

xpfactory plc

CAPITAL MARKETS DAY, 5TH MARCH 2025



**BOOM
BATTLE BAR**

ESCAPE HUNT



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XP FACTORY

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Please note, this is a condensed
version of the Capital Markets Day
presentation

A full recording of the event is
available via Investor Meet Company,
<https://www.investormeetcompany.com/meetings/xp-capital-markets-day>

INDUSTRY TRENDS AND XPF POSITION

Richard Harpham
CEO





Richard Harpham
Chief Executive Officer

- Joined **XP Factory (formerly Escape Hunt)** on its Admission to AIM in 2017
- **Harris + Hoole – CFO, and then Managing Director**, responsible for its turnaround
- **Pret A Manger** 4 years as **Global Head of Strategy**
- Strategic and financial positions at companies including **Constellation Brands, Shire Pharmaceuticals and Fujitsu Siemens Computers**

PRESENTATIONS

Industry Trends and XP Factory Position

Richard Harpham
CEO

Use of Data and Site Learnings

Dominic Richards
Strategy and Corporate Finance Director

Brand Experience Evolution

Andrew Jacobs & **Sarah Lloyd-Baker**
COO CCO & CMO

Financial Targets

Graham Bird
CFO

Q&A

Management & XP Factory team

SITE VISIT AND MEET THE TEAM

- Informal meet the team
- Escape Hunt and Boom site tours
- Refreshments & games

Escape Hunt and Boom Battle Bar site
88 Oxford Street, W1D 1BP

TWO COMPLEMENTARY
EXPERIENTIAL BRANDS

XP FACTORY

ESCAPE HUNT

Live The
Adventure



BOOM
BATTLE BAR

FEEL THE BOOM



BRAND DETAIL

ESCAPE HUNT



- UK roll out commenced in 2018
- Market leader in Escape Rooms
 - 26 O&O sites (23 of which UK)
 - 21 Franchise sites, all int'l
- Escape Rooms, City Hunts, Play at home / digital
- Catalogue of > 30 games developed in house
 - Games repeatable, modular and flexible by design
- 99% average review score¹

BRAND DETAIL



- First site opened in 2020, acquired by XP Factory in 2021
- Market leader in Competitive Socialising
 - 26 O&O sites (25 of which UK)
 - 5 Franchise sites, all UK
- Multi-experience proposition (inc. AR axes, AR Darts, Karaoke, Shuffleboard) + Curated cocktails, live DJs, events
- Low capex, modular and flexible offering by design; potential to
 - Optimise by site and location
 - Proactively react to changing market trends
- 97% average review score¹

BRAND PROPOSITIONS RECAP XP FACTORY

	ESCAPE HUNT	BOOM
Typical size of site	~3,500 sq ft	~10,000 sq ft
Game / drink / food split	95%/5%/0%	45%/50%/5%
Average spend pp (inc F&B)	~£25	~£25

BRAND PROPOSITIONS RECAP XP FACTORY

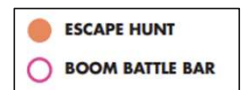
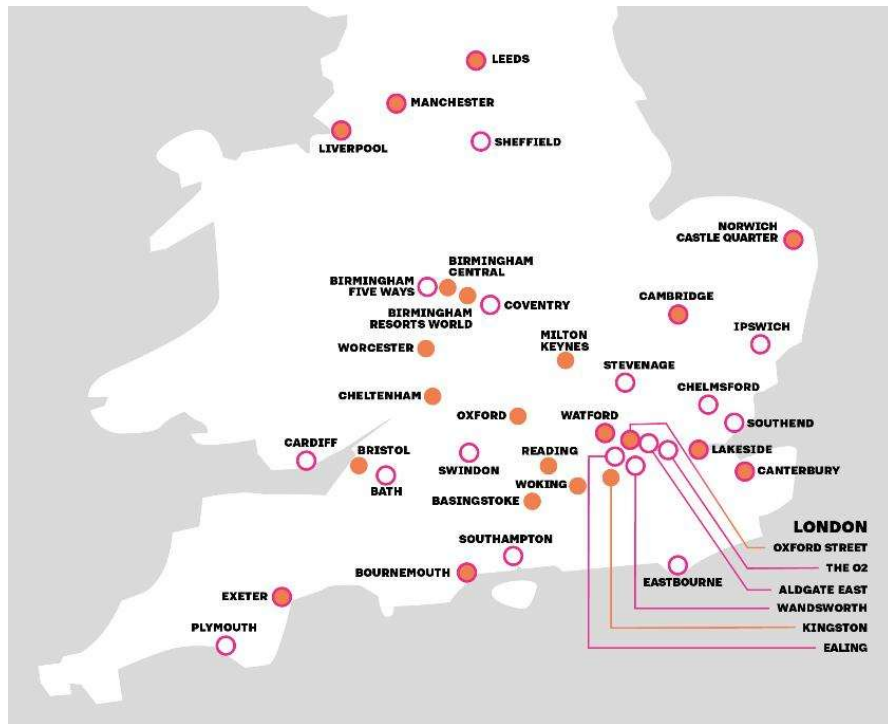
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2024 # of customers	500,000	2,000,000
Male vs female split	47% / 53%	53% / 47%
Corporate share of revenue	~7%	~15%

BRAND PROPOSITIONS RECAP XP FACTORY

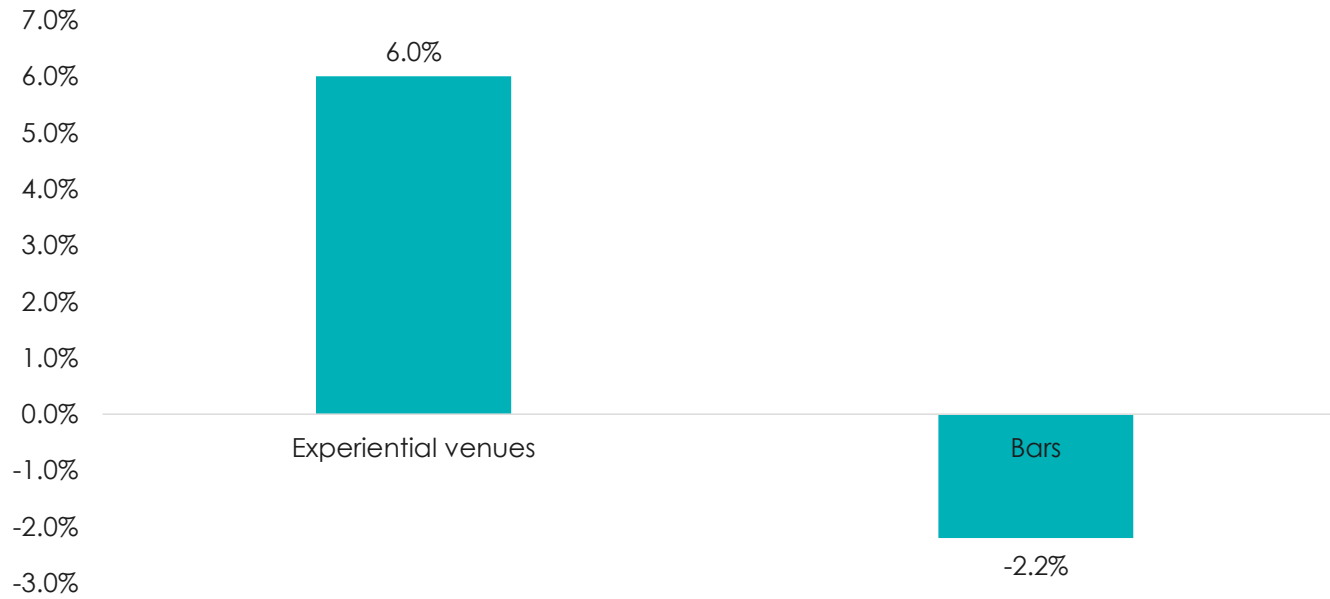
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Male vs female split	47% / 53%	53% / 47%
Corporate share of revenue	~7%	~15%
Typical site revenue	~£600k	~£2m
Typical site EBITDA margin	~40%	~20%

NATIONAL SPREAD UNDERPINS UK RUNWAY

XP FACTORY



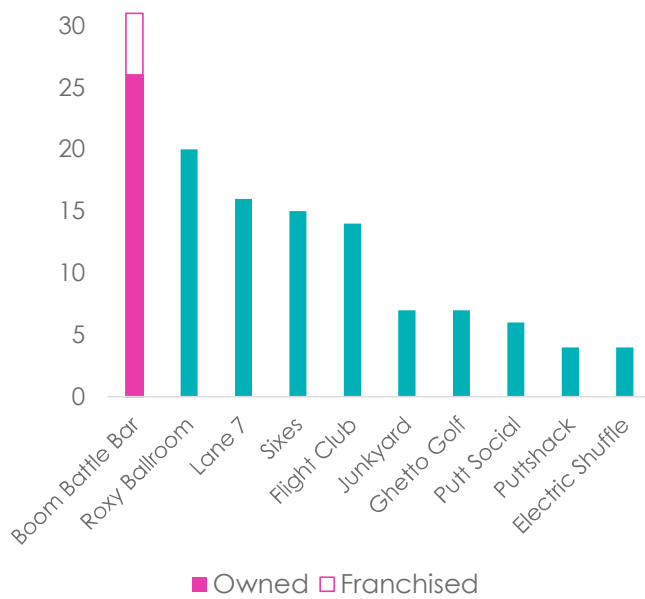
INDUSTRY GROWTH, 2024



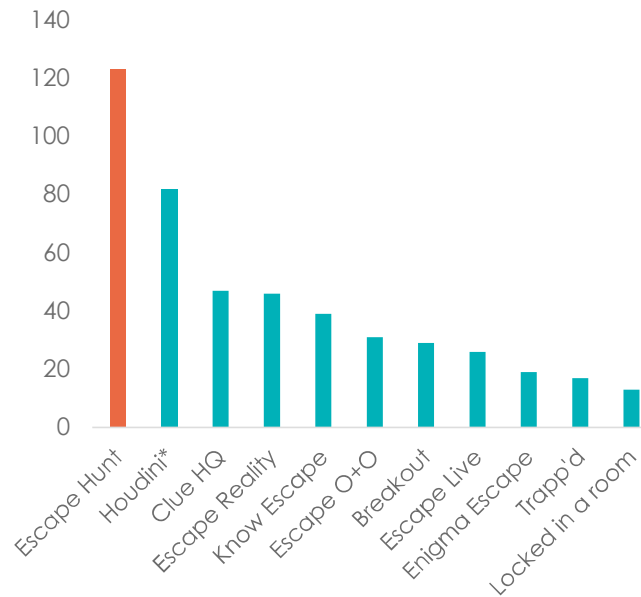
INDUSTRY MEGATRENDS:

- Experiences over goods
 - Remote work driving increased importance of “IRL” social events
 - Socialising centred around entertainment
- Growth in experiential venues, in place of traditional bars
- Industry leading product, unit economics and scale are required to succeed
- XP Factory uniquely positioned as market leader

COMPETITIVE SOCIALISING # OF UK SITES¹

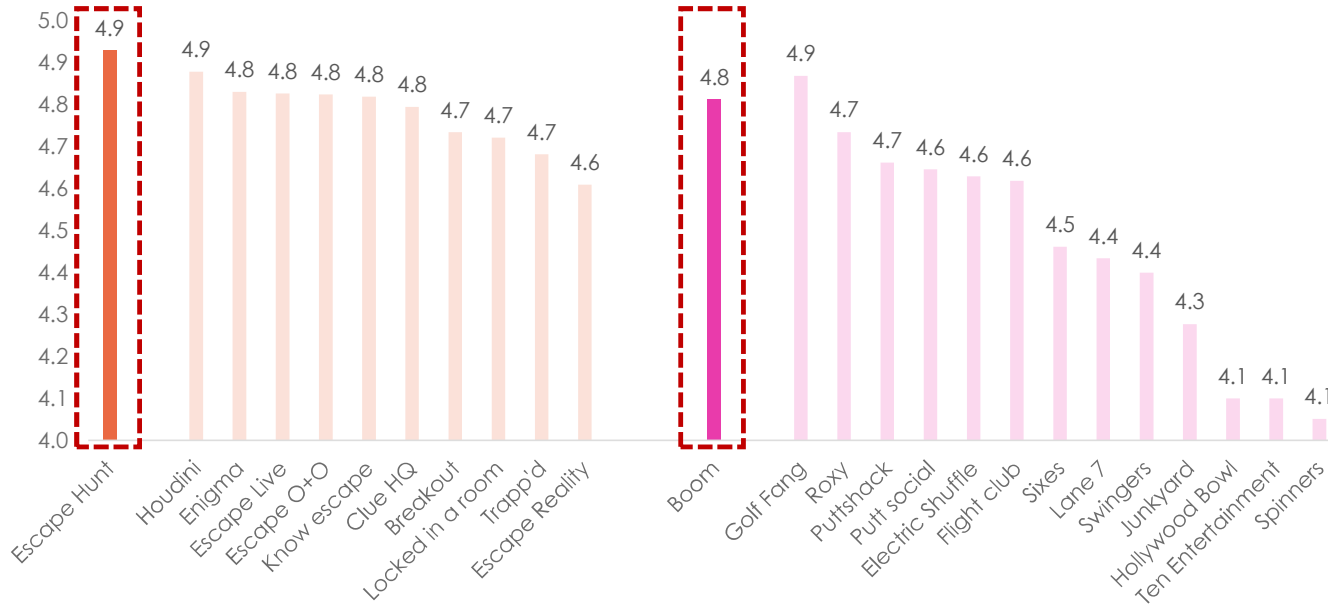


ESCAPE ROOM # OF UK ROOMS¹



- EH and Boom are the **UK market leaders** in Escape Room and Competitive Socialising
 - **Scale advantages**
 - **Repeatable, modular sites** and products that can be replicated nationwide
 - **Growing brand awareness and reputation**

AVERAGE REVIEW SCORE BY BRAND

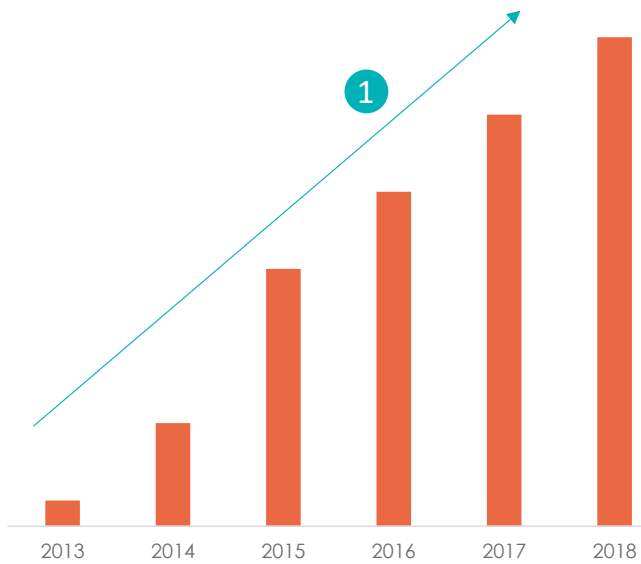


- Scale and learnings help to drive **market leading product** and proposition
- Reflected in **top tier reviews** for each brand

EH EMERGED A WINNER IN
A CONSOLIDATING INDUSTRY

ESCAPE HUNT

NUMBER OF ESCAPE ROOM COMPETITOR SITES BY OPENING YEAR
(INDICATOR OF GROSS ADDITIONS)



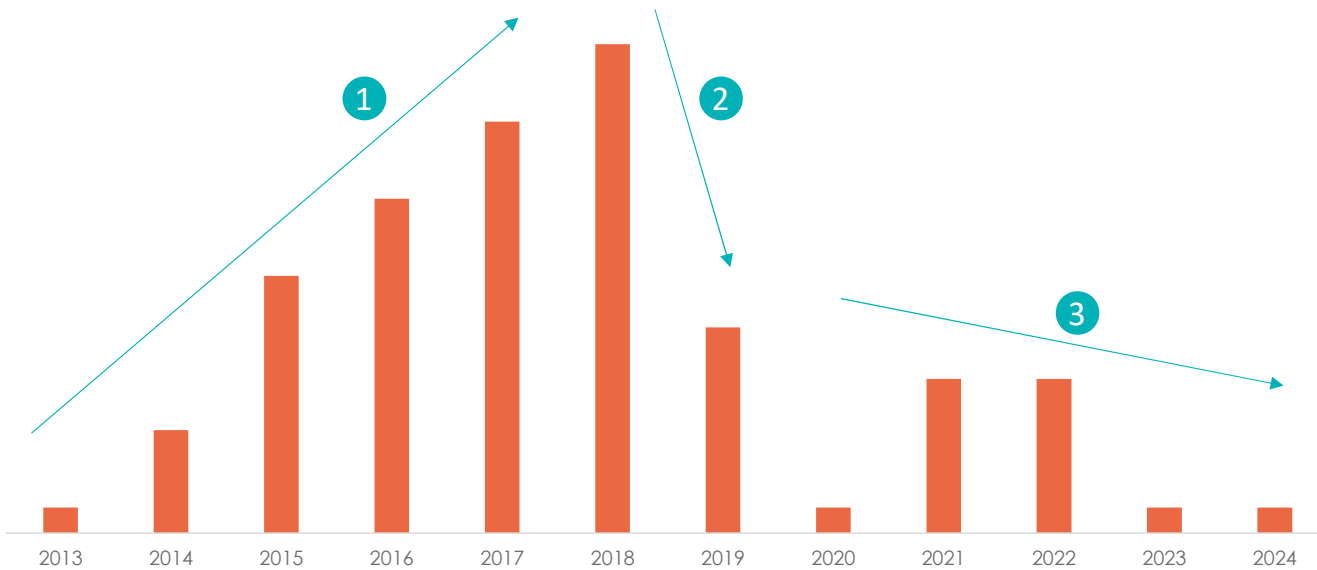
Escape Room industry has experienced a full cycle

1. *Initial expansion with rapid industry growth*

EH EMERGED A WINNER IN A CONSOLIDATING INDUSTRY

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Escape Room industry has experienced a full cycle

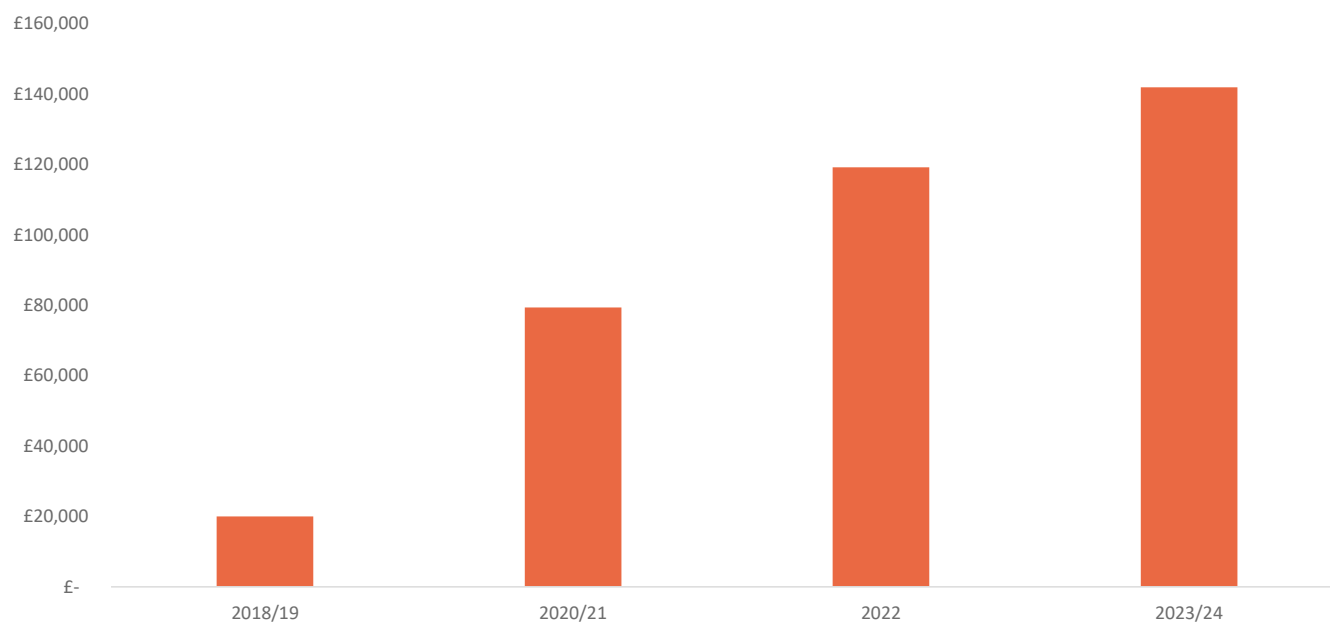
1. **Initial expansion** with rapid industry growth
2. **Consolidation started prior to covid** as weaker, **sub-scale** operators shaken out
3. **Industry closures** have exceeded openings since

- Escape Hunt has **emerged strongly** as the scale operator and industry leader
 - **Continued LFL growth**
 - **40%+ EBITDA margins**
- **Initial signs of industry consolidation** in competitive socialising
- As the scale operator, **Boom** similarly well positioned to benefit

INCREASINGLY ATTRACTIVE TO LANDLORDS

ESCAPE HUNT

AVERAGE TOTAL LANDLORD INCENTIVE (CAP CON + RENT FREE) PER SITE BY ESCAPE HUNT COHORT



- As industry leader in a growing industry, we are **increasingly attractive to landlords**
 - Built up demonstrable **reputation and customer experience** over time
 - Decline in traditional high street retail → **Landlords incentivised to find innovative tenants** to drive footfall
- Dynamics are evidenced by steadily **increasing landlord incentives over time**

LEADERSHIP REFLECTED IN UNIT ECONOMICS

XP FACTORY

	TYPICAL SITE	
	ESCAPE HUNT	BOOM (TIER 1 LOCATIONS)
Market position	#1	#1
Average review score	99%	97%
Revenue per site	~£600k	~£2m
EBITDA margin	~40%	~20%
Gross Build cost	£600k	~£1m
Landlord incentive	~£150k	~£300k
Net ROCE	~50%	~60%

Case study; Escape Hunt improvement since 2019



LEARNINGS

- **Best practice** (marketing, operations, product etc.)
- **Incremental revenue** streams (drinks, outdoor, corporate / schools etc)
- **Site** selection, site layout



EFFICIENCY

- **2+ games per games master**, aided by automation
- **Shortened changeover** (30 mins to 15 mins); more slots + efficiency



COMPETITIVE ENVIRONMENT

- **Net competitor closures**, limited openings
- **Lack of competitor reinvestment**; widening quality gap vs EH



SCALE

- Product **quality, reputation, awareness**
- **Games design, head office** etc

LFL UNIT ECONOMICS IMPROVEMENT



	AVERAGE 2018 SITE		
	2019	2024	GROWTH DRIVERS
Revenue	£490,000	£660,000	35% Best practice, incremental revenue streams, awareness, some new games
Labour	-£181,000	-£199,000	
% sales	-37%	-30%	+7ppt More games per gamesmaster, shortened changeover
Other costs	-£201,000	-£192,000	
% sales	-41%	-29%	+12ppt Leverage over fixed cost base, scale advantages, learnings
Site EBITDA	£108,000	£269,000	150%
Margin	22%	41%	+19ppt

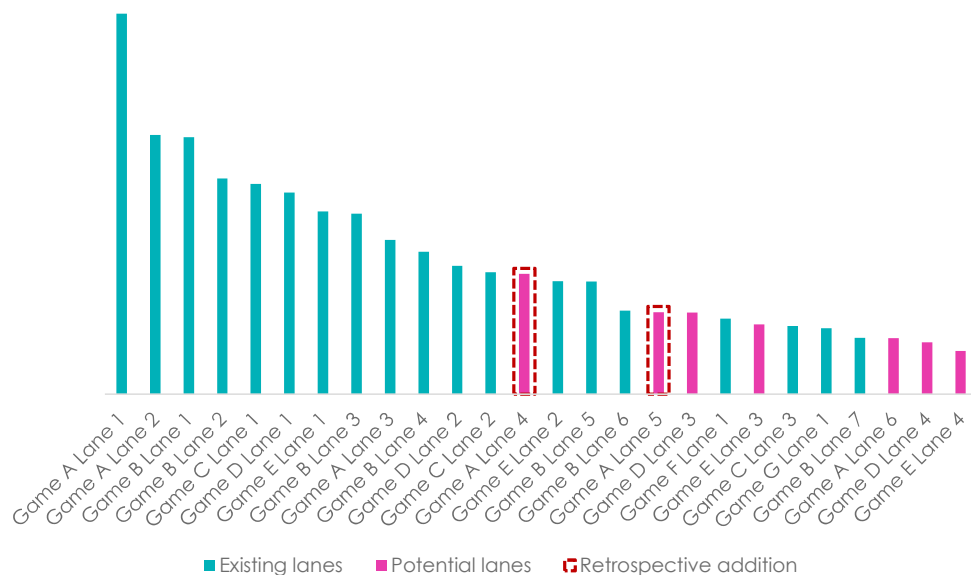
Self driven **improvement observable in site level P&L:**

- **Unit economics** at the 7 original EH sites have improved sharply
- **EH performance well above initial expectations**

LEARNINGS TO DRIVE IMPROVEMENTS



OXFORD STREET ESTIMATED MARGINAL CONTRIBUTION (INC. ASSOCIATED F&B) PER SQ M BY GAME LANE



Boom at an earlier stage of the lifecycle, learnings being applied and driving improvements e.g.:

- **Game mix and capacity** to unlock pent up demand (e.g. Oxford St incremental lanes added)
- **Site layout** and orientation
- **Operational best practice**
- **Brand and marketing** initiatives

STRATEGY TARGETS

Market leading position and exceptional unit economics drive confidence in strategic plan to accelerate growth



FY28 targets:

£90m revenue

(run rate at year end: £100m)

£13m pre-IFRS EBITDA

(Group EBITDA margin 15%)

Detailed in following sections

Thank you

Richard Harpham
CEO



USE OF DATA & SITE LEARNINGS

Dominic Richards
*Strategy &
Corporate Finance
Director*





Dominic Richards

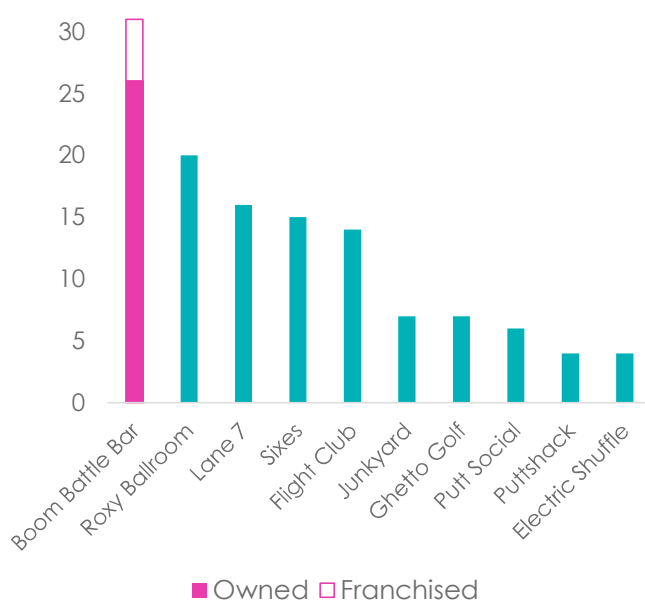
Strategy and Corporate Finance Director

- Joined **XP Factory** in **2023**
- **Hedge Fund investor** 2015-2023, focused on mid-cap European equities
 - **Investment Partner at Rye Bay Capital; ~\$1bn Hedge Fund**
 - **Pensato Capital (acquired by RWC Partners); ~\$300m Hedge Fund**
- Strategy Consultant at **Simon-Kucher & Partners; market leaders in pricing**
- Chemistry at Cambridge University

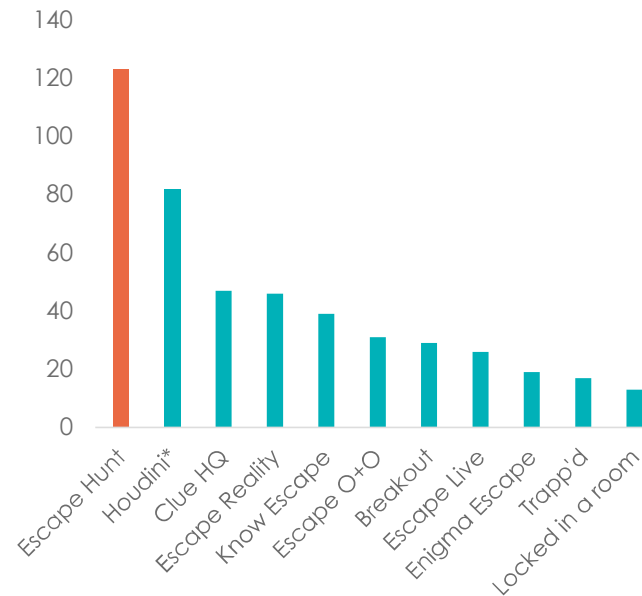
MARKET LEADER = DATA

XP FACTORY

COMPETITIVE SOCIALISING # OF UK SITES¹



ESCAPE ROOM # OF UK ROOMS¹



- 30 Boom / 23 EH UK sites
- ~2m Boom / ~0.5m EH annual customers

➤ Uniquely positioned to understand:

- **Optimal location** for each brand
- **Optimal site** format
- **Customer data** and database
- Test and learn to apply **across future and existing sites**
- Findings have **driven the XPF strategy**

SITE INDICATORS

XP FACTORY

The image shows a screenshot of a spreadsheet used for site analysis. The columns are labeled 'Site', 'Proxy profitability', and 'Combined site score'. The rows list sites from Site A to Site AC. The 'Proxy profitability' column contains numerical values, and the 'Combined site score' column contains numerical values. The cells are color-coded in shades of green, indicating different levels of profitability or score. The spreadsheet is partially obscured by a teal overlay on the right side of the slide.

Site	Proxy profitability	Combined site score
Site A
Site B
Site C
Site D
Site E
Site F
Site G
Site H
Site I
Site J
Site K
Site L
Site M
Site N
Site O
Site P
Site Q
Site R
Site S
Site T
Site U
Site V
Site W
Site X
Site Y
Site Z
Site AA
Site AB
Site AC

- **Internal site model incorporating learnings** from broad range of EH / Boom UK site openings;
 - **Strong predictive power** on future site performance
- Screen cities based on various indicators including
 - **Catchment population**
 - **Demographics**
 - **Competition**
- Informs on shortlist cities and potential **rent / cap-con required to hit returns criteria**

“MACRO” LOCATION (WHICH TOWN / CITY)

Strong performance across a wide range of:

- Affluences
- Catchment populations
- Competitive environments

“MICRO” LOCATION (WHERE WITHIN THE TOWN / CITY)

“Destinational”; large catchment area, most visits are pre-booked

→ Can be successful in less visible locations with variable natural footfall

Modular rooms with **malleable orientation**

→ Flexible site layouts

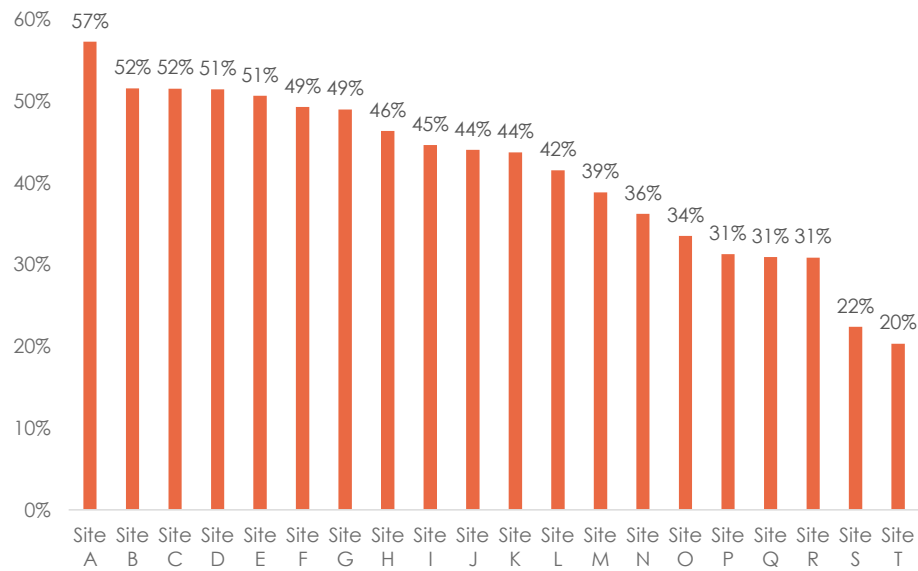
Attractive and differentiated position vs traditional high street operators:

- Potential to be **opportunistic with site location**
- **Highly attractive property deals** (Cap cons, rent free periods, ongoing costs)

CONSISTENT PERFORMANCE ACROSS EH SITES



2024 EH SITE EBITDA MARGINS, ALL UK MATURE SITES

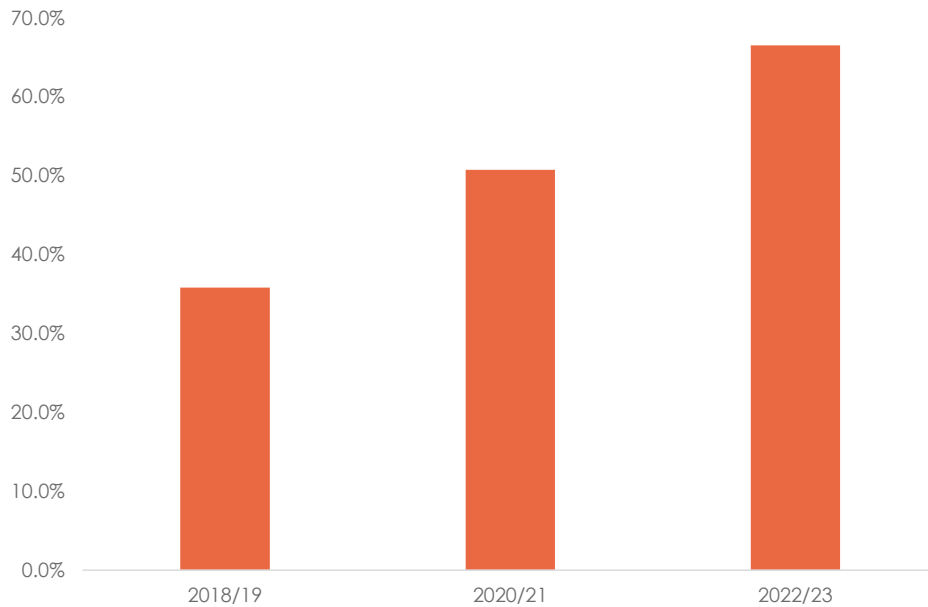


- **Consistent performance** across a **broad spectrum** of sites
- **All sites strongly profitable**
- 18 out of 20 mature **sites above original target EBITDA margin**
 - 3 immature 2024 sites expected to be similarly profitable

IMPROVING RETURNS FOR SUCCESSIVE COHORTS

ESCAPE HUNT

AVERAGE NET RETURN ON CAPITAL BY EH COHORT



- **Speed to maturity and ROCE** have been improving with successive cohorts, aided by:
 - **Impact of learnings** on speed of ramp up, build cost and profitability
 - Increased **landlord incentives**

CASE STUDY: WORCESTER

ESCAPE HUNT



- Worcester EH opened in August 2024
- Worcester “macro” location
 - Worcester average salary £34.4k (UK avg £35.4k)
 - City population ~100k (smallest EH catchment)

CASE STUDY: WORCESTER

ESCAPE HUNT

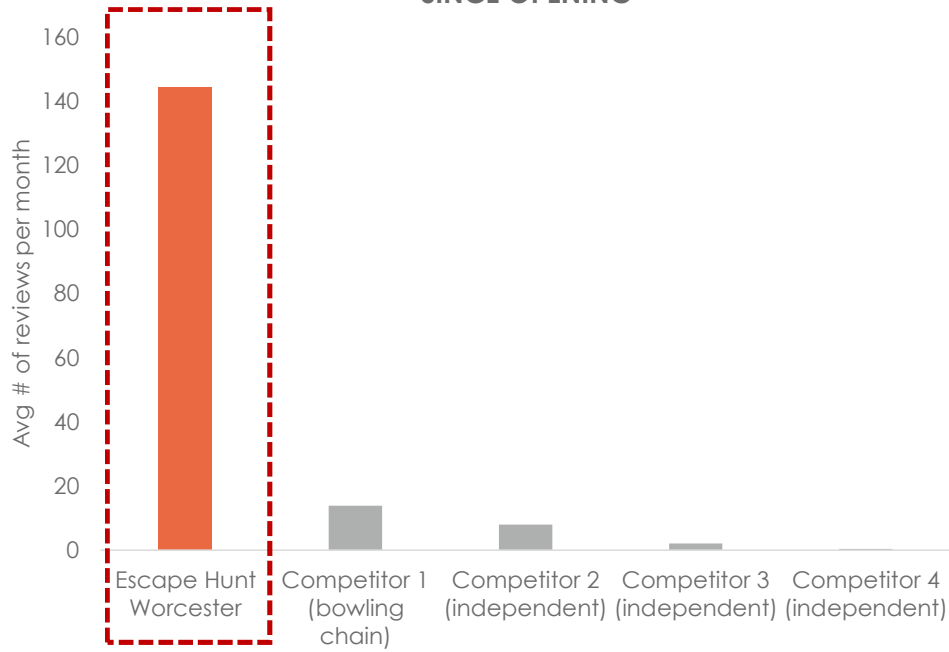


- Worcester EH opened in August 2024
- Worcester “macro” location
 - Worcester average salary £34.4k (UK avg £35.4k)
 - City population ~100k (smallest EH catchment)
- “Micro” location
 - Centrally located in a high footfall centre, but:
 - 2nd floor, recessed – low naturally passing footfall
 - Awkward site shape for “traditional retail”
 - Site unlet since scheme opened; obtained on attractive terms
 - Worked with landlord to boost external signage

WORCESTER COMPETITIVE ENVIRONMENT

ESCAPE HUNT

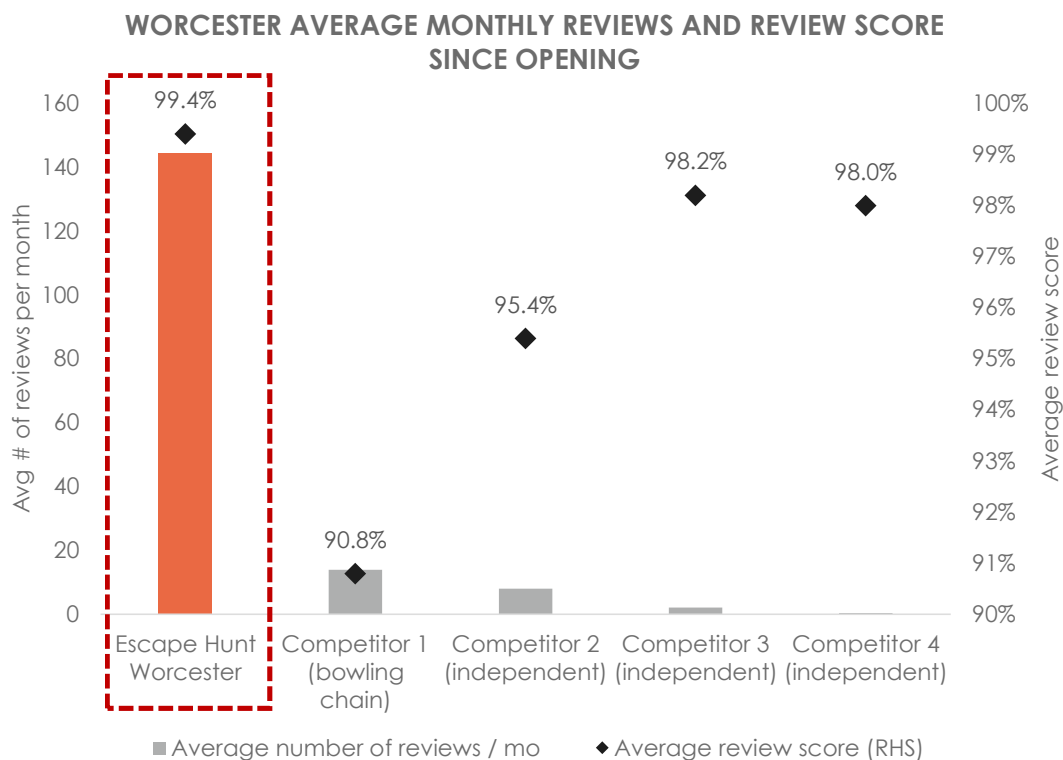
WORCESTER AVERAGE MONTHLY REVIEWS AND REVIEW SCORE SINCE OPENING



- EH's **exceptional content** and **higher build and maintenance budgets** vs competition are reflected in relative:
 - **Customer numbers** (e.g. ~6x review frequency as a v. rough proxy)

WORCESTER COMPETITIVE ENVIRONMENT

ESCAPE HUNT

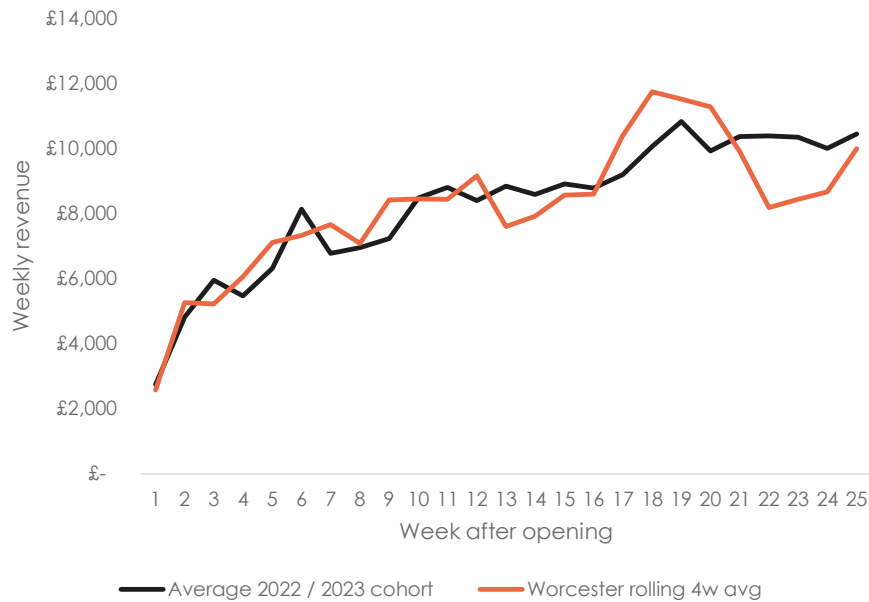


- EH's **exceptional content** and **higher build and maintenance budgets** vs competition are reflected in relative:
 - **Customer numbers** (e.g. ~6x review frequency as a v. rough proxy)
 - **Review score**
- Indicative of **challenges local competitors often face**
 - 1x centrally located **competitor has closed** since EH Worcester opened
 - 2x smaller competitors **have shortened hours**
 - Other competitor operates in an out-of-town bowling centre
- EH typically **gains share** and “**creates a new market**” upon opening

ENCOURAGING INITIAL PERFORMANCE

ESCAPE HUNT

REVENUE BY WEEK AFTER OPENING



- Initial Worcester **performance in line with the 2022/23 cohort** (and ahead of prior cohorts)
- Likely to translate **above average EBITDA and ROCE**



EH can be
SUCCESSFUL ACROSS
A WIDE VARIETY of
sites

- Secondary / tertiary sites **as well as premium locations**
- Potential to be **opportunistic on location** at attractive terms

SHORT TERM ILLUSTRATIVE TARGET:

8-10 NEW SITES P.A.

- Exceptional performance across site bands, implies **longer runway than initially thought**
- Now potential for **>100 sites mid term** (originally >50), sense checks:
 - ~100 UK towns and cities with population >100k
 - Potential for multiple in certain cities (c.f. 2 profitable EHs in Norwich)
 - Additional potential in smaller catchments yet to be explored
- **FY28 targets:**
 - ~50-60 sites
 - **~£30m revenue**
 - **~40% EBITDA margin**



“MACRO” LOCATION (WHICH TOWN / CITY)

Exceptional performance in:

- Large **catchment populations**
- **Population dense urban areas** with inbound catchments

“MICRO” LOCATION (WHERE WITHIN THE TOWN / CITY)

More **spontaneous bookings and walk-ins**; increased importance of:

- **Site visibility**
- **Naturally passing footfall**
- **City centre** location

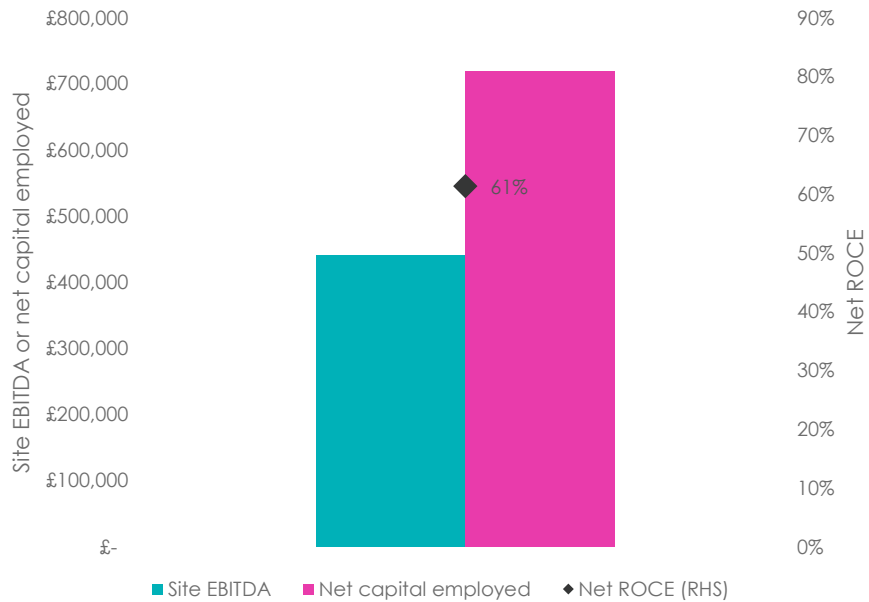
Prioritise sites in:

- Highly visible, high footfall locations
- In larger population dense catchments

STRONG UNIT ECONOMICS



2024 EBITDA / ROCE – average for “Tier 1” sites



- “Tier 1” defined as **premium footfall locations within large catchment cities**; 9 mature locations

- **Exceptional unit economics**

- ~£450k average EBITDA
- ~£700k net build cost
- ~60% ROCE

CASE STUDY OXFORD ST

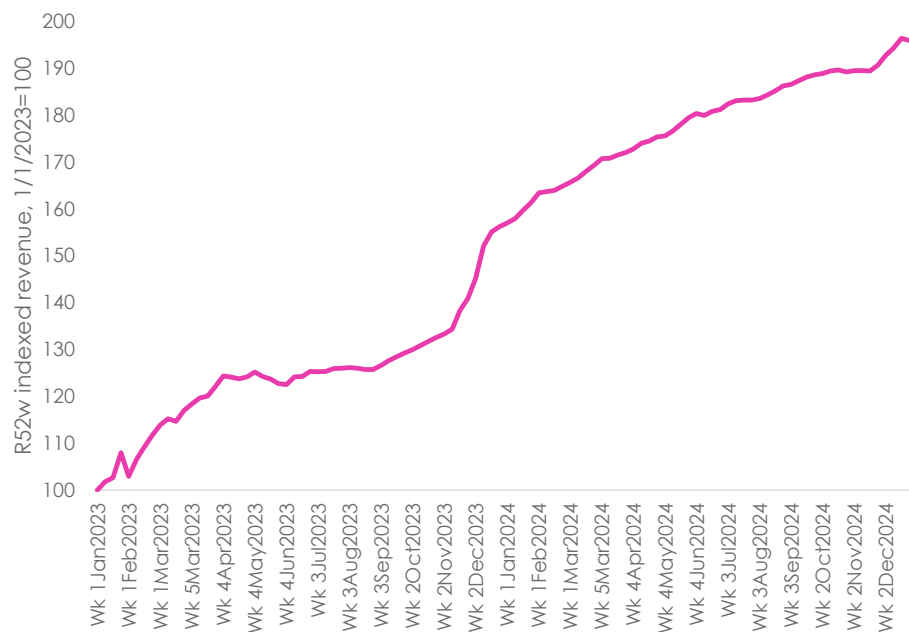


- **Tier 1 location**
 - Highly **visible site, high footfall**
 - **Central location**, proximity to local **transport links**, large **inbound traffic**
 - Strong **corporate demand**
 - Basement locations are more **challenging for traditional retail**
→ lower rent
- Strong utilisation **through the week**
- **Significant pent-up demand**, particularly at peak times

CONTINUOUS IMPROVEMENT



OXFORD ST BOOM, ROLLING 52 WEEK, INDEXED



- Growth driven by continuous self improvement e.g.:

- **Additional assets** to unlock pent up demand
- **Operational learnings**
- **Reorientation of site**
- **Corporate sales initiatives**

- **Building awareness** / word of mouth
- **Further initiatives** to be applied



Case study – Cambridge

- **Prime location** in a secondary city
- Incorporates **cumulative learnings**
- **2nd strongest opening performance** in the estate

SHORT TERM ILLUSTRATIVE TARGET:

2-4 NEW SITES P.A.

- **Prioritise premium, high footfall locations** in the short term given exceptional returns historically

➤ **FY28 targets:**

- ~35-40 sites
- ~£60m revenue
- ~20% EBITDA margin



SUMMARY

- Market leadership gives access to the **large data pool**
- Data used to **drive decisions**
 - **Ongoing** site improvements
 - **New site** openings
- Learnings have **driven the FY28 strategy**
 - **Accelerated** EH roll-out
 - Focus on **prime Boom locations**

Thank you

Dominic Richards
*Strategy &
Corporate Finance
Director*



BRAND EXPERIENCE EVOLUTION

Andrew Jacobs
COO

Sarah Lloyd-Baker
CCO & CMO

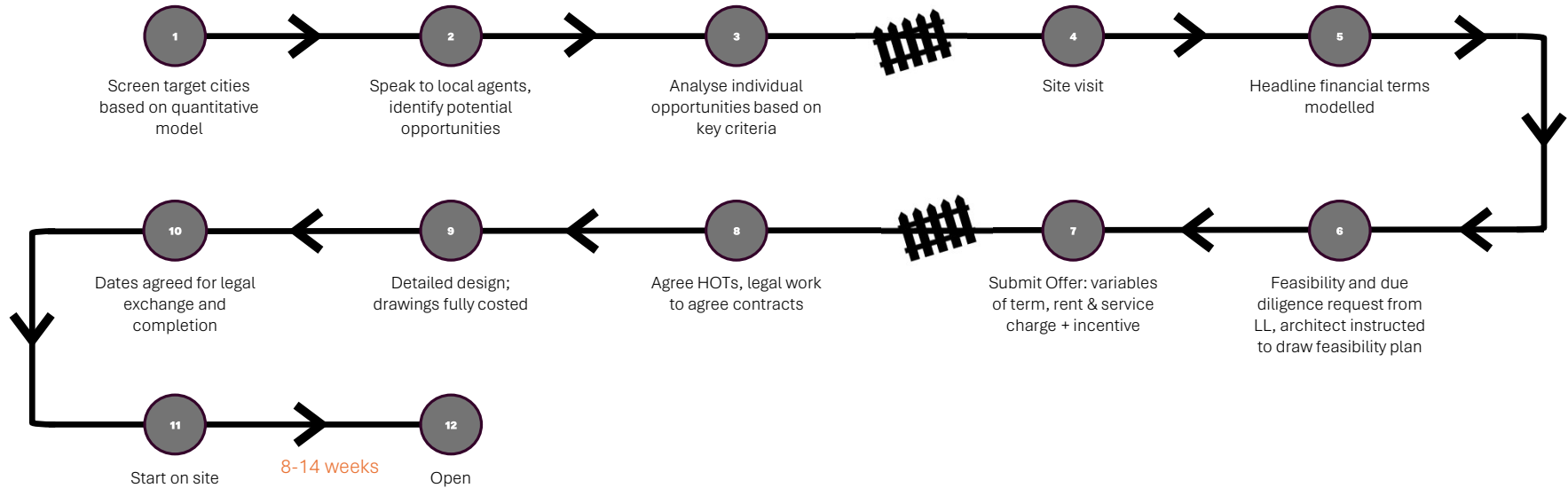


Site Selection



SMART SITE EVALUATION OPTIMISES SELECTION

DETAILED DATA DRIVEN 12 STEP FRAMEWORK



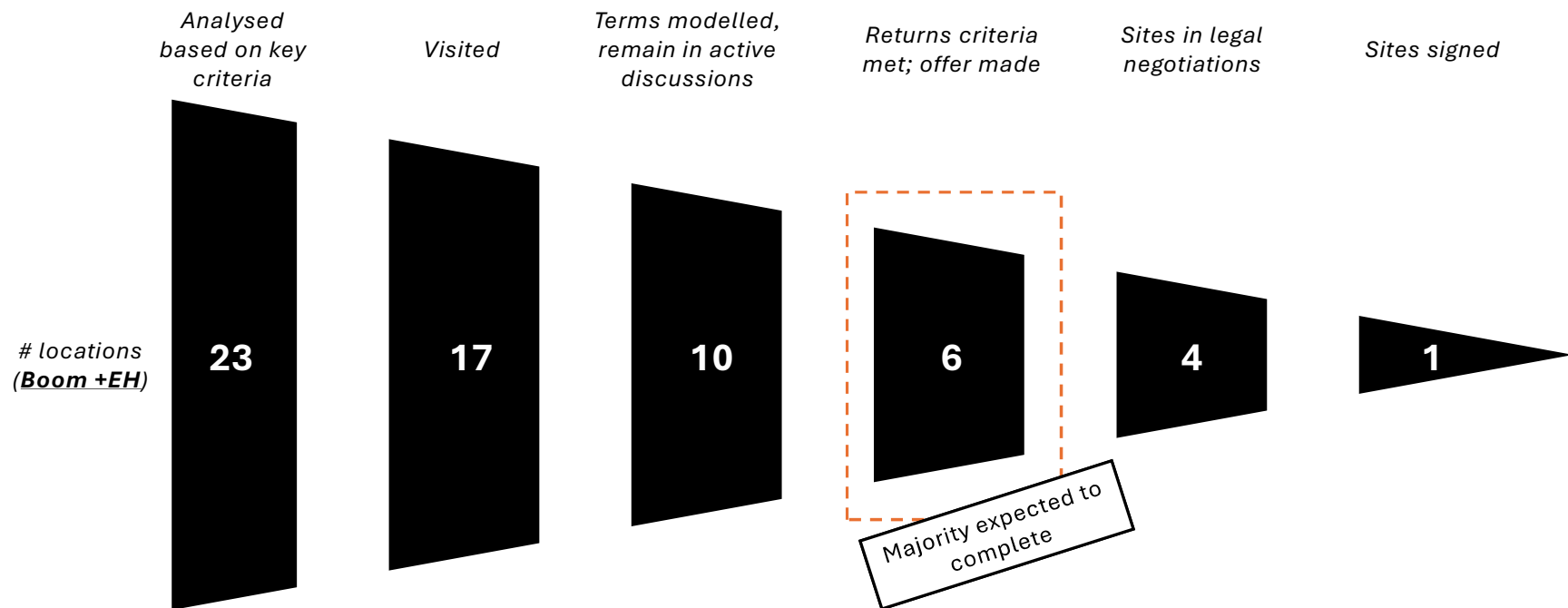
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ESCAPE HUNT

BOOM
BATTLE BAR.

SITE PIPELINE FUNNEL

Jan to Date (2 months)



- Lots of opportunity – large number of attractive sites being offered
- On track to achieve site opening targets

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Thank You

Andrew Jacobs
COO

Sarah Lloyd-Baker
CCO & CMO



FINANCIAL TARGETS

Graham Bird
CFO





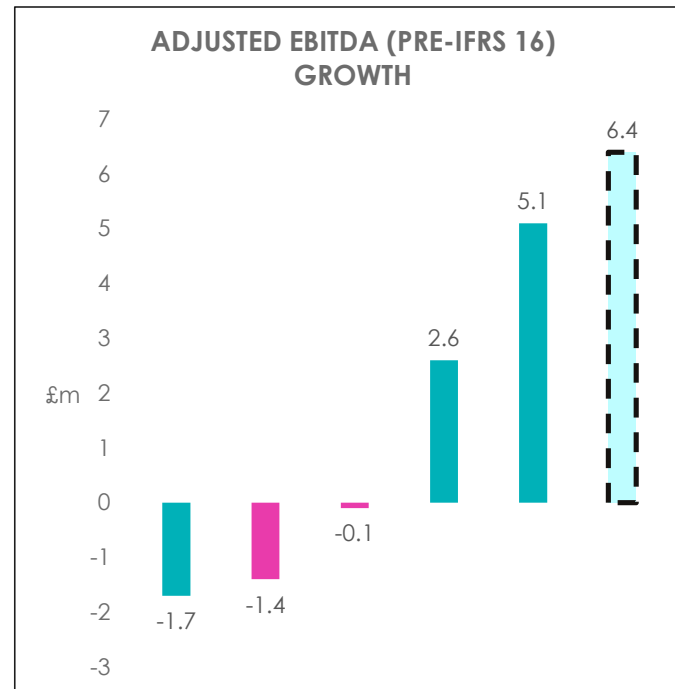
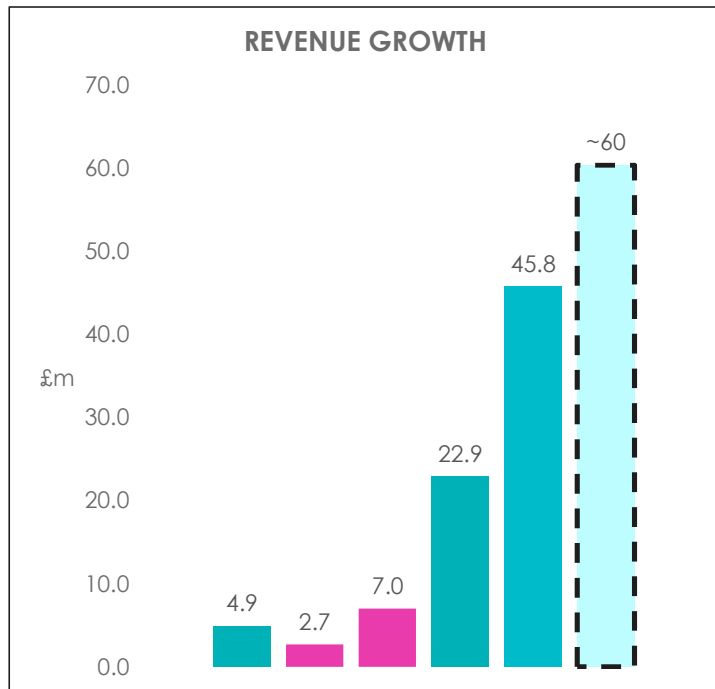
Graham Bird

Chief Financial Officer

- Joined as **CFO in January 2020**
- **Chartered accountant**, qualified with **Deloitte** in London
- **Founding employee at Gresham House plc**
 - Established and managed successful strategic equity business unit
 - Focus on quoted and non-quoted equity investments using private equity principles and practices
- Senior executive roles at **PayPoint Plc**
- Fund Manager and head of strategic investment at **SVG Investment managers**
- Corporate Finance Director at **JP Morgan Cazenove**

STRONG AND PROFITABLE GROWTH

FINANCIAL PERFORMANCE

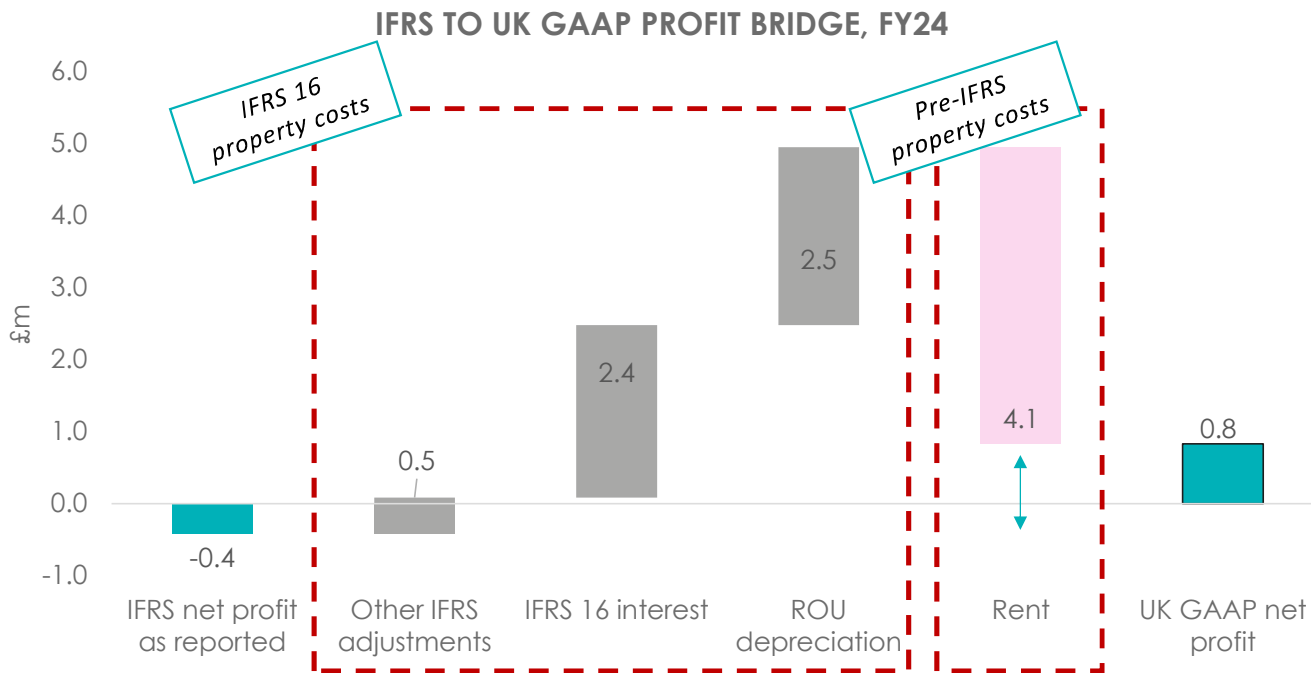


■ 2019 ■ 2020 ■ 2021 ■ 2022 ■ FY23/24 ann.¹ ■ FY24/25e²

- Aggressive growth over the past 5 years
- Continued revenue growth reflecting site expansion and LFL growth
- Improvement in EBITDA reflecting growth and maturation of sites
- Strong historic trend and cash generative business model underpins strategy to re-accelerate site expansion

PRE-IFRS REPORTING CLOSER MATCHES CASH

XP FACTORY

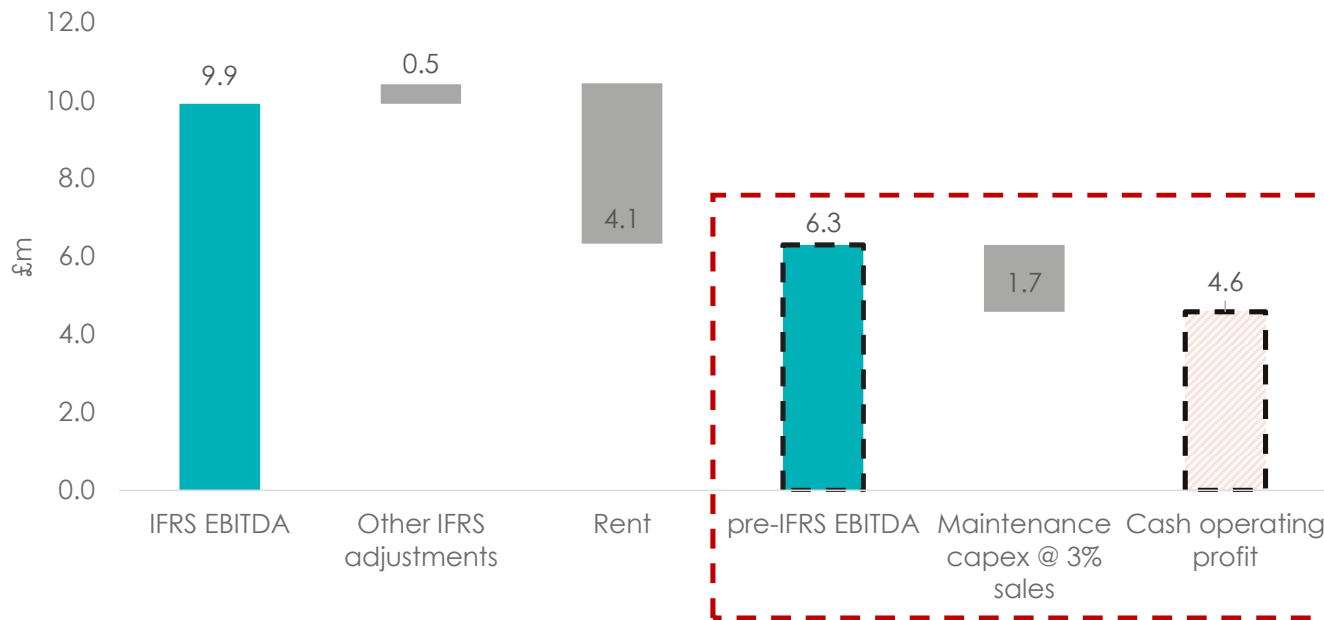


- XP focuses on UK GAAP as this **closer matches cash**; rent is consistent across the lifetime of the lease
- **IFRS 16 interest disproportionately higher** in early leases
 - This tends towards zero as leases end
 - Therefore IFRS profit lower than UK GAAP at start of leases, higher towards end
- **Net profit negatively impacted for young companies** with more early leases by IFRS reporting
- XP Factory was **profitable in FY24 at net income level on a pre-IFRS basis**

EBITDA AS A PROXY FOR CASH GENERATION

XP FACTORY

CASH GENERATION 15M TO MAR 2024

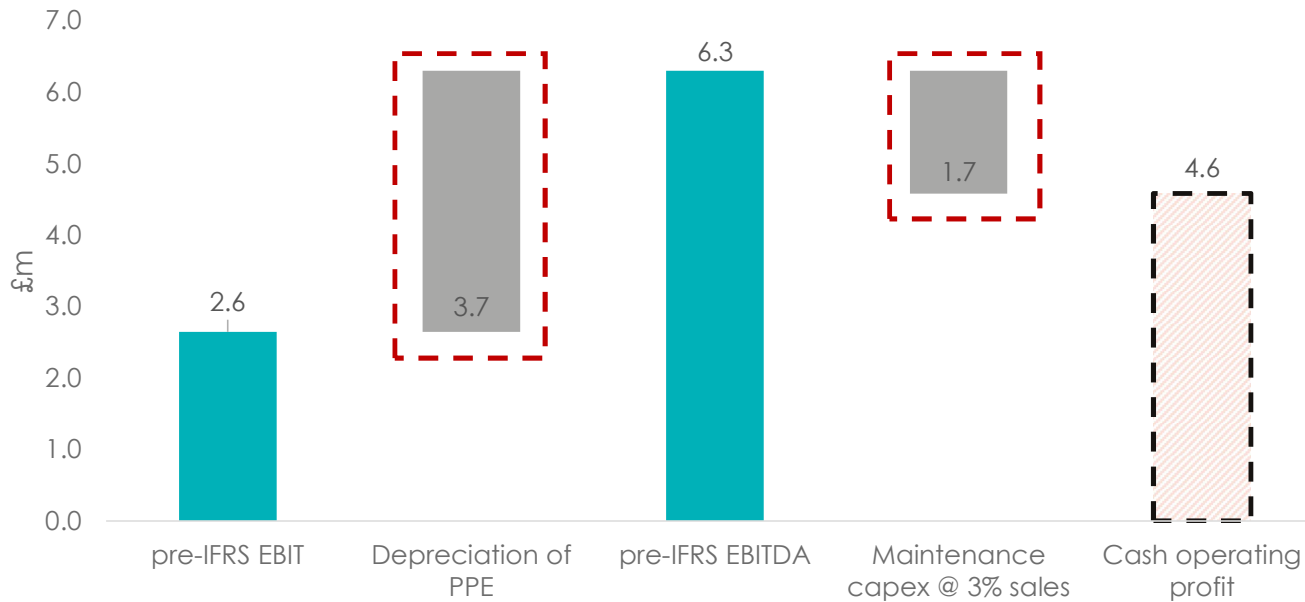


- We believe pre-IFRS EBITDA after maintenance capex is the best proxy for **underlying cash profit**
 - **Rent considered as an operating cash cost** (vs included in depreciation and interest under IFRS 16)
 - Maintenance capex reflective of the **cash required to keep sites fresh**
- The resulting underlying “cash operating profit” reflective of **profit available for shareholder returns, debt funding or organic expansion**

MAINTENANCE CAPEX BELOW DEPRECIATION

XP FACTORY

CASH GENERATION 15M TO MAR 2024

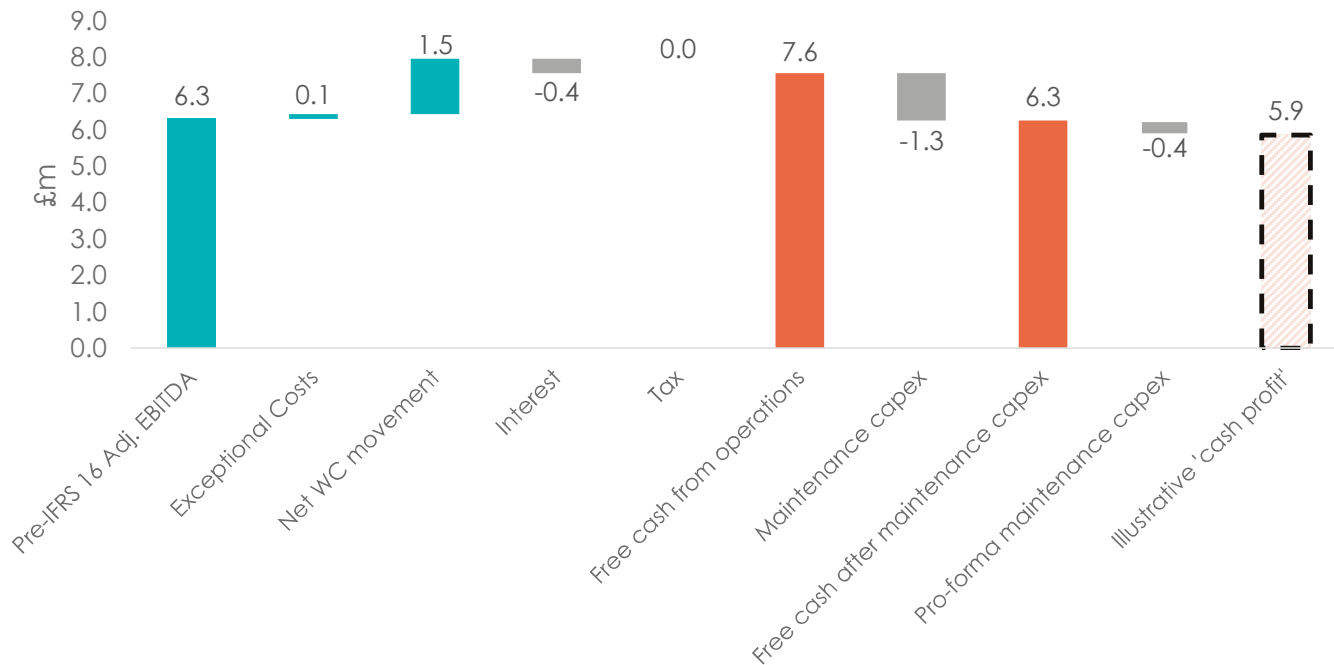


- Maintenance capex **assumption of ~3% of sales** based on detailed breakdown of expected replacement cycles
 - **Current maintenance capex levels are below** this expected long-term level due to a young estate
- This is materially **below corresponding depreciation** as:
 - **Large portion of upfront capex** will not need replacing over site lifetime (e.g. M&E)
 - **Useful lifetimes proving longer** than depreciation policy
 - **Ongoing maintenance opex of ~1.5-2%** of sales expensed through the P&L
- **Cash profitability therefore generally above reported profit**

STRONG HISTORIC CASH GENERATION

XP FACTORY

Cash generation 15m to Mar 2024



- Strong cash generation from operations, **typically ahead of EBITDA** reflecting cash rent free periods and WC cycle
- Young estate means **maintenance capex is currently below long-term expectations**; strong cash generation even after normalising for this

STRATEGIC PLAN

Increase revenue by 50%+ and double EBITDA by Mar 2028

- Bank financing enables acceleration of expansion plans
 - Consistently strong returns from Escape Hunt and site economics has increased size of the opportunity in the UK
 - Learnings from Boom underpin targeted approach

Strategy driven by:

- **Site expansion**
- Strong **unit economics**
- Leveraged **head office costs**

Delivered within a **modest net debt / EBITDA ratio of ~1.0x**, enabled by £10m secured RCF

Vision for the year to March 2028

£90m revenue

(run rate at year end: £100m)

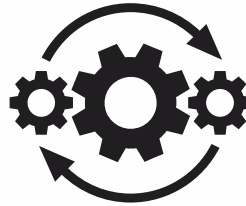
£13m pre-IFRS EBITDA

(Group EBITDA margin 15%)



Site expansion

- Escape Hunt – **accelerate expansion**
 - Target avg 8-10 new EH sites per year
- Boom – continued expansion, **prioritise premium locations**
 - Target 2-4 new sites per year
- **Prioritise UK initially** given large runway, International remains a significant incremental mid-term opportunity



Unit economics

- Investing in **data and systems**, implementing key learnings
- Increased **game capacity to unlock** pent up demand
- **Technology** to drive cost efficiency and product enhancements



Head Office costs

- **Operational leverage** on head office; built to manage a larger scale of sites
- Testing **AI initiatives**
- Target fixed **central cost: ~10.0% - 12.5%** of sales mid-term (FY24: 17%)

Underpinned by:

- **~50% site level ROCE**, strong **underlying cash generation**
 - Industry leading **customer experience**

TARGETS ILLUSTRATION

XP FACTORY



~£30m turnover @ ~40% EBITDA
 ~50-60 sites
 (+~8-10 p.a.)
 Capex ~£600k / site
 LL incentives ~£100k-£200k / site



~£60m turnover @ ~20% EBITDA
 ~35-40 sites
 +2-4 premium sites p.a.
 Capex ~£900k / site
 LL incentives ~£200k-£400k / site



~£1.5m - £2.0m contribution



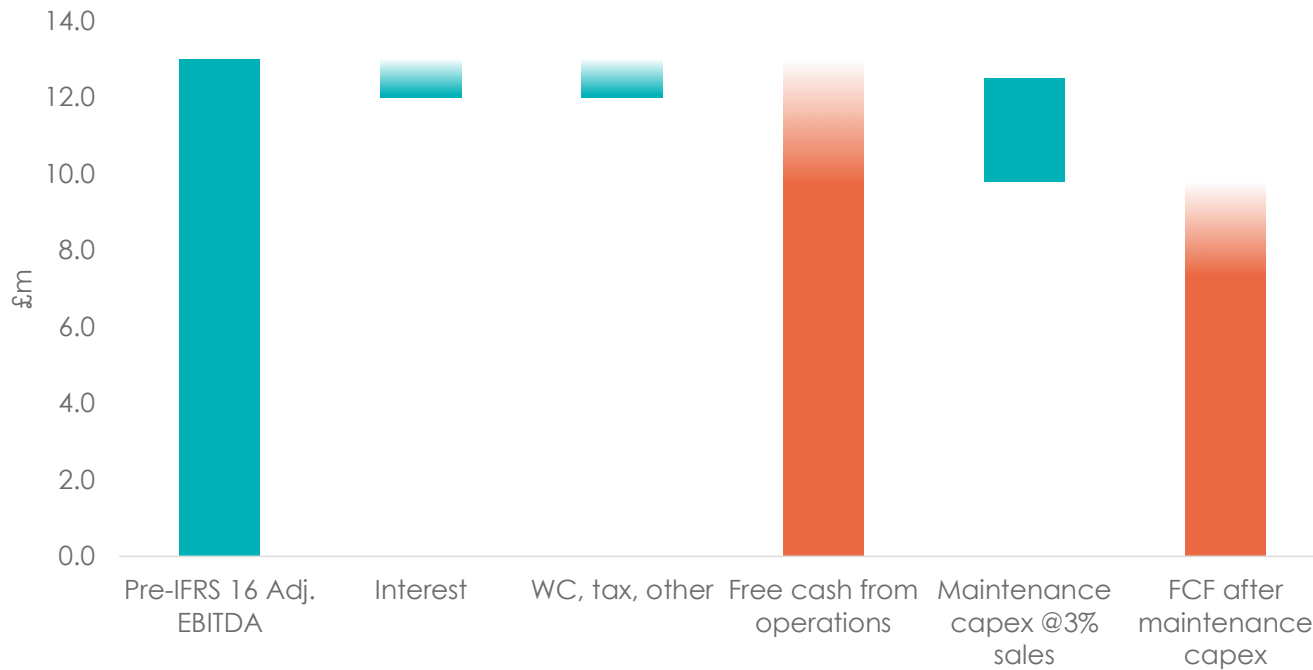
Head office fixed costs
 10% - 12.5% of sales
 Contained costs

FY28 Sales FY28 EBITDA: Net Debt:EBITDA
 ~£90m ~£13m ~1.0x

TARGETS WILL DRIVE STRONG CASH GENERATION

XP FACTORY

ILLUSTRATIVE CASH GENERATION FY28



- The strategic plan will deliver a **business with strong underlying free cash flow** generation;
- Business will be in a strong position to **consider capital allocation strategies e.g.:**
 - Dividend policy
 - Share buyback
 - Further organic or inorganic investment
- Planned balance sheet reorganisation provides **flexibility to return capital** to shareholders



SUMMARY

- Strong historic **cash generation and profitable growth** drives confidence in strategy
- FY28 targets: **£90m revenue, £13m EBITDA** whilst maintaining **Net Debt ~1.0x EBITDA**
- Resulting cash generative business will be in a **strong position to consider capital allocation** options

Thank you

Graham Bird
CFO



SUMMARY & Q&A

Richard Harpham
CEO



SUMMARY

XP FACTORY

- As the market leader, XP Factory is well **positioned to succeed in a growing industry**
- **Scalable, cash generative business** founded on exceptional **unit economics**
- Significant “**white space**” **opportunities** identified for both brands and are being proactively pursued
- **Brand and product continuously evolving** with ongoing insights and changing trends
- **Learnings underpin the strategic plan** to grow **revenue to ~£90m and double EBITDA to £13m** by FY28



xpfactory plc

CAPITAL MARKETS DAY, 5TH MARCH 2025