

4 December 2024

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

Interim Results

XP Factory plc (AIM: XPF), one of the UK's pre-eminent experiential leisure businesses operating the Escape Hunt® and Boom Battle Bar® brands, is pleased to announce its unaudited interim results for the six months ended 30 September 2024 ("H1 FY2025").

	H1 FY2025 (£m)	H1 2023 ¹ (£m)	Change
Revenue	24.9	18.7	+33.2%
Gross Profit	15.6	11.7	+33.6%
Pre IFRS 16 Site level EBITDA	5.6	5.0	+11.3%
Pre IFRS 16 Group Adjusted EBITDA ¹	1.5	1.1	+30.5%
Post IFRS16 Group Adjusted EBITDA¹	3.2	2.4	+34.7%
Free cash generation³	2.1	2.2	-7.4%

FINANCIAL HIGHLIGHTS

- Group revenue increased 33.2% to £24.9m (H1 2023: £18.7m)
 - Escape Hunt owner operated site revenue increased 7% to £6.5m (H1 2023: £6.1m)
 - Boom Battle Bar ("Boom") owner operated revenue increased 56% to £17.6m (H1 2023: £11.3m)
- Gross margin maintained at 62.8% (H1 2023: 62.6%)
- Pre IFRS 16 Group Adjusted EBITDA² profit increased 30.5% to of £1.5m (H1 2023: £1.1m)
- Pre IFRS16 site level EBITDA up 11% to £5.6m (H1 2023: £5.0m)
- Free cash generation³ of £2.1m (H1 2023: £2.2m)
- £3.6m invested in growth capex, and £0.3m in maintenance capex
- Cash balance at 30 September 2024 of £1.9m (31 March 2024 £3.9m)
- Net debt at 30 September 2024 of £1.3m (31 March 2024: £0.0m)

OPERATING HIGHLIGHTS

- Continued underlying positive like-for-like growth in both brands ahead of the industry and against strong comparators in the prior year.
 - Boom: up 4.4% in the 26 weeks to 29 September 2024 (5.6% excluding the two weeks of riots)
 - Escape Hunt : up 3.0% in the 26 weeks to 29 September 2024 (5.7% excluding the weeks of the Euros and the riots)
 - Group: up 4.0% in the 26 weeks to 29 September 2024 (5.6% excluding impacted weeks)
- Three Boom franchise sites - in Aldgate, Wandsworth and Bournemouth - acquired May and June 2024
- Boom owner operated site level EBITDA margins increased to 11.8% (H1 2023: 11.0%)
- Escape Hunt owner operated site level EBITDA margins improved to 42.0% (H1 2023: 40.2%)
- New Escape Hunt opened in Worcester in September 2024

¹ H1 2023 interim results previously published were for the six months to 30 June 2023.

² Earnings before interest, tax, depreciation and amortization, calculated before pre-opening losses, exceptional items, and other non-cash

Earnings before interest, tax, depreciation and amortization, calculated before pre-opening losses, exceptional items, and other non-cash items. 2023 comparative restated

³ Cash generated from operations, after IFRS16 lease payments, interest and tax, before capital expenditure

POST PERIOD-END HIGHLIGHTS

- £10m revolving credit facility with Barclays formalised providing funding to accelerate growth
- Group Like-for-like sales up 2.0% in the 9 weeks to 1 Dec 2024 against strong comparators
- Escape Hunt Glasgow opened in October 2024
- Escape Hunt Cambridge and Boom Cambridge opening on 6 December 2024
- Boom Southampton and Boom Ipswich bought back in November 2024
- Mitigation plans in place to offset impact of UK Budget without need for significant price increases
- £1m annualised central cost savings implemented with £0.5m benefit in current financial year
- Balance sheet being restructured to allow future share buy-backs and dividends

ANNOUNCEMENT OF MEDIUM TERM GROWTH TARGETS

- Plan to increase sales by 50% and double Pre IFRS 16 Adjusted EBITDA by March 2028
 - Revenue target of £90m with run-rate of £100m
 - Pre IFRS 16 Group Adjusted EBITDA target of £13m, with run-rate 15% Group EBITDA margins
 - Growth plans funded by cash generation and debt facility targeting average Debt:EBITDA ratios of c.1.0x (Pre IFRS 16)

Richard Harpham, Chief Executive of XP Factory, commented: *"I am delighted to report on another period of positive, cash generative growth in the six months to 30 September 2024, with Group revenue increasing by 33.2% compared to our first half in 2023. This performance reflects continued volume-driven like-for-like growth across both of our brands, ahead of industry levels. Consumer sentiment weakened in the summer and ahead of the UK Budget, softening first half performance and, whilst we are encouraged by strong early indicators for the all-important festive season, with corporate pre-bookings significantly ahead of 2023, we remain laser focused on maximising the Christmas trade that is so important in delivering the full year's results. This is a testament to the strength of our offering, the loyalty of our customer base, and the hard work of our teams.*

"We have also achieved important milestones to support our expansion goals. The completion of a £10m revolving credit facility with Barclays provides us with the financial ability to execute our clear plan to double Group EBITDA over the next four years. In addition, we are planning a balance sheet re-organisation to enable share buy-backs and to create capacity for dividend payments in future, should we deem it appropriate. With a solid foundation in place, we remain confident in our ability to deliver sustainable growth and significant long-term value creation."

XP Factory will provide a trading update after the Christmas period in late January 2025.

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About XP Factory plc

The XP Factory Group is one of the UK's leading 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 franchised sites in the UK that combine competitive socialising activities with themed cocktails, drinks and street food in a high energy 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/>)

CHIEF EXECUTIVE'S REPORT

INTRODUCTION

We are pleased to report another six-month period of further progress with good growth in both our Escape Hunt and Boom Battle Bar brands. Both businesses achieved positive like-for-like sales growth against strong prior year comparatives despite an environment characterised by weaker consumer sentiment particularly in the run up to and immediate aftermath of the UK budget announcement.

Escape Hunt continues to perform exceptionally well; site level EBITDA margins improved to 42% (H1 2023: 40.2%), with strong cash generation and outstanding customer feedback. We continue to see significant further growth opportunities for the brand, and plan to accelerate the roll out within the UK. We are also in the early stages of investigating new international opportunities.

Following a very strong year of growth in 2023, Boom has continued to deliver positive like-for-like sales growth, whilst maintaining healthy gross margins and producing strong free cash generation. As a more seasonal business, site level EBITDA is always lower in the first half of the year than as the second half is significantly bolstered by the important Christmas period which has started positively with corporate pre-bookings significantly up compared to November and December in 2023. Boom is now in its third year of operation under XP's ownership and with the data and learnings garnered, the strong cash return on capital and in particular the opportunities for further roll-out in high footfall and high population areas, we believe the runway for Boom remains highly attractive.

Our £10m revolving credit facility with Barclays is now in place, providing the funding to accelerate our growth with a clear target to double EBITDA within four years. More detail is set out below. Whilst there will be additional costs on the business driven by the Government's recent budget, we have plans in place to mitigate the impact which can largely be absorbed without the need for significant price increases. We remain optimistic for both our businesses for the coming year.

ESCAPE HUNT

The Escape Hunt owner operated business delivered £6.5m of revenue in the period with continued positive like-for-like sales growth of 3.5% across the UK estate, achieved with negligible increases in pricing. The performance in the period was adversely impacted in the final two weeks of the football European Championships, when England played in the knock-out games, and we also experienced a significant reduction in activity during the two weekends in late July / early August when rioting in the UK kept consumers at home. Several of our sites were forced to close in locations where rioting was close to the venue. Excluding the final two weeks of the Euros and the weeks impacted by riots, like-for-like sales growth in the UK was 6.7%.

Site level EBITDA was £2.7m, a 12% increase on the site level EBITDA reported in H1 2023. The Minimum Living Wage (MLW) increased by 9.8% in April 2024 and in order to maintain our premium to the MLW, labour costs increased accordingly. However, we have largely been able to absorb the cost increases at site level through improved efficiencies, leading to increased EBITDA margins in the period of 42.0%. Performance across the estate has been consistent, characterised by strong cash generation and high return on capital metrics.

We opened one new site in the period in Worcester, which is trading well, and since the period end we have opened a further site in Glasgow, with a site in Cambridge opening to the public on 6th December 2024. We have developed a further pipeline of towns and cities to target and, as explained below, plan to accelerate the roll out of Escape Hunt sites using cash generated from operations and our credit facility.

Our content strategy has also made significant strides and continues to prove extremely popular with our customers. Our new *Excalibur* game is now operating in four sites and we have a new *Dracula* game in two. An exciting new game, *Jewel of India*, is in production and new games themed around the *Chocolate Factory* and carnival style *Fiesta* have been launched for our franchisees. All games are proprietary to Escape Hunt and the growing content library, together with the production know-how provides growing differentiation and represents a significant barrier to entry for competition.

BOOM BATTLE BARS

Owner operated

The Boom owner operated business delivered turnover of £17.6m, representing a 56% increase compared to the previously reported H1 2023 (H1 2023: £11.3m). Like-for-like growth in the 26 weeks to 29 September 2024 was 4.4%. As for Escape Hunt, the underlying like for like growth in the period was negatively impacted during two weeks in August 2024 when riots took place across the country. The prior year comparative also benefitted from international rugby games in Cardiff over two weekends in August, which delivered exceptionally high sales in our Cardiff site. Excluding these two factors, the underlying like-for-like growth was 10.3% across our UK owner operated estate.

Site level EBITDA of £2.1m represents a margin of 11.8%. However, the margin has been diluted in particular by two former franchise units which were struggling, one of which we have taken over at no cost and the other with a termination payment due from the franchisee. Excluding these two sites, the underlying site level EBITDA margin for the UK estate was 13.6%.

Three former franchise sites were acquired during the period in Aldgate, Wandsworth and Bournemouth. The sites in Aldgate and Wandsworth were both owned by the same franchisee who had significant outstanding debts and had fallen in arrears. In each case, we stepped in to take over the site to avoid brand and lease guarantee exposure with a termination payment due from the franchisee payable over a three-year period. Aldgate is a high performing site with potential to deliver strong margins. Wandsworth has been a more difficult venue and we have since restructured the lease, reduced the footprint and are confident of turning the site's performance around. Bournemouth has historically been a good performer, and we expect to generate attractive returns from the acquisition. Since the period end, we have bought back the strong performing site in Southampton and have stepped into the Ipswich site in return for a termination payment. Both sites will form part of our owner operated estate in future.

Franchise

Franchise revenue in the period was £0.5m, a 51% decrease on H1 2023 (£1.1m). The deliberate decrease is as a result of the reduction in the number of franchisees following the acquisitions completed in late 2023 and further acquisitions during the current period. There are currently five franchise sites in the Boom estate, and it is likely that a number of these will also be brought back into the owner operated estate.

STRATEGY

We recognised the significant growth opportunity for XP Factory some time ago, and our extensive data points around market-leading customer validation, high returns on capital and runway have only served to further cement that view for both brands. The challenge, however, was how to fund such growth in the most effective way for shareholders. Now that we

have access to a £10m revolving credit facility from Barclays, we are pleased to communicate our plan to double Group Pre IFRS 16 EBITDA over 4 years, targeting run-rate sales of £100m at 15% EBITDA in the medium term, whilst maintaining modest net debt ratios.

The consistently strong returns generated by Escape Hunt and experience in cities such as Norwich, where we proved two sites could operate very profitably alongside each other has given us confidence in a significantly longer runway than we first imagined, with scope for around 100 sites rather than 50. Furthermore, we are increasingly being able to secure landlord contributions for smaller Escape Hunt sites, which previously were not available, reducing the net investment required to open a new site.

In the case of Boom, with three years of experience, we have learnt much about the factors that drive success, which enables a more nuanced approach to locating new sites.

As a Group, our vision is to deliver £90m of sales and £13m Group EBITDA margin within four years, with an underlying run-rate revenue of £100m and targeting a 15% Group EBITDA margin. This will be delivered by focusing principally on growing the owner operated estate and leveraging the head office platform we have in place already.

Escape Hunt performs highly consistently across all sites, all of which are similar sized with six games rooms on average. Expanding the estate rapidly across the UK in this format remains the focus, and additionally we now have data that supports the building of larger sites in areas of particularly high traffic.

Our Boom estate comprises some large sites in very high footfall areas, but also some smaller sites in more neighbourhood towns. Whilst the business works in both, the returns are disproportionately higher when the sites are larger, more prime and in large towns, so these opportunities will be our focus over the coming periods.

The group's target can be achieved from a portfolio comprising 50 - 60 Escape Hunt sites, requiring growth on average of 8 - 10 of our current sized sites per annum, alongside 35 - 40 Boom sites, requiring growth on average of 2 - 4 new sites per annum from the current base. This can be achieved with modest leverage, aiming to keep average Debt:EBITDA ratios around 1.0x on a pre-IFRS16 basis.

The accelerated growth strategy provides an exciting and clear path to value creation, capitalising on the growing and positive long-term trends in favour of experiential leisure. We plan to host a capital markets day in Q1 2025 to provide greater insight to investors.

FINANCIAL REVIEW

Financial performance

Following our change of year end, the unaudited results for the six months to 30 September 2024 represent a different period to the period previously reported in our interims in 2023. Sales and gross profit information is provided for the comparison purposes. Group revenue in the six months to 30 September was £24.9m, an increase of 19% over the same period in 2023 (six months to Sep 2023: £20.9m) and an increase of 33% over the six months to June 2023 as previously reported (six months to June 2023: £18.7m). The increase is driven by positive like-for-like growth, all of which was volume driven, coupled with growth in the Boom estate comprising both new site openings in late 2023 and the acquisition of former franchise sites.

Revenue and gross profit in the three relevant six month periods were as follows:

£'000	6 Months to 30 Sept 2024	6 Months to 30 Sept 2023	6 Months to 30 June 2023	% change v six months to Sep 2023	% change v six months to June 2023
Revenue					
Escape Hunt Owner operated	6,510	6,392	6,063	2%	7%
Escape Hunt Franchise	292	338	282	(14%)	4%
Boom Owner Operated	17,555	13,270	11,260	32%	56%
Boom Franchise	538	897	1,089	(40%)	(51%)
	24,895	20,897	18,694	19%	33%
Gross profit					
Escape Hunt Owner operated	4,648	4,431	4,240	5%	10%
Escape Hunt Franchise	292	334	282	(13%)	4%
Boom Owner Operated	10,150	7,807	6,086	30%	67%
Boom Franchise	538	897	1,089	(40%)	(51%)
	15,628	13,469	11,697	16%	34%

Group Adjusted EBITDA pre IFRS16 was £1.5m and increase of 31% over the £1.1m for the six months to June 2023. Adjusted EBITDA after IFRS16 was £3.2m, up 30% compared to the £2.4m reported in the six months to June 2023.

	H1 FY2025 £'000	H1 2023 £'000
Adjusted EBITDA - pre IFRS 16	1,472	1,129
IFRS 16 adjustments	1,701	1,307
Adjusted EBITDA	3,173	2,436
Amortisation of intangibles	(77)	(393)
Depreciation	(3,013)	(2,936)
Dilapidations provision	(108)	(80)
Loss on disposal of tangible assets	(71)	(19)
Contract termination and other exceptional costs	(384)	(49)
Branch pre-opening costs	(307)	(188)
Provision against loan to franchisee	(12)	-
Foreign currency gains / (losses)	13	7
Fair value movement on contingent consideration	-	(312)
IFRS 9 provision for guarantee losses	22	7
Share-based payment expense	(22)	(42)
Operating loss	(786)	(1,569)

£307k of expenditure in the period related to pre-opening costs covering the new Boom site in Cambridge and new Escape Hunt sites in Cambridge, Worcester and Glasgow. The £384k contract termination and other exceptional costs includes an onerous contract provision relating to TV subscriptions which we have removed from the majority of our Boom sites, as there has been no discernible benefit from the significant cost associated with the service.

At a site level, Escape Hunt owner operated segment continued to perform strongly, delivering site-level EBITDA of £2,733k at a margin of 42.0%. The underlying site level EBITDA margins achieved in Boom (11.8%) reflect the seasonality in Boom's business but more significantly were diluted by the losses/lower margins generated from two previous franchise sites. We have taken over the two franchise sites in question as we had lease exposure, and the franchisee was unable to operate the site satisfactorily. Outside of these two sites, the estate delivered site level EBITDA margins of 13.6%.

Six months to 30 September 2024	Escape	Escape	Boom	Boom	Unallocated	H1 2023
	Hunt	Hunt		Franchise		
	Owned	Franchise	Owned	Franchise		£'000
Sales	6,510	292	17,555	538	-	24,895
Gross profit	4,648	292	10,150	538	-	15,628
Pre IFRS 16 Adjusted site level EBITDA	2,733	272	2,069	538	-	5,612
Site level EBITDA margin	42%	93%	12%	100%	-	23%
Centrally incurred costs	(946)	(2)	(475)	-	(2,716)	(4,139)
Pre-IFRS Adjusted EBITDA	1,787	270	1,594	538	(2,716)	1,473
IFRS adjustments (net of pre-opening)	321	-	1,380	-	-	1,738
Post IFRS 16 Adjusted EBITDA	2,108	270	2,974	538	(2,715)	3,174

Six months to 30 June 2023	Escape	Escape	Boom	Boom	Unallocated	H1 2022
	Hunt	Hunt		Franchise		
	Owned	Franchise	Owned	Franchise		£'000
Sales	6,063	282	11,260	1,089	-	18,694
Gross profit	4,240	282	6,086	1,089	-	11,697
Pre IFRS 16 Adjusted site level EBITDA	2,437	282	1,234	1,089	-	5,042
Site level EBITDA margin	40%	100%	11%	100%	-	27%
Centrally incurred costs	(683)	(54)	(591)	(21)	(2,567)	(3,993)
Pre-IFRS Adjusted EBITDA	1,754	228	643	1,068	(2,567)	1,126
IFRS adjustments (net of pre-opening)	276	-	1,031	-	-	1,307
Post IFRS 16 Adjusted EBITDA	2,030	228	1,674	1,068	(2,567)	2,433

Central costs of £4.1m represent a 3.5% increase on the six-month period to June 2023, and increased largely as a result of inflationary pay rises awarded earlier in the year. Since the period end, we have identified and implemented a number of cost savings within our head office cost base with a run rate of c.£1m per annum. It is our intention to leverage the central cost base against further growth in the business in future.

Interest costs of £195k reflect the additional fit out and vendor finance utilised.

Unaudited Group operating loss was £0.9m (six months to June 2023: loss £2.2m) leading to a reduction in the loss per share from 1.58p to 1.26p.

Cashflow

The Group generated £4.2m of cash from operations (H1 2023: £3.4m) on a post IFRS16 basis, and £2.3m pre IFRS16 (H1 2023: £2.4m), demonstrating the strong cashflow characteristics of the business. £3.6m was invested in plant and equipment and intangibles, offset by £0.4m landlord contributions received. This investment comprised capital expenditure of £2.1m within Boom owner-operated sites, of which £0.1m represented 'maintenance' capex, capital expenditure of £1.4m in Escape Hunt owner operated sites, of which £0.1m represented maintenance capex, and £94k of central capital expenditure, the majority of which was related to intellectual property protection.

£0.9m of loan repayments were made, predominantly vendor and fit out finance, and £0.1m was utilised towards acquisitions of former franchise sites.

Rental payments, classified under IFRS16 as capital and interest payments totalled £1.9m, whilst £195k was paid in interest on fit out finance and other loans.

Since the period end, the Group has formalised the revolving credit facility with Barclays. £2.5m was drawn in October 2024 of which £1.1m was used to refinance existing debt and the balance is being used on site expansion, notably in Cambridge.

Cash at 30 September 2024 was £1.9m, offset by £3.2m of debt leaving net debt of £1.3m. (31 Mar 2024: £0.0m).

Financial position

Movements on the balance sheet largely reflect the capital investment, acquisitions of former franchise sites and related funding undertaken during the period.

Current assets reduced to £5.8m, driven by a reduction in receivables and cash.

The increase in current liabilities of £1.5m comes from a combination of increased trade creditors, much of which is capex related to Cambridge and the new Escape Hunt sites opened in September and October, coupled with an increase in contract liabilities comprising deferred revenue, being pre-bookings.

Net assets as at 30 September 2023 stood at £22.7m (31 March 2024: £25.0m). Group net debt was £1.3m (31 Mar 2024: £0.0m).

UK BUDGET

The Budget announcement on 29 October 2024 has been widely criticised as anti-business due, in large part, to the 6.7% increase in MLW and the increase in the rate payable for employer's national insurance coupled with the lower threshold at which employer's national insurance becomes payable. These two changes have a direct impact on the hospitality and retail industries in particular, and much has been written in the ensuing weeks regarding the additional costs the changes will place on the industry. We have analysed the potential impact of the changes and believe that the increased costs can largely be absorbed within our existing cost forecasts, alongside mitigating actions to reduce overall costs. The impact within head office salaries is confined to the NI changes with the overall increase representing approximately 1% of the total employee cost. Our cost forecasts assume increased employee costs in future years, and we believe this increase can be absorbed within those assumptions.

Within the Boom and Escape Hunt owner operated sites, the impact is greater. Although we have historically paid a premium to the MLW, in many cases, the new MLW level is higher than existing hourly rates. We have also not historically differentiated hourly pay based on age and around 40% of Escape Hunt's hourly paid staff and 50% of Boom's hourly paid staff have not previously worked sufficient hours to reach the threshold at which employer's NI was payable. However, under the new thresholds, about half of these employees would now fall into the banding. We have a number of ways in which the impact of the total increase can be mitigated, including changing the allocation of hours, hourly rates and the employee mix. Labour represents c.30% of sales in Escape Hunt and c.28% of sales in Boom. Our estimates suggest that the NI changes will lead to labour cost increase of approximately 3.5%, whilst the changes to MLW would add between 2.5% and 5.0% in Escape Hunt and between 1.2% and 5% in Boom. As such we believe total labour cost increases at site level of between 5% and 9% are likely, dependent on the decisions we make regarding potential mitigating actions. The bottom of the range is within our existing cost forecasts whilst the top end of the range would see additional costs of c.£0.8m before any further mitigating actions.

We have already taken action to address our overall cost base, notably at head office where we have restructured post period-end to take out annualised costs of c.£1m. We are also looking at ways that we can use technology to further reduce the growth of labour costs as we grow the estate and, with the benefit of learnings from our Boom estate, have been able to remove certain subscription costs which are not providing a return. These and further actions will significantly mitigate any additional impact not already reflected in our forecasts. Whilst it is possible we may have to pass some of the additional cost on to customers, with all these actions, we believe the increased costs arising from the budget can largely be offset without the need to look for significant price increases.

PROPOSED BALANCE SHEET REORGANISATION

As the business has grown and is now generating strong cashflows, the board has made the decision to reorganise the balance sheet to enable share buy-backs and to create capacity for dividend payments in future. The process to enable this will commence in the final quarter of the financial year.

POST PERIOD END TRADING AND OUTLOOK

The last two years have been characterised by a tough macro environment and the considerable headwinds facing consumers. More recently, the deterioration in consumer sentiment in the run up to the UK Budget was widely reported and XP Factory has not been immune to these dynamics which softened the performance in the first half of our financial year. Against this backdrop, we are pleased to have delivered another period of growth in all areas and positive, volume-driven like-for-like sales in both Escape Hunt and Boom Battle Bars. As we enter the Christmas period, the most important trading weeks of the year for the hospitality industry and the period which is critical to delivering a successful full year outcome for XP Factory, we are pleased with our levels of pre-booked revenues in both brands, and are laser focused on maximising the trade that delivers so much of the year's result and investible capital.

With both brands having achieved a return on capital of circa 50% and a significant runway for new sites ahead, we have always been excited about the growth opportunity for XP Factory. Backed with funding from our new £10m facility with Barclays, we are therefore pleased to be able to set out our plans to grow sales 50% whilst doubling Group EBITDA to create a business with £90m sales and £13m Pre IFRS 16 Adjusted EBITDA by March 2028. There are many reasons to be optimistic, with falling interest rates, lower inflation and rising real wages which should improve consumer sentiment, although these will undoubtedly be counterbalanced by the impact of tax rises imposed by the recent UK Budget and the knock-on effects thereof. The recent performance of XP Factory during a tough economic environment has been robust, and we therefore remain cautiously optimistic for the future and confident in our ability deliver sustainable long term value creation.

Richard Harpham

Chief Executive Officer

4 December 2024

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPT 2024

Note	Six months ended 30 Sept 2024	Six months ended 30 June 2023
	Unaudited £'000	Unaudited £'000
Continuing operations		
Revenue	24,895	18,694
Cost of sales	(9,267)	(6,997)
Gross profit	15,628	11,697
Other income	-	40
Administrative expenses	(16,414)	(13,306)

Operating loss		(785)	(1,569)
Adjusted EBITDA		3,173	2,436
Amortisation of intangibles		(77)	(393)
Depreciation		(3,013)	(2,936)
Dilapidations provision		(108)	(80)
Loss on disposal of tangible assets		(71)	(19)
Contract termination and other exceptional costs		(384)	(49)
Branch pre-opening costs		(307)	(188)
Provision against loan to franchisee		(12)	-
Foreign currency gains / (losses)		13	7
Fair value movement on contingent consideration		-	(312)
IFRS 9 provision for guarantee losses		22	7
Share-based payment expense		(22)	(42)
Operating loss		(786)	(1,569)
Interest received		43	73
Interest expense		(195)	(115)
Lease finance charges	13	(1,261)	(828)
Loss before taxation		(2,199)	(2,439)
Taxation	7	(8)	47
Loss after taxation		(2,207)	(2,392)
Other comprehensive income:			
Items that may or will be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		4	(46)
Total comprehensive loss		(2,203)	(2,438)
Loss attributable to:			
Equity holders of XP Factory plc		(2,203)	(2,392)
		(2,203)	(2,392)
Total comprehensive loss attributable to:			
Equity holders of XP Factory plc		(2,203)	(2,438)
		(2,203)	(2,438)
Loss per share attributable to equity holders:		(1.26)	(1.58)
Basic (Pence)	6	(1.26)	(1.58)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPT 2024

	Note	30 Sept 2024 Unaudited £'000	31 March 2024 Unaudited £'000
ASSETS			
Non-current assets			
Property, plant and equipment	8	21,839	19,360
Right-of-use assets	9	25,359	20,326
Intangible assets	10	23,390	23,639
Finance lease receivable	9	-	1,389
Rent deposits		102	71
		70,690	64,785
Current assets			
Inventories		371	348
Trade receivables		1,165	1,635
Other receivables and prepayments		2,392	2,444
		1,853	3,935

Cash and bank balances		5,781	8,362
		<hr/>	<hr/>
		5,781	8,362
		<hr/>	<hr/>
TOTAL ASSETS		76,471	73,147
		<hr/>	<hr/>
LIABILITIES			
Current liabilities			
Trade payables		5,225	3,758
Contract liabilities		2,397	1,809
Loans	14	1,631	1,941
Lease liabilities	13	2,034	2,032
Other payables and accruals		6,950	7,546
Provisions	12	185	-
		<hr/>	<hr/>
		18,422	17,086
		<hr/>	<hr/>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPT 2024 (continued)

	Note	As at 30 Sept 2024 Unaudited £'000	As at 31 March 2024 Unaudited £'000
Non-current liabilities			
Contract liabilities		316	419
Provisions	12	695	609
Loans	14	1,548	1,917
Deferred tax liability		22	326
Lease liabilities	13	32,645	27,786
		<hr/>	<hr/>
		35,226	31,057
		<hr/>	<hr/>
TOTAL LIABILITIES		53,648	48,143
		<hr/>	<hr/>
NET ASSETS		22,823	25,004
		<hr/>	<hr/>
EQUITY			
Capital and reserves attributable to equity holders of XP Factory plc			
Share capital	15	2,182	2,182
Share premium account		48,832	48,832
Merger relief reserve		-	-
Accumulated losses		(28,184)	(25,977)
Currency translation reserve		(387)	(391)
Capital redemption reserve		46	46
Share-based payment reserve		334	312
		<hr/>	<hr/>
TOTAL EQUITY		22,823	25,004
		<hr/>	<hr/>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPT 2024

	Share capital	Share premium account	Merger relief reserve	Currency translation reserve	Capital redemption reserve	Share-based payment reserve	Accumulated losses	Total
Six months ended 30 Sept 2024	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 April 2024	2,182	48,832	-	(391)	46	312	(25,977)	25,004
Loss for the period	-	-	-	-	-	-	(2,207)	(2,207)
Other comprehensive income	-	-	-	4	-	-	-	4
Total comprehensive loss	-	-	-	4	-	-	(2,207)	(2,203)
Issue of shares	-	-	-	-	-	-	-	-
Share issue costs	-	-	-	-	-	-	-	-
Share-based payment charge	-	-	-	-	-	22	-	22
Transactions with owners	-	-	-	-	-	22	-	22
Balance as at 30 Sept 2024	2,182	48,832	-	(387)	46	334	(28,184)	22,823
Six months ended 30 June 2023	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 January 2023	1,883	44,705	4,756	279	46	240	(30,312)	21,597
Loss for the period	-	-	-	-	-	-	(2,392)	(2,392)
Other comprehensive income	-	-	-	(46)	-	-	-	(46)
Total comprehensive loss	-	-	-	(46)	-	-	(2,392)	(2,438)
Issue of shares	299	4,127	-	-	-	-	-	4,426
Share issue costs	-	-	-	-	-	-	-	-
Share-based payment charge	-	-	-	-	-	42	-	42
Transactions with owners	299	4,127	-	-	-	42	-	4,468
Balance as at 30 June 2023	2,182	48,832	4,756	233	46	281	(32,703)	23,627

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPT 2024

	Note	Six months ended 30 Sept 2024 Unaudited £'000	Six months ended 30 June 2023 Unaudited £'000
Cash flows from operating activities			
Loss before income tax		(2,199)	(2,439)
Adjustments:			
Depreciation of property, plant and equipment	8	1,842	2,008
Depreciation of right-of-use assets	9	1,171	928
Amortisation of intangible assets	10	77	393
Fair Value movement on contingent consideration		-	313
Provision against non-current assets		12	-
Loss on write-off of property, plant and equipment		71	18
Share-based payment expense		22	40
Foreign currency movements		24	5
Lease interest charges	12	1,261	828
Dilapidations provision	12	108	80
Provisions for guarantee losses		(22)	-
Interest expense / (income)		153	42
Operating cash flow before working capital changes		2,520	2,216
Decrease in trade and other receivables		566	825
Increase in inventories		11	31
Increase in trade and other payables		632	398
Increase in provisions		-	(504)
Increase / (decrease) in deferred income		464	452

Cash generated / (used) in operations		4,193	3,418
Income taxes paid		(16)	-
Net cash generated / (used) in operating activities		4,177	3,418
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(3,520)	(2,735)
Landlord incentives received		445	-
Purchase of intangibles	10	(87)	(101)
Receipt of deposits		-	-
Movement on loans to franchisees		-	-
Acquisition of business, net of cash acquired		(100)	84
Interest received		43	28
Net cash used in investing activities		(3,219)	(2,724)
Cash flows from financing activities			
Proceeds from issue of ordinary shares	13	-	-
Interest payments		(195)	(115)
Finance lease interest payments	12	(1,092)	(522)
Finance lease capital payments	12	(835)	(513)
Movements on loans		(909)	958
Net cash generated / (used) from financing activities		(3,031)	(192)
Net increase / (decrease) in cash and bank balances		(2,073)	502
Cash and cash equivalents at beginning of period		3,935	3,189
Exchange rate changes on cash held in foreign currencies		(9)	(9)
Cash and cash equivalents at end of period		1,853	3,682

NOTES TO THE UNAUDITED INTERIM REPORT

1. General information

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

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

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

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

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

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

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

The consolidated interim financial information represents the unaudited consolidated results of the Company and its subsidiaries, (together referred to as "the Group"). The Consolidated Interim Financial Statements are presented in Pounds Sterling, which is the currency of the primary economic environment in which the Company operates.

2. Basis of preparation

These interim consolidated financial statements have been prepared in accordance with IAS 34 Interim

These interim consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2024/25 annual report. The statutory financial statements for the period ended 31 March 2024 were prepared in accordance with International Financial Reporting Standards in accordance with the requirements of the Companies Act 2006. The auditors reported on those financial statements; their Audit Report was unqualified.

The interim financial information is unaudited and does not constitute statutory accounts as defined in the Companies Act 2006.

The interim financial information was approved and authorised for issue by the Board of Directors on 3 December 2024.

3. Going concern

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

The directors have assessed the Group's ability to continue in operational existence for the foreseeable future in accordance with the Financial Reporting Council's Guidance on the going concern basis of accounting and reporting on solvency and liquidity risks issued in April 2016.

The Board has prepared detailed cashflow forecasts covering a 42 month period from the reporting date. The forecasts take into account the Group's plans to continue to expand the network of both Boom Battle Bar and Escape Hunt sites through organic growth. The forecasts consider downside scenarios reflecting the potential impact of an economic slowdown, delays in the roll out of sites and inflationary pressures. Based on the assumptions contained in the scenarios considered and taking into account mitigating actions that could be taken in the event of adverse circumstances, the directors consider there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable, as well as to fund the Group's future operating expenses. The going concern basis preparation is therefore considered to be appropriate in preparing these financial statements.

4. Significant accounting policies

The Company has applied the same accounting policies, presentation, methods of computation, significant judgements and the key sources of estimation of uncertainties in its interim consolidated financial statements as in its audited financial statements for the period ended 31 March 2024, which have been prepared in accordance with International Financial Reporting Standards in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

5. Segment information

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

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

1. The Escape Hunt franchise business, comprising 20 sites, where all franchised branches are operating under effectively the same model;
2. The Escape Hunt owner-operated branch business, which as at 30 Sept 2024 consisted of 21 Escape Hunt sites in the UK, one in Dubai, one in Paris and one in Brussels;
3. The Boom Battle Bar owner-operated business, which as at 30 Sept 2024 comprised 22 Boom Battle Bar sites in the UK and one in Dubai.
4. The Boom Battle Bar franchise business, comprising 7 sites, where all franchised branches operate under the same model within the Boom Battle Bar brand; and

The Group operates on a global basis. As at 30 Sept 2024, the Company had active Escape Hunt franchisees in 7 countries. The Company does not presently analyse or measure the performance of the franchising business into geographic regions or by type of revenue, since this does not provide meaningful analysis to managing the business.

	Escape Hunt					Total £'000
	Owner operated £'000	Escape Hunt Franchise £'000	Boom Owner operated £'000	Boom Franchise £'000	Unallocated £'000	
Six months ended 30 Sept 2024						
Revenue	6,510	292	17,555	538	-	24,895
Cost of sales	(1,862)	-	(7,405)	-	-	(9,267)
Gross profit	4,648	292	10,150	538	-	15,628
Site level operating costs	(1,746)	-	(6,846)	-	-	(8,592)
Other income	-	-	-	-	-	-
Site level EBITDA	2,902	292	3,304	538	-	7,036
Centrally incurred overheads	(1,032)	(3)	(585)	-	(2,727)	(4,346)
Depreciation and amortisation	(866)	(15)	(2,156)	(42)	(12)	(3,091)
Exceptional items	(49)	-	(299)	-	(36)	(384)
Operating profit / (loss)	955	274	264	496	(2,775)	(786)
Adjusted EBITDA	2,107	269	2,975	538	(2,715)	3,173
Depreciation and amortisation	(619)	(15)	(1,231)	(42)	(12)	(1,919)
Depreciation of right-of-use assets	(247)	-	(924)	-	-	(1,171)
Dilapidations provision	(35)	-	(73)	-	-	(108)
Contract termination and other exceptional costs	(49)	-	(299)	-	(36)	(384)
Pre-opening costs	(198)	-	(109)	-	-	(307)
Provision against guarantee losses	-	-	-	-	22	22
Provision against loan to franchisee	-	-	-	-	(12)	(12)
Loss on disposal of assets	(4)	-	(67)	-	-	(71)
Foreign currency gains	-	20	(7)	-	-	13
Share-based payment expenses	-	-	-	-	(22)	(22)
Operating profit	955	274	264	496	(2,775)	(786)
Interest income / (expense)	-	-	-	-	(152)	(152)
Finance lease charges	(179)	-	(1,082)	-	-	(1,261)
Profit/(loss) from operations before tax	776	274	(818)	496	(2,927)	(2,199)
Taxation	(5)	-	(11)	8	-	(8)
Profit / (loss) for the period	771	274	(829)	505	(2,928)	(2,207)
Other information:						
Non-current assets	9,448	25	38,773	70	22,374	70,690

	Escape Hunt					Total £'000
	Owner operated £'000	Escape Hunt Franchise £'000	Boom Owner operated £'000	Boom Franchise £'000	Unallocated £'000	
Six months ended 30 June 2023						
Revenue	6,063	282	11,260	1,089	-	18,694
Cost of sales	(1,823)	-	(5,174)	-	-	(6,997)
Gross profit	4,240	282	6,086	1,089	-	11,697
Site level operating costs	(1,601)	-	(3,973)	-	-	(5,574)
Other income	29	-	4	-	7	40
Site level EBITDA	2,668	282	2,117	1,089	7	6,163
Centrally incurred overheads	(752)	(48)	(644)	(22)	(2,937)	(4,403)
Depreciation and amortisation	(1,340)	(68)	(1,628)	(184)	(108)	(3,329)
Operating profit / (loss)	575	166	(155)	883	(3,037)	(1,569)
Adjusted EBITDA	2,034	228	1,675	1,068	(2,569)	2,436
Depreciation and amortisation	(1,117)	(68)	(924)	(184)	(108)	(2,401)
Depreciation of right-of-use assets	(224)	-	(704)	-	-	(928)
Dilapidations provision	(39)	-	(41)	-	-	(80)
Contract termination and other exceptional costs	(34)	-	-	(1)	(14)	(49)
Pre-opening costs	(45)	-	(143)	-	-	(188)
Provision against guarantee losses	-	-	-	-	7	7
Fair Value Adjustment on Contingent consideration	-	-	-	-	(312)	(312)
Loss on disposal of assets	-	-	(10)	-	-	(10)

Loss on disposal of assets	-	-	(17)	-	-	(17)
Foreign currency gains	-	6	1	-	-	7
Share-based payment expenses	-	-	-	-	(42)	(42)
Operating profit	575	166	(155)	883	(3,038)	(1,569)
Interest income / (expense)	-	-	-	-	(42)	(42)
Finance lease charges	(142)	-	(686)	-	-	(828)
Profit/(loss) from operations before tax	433	166	(841)	883	(3,080)	(2,439)
Taxation		1		46		47
Profit / (loss) for the period	433	167	(841)	929	(3,080)	(2,392)
Other information:						
Non-current assets	6,308	140	28,526	4,420	19,231	58,625

6. Loss per share

Basic loss per share is calculated by dividing the loss attributable to equity holders by the weighted average number of ordinary shares in issue during the period. Diluted loss per share is not presented as the potential issue of ordinary shares from the exercise of options are anti-dilutive.

	Six months ended 30 Sept 2024 Unaudited £	Six months ended 30 June 2023 Unaudited £
Loss after tax (£000)	(2,207)	(2,392)
Weighted average number of shares:		
- Basic and diluted	174,918,256	151,161,896
Loss per share (pence)		
- Basic and diluted	1.26	1.58

7. Taxation

The tax charge is based on the expected effective tax rate for the year. The Group estimates it has tax losses of approximately £20.1m as at 30 Sept 2024 (30 June 2023: £24.5m) which, subject to agreement with taxation authorities, would be available to carry forward against future profits. The estimated tax value of such losses amounts to approximately £5m (30 June 2023: £6.1m).

8. Property, plant and equipment

	Leasehold property	Office equipment	Computers	Furniture and fixtures	Games	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 31 March 2024	18,840	695	681	2,780	9,235	32,231
Additions arising from purchases	2,052	1	178	482	807	3,520
Disposals	(140)	-	-	(116)	(124)	(380)
Additions arising from acquisition	650	-	17	193	55	915
Conversion differences	(30)	(3)	3	(31)		
As at 30 Sept 2024	21,372	206	879	3,801	9,951	36,209
Accumulated depreciation						
At 31 March 2024	(6,131)	(102)	(307)	(1,100)	(5,231)	(12,871)
Depreciation charge	(803)	(25)	(99)	(315)	(600)	(1,842)
Disposals	(116)	-	-	(116)	(77)	(309)
Additions arising from acquisitions	-	-	-	-	-	-
Conversion differences	(5)	(14)	1	(1)	(15)	(34)
As at 30 Sept 2024	(6,813)	(113)	(407)	(1,298)	(5,739)	(14,370)
Carrying amounts						
At 31 March 2024	12,709	593	374	1,680	4,004	19,360
As at 30 Sept 2024	14,559	93	472	2,503	4,212	21,839

9. Right-of-use assets

As at

As at

	30 Sept 2024 £'000	31 March 2024 £'000
Land and buildings - right-of-use asset cost b/f	25,442	20,484
Closures / leases ended for renegotiation during the period	-	275
Additions during the year, including through acquisition	6,650	6,245
Lease incentives	(445)	(1,563)
Less: Accumulated depreciation b/f	(5,116)	(2,641)
Depreciation charged for the period	(1,171)	(2,474)
Net book value	<u>25,360</u>	<u>20,326</u>

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

During 2022 the Group entered into a lease on a premises in Bournemouth where a portion of the property is sub-let to a Boom franchisee. The total value of the master lease is recognised within lease liabilities whilst the underlease has been recognised as a finance lease receivable.

	Six months ended 30 Sept 2024 £'000	Six months ended 30 June 2023 £'000
Finance lease receivable		
Balance at beginning of period	1,389	1,273
De-recognition of sub lease	(1,413)	-
Interest charged	24	45
Payments received	-	-
Balance at end of period	<u>-</u>	<u>1,318</u>

During the six month period to Sept 2024, the Boom franchisee sub letting the Bournemouth premises was acquired and now forms part of the owner-operated estate. As a result, the finance lease receivable has been de-recognised and the corresponding right-of-use asset has been created.

10. Intangible assets

	Goodwill £'000	Trademarks and patents £'000	Intellectual property £'000	Internally generated IP £'000	Franchise agreements £'000	App Quest £'000	Portal £'000	Total £'000
Cost								
At 31 March 2024	22,875	96	10,195	1,979	2,988	100	330	38,563
Additions	-	15	-	26	-	-	46	87
Disposals	-	-	-	-	-	-	-	-
Additions arising from acquisition	-	-	-	-	-	-	-	-
Re-analysis from acquisitions	892	-	-	-	(1,182)	-	-	(290)
Conversion differences	-	-	-	12	-	-	18	30
As at 30 Sept 2024	<u>23,767</u>	<u>111</u>	<u>10,195</u>	<u>2,017</u>	<u>1,806</u>	<u>100</u>	<u>394</u>	<u>38,390</u>
Accumulated amortisation								
At 31 March 2024	(1,393)	(81)	(10,195)	(1,163)	(1,675)	(100)	(317)	(14,924)
Amortisation	-	(3)	-	(32)	(37)	-	(6)	(78)
Disposals	-	-	-	-	-	-	-	-
Additions arising from acquisitions	-	-	-	-	-	-	-	-
Conversion Differences	-	-	-	-	-	-	2	2
At 30 Sept 2024	<u>(1,393)</u>	<u>(84)</u>	<u>(10,195)</u>	<u>(1,195)</u>	<u>(1,712)</u>	<u>(100)</u>	<u>(321)</u>	<u>(15,000)</u>
Carrying amounts								
At 31 March 2024	<u>21,482</u>	<u>15</u>	<u>-</u>	<u>816</u>	<u>1,313</u>	<u>-</u>	<u>14</u>	<u>23,639</u>
At 30 Sept 2024	<u>22,374</u>	<u>27</u>	<u>-</u>	<u>822</u>	<u>94</u>	<u>-</u>	<u>73</u>	<u>23,390</u>

11. Business Combination

Acquisition of Boom Battle Bar Wandsworth

Effective 9 May 2024 XP Factory Plc acquired the operating assets and trade relating to the Boom Battle

Bar site in Wandsworth ("Boom Wandsworth").

The details of the business combination are as follows:

	Total £'000
Fair value of consideration transferred	
Amounts settled in cash	-
Termination payment from vendor	(153)
Settlement of amounts owed to XP Factory group	57
Total purchase consideration	<u>(97)</u>

Boom Battle Bar Wandsworth	Book Value £'000	Fair Value Adjustment £'000	Fair Value £'000
Assets and liabilities recognised as a result of the acquisition			
Property, plant and equipment	83	-	83
Right of use assets	-	825	825
Inventory	13	-	13
Lease liabilities	-	(825)	(825)
Other payables	(192)	-	(192)
Net identifiable assets acquired	<u>(97)</u>	-	<u>(97)</u>
Goodwill arising on consolidation	-	-	-
Total	<u>(97)</u>	-	<u>(97)</u>

Boom Wandsworth contributed revenues of £216k and a loss of £185k in the period between acquisition and 30 Sept 2024.

Acquisition of Boom Battle Bar Aldgate East

Effective 9 May 2024 XP Factory Plc acquired the operating assets and trade relating to the Boom Battle Bar site in Aldgate East ("Boom Aldgate East").

The details of the business combination and the allocation of the estimated fair value of the consideration are as follows:

	Total £'000
Fair value of consideration transferred	
Loan receivable	(80)
Write off of debts owed	129
Total purchase consideration	<u>49</u>

Boom Battle Bar Aldgate East	Book Value £'000	Fair Value Adjustment £'000	Fair Value £'000
Assets and liabilities recognised as a result of the acquisition			
Other receivables and deposits	83	-	83
Property, plant and equipment	116	-	116
Right of use assets	-	1,849	1,849
Inventory	12	-	12
Lease liabilities	-	(1,849)	(1,849)
Other payables	(162)	-	(162)
Net identifiable assets acquired	<u>49</u>	-	<u>49</u>
Goodwill arising on consolidation	-	-	-
Total	<u>49</u>	-	<u>49</u>

Boom Aldgate East contributed revenues of £627k and a profit of £28k in the period between acquisition and 30 September 2024.

Acquisition of Boom Battle Bar Bournemouth

Effective 28 June 2024 XP Factory Plc acquired the operating assets and trade relating to the Boom Battle Bar site in Bournemouth ("Boom Bournemouth").

The details of the business combination and the allocation of the estimated fair value of the consideration are as follows:

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

Boom Battle Bar Bournemouth	Book Value £'000	Fair Value Adjustment £'000	Fair Value £'000
Assets and liabilities recognised as a result of the acquisition			
Other receivables and deposits	3	-	3
Property, plant and equipment	716	-	716
Right of use assets	-	1,123	1,123
Trade payables	(327)	291	(36)
Inventory	10	-	10
Finance lease receivable	-	(1,414)	(1,414)
Net identifiable assets acquired	<u>402</u>	-	<u>402</u>
Goodwill arising on consolidation	-	-	-
Total	<u>402</u>	-	<u>402</u>

Boom Bournemouth contributed revenues of £277k and a loss of £2k in the period between acquisition and 30 September 2024.

12. Provisions

	As at 30 Sept 2024 £'000	As at 31 March 2024 £'000
Dilapidations provisions	647	539
Provision for financial guarantee contracts	48	70
Other provisions	185	-
Provisions at end of period	<u>881</u>	<u>609</u>
Due within one year	185	-
Due after more than one year	<u>696</u>	<u>609</u>
	<u>881</u>	<u>609</u>

The movement on provisions in the period can be analysed as follows:

	Six months ended 30 Sept 2024 £'000	Six months ended 30 June 2023 £'000
Balance at beginning of period	609	5,383
Reduction in deferred consideration	-	(605)
Increase in deferred consideration	-	112
Movement in dilapidations provision	108	80
IFRS 9 Provision for lease guarantees	(22)	(7)
Settlement of contingent consideration	-	(4,113)
Movement in other provisions	185	(5)
Provisions at end of period	<u>881</u>	<u>845</u>

13. Lease liabilities

Six months ended	Six months ended
-----------------------------	-----------------------------

	30 Sept 2024 £'000	30 June 2023 £'000
In respect of right-of-use assets		
Balance at beginning of period	29,819	24,040
Closures / leases ended for renegotiation during the period	-	-
Additions during the period	5,527	3,353
Interest Incurred	1,261	828
Repayments during the period	(1,927)	(1,035)
Rent concessions received	-	-
Reallocated from accruals and trade payables		
Lease liabilities at end of period	<u>34,680</u>	<u>27,186</u>

	As at 30 Sept 2024 £'000	As at 31 March 2024 £'000
Maturity		
< 1month	213	232
1 - 3 months	426	463
3 - 12 months	1,561	1,337
Non-current	32,480	27,786
Total lease liabilities	<u>34,680</u>	<u>29,818</u>

14. Borrowings

	As at 30 Sept 2024 £'000	As at 31 March 2024 £'000
<i>Amounts due within one year</i>		
Vendor loans and loan notes	795	922
Fit out finance, including equipment finance leases	792	795
Bank and other borrowings	43	224
	<u>1,630</u>	<u>1,941</u>
<i>Amounts due in more than one year:</i>		
Vendor loans and loan notes	150	234
Fit out finance	371	683
Bank and other borrowings	1,028	1,000
As at end of period / year	<u>1,549</u>	<u>1,917</u>
Total at end of period / year	<u>3,179</u>	<u>3,858</u>

On 28 June 2024, the Group acquired the assets and liabilities of BBB Bournemouth Limited more details of which are set out in note 11. The acquisition was partially funded by a vendor loan which is being paid in instalments. Total loan balance outstanding to the vendors recorded at 30 September 2024 is £184k.

The Group has utilised asset backed fit-out finance and has used an unsecured loan to fund fit outs in certain Boom and Escape Hunt locations, has a number of small bank loans in certain subsidiaries, and uses a loan facility to spread the cost of insurance over the year. The total fit-out finance outstanding as at 30 September 2024 was £880k. Bank and other loans totaled £1,071k.

15. Share capital

	As at 30 Sept 2024 Unaudited £'000	As at 31 March 2024 Unaudited £'000
As at beginning of period / year		
- 174,557,600 (2023: 150,633,180)		
Ordinary shares of 1.25 pence each	2,182	1,883
Issued during the period / year		
- nil Ordinary shares (2023: 23,924,420 Ordinary Shares)	-	299
As at end of period / year	<u>2,182</u>	<u>2,182</u>
- 174,557,600 (2023: 174,557,600)		

Share option and incentive plans*XP Factory plc Enterprise Management Incentive Plan*

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

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

The Company has made four awards to date as set out in the table below. The options are exercisable at their relevant exercise prices and vest in three equal tranches on each of the first, second and third anniversary of the grants, subject to the employee not having left employment other than as a Good Leaver. The number of options that vest are subject to a performance condition based on the Company's share price. This will be tested in the period up to each vesting date and again between the third and fourth anniversaries of awards. If the Company's share price at testing equals the first vesting price, one third of the vested options will be exercisable. If the Company's share price at testing equals the second vesting price, 90 per cent of the vested options will be exercisable. If the Company's share price at testing equals or exceeds the third vesting price, 100% of the vested options will be exercisable. The proportion of vested options exercisable for share prices between the first and second vesting prices will scale proportionately from one third to 90 per cent. Similarly, the proportion of options exercisable for share prices between the second and third vesting prices will scale proportionately from 90 per cent to 100 per cent.

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

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

Awards	#1	#2	#3	#4
Date of award	15-Jul-20	18-Nov-21	23-Nov-21	15-Dec-23
Date of expiry	15-Jul-25	18-Nov-26	23-Nov-26	31-Jul-30
Exercise price	7.5p	35.0p	35.0p	15.0p
Qualifying awards - number of shares under option	13,333,332	700,001	533,334	0
Non-qualifying awards - number of shares under option	2,400,000	0	0	666,666
Awards Lapsed	0	0	266,667	0
First vesting price	11.25p	43.75p	43.75p	18.75p
Second vesting price	18.75p	61.25p	61.25p	25.00p
Third vesting price	25.00p	70.00p	70.00p	26.25p
Proportion of awards vesting at first vesting price	33.33%	33.33%	33.33%	33.33%
Proportion of awards vesting at second vesting price	90.00%	90.00%	90.00%	90.00%
Proportion of awards vesting at third vesting price	100%	100%	100%	100%

As at 30 Sept 2024, 17,366,666 options were outstanding under the 2020 EMI Plan (30 June 2023, 16,700,000).

The sum of £13,022 has been recognised as a share-based payment and charged to the profit and loss during the period (6 months ended 30 Jun 2023: £34,268). The fair value of the options granted during the period has been calculated using the Black & Scholes formula with the following key assumptions:

the period has been calculated using the Black & Scholes formula with the following key assumptions.

Table 2

Awards	#1	#2	#3	#4
Exercise price	7.5p	35.0p	35.0p	15.0p
Volatility	34.60%	31%	31%	35%
Share price at date of award	7.375p	33.50p	32.00p	15.00p
Option exercise date	15-Jul-24	18-Nov-25	23-Nov-25	31-Jul-29
Risk free rate	-0.05%	1.55%	1.55%	3.5%

The performance conditions were taken into account as follows:

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

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

The weighted average remaining contractual life of the options outstanding at 30 Sept 2024 is 12.9 months (30 June 2023: 28.9 months).

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

Escape Hunt Employee Share Incentive Scheme

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

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

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

As at 30 September 2024, 538,916 matching shares (30 June 2023, 248,605) had been awarded and were held by the trustees for release to employees pending satisfaction of their retention conditions. A charge of £9,243 (H1 2023: £6,944) has been recognised in the accounts in respect of the Matching Shares awards.

16. Key management personnel compensation

	Six months ended 30 Sept 2024 Unaudited £'000	Six months ended 30 June 2023 Unaudited £'000
Salaries and benefits (including directors)	421	433
Share-based payments	7	29
Social security costs	77	74
Other post-employment benefits	20	0

Other post-employment benefits	20	9
Less amounts capitalised	(26)	(41)
Total	501	504

17. Related party transactions

During the period under review, the Directors are not aware of any significant transactions with related parties (six months ended 30 June 2023: nil).

18. Subsequent Events

There are no material subsequent events requiring disclosure.

COMPANY INFORMATION

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Richard Harpham, Chief Executive Officer
Graham Bird, Chief Financial Officer
Martin Shuker, Non-Executive Director
Philip Shepherd, Non-Executive Director

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