

EVR Holdings plc

(‘EVR’ or the ‘Company’)

AUDITED FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

EVR Holdings plc (AIM: EVRH), a leading creator of music virtual reality (‘VR’) content, announces its results for the year ended 31 December 2016.

Operational Highlights

- Beta version of the MelodyVR app launched on 22 December 2016;
- MelodyVR’s multi-year exclusive partnership agreements with venues and promoters have increased by over 550% and now cover 64 worldwide events and music festivals;
- MelodyVR partnered with Warner Music Group and entered a VR content creation and distribution agreement in December 2016;
- A warrant was granted to Warner Music Group giving it a potential equity interest in EVR;
- Marketing, licensing and development teams have been strengthened with the addition of significant hires;
- MelodyVR partnered with Telefonica to deploy a ‘lite’ version of the MelodyVR in over 600 O2 stores in Germany.

Anthony Matchett, Chief Executive Officer of EVR said:

“As we prepare for the forthcoming worldwide launch of our VR music platform, the virtual reality industry continues to grow at an exponential rate. Following a recently announced partnership with Warner Music Group, I believe that MelodyVR is increasingly well placed to dominate the VR content ecosystem given the limited offering of entertainment content that is currently available to consumers. As the VR market develops, fuelled predominantly by promotional campaigns from Samsung, HTC and Google, as well as the recent release of PlayStation VR, we expect the demand and appetite for high-quality VR content to increase from both consumers and hardware manufacturers alike. With the world’s leading technology companies, such as Facebook, Samsung, Google and Sony all battling for market share, we expect that promotional activities involving low-cost, or free of charge VR devices and featuring exclusive content, will become more commonplace.

With VR hardware sales rapidly increasing and user adoption continuing to accelerate, we look forward to the worldwide launch of our VR music platform and substantial content library.”

-Ends-

For more information please contact

EVR Holdings plc

Sean Nicolson, Chairman
Anthony Matchett, Chief Executive Officer

Tel: +44 (0) 20 7466 5000
www.evrholdings.com

SPARK Advisory Partners Limited (Nominated Adviser)

Neil Baldwin / Sean Wyndham-Quin

Tel: +44 (0) 203 368 3550
www.sparkadvisorypartners.com

Peterhouse Corporate Finance Limited (Broker)

Eran Zucker / Lucy Williams

Tel: +44 (0) 20 7469 0930
www.pcorpfin.com

Media enquiries:

Buchanan

Ben Romney / Jamie Hooper
Stephanie Watson / Catriona Flint
EVR@buchanan.uk.com

Tel: +44 (0) 20 7466 5000
www.buchanan.uk.com

About EVR Holdings plc

EVR Holdings plc ('EVR') is a company that is quoted on the AIM market of the London Stock Exchange (EVRH.L). EVR, a creator of virtual reality content, joined AIM on 16 May 2016 following a reverse takeover of Armstrong Ventures plc. MelodyVR Ltd is a wholly owned subsidiary of EVR.

Further information can be viewed at www.evrholdings.com

Chairman's Statement

Introduction

I am pleased to present my report as Chairman of EVR Holdings plc (“the Company”) for the year ended 31 December 2016.

Financial Review

In 2015 the Company changed the scope of its investing policy to focusing on opportunities in the media, technology and healthcare sectors. On 16 May 2016 the Company acquired MelodyVR Ltd, (“Melody”) and its subsidiary company Immersive Construction Ltd (hereinafter referred to as the “Group”) for a total consideration of £5.12 million. This transaction has been accounted for in the financial statements below as a reverse acquisition in accordance with IFRS 3, hence the consolidated results contained herein treat Melody as the acquiring company and the historical comparatives are the comparatives of Melody, as opposed to those of the Company.

On 20 September 2016, the Company announced the oversubscribed placing of 200,000,005 new ordinary shares of 1p each to new and existing investors, at an issue price of 1.7p per share. This generated £3.4 million (before expenses) with the shares being issued on 11 October 2016.

As at 31 December 2016 the operating losses before one off or non-cash items were £1,640,175 (2015: £179,145), this adds back non cash and non-recurring items £990,747 (2015: £7,413). Operating losses of the Group were £2,630,922 (2015 operating losses: £186,558), it is anticipated that the Group will begin generating revenue once the MelodyVR application is launched.

Cash and cash equivalents as at 31 December 2016 were £3,369,693 (2015: £13,115).

Business Review

I am pleased to report that EVR’s executive team has delivered upon a number of strategic goals as outlined in the Company’s Admission Document dated 27 April 2016.

In the nine months following readmission to AIM, the Group has successfully released a beta version of its VR music platform, secured a global content creation and distribution agreement with one of the world’s largest record labels, increased its number of exclusive partnerships with venues and promoters by over 550% and has significantly strengthened its marketing, licensing and development teams in London.

Over the next 12 months, the Group will continue to follow an aggressive expansion strategy, focusing heavily on content creation and product development as well as areas of interest such as content analytics, augmented reality and interactive advertising. In addition, it will also seek to

strengthen its Board by the appointment of new directors who bring additional commercial, corporate and strategic experience.

Feedback from beta testing of Melody's application which commenced in December 2016 has proven to be extremely positive and has provided numerous insights into consumer behaviour, leading to several refinements to the platform's user experience.

The executive team intends to leverage further insights as even more users are invited to participate in the beta programme ahead of our wider commercial launch, which will occur at a time that is strategically aligned with the long term goals of the Company and our partners. Our team continues to work closely with hardware manufacturers such as Facebook's Oculus and Sony PlayStation, refining both launch strategy and marketing plans.

Future Developments

In order to further increase worldwide production capabilities and in-line with our 2017 growth strategy, the Group intends to open a series of satellite offices throughout Europe, North America and Asia. The offices, opening initially in Los Angeles and New York, will enable the Group to better serve its partners, such as record labels, hardware manufacturers and artists. Following a series of key hires in areas such as marketing, licensing and engineering, Melody now intends to grow its global presence, attracting world-class talent from both the music and technology industries, at both management and director level.

As the VR market matures, Melody will launch its free-of-charge app across the leading VR hardware and devices. The Board believes that the Melody platform, featuring exclusive content and performances from world-renowned artists and musicians will cater to the growing consumer demand for VR entertainment content and in turn, generate significant revenues for the Company post-launch. To date, Melody has created thousands of interactive VR experiences with over 500 international recording artists. Over the coming months, Melody will pursue its goal of launching what the Board believes will be the leading destination for virtual reality music experiences and the world's next major music platform.

Sean Nicolson

Chairman

PRIMARY FINANCIAL STATEMENTS

**Consolidated Statement of Comprehensive Income
For the year ended 31 December 2016**

	2016	2015
	£	£
Continuing operations:		
Administrative expenses	(2,630,922)	(186,558)
OPERATING LOSS	(2,630,922)	(186,558)
Operating loss before non-recurring and non-cash items	(1,640,175)	(179,145)
Depreciation	(53,631)	(7,413)
Readmission costs	(492,139)	-
Share based payments	(444,977)	-
OPERATING LOSS	(2,630,922)	(186,558)
Finance income	2,212	-
Finance costs	(7,847)	-
LOSS FOR THE YEAR BEFORE TAXATION	(2,636,557)	(186,558)
Taxation	-	-
NET LOSS AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(2,636,557)	(186,558)
Attributable to:		
Owners of the parent company	(2,584,414)	-
Non – controlling interest	(52,143)	-
LOSS PER SHARE – basic and diluted from continuing operations	(0.028)p	(0.04)p

**Consolidated Statement of Financial Position
As at 31 December 2016**

	2016	2015
	£	£
ASSETS		
NON-CURRENT ASSETS		

Property, plant and equipment	229,732	39,894
Intangible assets	603,476	2,150
TOTAL NON-CURRENT ASSETS	833,208	42,044
CURRENT ASSETS		
Trade and other receivables	112,602	17,510
Cash and cash equivalents	3,369,693	13,115
TOTAL CURRENT ASSETS	3,482,295	30,625
TOTAL ASSETS	4,315,503	72,669
CURRENT LIABILITIES		
Trade and other payables	(232,283)	(101,227)
NET ASSETS/(LIABILITIES)	4,083,220	(28,558)
EQUITY		
Share capital	10,067,861	9,500
Share premium reserve	5,903,289	148,500
Retained Earnings	(2,770,972)	(186,558)
Share option reserve	444,977	-
Merger relief reserve	486,611	-
Non-controlling interests	(46,003)	-
Reverse takeover reserve	(10,002,543)	-
TOTAL EQUITY	4,083,220	(28,558)

**Consolidated Statement of Changes in Equity
For the year ended 31 December 2016**

	Share Capital	Share Premium	Merger Relief Reserve	Share Option Reserve	Retained Losses	Reverse Takeover Reserve	Non-Controlling Interest	Total Equity
	£	£	£	£	£	£	£	£
Balance at 1 January 2015								158,000
Issue of new shares	9,500	148,500	-				-	158,000

Comprehensive loss for the year	-	-	-	-	(186,558)	-	-	(186,558)
Balance at 31 December 2015	9,500	148,500	-	-	(186,558)	-	-	(28,558)
Warrants and options issued	-	-	-	444,977	-	-	-	444,977
Company's reserve/(deficit) prior to reverse acquisition	2,925,753	4,523,392	-	-	(5,679,926)	-	-	1,769,219
Shares issued by the Company on acquisition	4,866,118		486,611	-	-	-	-	5,352,729
Reverse acquisition adjustment	(9,597)	(240,457)	-	-	5,679,926	(10,002,543)	-	(4,572,671)
Share issue	2,276,087	1,471,854	-	-	-	-	-	3,747,941
Non-controlling interest	-	-	-	-	-	-	6,140	6,140
Loss for the year	-	-	-	-	(2,584,414)	-	(52,143)	(2,636,557)
Balance at 31 December 2016	10,067,861	5,903,289	486,611	444,977	(2,770,972)	(10,002,543)	(46,003)	4,083,220

**Consolidated Statement of Cash Flows
For the year ended 31 December 2016**

	2016	2015
	£	£
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss from continuing operations	(2,636,557)	(186,558)
Adjustments for:		
Depreciation of fixed assets	53,631	7,413
Share based payment expense	444,977	-
Increase/(decrease) in trade and other receivables	112,575	(17,510)
Increase in trade and other payables	475,576	23,949
	<u> </u>	<u> </u>
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	(1,549,798)	(172,706)

Investing activities		
Purchase of property, plant and equipment	(243,469)	(47,307)
Purchase of intangible assets	-	(2,150)
Acquisition of subsidiary	1,401,905	-
NET CASH INFLOW FROM INVESTING ACTIVITIES	1,158,436	(49,457)
Financing activities		
Proceeds from issue of ordinary share capital	3,328,988	158,000
Proceeds from the exercise of warrants	418,952	-
Loans from directors	-	77,278
NET CASH GENERATED FROM FINANCING ACTIVITIES	3,747,940	235,278
Increase in cash and cash equivalents	3,356,578	13,115
Cash and cash equivalents brought forward	13,115	-
CASH AND CASH EQUIVALENTS CARRIED FORWARD	3,369,693	13,115

ABRIDGED NOTES TO THE PRIMARY FINANCIAL STATEMENTS

For the 12 months ended 31 December 2016

The financial statements of the Group for the 12 months ended 31 December 2016 and 2015 have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB) as adopted by European Union.

The financial information set out above does not constitute the Company's statutory accounts for the years ended 31 December 2016 or 2015 as defined by section 435 of the Companies Act 2006 but is derived from those accounts. Statutory accounts for 2015 have been delivered to the Registrar of Companies, and those for 2016 will be delivered in due course. The auditors have reported on those accounts; their reports were (i) unqualified, and (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006 in respect of the accounts.

Basis of Consolidation

Where the Group has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the Company and its subsidiaries (“the Group”) as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

Business Combinations

The Consolidated Financial Statements comprise the period for the 12 months to 31 December 2016.

During the year, the Company completed the acquisition of MelodyVR Ltd (“Melody”). The Directors determined that the transaction was akin to a reverse acquisition as per IFRS 3, Business Combinations. However, in order to fall under the category of a Business Combination under IFRS 3, the purchase needs to be of a business. The Directors have determined that the Company constitutes an investment business and therefore the transaction falls under the scope of IFRS 3.

Consequently, it is appropriate to apply the guidance in paragraphs B19-B27 of IFRS 3 for reverse acquisitions. Application of the reverse acquisitions guidance results in the non-listed operating entity being identified as the accounting acquirer, and the listed investment business being identified as the accounting acquiree. Therefore for accounting purposes Melody should account as if it purchased the Company. Any difference between the fair value of the assets acquired and the fair value of the shares issued should be recognised as goodwill, in accordance with IFRS 3.

Therefore the results contained herein treat Melody as the acquiring company and the historical comparatives are the comparatives of Melody, as opposed to the Company.

Going Concern

The Financial Statements have been prepared on the going concern basis. The Directors have prepared cash flow forecasts through to 30 June 2018. These forecasts take into account the intended launch timetable within the year ending December 2017, as well as projecting potential revenue profiles based on hardware adoption estimates. The Directors have performed sufficient sensitivity analysis including what the impact may be of significant delays to launching the MelodyVR app, not securing sufficient licencing or insufficient global hardware adoption. As significant progress has been made in securing the necessary exploitation rights and there being very positive initial indicators on hardware adoption to date, the intended launch timetable is considered achievable. As there are sufficient existing resources to operate for the foreseeable future irrespective of launch

the Board has concluded that the going concern assumption is appropriate in preparing these financial statements.

1. LOSS FROM OPERATIONS

This has been arrived at after charging:

	2016		2015	
	Group £	Company £	Group £	Company £
Depreciation of property, plant and equipment	53,631	-	7,413	-
Auditors' remuneration:				
Audit fees	17,750	13,000	-	-
Audit of accounts of associates of the company pursuant to legislation	10,500	-	5,000	10,000
Non audit fees:				1,180
Taxation advisory services	4,000	4,000	-	-
Other advisory services	55,000	55,000	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

2. ACQUISITIONS DURING THE YEAR

On 15 May 2016, the Company acquired 100% of the ordinary shares in Melody and its 51% owned subsidiary Immersive Construction Ltd, by share for share exchange. This was determined to be a reverse takeover acquisition. The breakdown of assets and liabilities below are that of EVR Holdings plc.

A breakdown of assets and liabilities acquired is as follows:

	Book Value £	Fair Value Adjustment £	Fair Value to Group £
Debtors	676,379	-	676,379
Cash at bank	1,401,905	-	1,401,905
Creditors	(132,507)	-	(132,507)
Net assets on acquisition	<u>1,945,777</u>	<u>-</u>	<u>1,945,777</u>
Goodwill on acquisition			603,476
Consideration			<u>2,549,253</u>
Discharged by: Share for share exchange			<u>2,549,253</u>
			<u> </u>

The Goodwill calculation per the interim financial statements has been recalculated from £2,549,704 to £603,476 to coincide with the fair value of the consideration paid.

3. AUDITOR'S REMUNERATION

	2016		2015	
	Group £	Company £	Group £	Company £
During the year the Company obtained the following services from the Company's auditors:				
Fees payable to the Company's auditors for the audit of the Company's annual accounts	17,750	13,000	5,000	10,000
Fees payable to the Company's auditors for other services:				
Tax services	4,000	4,000	-	1,180
Other services	55,000	55,000	-	-
	<u>76,750</u>	<u>72,000</u>	<u>5,000</u>	<u>11,180</u>
	=====	=====	=====	=====

4. DIRECTORS' AND EMPLOYEE REMUNERATION

	2016		2015	
	Group	Company	Group	Company
	£	£	£	£
The amount paid to directors and employees, is as follows:				
Short-term employee benefits	691,302	268,124	-	121,516
Share based payment costs	358,497	31,009	-	110,762
	<u>1,049,799</u>	<u>299,133</u>	<u>-</u>	<u>232,278</u>

	2016		2015	
	Group	Company	Group	Company
	No.	No.	No.	No.
The average number of employees for the year was as follows:				
Directors	4	2	2	2
Senior Management	1	1	-	-
Staff	9	-	-	-
	<u>14</u>	<u>3</u>	<u>2</u>	<u>2</u>

Details for directors' remuneration is as follows:

Director	Fees £	Total 2016 £	Total 2015 £
Sean Nicolson	25,000	25,000	11,458
Peter Read	25,000	25,000	11,458
Anthony Matchett	75,000	75,000	-
Steven Hancock	75,000	75,000	-
Simon Cole	15,624	15,624	-
Hareh Kanabar	-	-	35,600
Manish Kotecha	-	-	29,000
Peter Redmond	-	-	34,000
	<u>215,624</u>	<u>215,624</u>	<u>121,516</u>

5. EARNINGS PER SHARE

The basic earnings per share is based on the loss for the year divided by the weighted average number of shares in issue during the year. The weighted average number of ordinary shares for the year ended 31 December 2016 assumes that all shares have been included in the computation based on the weighted average number of days since issue.

	2016 Group £	2015 Group £
Loss attributable to equity holders of the Company:		
Continuing and total operations	(2,584,414)	(186,558)
	<u> </u>	<u> </u>
	No. of shares	No. of shares
Weighted average number of ordinary shares in issue for basic and fully diluted earnings	9,113,642,478	486,611,833
	<u> </u>	<u> </u>
	Pence per Share	Pence per share
Loss per share		
Basic and diluted:		
Continuing and total operations	(0.028)p	(0.04)p
	<u> </u>	<u> </u>

6. SHARE OPTIONS AND DIRECTOR WARRANTS

EQUITY-SETTLED SHARE OPTION SCHEME

The Group operates share-based payment arrangements to remunerate directors and key employees in the form of options and warrants. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

The following table sets out the details of these options granted:

Option holder	Warrants in parent at 31-Dec 2015	Warrants in parent converted 1 for every 100 In year	Warrants issued in the year	Warrants at 31-Dec 2016	Exercise price	Issue date	Expiry date
Simon Cole			4,615,090	4,615,090	1.1p	16.05.2016	17.05.2019
Anthony Matchett			11,537,725	11,537,725	1.1p	16.05.2016	17.05.2019
Steven Hancock			11,537,725	11,537,725	1.1p	16.05.2016	17.05.2019
Sean Nicolson			4,615,090	4,615,090	1.1p	16.05.2016	17.05.2019
Peter Read			4,615,090	4,615,090	1.1p	16.05.2016	17.05.2019
Sean Nicolson	461,509,020	(456,893,930)		4,615,090	1.2p	31.07.2015	31.07.2020
Peter Read	461,509,020	(456,893,930)		4,615,090	1.2p	31.07.2015	31.07.2020
	<u>923,018,040</u>	<u>(913,787,860)</u>	<u>36,920,720</u>	<u>46,150,900</u>			
	=====	=====	=====	=====			

No warrants have lapsed nor been exercised during the year. This calculation takes into account warrants and options awarded to directors in the performance of their duties

The Group operates an approved enterprise management incentive scheme under which employees have been granted options to purchase shares in EVR Holdings plc. The unexercised options at 31 December 2016 expire on the tenth anniversary from the grant date and are subject to vesting criteria.

Equity-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions

On 31 July 2015 the Group issued 461,509,020 warrants for 0.01p ordinary shares to both Sean Nicolson and Peter Read as part of their remuneration terms. These warrants have an expiry date of 31 July 2020 and following the consolidation of the Group's ordinary shares on 13 May 2016 the

warrants were consolidated into a total of 9,230,180 warrants each exercisable at 1.2p. (0.012p prior to the 1 for 100 shares consolidation).

On 16 May 2016 the Group issued 11,537,725 warrants to both Anthony Matchett and Steven Hancock, with a further 4,615,090 issued to each of Simon Cole, Sean Nicolson and Peter Read. These warrants have an expiry date of 16 May 2019 and are exercisable at 1.1p. The fair value of these warrants was determined using the Black-Scholes option pricing model and was 0.4p per warrant.

The significant inputs to the model in respect of the options and warrants granted were as follows

	2016	2015
Grant date share price	1.1p	0.012p
Exercise share price	1.1p	0.012p
No. of share options	59,777,856	923,018,040
Risk free rate	0.5%	0.5%
Expected volatility	50%	50%
Expected option life	3 years	5 years
Calculated fair value per share	0.4p	0.012p

The total share-based payment expense recognised in the income statement for the year ended 31 December 2016 in respect of warrants granted was £239,111.

The fair value of the options is based on the market value at the date of grant of the number of shares for which the performance criteria have been met for the year less the exercise price of 1.1p per share. The market value per share at the date of grant was 3.3p.

On 13 October 2016 the Company issued 13,828,472 options to the employees of the Group under the approved enterprise management incentive share option scheme and subject to vesting criteria.

The significant inputs to the model in respect of the options granted were as follows:

	2016
Grant date share price	3.3p
Exercise share price	1.1p
No. of share options	13,828,472

Risk free rate	0.5%
Expected volatility	50%
Expected option life	10 years
Calculated fair value per share	2.59p

The total share-based payment expense recognised in the income statement for the year ended 31 December 2016 in respect of share options granted was £119,386.

On 22 December 2016 the Group issued 43,239,926 options to Warner Music Inc. These warrants may be exercised at any time on or before 21 December 2021 and entitle the warrant holder to subscribe 4.25p for one ordinary share for each warrant held. The fair value of these warrants was determined using the Black-Scholes option pricing model and was 0.002p per option. The inputs to the model were as follows:

	2016
Grant date share price	3.3p
Exercise share price	4.25p
No. of share options	43,239,926
Risk free rate	0.4%
Expected volatility	40%
Expected option life	1 year
Calculated fair value per share	0.002p

The total share-based payment expense recognised in the income statement in relation to these warrants was £86,479.

7. RELATED PARTY TRANSACTIONS

There were no related party transactions during the year

8. POST BALANCE SHEET EVENTS

During the period 1 January 2017 to 28 February 2017 12,453,574 warrants were exercised for a total of 12,453,574 ordinary shares for a cash consideration in aggregate of £201,891.

Other than the above, the Directors were not aware of any other material events since the reporting date.

