

4 August 2023

XP Factory Plc

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

Trading Update and Change of Financial Year End

"Transformational growth delivered"

XP Factory, one of the UK's pre-eminent experiential leisure businesses operating the Escape Hunt and Boom Battle Bar brands, is pleased to provide an update on trading for the six months to 30 June 2023.

H1 2023 Highlights:

- Group turnover of £18.8m up 131% (H1 2022: £8.1m)
- Double digit like-for-like sales growth delivered across both owner-operated brands:
 - Boom: up 19% in the 26 weeks to 2 July 2023
 - Escape Hunt: up 20% in the 26 weeks to 2 July 2023
- Owner operated site level EBITDA¹ of c.£3.8m up 245% (H1 2022: £1.1m)
- Franchise EBITDA of c.£1.5m up c.30% (H1 2022: £1.1m)
- Boom franchise sites in Chelmsford and Ealing acquired in June 2023
- Continued high ratings from customer reviews
- Record pre-bookings for corporate sales provides confidence underpinning expectations for full year
- £3.6m cash as at 30 June 2023 (31 Dec 2022: £3.2m)

1. site level EBITDA calculated before IFRS16 Adjustments and before pre-opening costs.

Trading

Trading in the six months to 30 June 2023 reflects the transformational expansion of the Group during 2022. Turnover grew over 130% to £18.8m (H1 2022 £8.1m) driven by an increase in the number of sites open compared to the same period in 2022 and strong like-for-like growth in both Boom Battle Bar and Escape Hunt. As at 30 June 2023, the Group comprised 27 Boom Battle Bar sites, 13 owned and 14 franchised (H1 2022: 17, of which 4 owned and 13 franchised), and 46 Escape Hunt sites, 23 are owned and 23 franchised (H1 2022 42, of which 19 owned and 23 franchised).

Escape Hunt

Turnover from the Escape Hunt owner operated business was £6.1m, up 41% on the same period in 2022 (H1 2022: £4.3m). Like-for-like growth across the estate, adjusting for the VAT benefit received in the first quarter of 2022, was 20%. Pleasingly, like-for-like growth from the most mature seven sites in the network was 14%. Notwithstanding meaningful wage cost increases put through in H1 2023, site level EBITDA margins were well in excess of 35% and continue to exceed internal benchmarks. Escape Hunt benefits from relatively little exposure to other non-discretionary operating costs.

The Escape Hunt international franchise estate also recorded strong growth, with franchise revenue of £0.3m up 15% on the same period in 2022.

Boom Battle Bar

Turnover from the Boom owner operated estate was £11.1m, an increase of more than 400% compared to the same period in 2022 (H1 2022: £2.2m). The increase reflects like-for-like sales growth of 19% from the owner operated sites open in the same period in 2022, together with the new sales from a significantly expanded estate. Gross margins have continued to improve across the network and the business is achieving greater gross margin consistency week to week and between sites. This is particularly pleasing since inflationary pressures saw input costs increase at the start of the year but the Board took the decision to maintain sales prices rather than pass on the increases to consumers. Whilst the Boom estate has a greater exposure to cost pressures than Escape Hunt, with labour rates and utility bills increasing meaningfully versus prior year, it has been encouraging to see labour levels running consistently at targeted levels for the last few

months and utility bills beginning to reduce. Taking H1 seasonality into account, EBITDA margins continue to trend towards their mature targets.

Royalties related to turnover within the franchise estate grew to £1.1m, up 83% on the same period in 2022. (H1 2022: £0.6m)

Network development

A new Escape Hunt venue in Woking was in build at the end of the period and has since opened in July. Trading at the new site to date has been encouraging. Three Boom sites were in build as at 30 June 2023. The newest site in Dubai opened on 17 July 2023 and has so far traded exceptionally well. Sites in Canterbury and Southend are well advanced and due to open in the coming months.

In June, the Group completed the acquisitions of two further former Boom franchise sites in Chelmsford and Ealing which were owned by the same franchisee. The acquisitions have been financed through vendor loans and are expected to be fully funded from the cashflows of the two sites, providing attractive returns.

Change of year end

The Board has decided to change the Group's year end from 31 December to 31 March. Both Boom and Escape Hunt have peak trading periods that coincide with Christmas and the Board believes that there will be a number of benefits to the change including:

- Earlier and better visibility of the likely outturn for any financial year given the significance of December trading for the full year results
- The audit will take place during the Group's quietest months between April and June, which is expected to lead to greater efficiency of process for both internal staff and auditors
- The change will align the Group with several other leisure operators

As a result of the change, the Group's current financial year will comprise 15 months from 1 January 2023 to 31 March 2024. The Board intends to report as follows, in each case with appropriate comparatives:

- Unaudited interim results for the six months to 30 June 2023 - publication by 30 September 2023
- Unaudited interim results for the twelve months to 31 December 2023 - publication by 31 March 2024
- Audited final results for the fifteen months to 31 March 2024 - publication by 30 September 2024
- Unaudited interim results for the six months to 30 September 2024 - publication by 31 December 2024

Summary and outlook

The Board was delighted with the trading performance in the first four months of 2023, delivering numbers ahead of internal expectations. Normal seasonality patterns for the industry see May and June typically a little softer, but as with its peers, this was exacerbated somewhat this year, due to the uncharacteristically hot weather and the adverse impact of rail strikes in London. Nonetheless, the Group closed H1 in line with its plan. Notwithstanding the ongoing rhetoric of the cost of living crisis and rising interest rates, trading in July was significantly ahead of May and June and early indications are positive for August. Looking further out, the Company is experiencing record levels of corporate and group bookings for H2 2023, which together with July's performance helps underpin the board's confidence in a full year performance in line with market expectations.

Commenting, Richard Harpham, Chief Executive of XP Factory plc said*'We are delighted to have delivered such transformational growth compared to the same period in 2022. The performance in Escape Hunt has been outstanding and we are delighted to see the young Boom business continue to mature with ongoing improvements to its operating metrics. We are mindful of the pressures on consumers and on our cost base which bring an element of short term caution but we remain optimistic for the future of both our businesses and for the 2023 outturn.'*

Enquiries:

XP Factory Plc

<https://www.xpfactory.com/>

Richard Harpham (Chief Executive Officer)

Graham Bird (Chief Financial Officer)

+44 (0) 20 7846 3322

Kam Bansil (Investor Relations)

singer Capital Markets, NOMAD and Broker
<https://www.singercm.com>
Peter Steel
Alaina Wong
James Fischer

+44 (0) 20 7496 3000

IFC Advisory - Financial PR

<https://www.investor-focus.co.uk/>
Graham Herring
Florence Chandler

+44 (0) 20 3934 6630

Notes to Editors:

About XP Factory plc

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

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

Facebook:	EscapeHuntUK	BoomBattleBar
Twitter:	@EscapeHuntUK	@boombattlebar
Instagram:	@escapehuntuk	@boombattlebar

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact ms@seg.com or visit www.ms.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

TSTUOOVROBUWRAR