



**Escape Hunt plc (AIM: ESC)
("Escape Hunt", the "Group" or the "Company")**

**Exchange of Contracts for French acquisition
and
Trading Update**

Exchange of contracts for French Master Franchise Partner

Escape Hunt, a global leader in the growing escape rooms sector, is pleased to announce that, further to its announcement made on 22 January 2021 ("Announcement"), it has exchanged contracts to acquire its French master franchise partner, BGP Escape ("French Acquisition"). The acquisition is expected to complete on or before 15 March 2021 with the terms of the deal the same in all material respects as set out in the Announcement. A further announcement will be made in due course.

Trading update

Highlights:

- Modest improvement in FY20 Group Adjusted EBITDA loss¹ vs FY19, despite COVID-19 restrictions on trade
- Significant progress made in all aspects of the Company's strategy
 - Owner-operated estate expanded by 89% from 9 to 17 (4 new builds, 1 in progress, 3 acquisitions)
 - Digital and play-at-home product range launched
 - Further progress in the US
- Encouraging levels of consumer demand between lockdowns gives cause for cautious optimism on full reopening of UK owner-operated sites
- Cash balance at 31 January 2021 of £3.95m

Trading in 2020, both in the Company's UK and international business, was severely impacted by government mandated restrictions on the leisure industry in response to the COVID-19 pandemic. However, as previously announced, the Company was able to take action to mitigate the impact of the site closures, including the launch of digital and play-at-home propositions, careful management of costs, and by accessing certain government support schemes. In addition, the Company has completed two successful fundraises since COVID-19 restrictions were initially imposed; the first in July 2020 raised £4.3m (before expenses) ("July Placing") and a second in January 2021, raised £1.4m (before expenses) ("January Placing"), in part to fund the French Acquisition.

The July Placing, in particular, enabled the Company's management to make significant progress in all aspects of the five point value creation plan set out at the time, with shareholders being appraised of the progress through the Company's announcements during the second half of 2020 and in early 2021. In particular, the Company's UK owner-operated estate has been substantially expanded and, as set

out above, the Company has successfully launched a series of digital and play-at-home products. As a result, the directors believe that the Company is in a strong position to benefit from a resumption of activity once lockdown restrictions are lifted.

Revenue for the year to 31 December 2020 fell to approximately £2.6m from £4.9m in 2019. At a segmental level, revenue from the UK owner-operated sites was approximately £2.0m (2019: £3.8m), including revenue from digital and play-at-home solutions of approximately £0.23m (2019: nil); whilst franchise revenue was approximately £0.6m (2019: £1.1m).

Notwithstanding the significant reduction in turnover in the year ended 31 December 2020, Adjusted Group EBITDA loss¹ is expected to show a modest improvement compared to the prior year at approximately £2.0m (2019: £2.1m).

The Group ended the year with £2.7m of cash (2019: £2.2m) and the January Placing raised a further £1.4m (before expenses). The Group held £3.95m of cash at the end of January 2021.

Further details will be provided in the Company's audited final results for the year.

Outlook

Whilst the continuation of lockdown restrictions means that it is difficult to plan for the months ahead, the pace at which the vaccination programme is being rolled out in the UK and the recent Government announcement outlining a route towards re-opening the economy gives reason for a more positive outlook than the Company was faced with only a few weeks ago. Evidence on re-opening after the 2020 spring/summer lockdown was very encouraging and, as a result, the Board is confident that both consumer and corporate demand will return strongly when the restrictions currently in place are lifted. At the same time, property market conditions in the UK are increasingly favourable for those seeking to take on new space and the Board is therefore actively looking at ways in which the Company can capitalise on the opportunity and build on the platform to cater for the growing demand for experiential leisure activities and engagement.

In February 2020, the Company had only 9 Escape Hunt branded owner-operated sites, all in the UK. Following completion of the French Acquisition and the build-out at Kingston, the network will have expanded to 17, with Milton Keynes potentially becoming the Company's 18th owner-operated site. Once new site performance has matured and conditions and demand have normalised post COVID-19, the Directors believe that an owner-managed network of this size should be capable of supporting positive group EBITDA and positive cash generation, subject to reasonable assumptions in other areas of the Group.

On the international front, the Board is excited about the potential of bringing the French master franchise in-house alongside the Middle East business which was acquired in September 2020, and the progress being made in the US with partners Proprietors Capital Holdings, is encouraging. Whilst it is possible that a small number of the Company's existing international franchise network may not survive the challenges of the pandemic, the opportunity for the other parts of the network to rejuvenate after COVID-19 is tangible.

Finally, the significant progress made by the Company in establishing digital and other play-at-home products has provided a new, scalable revenue stream and growth opportunity, which the directors expect to become an increasingly important part of the business in the future. As a result,

¹ Before IFRS 16 adjustments and before Covid-related provisions against franchisee receivables and loans to franchisees

notwithstanding the prospect that the coming weeks and possibly months are likely to remain difficult for the whole leisure industry, the Board has reason to look forward with cautious optimism.

The information contained within this announcement is deemed by the Group to constitute inside information stipulated under the Market Abuse Regulation (EU) No. 596/2014.

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Notes to Editors

About Escape Hunt plc

The Escape Hunt Group 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. Its products enjoy consistent premium customer ratings and cater for leisure or teambuilding, in small groups or large, and are suitable for consumers, businesses and other organisations. Having been re-admitted to AIM in May 2017, the Company has a strategy of creating high quality premium games and experiences delivered through multiple formats and which can incorporate branded IP content. (<https://escapehunt.com/>)

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