

Registration number: 07026107

Secret Escapes Limited

Annual Report and Consolidated Financial Statements
for the Year Ended 31 December 2022

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Secret Escapes Limited

Company Information

Directors	A D Cole S A A T Saint N Meier W R Fawcett T Ballinger
Registered office	4th Floor, 120 Holborn London EC1N 2TD
Auditor	Ernst & Young LLP 400 Capability Green Luton Bedfordshire LU1 3LU

Secret Escapes Limited

Group Strategic Report for the Year Ended 31 December 2022

The directors present their strategic report and the audited financial statements for the year ended 31 December 2022.

Principal activity

Secret Escapes Group, founded in 2011, is one of the world's leading online travel and experiences companies. It comprises a range of travel brands operating across Europe including: Secret Escapes, Travelist, Slevomat, Zl'avomat and Pigsback.com (together "the Group").

It is delivering on its vision of 'inspiring the world to escape in style', by using proprietary technology to offer its members personalised selections of high-quality holidays and hand-picked hotel offers at market-leading discounts. The Group drives revenues and profitability, primarily by acting as an agent, charging commission on transactions while securing incremental bookings for its hotel and holiday partners at the best prices for its members.

Business and performance review for the year

Group performance overview

The Group delivered 36% growth in Underlying revenue to £92.1m (2021 - £67.8m) and £4.0m Underlying EBITDA profit (2021 - £0.7m loss) in the year ended 31 December 2022. This was driven by increased marketing activity, improving member experience and the supply offering, including the return of principal package sales to German consumers in September following new licensing requirements post Brexit, and continued focus on operational efficiency.

The Group's continued strong recovery following the impact of the COVID-19 pandemic was achieved despite several macroeconomic headwinds, including travel restrictions due to the Omicron variant that continued into the beginning of 2022, the war in Ukraine and travel disruption at European airports during the summer travel period. This performance demonstrates the resilience of Secret Escapes' business model, supported by its strong member and partnership relationships, diverse portfolio of deals and ability to respond quickly to meet changing consumer demand.

2022 Financial & Operational highlights:

- Continued strong Underlying revenue growth to £92.1m (2021 - £67.8m).
- Recovery in consumer demand for travel and increased marketing activities throughout the year resulted in Gross bookings of £439.6m (2021 - £319.5m) despite travel headwinds.
- Profitable Underlying EBITDA of £4.0m driven by revenue growth and focus on efficiencies.
- £24.2m net loss is reported after net financing costs and income tax expense, and reflects significant non-cash impairment and non-recurring exceptional costs alongside the impact of foreign exchange fluctuations.
- Cash position of £74m as at 31 December 2022 and refinancing concluded in July 2023 extending term debt to July 2028 (see Subsequent Events for further details on page 5).
- Robust, sustained demand through both paid and non-paid marketing channels with consumers prioritising travel and experiences after the restrictions throughout the pandemic.

Secret Escapes Limited

Group Strategic Report for the Year Ended 31 December 2022

(continued)

2022 Financial results

	Note	2022 £m	2021 £m	Change %
Gross bookings		439.6	319.5	38
Revenue	1	108.1	69.4	56
Underlying revenue	1	92.1	67.8	36
Adjusted EBITDA	2	4.5	1.2	
Underlying EBITDA	3	4.0	(0.7)	
Net loss		(24.2)	(12.7)	
Net cash flow from operating activities		15.2	10.2	
Net (liabilities)/assets		(15.1)	10.1	

The net loss for the year is reported after £8.2m net finance costs (2021 - £8.3m) and £1.1m income tax expense (2021 - £1.2m). In addition, significant non-cash or non-recurring items were incurred in the year, totalling £19.4m (2021 - £4.4m). The increase in these costs compared to the prior year is primarily due to a £5.0m non-cash impairment to goodwill relating to the Group's Irish subsidiary Empathy Marketing (2021 - £Nil), £4.1m non-recurring exceptional costs (2021 - £1.0m exceptional income) and £2.9m costs relating to foreign exchange fluctuations (2021 - £3.2m income). Accordingly, in order to allow for consistent comparisons of underlying results, the directors adjust for such non-cash and non-recurring items when presenting alternative performance measures ("APMs").

The directors believe the APMs Underlying revenue and Underlying EBITDA best represent the financial performance of the business. This is because similar products can have different accounting treatments and these alternative measures allow consistent comparison of performance across periods with differing product mix. Underlying EBITDA also excludes certain non-cash or non-recurring items from operating profit/loss as described above. See below for further details and reconciliations of these APMs to IFRS reported measures.

¹ Revenues from principal transactions represent the full price of the holiday; revenues from agency transactions represent commissions earned. Revenues from transactions where the Group takes on tour operator liability are recorded at the date of travel; revenues from other transactions are recorded on booking. Underlying revenue is a measure that allows comparison of the income earned from transactions with differing accounting treatments on a consistent basis. Underlying revenue records all revenues on booking and adds only the gross profit of principal transactions to the commissions earned as agent.

² Adjusted EBITDA is defined as operating profit/(loss) after adding back depreciation, amortisation, impairment expense, gains and losses on disposal of property, plant and equipment, share-based payments, exceptional items and foreign exchange gains and losses.

³ Underlying EBITDA is defined as Adjusted EBITDA after adjusting revenue to be Underlying revenue and expensing the lease costs included within depreciation under IFRS 16.

Note that the definition for both Adjusted EBITDA and Underlying EBITDA has been changed from that reported in the prior year to exclude the impact of foreign exchange gains and losses in order to better reflect the underlying trading results of the Group. Adjusted EBITDA and Underlying EBITDA reported in the prior year for the year ended 31 December 2021 were £4.4m and £2.5m respectively.

Underlying revenue, Adjusted EBITDA and Underlying EBITDA are not audited.

Secret Escapes Limited

Group Strategic Report for the Year Ended 31 December 2022 (continued)

Underlying revenue is calculated as:

	2022	2021
	£m	£m
Revenue	108.1	69.4
Revenue from package holidays	(20.6)	(2.3)
Gross profit from package holidays	3.1	0.4
Deferred revenue and costs movement related to sold holidays	1.5	0.3
Underlying revenue	<u>92.1</u>	<u>67.8</u>

Underlying EBITDA is calculated as:

	2022	2021
	£m	£m
Operating loss	(14.8)	(3.2)
Depreciation expense	1.8	2.3
Amortisation expense	5.5	6.3
Impairment expense	5.0	-
Loss on disposal of property, plant and equipment	0.1	-
Share-based payment (credit)/expense	(0.1)	-
Net exceptional costs/(income)	4.1	(1.0)
Foreign exchange losses/(gains)	2.9	(3.2)
Adjusted EBITDA	<u>4.5</u>	<u>1.2</u>
Deferred revenue and costs movement related to sold holidays	1.5	0.3
IFRS 16 lease expense classification difference	(2.0)	(2.2)
Underlying EBITDA	<u>4.0</u>	<u>(0.7)</u>

Exceptional income or costs consist of items which are non-recurring and exceptional in their nature, where the Directors believe it is helpful to show these amounts separately as they are not directly linked to the current or ongoing recurring trading operations of the Group.

During the year the Group incurred £4.1m exceptional costs, consisting of £1.9m restructuring costs, £1.8m net write-off of historic balances linked to the COVID-19 pandemic and £0.4m of refinancing costs.

The exceptional income for the prior year primarily related to the impact of the release of bad debt provisions relating to COVID-19 recoveries.

Secret Escapes Limited

Group Strategic Report for the Year Ended 31 December 2022

(continued)

Enhancing the member and partner offers

In 2022 the Group focused on making further improvements to its member offer and experience, and extended its marketing activities in order to capture increasing consumer demand for travel.

Significant investments were made during the year to the website and app experience, including in the technology platform to improve site speed, which has helped to increase conversion rates.

The Group refined its range of hotel and holiday deal products, optimising the promotion of both 'flash sales' (time-limited) and 'always on' deals, to offer even more bookable dates at market-leading low price points. This has contributed to higher average revenues per deal which in turn supports the Group's commitment to continue to build strong relationships with suppliers, delivering them incremental business, whilst attracting further inspirational global travel offers at the lowest prices for its members. To this end, the Group continues to invest in connectivity and support for its partners.

Against the backdrop of ongoing travel disruption, customer service excellence remains a priority across the Group, to ensure that members know they are able to book with confidence. Continued investment in technology, expert agents and processes ensure quick resolution of any customer issues or bookings affected by external factors. This has led to strong Trustpilot scores, despite sector turbulence.

Secret Escape's innovative proprietary technology and advanced data science model enables increasingly effective use of data and personalised marketing to capture and convert demand from highly-engaged audiences in multiple European countries, in turn driving awareness and occupancy for its travel partners.

Business efficiency

As an online business, the Group benefits from holding no committed supply, instead offering incremental value to partners which is delivered once a customer makes a booking. Management has continued to manage costs whilst prioritising investment in key strategic initiatives. The Group has continued to build on its shift away from its previous localised, point-of-sale-led structure, by organising the business around central functions, enabling more efficient operation. It has continued to enhance the member offer as recovery continues following the pandemic, including reintroducing a selection of best-in-class 'flash sales' to support the product base of 'always on' deals. This has contributed to increased operating efficiency and underlying EBITDA profitability.

The Group also undertook a reorganisation to further streamline the business around its central functions towards the end of the year, leading to reduced overheads and creating a strong platform for further profitable growth in 2023.

Subsequent events

Subsequent to the year end, on 26 July 2023, the Group successfully refinanced its term loans and Revolving Credit Facility. All existing loans and borrowings were repaid, and the Group entered into a £40.0m Term Loan and £7.5m Revolving Credit Facility with Tikehau Investment Management. The Term Loan has a maturity of 5 years and the Revolving Credit Facility has a maturity of 2 years. In addition, the Group raised £32m of equity funding from its existing investors, reinforcing the Group's balance sheet. These investments strengthen the Group's foundations for future growth as the business continues its recovery following the COVID-19 pandemic and reflect the Group's investors' long-term confidence in the business.

Results and dividends

The loss for the year was £24,165,000 (2021 - loss of £12,662,000) and the directors do not recommend payment of a dividend (2021 - Nil).

Secret Escapes Limited

Group Strategic Report for the Year Ended 31 December 2022

(continued)

Section 172 Statement

The directors are aware that they are each required to act in a way that they consider, in good faith, would be most likely to promote the success of Secret Escapes for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- The likely consequences of any decisions in the long-term;
- The interests of the Group's employees;
- The need to foster the Group's business relationships with suppliers, customers and others;
- The impact of the Group's operations on the community and environment;
- The desirability of the Group maintaining a reputation for high standards of business conduct; and
- The need to act fairly between shareholders.

The Group's ongoing engagement with stakeholders and consideration of their respective interests in its decision-making process is as described below.

Customers and suppliers

The commercial execution of our business plan has enabled the Group's hotel and other supply partners to run their businesses more efficiently. This mutual benefit has assisted the Group in maintaining its successful collaborative partnership with its supply partners.

The Board values feedback from customers/members, it helps to ensure we are providing them with what they want and need. Through customer surveys and post-stay feedback, along with monitoring engagement metrics, the Board is able to listen to customer views and take appropriate actions to ensure improvements are made.

Employees

Key to the Group's success has been its engaged workforce. The Group's directors, alongside its management teams, work hard to provide a positive and diverse work environment by deploying regular engagement surveys and establishing networks in the Diversity, Equity and Inclusion space, alongside investing in opportunities for all its staff to grow and achieve their potential.

We are also pleased that a proportion of our staff are able to have an indirect equity stake in the success of the business via share option incentive schemes.

Shareholders

The board acts in accordance with the Articles of Association and Shareholders' Agreement of the Company, which impose restrictions on the directors of the Company by requiring approval by a vast majority of shareholders.

Community and environment

Our businesses are proud of their contribution to the local community both as local employers, contributors to local charitable causes and also of their generally low direct-impact on the environment.

Principal risks and uncertainties

Macro factors

Secret Escapes can be impacted by the general risks associated with both global travel and discretionary spending. A significant geographical, political or economic event that negatively impacts global travel (such as the COVID-19 pandemic or the 2010 Eyjafjallajökull Ash Cloud) could impact Secret Escapes' trade. The war in Ukraine resulted in reduced demand for the Group's travel offering between late February and the end of April 2022 with the more significant impact felt in the Group's Central and Eastern Europe territories. Demand returned to pre-war levels in May 2022.

In response to Macro events that give rise to international travel restrictions, Secret Escapes is able to rapidly change the focus of its product range, for example away from long-haul package holidays towards domestic and/or drivable destinations for each consumer market. In addition, Secret Escapes is a deals-led brand that offers its members excellent value on luxury travel, which is a strong proposition when discretionary spending is squeezed. Secret Escapes also holds no stock and holds no supply commitments.

Secret Escapes Limited

Group Strategic Report for the Year Ended 31 December 2022

(continued)

Principal risks and uncertainties (continued)

Macro factors (continued)

Further, the Group's Czech and Irish businesses benefit from significant non-travel e-commerce trade and the Group's overall geographic diversification helps mitigate more localised risks. In addition, because of the large email membership base, revenue generation is not dependent upon short-term marketing spend, enabling revenue to be generated whilst a major cost is reduced.

Foreign exchange fluctuations

Secret Escapes' business model involves transactions where cash receipts and payments may be in different currencies. Adverse movements in foreign exchange rates in the period between receipt of a booking and payment of the hotel or tour operator could cause unanticipated losses on a transaction.

The Group's geographical spread provides natural hedging of exchange rate risks. Whilst the Group does not currently undertake foreign currency hedging through the use of forward contracts, the need to do so is reviewed periodically.

Liquidity risk and interest rates

Exposure to liquidity risk is considered to be low.

During the COVID-19 pandemic, liquidity was boosted by £55m of new equity raised in May and November 2020, and a further £32m of new equity was raised in July 2023. Further equity is believed to be available to the Group if needed. The Group retains additional liquidity through a revolving credit facility (fully drawn at 31 December 2022).

The Group's debt facilities were amended in February 2022 and fully refinanced in July 2023. In July 2023 all existing loans and borrowings were repaid, and the Group entered into a £40.0m Term Loan and £7.5m Revolving Credit Facility with Tikehau Investment Management. The Term Loan has a maturity of 5 years, and the Revolving Credit Facility has a maturity of 2 years. The term loan interest payments are part fixed and part variable and have the option of being Paid In Kind (PIK'd) for the first 2 years and therefore allow for no cash-pay interest costs during this period.


Financial covenants on the debt facilities were amended concurrent with the events in February 2022 and in July 2023. Forecasts show that the Group is able to operate within the new facilities with adequate headroom and therefore no covenant breaches are expected. Access to future funding is considered to be available, if required, from new and existing investors, to support the ongoing expansion and growth of the Group.

Outlook

The Group had a strong finish to 2022 and the momentum has continued into 2023. After the disruption of the last three years, consumer behaviour over the peak 2023 summer period has been more in line with pre-pandemic years. Even though there has been some disruption within the sector due to the extreme heat and wildfires in Southern Europe, Secret Escapes has not been negatively impacted thanks to its diverse and balanced international and domestic portfolio. The breadth and deal-based nature of the portfolio has also meant that Secret Escapes has fared well against the broader cost of living crisis in the UK which has had minimal impact on demand overall. The Board expects the strong recovery to continue through the remainder of the year and result in meaningful improvement in year-on-year revenue and EBITDA performance relative to 2022.

Following the successful equity raise and refinancing in July 2023, fully supported by existing shareholders, the Group is well positioned to accelerate investment in the next phase of the Group's growth strategy and capitalise on the strong trading environment. The Board sees opportunity to continue to consolidate and grow market share in Europe and remains confident in the long-term outlook for the business.

Approved by the Board on 28 September 2023 and signed on its behalf by:


S A Saint (Sep 28, 2023 21:11 GMT+1)
.....
S A T Saint
Director

Secret Escapes Limited

Directors' Report for the Year Ended 31 December 2022

The directors present their report and the consolidated financial statements for the year ended 31 December 2022.

Directors of the Group

The directors, who held office during the year and up to the date of signing this report, were as follows:

A D Cole

B J B Holmes (resigned 17 July 2023)

L P M R E Laffy (resigned 17 July 2023)

K Rive (appointed 11 October 2022 and resigned 17 July 2023)

S A A T Saint

T J Valentine (resigned 31 December 2022)

N Kornhoff-Bruls (resigned 2 July 2023)

H Ramos de Freitas Junior (resigned 11 October 2022)

N Meier

The following directors were appointed after the year end:

W R Fawcett (appointed 17 July 2023)

T Ballinger (appointed 8 September 2023)

Going concern

At the year ended 31 December 2022, the Group was in a strong cash position of £74.5m, of which £34.1m was unrestricted and available for use by the Group. Additionally, subsequent to the year end on 26 July 2023, the Group further strengthened its financial position by raising new equity of £32m as well as refinancing all of its existing borrowings. The refinancing has contributed to an additional £10m net cash available for the Group (after costs), along with a significant reduction in the Group's debt position.

The new facilities are a £40.0m loan repayable at the end of the 5 year term, as well as a Revolving Credit Facility (RCF) of £7.5m. As at the end of August 2023, all £40.0m of the loan was drawn, along with £1.7m of the RCF. Additionally, at the end of August 2023 cash of £75.9m was held, of which £38.3m was unrestricted. The new facilities include 5 covenant tests, the first of which is tested from August 2023.

Following the completion of the refinancing, the directors have reviewed current performance and prepared cash flow forecasts to reflect a base case and a severe but plausible downside scenario, including additional stress tests thereon.

The base case scenario models revenue growth consistent with current trends and a corresponding increase to costs. This scenario shows that the Group and Company will meet all its covenant requirements, and the most recent trading performance shows that the Group is meeting its base case scenario.

The severe but plausible scenario models a reduced level of revenue mirroring that achieved over the preceding 12 months, along with a corresponding reduction in variable costs. Again, in this scenario all covenant requirements are met.

The severe but plausible scenario was further stress tested by modelling an additional 5% reduction in revenue with corresponding decreases in variable costs. In this scenario, after savings in discretionary non-committed administrative costs, all covenants are again met. Additionally, should a more severe revenue reduction occur, management could make further administrative cost reductions as they did during the COVID-19 pandemic.

Based on this, the Directors are satisfied that the Group's forecasts and projections, taking into account potential changes in trading performances, show that the Group and Company will have adequate resources to meet its liabilities as they fall due up to 30 September 2024. Accordingly, the financial statements have been prepared on a going concern basis.

Secret Escapes Limited

Directors' Report for the Year Ended 31 December 2022 (continued)

Employment of disabled persons

Secret Escapes is an equal opportunities employer and will continue to ensure that it offers career opportunities without discrimination. Full consideration is given to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. The Group has continued the employment wherever possible of any person who becomes disabled during their employment. Opportunities for training, career development and promotion do not operate to the detriment of disabled employees.

Employee involvement

Secret Escapes regularly provides employees with financial and other relevant information about business performance and factors that may affect it. Secret Escapes holds regular meetings that are open to all employees and invites consultation where opportunities arise. This enables and encourages open discussion on key business issues, policies and the working environment and ensures that the suggestions and views of employees are taken into account.

Branches outside the United Kingdom

The Group operates branches in Croatia, Italy and Slovakia in addition to the subsidiaries trading in the Czech Republic, France, Germany, Ireland, the Netherlands, Poland, Singapore, Slovakia, Spain, and Sweden.

Directors' liabilities

The Company has granted an indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report.

Streamlined energy and carbon reporting

This report only considers the emissions of the UK operations. All emissions were incurred during the normal delivering of the UK operations' services and are related to office energy consumption. The Group does not have any fleet and does not resell any energy.

		Tonnes of CO2 in 2022	Tonnes of CO2 in 2021
Scope 1:	Gas used by the business	28	18
Scope 2:	Electricity used by the business	66	47
		<u>94</u>	<u>65</u>

The directors believe that the most relevant Intensity factors are the following:

Emissions per turnover (tonne of CO2 per £million revenue)	<u>0.9</u>	<u>0.9</u>
Emissions per UK FTE (tonne CO2 equivalent per FTE)	<u>0.4</u>	<u>0.2</u>

As the Group's core business is primarily online, the carbon emissions are small and related to the use of office space in London. The Group uses energy efficient lighting and low energy consumption appliances in its UK office facilities and recycles more than 72.2% of its office waste saving 7,590 KG of CO2 emissions in 2022 alone.

Future improvements in the intensity factor will be driven principally by a reduction in office space. The figures used in collating this report were calculated and analysed by management using data from the building management company and key energy suppliers which outline the details of the Group energy usage and these were converted into GHG emissions using appropriate conversion factors.


Secret Escapes Limited

Directors' Report for the Year Ended 31 December 2022 (continued)

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved by the Board on 28 September 2023 and signed on its behalf by:


S A Saint (Sep 28, 2023 21:11 GMT+1)
.....
S A T Saint
Director

Secret Escapes Limited

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with international accounting standards ("IFRSs"), and the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs (and in respect of the Parent Company financial statements, FRS 101) is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Company financial position and financial performance;
- in respect of the Group financial statements, state whether international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- in respect of the Parent Company financial statements, state whether international accounting standards/ applicable UK Accounting Standards, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and/ or the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and Group and enable them to ensure that the Company and the Group financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report and directors' report, comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

The directors confirm, to the best of their knowledge:

- that the consolidated financial statements, prepared in accordance with the applicable set of accounting standards give a true and fair view of the assets, liabilities, financial position and loss of the Parent Company and undertakings included in the consolidation taken as a whole;
- that the Annual Report, including the strategic report, includes a fair review of the development and performance of the business and the position of the Company and undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- that they consider the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position, performance, business model and strategy.

Independent Auditor's Report to the Members of Secret Escapes Limited

Opinion

We have audited the financial statements of Secret Escapes Limited (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022, which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Statement of Financial Position, Consolidated Statement of Changes in Equity, Statement of Changes in Equity, Consolidated Statement of Cash Flows, and the related notes 1 to 32, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Parent Company's ability to continue as a going concern for a period to 30 September 2024.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report to the Members of Secret Escapes Limited (continued)

Opinions on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, set out on page 11, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor Responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are international accounting standards (IFRSs), FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice), the Companies Act 2006, and United Kingdom direct and indirect tax regulations.

Independent Auditor's Report to the Members of Secret Escapes Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

- We understood how Secret Escapes Limited is complying with those frameworks by making enquiries with management. We understood the potential incentive and ability to override the controls. We considered management's attitude and tone from the top to embed a culture of honesty and ethical behaviour whereby an emphasis is placed on fraud prevention which may reduce opportunities for fraud to take place. We further understood the adoption of accounting standards and considered the compliance with the above laws.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by obtaining and reading Group policies and holding enquiries with management. Through these procedures we considered the risk of management override in relation to revenue recognition as the key area of focus. We addressed the risk through sample testing of revenue recognised in the year to underlying booking confirmations and other supporting documentation, ensuring such revenue was recognised in accordance with the satisfaction of performance obligations in line with the operating Company's revenue recognition policy and the financial reporting framework. Where appropriate we have also used data analytics and obtained the entire population of journals for the year and identified specific transactions for further investigation based on certain criteria. We understood the transactions identified for testing and agreed them to source documentation.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved:
 - Enquiry of management as to any fraud risk framework within the Company or Group, including whether a formal fraud risk assessment is completed;
 - Enquiry of management around actual and potential litigation and claims;
 - Reading minutes of board meetings;
 - Review of financial statement disclosures to assess compliance with applicable laws and regulations;
 - Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness;
 - Challenging judgements made by management. This included corroborating the inputs and considering contradictory evidence; and
 - We have reviewed correspondence with regulatory authorities and external specialists engaged by the Company. Where necessary, we have discussed any potential matters with internal specialists.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



.....
Anup Sodhi (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Luton

29 September 2023

Secret Escapes Limited

Consolidated Income Statement for the Year Ended 31 December 2022

	Note	2022 £ 000	2021 £ 000
Revenue	4	108,097	69,425
Cost of sales		<u>(31,312)</u>	<u>(12,636)</u>
Gross profit		76,785	56,789
Administrative expenses		(92,552)	(63,833)
Other income	5	<u>926</u>	<u>3,833</u>
Operating loss¹	6	(14,841)	(3,211)
Net finance cost	10	<u>(8,248)</u>	<u>(8,292)</u>
Loss before tax		(23,089)	(11,503)
Income tax expense	11	<u>(1,076)</u>	<u>(1,159)</u>
Loss for the year		<u><u>(24,165)</u></u>	<u><u>(12,662)</u></u>

The above results were derived from continuing operations.

¹ Underlying EBITDA profit for the Group for the year ended 31 December was £4.0m (2021 - £0.7m Underlying EBITDA loss). See below for a reconciliation of the operating loss to Underlying EBITDA. Further details about Alternative Performance Measures used are shown on pages 3 and 4 of the Financial Statements.

	2022 £ 000	2021 £ 000
Underlying EBITDA is calculated as:		
Operating loss	(14,841)	(3,211)
Depreciation expense	1,764	2,243
Amortisation expense	5,508	6,332
Impairment expense	5,028	-
Loss/(profit) on disposal of property, plant and equipment	123	(18)
Share-based payment (credit)/expense	(111)	16
Net exceptional costs/(income)	4,122	(959)
Foreign exchange losses/(gains)	2,885	(3,247)
Deferred revenue and costs movement related to sold holidays	1,467	309
IFRS 16 lease expense classification difference	<u>(1,950)</u>	<u>(2,182)</u>
Underlying EBITDA	<u><u>3,995</u></u>	<u><u>(717)</u></u>

Secret Escapes Limited
Consolidated Statement of Comprehensive Income for the Year Ended
31 December 2022

	Note	2022 £ 000	2021 £ 000
Loss for the year		(24,165)	(12,662)
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation losses	18	<u>(1,051)</u>	<u>(23)</u>
Total comprehensive loss for the year		<u><u>(25,216)</u></u>	<u><u>(12,685)</u></u>

Secret Escapes Limited
(Registration number: 07026107)
Consolidated Statement of Financial Position as at 31 December 2022

	Note	2022 £ 000	2021 £ 000
Assets			
Non-current assets			
Property, plant and equipment	12	539	579
Right-of-use assets	13	3,134	4,017
Intangible assets	14	61,284	68,625
		<u>64,957</u>	<u>73,221</u>
Current assets			
Trade and other receivables	16	36,616	23,730
Income tax asset		70	-
Cash and cash equivalents	17	74,481	79,765
		<u>111,167</u>	<u>103,495</u>
Total assets		<u>176,124</u>	<u>176,716</u>
Equity and liabilities			
Equity			
Share capital	19	10	9
Share premium		162,338	162,279
Reserve credit for share-based payments plan		8,684	15,794
Foreign currency translation reserve		(2,312)	(1,261)
Retained loss		(183,864)	(166,698)
(Deficit)/Surplus attributable to owners of the Company		<u>(15,144)</u>	<u>10,123</u>
Non-current liabilities			
Long-term lease liabilities	20	2,994	3,928
Loans and borrowings	21	52,712	43,263
Deferred tax liabilities	11	1,950	2,684
		<u>57,656</u>	<u>49,875</u>
Current liabilities			
Current portion of long-term lease liabilities	20	1,437	1,518
Trade and other payables	24	98,123	79,325
Loans and borrowings	21	18,970	32,226
Income tax liability		1,148	214
Deferred income	25	13,934	3,435
		<u>133,612</u>	<u>116,718</u>
Total liabilities		<u>191,268</u>	<u>166,593</u>
Total equity and liabilities		<u>176,124</u>	<u>176,716</u>

Approved by the Board on 28 September 2023 and signed on its behalf by:

S A Saint
S A Saint (Sep 28, 2023 21:11 GMT+1)
.....
S A T Saint (Director)

Secret Escapes Limited
(Registration number: 07026107)
Statement of Financial Position as at 31 December 2022

	Note	2022 £ 000	2021 £ 000
Assets			
Non-current assets			
Property, plant and equipment	12	201	157
Right-of-use assets	13	2,398	3,083
Intangible assets	14	4,419	3,857
Investments in subsidiaries, joint ventures and associates	15	54,262	61,022
		<u>61,280</u>	<u>68,119</u>
Current assets			
Trade and other receivables	16	26,582	48,061
Income tax asset		24	165
Cash and cash equivalents	17	22,561	38,711
		<u>49,167</u>	<u>86,937</u>
Total assets		<u>110,447</u>	<u>155,056</u>
Equity and liabilities			
Equity			
Share capital	19	10	9
Share premium		162,338	162,279
Reserve credit for share-based payments plan		8,684	15,794
Foreign currency translation reserve		(266)	(171)
Retained loss		<u>(191,271)</u>	<u>(168,767)</u>
(Deficit)/Surplus attributable to owners of the Company		<u>(20,505)</u>	<u>9,144</u>
Non-current liabilities			
Long-term lease liabilities	20	2,645	3,531
Loans and borrowings	21	52,712	43,263
		<u>55,357</u>	<u>46,794</u>
Current liabilities			
Current portion of long-term lease liabilities	20	886	802
Trade and other payables	24	54,929	77,384
Loans and borrowings	21	12,671	17,753
Income tax liability		13	-
Deferred income	25	7,096	3,179
		<u>75,595</u>	<u>99,118</u>
Total liabilities		<u>130,952</u>	<u>145,912</u>
Total equity and liabilities		<u>110,447</u>	<u>155,056</u>

Approved by the Board on 28 September 2023 and signed on its behalf by:

S A Saint
S A Saint (Sep 28, 2023 21:11 GMT+1)

S A A T Saint (Director)

The notes on pages 22 to 64 form an integral part of these financial statements.

Secret Escapes Limited
Consolidated Statement of Changes in Equity for the Year Ended 31
December 2022

		Share capital £ 000	Share premium £ 000	Reserve credit for share-based payments plan £ 000	Foreign currency translation £ 000	Retained loss £ 000	Total £ 000
	Note						
At 1 January 2022		9	162,279	15,794	(1,261)	(166,698)	10,123
Loss for the year		-	-	-	-	(24,165)	(24,165)
Other comprehensive loss		-	-	-	(1,051)	-	(1,051)
Total comprehensive loss		-	-	-	(1,051)	(24,165)	(25,216)
New share capital subscribed	19	1	59	-	-	-	60
Release of share-based payment reserve credit		-	-	(6,999)	-	6,999	-
Share-based payment transactions	23	-	-	(111)	-	-	(111)
At 31 December 2022		<u>10</u>	<u>162,338</u>	<u>8,684</u>	<u>(2,312)</u>	<u>(183,864)</u>	<u>(15,144)</u>

		Share capital £ 000	Share premium £ 000	Reserve credit for share-based payments plan £ 000	Foreign currency translation £ 000	Retained loss £ 000	Total £ 000
	Note						
At 1 January 2021		9	161,336	16,612	(1,238)	(154,036)	22,683
Loss for the year		-	-	-	-	(12,662)	(12,662)
Other comprehensive loss		-	-	-	(23)	-	(23)
Total comprehensive loss		-	-	-	(23)	(12,662)	(12,685)
New share capital subscribed		-	109	-	-	-	109
Share premium on share options exercised		-	834	(834)	-	-	-
Share-based payment transactions	23	-	-	16	-	-	16
At 31 December 2021		<u>9</u>	<u>162,279</u>	<u>15,794</u>	<u>(1,261)</u>	<u>(166,698)</u>	<u>10,123</u>

Secret Escapes Limited

Statement of Changes in Equity for the Year Ended 31 December 2022

		Share capital £ 000	Share premium £ 000	Reserve credit for share-based payments plan £ 000	Foreign currency translation £ 000	Retained loss £ 000	Total £ 000
Note							
At 1 January 2022		9	162,279	15,794	(171)	(168,767)	9,144
Loss for the year		-	-	-	-	(29,503)	(29,503)
Other comprehensive income		-	-	-	(95)	-	(95)
Total comprehensive income/(loss)		-	-	-	(95)	(29,503)	(29,598)
New share capital subscribed	19	1	59	-	-	-	60
Release of share-based payment reserve credit		-	-	(6,999)	-	6,999	-
Share-based payment transactions	23	-	-	(111)	-	-	(111)
At 31 December 2022		<u>10</u>	<u>162,338</u>	<u>8,684</u>	<u>(266)</u>	<u>(191,271)</u>	<u>(20,505)</u>

		Share capital £ 000	Share premium £ 000	Reserve credit for share-based payments plan £ 000	Foreign currency translation £ 000	Retained loss £ 000	Total £ 000
Note							
At 1 January 2021		9	161,336	16,612	(131)	(156,931)	20,895
Loss for the year		-	-	-	-	(11,836)	(11,836)
Other comprehensive loss		-	-	-	(40)	-	(40)
Total comprehensive loss		-	-	-	(40)	(11,836)	(11,876)
New share capital subscribed		-	109	-	-	-	109
Share premium on share options exercised		-	834	(834)	-	-	-
Share-based payment transactions	23	-	-	16	-	-	16
At 31 December 2021		<u>9</u>	<u>162,279</u>	<u>15,794</u>	<u>(171)</u>	<u>(168,767)</u>	<u>9,144</u>

The notes on pages 22 to 64 form an integral part of these financial statements.

Secret Escapes Limited
Consolidated Statement of Cash Flows for the Year Ended 31 December
2022

	Note	2022 £ 000	2021 £ 000
Cash flows from operating activities			
Loss for the year		(24,165)	(12,662)
Adjustments to cash flows from non-cash items:			
Depreciation, amortisation and impairment	6	12,300	8,575
Loss/(profit) on disposal of property, plant and equipment	6	123	(18)
Exchange movement loss/(gain)		2,885	(3,912)
Finance income and costs	10	8,248	8,292
Share-based payment transactions	23	(111)	16
Income tax expense	11	1,076	1,159
		356	1,450
Working capital adjustments:			
(Increase)/decrease in trade and other receivables		(12,886)	533
Increase in trade and other payables		18,466	7,529
Increase in deferred income		10,499	1,422
Cash generated from operations		16,435	10,934
Income taxes paid		(1,240)	(764)
Net cash flow from operating activities		15,195	10,170
Cash flows from investing activities			
Interest received	10	1,075	54
Acquisitions of property, plant and equipment	12	(374)	(177)
Proceeds from sale of property, plant and equipment		10	181
Acquisition of intangible assets	14	(3,164)	(1,462)
Payments made on leased assets during the year	20	(1,646)	(1,952)
Net cash flows from investing activities		(4,099)	(3,356)
Cash flows from financing activities			
Interest paid (including lease interest)		(3,790)	(2,312)
Proceeds from issue of ordinary shares, net of issue costs	19	60	110
Repayment of bank borrowings	26	(12,650)	-
Net cash flows from financing activities		(16,380)	(2,202)
Net (decrease)/increase in cash and cash equivalents	26	(5,284)	4,612
Cash and cash equivalents at 1 January	17	79,765	75,153
Cash and cash equivalents at 31 December	17	74,481	79,765

Secret Escapes Limited

Notes to the Financial Statements for the Year Ended 31 December 2022

1 General information

The Company is a private company limited by share capital, incorporated and domiciled in England and Wales.

The address of its registered office is:
4th Floor, 120 Holborn
London
EC1N 2TD

2 Accounting policies

Statement of compliance

The Group financial statements have been prepared in accordance with UK-adopted international accounting standards and applicable law.

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Changes in accounting policy

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2022 that have had a material impact on the Group's financial statements.

New standards, interpretations and amendments not yet effective

The following table shows the amended accounting standards that have an effective date after the date of these financial statements. The amendments are not expected to have a material impact on the Group's reported financial performance or position.

Amendments to existing standards	Applying to accounting periods beginning after
Amendments to IAS 1 – Presentation of Financial Statements – Disclosure of accounting policies	January 2023
Amendments to IAS 1 – Presentation of Financial Statements – Classification of liabilities as current or non-current	January 2023
Amendment to IAS 12 – Income Tax – Deferred tax to assets and liabilities arising from a single transaction	January 2023
Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors – Definition of accounting estimates	January 2023
Amendments to IAS 1 – Presentation of Financial Statements – Non-current liabilities with covenants	January 2024

Basis of preparation - Group

The consolidated financial statements have been prepared in accordance with UK-adopted international accounting standards and applicable law. The consolidated financial statements have been prepared under the historical cost convention accounting rules. The preparation of financial statements 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.

The Group's financial statements are presented in pounds Sterling, rounded to thousands, which is considered to be the functional currency of the Group.

Secret Escapes Limited
Notes to the Financial Statements for the Year Ended 31 December
2022 (continued)

2 Accounting policies (continued)

Basis of preparation - Company

The Parent Company financial statements were prepared under the historical cost convention accounting rules and in accordance with the Companies Act 2006 and Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101). FRS 101 enables the financial statements of the Parent Company to be prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006, but with certain disclosure exemptions as detailed below.

The Company's financial statements are presented in pounds Sterling, rounded to thousands, which is considered to be the functional currency of the Company.

Summary of disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share-based Payment,
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64 (o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations,
- the requirements of IFRS 7 Financial Instruments: Disclosures,
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement,
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - (a) paragraph 79(a)(iv) of IAS 1;
 - (b) paragraph 73(e) of IAS 16 Property, Plant and Equipment; and
 - (c) paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

The basis for all of the above exemptions is because equivalent disclosures are included in the consolidated financial statements of the Group in which the entity is consolidated.

Secret Escapes Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 31 December 2022.

No income statement is presented for the Company as permitted by section 408 of the Companies Act 2006. The Company made a loss after tax for the financial year of £29,503,000 (2021 - £11,836,000 loss).

A subsidiary is an entity controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year are included in the income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the Group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the Company and its subsidiaries, which are related parties, are eliminated in full. Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Guarantees

The following UK subsidiary of the Group is exempt from the requirements of the Companies Act 2006 relating to the audit of accounts by virtue of s479A of this Act: Secret Escapes Transport Limited, registered number 10507990.

Going concern

At the year ended 31 December 2022, the Group was in a strong cash position of £74.5m, of which £34.1m was unrestricted and available for use by the Group. Additionally, subsequent to the year end on 26 July 2023, the Group further strengthened its financial position by raising new equity of £32m as well as refinancing all of its existing borrowings. The refinancing has contributed to an additional £10m net cash available for the Group (after costs), along with a significant reduction in the Group's debt position.

The new facilities are a £40.0m loan repayable at the end of the 5 year term, as well as a Revolving Credit Facility (RCF) of £7.5m. As at the end of August 2023, all £40.0m of the loan was drawn, along with £1.7m of the RCF. Additionally, at the end of August 2023 cash of £75.9m was held, of which £38.3m was unrestricted. The new facilities include 5 covenant tests, the first of which is tested from August 2023.

Following the completion of the refinancing, the directors have reviewed current performance and prepared cash flow forecasts to reflect a base case and a severe but plausible downside scenario, including additional stress tests thereon.

Secret Escapes Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Going concern (continued)

The base case scenario models revenue growth consistent with current trends and a corresponding increase to costs. This scenario shows that the Group and Company will meet all its covenant requirements, and the most recent trading performance shows that the Group is meeting its base case scenario.

The severe but plausible scenario models a reduced level of revenue mirroring that achieved over the preceding 12 months, along with a corresponding reduction in variable costs. Again, in this scenario all covenant requirements are met.

The severe but plausible scenario was further stress tested by modelling an additional 5% reduction in revenue with corresponding decreases in variable costs. In this scenario, after savings in discretionary non-committed administrative costs, all covenants are again met.

Additionally, should a more severe revenue reduction occur, management could make further administrative cost reductions as they did during the COVID-19 pandemic.

Based on this, the Directors are satisfied that the Group's forecasts and projections, taking into account potential changes in trading performances, show that the Group and Company will have adequate resources to meet its liabilities as they fall due up to 30 September 2024. Accordingly, the financial statements have been prepared on a going concern basis.

Revenue recognition

Recognition

Revenue represents net commissions from hotels, tour operators and other merchants, revenue from providing package holidays and digital marketing revenue. Revenue is recognised to the extent that the Group obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

Digital marketing revenue is recognised over the period in which the service has been provided.

Principal versus agent

The Group has arrangements whereby it needs to determine if it acts as a principal or an agent as more than one party is involved in providing the services to the customer. The Group acts as a principal if it controls a promised service before transferring that service to the customer. The Group is an agent if its role is to arrange for another entity to provide the services. Factors considered in making this assessment are most notably the discretion the Group has in establishing the price for the specified service, and whether the Group is primarily responsible for fulfilling the promise to deliver the service.

With respect to agency revenue the Group's obligation to the supplier, for which it is acting as a marketing agent, is substantially complete at the point when a member has purchased a holiday through the Group's websites and a confirmation has been delivered to the member and the supplier. Agency revenue where the Group does not take on tour operator liability is recognised at the date of purchase. Agency revenue where the Group does take on tour operator liability is recognised when the Group's obligation to both the supplier and the member are substantially complete and is recognised as the member travels.

Revenue earned through the sale of vouchers (rather than direct date booking) is recognised on the same agency basis. When the member purchases a voucher and the voucher has been electronically delivered to the member and a listing of vouchers sold has been made available to the supplier, revenue is recognised.

Revenue earned as a tour operator is recognised as a principal, upon the performance obligation period of each package holiday. This revenue is recognised over the relevant period when the package is enjoyed, in accordance with the exercising of our performance obligations as detailed in the Group's terms of business and booking conditions.

Secret Escapes Limited
Notes to the Financial Statements for the Year Ended 31 December
2022 (continued)

2 Accounting policies (continued)

Revenue recognition (continued)

Where the Group is acting as a principal, revenue is recorded on a gross basis. Where the Group is acting as an agent revenue is recorded at a net amount reflecting the margin earned.

The Group operates a ring-fenced Trust account to safeguard amounts received from members for ATOL protected holidays. These amounts are released from the account in accordance with the exercising of our performance obligations.

Government grants

Grants from the government are recognised at their fair value in profit or loss where there is a reasonable assurance that the grant will be received and the Group has complied with all attached conditions. Grants received where the Group has yet to comply with all attached conditions are recognised as a liability (and included in deferred income within trade and other payables) and released to income when all attached conditions have been complied with.

Other grants

UK Government grants relating to the Coronavirus Job Retention Scheme were received in the prior year in respect of employee costs incurred for furloughed staff. The grants have been recognised as income of the Group based on an accruals model. Grants related to income are presented as part of profit or loss as 'Other income'.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tax

The tax expense for the period comprises UK corporation tax and foreign tax due in respect of overseas trading. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Group operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Secret Escapes Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Intangible assets

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date. Goodwill is not subject to amortisation but is tested for impairment.

Negative goodwill arising on an acquisition is recognised directly in the income statement. On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss recognised in the income statement on disposal.

Separately acquired trademarks and licences are shown at historical cost. Trademarks, licences (including software) and customer-related intangible assets acquired in a business combination are recognised at fair value at the acquisition date. Trademarks, licences and customer-related intangible assets have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, other than assets under development, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Amortisation method and rate
Trademarks	7 years straight line basis
Customer lists	10 years straight line basis
Software and development	up to 10 years straight line basis

Goodwill

Secret Escapes performs its annual impairment test in December each year. The Group considers the relationship between the book value and the future in-flows of cash when reviewing for indicators of impairment. The pre-tax discount rate applied to cash flow projections is 17.0% (2021 - 15.0%) for the cash flows from both the five-year forecast period and the terminal period thereafter.

Growth rate estimates are based on industry standards, with 2% (2021 - 2%) per annum growth assumed for the terminal period. Management recognises that the speed of technological change and the possibility of new entrants could have a significant impact on future cash in-flows. In order to model for this scenario, the future cash in-flows have been stress-tested by a 20% reduction in future cash in-flows.

Property, plant and equipment

Property, plant and equipment is stated in the statement of financial position at historical cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Historical cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Company and the cost of the item can be reliably measured. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance are charged to the profit and loss during the financial period in which they are incurred.

Secret Escapes Limited
Notes to the Financial Statements for the Year Ended 31 December
2022 (continued)

2 Accounting policies (continued)

Depreciation

Depreciation is charged so as to write off the cost of assets, other than assets under development over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold improvements	over the life of the lease
Furniture, fittings and equipment	20% - 33 1/3% on cost
Right-of-use assets	over the life of the lease

Impairment of non-financial assets

The carrying values of non-financial assets are reviewed at each balance sheet date to determine whether there is an indication of impairment. If any impairment loss arises, the asset value is adjusted to its estimated recoverable amount and the difference is recognised in the statement of income.

Business combinations

Fixed asset investments relating to shares in Group undertakings are stated at historical cost less provision for any diminution in value.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings.

Leases

Definition

A lease is a contract, or a part of a contract, that conveys the right to use an asset or a physically distinct part of an asset ("the underlying asset") for a period of time in exchange for consideration. Further, the contract must convey the right to the Group to control the asset or a physically distinct portion thereof. A contract is deemed to convey the right to control the underlying asset if, throughout the period of use, the Group has the right to:

- Obtain substantially all the economic benefits from the use of the underlying asset, and;
- Direct the use of the underlying asset (e.g. direct how and for what purpose the asset is used)

Where contracts contain a lease coupled with an agreement to purchase or sell other goods or services (i.e., non-lease components), the Group has made an accounting policy election, by class of underlying asset, to account for both components as a single lease component.

Initial recognition and measurement

The Group initially recognises a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term.

The lease liability is measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments, purchase options at exercise price (where payment is reasonably certain), expected amount of residual value guarantees, termination option penalties (where payment is considered reasonably certain) and variable lease payments that depend on an index or rate.

Secret Escapes Limited
Notes to the Financial Statements for the Year Ended 31 December
2022 (continued)

2 Accounting policies (continued)

Leases (continued)

Initial recognition and measurement (continued)

The right-of-use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the Group's initial direct costs (e.g., commissions) and an estimate of restoration, removal and dismantling costs.

Subsequent measurement

After the commencement date, the Group measures the lease liability by:

- (a) Increasing the carrying amount to reflect interest on the lease liability;
- (b) Reducing the carrying amount to reflect the lease payments made; and
- (c) Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised substance fixed lease payments or on the occurrence of other specific events.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest charges are included in finance costs in the profit and loss account, unless the costs are included in the carrying amount of another asset applying other applicable standards. Variable lease payments not included in the measurement of the lease liability, are included in operating expenses in the period in which the event or condition that triggers them arises.

The Company cannot readily determine the interest rate implicit in the leases, therefore, it uses its incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment.

Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term on a straight line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. Adjustments are made to the carrying value of the right-of-use asset where the lease liability is re-measured in accordance with the above. Right-of-use assets are tested for impairment in accordance with IAS 36 Impairment of Assets as disclosed in the accounting policy in impairment.

Lease modifications

If a lease is modified, the modified contract is evaluated to determine whether it is or contains a lease. If a lease continues to exist, the lease modification will result in either a separate lease or a change in the accounting for the existing lease.

The modification is accounted for as a separate lease if both:

- (a) The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- (b) The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

If both of these conditions are met, the lease modification results in two separate leases, the unmodified original lease and a separate lease. The Group then accounts for these in line with the accounting policy for new leases.

If either of the conditions are not met, the modified lease is not accounted for as a separate lease and the consideration is allocated to the contract and the lease liability is re-measured using the lease term of the modified lease and the discount rate as determined at the effective date of the modification.

Secret Escapes Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

2 Accounting policies (continued)

Leases (continued)

Lease modifications (continued)

For a modification that fully or partially decreases the scope of the lease (e.g., reduces the square footage of leased space), IFRS 16 requires a lessee to decrease the carrying amount of the right-of-use asset to reflect partial or full termination of the lease. Any difference between those adjustments is recognised in profit or loss at the effective date of the modification. For all other lease modifications which are not accounted for as a separate lease, IFRS 16 requires the lessee to recognise the amount of the re-measurement of the lease liability as an adjustment to the corresponding right-of-use asset without affecting profit or loss.

Short term and low value leases

The Group has made an accounting policy election, by class of underlying asset, not to recognise lease assets and lease liabilities for leases with a lease term of 12 months or less (i.e. short-term leases).

The Group has made an accounting policy election on a lease-by-lease basis, not to recognise lease assets on low-value leases for which the underlying asset is less than £5,000.

Lease payments on short term and low value leases are accounted for on a straight-line bases over the term of the lease or other systematic basis if considered more appropriate. Short-term and low-value lease payments are included in operating expenses in the income statements.

Sub leases

If an underlying asset is re-leased by the Group to a third party and the Group retains the primary obligation under the original lease, the transaction is deemed to be a sublease. The Group continues to account for the original lease (the head lease) as a lessee and accounts for the sublease as a lessor (intermediate lessor). When the head lease is a short term lease, the sublease is classified as an operating lease. Otherwise, the sublease is classified using the classification criteria applicable to Lessor Accounting in IFRS 16 by reference to the right-of-use asset in the head lease (and not the underlying asset of the head lease).

After classification lessor accounting is applied to the sublease.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Share-based payments

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options and shares) of the entity. The fair value of the employee services received is measured by reference to the estimated fair value at the grant date of options and shares granted and is recognised as an expense.

The estimated fair value of the options granted is calculated using the binomial option pricing model. The estimated fair value of the shares granted is determined by reference to the fair value of the shares granted, including any performance conditions, calculated using the binomial pricing model. The total amount expensed is recognised over the vesting or performance period, which is the period over which all of the specified vesting or performance conditions are to be satisfied.

At each reporting date, the Company revises its estimates of the number of options and shares that are expected to vest based on the specified vesting conditions. It recognises the impact of the revision to the original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the Parent Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium in the parent financial statements when the options are exercised.

Secret Escapes Limited
Notes to the Financial Statements for the Year Ended 31 December
2022 (continued)

2 Accounting policies (continued)

Share-based payments (continued)

At each reporting date, the Company revises its estimates of the number of options and shares that are expected to vest based on the specified vesting conditions. It recognises the impact of the revision to the original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the Parent Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium in the parent financial statements when the options are exercised.

The grant by the Company of options and shares over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employees' services received measured by reference to the grant date fair value, is recognised over the vesting period as an increase in the investment in subsidiary undertakings, with a corresponding credit to equity in the Company financial statements.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial asset – recognition and measurement

Financial assets are recognised when the entity becomes a party to the contract and, as a consequence, has a legal right to receive cash.

All financial assets are initially measured at fair value plus, in the case of financial assets not recorded at fair value through profit or loss (FVPL), transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The Group classifies its financial assets in the following categories: at fair value through other comprehensive income, at amortised cost or at FVPL. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprise:

- Equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.
- Debt securities where the contractual cash flows are solely principal, and interest and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets.

However, there are no instruments which have been classified under this category.

Secret Escapes Limited
Notes to the Financial Statements for the Year Ended 31 December
2022 (continued)

2 Accounting policies (continued)

Financial instruments (continued)

(b) Financial assets at amortised cost

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

(c) Financial assets at fair value through profit or loss (FVPL)

The following financial assets are classified at FVPL:

- debt investments that do not qualify for measurement at either amortised cost (see note (a) and (b) above)
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through other comprehensive income.

The Group has no financial assets measured at FVPL.

Impairment of financial assets

In accordance with IFRS 9, the Group applies the expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.

b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of IFRS 15.

For trade and other receivables, the Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses and trade receivables have been grouped based on shared credit risk characteristics and the days past due.

Financial liabilities - recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities comprise of trade creditors, loans and bank overdrafts.

Secret Escapes Limited
Notes to the Financial Statements for the Year Ended 31 December
2022 (continued)

2 Accounting policies (continued)

Financial instruments (continued)

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

- (a) *Financial liabilities at fair value through profit or loss*
- (b) *Loans and borrowings*

Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

The Group does not have any financial liabilities which are subsequently re-measured at FVPL.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions are paid to publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

Secret Escapes Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires judgements, estimations and assumptions to be made that affect the reported values of assets, liabilities, revenues and expenses. The nature of estimation means that the actual outcomes could differ from those estimates. Significant areas of estimation for the Group include the following:

Impairment of intangible assets and goodwill

The Group considers whether intangible assets and/or goodwill are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of cash generating units (CGUs). This requires estimation of future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

4 Revenue

The analysis of the Group's revenue for the year from continuing operations is as follows:

	2022 £ 000	2021 £ 000
Rendering of services	108,097	69,425
Revenue from rendering of services comprises of:		
	2022 £ 000	2021 £ 000
Commissions from hotels, tour operators and other merchants	80,978	62,043
Revenue from package holidays	20,557	2,300
Digital marketing revenue	2,691	2,541
Other revenue	3,871	2,541
	108,097	69,425

In 2022, 14% (2021 - 15%) of commission revenue arises from UK members, with the remaining 86% (2021 - 85%) from overseas members. 78% (2021 - 99%) of revenue from package holidays revenue arises in the UK, with the remaining 22% (2021 - 1%) arising from overseas. 34% (2021 - 40%) of digital marketing revenue arises in the UK, with the remaining 66% (2021 - 60%) arising from overseas.

Other revenue comprises of payments related income, credit breakage and other fees.

5 Other income

The analysis of the Group's other income for the year is as follows:

	2022 £ 000	2021 £ 000
Government grants	577	1,329
Sub-lease rental income	48	149
Miscellaneous other operating income	42	559
Income from sale of email database	259	1,796
	926	3,833

The Group received income of £259,000 during the period in respect of the disposal of its Spanish email database and £1,796,000 during 2021 in respect of the disposal of the US email database.

Secret Escapes Limited
Notes to the Financial Statements for the Year Ended 31 December
2022 (continued)

6 Operating loss

Arrived at after charging/(crediting)

	2022	2021
	£ 000	£ 000
Depreciation of property, plant and equipment	250	542
Depreciation of right-of-use assets	1,514	1,701
Amortisation expense	5,508	6,332
Impairment of goodwill (note 14)	5,028	-
Foreign exchange losses/(gains)	2,885	(3,247)
Loss/(profit) on disposal of property, plant and equipment and right-of-use assets	<u>123</u>	<u>(18)</u>

7 Auditor's remuneration

	2022	2021
	£ 000	£ 000
Audit of these financial statements	191	210
Other fees to auditor		
ATOL assurance	9	5
Taxation compliance services	-	10
Other non-audit services	<u>320</u>	<u>-</u>
	<u>520</u>	<u>225</u>

Fees for 'Other non-audit services' related to due diligence work undertaken in respect of the Group's refinancing which was completed subsequent to the year end (see note 21 for further details).

8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	Note	2022	2021
		£ 000	£ 000
Wages and salaries		29,454	25,956
Share-based payment expenses	23	(111)	16
Social security costs		3,129	2,733
Pension costs, defined contribution scheme		687	650
Other employment benefits		<u>153</u>	<u>205</u>
		<u>33,312</u>	<u>29,560</u>

Secret Escapes Limited
Notes to the Financial Statements for the Year Ended 31 December
2022 (continued)

8 Staff costs (continued)

The average number of persons employed by the Group (including directors) during the year, was as follows:

	2022	2021
	No.	No.
Sales, content and marketing	542	521
Administration and support	254	279
	<u>796</u>	<u>800</u>

9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2022	2021
	£ 000	£ 000
Remuneration	855	869
Contributions paid to money purchase schemes	9	8
Non-executive directors' fees	6	6
	<u>870</u>	<u>883</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2022	2021
	No.	No.
Received or were entitled to receive shares under long term incentive schemes	2	2
Exercised share options	1	2
Accruing benefits under money purchase pension scheme	1	1

In respect of the highest paid director:

	2022	2021
	£ 000	£ 000
Remuneration	<u>455</u>	<u>416</u>

During the year the highest paid director received or was entitled to receive shares under a long term incentive scheme.

Secret Escapes Limited
Notes to the Financial Statements for the Year Ended 31 December
2022 (continued)

10 Finance income and costs

	2022 £ 000	2021 £ 000
Finance income		
Interest income on bank deposits	(1,074)	(43)
Other finance income	<u>(1)</u>	<u>(11)</u>
Total finance income	<u>(1,075)</u>	<u>(54)</u>
Finance costs		
Interest on bank overdrafts and borrowings	8,870	7,802
Interest expense on leases	<u>453</u>	<u>544</u>
Total finance costs	<u>9,323</u>	<u>8,346</u>
Net finance costs	<u><u>8,248</u></u>	<u><u>8,292</u></u>

11 Income tax

Tax charged/(credited) in the income statement

	2022 £ 000	2021 £ 000
Current taxation		
UK corporation tax adjustment to prior periods	<u>24</u>	<u>-</u>
	<u>24</u>	<u>-</u>
Foreign tax	2,041	783
Foreign tax adjustment to prior periods	<u>39</u>	<u>195</u>
	<u>2,080</u>	<u>978</u>
Total current income tax	<u>2,104</u>	<u>978</u>
Deferred taxation		
Arising from origination and reversal of temporary differences	(517)	(472)
Arising from changes in tax rates and laws	-	653
Deferred tax adjustment to prior periods	<u>(511)</u>	<u>-</u>
Total deferred taxation	<u>(1,028)</u>	<u>181</u>
Tax expense in the income statement	<u><u>1,076</u></u>	<u><u>1,159</u></u>

Secret Escapes Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

11 Income tax (continued)

The tax on loss before tax for the current and prior year is higher than the standard rate of corporation tax in the UK of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £ 000	2021 £ 000
Loss before tax	(23,089)	(11,503)
Corporation tax at standard rate	(4,387)	(2,186)
Increase in current tax from adjustment for prior periods	64	195
Expenses not deductible	45	568
Tax decrease from utilisation of tax losses	-	(160)
Increase from effect of unrelieved tax losses and other tax attributes carried forward	5,884	1,953
(Decrease)/increase from effect of exercise employee share options	(21)	21
Increase from effect of foreign tax rates	2	115
Deferred tax credit from unrecognised temporary difference from a prior period	(511)	-
Deferred tax expense relating to changes in tax rates or laws	-	653
Total tax charge	1,076	1,159

In the Budget of March 2021, the Chancellor announced an increase in the corporation tax rate from 19% to 25% with effect from 1 April 2023. This was substantively enacted on 24 May 2021 and therefore deferred tax assets and liabilities at the year end have been measured at the enacted rate of 25%.

Amounts recognised in other comprehensive income

	2022 Tax			2021 Tax		
	Before tax	(expense) benefit	Net of tax	Before tax	(expense) benefit	Net of tax
	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Foreign currency translation losses	(1,051)	-	(1,051)	(23)	-	(23)

Deferred tax

Group

Deferred tax assets and liabilities

	Asset £ 000	Liability £ 000	Net deferred tax £ 000
2022			
Intangible assets	-	(2,050)	(2,050)
Other items	122	(22)	100
	122	(2,072)	(1,950)

Secret Escapes Limited
Notes to the Financial Statements for the Year Ended 31 December
2022 (continued)

11 Income tax (continued)

	Asset £ 000	Liability £ 000	Net deferred tax £ 000
2021			
Intangible assets	-	(2,920)	(2,920)
Other items	249	(13)	236
	<u>249</u>	<u>(2,933)</u>	<u>(2,684)</u>

Deferred tax movement during the year:

	At 1 January 2022 £ 000	Recognised in income £ 000	Recognised in equity £ 000	At 31 December 2022 £ 000
Intangible assets	(2,920)	1,166	(296)	(2,050)
Other items	236	(138)	2	100
	<u>(2,684)</u>	<u>1,028</u>	<u>(294)</u>	<u>(1,950)</u>

	At 1 January 2021 £ 000	Recognised in income £ 000	Recognised in equity £ 000	At 31 December 2021 £ 000
Intangible assets	(2,811)	(181)	72	(2,920)
Other items	271	-	(35)	236
	<u>(2,540)</u>	<u>(181)</u>	<u>37</u>	<u>(2,684)</u>

There are £19,423,000 of deductible temporary differences (2021 - £12,766,000) and £176,303,000 of unused tax losses (2021 - £150,223,000) for which no deferred tax asset is recognised in the statement of financial position.

Company

There are £19,387,000 of deductible temporary differences (2021 - £12,766,000) and £168,800,000 of unused tax losses (2021 - £145,346,000) for which no deferred tax asset is recognised in the statement of financial position.

Secret Escapes Limited
Notes to the Financial Statements for the Year Ended 31 December
2022 (continued)

12 Property, plant and equipment

Group

	Leasehold improvements £ 000	Furniture, fittings and equipment £ 000	Assets under development £ 000	Total £ 000
Cost				
At 1 January 2021	982	2,586	70	3,638
Additions	19	115	43	177
Disposals	-	(63)	-	(63)
Foreign exchange movements	-	1	-	1
At 31 December 2021	1,001	2,639	113	3,753
At 1 January 2022	1,001	2,639	113	3,753
Additions	-	374	-	374
Disposals	(66)	(224)	-	(290)
Transfers to intangible assets (note 14)	-	-	(113)	(113)
At 31 December 2022	935	2,789	-	3,724
Depreciation				
At 1 January 2021	919	2,020	-	2,939
Charge for year	44	498	-	542
Eliminated on disposal	-	(62)	-	(62)
Foreign exchange movements	(20)	(225)	-	(245)
At 31 December 2021	943	2,231	-	3,174
At 1 January 2022	943	2,231	-	3,174
Charge for the year	27	223	-	250
Eliminated on disposal	(65)	(174)	-	(239)
At 31 December 2022	905	2,280	-	3,185
Carrying amount				
At 31 December 2022	30	509	-	539
At 31 December 2021	58	408	113	579

Included within the carrying amount of leasehold improvements above is £30,000 (2021 - £58,000) in respect of short leasehold land and buildings.

Secret Escapes Limited
Notes to the Financial Statements for the Year Ended 31 December
2022 (continued)

12 Property, plant and equipment (continued)

Company

	Leasehold improvements £ 000	Furniture, fittings and equipment £ 000	Total £ 000
Cost or valuation			
At 1 January 2021	858	1,540	2,398
Additions	-	91	91
Disposals	(3)	(52)	(55)
At 31 December 2021	855	1,579	2,434
At 1 January 2022	855	1,579	2,434
Additions	-	162	162
At 31 December 2022	855	1,741	2,596
Depreciation			
At 1 January 2021	854	1,339	2,193
Charge for year	-	132	132
Eliminated on disposal	(1)	(47)	(48)
At 31 December 2021	853	1,424	2,277
At 1 January 2022	853	1,424	2,277
Charge for the year	2	116	118
At 31 December 2022	855	1,540	2,395
Carrying amount			
At 31 December 2022	-	201	201
At 31 December 2021	2	155	157

Included within the carrying amount of leasehold improvements above is £Nil (2021 - £2,000) in respect of short leasehold land and buildings.

Secret Escapes Limited
Notes to the Financial Statements for the Year Ended 31 December
2022 (continued)

13 Right-of-use assets

Group	Vehicles £ 000	Property £ 000	Total £ 000
Cost			
At 1 January 2021	75	9,894	9,969
Additions	27	-	27
Disposals	(14)	(582)	(596)
Foreign exchange movements	11	85	96
At 31 December 2021	99	9,397	9,496
At 1 January 2022	99	9,397	9,496
Additions	62	569	631
Disposals	(40)	(1,957)	(1,997)
At 31 December 2022	121	8,009	8,130
Depreciation			
At 1 January 2021	54	4,158	4,212
Charge for year	31	1,670	1,701
Eliminated on disposal	(10)	(423)	(433)
Foreign exchange movements	-	(1)	(1)
At 31 December 2021	75	5,404	5,479
At 1 January 2022	75	5,404	5,479
Charge for the year	40	1,474	1,514
Eliminated on disposal	(40)	(1,957)	(1,997)
At 31 December 2022	75	4,921	4,996
Carrying amount			
At 31 December 2022	46	3,088	3,134
At 31 December 2021	24	3,993	4,017

Secret Escapes Limited
Notes to the Financial Statements for the Year Ended 31 December
2022 (continued)

13 Right-of-use assets (continued)

Company

	Property £ 000
Cost	
At 1 January 2021	5,330
Disposals	(62)
Foreign exchange movements	82
	<u>5,350</u>
At 31 December 2021 and 31 December 2022	
Depreciation	
At 1 January 2021	1,649
Charge for year	695
Eliminated on disposal	(62)
Foreign exchange movements	(15)
	<u>2,267</u>
At 31 December 2021	
At 1 January 2022	2,267
Charge for the year	685
	<u>2,952</u>
At 31 December 2022	
Carrying amount	
At 31 December 2022	<u>2,398</u>
At 31 December 2021	<u>3,083</u>

Secret Escapes Limited
Notes to the Financial Statements for the Year Ended 31 December
2022 (continued)

14 Intangible assets

Group

	Goodwill	Trademarks	Customer	Assets	Software	Total
	£ 000	£ 000	lists	under	and	£ 000
			£ 000	development	development	
				£ 000	£ 000	
Cost or valuation						
At 1 January 2021	52,884	8,079	28,470	414	6,978	96,825
Additions	-	-	-	4	1,458	1,462
Transfers	-	-	-	(18)	18	-
At 31 December 2021	52,884	8,079	28,470	400	8,454	98,287
At 1 January 2022	52,884	8,079	28,470	400	8,454	98,287
Additions	-	-	-	1,953	1,211	3,164
Disposals	-	-	-	-	(1,125)	(1,125)
Transfers between categories	-	-	-	(1,869)	1,869	-
Transfers from property, plant and equipment (note 12)	-	-	-	113	-	113
At 31 December 2022	52,884	8,079	28,470	597	10,409	100,439
Amortisation and impairment						
At 1 January 2021	7,208	2,987	8,836	-	4,076	23,107
Amortisation charge	-	1,066	2,957	-	2,309	6,332
Foreign exchange movements	-	38	82	-	103	223
At 31 December 2021	7,208	4,091	11,875	-	6,488	29,662
At 1 January 2022	7,208	4,091	11,875	-	6,488	29,662
Amortisation charge	-	1,100	2,426	-	1,982	5,508
Amortisation eliminated on disposals	-	-	-	-	(1,043)	(1,043)
Impairment	5,028	-	-	-	-	5,028
At 31 December 2022	12,236	5,191	14,301	-	7,427	39,155
Carrying amount						
At 31 December 2022	40,648	2,888	14,169	597	2,982	61,284
At 31 December 2021	45,676	3,988	16,595	400	1,966	68,625

Amortisation charged for the year is included within administration expenses.

Individually material intangible assets

Included within the carrying amount of customer lists above is £9.1m (2021 - £11.0m) in respect of customer lists acquired from the acquisition of Slevomat cz,s.r.o. and its subsidiaries in 2017.

Secret Escapes Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

14 Intangible assets (continued)

Impairment testing

Goodwill

Secret Escapes performs its annual impairment test in December each year. The Group considers the relationship between the book value and the future in-flows of cash for each of its cash generating units (CGUs) when reviewing for indicators of impairment. The Group considers that there are four CGUs, being Travelist, Slevomat, Empathy Marketing and the other being all other Secret Escapes businesses. Growth rates are based on industry standards, with 2% per annum growth assumed for the terminal period. Management recognises that the speed of technological change and the possibility of new entrants could have a significant impact on future cash in-flows. In order to model for this scenario, the future cash in-flows have been stress-tested by a 20% reduction, without impacting the impairment carrying value of each of the CGUs, with the exception of Empathy Marketing as described below. The discount rate used in the calculation of value in use as recoverable amount is 17% (2021 - 15%). The discount rate is based on the Group's cost of borrowing.

Empathy Marketing

The recoverable amount of this CGU was based on the value in use estimated using discounted future in-flows of cash. The carrying value of the CGU of £7,473,000 was considered to be higher than its recoverable amount and an impairment loss of £5,028,000 (2021 - £Nil) was fully allocated to goodwill and recognised within administrative expenses.

The key assumptions used are those referred to above, plus management's assessment of future trends and expectations in the business, utilising historic and forecast information from both internal and external sources.

Following the impairment loss recognised for the Empathy Marketing CGU, the recoverable amount was equal to the carrying value. Therefore, any adverse movement in a key assumption would lead to further impairment.

The carrying value of goodwill is analysed by CGU as follows:

	2022 £000	2021 £000
Secret Escapes	911	911
Travelist	2,874	2,874
Slevomat	34,418	34,418
Empathy Marketing	2,445	7,473
	<u>40,648</u>	<u>45,676</u>

Secret Escapes Limited
Notes to the Financial Statements for the Year Ended 31 December
2022 (continued)

14 Intangible assets (continued)

Company

	Trademarks	Customer	Assets	Software	
	£ 000	lists	under	and	Total
		£ 000	development	development	£ 000
			£ 000	£ 000	
Cost					
At 1 January 2021	686	3,201	18	4,752	8,657
Transfers between categories	-	-	(18)	18	-
Additions	-	-	4	974	978
At 31 December 2021	<u>686</u>	<u>3,201</u>	<u>4</u>	<u>5,744</u>	<u>9,635</u>
At 1 January 2022	686	3,201	4	5,744	9,635
Additions	-	-	1,496	340	1,836
Disposals	-	-	-	(797)	(797)
Transfers between categories	-	-	(1,500)	1,500	-
At 31 December 2022	<u>686</u>	<u>3,201</u>	<u>-</u>	<u>6,787</u>	<u>10,674</u>
Amortisation					
At 1 January 2021	196	1,084	-	2,477	3,757
Amortisation charge	<u>111</u>	<u>295</u>	<u>-</u>	<u>1,615</u>	<u>2,021</u>
At 31 December 2021	<u>307</u>	<u>1,379</u>	<u>-</u>	<u>4,092</u>	<u>5,778</u>
At 1 January 2022	307	1,379	-	4,092	5,778
Amortisation charge	<u>94</u>	<u>258</u>	<u>-</u>	<u>922</u>	<u>1,274</u>
Amortisation eliminated on disposals	-	-	-	(797)	(797)
At 31 December 2022	<u>401</u>	<u>1,637</u>	<u>-</u>	<u>4,217</u>	<u>6,255</u>
Carrying amount					
At 31 December 2022	<u>285</u>	<u>1,564</u>	<u>-</u>	<u>2,570</u>	<u>4,419</u>
At 31 December 2021	<u>379</u>	<u>1,822</u>	<u>4</u>	<u>1,652</u>	<u>3,857</u>

There are no individually material intangible assets as at 31 December 2022 (2021 - £Nil).

Secret Escapes Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

15 Investments

Group subsidiaries

Details of the Group subsidiaries as at 31 December 2022 are as follows:

Name of subsidiary	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held by the Group	
			2022	2021
Secret Escapes GmbH*	trading company	Germany c/o WeWork, Friedrichstraße 76, 10117 Berlin, Germany	100%	100%
Secret Escapes Pte Limited*	services company	Singapore 1 Harbourfront Avenue, #14-08 Keppel Bay Tower, Singapore 098632	100%	100%
Secret Escapes AB*	services company	Sweden c/o Magnusson Advokatbyrå, Box 7413, 10391 Stockholm, Sweden	100%	100%
Secret Escapes Transport Limited*	transportation services company	UK 4th floor, 120 Holborn, London, EC1N 2TD, UK	100%	100%
Evasions Secretes SAS*	services company	France 153 Boulevard Haussmann, 75008 Paris, France	100%	100%
Travelist Sp. z o.o.*	online travel agency	Poland al. Armii Ludowej 26, 00-609, Warsaw, Poland	100%	100%
Secret Escapes S.L.*	services company	Spain Paseo de Gracia, 21, Planta 2, 08007 Barcelona, Spain	100%	100%
Kaloe International s.r.o.*	holding company	Czech Republic Pernerova 691/42, Karlín, Prague 8, Czech Republic	100%	100%
Slevomat cz, s.r.o.	trading company	Czech Republic Pernerova 691/42, Karlín, Prague 8, Czech Republic	100%	100%
CK Zanzo s.r.o.	services company	Czech Republic Pernerova 691/42, Karlín, Prague 8, Czech Republic	100%	100%

Secret Escapes Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

15 Investments (continued)

Skrz.cz,s.r.o.	trading company	Czech Republic Americká 525/23, Vinohrady, Prague 2, Czech Republic	100%	100%
Secret Escapes Holidays BV*	services company	The Netherlands Weesperstraat 61, 1018 VN, Amsterdam, The Netherlands	100%	100%
Secret Benefits s.r.o.	trading company	Slovakia Mlynské nivy 73, mestská časť Ružinov 821 05, Bratislava, Slovakia	100%	100%
Empathy Marketing Limited*	trading company	Ireland The Masonry, Suite 201/202, 151-156 Thomas Street, Dublin 8, D08 PY5E, Ireland	100%	100%

* indicates direct investment of the Company

Melker Deals a.s., a 100% owned indirect subsidiary at 31 December 2021, has been liquidated in the year, following a restructure of the Slevomat cz,s.r.o. group of companies based in the Czech Republic.

Summary of the Company investments

	2022 £ 000	2021 £ 000
Investments in subsidiaries	<u>54,262</u>	<u>61,022</u>

Secret Escapes performs its annual impairment test in December each year. The Company considers the relationship between the book value and the future in-flows of cash for each of its investments when reviewing for indicators of impairment. Growth rates are based on industry standards, with 2% per annum growth assumed for the terminal period. The discount rate used in the calculation of value in use as recoverable amount is 17% (2021 - 15%). This discount rate is based on the Group's cost of borrowing.

Empathy Marketing

The recoverable amount of this investment was based on the value in use estimated using discounted future cash-flows. The carrying value of the investment of £13,665,000 was considered to be higher than its recoverable amount and an impairment loss of £6,760,000 (2021 - £1,318,000) was fully allocated to investments and recognised within administrative expenses.

The key assumptions used are those referred to above, plus management's assessment of future trends in the business utilising historic and forecast information from both internal and external sources. Budgeted EBITDA was used based on expectations of future revenue growth and historic experience. Following the impairment loss recognised for the Empathy Marketing investment, the recoverable amount was equal to the carrying value. Therefore, any adverse movement in a key assumption would lead to further impairment. The amount of impairment loss relating to investments included in profit and loss is £6,760,000 (2021 - £1,318,000).

Secret Escapes Limited
Notes to the Financial Statements for the Year Ended 31 December
2022 (continued)

15 Investments (continued)

Subsidiaries	£ 000
Cost or valuation	
At 1 January 2021, 31 December 2021, and 31 December 2022	<u>69,235</u>
Provision for impairment	
At 1 January 2021	6,895
Impairment	<u>1,318</u>
At 31 December 2021	<u>8,213</u>
At 1 January 2022	8,213
Impairment	<u>6,760</u>
At 1 January and 31 December 2022	<u>14,973</u>
Carrying amount	
At 31 December 2022	<u>54,262</u>
At 31 December 2021	<u>61,022</u>

16 Trade and other receivables

	Group		Company	
	2022	2021	2022	2021
	£ 000	£ 000	£ 000	£ 000
Current				
Trade receivables	11,182	5,804	8,602	5,142
Amounts receivable from group undertakings	-	-	7,802	34,267
Accrued revenue	8,072	5,755	64	253
Prepayments	13,481	4,432	7,525	3,917
Other receivables	<u>3,881</u>	<u>7,739</u>	<u>2,589</u>	<u>4,482</u>
	<u>36,616</u>	<u>23,730</u>	<u>26,582</u>	<u>48,061</u>

Group

31 December 2022

Trade receivables excluding cash in transit

	Days past due					
	Not past due	<30 days	30-60 days	61-90 days	>91 days	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Estimated total gross carrying amount at default	1,789	212	162	218	1,484	3,865
Expected credit loss	107	3	17	20	819	966

Secret Escapes Limited
Notes to the Financial Statements for the Year Ended 31 December
2022 (continued)

16 Trade and other receivables (continued)

Group

31 December 2021

31 December 2021	Trade receivables excluding cash in transit					
	Days past due					
	Not past due	<30 days	30-60 days	61-90 days	>91 days	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Estimated total gross carrying amount at default	1,988	125	244	452	693	3,502
Expected credit loss	682	7	49	24	473	1,235

Company

31 December 2022

31 December 2022	Trade receivables excluding cash in transit					
	Days past due					
	Not past due	<30 days	30-60 days	61-90 days	>91 days	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Estimated total gross carrying amount at default	641	210	161	216	843	2,071
Expected credit loss	107	3	17	20	307	454

Company

31 December 2021

31 December 2021	Trade receivables excluding cash in transit					
	Days past due					
	Not past due	<30 days	30-60 days	61-90 days	>91 days	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Estimated total gross carrying amount at default	1,091	98	236	445	423	2,293
Expected credit loss	393	1	43	19	234	690

Movements in the allowance for impairment of trade receivables are as follows:

	2022 £ 000	2021 £ 000
Group		
At 1 January	1,235	1,047
Allowance for impairment during the year	(269)	389
Written-off as uncollectible	-	(201)
At 31 December	<u>966</u>	<u>1,235</u>

Secret Escapes Limited
Notes to the Financial Statements for the Year Ended 31 December
2022 (continued)

16 Trade and other receivables (continued)

	2022	2021
	£ 000	£ 000
Company		
At 1 January	690	538
Allowance for impairment during the year	(236)	311
Written-off as uncollectible	-	(159)
At 31 December	<u>454</u>	<u>690</u>

The amounts receivable from related parties are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses.

17 Cash and cash equivalents

	Group		Company	
	2022	2021	2022	2021
	£ 000	£ 000	£ 000	£ 000
Cash at bank	66,353	75,833	15,042	33,413
Cash held in Trust	5,839	2,405	5,839	2,405
Other cash and cash equivalents	<u>2,289</u>	<u>1,527</u>	<u>1,680</u>	<u>2,893</u>
	<u>74,481</u>	<u>79,765</u>	<u>22,561</u>	<u>38,711</u>

Cash equivalents include cash in transit of £995,000 (2021 - £Nil) from various payment processing intermediaries that provide receipting services to the Group.

Balances held by the Group that are not available for use by the Group

	2022	2021
	£ 000	£ 000
Balances held by the Group that are not available for use by the Group	<u>40,407</u>	<u>25,152</u>

The cash and cash equivalents held by the Group that are not available for use by the Group include £34,568,000 (2021 - £22,747,000) held by Slevomat cz.s.r.o. These deposits are subject to restrictions and are therefore not available for general use by the other entities within the Group.

In addition, the Group operates a ring-fenced Trust account to safeguard amounts received from members for ATOL protected holidays. These amounts are released from the account in accordance with the exercising of our performance obligations. The restricted amounts held in Trust at 31 December 2022 were £5,839,000 (2021 - £2,405,000).

Secret Escapes Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

18 Reserves

Group and Company Ordinary Shares

The balance classified as equity share capital includes the total net proceeds on issue of the Company's equity share capital, comprising £0.001 Ordinary Shares.

Share premium

Share premium includes any premiums received on the issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Foreign currency translation reserve

The foreign currency translation reserve comprises of translation differences arising from the translation of financial statements of the Group's foreign entities into Sterling.

Reserve credit for share-based payment plan

This reserve comprises of movements in the cumulative expense recognised in the income statement in respect of equity-settled share-based payments.

Retained loss

The retained loss reserve includes all current and prior period retained profits and losses.

The changes to each component of equity resulting from items of other comprehensive income for the current year were as follows:

	Foreign currency translation £ 000
Foreign currency losses	1,051

The changes to each component of equity resulting from items of other comprehensive income for the prior year were as follows:

	Foreign currency translation £ 000
Foreign currency losses	23

Secret Escapes Limited
Notes to the Financial Statements for the Year Ended 31 December
2022 (continued)

19 Share capital

Allotted, called up and fully paid shares

	31 December 2022		31 December 2021	
	No.	£	No.	£
Ordinary Shares of £0.001 each	1,448,692	1,449	1,423,989	1,424
B1 Preferred Ordinary Shares of £0.001 each	441,278	441	441,278	441
B2 Preferred Ordinary Shares of £0.001 each	95,900	96	95,900	96
C Preferred Ordinary Shares of £0.001 each	442,663	443	442,663	443
D Preferred Ordinary Shares of £0.001 each	486,908	487	486,908	487
E Preferred Ordinary Shares of £0.001 each	1,006,305	1,006	1,006,305	1,006
A Ordinary Shares of £0.001 each	45,997	46	45,997	46
B Ordinary Shares of £0.001 each	39,318	39	39,318	39
C Ordinary Shares of £0.001 each	11,051	11	11,051	11
D Ordinary Shares of £0.001 each	125	-	125	-
E Ordinary Shares of £0.001 each	277,970	278	284,173	284
Deferred Ordinary Shares of £0.001 each	5,371,863	5,372	5,365,656	5,366
	<u>9,668,070</u>	<u>9,668</u>	<u>9,643,363</u>	<u>9,643</u>

New shares allotted

During the year 24,703 Ordinary Shares with a nominal value of £0.001 were allotted for an aggregate consideration of £60,000 on the exercise of employee share options in the year. In addition, 4 E Ordinary Shares with a nominal value of £0.001 each were allotted for an aggregate consideration of £0.004 on exercise of employee share options in the year. 6,207 E Ordinary Shares with a nominal value of £0.001 each were converted to Deferred Ordinary Shares during the year as a result of employees leaving the Company.

Rights, preferences and restrictions

B2 Preferred Ordinary Shares have the following rights, preferences and restrictions:

Each B2 Ordinary Share carries the right to one vote per share and is convertible into one Ordinary Share. Each B2 Ordinary Share ranks equally with the Ordinary Shares in respect of dividends. Holders of B2 Ordinary Shares benefit from anti-dilution protection in the event of a qualifying issue of shares at a lower issue price than the issue price of B2 Ordinary Shares.

Ordinary Shares have the following rights, preferences and restrictions:

All shares rank *pari passu* in all respects.

C Preferred Ordinary Shares have the following rights, preferences and restrictions:

Each C Ordinary Share carries the right to one vote per share and is convertible into one Ordinary Share. Each C Ordinary share ranks equally with the Ordinary Shares in respect of dividends. Holders of C Ordinary Shares benefit from anti-dilution protection in the event of a qualifying issue of shares at a lower issue price than the issue price of C Ordinary Shares.

B1 Preferred Ordinary Shares have the following rights, preferences and restrictions:

Each B1 Ordinary Share carries the right to one vote per share and is convertible into one Ordinary Share. Each B1 Ordinary Share ranks equally with the Ordinary Shares in respect of dividends. Holders of B1 Ordinary Shares benefit from anti-dilution protection in the event of a qualifying issue of shares at a lower issue price than the issue price of B1 Ordinary Shares.

Secret Escapes Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

19 Share capital (continued)

Rights, preferences and restrictions (continued)

D and E Preferred Ordinary Shares have the following rights, preferences and restrictions:

Each D and E Ordinary Share carries the right to one vote per share and ranks equally with the Ordinary Shares in respect of dividends. On a distribution of assets on a liquidation or return of capital, and after the payment of £1 to the holder of the deferred shares, the D and E Preferred Ordinary Shares have a right to receive an amount per share held equal to the issue price in priority to all other classes of share.

B1, B2, C and D Ordinary shareholders benefit from ratchet mechanism protections on a share sale, asset sale or exit by IPO at a price per share lower than the issue price of their respective B1, B2 or C Ordinary Shares, on a distribution of assets on a liquidation or a return of capital.

The A Ordinary Shares, B Ordinary Shares, C Ordinary Shares, D Ordinary Shares and Deferred Shares do not confer a right to vote or to receive dividends.

The E Ordinary Shares do not confer a right to vote, but have dividend rights of 0.0001% of any distribution and preferred capital distribution (including on winding up) rights, after payment to the deferred shares. They do not confer any rights of redemption.

20 Leases

Group

	2022 £ 000	2021 £ 000
Lease creditors		
Current portion of long-term lease liabilities	1,437	1,518
Long-term lease liabilities	2,994	3,928
	<u>4,431</u>	<u>5,446</u>

Lease liabilities maturity analysis

A maturity analysis of lease liabilities based on undiscounted gross cash flow is reported in the table below:

	2022 £ 000	2021 £ 000
Less than one year	1,752	1,917
2 to 5 years	3,387	4,608
Total lease liabilities (undiscounted)	5,139	6,525
Impact of finance expenses	(708)	(1,079)
Carrying amount of liability	<u>4,431</u>	<u>5,446</u>

Total cash outflows related to leases

Total cash outflows related to leases are presented in the table below:

	2022 £ 000	2021 £ 000
Payment		
Right-of-use assets	1,646	1,952
Interest	453	544
Total cash outflow	<u>2,099</u>	<u>2,496</u>

Secret Escapes Limited
Notes to the Financial Statements for the Year Ended 31 December
2022 (continued)

20 Leases (continued)

Company

	2022	2021
	£ 000	£ 000
Lease creditors		
Current portion of long-term lease liabilities	886	802
Long-term lease liabilities	<u>2,645</u>	<u>3,531</u>
	<u><u>3,531</u></u>	<u><u>4,333</u></u>

Lease liabilities maturity analysis

A maturity analysis of lease liabilities based on undiscounted gross cash flow is reported in the table below:

	2022	2021
	£ 000	£ 000
Less than one year	1,199	1,199
2 to 5 years	<u>2,997</u>	<u>4,195</u>
Total lease liabilities (undiscounted)	4,196	5,394
Impact of finance expenses	<u>(665)</u>	<u>(1,061)</u>
Carrying amount of liability	<u><u>3,531</u></u>	<u><u>4,333</u></u>

Total cash outflows related to leases

Total cash outflows related to leases are presented in the table below:

	2022	2021
	£ 000	£ 000
Payment		
Right-of-use assets	802	445
Interest	<u>397</u>	<u>468</u>
Total cash outflow	<u><u>1,199</u></u>	<u><u>913</u></u>

21 Loans and borrowings

	Group		Company	
	2022	2021	2022	2021
	£ 000	£ 000	£ 000	£ 000
Non-current loans and borrowings				
Bank borrowings	<u>52,712</u>	<u>43,263</u>	<u>52,712</u>	<u>43,263</u>

	Group		Company	
	2022	2021	2022	2021
	£ 000	£ 000	£ 000	£ 000
Current loans and borrowings				
Bank borrowings	<u>18,970</u>	<u>32,226</u>	<u>12,671</u>	<u>17,753</u>

Secret Escapes Limited
Notes to the Financial Statements for the Year Ended 31 December
2022 (continued)

21 Loans and borrowings (continued)

The borrowings comprise of three loan facilities:

Revolving Credit Facility

This is a credit facility held with Silicon Valley Bank of £12,500,000 (2021 - £15,000,000), of which £10,750,000 (2021 - £13,250,000) was drawn down at the year end date. The facility was reduced from £15,000,000 to £12,500,000 on renewal in February 2022 for an additional 18 months. £9,150,000 of the amount drawn down at the year end was repaid in January 2023 and the remaining £1,600,000 was repaid in July 2023 following completion of the refinancing as described below.

The facility bears interest at the following rates dependent on which currency an advance is made: Bank of England Base Rate + 5.15%, Wall Street Journal Prime rate + 2.00% or European Central Bank Base Rate + 5.25%. Interest is payable monthly in arrears.

Mezzanine Debt Facility

This is a term loan held with Silicon Valley Bank of €9,458,000 (2021 - €21,280,000). In February 2022, the facility was extended for 18 months, with monthly repayments in 18 equal instalments. The loan attracts interest at 10% per annum. The loan was fully repaid in July 2023 following completion of the refinancing as described below.

Long term loan

On 8 February 2019, a loan of €35,000,000 was taken out with Searchlight Capital Partners. The term of the loan is 5 years and interest is levied at 11.75% per annum. The terms of the loan permit the interest to be paid in cash or rolled up into the final repayment. The loan, including all rolled up interest, was fully repaid in July 2023 following completion of the refinancing as described below.

The lenders held fixed and floating charges over the assets of the Group in respect of all of these borrowings. These charges were released following repayment of these borrowings as part of the July 2023 refinancing referred below and replaced with new fixed and floating charges held by the new lender.

Refinancing

Subsequent to the year end, on 26 July 2023, the Group completed a refinancing of its loans and borrowings. All existing loans and borrowings were repaid and the Group entered into a £40.0m Term Loan and £7.5m Revolving Credit Facility with Tikehau Investment Management. The Term Loan has a maturity of 5 years and the Revolving Credit Facility has a maturity of 2 years.

22 Pension and other schemes

Defined contribution pension scheme

The Group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Group to the scheme and amounted to £687,000 (2021 - £650,000).

Contributions totalling £5,000 (2021 - £13,000) were payable to the scheme at the end of the year and are included in creditors.

Secret Escapes Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

23 Share-based payments

The Company has various share-based compensation plans in place to help attract and retain personnel, to reward employees and directors for past services and to motivate such individuals through added incentives to further contribute to the success of the Company. These are detailed below.

	2022 £ 000	2021 £ 000
Charge arising from share-based payments		
Secret Escapes share option scheme	(111)	72
Secret Escapes growth shares scheme	-	(56)
	<u>(111)</u>	<u>16</u>

Secret Escapes share options scheme

Scheme details and movements

Share options have been granted to certain employees of the Company, under these compensation plans, to purchase shares at the market price prevailing at the date of the grant. The options vest at the rate of 25-50% in the first year and then vest at the rate of 6.25-12.5% per quarter over the remaining one to three years. The contractual life for each option is 10 years. The share options are all equity-settled share options.

The movements in the number of share options during the year were as follows:

	2022 Number	2021 Number
Outstanding, start of period	128,575	332,124
Granted during the period	-	29,510
Forfeited during the period	(8,876)	(171,712)
Exercised during the period	(24,707)	(61,347)
Outstanding, end of period	<u>94,992</u>	<u>128,575</u>
Exercisable, end of period	<u>85,292</u>	<u>101,855</u>

The movements in the weighted average exercise price of share options during the year were as follows:

	2022 £	2021 £
Outstanding, start of period	9.00	3.81
Forfeited during the period	12.47	-
Exercised during the period	2.41	1.78
Outstanding, end of period	10.28	9.00
Exercisable, end of period	<u>11.45</u>	<u>11.37</u>

The weighted average share price at date of exercise of share options exercised during the year was £2.41 (2021 - £1.78).

Outstanding share options

The weighted average remaining contractual life of share options exercisable as of 31 December 2022 was 3.82 years (2021 - 3.81 years).

The range of exercise prices for share options outstanding at the end of the year was £0.001 to £31.49 (2021 - £0.001 to £31.49).

Secret Escapes Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

23 Share-based payments (continued)

Charge arising from share-based payments

The total credit for the year for share-based payments under the share options scheme was £111,000 (2021 - charge of £72,000), of which £111,000 (2021 - charge of £72,000) related to equity-settled share-based payment transactions.

Secret Escapes growth shares scheme

Scheme details and movements

Growth shares in the Parent Company have been issued to certain employees in the form of A, B or C ordinary shares with a nominal value of £0.001 per share, where the ability to receive dividends and a capital return from the shares is conditional upon continued employment and the achievement of a performance target relating to the growth of the Company value beyond a pre-determined hurdle rate.

If this performance target is met, the participants will share in the whole of the value of the business above the hurdle rate. A proportion of the growth shares are converted to deferred shares if the employment condition is not met.

The share awards have been accounted for as equity-settled share based payment transactions.

The movements in the number of growth shares during the year were as follows:

	2022 Number	2021 Number
Outstanding, start of period	96,491	4,959,256
Forfeited during the period	-	(4,862,765)
Outstanding, end of period	<u>96,491</u>	<u>96,491</u>
Exercisable, end of period	<u>96,491</u>	<u>96,491</u>

The movements in the weighted average fair value during the year were as follows:

	2022 £	2021 £
Outstanding, start of period	37.91	72.96
Forfeited during the period	-	73.66
Outstanding, end of period	36.63	37.91
Exercisable, end of period	<u>36.63</u>	<u>37.91</u>

Fair value of growth shares granted

The weighted average fair value of growth shares granted during the period at the measurement date was £Nil (2021 - £Nil).

Charge arising from share-based payments

The total charge/(credit) for the year for share-based payments under the growth shares scheme was £Nil (2021 - £56,000 credit), of which £Nil (2021 - £Nil) related to equity-settled share-based payment transactions.

Secret Escapes Limited
Notes to the Financial Statements for the Year Ended 31 December
2022 (continued)

24 Trade and other payables

	Group		Company	
	2022	2021	2022	2021
	£ 000	£ 000	£ 000	£ 000
Trade payables	79,717	59,660	35,617	27,845
Amounts due to group undertakings	-	-	12,027	37,427
Social security and other taxes	1,496	3,515	562	2,262
Other payables	16,910	16,150	6,723	9,850
	<u>98,123</u>	<u>79,325</u>	<u>54,929</u>	<u>77,384</u>

Trade payables are not interest-bearing. Amounts due to related parties are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

As at 31 December 2022 no amount (2021 - £Nil) was payable to the International Air Transport Association ("IATA") for tickets issued.

The fair value of the trade and other payables classified as financial instruments are disclosed in the financial instruments note.

The Group's exposure to market and liquidity risks, including maturity analysis, related to trade and other payables is disclosed in the financial risk management and impairment note.

25 Deferred income

	Group		Company	
	2022	2021	2022	2021
	£ 000	£ 000	£ 000	£ 000
Current liabilities				
Deferred income	<u>13,934</u>	<u>3,435</u>	<u>7,096</u>	<u>3,179</u>

The deferred income relates to income for holidays sold but yet to be taken.

Secret Escapes Limited
Notes to the Financial Statements for the Year Ended 31 December
2022 (continued)

26 Reconciliation of assets and liabilities arising from financing activities

Group

		At 1 January 2022 £ 000	Financing cash flows £ 000	Non-cash changes Foreign exchange movements £ 000	Other changes £ 000	At 31 December 2022 £ 000
	Note					
Cash and cash equivalents						
Cash	17	78,238	(6,046)	-	-	72,192
Cash equivalents	17	1,527	762	-	-	2,289
		79,765	(5,284)	-	-	74,481
Borrowings						
Long term borrowings	21	(43,263)	-	(2,748)	(6,701)	(52,712)
Short term borrowings	21	(32,226)	12,650	(562)	1,168	(18,970)
Lease liabilities	20	(5,446)	1,646	-	(631)	(4,431)
		(80,935)	14,296	(3,310)	(6,164)	(76,113)
		(1,170)	9,012	(3,310)	(6,164)	(1,632)
Cash and cash equivalents						
		At 1 January 2021 £ 000	Financing cash flows £ 000	Non-cash changes Foreign exchange movements £ 000	Other changes £ 000	At 31 December 2021 £ 000
Cash		74,095	4,143	-	-	78,238
Cash equivalents		1,058	469	-	-	1,527
		75,153	4,612	-	-	79,765
Borrowings						
Long term borrowings		(60,042)	-	3,732	13,047	(43,263)
Short term borrowings		(13,145)	-	-	(19,081)	(32,226)
Lease liabilities		(7,371)	1,952	-	(27)	(5,446)
		(80,558)	1,952	3,732	(6,061)	(80,935)
		(5,405)	6,564	3,732	(6,061)	(1,170)

The 'Other changes' column includes the effect of reclassification of non-current portion of interest-bearing loans and borrowings to current due to the passage of time and the renegotiation of loan maturity dates, new lease liabilities entered into and the effect of accrued but not yet paid interest on interest-bearing loans and borrowings, including lease liabilities.

Secret Escapes Limited
Notes to the Financial Statements for the Year Ended 31 December
2022 (continued)

27 Financial instruments

Group

Financial assets held at amortised cost

Loans and receivables

	Carrying value		Fair value	
	2022 £ 000	2021 £ 000	2022 £ 000	2021 £ 000
Cash and cash equivalents	74,481	79,765	74,481	79,765
Trade and other receivables	36,616	23,730	36,616	23,730

Valuation methods and assumptions

Loans and receivables:

The carrying value of short term receivables is assumed to approximate their fair values where discounting is not material.

Financial liabilities

Financial liabilities at amortised cost

	Carrying value		Fair value	
	2022 £ 000	2021 £ 000	2022 £ 000	2021 £ 000
Trade and other payables	98,123	79,325	98,123	79,325
Loans and borrowings	71,682	75,489	71,682	75,489
Lease liabilities	4,431	5,446	4,431	5,446

Description of instruments

Trade and other payables: The trade and other payables balances comprise of trade creditors and other creditors.

Borrowings: The borrowings balance comprises the Silicon Valley Bank RCF and the two term loans.

Lease liabilities: The lease liabilities comprises property and vehicle leases.

Valuation methods and assumptions

Financial liabilities at amortised cost:

The carrying value of short term payables is assumed to approximate their fair values where discounting is not material.

Loans and borrowings are initially recorded at fair value less any directly attributable transactions costs, and then subsequently measured at amortised cost.

Lease liabilities are initially measured at the present value of lease payments, and subsequently measured at amortised cost.

Secret Escapes Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

27 Financial instruments (continued)

Maturity analysis

The maturity profile of the Group's undiscounted financial liabilities at the end of the current and prior year was as follows:

	Within 1 year £ 000	Between 1 and 5 years £ 000	Total £ 000
2022			
Financial liabilities			
Trade and other payables	97,833	290	98,123
Loans and borrowings	18,970	52,712	71,682
Lease liabilities	1,752	3,387	5,139
Total financial liabilities	<u>118,555</u>	<u>56,389</u>	<u>174,944</u>
	Within 1 year £ 000	Between 1 and 5 years £ 000	Total £ 000
2021			
Financial liabilities			
Trade and other payables	79,188	137	79,325
Loans and borrowings	32,226	43,263	75,489
Lease liabilities	1,917	4,608	6,525
Total financial liabilities	<u>113,331</u>	<u>48,008</u>	<u>161,339</u>

28 Financial risk management and impairment of financial assets

Group

The centralised treasury function of the business, based in the UK, is responsible for managing the liquidity and foreign currency risks associated with the Group's activities. The treasury policy is reviewed and approved by the directors and specifies the principles governing the management of liquidity, interest and foreign currency risks.

The Group's principal financial instrument is cash. The main purpose of this instrument is to provide finance for the global operations. In addition, the Group has various other financial assets and liabilities such as trade receivables and trade payables arising directly from its operations.

Credit risk and impairment

Credit risk primarily arises on the Group's operating financial assets and operating receivables. Substantially all of the past due receivable balances (as detailed in note 16) are held with large corporate clients (as media sales) and as such are deemed to hold little recoverability risk. Receivables balances are monitored on an ongoing basis and provision is made for estimated irrecoverable amounts.

The carrying amount of trade and other receivables and cash and cash equivalents represents the Group's maximum exposure to credit risk. The Group manages its credit risk by ensuring that sufficient resources are allocated to credit management to reduce the impact of the risk and using reputable financial institutions to hold its cash balance.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Further details of expected credit losses and related movements in the year can be found in note 16.

Secret Escapes Limited

Notes to the Financial Statements for the Year Ended 31 December
2022 (continued)

28 Financial risk management and impairment of financial assets (continued)

Market risk

Foreign exchange risk

The Company's business model involves transactions where cash receipts and payments may be in different currencies. Adverse movements in foreign exchange rates in the period between receipts of a booking and payment of the hotel or tour operator could cause unanticipated losses on a transaction. The Company's geographical spread of members provides natural hedging of exchange rate risks and pricing includes some allowance for exchange rate movements. Exposure to exchange rate movements is monitored and whilst the Company does not currently undertake foreign exchange hedging through the use of forward contracts, the need to do so is reviewed periodically.

Transactions are primarily denominated in EUR, GBP and CZK. In 2022, 44% (2021 - 50%) of the total transaction value was generated in EUR, 22% (2021 - 18%) in GBP, 25% (2021 - 24%) in CZK and 9% (2021 - 9%) in other currencies. 66% (2021 - 60%) of supplier payments were made in EUR, 21% (2021 - 26%) in GBP and 13% (2021 - 14%) in other currencies. The Group's main exposure is therefore to fluctuations in the EUR-GBP and CZK-GBP exchange rate.

As of 31 December 2022, the Group's statement of financial position net exposure in EUR amounted to £50,929,000 net liabilities, and exposure in CZK amounted to £61,706,000 net assets

A strengthening (weakening) of GBP against each of these currencies of 10% at 31 December would have affected profit or loss by the amounts shown in the table below:

	Weakening	Strengthening
	£ 000	£ 000
Currency risk sensitivity in CZK	6,171	(6,171)
Currency risk sensitivity in EUR	(5,093)	5,093

This analysis is based on foreign currency exchange rate variances on the balance sheet position of year end which the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables remain constant and ignores the impact on sales and purchases.

Liquidity risk and interest rates

At the year end date, the Group's drawn external borrowings have fixed interest rates and therefore its exposure to liquidity risk and interest rate movements is considered to be low. Subsequent to the year end, the Group successfully refinanced its external borrowings and raised additional equity from its existing shareholders – see note 30 for further details. Access to future funding is also considered to be available, if required, from new and existing investors in the business to support the on-going expansion and growth of the Company.

Maturity analysis

A maturity analysis of the Group's liabilities is given in note 27.

Capital risk management

Capital components

The capital structure of the Group consists of equity attributable to the equity holders of the Parent Company, comprising issued share capital, reserves and retained earnings as shown in the Consolidated Statement of Changes in Equity.

Externally imposed capital requirements

The Group is not restricted by any externally imposed capital requirements.

Capital management

The Group manages its capital with the objective that all entities within the Group continue as going concerns whilst maintaining an efficient structure to minimise the cost of capital.

Secret Escapes Limited

Notes to the Financial Statements for the Year Ended 31 December 2022 (continued)

29 Related party transactions

Key management personnel

Key management personnel comprises the Directors of the Group. The Key management personnel compensation is as follows:

Key management compensation

	2022 £ 000	2021 £ 000
Salaries and other short term employee benefits	855	869
Pension costs, defined contribution scheme	9	8
Directors fees	6	6
Social security costs	124	61
Other employment benefits	1	1
	<u>995</u>	<u>945</u>

30 Subsequent events

Subsequent to the year end, on 26 July 2023, the Group successfully refinanced its term loans and Revolving Credit Facility. All existing loans and borrowings were repaid, and the Group entered into a £40.0m Term Loan and £7.5m Revolving Credit Facility with Tikehau Investment Management. The Term Loan has a maturity of 5 years and the Revolving Credit Facility has a maturity of 2 years. In addition, the Group raised £32m of equity funding from its existing investors, further strengthening the Group's balance sheet.

31 Parent and ultimate parent undertaking

The directors consider that the Company does not have one individual controlling party.

32 External regulatory requirements

The Group currently holds an Air Travel Operators' License (ATOL) issued by the Civil Aviation Authority (CAA) in order to offer air inclusive holidays. This was obtained in March 2017, and Secret Escapes Limited requires the annual renewal by the CAA of its ATOL. The CAA awards this on the basis of submitting key financial data and the current licence is expected to be renewed in September (effective 1 October 2023). Secret Escapes has complied with the ATOL requirements during 2022 and to the date of signing these financial statements. The directors see no reason why the ATOL will not be renewed in September 2023.

The Group operates a ring-fenced Trust account to safeguard amounts received from members for ATOL protected holidays. These amounts are released from the account in accordance with the exercising of our performance obligations.