sales, but not fixed salaries of site staff, whose costs are included as site level administration costs.

Gross profit rose 17% to £36.9m from £31.7m (unaudited) in the comparable 12 month period in the prior year. Gross margin at Group level is impacted by the mix of sales between Boom and Escape Hunt and between franchise and owner operated performance. Gross margin within the Escape Hunt owner operated network remained consistent at 71%, the same level achieved in the 15 months to March 2024. Boom gross margins improved modestly from 59% to 60%.

Site level EBITDA and Adjusted EBITDA

Site level Adjusted EBITDA is a key performance measure for the business and is calculated before IFRS 16 adjustments. The Escape Hunt owner operated estate delivered £6.2m pre IFRS 16 site level EBITDA, representing a 44% EBITDA margin, slightly up on the 42% margin achieved in the 15 months to 31 March 2024.

Boom owner operated estate delivered a pre IFRS 16 site level EBITDA of £7.6m, representing a margin of 18%, an improvement on the 17% margin achieved in the 15 month period to 31 March 2024 and a further step towards the Board's internal targets of 20% plus. The divisional margin has been diluted by some lower performing sites where action plans are in place to improve performance or close the site.

Adjusted EBITDA is a key performance indicator for the Company. The Group recorded an increase in the reporting period, with pre IFRS16 Adjusted EBITDA profit rising to £6.6m, representing an Adjusted EBITDA margin of 11.4% compared the 11.0% margin achieved in the 15 months to 31 March 2024. After IFRS16, Adjusted EBITDA was £10.5m, representing a post IFRS16 Adjusted EBITDA margin of 18.2%, an improvement from the 17.3% achieved in the 15 months to 31 March 2024.

	Escape Hunt Owned	Escape Hunt Franchise	Boom Owned	Boom Franchise	Unallocated	Year to 31 March 2025 £'000
Sales	14,213	606	42,165	834	-	57,818
Pre IFRS 16 Adjusted site level EBITDA	6,206	611	7,580	839	-	15,236
Site level EBITDA margin	44%	101%	18%	101%		26%
Centrally incurred costs	(1,538)	(5)	(1,103)	-	(6,024)	(8,670)
Pre-IFRS Adjusted EBITDA	4,668	606	6,477	839	(6,024)	6,566
IFRS adjustments (net of pre-opening)	645	-	3,289	-	-	3,934
Adjusted EBITDA	5,313	606	9,766	839	(6,024)	10,500

	Escape Hunt Owned	Escape Hunt Franchise	Boom Owned	Boom Franchise	Unallocated	15 months to Mar 2024 £'000
Sales	16,726	828	37,513	2,272	-	57,339
Pre IFRS 16 Adjusted site level EBITDA	7,035	799	6,245	2,256	-	16,335
Site level EBITDA margin	42%	96%	17%	99%	-	28%
Other income	-	-	3	-	-	3
Centrally incurred costs	(1,814)	(201)	(921)	(112)	(6,961)	(10,007)
Pre-IFRS Adjusted EBITDA	5,221	598	5,326	2,144	(6,961)	6,328

IFRS adjustments (net of pre-opening)	618	-	2,976	-	-	3,594
Adjusted EBITDA	5,839	598	8,302	2,144	(6,961)	9,922

Centrally incurred costs (before pre-opening costs) totalled 8.7m, representing 15.0% of group turnover, compared to £10.0m representing 17.3% of turnover in the 15 months to 31 March 2024. Of this, £6.0m was unallocated central costs (10.4% of group turnover) compared to £7.0m (12.0% of group turnover) in the previously reported 15 month period. The Group's longer term goal is to contain total central costs to between 10% and 12.5% of group sales with the expectation of achieving this largely through revenue growth.

Operating profit

A reconciliation between statutory operating profit and Adjusted EBITDA is shown below.

	<i>Year to 31 March 2025</i>	<i>15 months ended 31 March 2024</i>
	<i>£'000</i>	<i>£'000</i>
Pre IFRS 16 and Adjusted EBITDA	6,566	6,328
IFRS 16 adjustments (excl pre-opening)	3,934	3,594
Adjusted EBITDA	10,500	9,922
Depreciation and amortisation	(6,607)	(6,913)
Loss on disposal of assets	(115)	(202)
Branch closure costs and dilapidations provision	(268)	(50)
Foreign currency gains / (losses)	(8)	(24)
IFRS 9 provision for guarantee losses	12	24
Share-based payment expense	(49)	(73)
Adjusted Operating profit	3,465	2,684
Branch pre-opening costs	(799)	(915)
Contract termination and other exceptional (costs) / gains	(857)	160
Gain on disposal of subsidiary	-	480
Fair value adjustment	-	(312)
Operating profit	1,809	2,097

Adjusted Operating profit rose to £3.5m from £2.7m in the 15 months to 31 March. Statutory operating profit was £1.8m compared to £2.1m in the 15 months to March 2024. The 15 month period to 31 March 2024 included a £312k fair valuation loss related to the revaluation of contingent consideration, as well as a £480k gain on closure of subsidiary, which arose on the final liquidation of the legacy subsidiaries in Seychelles, Malaysia and Thailand connected with the original acquisition of Experiential Ventures in 2017, and a further £240k notional gain on the finalisation of the acquisition of the Boom site in Cardiff.

The operating profit is after £0.8m pre-opening costs (15 Months to 31 March 2024: £0.9m) relating to openings of both Boom and Escape Hunt sites during the year. £0.4m related to Boom sites and £0.4m to Escape Hunt sites. Pre-opening costs comprised the following:

Pre-opening costs	Escape Hunt £,000	Boom £'000	Total £'000
Admin and marketing	106	84	190
Property costs	49	4	53
Cost of sales - consumables	4	26	30
Training / site staff costs	19	19	38
Central staff marketing and training	233	269	502
Pre IFRS 16	411	402	813

Rent accruals	(1)	(13)	(14)
Post IFRS 16	410	389	799

The largest components of Exceptional costs / gains in the current year relate to restructuring costs related to the central cost reduction exercise in the latter part of the 2024 calendar year together with the contract exit costs relating to onerous media contracts at Boom sites. The 15 month comparative includes significant credits relating to post acquisition completion adjustments on franchise sites acquired in the 15 month period.

Exceptional and non-recurring items	<i>Year to 31 March 2025</i>	<i>15 months ended 31 March 2024</i>
	<i>£'000</i>	<i>£'000</i>
Restructuring costs	(246)	-
Exceptional legal and other fees	(59)	(103)
Debt early redemption fees	(62)	-
Onerous contracts write off	(490)	-
Post acquisition revaluations	-	277
Total	(857)	174

Adjusted Earnings per share more than doubled to 0.23p per share compared to 0.1p for the 15 months to March 2024. On a statutory basis, the loss was 0.71p per share compared to a loss of 0.27p for the 15 months to March 2024.

Cashflow and capital expenditure

The Group generated £7.6m of cash from operations (15 months to 31 March 2024: £11.1m) on a post IFRS16 basis, and £3.3m on a pre-IFRS16 basis. Although the Group inherently has a negative working capital cycle, there was a net outflow of £1.0m from working capital driven partly by higher supplier rebates invoiced at the end of the financial year, received after year end, together with a net reduction in trade payables, which include invoices relating to capital expenditure. £7.4m was invested in tangible fixed assets. This comprised total investment of £4.1m within Boom owner-operated sites and £3.3m in Escape Hunt owner operated sites. The spend was offset by landlord capital contribution receipts of £1.0m.

Within Boom, a total of £2.1m related to investment in new sites, principally the new site opened during the year Cambridge as well as a modest amount of capex in acquired franchise sites and some spend on the new site in Reading, which opened after the financial year end. £0.9m was directed to existing sites to make improvements and expand capacity, and £1.0m reflects maintenance capex.

A total of £3.3m was invested into Escape Hunt of which £2.2m was invested in new sites, including Worcester, Glasgow, Cambridge and Canterbury, which opened post year end, as well as £0.3m towards games stock for sites not yet signed. £0.4m was invested in extending existing sites through the addition of new rooms and the conversion of previous virtual reality rooms. The remaining £0.7m was spent on maintenance capex.

Investment in intangibles totalled £248k, of which £20k was in Boom (largely branding and IP related), £110k in Escape Hunt (related to games), and £117k centrally (IP and portal development).

Whilst the acquisitions of Boom franchises in Southampton and Bournemouth were both partly funded by vendor loans, some cash was paid on acquisition. More details on specific acquisitions can be seen in note 15 to the preliminary financial statements. In total, £0.6m was paid out in connection with the acquisition of former franchise sites, whilst £0.3m is repayable to the Group by the vendors over 2 – 3 years.

New vendor loans in respect of the acquisitions made during the year totalled £0.5m. A total of £1.1m new and existing vendor loans were repaid in the year, leaving £0.6m vendor loans outstanding at 31 March 2025 (31 March 2024: £1.2m).

The biggest movement in relation to debt was the successful signing of the £10m revolving credit facility with Barclays in October 2024. At year end, £4.5m had been drawn, together with £0.2m of new funding related to the Group's annual insurance, whilst £1.4m of bank and other debt, including prior year insurance funding, was repaid. In addition, £0.9m of fitout finance (including finance leases) was repaid and £0.2m new debt raised.

£'000	Op Bal	Acquisitions	New debt cash in	Repayments cash out	Reclassified	Closing Balance
Vendor Loans	1,156	501	-	(1,045)	(5)	607
Fit out finance	1,479	40	154	(857)	(39)	777
Bank and other	1,224	0	4,748	(1,369)	0	4,603
Total	3,859	541	4,902	(3,271)	(44)	5,987

Cash at 31 March 2025 was £1.1m (31 Mar 2024: £3.9m), and net debt, excluding IFRS 16 lease liabilities was £4.9m (2024: net cash £0.1m).

Balance sheet

Net assets as at 31 March 2025 were £23.7m (31 March 2024: £25.0m).

The net book value of property plant and equipment rose to £25.2m from £19.4m reflecting the capital investment programme and franchise acquisitions offset by depreciation in the year.

Right of use assets rose from £20.3m to £26.9m, reflecting the IFRS 16 treatment of new leases signed in the year as well as acquisitions of franchise sites, offset by depreciation. Landlord incentives of £1.2m (£1.0m of which was received in cash), were offset against the value of right of use assets in accordance with IFRS treatment during the financial year period. The increase is reciprocated by an increase in lease liabilities to £37.2m from £29.8m.

Whilst ordinarily the value of right of use assets would offset the value of lease liabilities exactly, there are three factors which cause a significant mismatch between the two balance sheet items, both at inception and subsequently over the period of the lease.

- Firstly, as mentioned above, landlord incentives are offset against right of use asset under IFRS16 treatment. As the majority of Boom sites have received substantial cash contributions from landlords, this has led to a significant difference between the value of the lease liability and the value of the right of use asset at the inception of the lease.
- Secondly, where sites benefit from rent free or reduced rental periods at the start of the lease, the value of the lease liability will increase until the full rental is payable. However, the right of use asset is depreciated from the date of inception, further exacerbating the difference in values.
- Finally, the right of use assets are depreciated on a straight line basis, whereas the treatment of the lease liabilities leads to higher interest charges in the early years of the lease. As a result, the liability will reduce more slowly at the start of the lease than towards the end.

Key Performance Indicators

The Directors and management have identified the following key performance indicators ('KPIs') that the Company tracks for each of its operating brands. These will be refined and augmented as the Group's business matures:

- Numbers of owner-operated sites: 26 Escape Hunt sites and 26 Boom Battle Bar sites as at 31 March 2025 (2024: 23 Escape Hunt and 20 Boom Battle Bar)
- Numbers of franchised sites: 20 Escape Hunt sites and 5 Boom Battle Bar sites as at 31 March 2025 (2024: 22 Escape Hunt and 10 Boom Battle Bar)
- Site level revenue: £56.4m in the year to 31 March 2025 (£54.3m in the 15 months to 31 March 2024)
- Pre-IFRS 16 adjusted site level EBITDA: £15.2m in the year to 31 March 2025 (£16.3m in the 15 months to 31 March 2024)
- Franchise revenue: £1.4m in the year to 31 March 2025 (£3.1m in the 15 months to 31 March 2024)
- Central costs before adjusting items: £8.7m in the year to 31 March 2025 (£10.0m in the 15 months to 31 March 2024)
- Adjusted EBITDA, before IFRS 16 for the Group: £6.6m in the year to 31 March 2025 (£6.3m in the 15 months to 31 March 2024)

The Company monitors performance of the owner-operated sites on a weekly basis. The Board also receives monthly updates on the progress on site selection, site openings and weekly as well as monthly information on individual site revenue and site operating costs. Monthly management accounts are also reviewed by the Board which focuses on revenue, site profitability and adjusted EBITDA as the key figures.

Both the number of franchised branches as well as their financial performance are monitored by the management team and assistance is provided to all branches that request it in terms of marketing advice as well as the provision of additional games.

The key weekly KPIs by which the UK and owner-operated business is operated are the site revenue (including UK franchise sites), gross margins (in the case of Boom sites) marketing spend and staff costs and consequent ratio of staff costs to revenue. Total revenue is tracked against budget, adjusted for seasonality, number of rooms open and the stage in the site's maturity cycle. Staff costs are measured against target percentages of revenue. The effectiveness of marketing is assessed by observing revenue conversion rates and the impact on web traffic, bookings and revenue from specific marketing campaigns.

The Company's systems track performance on both a weekly and a monthly basis. These statistics provide an early and reliable indicator of current performance. The profitability of the business is managed primarily via a review of revenue, adjusted EBITDA and margins. Working capital is reviewed by measures of absolute amounts.

Graham Bird

Chief Financial Officer

31 August 2025

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2025

The Directors present their report together with the unaudited preliminary financial statements of the Group for the year ended 31 March 2025.

Principal activities

The principal activities of the Group are that of operating consumer facing leisure brands offering immersive experiences.

The Group currently operates two brands, each of which is developing a network of locations, either owned and operated directly or franchised. Escape Hunt is a global leader in providing escape-the-room experiences delivered through a network of owner-operated sites in the UK, an international network of franchised outlets, and through digitally delivered games which can be played remotely. There are no overseas branches operated by UK companies within the group.

Boom Battle Bar is a fast-growing network of owner-operated and franchise sites in the UK and UAE that combine competitive socialising activities with themed cocktails, drinks and street food in a setting aimed to be high energy and fun.

Cautionary statement

The review of the business and its future development in the strategic report has been prepared solely to provide additional information to shareholders to assess the Company's strategies and the potential for these strategies to succeed. It should not be relied on by any other party for any other purpose. The review contains forward-looking statements which are made by the Directors in good faith based on information available to them up to the time of the approval of the reports and should be treated with caution due to the inherent uncertainties associated with such statements.

Results and dividends

The results of the Company will be set out in detail in the audited Financial Statements.

Given the nature of the business and its growth strategy, the Board does not recommend a dividend this year, nor does it expect to in the near future. The Directors believe the Company should focus on growing the network and improving performance to generate profits to fund the Company's growth strategy over the medium term.

Business review and future developments

Details of the business activities and developments made during the period can be found in the Strategic Report and in Note 1 to the Preliminary financial statements respectively.

Business relationships with suppliers, customers and others

Details of how the business has considered relationships with suppliers, customers and others, and the effect this regard has had, including on the principal decisions made in the year, can be found in the Strategic Report.

Streamlined Energy and Carbon Reporting

The Group presents its global greenhouse gas (GHG) emissions and energy use data under Streamlined Energy and Carbon Reporting (SECR) for the year ended 31 March 2025.

	Year ended 31 March 2025	15-month period ended 31 March 2024
Emissions (tCO₂e)		
Scope 1: Combustion of gas	46.2	60.6
Scope 2: Purchased electricity	772.1	709.5
Total Scope 1 and 2	818.3	770.1
Scope 3: Other indirect	129.2	166.2
Total Scope 1, 2 and 3	947.6	936.3
Energy Consumption (kWh)		
Scope 1: Combustion of gas	250,652	331,197
Scope 2: Purchased electricity	3,625,806	3,341,140
Total Scope 1 and 2	3,876,458	3,672,337
Scope 3: Other indirect	267,305	343,856
Total Scope 1, 2 and 3	4,143,764	4,016,193
Intensity Ratio (kgCO₂e per m²)	28.9	34.3
Intensity Ratio (kgCO₂e per £1k turnover)	16.4	16.3

Methodology

- Base data was provided to the external consultant and converted using DEFRA 2024 Conversion Factors in line with Environmental Reporting Guidelines (2019) as most of the financial year falls into the calendar year 2024, and International Carbon Factors for Global Energy
- Global energy has been included for sites situated in the UAE, France and Belgium with regional carbon factors applied.
- Spend based data was provided for business-travel, and this was converted to total distance (km) based on cost per km, extracted from Department for Transport, Office of Rail and Road, Transport for London, or other appropriate regulatory body.
- Energy for all UK sites is procured from a renewable tariff, therefore market-based emissions are reported. The international sites in Belgium, France and Dubai are not procured from a renewable tariff. Location based reporting has also been used for all sites.
- 26 Franchise locations outside of the control of XP Factory PLC have been excluded from the environmental reporting boundary, as they fall outside the group's financial control
- Due to a lack of available data, energy use and emissions at the Woking site were estimated using a benchmark derived from other Escape Hunt locations. The site's energy consumption was calculated at 67 kWh/m², resulting in an estimated total of 18,736 kWh for its 280 m² area.

This is the second year of reporting under the SECR framework, and the group has continued to engage with an external consultant to maintain a comprehensive and accurate baseline of energy usage across all operational sites which can now be compared year on year. The Group actively monitors energy intensity ratios as a key performance indicator alongside other waste and recycling measures to assess progress.

Further information on the Group's non-financial, sustainability and corporate governance matters is set out in the strategic report.

Research and development activities

The Group has historically invested in research and development activities relating to software and intellectual property that supports the Group's experiential leisure activities. It remains part of the Group's strategy to further invest in selected areas which will enhance the Group's operating and data analytic capabilities. Further details of the Group's strategic objectives are set out in the strategy report.

Employment policies

The Group has employment policies which give full and fair consideration for the employment of disabled persons, having regard to their particular aptitudes and abilities. Where possible, the Group will make appropriate, sympathetic changes and provide training to continue the employment of any employees who become disabled whilst in the employment of the Group and will otherwise provide training and support the career development and promotion of any such employees.

Employee engagement

The Group attaches importance to good communications and relations with employees. Information that is or may be relevant to employees in the performance of their duties is circulated to them on a regular basis, or immediately if it requires their immediate attention. There is regular consultation with employees through meetings or other lines of communication, so that their views are known and can be taken into account in making decisions on matters that will or may affect them. Employee participation in their venue's performance is encouraged and there is regular communication with all employees on the performance of their particular venue or central function and on the financial and economic factors affecting the overall performance of the Group.

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he/ she ought to have taken as a director to make himself/ herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Financial instruments and risk management

Disclosures regarding financial instruments are provided within Note 30 to the Preliminary financial statements.

Capital structure and issue of shares

Details of the Company's share capital, together with details of the movements during the period are set out in Note 23 to the Preliminary financial statements. The Company has one class of ordinary share which carries no right to fixed income.

During the year, the Company undertook a court sanctioned capital restructuring to enable it to transfer the balance in the Share Premium Account to distributable reserves. The restructuring was formally approved on 25 March 2025 and became effective on 28 March 2025.

Post balance sheet events

Since the period end, there has been significant volatility in international markets with the implementation of import tariffs and trade conflict brought about by the Trump government in the USA, escalation and subsequent ceasefire of the war in the Middle East, ongoing conflict in Ukraine, and announcements by almost all NATO countries of planned increases in military spending. Whilst interest rates have fallen, the pace of reduction is slower than was expected at the start of the year, as inflation has remained higher than hoped. Within the UK, there have been mixed signals with fears of further tax rises offsetting other

factors which could otherwise be positive for consumers. How these factors and the general economic environment will impact the business is unknown and they do not provide any further information impacting the financial performance or position of the Group as at 31 March 2025.

Board of Directors

The Directors of the Company who have served during the year and at the date of this report are:

Director	Role	Date of appointment	Date of resignation	Board Committee
Richard Rose	Independent Non-Executive Chairman	25/5/2016		N A R
Richard Harpham	Chief Executive Officer	3/5/2017		
Graham Bird	Chief Financial Officer	6/1/2020		
Martin Shuker	Independent Non-Executive Director	29/6/2022		N A R
Philip Shepherd	Independent Non-Executive Director	29/6/2022		N A R

Richard Harpham was first appointed on 25 May 2015 and resigned on 15 June 2016. He was subsequently re-appointed on 3 May 2017.

Board Committee abbreviations are as follows: N = Nomination Committee; A = Audit Committee; R = Remuneration Committee

The Board comprises two Executive and three Non-Executive directors.

Richard Rose, Independent Non-Executive Chairman

Richard has a wealth of experience chairing high profile boards. Previously he has been CEO of two multi-site quoted businesses where he significantly increased shareholder value. Since then he has held a number of Chairman roles including Booker Group plc (retiring in 2015 after three terms) and AO World plc where he retired in 2016. He has been Non-Executive Chairman of Watchstone Group plc since May 2015 is also Chairman of IB Group Ltd since October 2018.

Richard is a member of the Remuneration Committee, the Audit Committee and the Nomination Committee of the Company.

Richard Harpham, Chief Executive Officer

Richard joined the Company on its admission to AIM in May 2017 having worked since November 2016 with the Escape Hunt (now XP Factory) management team. Richard's prior role was with Harris + Hoole, having been Chief Financial Officer and then Managing Director, responsible for its turnaround. Before this, Richard spent over four years at Pret A Manger as Global Head of Strategy. Richard has also held a number of strategic and financial positions at companies including Constellation Brands, Shire Pharmaceuticals and Fujitsu Siemens Computers.

Graham Bird, Chief Financial Officer

Graham, who joined the Company in January 2020, has significant experience in financial and City matters and in growing small businesses. He is a chartered accountant, having qualified with Deloitte in London, and has worked in advisory, investment, commercial and financial roles. Prior to joining XP Factory, Graham was one of the founding employees at Gresham House plc ("Gresham House") where, in addition to supporting the growth of Gresham House, he was responsible for establishing and managing the successful strategic equity business unit which focuses on both quoted and unquoted equity investments. Prior to joining Gresham House, Graham spent six years in senior executive roles at PayPoint Plc ("PayPoint"), including director of strategic planning and corporate development and executive chairman and president of PayByPhone. Before joining PayPoint, he was head of strategic investment at SVG Investment Managers, having previously been at JPMorgan Cazenove, where he served as a director in the corporate finance department.

Martin Shuker, Independent Non-Executive Director

Martin has had a long and distinguished career with Yum Brands, the US Fortune 500 Global hospitality business. He spent 24 years in a variety of leadership roles, most recently as Managing Director KFC Western Europe where he had full strategic, growth and operational responsibility over 1,700 restaurants and 165 franchisees which generated £2.3 billion in sales and £120 million of profit.

As MD of KFC UK, he more than doubled sales in the UK to £1.3 billion and met or exceeded targets in 11 of 13 years.

Martin has demonstrated his ability in consistently achieving growth and bottom-line performance of established owner-operated and franchise businesses over a long period of time and has relevant experience in entering new territories through franchise routes. He successfully opened new markets in a number of European countries and has demonstrated his ability to both manage an established franchise network as well as establishing new networks in new territories.

Prior to YUM, Martin had a variety of marketing roles with United Biscuits.

Martin is chairman of the Company's Remuneration Committee.

Philip Shepherd, Independent Non-Executive Director

Philip is a former partner of PricewaterhouseCoopers ("PwC"), where he originally trained in audit and tax, qualifying as an ACA in 1987.

Following a career in corporate finance and transaction advisory services, Philip returned to PwC in 2004 working both in the UK and overseas, leading Strategy and Deals practices, with a particular focus on the hospitality and leisure sectors. Since leaving PwC in 2018, he has held a number of board and advisor roles, again with a focus on hospitality and leisure. He regularly travels abroad where he advises, and speaks, on the experiential leisure market and start up opportunities. Philip combines his experience in accounting and audit with deal evaluation and execution and has a deep understanding of the hospitality and leisure markets both in the UK and globally.

Philip is chairman of the Company's Audit Committee.

Directors' interests in shares

Directors' interests in the shares of the Company at the date of this report are disclosed below. Directors' interests in contracts of significance to which the Company was a party during the financial period are disclosed in note **Error! Reference source not found.** to the Preliminary financial statements.

Director	Ordinary shares held	% held
Richard Rose	53,666	0.03
Richard Harpham	964,878	0.55
Graham Bird	2,033,511	1.16
Philip Shepherd	62,163	0.04
Martin Shuker	Nil	0.00

XP Factory Plc owns all the ordinary shares in its subsidiary, Escape Hunt Group Ltd ("EHGL"). EHGL issued a total of 1,000 Growth shares in 2017 to three then directors and employees. These have subsequently all been bought back. As at 31 March 2025, XP Factory owns 100% of the Growth shares. The Growth shares carry no voting rights and are not entitled to any dividends that may be paid by EHGL.

Directors' interests in options

The following options have been granted to certain Directors under the Escape Hunt Plc 2020 EMI Share Option Scheme. The options vested over three years and were subject to achieving certain performance conditions related to share price appreciation over a four year period. These conditions were all fulfilled.

Director	Options held	Exercise price	Options vested	Date of Grant	Expiry date
Richard Harpham	5,333,333	7.5 pence	5,333,333	16 July 2020	16 July 2027
Graham Bird	3,733,333	7.5 pence	3,733,333	16 July 2020	16 July 2027

No directors exercised any options during the year.

Substantial interests

As at 31 March 2025 the Company has been advised of the following significant interests (greater than 3%) in its ordinary share capital:

Shareholder	Ordinary shares held	% held
Canaccord Genuity Wealth Management	32,734,656	18.69%
BGF GP	23,674,420	13.52%
Allianz Global Investors (London)	12,250,000	6.99%
Abrdn plc (Interactive investor)	11,141,487	6.36%
Hargreaves Lansdown, stockbrokers (EO)	9,548,150	5.45%
Stephen Lucas	7,233,024	4.13%
Raymond James Investment Services	6,466,088	3.69%
Oberon investments	5,633,731	3.22%
Teviot partners	5,390,000	3.08%

Except as referred to above, the Directors are not aware of any person who was interested in 3% or more of the issued share capital of the Company or could directly or indirectly, jointly or severally, exercise control.

Directors' insurance

The Company has maintained directors' and officers' liability insurance throughout the period for the benefit of the Company, the Directors and its Officers.

Going Concern

The time horizon required for the Going Concern Statement is a minimum of 12 months from the date of signing the financial statements. Consistent with prior periods, the Directors have adopted an assessment period of 18 months and run forecasts for a three-year period from the period end date of 31 March 2025.

In determining whether there are material uncertainties, the Directors consider the Group's business activities and principal risks. The Directors' reviewed the Group's cash flows, liquidity positions and borrowing facilities for the going concern period.

There has been no material uncertainty identified which would cast significant doubt upon the Group's ability to continue using as a going concern. As such, the Directors considered it appropriate to adopt the going concern basis of accounting in the preparation of the Group's financial statements.

Annual General Meeting

The Annual General Meeting (AGM) will be held on 29 September 2025.

Signed by order of the board

Graham Bird

Chief Financial Officer

31 August 2025

PRELIMINARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 31 March 2025

All figures in £'000s

		Year ended	15 month period
		31 March	31 March
		2025	2024
Continuing operations	Note		
Revenue	4	57,818	57,339
Cost of sales	6	(20,834)	(20,291)
Gross profit		36,984	37,048
Other income		92	3
Fair value adjustment on contingent consideration	22	-	(313)
Administrative expenses	6	(35,267)	(34,641)
Operating profit	6	1,809	2,097
Adjusted EBITDA		10,500	9,922
Amortisation of intangibles	13	(265)	(786)
Depreciation of property plant and equipment	11	(3,841)	(3,653)
Depreciation of right-of-use assets	12	(2,501)	(2,474)
Loss on disposal of tangible assets	11	(110)	(104)
Loss on disposal of intangible assets	13	(5)	(98)
Dilapidations provision	22	(236)	-
Branch closure costs		-	(50)
Branch pre-opening costs		(799)	(915)
Provision against loan to franchisee	16	(32)	(14)
Provision for guarantee losses	22	12	24
Exceptional costs and gains	6	(857)	174
Gain on closure of subsidiary	14	-	480
Foreign currency losses		(8)	(24)
Fair value movements on provisions	22	-	(313)
Share-based payment expense	25	(49)	(72)
Operating profit		1,809	2,097
Net Interest charged	8	(370)	(242)
Lease finance charges	12	(2,685)	(2,394)
Loss before taxation		(1,246)	(539)
Taxation	9	(5)	119
Loss after taxation		(1,251)	(420)
Other comprehensive income:			
Items that may or will be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(27)	(670)
Total comprehensive loss		(1,278)	(1,090)
Loss attributable to:			
Equity holders of XP Factory Plc		(1,278)	(420)
Non-controlling interests		-	-
		(1,278)	(420)
Total comprehensive loss attributable to:			
Equity holders of XP Factory Plc		(1,278)	(1,090)
Non-controlling interests		-	-
		(1,278)	(1,090)

Loss per share attributable to equity holders:

Basic and diluted (Pence)	10	(0.71)	(0.27)
Adjusted earnings per share ¹		<u>0.23</u>	<u>0.19</u>

Adjusted earnings per share is calculated as earnings / (loss) attributable to equity holders of XP Factory plc, before Branch pre-opening costs, Exceptional gains and losses, Gain on disposal of subsidiaries and fair value movements.

PRELIMINARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2025

	Note	As at 31 March 2025 £'000	As at 31 March 2024 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	25,178	19,360
Right-of-use assets	12	26,858	20,326
Intangible assets	13	23,673	23,639
Finance Lease receivable	12	-	1,389
Rent deposits		113	71
		75,822	64,785
Current assets			
Inventories and work in progress	18	495	348
Trade receivables	17	843	1,635
Other receivables and prepayments	17	3,357	2,444
Cash and cash equivalents	19	1,095	3,935
		5,790	8,362
TOTAL ASSETS		81,612	73,147
LIABILITIES			
Current liabilities			
Trade payables	20	3,663	3,758
Contract liabilities	0	2,153	1,905
Other loans	24	1,140	1,941
Lease liabilities	12	2,419	2,032
Other payables and accruals	20	6,714	7,546
Provisions	22	294	-
		16,383	17,182

PRELIMINARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025 (continued)

	Note	As at 31 March 2025 £'000	As at 31 March 2024 £'000
Non-current liabilities			
Contract liabilities	0	597	323
Provisions	22	1,175	609
Other loans	24	4,847	1,917
Deferred tax liability	9	5	326
Lease liabilities	12	34,822	27,786
		41,446	30,961
TOTAL LIABILITIES		57,829	48,143
NET ASSETS		23,783	25,004
EQUITY			
Capital and reserves attributable to equity holders of XP Factory Plc			
Share capital	23	2,190	2,182
Share premium account	27	-	48,832
Merger relief reserve	27	-	-
Accumulated losses	27	21,604	(25,977)
Currency translation reserve	27	(418)	(391)
Capital redemption reserve	27	46	46
Share-based payment reserve	27	361	312
		23,783	25,004
Non-controlling interests		-	-
TOTAL EQUITY		23,783	25,004

The notes on pages 29 to 85 are an integral part of these preliminary financial statements.

The preliminary financial statements were approved by the Board of Directors and authorised for issue on 31 August 2025 and are signed on its behalf by:

Graham Bird
Director

Registered company number 10184316

PRELIMINARY CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Year ended 31 March 2025

Attributable to owners of the parent

Year ended	Share capital	Share premium account	Merger relief reserve	Currency translation reserve	Capital redemption reserve	Share-based payment reserve	Accumulated losses	Total
31 Mar 2025	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 Apr 2024	2,182	48,832	-	(391)	46	312	(25,977)	25,004
Loss for the year	-	-	-	-	-	-	(1,251)	(1,251)
Other comprehensive income	-	-	-	(27)	-	-	-	(27)
Total comprehensive loss	-	-	-	(27)	-	-	(1,251)	(1,278)
Issue of shares	8	-	-	-	-	-	-	8
Capital reduction	-	(48,832)	-	-	-	-	48,832	-
Share-based Payment Charges	-	-	-	-	-	49	-	49
Transactions with owners	8	(48,832)	-	-	-	49	48,832	57
Balance as at 31 Mar 2025	2,190	-	-	(418)	46	361	21,604	23,783
Year ended 31 Mar 2024:								
Balance as at 1 Jan 2023	1,883	44,705	4,756	279	46	240	(30,312)	21,597
Loss for the year	-	-	-	-	-	-	(421)	(421)
Other comprehensive income	-	-	-	(670)	-	-	-	(670)
Total comprehensive loss	-	-	-	(670)	-	-	(421)	(1,091)
Issue of shares	299	4,127	-	-	-	-	-	4,426
Reclassification of merger reserve	-	-	(4,756)	-	-	-	4,756	-
Share-based Payment Charges	-	-	-	-	-	72	-	72
Transactions with owners	299	4,127	-	-	-	72	-	4,498
Balance as at 31 Mar 2024	2,182	48,832	-	(391)	46	312	(25,977)	25,004

The notes on pages 29 to 85 are an integral part of these preliminary financial statements.

PRELIMINARY CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year ended 31 March 2025

		Year ended	15 month
		31 March	period ended
		2025	31 March
		£'000	£'000
Cash flows from operating activities			
Loss before income tax		(1,246)	(540)
Adjustments:			
Depreciation of property, plant and equipment	11	3,841	3,653
Depreciation of right-of-use assets	12	2,501	2,474
Amortisation of intangible assets	13	265	786
Fair value movements	22	-	313
Loss on disposal of plant and equipment	11	110	104
Loss on disposal of intangibles	13	5	98
Net foreign exchange differences		(4)	(148)
Profit of disposal of subsidiary	14	-	(480)
Share-based payment expense	25	49	72
Lease interest charge	12	2,685	2,394
Interest charge	8	370	242
Operating cash flow before working capital changes		8,576	8,968
Decrease / (Increase) in trade and other receivables		35	(234)
(Increase) / Decrease in inventories		(86)	39
Increase / (Decrease) in provisions		373	(562)
(Decrease) / Increase in trade and other payables		(1,357)	3,168
Increase / (Decrease) in deferred income		105	(318)
Cash generated in operations		7,646	11,061
Income taxes paid	9	(17)	21
Net cash generated in operating activities		7,629	11,082
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(7,436)	(7,223)
Purchase of intangibles	13	(248)	(209)
Landlord incentives received	12	985	1,300
Payment of deposits		(42)	(11)
Loan made to master franchisee		-	-
Acquisition of subsidiaries, net of cash acquired	15	(604)	(50)
Interest received		48	60
Net cash used in investing activities		(7,297)	(6,133)
Cash flows from financing activities			
Proceeds from new loans	24	4,902	1,169
Repayment of loans	24	(3,271)	(1,809)
Interest paid		(443)	(418)
Repayment of leases	12	(4,355)	(3,135)
Net cash used in financing activities		(3,167)	(4,193)

Net (decrease) / increase in cash and cash equivalents	(2,835)	756
Cash and cash equivalents at beginning of period	3,935	3,189
Effects of exchange rate changes on the balance of cash held in foreign currencies	(5)	(10)
Cash and cash equivalents at end of period	1,095	3,935

Reconciliation of movements in net debt

£'000	Cash	Borrowing	Net debt excluding lease liabilities	Leases	Net debt including lease liabilities
Balance at 31 December 2022	3,189	(1,479)	1,710	(24,040)	(22,330)
Cash movements	756	641	1,397	3,135	4,532
Assumed through acquisition	-	(2,097)	(2,097)	(5,095)	(7,192)
Equipment leases and fit-out funding	-	(923)	(923)	-	(923)
New property leases	-	-	-	(1,150)	(1,150)
Modification to leases	-	-	-	(275)	(275)
Interest on Property leases	-	-	-	(2,394)	(2,394)
Foreign exchange movements	(10)	-	(10)	-	(10)
Balance at 31 March 2024	3,935	(3,858)	77	(29,819)	(29,742)
Cash movements	(2,835)	(1,631)	(4,466)	4,355	(111)
Assumed through acquisition	-	(540)	(540)	(5,928)	(6,468)
Equipment leases and fit-out funding	-	42	42	-	42
New property leases	-	-	-	(3,164)	(3,164)
Interest on Property leases	-	-	-	(2,685)	(2,685)
Foreign exchange movements	(5)	-	(5)	-	(5)
Balance at 31 March 2025	1,095	(5,987)	(4,892)	(37,241)	(42,133)

NOTES TO THE PRELIMINARY CONSOLIDATED FINANCIAL STATEMENTS

1. General Information

The Company was incorporated in England on 17 May 2016 under the name of Dorcaster Limited with registered number 10184316 as a private company with limited liability under the Companies Act 2006, limited by shares. The Company was re-registered as a public company on 13 June 2016 and changed its name to Dorcaster Plc on 13 June 2016. On 8 July 2016, the Company's shares were admitted to AIM. The company is domiciled in the United Kingdom.

Until its acquisition of Experiential Ventures Limited on 2 May 2017, the Company was an investing company (as defined in the AIM Rules for Companies) and did not trade.

On 2 May 2017, the Company ceased to be an investing company on the completion of the acquisition of the entire issued share capital of Experiential Ventures Limited. Experiential Ventures Limited was the holding company of the Escape Hunt Group, the activities of which related solely to franchise.

On 2 May 2017, the Company's name was changed to Escape Hunt Plc and became the holding company of the enlarged Escape Hunt Group. Thereafter the group established the Escape Hunt owner operated business which operates through a UK subsidiary. All of the Escape Hunt franchise activity was subsequently transferred to a UK subsidiary. On 22 November 2021, the Company acquired BBB Franchise Limited, together with its subsidiaries operating collectively as Boom Battle Bars. At the same time, the group took steps to change its name to XP Factory Plc with the change taking effect on 3 December 2021.

XP Factory Plc currently operates two fast-growing leisure brands. Escape Hunt is a global leader in providing escape-the-room experiences delivered through a network of owner-operated sites in the UK, an international network of franchised outlets in five continents, and through digitally delivered games which can be played remotely.

Boom Battle Bar is a fast-growing network of owner-operated and franchise sites in the UK that combine competitive socialising activities with themed cocktails, drinks and street food in a high energy, fun setting. Activities include a range of games such as augmented reality darts, Bavarian axe throwing, 'crazier golf', shuffleboard and others.

The Company's registered office is Boom Battle Bar Oxford Street Ground Floor And Basement Level, 70-88 Oxford Street, London, England, W1D 1BS.

The consolidated financial information represents the unaudited consolidated results of the Company and its subsidiaries, (together referred to as "the Group").

During the prior period, the Group moved its accounting reference date from 31 December to 31 March. As such, the results for the comparative period represent the fifteen month period from 1 January 2023 to 31 March 2024, whereas the results for the current period represent the twelve month period from 1 April 2024 to 31 March 2024. The results are therefore not directly comparable.

Basis of preparation

The unaudited preliminary consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards ("IFRSs").

The unaudited preliminary financial statements are presented in Pounds Sterling, which is the presentational currency for the preliminary financial statements. All values are rounded to the nearest thousand pounds except where otherwise indicated. They have been prepared under the historical cost convention, except for financial instruments that have been measured at fair value

through profit and loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

Changes in accounting policy

There are no new standards impacting the Group adopted in the annual financial statements for the year ended 31 March 2025. The Directors do not expect any material impact on the Group's reporting from new accounting standards, interpretations and amendments not yet effective but currently under contemplation by the International Accounting Standards Board.

2. Material accounting policies

The principal accounting policies applied in the preparation of the unaudited preliminary consolidated financial information set out below have, unless otherwise stated, been applied consistently throughout.

Basis of consolidation

The unaudited preliminary consolidated financial information incorporates the preliminary financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Subsidiaries are consolidated from the date on which control is obtained by the Group up to the effective date on which control is lost, as appropriate.

Under the acquisition method, the results of the subsidiaries acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the preliminary consolidated financial statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Any excess of the purchase consideration of the business combination over the fair value of the identifiable assets and liabilities acquired is recognized as goodwill. Goodwill, if any, is not amortised but reviewed for impairment at least annually. If the consideration is less than the fair value of assets and liabilities acquired, the difference is recognized directly in the statement of comprehensive income.

Acquisition-related costs are expensed as incurred.

Intra-group transactions, balances and recognized gains on transactions are eliminated. Unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the Financial Statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by other members of the Group.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any

difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary it derecognises the assets and liabilities of the subsidiary and any non-controlling interest. The profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of.

Going Concern

The preliminary financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Directors have assessed the Group's ability to continue in operational existence for the foreseeable future which is at least, but not limited to, twelve months from the end of the reporting period in accordance with the Financial Reporting Council's Guidance on the going concern basis of accounting and reporting on solvency and liquidity risks issued in April 2016.

The Board has prepared detailed cashflow forecasts covering a three-year period from the reporting date.

The Group plans to continue the roll out of new sites under both the Escape Hunt and Boom Battle Bar brands in the UK which are expected to contribute to performance in future.

The central case is based on opening a limited number of new Escape Hunt and Boom owner operated sites in the UK in line with the Board's stated strategy. Sites are expected to take a period of time to reach maturity based on previous experience. The central case does not assume any openings other than sites for which leases have already been secured.

The Group has also considered a 'downside' scenario. In this scenario the Group has assessed the potential impact of a reduction in sales across the group and cost increases. In the 'downside' scenario, the Directors believe it can take mitigating actions to preserve cash. Principally the roll-out of further sites would be delayed and cost saving measures would be introduced at head office central services. Reductions could be targeted in both people and areas such as IT, professional services and marketing. Other areas of planned capital expenditure would also be curtailed. These include planned expenditure system improvements and capital expenditure at sites. Taking into account the mitigating factors, the Group believes it would have sufficient resources for the foreseeable future.

Based on the above, the Directors consider there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable, as well as to fund the Group's future operating expenses. The going concern basis preparation is therefore considered to be appropriate in preparing these preliminary financial statements.

Merger relief

The issue of shares by the Company is accounted for at the fair value of the consideration received. Any excess over the nominal value of the shares issued is credited to the share premium account other than in a business combination where the consideration for shares in another company includes the issue of shares, and on completion of the transaction, the Company has secured at least a 90% equity holding in the other company. In such circumstances the credit is applied to the merger relief reserve.

Foreign currency transactions and translation

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction.

The functional currency of the Company's subsidiaries which operate overseas are as follows:

Escape Hunt Entertainment LLC	Arab Emirates Dinar
Boom Battle Facilities Management Services LLC	Arab Emirates Dinar
BGP Escape France	Euro
BGP Entertainment Belgium	Euro
Escape Hunt USA Franchises Limited	US Dollar

These subsidiaries, when recording their own foreign transactions follow the principles below. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period.

For the purpose of presenting preliminary consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in the presentational currency which is Pounds Sterling using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising are recognised initially in other comprehensive income and accumulated in the Group's foreign exchange reserve.

On disposal of a foreign operation, the accumulated foreign exchange reserve relating to that operation is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

Office equipment	5 years
Furniture and fixtures	5 years
Leasehold improvements	Expected duration of the lease
Computers	3 years
Games	5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Research and development expenditure

Research expenditure is recognised as an expense when it is incurred.

Development expenditure is recognised as an expense except that costs incurred on development projects are capitalised as long-term assets to the extent that such expenditure is expected to generate future economic benefits. Development expenditure is capitalised if, and only if an entity can demonstrate all of the following:-

- (i) its ability to measure reliably the expenditure attributable to the asset under development;
- (ii) the product or process is technically and commercially feasible;
- (iii) its future economic benefits are probable;
- (iv) its ability to use or sell the developed asset; and
- (v) the availability of adequate technical, financial and other resources to complete the asset under development.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses, if any. Certain internal salary costs are included where the above criteria are met. These internal costs are capitalised when they are incurred in respect of new game designs which are produced and installed in the UK owner-operated sites, where the ensuing revenue is tracked on a weekly basis at each site by each game. Development expenditure initially recognised as an expense is not recognised as assets in subsequent periods.

Intangible assets

Expenditure on internally generated goodwill and brands is recognised in the income statement as an expense as incurred.

With the exception of goodwill, intangible assets that are acquired or developed by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

Game design and development costs are expensed as incurred unless such expenditure meets the criteria to be capitalised as a non-current asset.

Amortisation is charged to the income statement within administrative expenses on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite.

The estimated useful lives are as follows:

Trademarks	3 years
Intellectual property:	
- Trade names and domain names	3 years
- Rights to system and business processes	3 years
- Internally generated intellectual property	5 years
Franchise agreements	Term of franchise
App development	2 years
Portal	3 years

Impairment of assets

Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows taking into account credit risk. The present value of the future cash flows represents the expected value of the future cash flows discounted at the appropriate rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Employee benefits

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Revenue recognition

The Group is operating and developing a network of franchised and owner-operated branches and offsite “escape the room” type games under the Escape Hunt brand and a network of owner-operated and franchised competitive socialising cocktail bar venues under the Boom Battle Bar brand. The Group receives revenues from its directly owned branches but also from franchisees, master-franchisees and sub-franchisees.

The Group, as franchisor, develops original escape games and other fun competitive socialising games and supporting materials and provides management, creative, technical and marketing services based on its knowledge of and expertise in the relevant disciplines to enable delivery of proprietary consumer experiences.

The Group considers that its contracts with franchisees, master-franchisees and sub-franchisees provide a customer with a right to access the Group’s intellectual property throughout the franchise term which is typically for a minimum term of ten years. Accordingly, the Group satisfies each of its performance obligations by transferring control of goods and services to the customer over the period of the franchise agreement. Franchise revenues are therefore recognised over time.

The Group derives “upfront exclusivity fees” as well as training fees and documentation fees from the sale and set up of franchises and subsequent “Service Revenues” in the form of revenue shares, administration fees, and other related income.

New branch upfront location exclusivity fees

The initial non-refundable upfront exclusivity fees relate to the transfer of promised goods or services which are satisfied throughout the life of the franchise agreement. Payment of the initial upfront exclusivity fee is due immediately on the signing of a franchise agreement.

The Group, as franchisor, supplies a manual and grants to a franchisee during the term of a franchise agreement, the exclusive rights to carry on its business and to utilise the know-how, intellectual property rights and games within a territory. The franchise term typically provides for an initial term of 10 years, with automatic rights for renewal of successive 10-year periods. The Group offers to:

- Assist the franchisee to establish, manage and operate the business within the territory;
- Provide advice on the choice of branch location;
- Identify equipment, furniture, props and other items required to conduct the business;
- Assist in designing the layout and fit-out of any chosen branch location;
- Provide full game and other activity design to be installed in each branch;
- Provide guidance on setting up website, booking and other online services;
- Provide the franchisee with the franchise manual;
- Train the franchisee and its staff;
- Give the franchisee continuing assistance and advice for the efficient running of the franchise business;
- Regularly update the franchisee on any changes to the services and know-how;
- Design and provide territory-specific, and branch-specific, logos for use in advertising, merchandise and uniforms; and
- Communicate at all times with the franchisee in a timely manner.

The initial fee is recognised as revenue on a straight-line basis over the period of the franchise agreement where this is 10 years (or less in case of sub-franchise agreements, where the term of the sub-franchise agreement typically equals the remaining term of the master franchise agreement). Where the franchise term is not specified or is greater than 10 years, revenue is recognised over 10 years to reflect a lack of certainty over the actual duration of the franchise arrangement. See Note 3 for more details.

Fees related to future periods are carried forward as deferred income within current and non-current liabilities, as appropriate. The amounts of deferred revenue at each reporting date are disclosed in Note 0 to the preliminary financial statements.

IFRS 15 also requires the Group to consider if there is a financing element to such long-term contracts. However, it is considered that there is no such financial element provided by the Group to franchisees as payment is received at the time of signing the franchise agreement and at the commencement of the delivery of the various services under such agreement.

Under a Master Franchise Agreement, the Group is entitled to a one-off upfront exclusivity fee representing an advance payment for a number of branches with all branches paid at a fixed rate, payable on signing of the Agreement. The contract is not deemed to be fulfilled and in force until this payment is received in full by the franchisor. This fee is recognised over the lower of the franchise term and 10 years, in the same manner as in a single franchise arrangement.

Where the Group, through a Master Franchisee, enters into contracts with sub-franchisees, the initial fee is recognised in the same manner as contracts with direct franchisees (i.e. spread over 10 years), where not already covered in the fees attributed to the Master Franchisee. In the event of termination of a franchise agreement, any remaining deferred income related to this contract is immediately recognised in full.

Documentation fees are recognised when the franchise agreement and associated leases and other legal documents are exchanged and have reached practical completion. Training fees are recognised when the franchise site is opened.

Franchise revenues

As part of each franchise agreement, the Group receives franchise service revenues at a fixed percentage of a franchisee's monthly revenues which are recognised as the income is earned.

Service revenues comprise:

- An agreed share of the franchisee's monthly revenues, payable weekly or monthly;
- Fixed monthly fees payable quarterly in advance;
- Extra costs in respect of site visits and website set-up fees; and
- Fees charged for additional services, such as management of marketing and social media on behalf of a franchisee, for which franchisees opt in.

Revenue shares, support and administration and other related revenues are recognised as and when those sales occur. Amounts billed in advance are deferred to future periods as deferred revenue.

Owner-operated branch and offsite games

Revenues from the owner-operated branch and offsite activities include game participation fees and the sale of food and beverages and merchandise. Such revenues are recognised as and when those

sales occur. Where customers book in advance, the recognition of revenue is deferred until the customer participates in the experience.

Retros from suppliers

Retrospective rebates from food and drink suppliers are recognised to match the relevant purchase volumes.

Deferred revenue

The amounts of deferred revenue at each reporting date are disclosed in Note 21.

Contract costs

Where the game design costs relate to games for individual franchisees, the costs are not capitalised but expensed as in line with the delivery of services to franchisees, unless these costs are significant and other capitalisation criteria are met.

Government Grants

Grants relating to revenue are recognised on the performance model through the consolidated statement of comprehensive income by netting off against the costs to which the grants were intended to compensate. Where the grant is not directly associated with costs incurred during the period, the grant is recognised as 'other income'. Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset.

Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Identifying Leases

The Group accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- a) There is an identified asset;
- b) The Group obtains substantially all the economic benefits from use of the asset; and
- c) The Group has the right to direct use of the asset.

In determining whether the Group obtains substantially all the economic benefits from use of the asset, the Group considers only the economic benefits that arise from use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Group has the right to direct use of the asset, the Group considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Group considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Group applies other applicable IFRSs rather than IFRS 16.

Lease liabilities are measured at the present value of the contractual lease payments due to the lessor over the lease term. The discount rate is the rate implicit in the lease, if readily determinable. If not, the Company's incremental borrowing rate is used, which the Company has assessed to be 4.5% above the Bank of England base rate.

Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provisions recognised where the Group is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations – see Note 22).

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the discount rate appropriate at the time of revision. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

Nature of leasing activities (in the capacity as lessee)

During the financial year, the Group leased owner-operated Escape Hunt and Boom Battle Bar venues. The Group also leases certain items of plant and equipment, but these are not significant to the activities of the Group.

Nature of leasing activities (in the capacity as lessor)

During the previous financial year, the Group sub-let part of the space in Bournemouth which the group leases under a master lease agreement. The sub-let was to a Boom Battle Bar franchisee and was treated as a finance lease receivable. During the current financial year, the Group bought back

the venue from the franchisee and consequently the finance lease receivable is offset by the reciprocal payable within the group.

Financing income and expenses

Financing expenses comprise interest payable, finance charges on shares classified as liabilities and leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Financing income comprise interest receivable on funds invested, dividend income, and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Share-based payment arrangements

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date. Equity-settled share based payments to non-employees are measured at the fair value of services received, or if this cannot be measured, at the fair value of the equity instruments granted at the date that the Group obtains the goods or counterparty renders the service. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 25 to the preliminary consolidated financial statements.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. Where the conditions are non-vesting, the expense and equity reserve arising from share-based payment transactions is recognised in full immediately on grant.

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to other reserves.

Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

Trade and other receivables

Trade receivables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method, less provision for impairment. If the arrangement constitutes a financing transaction, the receivable instrument is measured at the present value of the future payments discounted at a market rate of interest.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. In the process, the probability of the non-payment of the trade receivables is assessed. This probability is multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and other costs in bringing them to their existing location and condition.

Provisions

A provision is recognised when the Group has a present obligation, legal or constructive, as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

The Group has recognized provisions for liabilities of uncertain timing or amount including those for leasehold dilapidations and losses arising of financial guarantee contracts.

Dilapidation provisions

Provisions for dilapidations are recognised on a lease-by-lease basis over the period of time landlord assets are being used and are based on the Directors' best estimate of the likely committed cash outflow.

Losses arising on financial guarantee contracts

Provision for losses on financial guarantee contracts uses the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected losses. In the process, the probability of the guarantee being called is assessed. This probability is multiplied by the amount

of the expected loss arising from default to determine the lifetime expected credit loss for the financial guarantee contract.

Contingent liabilities

Contingent liabilities are possible obligations whose existence depends on the outcome of uncertain future events or present obligations where the outflow of resources is uncertain or cannot be measured reliably. Contingent liabilities are not recognised in the preliminary financial statements but are disclosed unless the possibility of an outflow of resources is remote.

Financial Liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives are initially measured at fair value which ordinarily is the transaction price (including transaction costs) and subsequently held at amortised cost.

Financial liabilities

Financial liabilities, including trade and other payables, bank and other loans and loans from fellow group companies that are classified as debt are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the Group's contractual obligations are discharged, cancelled or they expire.

Equity instruments

Equity instruments including share capital issued by the Company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

3. Critical accounting estimates and judgements

In the application of the Group's accounting policies, which are described in Note 2 above, the Directors are required to make judgements and estimates about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period.

The key estimates and underlying assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. In particular:

Key judgements

Initial upfront exclusivity fees

Note 2 describes the Group's policies for recognition of revenues from initial upfront exclusivity fees. In making their judgement, the Directors consider that the upfront non-refundable exclusivity fee provides the customer with a right to access the Group's intellectual property throughout the franchise term which is typically for a minimum term of ten years. The Group's service obligations include a requirement to advise, assist and update the customer throughout the term of the agreement.

However, certain franchise contracts are for the unspecified term which theoretically can run in perpetuity. Furthermore, for term franchise contracts certain factors could reduce the franchise term (such as early termination) whilst franchises may be extended beyond their initial term. No franchises have yet been in place for a full term and in the absence of sufficient track record the Directors made a judgement that until a clear pattern of terminations and extensions of franchises becomes clear, it is reasonable to assume that franchises will on average run for 10 years, hence the initial upfront exclusivity fees are recognised over this estimated period.

Recognition of deferred tax assets

The Group's tax charge on ordinary activities is the sum of the total current and deferred tax charges.

A deferred tax asset is recognised when it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Recognition, therefore, involves judgement regarding the prudent forecasting of future taxable profits of the business and in applying an appropriate risk adjustment factor.

Based on detailed forward-looking analysis and the judgement of management, it has been concluded that a deferred tax asset should not yet be recognised for the carry forward of unused tax losses and unused tax credits totalling approximately £24.2m, as the timing and nature of future taxable profits remains uncertain given the relatively young stage of development and the of the group and the rate of planned expansion which under current rules gives rise to certain accelerated capital allowances reducing taxable income. Whilst the Directors do expect the business in its current form to become profitable, the Directors do not yet regard the timing and future scale of taxable profits against which the unused tax losses and unused tax credits can be utilised in the near term to be sufficiently probable to justify recognition of deferred tax assets. In forming this conclusion, management have considered the same cash flow forecasts used for impairment testing purposes. Impairment testing adjusts for risk through the discounting of future cash flows and focus on cash generation rather than taxable profits.

Additionally, the owner-operated segment is still in a relatively early stage of development, and the Directors envisage that there will be an extended period (and thus increasing uncertainty as time progresses) before it expects to recoup net operating losses. The analysis indicates that the unused losses may not be used in the foreseeable future as the Group does not yet have a history of taxable profits nor sufficiently convincing evidence that such taxable profits will arise within the near term.

Recognition of R&D credits and other government grants

Research and development credits and other government grants are recognised as an asset when it has become probable that the grant will be received.

Companies within the Group have previously made successful applications for grants relating to research and development and in respect of support related to the COVID-19 pandemic.

In relation to research and development grants, no claims are outstanding, but the company expects to make claims in respect of activity undertaken in future, but not in respect of activity undertaken in the 15 months to 31 March 2024 or the current year. As such, no claims in relation to 2022, 2023 or 2024 have been recognised as an asset.

Valuation of assets acquired in business combinations

Where the group has acquired the trading assets and businesses of former franchise businesses, estimates of the fair value of the assets acquired have been made. These estimates are based on the accumulated experience of opening new sites and take into account the trading performance and purchase price of the former franchise businesses. The valuations therefore include an element of judgement regarding the expected future performance of the business acquired.

Recognition of onerous contracts

During the period, the group has recognised onerous contract provisions relating to certain contracts off a fixed term where the economic value of the contract is not supported by the costs. In cases where the service is not utilised and the costs associated with the onerous contracts are known, they are fully provided for to the end of the term. Where the exit cost is subject to negotiation, the expected present value of the exit costs are provided for, involving judgement.

Key estimates

Impairment of intangible assets

IFRS requires management to undertake an annual test for impairment of indefinite lived assets and, for finite lived assets, to test for impairment if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

Impairment testing is an area involving management judgement in determining estimates, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of:

- growth in EBITDA, calculated as adjusted operating profit before depreciation and amortisation;
- the forecast occupancy rate (and growth thereof) for each escape room based on historic experience from similar rooms;
- the forecast level of turnover (and growth thereof) for each Boom Battle Bar site, based on historic experience of the site in question and similar sites;
- the level of capital expenditure to open new sites and to maintain existing sites, as well as the costs of disposals;
- long-term growth rates; and
- the selection of discount rates to reflect the risks involved.

The Group prepares and approves a detailed annual budget and strategic plan for its operations, which are updated regularly to take account of actual activity and are used in the fair value calculations. The forecasts perform a detailed analysis for three years, apply an anticipated growth rate for years 4 and 5 of between 3% and 10% per annum and apply a 2.5% growth rate thereafter. Further details are provided in the sensitivity analysis below.

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Group's impairment evaluation and hence results.

The current strategic plan for the group indicates an excess of the net present value of future cashflows compared to the carrying value of intangible assets.

The sensitivity of impairment tests to changes in underlying assumptions is summarised below:

Site level EBITDA

If the site level EBITDA is 10% lower in each business unit within the Group than as set out in the strategic plan, this would lead to reduction in the net present value of intellectual property of £20.9m (2024: £12.1m) but would not result in the need for an impairment charge.

Discount rate

The discount rate used for the fair value calculation has been assumed at 12.3%. A 100 basis point increase in the discount rate reduces the net present value of intellectual property across the group by £8.7m (2024: £4.0m) but would not result in the need for an impairment charge.

The discount rate used, being the estimated weighted average cost of capital has been reduced to 12.3% from 13.7% in the prior reporting period. The reduction was brought about by a fall in base interest rates during the period, a reduction in the Company's beta, and the introduction of bank debt into the capital structure. It is the Directors' view that the risk premium associated with XP Factory will have reduced significantly over the current and prior period given the following:

- The group has achieved a scale at which it is capable of operating profitably where previously it lacked such scale
- The group is significantly more diversified with the addition of the Boom business to the group
- The network of owner operated sites is significantly more diversified with a much larger estate and the group is consequently less exposed to any single site
- The group has developed a proven operating history with Escape Hunt in particular, operating at attractive growth rates and margins
- The group exited the financial year ended 31 March 2025 with sites generating positive cashflow and EBITDA.
- The bank facility signed during the year provides external validation of the improved financial prospects for the group.

Furthermore, external estimates of the group's cost of capital, which are based on historic numbers which do not take account of these factors, indicate a level not materially different to the director's assessment. The cost of capital indicated for similar competitors further supports the directors' view.

Long-term growth rates

The growth rate used for the fair value calculation after year 5 has been assumed at 2.5% per annum. If this rate was decreased by 100 basis points the net present value of intellectual property across the group would fall by £6.7m (2024: £2.7m) but would not result in the need for an impairment charge.

Capital expenditure

If capital expenditure over the forecast period were to be 10% higher than in the strategic plan, the net present value of intellectual property across the group would fall by £3.9m (2024: £1.1m) but would not result in the need for an impairment charge.

Estimation of useful life and amortisation rates for intellectual property assets

The useful life used to amortise intangible assets relates to the expected future performance of the assets acquired and management's estimate of the period over which economic benefit will be derived from the asset.

The estimated useful life principally reflects management's view of the average economic life of each asset and is assessed by reference to historical data and future expectations. Any reduction in the estimated useful life would lead to an increase in the amortisation charge. The average economic life of the intellectual property has been estimated at 5 years. If the estimation of economic lives was reduced by one year, the amortisation charge for IP would have increased by £160k (period ended 31 March 2024: £114k).

Estimation of useful life and depreciation rates for property, plant and equipment of the owner-operated business

The useful life used to depreciate assets of the owner-operated business relates to the expected future performance of the assets acquired and management's estimate of the period over which economic benefit will be derived from the asset.

Property, plant and equipment represent a significant proportion of the asset base of the Group being 31% (2024: 26%) of the Group's total assets. Therefore, the estimates and assumptions made to determine their carrying value and related depreciation are critical to the Group's financial position and performance.

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in the consolidated income statement. The useful lives and residual values of the Group's assets are determined by management at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their life such as changes in technology. Historically changes in useful lives and residual values have not resulted in material changes to the Group's depreciation charge.

The useful economic lives of property, plant and equipment has been estimated at between 2 and 10 years. If the estimation of economic lives was reduced by one year, the depreciation charge for property, plant and equipment would have increased by £905k (period ended 31 March 2024: £895k).

Estimation of the value of right of use assets and lease liabilities arising from long term leases under IFRS16

The value of right of use assets and the associated lease liability arising from long term leases is estimated by calculating the net present value of future lease payments. In doing so, the Directors have used the discount rate implicit in the lease, if readily determinable. If not, the Company's incremental borrowing rate is used which the Company has assessed to be 4.5% (FY2024: 6%) above the Bank of England base rate.

Estimation of dilapidations provision

The provision for dilapidations is estimated by anticipating the cost of stripping out a site at the end of the contracted lease to restore the property to the condition required under the terms of the lease. The liability is accrued over the period of the lease. The judgement of the cost of the strip out is based on a management estimate and represents a key estimate.

Estimation of share base payment charges

The calculation of the annual charge in relation to share based payments requires management to estimate the fair value of the share-based payment on the date of the award. The estimates are complex and consider a number of factors including the vesting conditions, the period of time over which the awards are recognised, the exercise price of options which are the subject of the award, the expected future volatility of the company's share price, interest rates, the expected return on the shares, and the likely future date of exercise. The charge recognized in the year ended 31 March 2025 was £31k (15 months to 31 March 2024: £47k).

The Group also operates a broader share based Incentive scheme available to all employees, allowing employees to purchase shares tax efficiently each month. For each share purchased (a "Partnership Share"), the employee is granted a further matching share ("Matching Share"). The Management has estimated the cost of the Matching Shares recognized in the year ended 31 March 2025 was £18k (15 months to 31 March 2024: £26k) Further details are provided in note 25.

Estimation of liabilities arising from Financial Guarantee Contracts – Franchise lease guarantees

The Company is a co-tenant or has provided a guarantee on a number of property leases for which a franchisee is the primary lessee. IFRS 9 requires the recognition of expected credit losses in respect of financial guarantees, including those provided by the Group. Where there has been a significant increase in credit risk, the standard requires the recognition of the expected lifetime losses on such financial guarantees. The assessment of whether there has been a significant increase in credit risk is based on whether there has been an increase in the probability of default occurring since previous recognition. An entity may use various approaches to assess whether credit risk has increased. The assessment of the probability of default is inherently subjective and requires management judgement.

In all cases where the Group is co-tenant or has provided guarantees for underlying leases, the Group has taken security in the form of personal guarantees from the lessee and, in addition, has step-in rights which enable the relevant company in the group to take over the assets and operations of the franchisee and to operate the site as an owner-operated site. Management believes that the personal guarantees and step in rights significantly reduce the probability of incurring losses and provide a mechanism to mitigate any adverse impact on the group in the event of any guarantees being called upon.

Details of the number of lease guarantees provided, the average length of the guarantee and the average annual rental are given in note 22.

Each guarantee is assessed separately. Management's view of the probability of the lessee defaulting on its lease obligations is assigned to the specific guarantee. Lessees are categorized on a rating of 1 – 5, which allocates a probability of default to each banding, with category 1 representing very limited risk, and 5 representing extreme risk. Management then assesses the likelihood of the personal guarantee from the lessee, together with the step-in rights being insufficient to fully cover the payments required to be made under the guarantee provided to the landlord. This is based on historic experience of the former owner of Boom Battle Bars which has, on a number of occasions, taken on existing franchisees within other parts of its business which have either been re-sold or have since become owner-operated sites. Based on this experience and taking account of the current economic environment, Management has judged that 1 in 6 sites where the guarantee is called would result in a loss. Finally, management applies an assessment as to the proportion of the future lease liability that might be suffered in the event that the guarantee is not fully covered by the personal guarantees and/or the step in rights. The proportion used in the calculation was 50%. This cumulative probability is applied to the net present value of the future lease liability. The net present value is calculated by reference to the expected future cash payments required under the lease using a discount rate of 9.25%.

In the year to 31 March 2025, the average probability of default used across the portfolio was assessed as between 10% and 50% (2024: between 10% and 20%). This was made on the basis of

the current operating performance of the respective franchisees. The overall expected loss provision at 31 March 2025 was £57,442 (2024: £69,079) with the reduction being attributed predominantly to the fall in the number of franchisee sites subject to guarantees.

Sensitivities.

The key assumptions impacting the assessment of the expected loss provision are the discount rate used to calculate the net present value of the leases under guarantee; the probability of default assigned to each guaranteed lease; the proportion of defaulted leases that would give rise to a credit loss; and the proportion of the total liability that would not be covered by security and step-in rights. The sensitivity to each of these assumptions in the period to 31 March 2025 and the 15 months to 31 March 2024 is shown in the table below:

Assumption	Base case	Sensitivity applied	Increase in Expected loss provision (£'000)	
			2025	2024
Discount rate	9.25% (2024 11.3%)	1% decrease	2.6	3.7
Probability of default	Individually assessed	10% increase in probability of default	5.7	6.9
Proportion of defaulted leases giving rise to a loss	16.67% (1 in 6)	Increase by 3.33% (1 in 5)	11.5	2.2
Proportion of liability not covered by guarantee / step-in right	50%	10% increase in loss	5.7	6.9

Estimation of valuation of acquired intangibles

As part of the acquisition of Boom Battle Bars, the Directors recognised £4,386k as relating to franchise contracts in place at the date of acquisition. The valuation took into account the forecast revenue from the relevant franchise contracts over the remaining life of the contracts, net of tax and allocated costs to service the contracts, discounted at the then estimated cost of capital, 13.7 per cent. During the year to 31 March 2025, three of the franchise sites to which the acquired intangible applied were acquired. The value of the acquired intangibles attributable to these three sites as at 31 March 2025 has been reclassified to goodwill associated with the acquisition Boom Battle Bars. The remaining value of acquired intangibles will be amortised over the remaining franchise term. As at 31 March 2025, the value of acquired intangibles was £20k (2024: £1.31m).

The Directors have re-assessed the value of the acquired intangibles based on the latest forecasts for specific franchisee sites and an allocation of central costs using a cost of capital of 12.3 per cent to determine whether an impairment was necessary. The analysis concluded that no impairment is necessary. A 1% increase in the cost of capital applied would reduce the value of acquired intangibles in the year by £4k (2024: £313k), but would not lead to an impairment of the carrying value.

4. Revenue

	Year Ended 31 March 2025 £'000	15 Month Period Ended 31 March 2024 £'000
Upfront location exclusivity fees, support and administration fees	216	354
Franchise revenue share	1,224	2,339
Revenues from owned branches	28,995	31,085
Food and drinks revenue from owned branches	25,419	22,188
Retros/rebates received on food and drinks purchases	1,176	1,012
Other	788	360
	57,818	57,339

Revenues from contracts with customers:

	Year Ended 31 March 2025 £'000	15 Month Period Ended 31 March 2024 £'000
Revenue from contracts with franchise customers	1,440	3,028
Revenue from customers at owner operated branches	56,378	54,310
Total revenue from contracts with customers	57,818	57,339

In respect of contracts from franchise customers, the satisfaction of performance obligations is treated as over a period of up to 10 years. The typical timing of payment from customers is a mixture of upfront fees, payable at the start of the contract, fixed fees payable quarterly or monthly during the term of the contract and variable consideration typically received shortly after the month in which the revenue has been accrued.

Future upfront exclusivity fee income that has been deferred on the balance sheet is certain as the amount has already been received. Support and administrative fees and other fees are considered to be reasonably certain and unaffected by future economic factors, except to the extent that adverse economic factors would result in premature franchise closure. Revenue based service fees are dependent on and affected by future economic factors, including the performance of franchisees.

A total of £56.4m (2024: £54.3m) of revenues relate to the owner-operated segment. All other revenues in the table refer to the franchise segment as detailed in Note 5 (Segment Information).

Upfront exclusivity fees are billed and received in advance of the performance of obligations. This generally creates deferred revenue liabilities which are greater than the amount of revenue recognised from each customer in a financial year.

Revenue share income is necessarily billed monthly in arrears (and accrued on a monthly basis).

5. Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the chief executive officer who make strategic decisions.

Management considers that the Group has four operating segments. Revenues are reviewed based on the nature of the services provided under each of the Escape Hunt and Boom Battle Bar brands as follows:

1. The Escape Hunt franchise business, where all franchised branches are operating under effectively the same model;
2. The Escape Hunt owner-operated branch business, which as at 31 March 2025 consisted of 25 Escape Hunt sites (2024: 22), comprising 22 in the UK, one in Dubai, one in Paris and one in Brussels; and
3. The Boom Battle Bar franchise business, where all franchised branches operate under the same model within the Boom Battle Bar brand.;
4. The Boom Battle Bar owner-operated business, which as at 31 March 2025 consisted of 26 Boom Battle Bar sites (2024: 20), comprising 25 in the UK and one in Dubai.

There is currently no trade between the operating segments. The Group operates on a global basis. As at 31 March 2025, the Group had active Escape Hunt franchisees in 7 countries (2024: 7). The Group does not presently analyse or measure the performance of the franchising business into geographic regions or by type of revenue, since this does not provide meaningful analysis to managing the business. The geographic split of revenue was as follows:

	Year Ended 31 March 2025 £'000	15 Month Period Ended 31 March 2024 £'000
United Kingdom	54,955	54,015
Europe	1,031	1,398
Rest of world	1,832	1,926
	<hr/> 57,818	<hr/> 57,339

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The cost of sales in the owner-operated business comprise variable site staff costs and other costs directly related to revenue generation.

Year Ended 31 March 2025	Escape Hunt Owner operated £'000	Escape Hunt Franchise operated £'000	Boom Owner operated £'000	Boom Franchise operated	Unallocated £'000	Total £'000
Revenue	14,213	606	42,165	834	-	57,818
Cost of sales	(4,085)	-	(16,749)	-	-	(20,834)
Gross profit/(loss)	10,128	606	25,416	834	-	36,984
Site level operating costs	(3,537)	-	(14,947)	-	-	(18,484)
Other income	-	-	-	-	92	92
Site level EBITDA	6,591	606	10,469	834	92	18,592
Centrally incurred overheads	(1,769)	(5)	(1,357)	-	(6,188)	(9,319)
Depreciation and amortization	(1,664)	(21)	(4,825)	(64)	(33)	(6,607)
Exceptional items	(129)	-	(599)	-	(129)	(857)
Operating profit	3,029	580	3,688	770	(6,258)	1,809
Adjusted EBITDA	5,314	606	9,768	839	(6,027)	10,500
Depreciation and amortisation	(1,148)	(21)	(2,840)	(64)	(33)	(4,106)
Depreciation – right-of-use assets	(517)	-	(1,984)	-	-	(2,501)
Foreign currency losses	-	(5)	(3)	-	-	(8)
Share-based payment expenses	-	-	-	-	(49)	(49)
Provision against loan to franchisee	-	-	-	-	(32)	(32)
Provision for guarantee losses	-	-	-	-	12	12
Gain / (loss) of disposal of assets	(22)	-	(88)	(5)	-	(115)
Exceptional Professional & Branch Closure Costs	(129)	-	(599)	-	(129)	(857)
Dilapidations	(59)	-	(177)	-	-	(236)
Branch pre-opening costs	(410)	-	(389)	-	-	(799)
Operating profit	3,029	580	3,688	770	(6,258)	1,809
Interest expense/receipt	-	-	-	-	(370)	(370)
Lease charges	(366)	-	(2,319)	-	-	(2,685)
Profit / (Loss) before tax	2,663	580	1,369	770	(6,628)	(1,246)
Taxation	(2)	-	(14)	11	-	(5)
Profit/(loss) after tax	2,661	580	1,355	781	(6,628)	(1,251)
<u>Other information:</u>						
Non-current assets	10,822	20	42,175	44	22,761	75,822

Period Ended 31 March 2024	Escape Hunt Owner operated £'000	Escape Hunt Franchise operated £'000	Boom Owner operated £'000	Boom Franchise operated	Unallocated £'000	Total £'000
Revenue	16,726	828	37,513	2,272	-	57,339
Cost of sales	(4,896)	-	(15,395)	-	-	(20,291)
Gross profit/(loss)	11,830	828	22,118	2,272	-	37,048
Site level operating costs	(4,477)	-	(13,456)	-	-	(17,933)
Other income	-	-	3	-	-	3
Site level EBITDA	7,353	828	8,665	2,272	-	19,118
Centrally incurred overheads	(1,915)	(202)	(1,180)	(113)	(7,352)	(10,762)
Depreciation and amortization	(1,875)	(169)	(4,389)	(408)	(72)	(6,913)
Exceptional items	(57)	-	44	236	431	654
Operating profit	3,506	457	3,140	1,987	(6,993)	2,097
Adjusted EBITDA	5,840	597	8,302	2,142	(6,959)	9,922
Depreciation and amortisation	(1,296)	(169)	(2,494)	(408)	(72)	(4,439)
Depreciation – right-of-use assets	(579)	-	(1,895)	-	-	(2,474)
Foreign currency losses	-	29	(53)	-	-	(24)
Share-based payment expenses	-	-	-	-	(72)	(72)
Provision against loan to franchisee	-	-	-	17	(31)	(14)
Provision for guarantee losses	-	-	-	-	24	24
Gain / (loss) of disposal of assets	(125)	-	(85)	-	19	(202)
Exceptional Professional & Branch Closure Costs	(107)	-	44	236	(49)	174
Gain on disposal of subsidiary	-	-	-	-	480	480
Branch pre-opening costs	(217)	-	(698)	-	-	(915)
Fair value adjustments	-	-	-	-	(313)	(313)
Operating profit	3,506	457	3,140	1,987	(6,993)	2,097
Interest expense/receipt	-	-	-	-	(242)	(242)
Lease charges	(390)	-	(2,004)	-	-	(2,394)
Profit / (Loss) before tax	3,116	457	1,136	1,987	(7,235)	(539)
Taxation	(3)	-	24	98	-	119
Profit/(loss) after tax	3,113	457	1,160	2,085	(7,235)	(420)
Other information:						
Non-current assets	7,686	39	32,913	2,663	21,484	64,785

Significant customers:

No customer provided more than 10% of total revenue in either the Year ended 31 March 2025 or the period ended 31 March 2024.

6. Operating loss before taxation

Loss from operations has been arrived at after charging / (crediting):

	Year Ended 31 March 2025 £'000	15 Month Period Ended 31 March 2024 £'000
Auditor's remuneration:		
- Audit of the Parent and Group financial statements	150	225
- Review of interim financial statements	-	-
Movement on provision against trade receivables	(78)	69
Foreign exchange losses	8	24
Staff costs including directors, net of amounts capitalized	9,844	10,656
Depreciation of property, plant and equipment (Note 11)	3,841	3,653
Depreciation of right-of-use assets (Note 12)	2,501	2,474
Amortisation of intangible assets (Note 13)	265	786
Share-based payment costs	49	72

Detailed information on statement of profit or loss items:

Cost of sales	Year Ended 31 March 2025 £'000	15 Month Period Ended 31 March 2024 £'000
Wages and salaries	11,490	11,245
Food and beverages	7,133	6,728
Other costs of sale	2,211	2,318
	<hr/> 20,834	<hr/> 20,291

Administrative expenses	Year Ended 31 March 2025 £'000	15 Month Period Ended 31 March 2024 £'000
Depreciation of property, plant and equipment	3,841	3,653
Depreciation of right-of-use assets	2,501	2,474
Amortisation	265	786
Loss on disposal of non-current assets	115	202
Staff costs including directors, net of amounts capitalised	9,844	10,656
Share-based payments	49	72
Gain on disposal of subsidiary	-	(480)
Foreign currency (gains) / losses	8	24
Other administrative expenses	18,644	17,254
	<hr/> 35,267	<hr/> 34,641

Exceptional costs and gains	Year to 31	15 months
	March 2025	ended 31
		March
		2024
	£'000	£'000
Restructuring costs	(246)	-
Exceptional legal and other fees	(59)	(103)
Debt early redemption fees	(62)	-
Onerous contracts write off	(490)	-
Post acquisition revaluations	-	277
Total	(857)	174

7. Staff costs

	Year	15 Month
	Ended	Period
	31 March	31 March
	2025	2024
	£'000	£'000
Wages salaries and benefits (including directors)	19,817	20,260
Share-based payments	49	73
Social security costs	1,293	1,332
Other post-employment benefits	462	488
Less amounts capitalised	(237)	(252)
	21,384	21,901
Included in cost of sales	11,490	11,245
Included in Admin expenses	9,894	10,656
	21,384	21,901

Key management personnel:

	Year	15 Month
	Ended	Period
	31 March	31 March
	2025	2024
	£'000	£'000
Wages, salaries and benefits (including directors)	1,067	1,263
Share-based payments	9	26
Social security costs	139	164
Pensions	55	54
Other post-employment benefits	17	15
Less amounts capitalised	(41)	(93)
	1,246	1,429

Key management personnel are the directors, the company secretary and one member of staff. Their remuneration was as follows:

	Year ended 31 March 2025					
	Salary and fees	Bonus	Share-based payments	Pension contributions	Other benefits	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Graham Bird	213	64	1	10	5	293
Richard Rose	60	-	-	-	1	61
Richard Harpham	247	74	1	12	3	337
Philip Shepherd	30	-	-	-	-	30
Martin Shuker	30	-	-	-	-	30
Total Board of directors	580	138	2	22	9	751
Joanne Briscoe	133	20	6	16	3	178
Other key management	160	36	1	17	5	219
	873	194	9	55	17	1,148
Amounts capitalised	(41)	-	-	-	-	(41)
Profit and loss expense	832	194	9	55	17	1,107

	15 Months ended 31 March 2024					
	Salary and fees	Bonus	Share-based payments	Pension contributions	Other benefits	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Graham Bird	254	70	7	12	5	348
Richard Rose	75	-	-	-	-	75
Richard Harpham	295	82	9	14	3	403
Philip Shepherd	38	-	-	-	-	38
Martin Shuker	38	-	-	-	-	38
Total Board of directors	700	152	16	26	8	902
Joanne Briscoe	159	23	4	19	3	208
Other key management	191	40	6	9	5	250
	1,048	215	26	54	15	1,360
Amounts capitalised	(93)	-	-	-	-	(93)
Profit and loss expense	956	215	26	54	15	1,267

Only two directors are accruing retirement benefits, being Richard Harpham and Graham Bird. Both make personal contributions and receive company contributions into defined contribution (money purchase) pensions schemes. There are no defined benefit schemes in the group and the Group has no pension commitments other than monthly contributions for employees.

The average monthly number of employees was as follows:

	Year Ended 31 March 2025 No.	15 Month Period Ended 31 March 2024 No.
Management	6	6
Administrative	64	54
Operations	953	990
	1,023	1,050

8. Interest

	Year Ended	15 Month Period Ended
	31 March 2025	31 March 2024
	£'000	£'000
Interest income	73	176
Interest expense	(443)	(418)
Net interest (expense) / income	<u>(370)</u>	<u>(242)</u>

9. Taxation

	Year Ended	15 Month Period Ended
	31 March 2025	31 March 2024
	£'000	£'000
Current tax expense		
Current tax on profits for the year	1	-
Prior period tax adjustment	15	-
Total Current tax	<u>16</u>	<u>-</u>
Deferred tax expense		
Origination and reversal of Temporary differences	(321)	665
Remeasurement of deferred tax for changes in tax rates	-	(1,191)
Effects of Business combinations	310	408
Total deferred tax	<u>(11)</u>	<u>(118)</u>
Total tax expense	<u>5</u>	<u>(118)</u>

A reconciliation of income tax expense applicable to the loss before taxation at the statutory tax rate to the income tax expense at the effective tax rate of the Group is as follows:

	Year Ended	15 Month Period Ended
	31 March 2025	31 March 2024
	£'000	£'000
Loss before taxation	(1,246)	(540)
Tax calculated at the standard rate of tax of 25% (2024: 23.82%)	(311)	(128)
<i>Tax effects of:</i>		
Expenses not deductible for tax purposes	24	168
Non-taxable income	(4)	(75)
Enhanced relief for qualifying additions	-	(9)
Movement in unrecognised tax losses	(1,406)	398
Tax on foreign operations	152	105

Non qualifying amortisation	31	56
Movement in fixed asset timing differences not recognised in deferred tax	(42)	-
Depreciation on ineligible assets	483	373
Increase in dilapidation provision	12	56
Remeasurement of deferred tax for changes in tax rates	-	(1,191)
Fixed asset differences relating to transfer of trade and assets	614	-
Timing differences on right of use assets	304	271
Foreign exchange differences in relation to closure of foreign subsidiary	-	(119)
Amounts written off from connected company not taxable	1	(22)
Transfer of losses to connected company	156	
Other	(9)	(1)
	<u>5</u>	<u>(118)</u>

Changes in tax rates and factors affecting the future tax charge

There are no factors affecting the future tax charge.

Deferred tax

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets where the directors believe it is probable that these assets will be recovered.

The Group has tax losses of approximately £24,119k as at 31 March 2025 (£22,340k as at 31 March 2024) which, subject to agreement with taxation authorities, are available to carry forward against future profits. The tax value of such losses amounted to approximately £6,030k (£5,585k as at 31 March 2024). A deferred tax asset has been recognised in respect of £13,361k (2024 - £6,976k) of these losses to offset the deferred tax liability in respect of fixed asset temporary differences. A deferred tax asset has therefore not been recognised in respect of the remaining tax losses of £10,758k (2024 - £15,364k) due to there being insufficient certainty that profits will be recognised in future years.

Amounts of deferred tax recognised in profit or loss:

	Provisions and other timing differences £'000	Fixed asset temporary differences £'000	Unused tax losses £'000	Intangibles acquired through business combinations £'000	Total £'000
Balance as at 1 April 2024	(176)	1,744	(1,568)	326	326
(Charge) / credit for the year	(38)	1,800	(1,752)	(11)	(11)
Effects of business combinations excluded from profit and loss charge	-	-	-	(310)	(310)
Balance as at 31 March 2025	<u>(214)</u>	<u>3,544</u>	<u>(3,330)</u>	<u>5</u>	<u>5</u>

	Provisions and other timing differences £'000	Fixed asset temporary differences £'000	Unused tax losses £'000	Intangibles acquired through business combinations £'000	Total £'000
Balance as at 1 January 2023	(94)	774	(680)	832	832
(Charge) / credit for the year	(82)	(241)	323	(118)	(118)
Effects of business combinations excluded from profit and loss charge	-	-	-	(408)	(408)
Remeasurement of deferred tax for changes in tax rates	-	1,191	(1,191)	-	-
Other adjustments	-	20	(20)	20	20
Balance as at 31 March 2025	(176)	1,744	(1,568)	326	326

Estimates and assumptions, including uncertainty over income tax treatments

The Group is subject to income tax in several jurisdictions and significant judgement is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Group recognises tax liabilities based on estimates of whether additional taxes and interest will be due.

These tax liabilities are recognised when, despite the Directors' belief that its tax return positions are supportable, the Directors believe it is more likely than not that a taxation authority would not accept its filing position. In these cases, the Group records its tax balances based on either the most likely amount or the expected value, which weights multiple potential scenarios. The Directors believe that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law.

No material uncertain tax positions exist as at 31 March 2025. This assessment relies on estimates and assumptions and may involve a series of complex judgments about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.

In the Year Ended 31 December 2021 upon acquisition of both the French master franchise in March 2021 and the Boom group of companies in November 2021, there were intangibles acquired as part of the purchase. These acquired intangibles were deemed to create a deferred tax liability and calculated at 25.75% for France and 25% for Boom. In total, these amounted to £1,112k. These deferred tax liabilities were recognised in the period ended 31 December 2021 and are being amortised over the same periods as the acquired intangible. As at 31 March 2025 these have been amortised to £5k (2024: £326k).

10. Loss per share

Basic loss per share is calculated by dividing the loss attributable to equity holders by the weighted average number of ordinary shares in issue during the period. Diluted net loss per share is calculated by dividing net loss by the weighted average number of shares in issue and potential dilutive shares outstanding during the period.

Because XP Factory is in a net loss position, diluted loss per share excludes the effects of ordinary share equivalents consisting of stock options and warrants, which are anti-dilutive. The total number of shares subject to share options and conversion rights outstanding excluded from

consideration in the calculation of diluted loss per share for the Year ended 31 March 2025 was 19,726,571 shares (15 months ended 31 March 2024: 17,366,666 shares).

	Year Ended 30 March 2025	15 Month Period Ended 31 March 2024
Loss after tax attributable to owners of the Company (£'000)	(1,251)	(420)
Weighted average number of shares:		
- Basic and diluted	175,037,600	165,271,148
Loss per share		
- Basic and diluted (Pence)	(0.71)	(0.27)

11. Property, plant and equipment

	Leasehold improvements	Office equipment	Computers	Furniture and fixtures	Games	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<i>Cost:</i>						
As at 1 January 2023	13,188	51	325	1,609	6,761	21,934
Additions	3,872	140	326	1,294	2,514	8,146
Additions arising from acquisition	2,140	35	33	395	156	2,759
Transfers	-	498	-	(493)	(5)	-
Translation differences	(27)	(29)	(2)	(17)	(8)	(83)
Disposals	(334)	-	(2)	(8)	(183)	(527)
As at 31 March 2024	18,839	695	680	2,780	9,235	32,229
Additions	3,952	1	120	1,304	2,059	7,436
Additions arising from acquisition	1,456	-	44	364	486	2,350
Transfers	-	(498)	-	493	5	-
Translation differences	(7)	8	1	(9)	(9)	(16)
Disposals	(138)	-	(7)	(116)	(772)	(1,033)
As at 31 March 2025	24,102	206	838	4,816	11,004	40,966
<i>Accumulated depreciation:</i>						
As at 1 January 2023	(4,165)	(50)	(147)	(527)	(4,292)	(9,181)
Additions arising from acquisition	(380)	(13)	(6)	(75)	(15)	(489)
Depreciation charge	(1,929)	(40)	(153)	(529)	(1,002)	(3,653)
Translation differences	53	1	-	7	(11)	50
Disposals	289	-	1	26	88	404
As at 31 March 2024	(6,132)	(102)	(305)	(1,098)	(5,232)	(12,869)
Depreciation charge	(1,782)	(50)	(207)	(713)	(1,089)	(3,841)
Translation differences	1	-	(1)	-	(1)	(1)
Disposals	95	13	7	108	700	923
As at 31 March 2025	(7,818)	(139)	(506)	(1,703)	(5,622)	(15,788)
Net book value						
As at 31 March 2025	16,284	67	332	3,113	5,382	25,178
As at 31 March 2024	12,707	593	375	1,682	4,003	19,360

The amount of expenditure recognised in the carrying value of leasehold improvements in the course of construction at 31 March 2025 is £292,669 (2024: £nil).

12. Right-of-use assets and lease liabilities

Right-of-use assets	Year ended 31 March 2025 £'000	15 Month Period ended 31 March 2024 £'000
Land and buildings – right-of-use asset cost b/f	25,442	20,484
Closures / modification of leases during the period	-	275
Additions during the period, including through acquisition	10,215	6,245
Lease incentives	(1,182)	(1,563)
Less: Accumulated depreciation b/f	(5,116)	(2,641)
Depreciation charged for the period	(2,501)	(2,474)
Net book value	26,858	20,326

The Group leases land and buildings for its offices and escape room and battle bar venues under agreements of between five to fifteen years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

During the year ended 31 December 2022 the Group entered into a lease on a premises in Bournemouth where a portion of the property is sub-let to a Boom franchisee. The total value of the master lease is recognised within lease liabilities whilst the underlease has been recognised as a finance lease receivable. During the year ended 31 March 2025, the group bought back the Bournemouth franchisee and de-recognised this finance lease receivable accordingly.

Finance lease receivable	Year ended 31 March 2025 £'000	15 Month Period ended 31 March 2024 £'000
Balance at beginning of period	1,389	1,273
Disposals during the year	(1,414)	-
Interest charged	25	116
Payments received	-	-
Balance at end of period	-	1,389

Where leases have been renegotiated during the year, these have been treated as modifications of leases and included as separate items in the note above.

Lease liabilities	Year ended 31 March 2025 £'000	15 Month Period ended 31 March 2024 £'000
In respect of right-of-use assets		
Balance at beginning of period	29,818	24,039
Closures / modification of leases during the period	-	275
Additions during the year	9,094	6,245
Interest incurred	2,685	2,394
Repayments during the period	(4,356)	(3,135)

Lease liabilities at end of period	37,241	29,818
	As at	As at
	31 March	31 March
	2025	2024
	£'000	£'000
Maturity		
< 1 month	223	232
1 – 3 months	446	463
3 – 12 months	1,749	1,337
Non-current	34,823	27,786
Total lease liabilities	37,241	29,818

In the Escape Hunt group of companies, leases are generally 10 years with a 5 year break clause. Where the break clause is tenant only the leases are accounted for over the full period of the lease as it is assumed the break clause will not be enacted, whereas where the break clause is both ways, leases are accounted for over the period to the initial break clause years.

In the Boom group of companies, leases are generally over 15 years with a 10 year tenant only break clause, which are therefore accounted over 15 years. Only leases with a break that can be invoked by the landlord are accounted for over 10 years. The group has no short term leases of properties.

None of the leases imposed restrictions or covenants.

The group also leases laptops for a small number of staff on leases of 3 years. The charge to the profit and loss for the year ended 31 March 2025 for these computers was £7k (2024: £10k). These leases are all cancellable on short notice.

There are a number of properties for which turnover rent is payable. The amount charged to the profit and loss for these turnover rent payments in the year ended 31 March 2025 was £1,422k (2024: £1,191k).

As at 31 March 2025 there were no leases that had not commenced to which the group was committed.

13. Intangible assets

	Goodwill £'000	Trademarks £'000	Intellectual property £'000	Internally generated IP £'000	Franchise agreements £'000	App Quest £'00'	Portal £'000	Total £'000
Cost								
At 1 January 2023	19,640	86	10,195	1,864	4,623	100	377	36,885
Additions arising from internal development	-	14	-	101	-	-	93	208
Additions arising from acquisition	1,896	-	-	-	-	-	-	1,896
Re-analysis	1,339	-	-	-	(1,635)	-	-	(296)
Disposals	-	-	-	-	-	-	(149)	(149)
Translation differences	-	(4)	-	14	-	-	9	19
As at 31 March 2024	22,875	96	10,195	1,979	2,988	100	330	38,563
Additions arising from internal development	5	18	-	98	-	-	127	248
Additions arising from acquisition	367	-	-	-	-	-	-	367
Re-analysis	938	-	-	-	(2,268)	-	(5)	(1,335)
Translation differences	-	-	-	(3)	-	-	1	(2)
As at 31 March 2025	24,185	114	10,195	2,074	720	100	453	37,841
Accumulated amortisation / impairment								
At 1 January 2023	(1,393)	(72)	(10,195)	(971)	(1,143)	(100)	(315)	(14,189)
Amortisation for the year	-	(9)	-	(192)	(532)	-	(53)	(786)
Disposals	-	-	-	-	-	-	51	51
As at 31 March 2024	(1,393)	(81)	(10,195)	(1,163)	(1,675)	(100)	(317)	(14,924)
Amortisation for the year	(55)	(8)	-	(137)	(46)	-	(19)	(265)
Re-analysis	-	-	-	-	1,021	-	-	1,021
As at 31 March 2025	(1,448)	(89)	(10,195)	(1,300)	(700)	(100)	(336)	(14,168)
Carrying amounts								
At 31 March 2025	22,737	25	-	774	20	-	117	23,673
At 31 March 2024	21,482	15	-	816	1,313	-	14	23,639

Goodwill and acquisition related intangible assets recognised have arisen from the acquisition of Experiential Ventures Limited in May 2017, Escape Hunt Entertainment LLC in September 2020, BGP Escape France, BGP Entertainment Belgium in March 2021 and the Boom group of companies in November 2021, Boom East in August 2022, Boom Battle Bar Cardiff in September 2022, BBB Chelmsford and BBB Ealing in June 2023, BBB Liverpool and BBB Five in November 2023, the acquisitions of the assets and business of Boom franchise sites in Aldgate in May 2024, Bournemouth in June 2024, and Southampton in November 2024. Goodwill has also been recognised on the consolidation of BBB Nine Limited (Boom Battle Bar Swindon) which is managed by the group under an operating agreement. Refer to Notes 14 and 15 for further details.

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ('CGUs') that are expected to benefit from that business combination. Management considers that the goodwill is attributable to the owner-operated business because that is where the benefits are expected to

arise from expansion opportunities and synergies of the business.

No value was attributed to the brand and customer relationships as the Board's strategic review of the business and a repositioning of our branding exercise enabled the Group to clearly define its quality, service and values, and make it more attractive to new customers and partners. Furthermore, the value of any existing brand and customer relationships which was separately identifiable from other intangible assets was insignificant.

The Group tests goodwill annually for impairment or more frequently if there are indications that these assets might be impaired. The recoverable amounts of the CGU are determined from fair value less costs to sale. The value of the goodwill comes from the future potential of the assets rather than using the assets as they are (i.e. there is assumed expansionary capex which supports growth in revenues and the value of the business and therefore goodwill).

The key assumptions for the fair value less costs to sale approach are those regarding capital expenditure which supports a consequent growth in revenues and associated earnings and a discount rate. The Group monitors its pre-tax Weighted Average Cost of Capital and those of its competitors using market data. In considering the discount rate applying to the CGU, the Directors have considered the relative sizes, risks and the inter-dependencies of its CGUs. The impairment reviews use a discount rate adjusted for pre-tax cash flows. The Group prepares cash flow forecasts derived from the most recent financial plan approved by the Board and extrapolates revenues, net margins and cash flows for the following three years based on forecast growth rates of the CGU. Cash flows beyond this period are also considered in assessing the need for any impairment provisions. A discount rate of 12.3% and capex of £25.0 million over the three years has been assumed. Growth in years 4- 6 is assumed at 5% per annum. The rate used for the fair value calculation thereafter is 2.5%. The directors consider these assumptions are consistent with that which a market participant would use in determining fair value.

Intellectual property

The Intellectual Property relates to the valuation of the Library of Game Wire Frame Templates of games, the process of games development and the inherent know how and understanding of making successful games.

The fair value of these assets on acquisition of £10,195k was determined by discounting estimated future net cash flows generated by the asset where no active market for the assets exists.

The Group tests intellectual property for impairment only if there are indications that these assets might be impaired. An impairment loss is calculated as the difference between its carrying amount and the present value of the estimated future cash flows.

Franchise agreements

The intangible asset of the Franchise Business was the net present value of the net income from the franchisee agreements acquired.

The approach selected by management to value the franchise agreements was the Multi-Period Excess Earnings Method ("MEEM") which is within the income approach. The multi-period excess earnings method estimated value is based on expected future economic earnings attributable to the agreements.

The key assumptions used within the intangible asset valuation were as follows:

- Economic life – The valuation did not assume income for a period longer than the asset's economic life (the period over which it will generate income). The contractual nature of the Franchise Agreements (with terms typically between 6 and 10 years) means it is possible to forecast with a reasonable degree of certainty the remaining term of each agreement and therefore the period in which it will generate revenue. Only contracts which were signed at the acquisition date were included.

- **Renewal** – No provision for the renewal of existing Franchise Contracts has been included with the valuation. This reflects the fact that potential contract renewals will only take place several years in the future, and the stated strategy of management has been to focus on the development of owner-managed sites rather than renewing the franchises when they are due for renewal – as they may be bought out.
- **Contributory Asset Charges (CAC)** - The projections assumed after returns are paid/charged to complementary assets which are used in conjunction with the valued asset to generate the earnings associated with it. The only CAC identified by management is the charge relating to IP – a charge has been included to take into account the Intellectual Property used within the franchise operation. This is considered key in generating earnings at the franchised sites. Management has applied the same royalty rate of 10% used to value this asset.
- **Discount Rate** – The Capital Asset Pricing Model (“CAPM”) was used to calculate a discount rate of 12.3%.
- **Taxation** – At the time of acquisition, the franchise profits were earned within a group subsidiary which was incorporated in the Labuan province of Malaysia. The tax rate applicable in Labuan was applied to the earnings generated from franchise operations for franchise contracts acquired at that time. The acquisitions in France and the UK during 2021 have used anticipated tax rates of 25.75% and 25% respectively.

During the period ended 31 March 2025, the assets of Boom Aldgate East, Boom Wandsworth, Boom Bournemouth, Boom Southampton and Boom Ipswich were purchased. As such amounts that were previously being held as Franchise agreement intangibles have been transferred to goodwill to reflect the new group ownership and management of these companies.

The carrying amount of the franchise agreements has been considered on the basis of the value in use derived from the expected future cash flows.

14. Subsidiaries

Details of the Company’s subsidiaries as at 31 March 2025 are as follows:

Name of subsidiary	Country of incorporation	Principal activity as at 31 March 2025	Effective equity interest held by the Group (%)	Ref
Escape Hunt Group Limited	England and Wales	Operator of escape rooms	100	#1
Escape Hunt IP Limited	England and Wales	IP licensing	100	#1
Escape Hunt Franchises Limited	England and Wales	Franchise holding	100	#1
Escape Hunt Innovations Limited	England and Wales	Game design	100	#1
Escape Hunt Limited	England and Wales	Dormant	100	#1
Escape Hunt USA Franchises Ltd	England and Wales	Franchise holding	100	#1
Escape Hunt Entertainment LLC	United Arab Emirates	Operator of Escape Rooms in Dubai and master franchise to the Middle East	100	#1
BGP Escape France	France	Operator of Escape Rooms in Paris and	100	#1

Name of subsidiary	Country of incorporation	Principal activity as at 31 March 2025	Effective equity interest held by the Group (%)	Ref
		master franchise to France, Belgium and Luxembourg		
BGP Entertainment Belgium	Belgium	Operator of Escape Rooms in Brussels	100	#1
BBB Franchise Limited	England and Wales	Franchise holding	100	#1
BBB Ventures Limited	England and Wales	Dormant	100	#2
BBB UK Trading Limited	England and Wales	Central administration and employment entity for the Boom owner-operated division	100	#2
Boom BB One Limited	England and Wales	Operator of battle bar Lakeside	100	#2
BBB Six Limited	England and Wales	Operator of battle bar Edinburgh	100	#2
BBB UK Property Limited (formerly BBB Seven Limited)	England and Wales	Operator of battle bars in 14 locations	100	#2
BBB Eleven Limited	England and Wales	Operator of battle bar Plymouth	100	#2
BBB Twelve Limited	England and Wales	Operator of battle bar Manchester	100	#2
BBB Thirteen Limited	England and Wales	Operator of battle bar Oxford Street	100	#2
BBB Fourteen Limited	England and Wales	Operator of battle bar Exeter	100	#2
BBB IP Limited (formerly BBB Seventeen Limited)	England and Wales	Holder of Boom IP	100	#2
Boom East Limited	England and Wales	Operator of battle bar Norwich	100	#2
Boom Battle Bar Cardiff Limited	England and Wales	Operator of battle bar Cardiff	100	#2
BBB Chelmsford Limited	England and Wales	Operator of battle bar Chelmsford	100	#2
BBB Ealing Limited	England and Wales	Former operator of battle bar – Ealing	100	#2
BBB Five Limited	England and Wales	Former operator of battle bar - Glasgow	100	#2
BBB Liverpool Limited	England and Wales	Former operator of battle bar - Liverpool	100	#2
Boom Battle Facilities Management Services LLC	United Arab Emirates	Operator of battle bar Dubai	100	#1

Each of the companies incorporated in England and Wales have their registered office at 70-88 Oxford Street, London, England, W1D 1BS.

Each of the subsidiaries for which reference #1 is shown is directly held by the Company. Those referenced #2 are held indirectly through one of the directly held subsidiaries.

The registered address of each overseas subsidiary is as follows:

Escape Hunt Entertainment LLC

Retail Space 26, Galleria Mall, Al Wasl Road, Bur Dubai, Dubai

Boom Battle Facilities Management Services LLC

Office no. 1506-7, The One Tower, Al Thanya First, Dubai, UAE

BGP Escape France

112 bis rue cardinet 75017, France

BGP Entertainment Belgium

13-15 rue de Livourne, 1060 Brussels

Previously held entities

Escape Hunt Operations Ltd

Lot A020, Level 1, Podium Level, Financial Park Labuan, Jalan Merdeka, 8700 Labuan, Malaysia.

E V Development Co. Ltd

No. 689 Bhiraj Tower at EmQuartier, Sukhumvit (Soi 35) Road, Klongton-Nua Sub-district, Bangkok, Thailand.

Experiential Ventures Limited

103 Sham Peng Tong Plaza, Victoria, Mahe, Seychelles.

Boom BB Two Limited

70-88 Oxford Street, London, England, W1D 1BS

BBB Three Limited

70-88 Oxford Street, London, England, W1D 1BS

BBB Fifteen Limited

70-88 Oxford Street, London, England, W1D 1BS

BBB Sixteen Limited

70-88 Oxford Street, London, England, W1D 1BS

15. Business Combination

Acquisition of business and assets of Boom Battle Bar Aldgate East

On 9 May 2024, the XP Factory Group acquired the business and assets of BBB1 Ltd. BBB1 Ltd runs an owner operated Boom Battle Bar site situated in Aldgate East.

The details of the business combination are as follows:

£'000

Fair value of consideration transferred

Amounts settled in cash	154
Loan receivable	(80)
Settlement of vendor debts	129
Total consideration	<u>203</u>

No further acquisition related costs were incurred.

	Book Value £'000	Fair Value Adjustment £'000	Fair Value £'000
Assets and liabilities recognised as a result of the acquisition			
Other receivables and deposits	83	-	83
Inventory	11	-	11
Property, plant and equipment	532	-	532
Right of use assets	1,849	-	1,849
Lease liabilities	(1,849)	-	(1,849)
Loans	(7)	-	(7)
Other payables	(63)	-	(63)
Net identifiable assets acquired	<u>556</u>	-	<u>556</u>
Goodwill arising on acquisition	-	168	168
Provision for lease guarantee recognised	(521)	-	(521)
Total	<u>35</u>	<u>168</u>	<u>203</u>

No cash, trade receivables or trade payables were acquired.

The fair value of the total consideration exceeded the net identifiable assets acquired giving rise to a goodwill balance of £168k arising from the acquisition. As a condition of the acquisition, the group undertook to guarantee the lease for BBB Nine Limited, which is operated under an operating agreement and consolidated within the results, but is not owned. The present value of the future lease obligations which run to June 2031 was considered onerous and factored into the consideration. Boom Battle Bar Aldgate East contributed £1.7m turnover and a profit of £0.2m in the period post acquisition.

Acquisition of business and assets of Boom Battle Bar Wandsworth

On 9 May 2024, the XP Factory Group acquired the business and assets of BBB2 Ltd. BBB2 Ltd runs an owner operated Boom Battle Bar site situated in Wandsworth.

The details of the business combination are as follows:

	£'000
Fair value of consideration transferred	
Amounts settled in cash	-
Group receivables forgiven	57
Vendor loan receivable	(153)
Total consideration	<u>(96)</u>

Further acquisition related costs of £1k are included in administrative expenses under the owner operated segment.

	Book Value £'000	Fair Value Adjustment £'000	Fair Value £'000
Assets and liabilities recognised as a result of the acquisition			
Inventory	13	-	13
Property, plant and equipment	413	(316)	97
Right of use assets	825	-	825
Lease liabilities	(825)	-	(825)
Loans	(6)	-	(6)
Other payables	(200)	-	(200)
Net identifiable assets acquired	<u>220</u>	<u>(316)</u>	<u>(96)</u>
Goodwill arising on consolidation	-	-	-
Total	<u>220</u>	<u>(316)</u>	<u>(96)</u>

No cash, trade or other receivables or trade payables were acquired.

The fair value of the total consideration is equal to the net identifiable assets acquired and there is no goodwill arising from the acquisition. Boom Battle Bar Wandsworth contributed turnover of £0.7m and a loss of £0.3m in the period post acquisition.

Acquisition of business and assets of Boom Battle Bar Bournemouth

On 28 June 2024, the XP Factory Group acquired the business and assets of BBB Bournemouth Ltd. BBB Bournemouth Ltd runs an owner operated Boom Battle Bar site situated in Bournemouth.

The details of the business combination are as follows:

	£'000
Fair value of consideration transferred	
Amounts settled in cash	100
Vendor loan	302
Total consideration	<u>402</u>

Further acquisition related costs of £12k are included in administrative expenses under the owner operated segment.

	Book Value £'000	Fair Value Adjustment £'000	Fair Value £'000
Assets and liabilities recognised as a result of the acquisition			
Other receivables and deposits	3	-	3
Inventory	10	-	10
Property, plant and equipment	716	-	716
Loans	(15)	-	(15)
Other payables	(328)	-	(328)
Net identifiable assets acquired	<u>386</u>	<u>-</u>	<u>386</u>
Goodwill arising on acquisition	-	16	16
Total	<u>386</u>	<u>16</u>	<u>402</u>

No cash, trade receivables or trade payables were acquired.

The fair value of the total consideration exceeded the net identifiable assets acquired giving rise to a goodwill balance of £16k arising from the acquisition. Boom Battle Bar Bournemouth contributed turnover of £1.0m and a profit of £0m in the period post acquisition.

Acquisition of business and assets of Boom Battle Bar Southampton

On 1 November 2024, the XP Factory Group acquired the business and assets of BBB Southampton Ltd. BBB Southampton Ltd runs an owner operated Boom Battle Bar site situated in Southampton.

The details of the business combination are as follows:

	£'000
Fair value of consideration transferred	
Amounts settled in cash	350
Vendor loan	199
Total consideration	<u>549</u>

Further acquisition related costs of £11k are included in administrative expenses under the owner operated segment.

	Book Value £'000	Fair Value Adjustment £'000	Fair Value £'000
Assets and liabilities recognised as a result of the acquisition			
Other receivables and deposits	37	-	37
Inventory	12	-	12
Property, plant and equipment	500	(62)	438
Right of use assets	955	-	955
Lease liabilities	(955)	-	(955)
Loans	(6)	-	(6)
Other payables	(92)	-	(92)
Net identifiable assets acquired	<u>451</u>	<u>(62)</u>	<u>389</u>
Goodwill arising on acquisition	-	160	160
Total	<u>451</u>	<u>98</u>	<u>549</u>

No cash, trade receivables or trade payables were acquired.

The fair value of the total consideration exceeded the net identifiable assets acquired giving rise to a goodwill balance of £160k arising from the acquisition. Boom Battle Bar Southampton contributed £0.7m turnover and £0.1m profit in the period post acquisition.

Acquisition of business and assets of Boom Battle Bar Ipswich

On 21 November 2024, the XP Factory Group acquired the business and assets of Raskan Enterprises Ltd. Raskan Enterprises Ltd runs an owner operated Boom Battle Bar site situated in Ipswich.

The details of the business combination are as follows:

	£'000
Fair value of consideration transferred	
Amounts settled in cash	-
Group receivables forgiven	51
	70

Total consideration	<u>51</u>
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No further acquisition related costs were incurred.

	Book Value £'000	Fair Value Adjustment £'000	Fair Value £'000
Assets and liabilities recognised as a result of the acquisition			
Other receivables and deposits	94	-	94
Inventory	15	-	15
Property, plant and equipment	579	(397)	182
Right of use assets	688	-	688
Lease liabilities	(885)	-	(885)
Loans	(5)	-	(5)
Other payables	(38)	-	(38)
Net identifiable assets acquired	<u>448</u>	<u>(397)</u>	<u>51</u>
Goodwill arising on consolidation	-	-	-
Total	<u>448</u>	<u>(397)</u>	<u>51</u>

No cash, trade receivables or trade payables were acquired.

The fair value of the total consideration is equal to the net identifiable assets acquired and there is no goodwill arising from the acquisition. Boom Battle Bar Ipswich contributed £0.3m turnover and £0.0m profit in the period post acquisition.

16. Loan to franchisee

A loan of £300,000 is due from a master franchisee which bears interest at 5% per annum plus 2% of the franchisee's revenues and was repayable in instalments between January 2020 and June 2023.

The majority of income receivable under the terms of the loan relates to interest at a fixed rate. The impact of COVID-19 on the borrower in 2020 was significant with performance not improving to the level expected since then. As a result it is considered unlikely that the loan will be repaid. As at 31 March 2025 this loan, together with accrued interest, has been provided for in full.

17. Trade and other receivables

	As at 31 March 2025 £'000	As at 31 March 2024 £'000
Trade receivables (customer contract balances)	843	1,636
Prepayments	1,871	1,840
Accrued income (customer contract balances)	881	481
Deposits and other receivables	605	122
	<u>4,200</u>	<u>4,079</u>

The Group's exposure to credit risk and impairment losses related to trade receivables is disclosed in Note 30.

Significant movements in customer contract assets during the Year ended 31 March 2025 are summarised below:

Year ended 31 March 2025:

	Trade Receivables £'000	Accrued income £'000
Contract assets:		
Balance at 1 January 2023	1,934	782
Transfers from contract assets recognised at the beginning of the period to receivables	782	(782)
Net (decreases)/increases as a result of changes in the measure of progress	(669)	633
Provisions for doubtful amounts	(410)	(31)
Balance at 31 March 2024	1,636	603
Transfers from contract assets recognised at the beginning of the period to receivables	603	(603)
Net (decreases)/increases as a result of changes in the measure of progress	(1,063)	913
Provisions for doubtful amounts	(332)	(32)
Balance at 31 March 2025	843	881

The amount of revenue recognised from performance obligations satisfied in previous periods is nil.

The group receives payments from customers based on terms established in its contracts. In the case of franchise revenues in Escape Hunt, amounts are billed within five working days of a month end and settlement is due by the 14th of the month. In the case of franchise revenues in Boom Battle Bar, amounts are billed every Tuesday and settlement is due by Friday each week.

Accrued income relates to the conditional right to consideration for completed performance under the contract, primarily in respect of franchise revenues. Accounts receivable are recognised when the right to consideration becomes unconditional.

18. Inventories

	As at 31 March 2025 £'000	As at 31 March 2024 £'000
Branch consumables (at cost)	495	348
Total inventories	495	348

Inventories are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and other costs in bringing them to their existing location and condition. As items are sold, the costs of those items are drawn down from the value of inventory and recorded as an expense under costs of sale in the profit and loss for the period.

The movement in stocks was as follows:

	As at 31 March 2025 £'000	As at 31 March 2024 £'000
Balance brought forward	348	323
Amounts recognised as expense during the period	(7,135)	(6,736)
Acquired through acquisition	61	64
Purchases / cost incurred	7,221	6,697

Total inventories	495	348
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19. Cash and cash equivalents

	As at 31 March 2025 £'000	As at 31 March 2024 £'000
Bank balances	1,095	3,935
Cash and cash equivalents in the statement of cash flow	1,095	3,935

The currency profiles of the Group's cash and bank balances are as follows:

	As at 31 March 2025 £'000	As at 31 March 2024 £'000
Pounds Sterling	670	3,350
Australian Dollars	3	100
United States Dollars	10	165
Euros	291	223
United Arab Emirates Dirhams	121	97
	1,095	3,935

20. Trade and other payables (current)

	As at 31 March 2025 £'000	As at 31 March 2024 £'000
Trade payables	3,663	3,757
Accruals	4,925	5,544
Deferred income	2,153	1,809
Taxation	5	320
Loans due in < 1yr	1,140	1,941
Other taxes and social security	1,784	1,595
Other payables	-	87
	13,670	15,054

21. Deferred income

	As at 31 March 2025 £'000	As at 31 March 2024 £'000
Contract liabilities (deferred income):		
Balance at beginning of year	2,228	1,484
Revenue recognised in the year that was included in the deferred income balance at the beginning of the year and from balances acquired during the year	(1,907)	(1,484)

Drawdown of landlord contributions	(68)	(15)
Increases due to cash received, excluding amounts recognised as revenue during the period	1,640	1,620
Increases on acquisition of new businesses	422	611
Decreases on termination of franchises	-	(18)
Translation differences	-	6
Reclassification	436	24
Transaction price allocated to the remaining performance obligations	<u>2,751</u>	<u>2,228</u>

All of the above amounts relate to contracts with customers and include amounts which will be recognised within one year and after more than one year. The amounts on the early termination of upfront franchise fees were recognised as revenue as all performance obligations have been satisfied.

	As at 31 March 2025 £'000	As at 31 March 2024 £'000
Upfront exclusivity, legal and training fees	73	173
Landlord contributions	618	250
Escape room advance bookings	483	504
Boom Battle Bar advance bookings	1,161	943
Gift vouchers	416	358
	<u>2,751</u>	<u>2,228</u>

	Within one year £'000	After more than one year £'000	Total £'000
Upfront exclusivity, legal and training fees	25	48	73
Landlord contributions	68	549	617
Escape room advance bookings	483	-	483
Boom Battle Bar advance bookings	1,161	-	1,161
Gift vouchers	416	-	416
As at 31 March 2025	<u>2,153</u>	<u>597</u>	<u>2,750</u>

	Within one year £'000	After more than one year £'000	Total £'000
Upfront exclusivity, legal and training fees	30	142	172
Landlord contributions	69	181	250
Escape room advance bookings	504	-	504
Boom Battle Bar advance bookings	943	-	943
Gift vouchers	359	-	359
As at 31 March 2024	<u>1,905</u>	<u>323</u>	<u>2,228</u>

Deferred revenues in respect of upfront exclusivity fees are expected to be recognised as revenues over the remaining lifetime of each franchise agreement. Deferred legal fees are recognised on the earlier of the date of completion of the franchise lease and the date of occupation and training fees are recognised on the date the franchise site is opened. The average remaining period of the Escape Hunt franchise agreements is approximately two years. The average remaining life on all Boom franchise leases is approximately seven years. All other deferred revenue is expected to be recognised as revenue within one year.

22. Provisions

The following provisions have been recognised in the period:

	Year ended	15 Month
	31 March	Period ended
	2025	31 March
	£'000	2024
		£'000
Dilapidations provisions	775	539
Provision for financial guarantee contracts	58	70
Other provisions	636	-
	<u>1,469</u>	<u>609</u>

Provisions represent future liabilities and are recognised on an item by item basis based on the Group's best estimate of the likely committed cash outflow.

Movements on provisions can be illustrated as follows:

	Deferred consideration	Dilapidations	Financial guarantee contracts	Other	Total
	£'000	£'000	£'000	£'000	£'000
<i>Cost:</i>					
As at 31 March 2024	-	539	70	-	609
Provisions recognised	100	251	-	707	1,058
Releases recognised	(100)	(15)	(12)	(71)	(198)
As at 31 March 2025	-	775	58	635	1,469

The ageing of provisions can be split as follows:

	As at	As at
	31 March	31 March
	2025	2024
	£'000	£'000
Within one year	294	-
After more than one year	1,175	609
	<u>1,469</u>	<u>609</u>

Financial guarantee contracts relate to leases where the Group has signed as co-tenant or has

provided a guarantee for a site operated by a franchisee.

	31 March 2025 £'000	31 March 2024 £'000
Provision for financial guarantee contracts at start of period	70	94
Additional provision in period	-	-
Releases in period	(12)	(24)
Provision at 31 March 2025	<u>58</u>	<u>70</u>
Number sites for which guarantees provided	4	6
Average term of lease remaining (years)	9.4	12.9
Average annual rent (£'000)	<u>132</u>	<u>165</u>

At the end of the reporting period, the directors of the Company have assessed the past due status of the debts under guarantee, the financial position of the debtors as well as the economic outlook of the industries in which the debtors operate. There has been no change in the estimation techniques or significant assumptions made during the reporting periods in assessing the loss allowance for these financial assets.

23. Share capital

	As at 31 March 2025 £'000	As at 31 March 2024 £'000
<i>Issued and fully paid:</i>		
At beginning of the year: 174,557,600 (2024: 150,633,180)		
Ordinary shares of 1.25 pence each	2,182	1,883
Issued during the year: 600,000 Ordinary shares	8	299
As at end of period / year		
- 175,157,600 (2024: 174,557,600)	<u>2,190</u>	<u>2,182</u>
Ordinary shares of 1.25 pence each		

XP Factory Plc does not have an authorised share capital and is not required to have one.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

During the Year ended 31 March 2025, the following changes in the issued share capital of the Company occurred:

- 600,000 shares were issued at nominal value of 1.25 pence per share to the trustees of the Employee Share Incentive Plan to be utilised to satisfy matching and free share awards made in accordance with the plan rules.

24. Borrowings

	As at 31 March 2025 £'000	As at 31 March 2024 £'000
<i>Amounts due within one year</i>		
Vendor loans	433	922
Fit out finance, including equipment finance leases	492	795
Bank and other borrowings	215	224
	1,140	1,941
<i>Amounts due in more than one year:</i>		
Vendor loans	173	234
Fit out finance	286	683
Bank and other borrowings	4,388	1,000
As at end of period / year	4,847	1,917

During the year, the Group bought back five franchise sites in Aldgate East, Wandsworth, Bournemouth, Southampton and Ipswich. The Bournemouth and Southampton acquisitions used vendor finance in form of deferred payments to the franchisee to help fund the respective acquisitions. Details are set out in note 15. As at 31 March 2025, £372k of this vendor finance remained outstanding.

On 7 October 2024, the Company signed a two-year, £10m revolving credit agreement with Barclays Bank plc. The facility is drawable and repayable at the Company's discretion and is repayable at the end of the term. Drawn funds accrue interest at 4.5% above the Bank of England Base Rate, and the Company pays an availability fee of 1.8% on undrawn funds. At 31 March 2025 £4.5m of the facility had been drawn.

During the year ended 31 March 2025, the group made use of certain fit out finance facilities from a range of different suppliers. The total fit-out finance outstanding at the end of the period was £778k.

25. Share option and incentive plans

XP Factory Plc (formerly Escape Hunt Plc) Enterprise Management Incentive Plan

On 15 July 2020, the Company established the Escape Hunt plc Enterprise Management Incentive Plan ("2020 EMI Plan"). The 2020 EMI Plan is an HMRC approved plan which allows for the issue of "qualifying options" for the purposes of Schedule 5 to the Income Tax (Earnings and Pensions) Act 2003 ("Schedule 5"), subject to the limits specified from time to time in paragraph 7 of Schedule 5, and also for the issue of non qualifying options.

It is the Board's intention to make awards under the 2020 EMI Plan to attract and retain senior employees. The 2020 EMI Plan is available to employees whose committed time is at least 25 hours per week or 75% of his or her "working time" and who is not precluded from such participation by paragraph 28 of Schedule 5 (no material interest). The 2020 EMI Plan will expire on the 10th anniversary of its formation.

The Company has made five awards to date as set out in the table below. The options are exercisable at their relevant exercise prices and vest in three equal tranches on each of the first, second and third anniversary of the grants, subject to the employee not having left employment other than as a Good Leaver. The number of options that vest are subject to a performance condition based on the

Company's share price. This will be tested on each vesting date and again between the third and fourth anniversaries of awards. If the Company's share price at testing equals the first vesting price, one third of the vested options will be exercisable. If the Company's share price at testing equals the second vesting price, 90 per cent of the vested options will be exercisable. If the Company's share price at testing equals or exceeds the third vesting price, 100% of the vested options will be exercisable. The proportion of vested options exercisable for share prices between the first and second vesting prices will scale proportionately from one third to 90 per cent. Similarly, the proportion of options exercisable for share prices between the second and third vesting prices will scale proportionately from 90 per cent to 100 per cent.

The options will all vest in the case of a takeover. If the takeover price is at or below the exercise price, no options will be exercisable. If the takeover price is greater than or equal to the second vesting price, 100 per cent of the options will be exercisable. The proportion of options exercisable between the first and second vesting prices will scale proportionately from nil to 100 per cent.

If not exercised, the options will typically expire on the seventh anniversary of award. Options exercised will be settled by the issue of ordinary shares in the Company.

Awards	#1	#2	#3	#4	#5
Date of award	15-Jul-20	18-Nov-21	23-Nov-21	15-Dec-23	01-Oct-24
Date of expiry	15-Jul-27	18-Nov-26	23-Nov-26	29-Nov-30	31-Jul-31
Exercise price	7.5p	35.0p	35.0p	15.0p	14.0p
Qualifying awards – number of shares under option	13,333,332	700,001	533,334	0	0
Non-qualifying awards – number of shares under option	2,400,000	0	0	666,666	2,359,905
Awards lapsed	0	0	266,667	0	0
First vesting price	11.25p	43.75p	43.75p	18.75p	18.76p
Second vesting price	18.75p	61.25p	61.25p	25.05p	24.50p
Third vesting price	25.00p	70.00p	70.00p	26.25p	34.16p
Proportion of awards vesting at first vesting price	33.33%	33.33%	33.33%	33.33%	33.33%
Proportion of awards vesting at second vesting price	90.00%	90.00%	90.00%	90.00%	90.00%
Proportion of awards vesting at third vesting price	100%	100%	100%	100%	100%

As at 31 March 2025, 19,726,571 options were outstanding under the 2020 EMI Plan (2024: 17,366,666).

	As at 31 March 2025 '000	As at 31 March 2024 '000
Options outstanding at the beginning of the period	17,367	16,700
Awards made during the year	2,360	667
Options exercised	-	-
Options lapsed or forfeited	-	-
Options outstanding at the end of the period	<u>19,727</u>	<u>17,367</u>
Options vested and exercisable at the end of the period	<u>15,733</u>	<u>15,733</u>

The sum of £30,994 has been recognised as a share-based payment and charged to the profit and loss during the year (2024: £72,852). The fair value of the options granted during the period has been calculated using the Black & Scholes formula with the following key assumptions:

Awards	#1	#2	#3	#4	#5
Exercise price	7.5p	35.0p	35.0p	15.0p	14.0p
Volatility	34.60%	31%	31%	35.0%	35.0%
Share price at date of award	7.375p	33.50p	32.00p	15.00p	12.50p
Option exercise date	15-Jul-24	18-Nov-25	23-Nov-25	31-Jul-29	31-Jul-30
Dividend yield	0%	0%	0%	0%	0%
Risk free rate	-0.05%	1.55%	1.55%	3.50%	4.13%

The performance conditions were taken into account as follows:

The value of the options have then been adjusted to take account of the performance hurdles by assuming a lognormal distribution of share price returns, based on an expected return on the date of issue. This results in the mean expected return calculated using a lognormal distribution equalling the implied market return on the date of issue validating that the expected return relative to the volatility is proportionately correct. This was then used to calculate an implied probability of the performance hurdles being achieved within the four year window and the Black & Scholes derived option value was adjusted accordingly.

Time based vesting: It has been assumed that there is between a 90% and 95% probability of all share option holders for each award remaining in each consecutive year thereafter.

During the year, the expiry date of the options in #1 tranche was extended from 15 July 2025 to 15 July 2027. The weighted average remaining contractual life of the options outstanding at 31 March 2025 is 34.0 months (31 March 2024: 18.9 months). No incremental value has been attributed to the change.

An option-holder has no voting or dividend rights in the Company before the exercise of a share option.

Escape Hunt Employee Share Incentive Scheme

In January 2021, the Company established the Escape Hunt Share Incentive Plan ("SIP").

The SIP has been adopted to promote and support the principles of wider share ownership amongst all the Company's employees. The Plan is available to all eligible employees, including Escape Hunt's executive directors, and invites individuals to elect to purchase ordinary shares of 1.25p each in the Company via the SIP trustee using monthly salary deductions. Shares are purchased monthly by the SIP trustee on behalf of the participating employees at the prevailing market price. Individual elections can be as little as £10 per month, but may not, in aggregate, exceed £1,800 per employee in any one tax year. The Ordinary Shares acquired in this manner are referred to as "Partnership Shares" and, for each Partnership Share purchased, participants are awarded one further Ordinary Share, known as a "Matching Share", at nil cost.

Matching Shares must normally be held in the SIP for a minimum holding period of 3 years and, other than in certain exceptional circumstances, will be forfeited if, during that period, the participant in question ceases employment or withdraws their corresponding Partnership Shares from the Plan.

As at 31 March 2025, 677,475 matching shares (31 March 2024, 415,045) had been awarded and were held by the trustees for release to employees pending satisfaction of their retention conditions. A charge of £17,830 (15 months to 31 March 2024: £26,167) has been recognised in the accounts in respect of the Matching Shares awards. The fair value of the charge is based on the market price of the shares on the day of the matching award.

26. Capital management

The Board defines capital as share capital and all components of equity.

The Board's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. In particular, the Company has in the past raised equity as a means of executing its acquisition strategy and as a sound basis for operating the acquired Escape Hunt and Boom Battle Bar businesses in line with the Group's strategy. The Board of Directors will also monitor the level of dividends to ordinary shareholders.

The Company is not subject to externally imposed capital requirements.

27. Reserves

The share premium account arose on the Company's issue of shares and is not distributable by way of dividends. During the year, the Company undertook a capital re-organisation sanctioned by the Courts, to convert share premium into distributable reserves. This resulted in a transfer of £48.8m from the Share Premium account to distributable reserves.

The share-based payment reserve represents the cumulative charge for share options over the vesting period with such charges calculated at the fair value at the date of the grant.

The merger relief reserve arose from the issue of shares to by the Company in exchange for shares in Experiential Ventures Limited and is not distributable by way of dividends. Upon the liquidation of Experiential Ventures Limited, the merger reserve has been transferred to retained income.

In the case of the Company's acquisition of Experiential Ventures Limited, where certain shares were acquired for cash and others on a share for share basis, then merger relief has been applied to those shares issued on a share for share basis.

The currency translation reserve represents cumulative foreign exchange differences arising from the translation of the Financial Statements of foreign subsidiaries and is not distributable by way of dividends.

The capital redemption reserve has arisen following the purchase by the Company of its own shares pursuant to share buy-back agreements and comprises the amount by which the distributable profits were reduced on these transactions in accordance with the Companies Act 2006.

28. Related party transactions

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related if one party has the ability to control the other party in making financial and operating decisions.

During the period under review there were no material related party transactions.

29. Directors and key management remuneration

Details of the Directors' remuneration are set out in Note 7 above.

30. Financial risk management

General objectives, policies and processes

The overall objective of the Directors is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

The Directors review the Company's monthly reports through which they assess the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

Categories of financial assets and liabilities

The Company's activities are exposed to credit, market and liquidity risk. The Company's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance.

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- cash and cash equivalents;
- trade and other receivables; and
- trade and other payables;

The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short-term maturity of the financial instruments.

The Company had no financial assets or liabilities carried at fair values. The Directors consider that the carrying amount of financial assets and liabilities approximates to their fair value.

A summary of the financial instruments held by category is provided below:

Financial assets at amortised cost:

	As at 31 March 2025 £'000	As at 31 March 2024 £'000
Trade receivables	843	1,636
Other receivables and deposits	1,601	2,152
Cash and cash equivalents	1,095	3,935
	3,539	7,723

Financial liabilities at amortised cost:

	As at 31 March 2025 £'000	As at 31 March 2024 £'000
Trade payables	3,663	3,758
Accruals and other payables	6,713	7,548
Other loans	5,987	3,858
	16,363	15,164

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's

receivables from customers. The Group will provide against the carrying value receivables when the board considers that there is no reasonable expectation of full recovery. The provision reflects the extent to which a loss is expected. The financial asset will be fully written off and removed from the books when there is no longer any prospect of enforcement action.

The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

As at 31 March 2025 £810k (2024: £3,650k) of the cash and bank balances, as detailed in Note 19 to the preliminary financial statements are held in financial institutions which are regulated and located in the UK, which management believes are of high credit quality. Management does not expect any losses arising from non-performance by these counterparties.

The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

Management have assessed the increase in credit risk over the last 12 months and have adjusted the carrying values of receivables where appropriate. In aggregate, Management does not consider there to have been a significant change in credit risk since initial recognition of receivables balances. Management reviews credit risk on an ongoing basis taking into account the circumstances at the time.

Impairment of financial assets

As described in Note 2 above, the Group applies the “expected loss” model which focuses on the risk that a loan or receivable will default rather than whether a loss has been incurred.

The carrying amount of financial assets in the statement of financial position represents the Group’s maximum exposure to credit risk, before taking into account any collateral held. The Group does not hold any collateral in respect of its financial assets.

Concentration of credit risk relating to trade receivables is limited due to the Group’s many varied customers. The Group’s historical experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the Group’s trade receivables. The ageing of trade receivables at the reporting date was as follows:

	As at 31 March 2025 £’000	As at 31 March 2024 £’000
Gross amounts (before impairment):		
Not past due	535	1,330
Past due 0-30 days	165	52
Past due 31-60 days	19	123
Past due more than 60 days	458	541
	1,176	2,046

Impairment losses:

The movement in the allowance for impairment losses in respect of trade receivables during the year was as follows:

	As at 31 March 2025 £'000	As at 31 March 2024 £'000
At beginning of year	(410)	(341)
Impairment losses recognised	(285)	(396)
Bad debts written off	434	15
Other adjustments	(70)	312
At end of year	<u>(332)</u>	<u>(410)</u>

The allowance account for trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amounts considered irrecoverable are written off against the trade receivables directly.

The Group assesses collectability based on historical default rates expected credit losses to determine the impairment loss to be recognised. Management has reviewed the trade receivables ageing and believes that, except for certain past due receivables which are specifically assessed and impaired, no impairment loss is necessary on the remaining trade receivables due to the good track records and reputation of its customers.

During the year ended 2020 the Group recognised an impairment in full against both the capital and accrued interest portions of the loan receivable from a master franchise. Further impairments have been recognised against all interest due in the current financial period. Therefore as at 31 March 2025 the net balance outstanding on this loan per these preliminary financial statements is nil (2024: £nil).

Liquidity risk

The ageing of financial liabilities at the reporting date was as follows:

	As at 31 March 2025 £'000	As at 31 March 2024 £'000
Not past due	15,231	13,818
Past due 0-30 days	304	731
Past due 31-60 days	43	205
Past due more than 60 days	784	410
	<u>16,363</u>	<u>15,164</u>

Liquidity risk arises from the Company's management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The principal liabilities of the Group arise in respect of trade and other payables which are all payable within 12 months. At 31 March 2025, total trade payables within one year were £3,663k (2024: £3,758k), which is more than the Group's cash held at the year-end of £1,095k (2024: £3,936k). However, the Board receives and reviews cash flow projections on a regular basis as well as information on cash balances and projections show that cash generation from the sites in the group, plus the availability of borrowing facilities will allow the group to meet these liabilities as they fall due.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group has insignificant financial assets or liabilities that are exposed to interest rate risks.

Foreign currency risk

The Group has exposure to foreign currency movements on trade and other receivables, cash and cash equivalents and trade and other payables denominated in currencies other than the respective functional currencies of the Group entities. It also exposed to foreign currency risk on sales and purchases that are denominated in foreign currencies. The currencies giving rise to this risk are primarily the United States ("US") dollar and the Euro ("EUR"). Currently, the Group does not hedge its foreign currency exposure. However, management monitors the exposure closely and will consider using forward exchange or option contracts to hedge significant foreign currency exposure should the need arise.

The Group's exposure to foreign currency risk expressed in Pounds was as follows:

	UK Pound Sterling	United States Dollar	Euro	Australian Dollar	Other	Total
As at 31 March 2025	£'000	£'000	£'000	£'000	£'000	£'000
Financial assets:						
Trade receivables	736	2	26	0	79	843
Other receivables and deposits	1,497	5	99	0	0	1,601
Cash and bank balances	669	10	291	3	122	1,095
	2,902	17	416	3	201	3,539
Financial liabilities:						
Trade payables	3,495	0	34	0	134	3,663
Other payables and accruals	6,246	0	309	0	158	6,713
Other loans	5,755	0	0	0	232	5,987
	15,496	0	343	0	524	16,363
Foreign currency exposure (net)	-	17	73	3	(323)	(230)

	UK Pound Sterling	United States Dollar	Euro	Australian Dollar	Other	Total
As at 31 March 2024	£'000	£'000	£'000	£'000	£'000	£'000
Financial assets:						
Trade receivables	1,510	-	76	-	51	1,636
Other receivables and deposits	2,076	-	76	-	-	2,152
Cash and bank balances	3,455	60	223	100	97	3,935
	7,040	60	374	100	148	7,723

Financial liabilities:						
Trade payables	3,496	-	170	-	92	3,758
Other payables and accruals	7,224	-	276	-	47	7,548
Other loans	3,507	-	-	-	351	3,858
	14,227	-	446	-	490	15,164
Foreign currency exposure (net)						
	-	60	(71)	100	(342)	(253)

Sensitivity analysis

A 10% strengthening of the Pound against the following currencies at 31 March 2025 would increase/(decrease) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Increase/ (Decrease) £'000 2024/25	Increase/ (Decrease) £'000 2023/24
Effects on profit after taxation/equity		
United States Dollar:		
- strengthened by 10%	(2)	(6)
- weakened by 10%	2	6
Euro:		
- strengthened by 10%	(1)	(7)
- weakened by 10%		7
Australian Dollar:		
- strengthened by 10%	-	(10)
- weakened by 10%	-	10

31. Commitments

As at 31 March 2025, the Group had capital expenditure commitments in respect of leasehold improvements totalling £292,669 (2024: £nil).

32. Contingencies

The Directors are not aware of any other contingencies which might impact on the Company's operations or financial position.

33. Events after the reporting period

Since the year end, the group has closed its Escape Hunt site in Birmingham Central and its Boom site in Swindon. New Escape Hunt sites have opened in Canterbury and Birmingham Resorts World, whilst a new Boom site has opened in Reading. The group continued to invest in growth and has drawn a further £4.5m of its Revolving credit facility with Barclays to fund these new sites and other capital expenditure. These events do not give rise to adjustments for the preliminary financial statements for the year ended 31 March 2025.

34. Ultimate controlling party

As at 31 March 2025, no one entity owns greater than 50% of the issued share capital. Therefore, the Company does not have an ultimate controlling party.

