2 August 2021

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

Trading update

Escape Hunt, a leading international operator of escape rooms in the fast-growing experiential leisure sector, is pleased to provide an update on trading since the re-opening of its UK sites and for the six months to June 2021 ahead of the release of its unaudited interim results due to be announced in September 2021.

UK owner operated estate

As set out in its AGM statement and trading update announced on 28 June 2021, the Company's UK owner-operated sites re-opened on 17 May 2021, following a pro-longed period of closure brought about by the UK Government's lockdown measures introduced at the start of the year.

Trading in the ten weeks to 25 July 2021 has been encouraging, with levels of occupancy returning faster than expected after lockdown. As a result, revenue and site level EBITDA from the UK owner-operated estate in the ten-week period to 25 July 2021 has been ahead of management's expectations.

Total revenue during the ten-weeks to 25 July 2021 was 58 per cent. higher than in the same ten-week period in 2019 (in the Board's opinion, the most relevant period for comparison as trading in the same period in 2020 was affected by COVID-19 restrictions). Over this 10 week period, revenue from the Company's eight established UK owner-operated sites which were open in the same period in 2019 was at 95 per cent. of the levels in the same period in 2019. However, occupancy has continued to grow week on week, and encouragingly the like-for-like performance has further improved over the last five weeks, with sales from these original sites exceeding sales in the same period in 2019 by 2 per cent.

As set out in its announcement on 28 June 2021, the Company is benefitting from various initiatives implemented during 2020 to improve site level margins and has also benefitted from the temporary reduced VAT rate which is expected to run until 30 September 2021. As a result, estimated earnings before interest, tax, depreciation and amortisation ("EBITDA") at site level for the ten weeks to 25 July 2021 showed a 185 per cent. increase over the site level EBITDA in the same ten weeks in 2019. On a like-for-like basis, site level EBITDA from the Company's eight established sites increased by 83 per cent. compared to 2019, and this improved further to 114% improvement over the last five weeks.

Overseas owner operated sites

The Group's owner-operated site in Dubai has performed well, with revenue and EBITDA in the six months to 30 June 2021 running ahead of the Board's expectations. At current levels of trading, the performance from Dubai will have paid back the investment in under 12 months, notwithstanding the impact of COVID-19 on performance since its acquisition in October 2020.

The Group's owner-operated sites in Brussels and Paris opened during June 2021 and have also experienced a faster than anticipated bounce back of business, with turnover marginally ahead of the Board's expectations in the few weeks of trading so far.

International franchise

The Company's franchise estate has performed in line with the Board's expectations in the six months to 30 June 2021, with stronger performance in Australia offsetting the pro-longed period of closure of the majority of sites in Europe, most notably in France.

H1 2021 Group outturn

Throughout the period of lockdown, the Company continued to manage its cash carefully. The cash balance at 30 June 2021 was £2.4m. In addition, the Company has access to a £1m convertible loan note facility, details of which are set out in its 2020 Annual Report and Accounts. The facility remains undrawn.

Unaudited Group revenue in H1 2021 was impacted by COVID-19 restrictions, most notably the UK Government mandated lockdown which meant all the Group's UK owner-operated sites were closed from the beginning of the year with indoor games only re-opening on 17 May 2021. Unaudited Group revenue in the half year to 30 June 2021 is expected to be approximately £1.1m, (2020: £1.3m), comprising £0.9m revenue from owner operated sites (2020: £1.0m) and £0.2m from franchise revenue (2020: £0.3m). Investors should note that the comparative period in 2020 was also affected by COVID-19, as the UK's first national lockdown commenced in late March 2020, but included approximately 11 weeks' trading in the UK. In contrast, the half year to 30 June 2021 includes only 6 weeks of full trading in the UK owner operated sites. Many of the Group's franchisees were affected by lockdowns in their own countries in both half year periods. Owner-operated site revenue includes £151k from remote and digital propositions (2020: £53k).

Progress on strategic initiatives

Further progress has been made on the Group's UK rollout; the Company has now exchanged contracts at a new site in Milton Keynes, which will be the Group's 18th owner-operated venue, and work to develop the site is in progress. Work is also continuing at the Group's proposed 19th owner-operated site in the Lakeside shopping centre in Essex, where games have been delivered and are in the process of being installed. Further potential sites are in the pipeline and the Board believes property conditions will continue to be favourable in the short to medium term. As a result, the Board remains confident of achieving the target of 20 owner-operated sites ahead of the original target date of June 2022.

Whilst growth in revenue from digital and remote propositions has slowed as demand for the physical rooms has increased, the Company is continuing to see demand for this range of products and expects B2B sales, including corporate participation in physical escape rooms, to pick up in the Autumn as many more employees are expected to return to office-based work.

Progress in the US has been slowed by travel restrictions impacting the pace at which escape rooms at the new super-centre in Houston, Texas can be installed. However, with restrictions around the world gradually easing, the Board expects this situation to be short lived.

Commenting on the recent trading, Richard Harpham, CEO of Escape Hunt said: *"We are very pleased with the performance of the business since the UK sites re-opened in May with occupancy levels bouncing back more quickly than we had expected. The new sites in Norwich, Basingstoke, Cheltenham, Watford and Kingston are contributing meaningfully to our performance and provide confidence in our site selection and strategy to continue the roll out of new owner operated sites in the UK. Most pleasingly, the operational efficiency at site level has been very good with improved EBITDA margins leading to significant growth compared to comparable periods in the past. We are also encouraged with the performance so far of our acquisitions in both the Middle East and France / Belgium where demand appears to be coming back, providing the prospect of attractive rates of return on our investments. We remain very firmly of the view that consumer spending on experiential leisure will continue to grow and that the Group is well placed to benefit from this shift in spending patterns giving us cause for optimism for our future."*

Enquiries

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Notes to Editors

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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