
ESCAPE HUNT PLC

Registered number 10184316

UNAUDITED CONDENSED INTERIM REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2017



HIGHLIGHTS

Escape Hunt plc (“the Company” or “Escape Hunt”), the global escape game company, announces its interim results for the six months to 30 June, 2017. These results include only two months of trading of the Escape Hunt business, which the Company acquired in May 2017.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

- Acquisition of Experiential Ventures Ltd for £12m in May, 2017
- Placing of 10.4m new ordinary shares to raise cash of £14m before expenses
- Pre-tax loss of £1.1m, in line with our expectations and including transaction costs of £0.9m
- Basic loss per share of 7.9 pence
- Net cash of £12.4m at 30 June, 2017
- 45 Escape Hunt franchisees at 30 June, 2017
- Share of franchisees’ revenue for the two months since acquisition in line with expectations and an increase of 40% on the same period in 2016

Chief Executive Officer, Richard Harpham comments:

“In a short space of time, we have identified 8 attractive sites in the UK where leases are in the process of completion, and with a strong pipeline of sites for next year. At the same time, we have been reviewing and improving the process of game design and implementation to ensure that both franchisee and owner operated sites can be opened as smoothly as possible. In order to mitigate risk, the completion and fit-out of sites will be carefully staged.

“Our franchisee activity continues to develop with 45 franchise sites now open and 4 more due to open in the near future. Our share of franchisees’ revenue for the two months since acquisition is in line with our expectations and is an increase of 40% on the same period in 2016. Since we acquired the business four months ago, our expectations of the market are being confirmed and we remain confident about the opportunities for the business. Given our ambitious owner operated plans in the UK, the Board has developed a sequentially planned roll-out programme to manage risk and ensure returns are maximised.”

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation.

Enquiries:

Escape Hunt plc

Richard Harpham	07584 173958
Alistair Rae	07736 883934

Peel Hunt LLP

Adrian Trimmings, George Sellar	020 7418 8900
---------------------------------	---------------

Stockdale Securities Ltd

Daniel Harris, Hanan Lee Fiona Conroy (Corporate Broking)	020 7601 6100
--	---------------

Tulchan Communications

Susanna Voyle, Will Smith	020 7353 4200
---------------------------	---------------



CONTENTS

	Page Number
Chairman's Statement	2
Statement of Directors' Responsibilities in respect of the Interim Report and Financial Statements	4
Condensed Consolidated Statement of Comprehensive Income	5
Condensed Consolidated Statement of Financial Position	6
Condensed Consolidated Statement of Changes in Equity	8
Condensed Consolidated Statement of Cash Flows	9
Notes to the Condensed Consolidated Financial Statements	10
Company Information	20

CHAIRMAN'S STATEMENT

In November 2016, the management team of Dorcaster identified Experiential Ventures Ltd ("EV") as a possible acquisition and after entering into exclusive negotiations, we were delighted to be able to acquire this business on 2 May, 2017. The total consideration was £12m, of which £7.2m was paid in cash and the balance of £4.8m by the issue of 3.55m new ordinary shares of the Company. A total of £14m was raised to provide adequate cash resources to fund the cash consideration and the expansion of the business across the UK and elsewhere. Dorcaster plc was renamed Escape Hunt plc at the same time.

Escape Hunt is one of the global leaders in the high growth 'escape game' space, and the Group's strategy remains to initially open owner-operated branches in the UK and other European jurisdictions. In addition, Escape Hunt intends to continue to build on its strong franchise network and open further franchised branches internationally.

Although only owned by Escape Hunt plc for a short time, the business has performed in line with expectations and the management team are finding opportunities across the industry to develop the escape games room activities. We have identified 8 sites across the UK and are in the legal process to sign long term leases on each of these.

Another 6 franchised sites were opened in the first six months of this year and we now have 45 franchises around the world. The total income of our franchisees, of which we receive a share, reached a record in July.

Financial review

The results for the six months to 30 June 2017 include only two months trading of the Escape Hunt business which we acquired and six months of Escape Hunt plc itself.

The EBITDA of the Escape Hunt business for the two months was £54.1k on revenue of £193k, a margin of 28%. The Escape Hunt share of franchisees' revenue increased from £84.5k in the same 2 months of 2016 to £118k in 2017 - an increase of 40% on the prior year. Costs were slightly higher in 2017 due to a higher spend on both professional fees in the short term and an increased spend on marketing.

The UK Head office costs in the first 4 months of the year combined with its staff and other costs - predominantly professional fees - for the period after the acquisition were a total of £191.4k. In addition, a charge was taken to the Income Statement of £43.5k in respect of a share based payment. This relates to the warrant which was granted to Stockdale Securities Ltd at the time of the acquisition and re-admission of the Company to AIM, granting them rights to subscribe for 1% of the equity of the Company at the IPO price of £1.35.

Exceptional fees which all related to the transaction of acquiring EV and the re-admission to AIM of Escape Hunt plc and the associated fund raising of £14m amounted to £3.1m. Of this sum, £869.9k was charged in the Income Statement for the 6 months to 30 June 2017, £1,688.6k was charged to the share premium account with the balance of £536k charged to the Income Statement in 2016.

As a consequence, the loss after tax for the half year for the Group was £1,056.7k. The loss per share was 7.88p.

At 30th June, the Group had net cash of £12.4m, derived both from the placing mentioned above and from its initial fund raising in July 2016. Expenses relating to the Escape Hunt transaction of some £0.7m have been paid since the end of June.

The total goodwill paid by Escape Hunt plc for EV was £12.39m. This has provisionally been allocated as to £10.2m for the Intellectual Property of the business, £0.8m for the net present value of the current remaining

franchise income, £0.1m for the development of an app and £1.29m for purchased goodwill. The goodwill allocations may be subject to variation with the benefit of full year information.

Dividends

The Directors do not propose a dividend for the six-month period ended 30 June 2017. A dividend of £98.9k had been declared but not paid by EV to one of its then shareholders, prior to its acquisition by Escape Hunt plc. The dividend had already been recorded in the accounts of that company and was paid by EV during the period.

Outlook

The management team is focused on acquiring new sites across the UK and preparing for their opening by designing the best quality games offering in this sector. We see considerable opportunities to develop the Escape Hunt brand over the next few years.

Richard Rose
Non-Executive Chairman

15 September 2017



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', as adopted by the European Union 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 Escape Hunt plc are listed on page 20 of this report. A list of current directors is maintained on the Company's web site: <http://investors.escapehunt.com/>

By order of the Board

Richard Rose
Non-Executive Chairman

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Note	Six months ended 30 June 2017 Unaudited £	Period ended 30 November 2016 Unaudited £
Continuing operations			
Revenue	5	192,859	-
Cost of sales		(86,257)	-
Gross profit		106,602	-
Other income		142	-
Transaction expenses		(869,895)	(1,051,099)
Administrative expenses		(293,500)	(21,430)
Operating loss		(1,056,651)	(1,072,529)
Interest received		546	-
Loss before taxation		(1,056,105)	(1,072,529)
Taxation	7	(601)	-
Loss after taxation		(1,056,706)	(1,072,529)
Other comprehensive income:			
Items that may or will be reclassified to profit or loss:			
Exchange differences on translation of foreign operations		(324)	-
Total comprehensive loss		(1,057,030)	(1,072,529)
Loss attributable to:			
Equity holders of Escape Hunt plc		(1,057,030)	(1,072,059)
Total comprehensive loss attributable to:			
Equity holders of Escape Hunt plc		(1,057,030)	(1,072,529)
Loss per share attributable to equity holders:			
Basic (Pence)	6	(7.88)	(13.41)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Note	As at 30 June 2017 Unaudited £	As at 31 December 2016 Audited £
ASSETS			
Non-current assets			
Property, plant and equipment		162,572	-
Intangible assets	8	12,420,708	-
Rent deposits		31,505	-
		12,614,785	-
Current assets			
Trade receivables		12,475	-
Other receivables, deposits and prepayments		270,581	-
Cash and bank balances		12,411,131	7,923,106
		12,694,187	7,923,106
TOTAL ASSETS		25,308,972	7,923,106
LIABILITIES			
Current liabilities			
Trade payables		18,385	36,000
Deferred income		95,205	-
Other payables and accruals		1,133,344	429,386
		1,246,934	465,386

	Note	As at 30 June 2017 Unaudited £	As at 31 December 2016 Audited £
Non-current liabilities			
Deferred income		551,103	-
Decommissioning provision		1,187	-
		552,290	-
TOTAL LIABILITIES		1,799,224	465,386
NET ASSETS		23,509,748	7,457,720
EQUITY			
Capital and reserves attributable to equity holders of Escape Hunt Plc			
Share capital	9	253,241	125,000
Share premium account		25,878,296	8,940,955
Accumulated losses		(2,710,777)	(1,608,235)
Currency translation reserve		(324)	-
Capital redemption reserve		45,833	-
Share-based payment reserve		43,479	-
TOTAL EQUITY		23,509,748	7,457,720

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital £	Share premium account £	Currency translation reserve £	Capital redemption reserve £	Share-based payment reserve £	Accumulated losses £	Total £
For the six months ended 30 June 2017:							
Balance as at 1 January 2017	125,000	8,940,955	-	-	-	(1,608,238)	7,457,717
Loss for the period	-	-	-	-	-	(1,056,706)	(1,056,706)
Other comprehensive income	-	-	(324)	-	-	-	(324)
Total comprehensive loss	-	-	(324)	-	-	(1,056,706)	(1,057,030)
Issue of shares	174,074	18,625,925	-	-	-	-	18,799,999
Shares issue costs	-	(1,688,585)	-	-	-	-	(1,688,585)
Buy-back of shares	(45,833)	-	-	45,833	-	(45,833)	(45,833)
Share-based payment charge	-	-	-	-	43,479	-	43,479
Transactions with owners	128,241	16,937,340	-	45,833	43,479	(45,833)	17,109,060
Balance as at 30 June 2017	253,241	25,878,295	(324)	45,833	43,479	(2,710,777)	23,509,748
For the period ended 30 November 2016:							
Loss for the period	-	-	-	-	-	(1,072,529)	(1,072,529)
Issue of shares	125,000	9,585,000	-	-	-	-	9,710,000
Share issue costs	-	(644,045)	-	-	-	-	(644,045)
Transactions with owners	125,000	8,940,955	-	-	-	-	9,065,955
Balance as at 30 November 2016	125,000	8,940,955	-	-	-	(1,072,529)	7,993,426

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Six months ended 30 June 2017 Unaudited £	Period ended 30 November 2016 Unaudited £
Cash flows from operating activities		
Loss before income tax	(1,056,105)	(1,072,529)
Adjustments:		
Depreciation of property, plant and equipment	4,290	-
Amortisation of intangible assets	531	-
Share-based payment expense	43,479	-
Interest paid	(546)	-
Operating cash flow before working capital changes	(1,008,351)	(1,072,529)
Increase in trade and other receivables	(197,956)	(73,082)
Increase in provisions	-	-
Increase in trade and other payables	656,371	965,943
Increase in deferred income	(20,943)	-
Cash used in operations	(570,879)	(179,668)
Interest paid	-	-
Income taxes paid	(27,453)	-
Net cash generated from / (used in) operating activities	(598,332)	(179,668)
Cash flows from investing activities		
Purchase of plant and equipment	(58,983)	-
Dividend paid	(98,906)	-
Acquisition of subsidiary, net of cash acquired	(7,023,348)	-
Net cash used in investing activities	(7,181,238)	-
Cash flows from financing activities		
Proceeds from issue of ordinary shares (net of buy-back)	13,954,165	9,710,000
Share issue costs	(1,688,584)	(644,045)
Interest received	546	-
Net cash from financing activities	12,266,127	9,065,955
Net increase in cash and bank balances	4,486,557	8,886,287
Cash and cash equivalents at beginning of period	7,923,106	-
Effects of exchange rate changes on the balance of cash held in foreign currencies	1,468	-
Cash and cash equivalents at end of period	12,411,131	8,886,287

NOTES TO THE UNAUDITED INTERIM REPORT

1. General information

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

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

On 2 May 2017, the Company completed the acquisition of the entire issued share capital of Experiential Ventures Limited. Experiential Ventures Limited is the holding company of the Escape Hunt Group which is a global provider of live 'escape the room' experiences.

On 2 May 2017, the Company's name was changed to Escape Hunt plc.

The Company's registered office was changed on 15 June 2017 from Atticus Legal LLP, Castlefield House, Liverpool Road, Manchester, England M3 4SB to 1-2 Paris Garden, London SE1 8ND.

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 2016 annual report. The statutory financial statements for the year ended 31 December 2016 were prepared under IFRS and IFRIC interpretations as adopted by the European Union and 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. Comparative financial information for the periods ended 30 November 2016 and 31 December 2016 are for the period from incorporation on 17 May 2016.

The interim financial information was approved and authorised for issue by the board of directors on 15 September 2017.

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 Company'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 Company has prepared forecasts and projections which reflect the expected trading performance of the Company and the Group on the basis of best estimates of management using current knowledge and expectations of trading performance.

As at 30 June 2017, the Company had £12.4m in cash which is considered sufficient for its present needs.

Based on the above, the Directors consider there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, as well as to fund the Company's future operating expenses. The going concern basis preparation is therefore considered to be appropriate in preparing these condensed financial statements.

4. Significant accounting policies

The Company has applied the same accounting policies, presentation, methods of computation, significant judgements and the key sources of estimation of uncertainties in its interim consolidated financial statements as in its audited financial statements for the period ended 31 December 2016, which have been prepared in accordance with International Financial Reporting Standards as adopted for use by the European Union. In addition, the accounting policies adopted by Experiential Ventures Limited and its subsidiaries, as set out in the Company's re-admission document dated 2 May 2017 and which are consistent with those of the Company, have been applied in respect of the activities of the Experiential Ventures Limited and its subsidiaries with effect from the date of acquisition.

These accounting policies will be adopted in the Group's full financial statements for the year ending 31 December 2017.

None of the new standards and amendments that are effective for the first time for periods beginning on (or after) 1 January 2017 have a material effect on this interim financial information, save for IFRS 15 "revenues from Contracts with Customers" which has been adopted with effect from 1 January 2017 by the Company, ahead of its effective date of 1 January, 2018. The Company receives payment for initial "upfront exclusivity fees" upon the signing of a franchise agreement. Since certain of the services which the Company is required to provide under the franchise agreement persist throughout the life of the agreement, typically 10 years, the initial fee is recognised on a straight-line basis over the period of the agreement rather than at the point of payment of the initial fee.

Consequently, the Company has recorded total deferred income of £646,308 as at 30 June, 2017 and which will be released over the remaining life of the franchise agreements.

Use of estimates and judgements

The preparation of interim consolidated financial statements in compliance with IAS 34 requires the use of certain critical accounting estimates.

It also requires the Directors to exercise their judgement in the process of applying the accounting policies. These judgements are continually evaluated by the Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key estimates and underlying assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. In particular:

NOTES TO THE UNAUDITED INTERIM REPORT (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2017

Basis of consolidation

The acquisition of Experiential Ventures Limited constitutes a reverse takeover of Experiential Ventures Limited for the purposes of the AIM Rules for Companies and received Shareholder approval on 2 May 2017. However, the Directors considered that under IFRS 3 Business Combinations, the accounting acquirer would be considered to be Escape Hunt plc, due to:

- a greater proportion of share capital in the enlarged group being held by shareholders of Escape Hunt plc, rather than pre-acquisition shareholders of Experiential Ventures Limited;
- Escape Hunt plc's shareholders have the ability to appoint or remove a majority of the members of the Board;
- greater Board representation in the enlarged group of the Escape Hunt plc Board of directors rather than pre-acquisition members of the Experiential Ventures Limited Board; and
- the composition of the senior management of the enlarged group consist mostly of Escape Hunt plc management.

The acquisition of Experiential Ventures has therefore been accounted for under the acquisition method.

Under the acquisition method, the results of the subsidiaries acquired or disposed of are included from the date of acquisition or up to the date of disposal. At the date of acquisition, the fair values of the subsidiaries' net assets are determined and these values are reflected in the Consolidated Financial Statements. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. Any excess of the purchase consideration of the business combination over the fair value of the identifiable assets and liabilities acquired is recognised as goodwill. Goodwill, if any, is not amortised but reviewed for impairment at least annually. If the consideration is less than the fair value of assets and liabilities acquired, the difference is recognised directly in the statement of comprehensive income.

Acquisition-related costs are expensed as incurred.

Intra-group transactions, balances and unrealised gains on transactions are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the Financial Statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

There have been no material revisions to the nature and amount of changes in estimates of amounts reported in the audited financial statements for the period ended 31 December 2016.

Impact of accounting standards to be applied in future periods

There are a number of standards and interpretations which have been issued by the International Accounting Standards Board that are effective for periods beginning subsequent to 31 December 2017 (the date on which the Company's next annual financial statements will be prepared up to) that the Company has decided not to adopt early. The most significant of these are:

- IFRS 9 *Financial Instruments* (mandatorily effective for periods beginning on or after 1 January 2018); and
- IFRS 16 *Leases* (mandatorily effective for periods beginning on or after 1 January 2019).

IFRS 9 will impact on both the measurement and disclosures of financial instruments and IFRS 16 will have an impact on the recognition of operating leases. At this point it is not practicable for the Directors to provide a reasonable estimate of the effect of these standards as their detailed review of these standards is still ongoing.

The Company, as enlarged by its acquisition of Experiential Ventures Limited, has early adopted IFRS 15 *Revenue from Contracts with Customers* in these interim consolidated financial statements

5. Segment information

The Company was an investing company and did not trade until its acquisition of Experiential Ventures Limited on 2 May 2017. Since the acquisition, management considers that the enlarged group has two operating segments. Revenues are reviewed based on the nature of the services provided as follows:

1. The franchise business, where all franchised branches are operating under effectively the same model; and
2. The owner-operated branch business, which currently consists of only Bangkok but will be a major area of growth.

The Group operates on a global basis. At present, the Company has active franchisees in 25 countries, though some are still in the pre-opening stage. 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.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

All amounts in respect of the periods ended 30 November 2016 and 31 December 2016 relate to the Company only and therefore no further segment analysis has been presented.

Exceptional fees which all related to the transaction of acquiring EV and the re-admission to AIM of Escape Hunt plc and the associated fund raising of £14m amounted to £3.1m. £869,895 was charged in the Income Statement for the 6 months to 30 June 2017, £1,688,585 was charged to the share premium account with the balance of £536,000 charged in 2016.

NOTES TO THE UNAUDITED INTERIM REPORT (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2017

Six months ended 30 June 2017	Owner operated £	Franchise operated £	Unallocated £	Total £
Revenue	21,246	171,613		192,859
Cost of sales	(15,613)	(70,645)		(86,257)
Operating results	5,633	100,968		106,602
Profit/(loss) from operations				
Other income	1	141		142
Interest income	544	2		546
Expenses				
- Selling and distribution	-	-		-
- Administrative	(6,965)	(51,731)	(191,324)	(250,021)
- Transaction	-	-	(869,895)	(869,895)
Share-based payment expenses	-	-	(43,479)	(43,479)
Profit/(loss) from operations before tax	(787)	49,380	(1,104,698)	(1,056,105)
Taxation	-	(601)	-	(601)
Profit/(loss) for the period	(787)	48,779	(1,104,698)	(1,056,706)
<u>Other information:</u>				
Segment assets	145,938	1,138,670	24,024,363	25,308,972
Segment liabilities	7,845	1,166,295	625,084	1,799,224

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 ordinary shares from the exercise of warrants are not dilutive.

	Six months ended 30 June 2017 Unaudited £	Period ended 30 November 2016 Unaudited £
Loss after tax attributable to owners of the Company	(1,057,030)	(1,072,529)
Weighted average number of shares:		
- Basic	13,419,752	8,000,000
Loss per share		
- Basic	0.0788	0.1341

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 £240k as at 30 June 2017 which, subject to agreement with taxation authorities, would be available to carry forward against future profits. The estimated tax value of such losses amount to approximately £34k.

8. Intangible assets

	Goodwill £	Trademark £	Intellectual Property £	Franchise Business £	App Quest £	Total £
Cost						
At 1 January 2017	-	-	-	-	-	-
Additions	1,304,398	31,731	10,194,815	802,233	100,000	12,433,176
At 30 June 2017	1,304,398	31,731	10,194,815	802,233	100,000	12,433,176
Accumulated amortisation						
At 1 January 2017	-	-	-	-	-	-
Amortisation charge for the period	-	12,468	-	-	-	12,468
At 30 June 2017	-	12,468	-	-	-	-
Carrying amounts						
At 31 December 2016	-	-	-	-	-	-
At 30 June 2017	1,304,398	19,263	10,194,815	802,233	100,000	12,420,708

Goodwill and acquisition related intangible assets recognised have arisen from the acquisition of Experiential Ventures Limited in May 2017. Refer to Note 11 for further details.

NOTES TO THE UNAUDITED INTERIM REPORT (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2017

9. Share capital

	Six months ended 30 June 2017 Unaudited £	Period ended 31 December 2016 Audited £
As at beginning of period	125,000	-
Issued during the period	174,074	125,000
Buy-back of shares	(45,833)	-
As at end of period	253,241	125,000

During the six months ended 30 June 2017, the following transactions were completed:

On 2 May 2017, the Company placed a total of 10,370,370 ordinary shares at a price of 135 pence per share, with new and existing institutional investors, as well as certain Directors to raise gross proceeds of £14.0 million. Ordinary share price of 135 pence per share was based on the quoted share price on AIM at the time less a small discount.

On 2 May 2017, the Company issued 3,555,555 ordinary shares at £1.35 each to the holders of the entire issued share capital of Experiential Ventures Limited, pursuant to the Company's purchase of the entire issued share capital of Experiential Ventures Limited (the "Acquisition"). The registered office of Experiential Ventures Limited is located at 103 Sham Peng Tong Plaza, Victoria, Mahé, Seychelles.

Share buy-back agreements dated 13 April 2017 were entered into pursuant to which Karen Jones (666,666 shares), Hubert van den Bergh (1,444,444 shares), Dominic Rose (518,519 shares), Jessica Rose (518,519 shares) and Jaime Sarah Rose Scudamore (518,519 shares) agreed to sell a total of 3,666,667 ordinary shares at a value equal to the aggregate nominal value of the ordinary shares being sold being £45,833.

The number of shares in issue at 30 June 2017 and at the date of approval of these financial statements is 20,259,258 ordinary shares of 1.25 pence each.

10. Warrants

A warrant instrument was entered into by way of deed poll on 13 April 2017 under which the Company created and issued warrants to Stockdale Securities to subscribe for 202,592 Ordinary Shares on the terms and conditions of the instrument. The warrants were issued to Stockdale Securities on Admission and may be exercised within 3 years of the date of the instrument at a price of £1.35 per Ordinary Share (being equal to the Placing Price) subject to the terms and conditions of the instrument. The sum of £43,479 has been charged to the Income Statement in this period to recognise this cost.

11. Acquisition of Experiential Ventures Limited

On 13 April 2017, the Company conditionally agreed to purchase the entire issued share capital of Experiential Ventures Limited for a consideration of £12 million on a cash free and debt free basis, with a normalised level of working capital. The consideration (following adjustments for cash/debt and working capital) was payable by £7.2 million in cash on Completion and by the issue of Ordinary Shares (the "Consideration Shares") for £4.8 million.

In order to fund the cash consideration payable and associated costs and expenses, as well as working capital, the Company agreed the conditional placing of 10,370,370 Ordinary Shares (the "Placing Shares") at 135 pence per share to raise £14 million (£10.8 million net of expenses).

On the same date, the Company issued 3,555,555 Ordinary Shares (the Consideration Shares) at £1.35 each to the holders of the entire issued share capital of Experiential Ventures Limited, pursuant to the Company's acquisition of the Escape Hunt Group.

The Acquisition was approved on 2 May 2017 and admission of the enlarged share capital on AIM took effect on 3 May 2017.

The following table summarises the consideration paid for Experiential Ventures, the fair value of assets acquired and liabilities assumed at the acquisition date.

Consideration	Book Value £	Fair Value £
Cash		7,200,000
Equity instruments (3,555,555 ordinary shares)		4,800,000
Total consideration		12,000,000
Recognised amounts of identifiable assets acquired and liabilities assumed		
Cash and cash equivalents	152,701	152,701
Property, plant and equipment	130,456	130,456
Gross trade and other receivables	134,198	134,198
Trade and other payables	(142,255)	(142,255)
Deferred income	(667,103)	(667,103)
Tax liabilities	(29,065)	(29,065)
Intangible assets identified on acquisition	30,838	30,838
Total identifiable net assets	(390,232)	(390,232)
Goodwill	12,390,232	1,293,181
Intellectual Property		10,194,818
Franchise Business		802,233
App development		100,000
Total	12,000,000	12,000,000

NOTES TO THE UNAUDITED INTERIM REPORT (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2017

The initial goodwill arising at the time of acquisition was £12,390,232. Management has subsequently undertaken an initial valuation exercise of the goodwill and initial fair value adjustments have been recognised for the acquisition of related intangible assets. It is possible that further adjustments may be made to the allocation of the intangible assets during the year.

The goodwill of £1,293,181 is attributable to anticipated future profit from expansion opportunities and synergies of the business that are expected to arise from the brand name, customer relationships and other applications of the escape the room concept.

The Intellectual Property of £10,194,818 relates to the valuation of the catalogue of games, the process of games development and the inherent know how and understanding of making successful games.

The intangible asset of the Franchise Business of £802,233 is the net present value of the net income from the current franchisee agreements.

The App development of £100,000 is both the cost and the fair value of the App which had been developed by a third party for Escape Hunt Operations Ltd.

The trade and other receivable amounts acquired, noted in the table above, are before allowance for any uncollectable amounts. The Directors do not consider any such allowance is needed.

The acquisition contributed £192,859 of revenue for the period between the date of acquisition and the balance sheet date and £63,353 of profit before tax. If the acquisition had been completed on the first day of the financial year, Group revenues would have been £392,752 higher and group losses attributable to equity holders of the parent would have been £38,587 lower.

Acquisition costs of £869,895 were expensed in the period ended 30 June 2017.

12. Related party transactions

The share buy-back described in Note 9 above constitutes a related party transaction for the purposes of Rule 13 of the AIM Rules for Companies in respect of both of the Directors.

Richard Harpham, a director of the Company, was entitled to a fee of £45,000 for consultancy services in relation to the acquisition of Experiential Ventures Limited, the placing of shares, the share buy-back and to co-ordinate the enlarged group for admission to AIM. The fee was conditional upon admission and was paid and expensed in these interim accounts. In addition, £40,000 was paid for his services in carrying out due diligence on the acquisition and assisting in the process of raising the additional equity. Richard Harpham was not appointed a director of the Company until 2 May.

During the period from 1 January, 2017 until 30 April, 2017, the Company paid £30,000 to Kishorn Ltd for the services of Alistair Rae to provide company secretarial services and for assistance in the due diligence on the acquisition and the related equity fund raising. Alistair Rae is a director and 60% shareholder of Kishorn Ltd, a company incorporated in England and Wales. Alistair Rae became a director of the Company on 2 May, 2017.

Peel Hunt LLP (a shareholder and the Company's nominated adviser and broker) performed services for the Company in relation to the re-admission to AIM and ongoing activities for a sum of £800,351. Of this amount, broking fees of £792,729 have been charged to the share premium account and other costs of £7,622 has been expensed in profit and loss in these interim accounts.

	Six months ended 30 June 2017 Unaudited £	Period ended 30 November 2016 Unaudited £
<i>Key management personnel compensation</i>		
Salaries and other short-term employee benefits	57,952	-
Post-employment benefits	-	-
Other long-term benefits	-	-
Share-based payments	-	-
Total	57,952	-

Share incentive plan

The Escape Hunt plc Executive Growth Share Plan (“EGSP”) was established on 2 May, 2017. Two directors and one employee have subscribed for a total of 1,000 shares under the EGSP at a cost of £1 per share in the period to 30 June, 2017. The Directors do not consider the cost to the Company to be material in the period to 30 June, 2017 and accordingly no provision has been made in these accounts.

13. Seasonality of the Group's business

There are no seasonal factors which materially affect the operations of any company in the Group.

14. Events after the reporting period

There were no significant events after the end of the reporting period



COMPANY INFORMATION

Directors

Richard Rose, Independent Non-Executive Chairman
Richard Harpham, Chief Executive Officer
Alistair Rae, Chief Financial Officer
Adrian Jones, Non-Executive Director
Karen Bach, Non-Executive Director

Company secretary

Alistair Rae

Company number

10184316

Registered address

1 Paris Garden
London
SE1 8ND

Independent auditors

KPMG LLP
Gateway House, Tollgate
Chandlers Ford
SO53 3TG

Nominated adviser and joint broker

Peel Hunt LLP
Moor House
120 London Wall
London

Joint broker

Stockdale Securities Ltd
Beaufort House
St Botolph Street
London EC3A 7BB

Registrars

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

