

**XP FACTORY PLC**

Registered number 10184316

**UNAUDITED CONDENSED INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2022**

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28 September 2022

**XP Factory plc**  
**(“XP Factory”, the “Company” or the “Group”)**

**Interim Results**

XP Factory plc (AIM: XPF), a global leader in the experiential leisure sector, is pleased to announce its unaudited interim results for the six months ended 30 June 2022 (“H1 2022”).

	<b>Half year ended 30 June 2022 (£'000)</b>	<b>Half year ended 30 June 2021 (£'000)</b>
<b>Revenue</b>	<b>8,120</b>	<b>1,178</b>
Gross Profit	5,096	801
<b>Adjusted EBITDA<sup>1</sup> profit / (loss)</b>	<b>1,070</b>	<b>(796)</b>
Loss per share (pence)	(2.20)	(2.81)

**FINANCIAL HIGHLIGHTS**

- Group revenue of £8.1m (2021: £1.2m) demonstrates a significant growth in scale and includes:
  - Escape Hunt owner operated site revenue increased to £4.3m (2021: £0.9m)
  - Boom Battle Bar (“Boom”) revenue of £3.6m comprised £2.2 from owner operated sites and £1.4m from franchises
- Group Adjusted EBITDA<sup>1</sup> profit of £1.1m (H1 2021: loss £0.8m)
- Site level EBITDA profit of £3.1m (H1 2021: profit £0.4m)
- Group Operating loss of £2.4m (H1 2021: loss £2.2m)
- Loss per share of 2.2p (H1 2021: loss of 2.81p)
- Cash at 30 June 2022 of £5.2m (30 June 2021: £2.4m)

**OPERATING HIGHLIGHTS**

- Significant progress made in establishing the UK owner operated network both for Escape Hunt and Boom
- 17 UK Boom sites open at 30 June 2022 – 4 owner operated and 13 franchised
- 19 owner-operated Escape Hunt sites open at 30 June 2022
- Pipeline of additional new sites well established for both businesses
- Escape Hunt exceeded its pre IFRS 16 target site level EBITDA margin (39% vs 30%)
- Boom Battle Bar owner operated sites already beginning to demonstrate their ability to achieve mature target EBITDA margins

**POST PERIOD-END HIGHLIGHTS**

- Escape Hunt and Boom currently performing well with pleasing level of sales being achieved
- Continuing growth in the returns being achieved across the Boom owner operated sites

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<sup>1</sup> Earnings before interest, tax, depreciation and amortization, calculated before pre-opening losses, exceptional items, and other non-cash items. A full reconciliation to operating loss is provided below in the text of the announcement.

- Acquisition of the former Boom franchise site in Cardiff completed on 8 September 2022
- Acquisition of the former Boom franchise site in Norwich completed on 16 August 2022
- Further owner operated Boom sites opened in September 2022 in Edinburgh and Plymouth and an additional Boom franchise sites opened in Sheffield in July 2022 and Chelmsford in September 2022 taking the total to 21 open sites, comprising 8 owner operated and 13 franchise sites
- 2 further owner operated Escape Hunt sites opened, in Norwich in August 2022 and Edinburgh in September 2022, taking the total to 21 owner operated sites
- Additional owner operated Boom sites in build in London (Oxford Street), Leeds, and Birmingham
- Further franchised Boom sites in build in Southampton and Bournemouth
- Additional owner operated Escape Hunt sites in build in London (Oxford Street) and Bournemouth
- All UK Escape Hunt owner operated sites operating for more than a year awarded 'Traveller's Choice Awards' by Tripadvisor™
- Boom consumer ratings significantly outperforming peers and the industry

Recent performance across the estate has been encouraging with no discernible impact from consumer weakness. The Board remains focussed on providing the best possible customer experience to an ever growing number of customers across the UK and beyond and will keep a careful eye on consumer behaviour in the context of the macro-economic environment and be ready to react if there is any sign of an impact.

Notwithstanding the encouraging recent performance, the Group's full year results are heavily weighted to the final quarter's trading and will be influenced by, *inter alia*, the dates on which sites currently in build are able to open, how quickly the performance at those sites tracks through the maturity curve, and the strength of pre-Christmas trading generally.

Richard Harpham, Chief Executive of XP Factory, commented: *"2022 represents an important year in our evolution as we continue to build the platform for a sustainable, cash generative and profitable experiential leisure business."*

*We have made significant progress towards our goals, growing the Boom estate to 21 sites today from only seven when we acquired it in November 2021. We have also grown our Escape Hunt business to 21 owner operated sites today, with the brand continuing to perform well, generating strong returns at a site level.*

*With each successive week, Boom's trading performance reinforces our belief that it is a very attractive proposition, capable of delivering strong margins and an exceedingly attractive return on capital. We are delighted with the progress we have made and believe that by the end of the year, the foundations will be firmly set for the business in 2023 and beyond."*

### **Enquiries**

#### **XP Factory plc**

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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 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**

The first half of 2022 has been transformational. In November 2021 we acquired Boom Battle Bar ("Boom") and renamed the Group XP Factory plc, creating one of the UK's pre-eminent experiential businesses, operating two fast growing brands, Escape Hunt™ and Boom Battle Bar™. At the time of acquisition, Boom was a very young business, with just seven UK sites open; six of which were franchised and one of which was owner operated and all of which had less than twelve months' operating history.

We set ambitious targets to grow the footprint alongside our existing Escape Hunt network. Activity in the first half of the year has been focused on bringing the businesses together, executing on the ambitious site roll-out plans and investing in the operations of the new business. As at 30 June 2022, the Boom estate stood at 17 opened sites; four owner operated and 13 franchises.

We also extended our Escape Hunt estate, adding a site in Exeter, co-located with Boom, bringing the owner operated estate to 19. Since 30 June 2022, we have further extended the estate, acquiring former Boom franchise sites in both Cardiff and Norwich, opening a further co-located owner-operated Boom and Escape Hunt site in Edinburgh, opening a new Escape Hunt site in Norwich, opening a new Boom owner operated site in Plymouth, and opening Boom franchise sites in Sheffield and Chelmsford. Several more sites are in build as set out below.

This activity has set the scene for a year which will deliver a group of significantly larger scale and capability compared to a year ago. The objective for the year is to build the foundations of a network of Boom Battle Bar and Escape Hunt owner operated and franchise sites capable of delivering strong cashflows and a high return on capital for years to come. Alongside the efforts to open new sites, we have also focused on building capability in our operational teams, who are now delivering the financial model we believed Boom could be capable of, whilst continuing to nurture Escape Hunt. We are delighted to have made such significant progress towards these goals.

With such an aggressive rate of new site openings relative to the Group's small size at the beginning of the year, it would be almost impossible to predict with total accuracy the specific week in which each new site would open. Whilst most of our owner operated builds have been delivered broadly in line with our expectations, there have been delays in the openings of certain owner-operated sites and in a number of the franchise sites, but nonetheless the Board remains confident that its target of 27 open sites for the year end will be achieved. We are of course acutely aware of the current pressures on consumer discretionary spend. As a high margin business we feel as confident as we can be that we can absorb the inflationary pressures and weather the storm by continuing to focus on providing an outstanding customer experience and value for money. Indeed we have been very encouraged by the resilience in trading in the weeks post 30 June 2022.

Our full year outcome is skewed heavily towards performance in the second half of the year, notably the final quarter, and this is further amplified in the current year given the number of additional site opening that are still to come. However, we believe the results for the first half represent a solid performance which sets the business up well for the remainder of the year and beyond.

### **BOOM BATTLE BARS**

Much focus during the period has been on Boom Battle Bars; the expansion of the network in line with previously announced plans, both owner operated and franchised sites; the integration of the business into the Group; and development of the operational processes and teams to deliver on Boom's potential.

#### *Owner operated*

We have made excellent progress towards our objectives. At the start of the year, we had two owner operated sites open; one at Lakeside shopping centre in Essex and one in the O2 Arena. The O2 site was opened shortly before Christmas, although we delayed the formal launch due to the spread of the Omicron virus and subsequent cancellation of all events at the O2 during January and most of February 2022. Although open in the intervening period, the O2 Boom held its formal opening event in April 2022. We also opened a new site co-located with

Escape Hunt in Exeter in late April and our fourth site, located in Manchester, opened in late June 2022. At the end of the period we had four owner operated sites open.

All four sites have shown encouraging performance in the months of operating, in line with an expected maturity curve typical for hospitality businesses. We expect sites to run at a loss for a number of weeks as awareness grows and translates into revenue growth, whilst labour and other costs will start higher than the longer-term target and be brought down as the sites find their operating rhythm. The owner operated estate delivered unaudited revenue of £2.2m in the six months to 30 June 2022 and a site EBITDA loss of £164k (£729k loss before IFRS16) reflecting the maturity curve of the new sites. Performance across the estate has shown the steady improvement we would expect, with target margins being achieved as the sites mature. We remain confident that the business model and returns profile for sites will be delivered, with target EBITDA margins in excess of 20% and a target cash return on capital of over 40%.

Our sites in central London (Oxford Street) and in Edinburgh have caused some frustrations. In both cases, planning and other landlord-related formalities have resulted in significant delays compared to our original plans. We are pleased that our Edinburgh site recently opened on 23 September 2022, and we are now 7 weeks into the build at our site on Oxford Street, which is scheduled to open before Christmas.

We are not immune to inflationary cost pressures, notably in energy prices. We also anticipate wage pressure as inflation filters through the system. The former represents a relatively low proportion of our costs whilst we are confident the latter can be managed through labour flexibility and, in future, by passing on an element of our increased costs through prices. As a result, we have no reason to believe our expectation of the potential margins from our sites should change meaningfully.

Since 30 June 2022, we have commenced builds on four owner-operated sites, in London (Oxford Street), Birmingham, Plymouth and Leeds. Plymouth opened on 22 September 2022 and the others are all expected to open during Q4 2022. We have also completed the acquisition of the former franchise sites in Cardiff and Norwich. Together with the owner operated sites in Edinburgh and Plymouth that have since opened, these developments will take our owner operated estate to 11, well ahead of our previously announced objective of 7 by the end of 2022 and establishing a strong baseline for 2023.

#### *Franchise*

The Boom franchise network was expanded significantly in the six months to 30 June 2022 with the addition of a further seven franchise sites. As at 30 June 2022 there were 13 franchise sites open. Two further franchise sites have since opened; the first in Sheffield opened in July, and a second in Chelmsford opened in September. Another two sites are currently in build in Bournemouth and Southampton. A further site in Telford has been signed and several more sites are in advanced legals. Whilst we factor in potential delays to franchise site openings, timing is not in our control. On average, sites have been several months later to open than initially indicated.

Boom franchise activities delivered unaudited revenue of £1.4m and EBITDA of £0.9m in the six months ended 30 June 2022.

## **ESCAPE HUNT**

#### *Owner operated*

The Escape Hunt owner operated estate generated unaudited revenue of £4.3m, representing a 361% increase on the £0.9m delivered in the same period in 2021, although all our UK venues and our venues in Paris and Brussels were closed for the majority of the comparable period in 2021. Site level EBITDA rose to £2.1m from £0.2m. On a pre-IFRS16 basis, site level EBITDA was £1.7m (H1 2021: loss £46k), representing a margin of 39%, significantly ahead of our internal target of 30% EBITDA margin. The margin outperformance was helped by the reduced VAT rate and business rates reduction applied between January and March 2022 and which ended on 1 April 2022. Underlying EBITDA margins, excluding the VAT benefit, continue to track ahead of our internal target.

We have made further progress on the growth of the network and integration with Boom. A new owner

operated site, co-located with Boom Battle Bar opened in Exeter in late April 2022. We opened a second owner-operated site in Norwich shortly after the period end in August 2022 and, after frustrating delays, opened a third co-located site in Edinburgh on 23 September 2022. Two further sites are in build in London (Oxford Street), co-located with Boom, and in Bournemouth, where our site is adjacent to a Boom franchise site, also in build.

The network today comprises 21 owner-operated sites and the completion of sites in Bournemouth and Oxford Street will take the total to 23.

#### *Franchise*

The franchise estate delivered unaudited revenue of £0.2m. The Australian network performed in line with the same period in 2021 and we have seen a recovery within the European network compared to the same period in 2021 during which many of the sites were closed. This increase is offset by lower upfront and other fixed fees.

Some modest progress was made in the USA in late 2021. The franchise site in Houston, which is operated by our partners, Proprietary Capital Holdings, added two new generation games in December 2021 and is now set up as a reference site to demonstrate to potential franchise partners in North America. Performance in Houston has been tracking strongly in 2022. Franchise recruitment activity all but ceased during Covid and has been slow to re-start. We expect to give greater attention to the US potential in 2023.

## **FINANCIAL REVIEW**

### *Financial performance*

Unaudited group revenue in the six months to 30 June 2022 was £8.1m, an increase of 589% over the same period in 2021. The period to 30 June 2022 includes £3.6m of revenue from Boom owner-operated and franchise activities (2021: nil.. The increase also reflects that the majority of Escape Hunt venues were closed for much of the first half of 2021 due to Covid restrictions.

Site level EBITDA was £3.1m (2021: £0.4m), offset by central costs of £2.0m (2021: £1.2m). As a result, Group Adjusted EBITDA was £1.1m compared to a loss of £0.8m in H1 of 2021.

	<b>Six months ended June 2022 £'000</b>	<b>Six months ended June 2021 £'000</b>
Adjusted EBITDA	1,070	(796)
Amortisation of intangibles	(455)	(216)
Depreciation	(1,720)	(1,038)
Rent credits recognised	25	25
Loss on disposal of tangible assets	(156)	(18)
Profit on closure/modification of leases	105	-
Branch closure costs and other exceptional costs	(288)	(147)
Branch pre-opening costs	(881)	-
Provision against loan to franchisee	(21)	-
Foreign currency gains / (losses)	44	(6)
IFRS 9 provision for guarantee losses	(57)	-
Share-based payment expense	(34)	(26)
<b>Operating loss</b>	<b>(2,368)</b>	<b>(2,222)</b>

Of the £881k of branch pre-opening costs, £52k related to Escape Hunt owner operated sites, £821k related to Boom Battle Bar owner operated sites, and £7k related to Boom Battle Bar franchise sites. Pre-opening costs (whilst not all cash) include costs accrued before the site is opened to the public, such as rent and other property costs, staff recruitment and training costs.

The branch closure costs and the loss on disposal of tangible assets relate to the closure of the Escape Hunt Edinburgh site and the final liquidation of Escape Hunt's original subsidiaries in Malaysia and Thailand, for which the process has taken several years to complete.



Unaudited group operating loss was £2.4m (2021: £2.2m)

#### *Cashflow*

The Group generated £0.8m of cash from operations (2021: cash utilised of £0.1m). £3.4m (net of capital contributions) was invested in plant and equipment and intangibles. This comprised total investment of £3.4m offset by £0.8m of capital contributions for Boom owner-operated sites and £0.8m investment in Escape Hunt owner operated sites.

Cash at 30 June 2022 was £5.2m (30 Jun 2021: £2.4m) and £3.7m as at 31 August 2022.

#### *Financial position*

The increase in property plant and equipment reflects the investment in owner operated sites outlined above, offset by depreciation. The increase in right of use assets is matched by an increase in lease liabilities and relates to the IFRS 16 accounting for new owner operated sites signed during the six month period. The finance lease receivable relates to the IFRS 16 accounting for a sub-let of the Bournemouth venue to a Boom Battle Bar franchisee as XP Factory holds the master lease.

The largest movement in current assets related to the receipt of the £1.8m (net) R&D credit paid in January 2022.

Provisions of £9.9m includes deferred and contingent consideration relating to the acquisition of Boom Battle Bars in November 2021. £9.4m is the valuation of contingent consideration, inclusive of 13.7% p.a. notional interest rolled up from the date of acquisition, the payment of which depends on the achievement of certain turnover and site numbers from the Boom acquisition in the year to 31 December 2022. Details of the contingent consideration are outlined in the Company's Annual Report for the year to 31 December 2021. The contingent consideration is payable by the issue of up to 25m XP Factory plc shares, valued at the date of acquisition at 35.8p. The balance relates to a working capital and net debt adjustment for the Boom acquisition, provided for post acquisition.

£340k of convertible loan notes issued in July 2020, together with £54k of rolled up interest were converted to equity on 2 February 2022 at 9.0p per share, resulting in the issue of 4.4m shares. There were no convertible loan notes in issue at 30 June 2022. £404k of vendor loan notes (£360k relating to the acquisition of Boom in November 2021 and £44k relating to the acquisition of the French master franchise in March 2021) remained outstanding at 30 June 2022. Other loans outstanding at 30 June 2022 totalling £755k relate to fit-out finance for Boom sites, of which £418k is offset by corresponding back-to-back receivable amounts.

Net assets as at 30 June 2022 stood at £18.8m (31 December 2021: £21.8m)

#### **STRATEGY**

At the time of the acquisition of Boom Battle Bars in November 2021 we set out a four-point plan to increase shareholder value. Progress has made in each of these medium-term objectives as set out above. Our objectives are to:

1. Maximise the UK footprint by rolling out each brand, either through direct investment into owner operated sites or through franchise arrangements
2. Accelerate growth in international territories, predominantly through franchise
3. Continue to develop new products and markets which facilitate the growth of B2B sales
4. Integrate the businesses, exploit synergies where possible and develop an infrastructure that supports scale and future growth

Details of our progress in growing the UK footprint and the integration of Boom have been described in some detail above. We have intentionally de-emphasised international expansion in the period as we focused on the intensive roll-out strategy in the UK. We expect to place greater emphasis on international opportunities once we have a period of profitable operating experience in the UK. Our efforts to build a greater B2B business are being rewarded, particularly within Boom. Corporate sales represented approximately 6% of sales in the six months to 30 June 2022. In the period since then, we have seen a marked increase in corporate sales, and in

the period since 30 June 2022 corporate sales have grown to represent approximately 12% of sales. We expect this to grow further in Q4 2022.

#### **POST PERIOD END TRADING AND OUTLOOK**

Trading since 30 June 2022 has continued positively. In the 10 weeks to 12 September 2022 UK Escape Hunt owner-operated estate generated unaudited turnover of approximately £1.7m, an increase of 11% compared to the same ten-week period in 2021. Adjusting for the VAT benefit received in 2021, the underlying increase was 27%, reflecting an enlarged network and 8% 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%.

The Boom owner operated sites<sup>2</sup> delivered unaudited turnover of approximately £1.4m for the ten weeks to 12 September 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. Boom franchise royalties in the 10 weeks to 12 September 2022 totalled approximately £0.3m.

This performance provides the Board with continued confidence for the future potential for the Group.

Recent performance across the estate has been encouraging with no discernible impact from consumer weakness. The Board remains focussed on providing the best possible customer experience to an ever growing number of customers across the UK and beyond. The Board will keep a careful eye on consumer behaviour in the context of the macro-economic environment and be ready to react if there is any sign of an impact.

Notwithstanding the recent performance, the Group's full year results are heavily weighted to the final quarter's trading and will be influenced by, *inter alia*, the dates on which sites currently in build are able to open and how quickly the performance at those sites tracks through the maturity curve, and the strength of pre Christmas trading generally

**Richard Harpham**

**Chief Executive Officer**

27 September 2022

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<sup>2</sup>6 weeks with 4 sites open; 3.5 weeks with 5 sites open; and 0.5 weeks with 6 sites open.

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE CONDENSED INTERIM REPORT AND CONDENSED FINANCIAL STATEMENTS**

The directors confirm that the condensed consolidated interim financial information has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', and that the Interim Report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed consolidated interim financial information, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last Annual Report.

The directors of XP Factory plc are listed on page 28 of this report. A list of current directors is maintained on the Company's web site: <https://www.xpfactory.com/investors/key-people>

By order of the Board

**Richard Rose**  
**Non-Executive Chairman**

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

	Note	Six months ended 30 June 2022 Unaudited £'000	Six months ended 30 June 2021 Unaudited £'000
Continuing operations			
<b>Revenue</b>		8,120	1,178
Cost of sales		(3,024)	(377)
		<hr/>	<hr/>
Gross profit		5,096	801
Other income		128	341
Administrative expenses		(7,592)	(3,364)
		<hr/>	<hr/>
<b>Operating loss</b>		(2,368)	(2,222)
<hr/>			
Adjusted EBITDA		1,070	(796)
Amortisation of intangibles		(455)	(216)
Depreciation		(1,720)	(1,038)
Rent credits recognised		25	25
Loss on disposal of tangible assets		(156)	(18)
Profit on closure/modification of leases		105	-
Branch closure costs and other exceptional costs		(288)	(147)
Branch pre-opening costs		(881)	-
Provision against loan to franchisee		(21)	-
Foreign currency gains / (losses)		44	(6)
IFRS 9 provision for guarantee losses		(57)	-
Share-based payment expense		(34)	(26)
Operating loss		<hr/>	<hr/>
		(2,368)	(2,222)
<hr/>			
Interest received		13	8
Interest expense		(583)	(22)
Lease finance charges	11	(367)	(102)
		<hr/>	<hr/>
<b>Loss before taxation</b>		(3,305)	(2,338)
Taxation	7	56	(13)
		<hr/>	<hr/>
<b>Loss after taxation</b>		(3,249)	(2,351)
<hr/>			
<b>Other comprehensive income:</b>			
Items that may or will be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(120)	(39)
		<hr/>	<hr/>
<b>Total comprehensive loss</b>		(3,369)	(2,390)
<hr/>			
<b>Loss attributable to:</b>			
Equity holders of XP Factory plc		(3,249)	(2,351)
		<hr/>	<hr/>
		(3,249)	(2,351)
<hr/>			
<b>Total comprehensive loss attributable to:</b>			
Equity holders of XP Factory plc		(3,369)	(2,390)
		<hr/>	<hr/>
		(3,369)	(2,390)
<hr/>			
Loss per share attributable to equity holders:		(2.20)	(2.81)
Basic (Pence)	6	<hr/>	<hr/>
		(2.20)	(2.81)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2022**

		As at 30 June 2022 Unaudited £'000	As at 31 December 2021 Audited £'000
	Note		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	7,556	5,516
Right-of-use assets	9	17,098	7,602
Intangible assets	10	21,681	22,046
Rental deposits		22	44
Finance lease receivable	12	1,333	-
Loan to franchisee		31	84
		<hr/> 47,721	<hr/> 35,292
<b>Current assets</b>			
Inventories		119	24
Trade receivables		1,588	848
Other receivables and prepayments		2,218	4,142
Stocks and work in progress		-	438
Cash and bank balances		5,164	8,225
		<hr/> 9,089	<hr/> 13,677
<b>TOTAL ASSETS</b>		<hr/> <b>56,810</b>	<hr/> <b>48,969</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade payables		2,150	1,527
Contract liabilities		1,197	1,201
Loan notes		404	404
Other loans		256	256
Lease liabilities	12	393	393
Other payables and accruals		2,489	2,889
Provisions	11	9,898	637
		<hr/> 16,787	<hr/> 7,307

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022 (continued)**

		As at 30 June 2022 Unaudited £'000	As at 31 December 2021 Audited £'000
<b>Non-current liabilities</b>			
Contract liabilities		62	491
Provisions	11	305	9,248
Loan notes		-	373
Other Loans		499	620
Deferred tax liability		1,045	1,101
Lease liabilities	12	19,302	8,012
		21,213	19,845
<b>TOTAL LIABILITIES</b>		38,000	27,152
<b>NET ASSETS</b>		18,810	21,817
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of XP Factory plc</b>			
Share capital	12	1,880	1,825
Share premium account		44,704	44,366
Merger relief reserve		4,756	4,756
Convertible loan note reserve		-	68
Accumulated losses		(32,566)	(29,317)
Currency translation reserve		(203)	(83)
Capital redemption reserve		46	46
Share-based payment reserve		193	158
		18,810	21,817
<b>TOTAL EQUITY</b>		18,810	21,817

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to owners of the parent

	Share capital	Share premium account	Merger relief reserve	Currency translation reserve	Capital redemption reserve	Share- based payment reserve	Convertible loan note reserve	Accumulated losses	Total
Six months ended 30 June 2022	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance as at 1 January 2022</b>	1,825	44,366	4,756	(83)	46	158	68	(29,317)	21,819
Loss for the period	-	-	-	-	-	-	-	(3,249)	(3,249)
Other comprehensive income	-	-	-	(120)	-	-	-	-	(120)
<b>Total comprehensive loss</b>	-	-	-	(120)	-	-	-	(3,249)	(3,369)
Issue of shares	55	338	-	-	-	-	(68)	-	325
Share issue costs	-	-	-	-	-	-	-	-	-
Share-based payment charge	-	-	-	-	-	35	-	-	35
Transactions with owners	55	338	-	-	-	35	(68)	-	359
<b>Balance as at 30 June 2022</b>	<b>1,880</b>	<b>44,704</b>	<b>4,756</b>	<b>(203)</b>	<b>46</b>	<b>193</b>	<b>-</b>	<b>(32,566)</b>	<b>18,810</b>
<b>Six months ended 30 June 2021</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Balance as at 1 January 2021</b>	1,005	27,758	4,756	(81)	46	96	68	(28,444)	5,204
Loss for the period	-	-	-	-	-	-	-	(2,390)	(2,390)
Other comprehensive income	-	-	-	(39)	-	-	-	-	18
<b>Total comprehensive loss</b>	-	-	-	(39)	-	-	-	(2,390)	(2,429)
Issue of shares	103	1,320	-	-	-	-	-	-	1,423
Share issue costs	-	(67)	-	-	-	-	-	-	(67)
Share-based payment charge	-	-	-	-	-	26	-	-	26
Transactions with owners	103	1,253	-	-	-	26	-	-	1,382
<b>Balance as at 30 June 2021</b>	<b>1,108</b>	<b>29,011</b>	<b>4,756</b>	<b>(120)</b>	<b>46</b>	<b>122</b>	<b>68</b>	<b>(30,834)</b>	<b>4,157</b>

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

		Six months ended 30 June 2022	Six months ended 30 June 2021
		Unaudited £'000	Unaudited £'000
<b>Cash flows from operating activities</b>	<b>Note</b>		
Loss before income tax		(3,305)	(2,338)
Adjustments:			
Depreciation of property, plant and equipment	8	1,127	799
Depreciation of right-of-use assets	9	589	239
Amortisation of intangible assets	10	455	216
Provision against non-current assets		21	69
Loss on write-off of property, plant and equipment		156	18
Share-based payment expense		34	26
Foreign currency movements		(172)	(2)
Lease interest charges	12	367	102
Rent concessions received	12	(25)	(25)
Profit on closure/modification of leases		(105)	(31)
Profit on early redemption of Convertible Loan notes		(8)	-
Interest expense / (income)		570	(8)
Operating cash flow before working capital changes		(296)	(935)
Decrease in trade and other receivables		1,094	23
Increase in stock and WIP		343	(5)
Increase in trade and other payables		439	706
Increase in provisions		(393)	32
Increase in deferred income		(433)	87
Cash generated / (used) in operations		754	(92)
Income taxes paid		-	(8)
<b>Net cash generated / (used) in operating activities</b>		<b>754</b>	<b>(100)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	8	(3,323)	(1,001)
Disposal of property, plant and equipment		-	-
Purchase of intangibles	10	(90)	(70)
Receipt of deposits		22	18
Movement in Loans advanced to franchisees		32	(146)
Acquisition of subsidiary, net of cash acquired		-	(139)
Interest received		21	8
<b>Net cash used in investing activities</b>		<b>(3,338)</b>	<b>(1,330)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of ordinary shares	13	-	1,423
Share issue costs	13	-	(67)
Finance lease payments	12	(362)	(224)
Movements on loans		(167)	(18)
<b>Net cash generated / (used) from financing activities</b>		<b>(529)</b>	<b>1,114</b>
<b>Net increase / (decrease) in cash and bank balances</b>		<b>(3,113)</b>	<b>(316)</b>
Cash and cash equivalents at beginning of period		8,225	2,722
Exchange rate changes on cash held in foreign currencies		51	8
<b>Cash and cash equivalents at end of period</b>		<b>5,163</b>	<b>2,414</b>



## **NOTES TO THE UNAUDITED INTERIM REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2022**

### **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 Belmont House, Station Way, Crawley, RH10 1JA.

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 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 2021 annual report. The statutory financial statements for the year ended 31 December 2021 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 27 September 2022.

### **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 thirty-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 year ended 31 December 2021, 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, where all franchised branches are operating under effectively the same model;
2. The Escape Hunt owner-operated branch business, which as at 30 June 2022 consisted of 16 Escape Hunt sites in the UK, one in Dubai, one in Paris and one in Brussels;
3. The Boom Battle Bar franchise business, where all franchised branches operate under the same model within the Boom Battle Bar™ brand; and
4. The Boom Battle Bar owner-operated business, which as at 30 June 2022 comprised 4 Boom Battle Bar sites in the UK.

The Group operates on a global basis. As at 30 June 2022, the Company had active Escape Hunt franchisees in 10 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
	Owner operated	Escape Hunt Franchise	Boom Owner operated	Boom Franchise	Unallocated	
Six months ended 30 June 2022	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	4,313	241	2,183	1,383	-	8,120
Cost of sales	(1,355)	-	(1,192)	(477)	-	(3,024)
<b>Gross profit</b>	<b>2,958</b>	<b>241</b>	<b>991</b>	<b>906</b>	<b>-</b>	<b>5,096</b>
Site level operating costs	(1,289)	-	(1,720)	-	-	(3,009)
Other income	72	-	-	-	-	72
IFRS 16 Adjustment	335	-	565	-	-	900
<b>Site level EBITDA</b>	<b>2,076</b>	<b>241</b>	<b>(164)</b>	<b>906</b>	<b>-</b>	<b>3,059</b>
Centrally incurred overheads	(875)	-	(16)	(8)	(1,146)	(2,045)
Other income	-	-	-	24	32	56
<b>Adjusted EBITDA</b>	<b>1,201</b>	<b>241</b>	<b>(180)</b>	<b>922</b>	<b>(1,114)</b>	<b>1,070</b>
Interest income	-	-	-	-	13	13
Interest expense	-	-	-	-	(583)	(583)
Finance lease charges	(338)	-	(29)	-	-	(367)
Depreciation and amortisation	(1,128)	(57)	(175)	(219)	(7)	(1,586)
Depreciation of right-of-use assets	(171)	-	(418)	-	-	(589)
Exceptional professional and branch closures	-	-	-	-	(288)	(288)
Profit on closure/modification of leases	105	-	-	-	-	105
Pre-opening costs	(52)	-	(822)	(7)	-	(881)
Provision against loan	-	-	-	-	(21)	(21)
Provision against guarantee losses	-	-	-	(57)	-	(57)
Loss on disposal of assets	(156)	-	-	-	-	(156)
Foreign currency gains	-	-	-	-	44	44
Rent credits recognised	25	-	-	-	-	25
Share-based payment expenses	-	-	-	-	(34)	(34)
Profit/(loss) from operations before tax	(514)	184	(1,624)	639	(1,990)	(3,305)
Taxation	-	-	-	-	56	56
Profit / (loss) for the period	(514)	184	(1,624)	639	(1,934)	(3,249)
<u>Other information:</u>						
Non-current assets	7,613	474	18,021	3,944	17,669	47,721

	<b>Owner operated</b>	<b>Franchise operated</b>	<b>Unallocated</b>	<b>Total</b>
<b>Six months ended 30 June 2021</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Revenue	936	242	-	1,178
Cost of sales	(377)	-	-	(377)
<b>Gross profit</b>	<b>559</b>	<b>242</b>	<b>-</b>	<b>801</b>
Other income	341	-	-	341
Site level operating costs	(701)	-	-	(701)
<b>Site level EBITDA</b>	<b>199</b>	<b>242</b>	<b>-</b>	<b>441</b>
Centrally incurred overheads	(146)	(99)	(992)	(1,237)
<b>Adjusted EBITDA</b>	<b>53</b>	<b>143</b>	<b>(992)</b>	<b>(796)</b>
Interest income	-	-	8	8
Interest expense	-	-	(22)	(22)
Finance lease charges	(81)	-	(21)	(102)
Depreciation and amortisation	(1,049)	(9)	(196)	(1,254)
Exceptional professional and branch closures	(11)	-	(67)	(78)
Provision against loan	-	-	(69)	(69)
Loss on disposal of assets	(11)	-	(7)	(18)
Foreign currency losses	-	(6)	-	(6)
Rent credits recognised	16	-	9	25
Share-based payment expenses	-	-	(26)	(26)
Profit/(loss) from operations before tax	(1,083)	128	(1,383)	(2,338)
Taxation	-	-	(13)	(13)
Profit / (loss) for the period	(1,083)	128	(1,396)	(2,351)
<u>Other information:</u>				
Non-current assets	7,024	30	1,326	8,380

## 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.

	<b>Six months ended 30 June 2022 Unaudited £</b>	<b>Six months ended 30 June 2021 Unaudited £</b>
Loss after tax (£000)	(3,249)	(2,344)
Weighted average number of shares:		
- Basic and diluted	147,780,320	83,628,885
Loss per share (pence)		
- Basic and diluted	2.20	2.81

## 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 £24.7m as at 30 June 2022 (2021: £21.5m) 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 £4.7m (2021: £4.1m).

## 8. Property, plant and equipment

	<b>Leasehold property £'000</b>	<b>Office equipment £'000</b>	<b>Computers £'000</b>	<b>Furniture and fixtures £'000</b>	<b>Games £'000</b>	<b>Total £'000</b>
<b>Cost</b>						
At 31 December 2021	5,465	50	165	824	5,526	12,030
Additions arising from internal purchase	2,299	-	48	195	781	3,323
Disposals / adjustments	(238)	-	(7)	(29)	(336)	(610)
As at 30 June 2022	<u>7,526</u>	<u>50</u>	<u>206</u>	<u>990</u>	<u>5,971</u>	<u>14,743</u>
<b>Accumulated depreciation</b>						
At 31 December 2021	(2,785)	(49)	(101)	(270)	(3,309)	(6,514)
Depreciation charge	(504)	(1)	(16)	(72)	(534)	(1,127)
Disposals / adjustments	146	-	7	18	283	454
As at 30 June 2022	<u>(3,143)</u>	<u>(50)</u>	<u>(110)</u>	<u>(324)</u>	<u>(3,560)</u>	<u>(7,187)</u>
<b>Carrying amounts</b>						
At 31 December 2021	<u>2,680</u>	<u>1</u>	<u>64</u>	<u>554</u>	<u>2,217</u>	<u>5,516</u>
At 30 June 2022	<u>4,383</u>	<u>-</u>	<u>96</u>	<u>666</u>	<u>2,411</u>	<u>7,556</u>

## 9. Right-of-use assets

	As at 30 June 2022 £'000	As at 31 Dec 2021 £'000
Land and buildings – right-of-use asset cost b/f	8,920	3,884
Closures / leases ended for renegotiation during the period	(402)	(211)
Additions during the year, including through acquisition	10,487	5,400
Newly negotiated leases	-	86
Less: Accumulated depreciation b/f	(1,318)	(944)
Depreciation charged for the period	(589)	(613)
Net book value	17,098	7,602

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.

## 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
<b>Cost</b>								
At 31 December 2021	17,696	78	10,195	1,715	5,248	100	317	35,349
Additions arising from internal development	-	-	-	90	-	-	-	90
Disposals / adjustments	-	-	-	-	-	-	-	-
As at 30 June 2022	17,696	78	10,195	1,805	5,248	100	317	35,439
<b>Accumulated amortisation</b>								
At 31 December 2021	(1,393)	(60)	(10,195)	(669)	(580)	(100)	(306)	(13,303)
Amortisation	-	(6)	-	(167)	(281)	-	(1)	(455)
At 30 June 2022	(1,393)	(66)	(10,195)	(836)	(861)	(100)	(307)	(13,758)
<b>Carrying amounts</b>								
At 31 December 2021	16,303	18	-	1,046	4,668	-	11	22,046
At 30 June 2022	16,303	12	-	969	4,387	-	10	21,681

## 11. Provisions

	As at 30 June 2022	As at 31 Dec 2021
	£'000	£'000
Provision for contingent consideration	9,642	9,056
Provision for deferred consideration	257	637
Dilapidations provisions	215	162
Other provisions	6	5
Provision for financial guarantee contracts	83	26
Provisions at end of period	<u>10,203</u>	<u>9,885</u>

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

	Six months ended 30 June 2022	Six months ended 30 June 2021
	£'000	£'000
Balance at beginning of period	9,885	128
Reduction in deferred consideration	(380)	-
Movement in dilapidations provision	54	32
IFRS 9 Provision for lease guarantees	57	-
Finance cost recognised on contingent consideration	586	-
Movement in other provisions	1	-
Provisions at end of period	<u>10,203</u>	<u>160</u>

## 12. Lease liabilities

	Six months ended 30 June 2022	Six months ended 30 June 2021
	£'000	£'000
<b>In respect of right-of-use assets</b>		
Balance at beginning of period	8,405	3,742
Closures / leases ended for renegotiation during the period	(508)	(411)
Additions during the period	11,819	282
Newly re-negotiated leases	-	(16)
Interest Incurred	367	102
Repayments during the period	(363)	(122)
Rent concessions received	(25)	(24)
Reallocated from accruals and trade payables	-	135
Lease liabilities at end of period	<u>19,695</u>	<u>3,688</u>

	<b>As at 30 June 2022 £'000</b>	<b>As at 30 Dec 2021 £'000</b>
<b>Maturity</b>		
< 1 month	33	42
1 – 3 months	66	84
3 – 12 months	295	290
Non-current	19,302	7,989
Total lease liabilities	19,695	8,405

Lease liabilities includes a master lease in Bournemouth. Part of the site is occupied by an Escape Hunt owner operated site and the remainder is sub-let to a Boom franchisee. A liability of £1,666k for the master lease has been recognised and is included in the balances shown above. The sub-lease gives rise to a finance lease receivable of £1,333k, whilst the property occupied by Escape Hunt gives rise to a right of use asset of £333k.

### 13. Share capital

	<b>Six months ended 30 June 2022 Unaudited £'000</b>	<b>Year ended 31 December 2021 Audited £'000</b>
As at beginning of period / year		
- 146,005,098 (2021: 80,369,044) Ordinary shares of 1.25 pence each	1,825	1,005
Issued during the period / year		
- 4,378,082 Ordinary shares	55	820
As at end of period / year		
- 150,383,180 (2021: 146,005,098) Ordinary shares of 1.25 pence each	1,880	1,825

During the six months ended 30 June 2022 the Company converted £340,000 convertible loan notes, together with £54,027 of rolled up interest at price of 9 pence per share, leading to the issue of 4,378,082 Ordinary shares of 1.25 pence each.

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



vesting price, 100% of the vested options will be exercisable. The proportion of vested options exercisable for share prices between the first and second vesting prices will scale proportionately from one third to 90 per cent. Similarly, the proportion of options exercisable for share prices between the second and third vesting prices will scale proportionately from 90 per cent to 100 per cent.

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

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

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

As at 30 June 2022, 16,966,667 options were outstanding under the 2020 EMI Plan (31 Dec 2021: 16,996,667) exercisable at the prices shown above. No options were exercised during the period, and no options expired or had lapsed and none had vested or were exercisable as at 30 June 2022.

The sum of £34,268 has been recognised as a share-based payment and charged to the profit and loss during the period (6 months ended 30 Jun 2021: £25,611). The fair value of the options granted during the period has been calculated using the Black & Scholes formula with the following key assumptions:

**Table 2**

<b>Awards</b>	<b>#1</b>	<b>#2</b>	<b>#3</b>
Exercise price	7.5p	35.0p	35.0p
Volatility	34.60%	31%	31%
Share price at date of award	7.375p	33.50p	32.00p
Option exercise date	15-Jul-24	18-Nov-25	23-Nov-25
Risk free rate	-0.05%	1.55%	1.55%

The performance conditions were taking 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 June 2022 is 42.1 months (31 Dec 2021: 48.0 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 November 2020, the Company established the Escape Hunt Share Incentive Plan ("SIP").

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

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

On 4 February 2021, the Company issued 125,000 shares to the trustee of the scheme to be allocated to individuals as Matching Shares during the operation of the scheme. As at 30 June 2020, 101,694 matching shares had been awarded and were held by the trustees for release to employees pending satisfaction of their retention conditions. As such no share based payment charge has been recognised for the period (2021: nil)

#### **14. Key management personnel compensation**

	<b>Six months ended 30 June 2022 Unaudited £'000</b>	<b>Six months ended 30 June 2021 Unaudited £'000</b>
Salaries and benefits (including directors)	427	293
Share-based payments	20	26
Social security costs	56	47
Other post-employment benefits	22	4
Less amounts capitalised	(7)	(18)
Total	<u>518</u>	<u>352</u>

#### **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 2021: nil).

**15. Government Grants and Government Assistance**

The following Government grants were received and have been recognised during the period:

	<b>Six months ended 30 June 2022 Unaudited £'000</b>	<b>Six months ended 30 June 2021 Unaudited £'000</b>
Coronavirus Job Retention Scheme grants	0	474
Local authority Small Business Grants	68	341
Total	<u>68</u>	<u>815</u>

**16. Subsequent Events**

There are no material subsequent events requiring disclosure.

## **COMPANY INFORMATION**

### **Directors**

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

### **Company Secretary**

Graham Bird

### **Company number**

10184316

### **Registered address**

Belmont House  
Station Way  
Crawley  
RH10 1JA

### **Independent auditors**

HW Fisher LLP  
Acre House  
11-15 William Rd  
London  
NW1 3ER

### **Nominated adviser and broker**

Shore Capital  
Cassini House  
57 St James's Street  
London SW1A 1LD

### **Registrars**

Equiniti Limited  
Aspect House  
Spencer Road  
Lancing  
West Sussex  
BN99 6DA