

9 September 2022

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

Acquisition of Boom Battle Bar Cardiff Limited
and
Update on site openings and trading

XP Factory (AIM: XPF), a leading UK experiential leisure business operating the Escape Hunt™ and Boom Battle Bar™ brands, announces the acquisition of Boom Battle Bar Cardiff Limited, which owns and operates the Boom Battle Bar site in Cardiff, and provides an update on progress since its announcement on 31 May 2022 of the results for the year to 31 December 2021 ("FY21").

Acquisition of Boom Cardiff

XP Factory has acquired 100% of Boom Battle Bar Cardiff Limited ("Boom Cardiff") for an enterprise value of £2.15m. Boom Cardiff was the third Boom Battle Bar site to open and has been operating as a franchise site since September 2020 prior to the acquisition last November of Boom Battle Bars by XP Factory. It is a strong performer in the network and, in the twelve months ended 30 June 2022, delivered unaudited turnover of £3.82m, adjusted EBITDA of £438k¹ and profit before tax of £201k. As at 30 June 2022, Boom Cardiff had net debt of approximately £620k² including £220k of loans due to XP Factory. The estimated net consideration payable of £1.53m will be satisfied by a payment of £600k in cash on completion, a further £600k six months after completion, and the balance, which will be subject to a completion accounts mechanism, on the first anniversary of the acquisition. The unaudited net assets of Boom Cardiff as at 30 June 2022 were £240k.

Boom Cardiff, which is located on Caroline Street in the Brewery Quarter in central Cardiff is a popular destination for consumers. The site offers a variety of competitive socialising games and activities, including Bavarian Axe Throwing, Mini Golf, Shuffle-Board, Electric Darts, American Pool, Ping Pong as well as other games set in a cocktail bar environment and offering 'street food' through an on-site kitchen.

Other site progress

Since the announcement on 31 May 2022 of the Company's full year results for FY21, further progress has been made in our site roll-out strategy.

Boom Battle Bars

- In June 2022, a new owner operated Boom site opened in Manchester, located at The Printworks, 27 Withy Grove;
- In August 2022, the Company acquired the Boom franchise site in Norwich ("Boom Norwich") for a consideration of £100k in cash. In the 12 months to 30 June 2022, Boom Norwich delivered unaudited

¹ Adjusted EBITDA is calculated as earnings before directors' remuneration and allocated franchisee head office costs, interest, tax depreciation, amortisation, after franchise royalties.

² Net debt includes elements of working capital as defined for the purposes of the completion accounts adjustment mechanism

turnover of £1.2m and operated at attractive margins in line with our expected box economics. The acquisition will be funded from cashflows from Boom Norwich over 12 months.

- Two further franchise sites have opened in Ealing in June 2022, and Sheffield in July 2022.

As a result, the Boom Battle Bar network today comprises 18 sites, of which six are owner operated (including Cardiff) and 12 are franchised.

The pipeline remains strong, with a further 5 owner operated sites currently in build in Edinburgh, London (Oxford Street), Plymouth, Leeds and Birmingham. Three further franchise sites are also in build in Bournemouth, Chelmsford and Southampton, with contracts exchanged on a further site for which building is expected to commence shortly. There are several other sites in the final phases of legal documentation and the Board remains confident that its target of 27 open Boom venues by the end of 2022 will be met.

Escape Hunt

A new Escape Hunt site opened in a second venue in Norwich in August 2022, and sites are in build in Bournemouth, London (Oxford Street) and Edinburgh, the latter two co-located with Boom sites. These additions will take the Escape Hunt network to 23 owner operated sites.

Update on trading

The Company's unaudited results for the six months to 30 June 2022 are expected to show Group revenue in excess of £8m, compared to £1.2m in the same period in 2021, which was prior to the acquisition of Boom Battle Bars.

Despite the current macro-economic backdrop, trading in the UK since 30 June 2022 in both Boom and Escape Hunt sites has been encouraging. The UK Escape Hunt owner-operated estate generated unaudited turnover in the eight weeks to 28 August 2022 of approximately £1.4m, an increase of 16% compared to the same eight-week period in 2021. Adjusting for the VAT benefit received in 2021, the underlying increase was 33%, reflecting an enlarged network and 13% like-for-like growth from sites which were open in the same period in 2021. Escape Hunt site level EBITDA margins continue to exceed the Board's internal benchmark of 30%.

Performance in the Group's Boom Battle Bar estate has also been developing positively. The owner operated sites³ delivered unaudited turnover in excess of £1m for the eight weeks to 28 August 2022 and each of the Group's sites has proved capable of delivering margins in line with our expected box economics within the first few months of operating, underpinning confidence in the Group's business model. The Boom franchise estate provides the Company with an increasingly consistent weekly royalty.

A fuller update on trading and prospects will be given with the Company's unaudited interim results for the six months to 30 June 2022 which are expected to be published in the week beginning 26 September 2022.

Commenting on the Acquisition and site progress, Richard Harpham, Chief Executive of XP Factory plc, said
"We are delighted to have been able to add the Boom Cardiff site into our owner operated estate on attractive terms. It is consistently a strong performing site. Likewise, the acquisition of the Boom Norwich site is expected

³ 4 sites for the full 8 week period, including Manchester which opened to the public on 17 June, and Norwich for the final two weeks

to provide an excellent cash on cash return. We continue to see growing and attractive operating metrics at our Boom sites whilst Escape Hunt has become a consistently high margin business. Most importantly, we are seeing very high consumer ratings for both our brands. We look forward to providing a more detailed update with our interim results.”

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About XP Factory plc

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

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