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Snoozebox Holdings PLC  
08 April 2015

## SNOOZEBOX HOLDINGS PLC

### Annual results for the year ended 31 December 2014

Snoozebox Holdings plc (AIM: ZZZ), ("the Company") today announces its results for the year ended 31 December 2014.

#### 2014 FINANCIAL HIGHLIGHTS

- Reduction in the loss on operating activities to £5.4m from £9.3m in the prior year
- Positive contribution to overheads of £0.5m, 17% of revenues of £2.8m. This compares to a negative contribution of £1.1m in the prior year on an adjusted revenue of £2.2m\*
- £20.7m net assets, with debt of £9.7m
- Cash at the year-end of £16.9m

#### 2014 KEY MILESTONES

- Business has generated a positive contribution to overheads for the first time
- 50% of the existing room stock committed profitably on a semi-permanent basis with an expanding pipeline
- Turnaround of the UK events programme
- £26m of additional funding secured
- Launched a new generation of Snoozebox rooms, capable of faster deployment and offering flexible and easily configurable accommodation options
- Strong pipeline of semi- permanent and event opportunities
- New models in development targeting temporary housing and medical sectors

**Lorcán Ó Murchú, Chief Executive, added,**

**"Snoozebox has made progress during 2014 and is reporting results for the year in line with expectations. We have secured additional funding and are investing in a new generation of hotel room stock.**

**We have turned around the events programme and reduced overheads. We have made substantial progress in the underlying operating model and in particular with the semi-permanent hotel offering, establishing a platform for growth."**

\* In order to compare the performance for 2014 on a comparable basis with 2013, the impact of the deployment

at the G8 Summit has been excluded from the comparative figures as this deployment did not utilise Snoozebox hotel rooms. As a result turnover of £4,525,000, costs of sales of £9,000 and logistics, deployment and equipment hire costs of £3,819,000 have been excluded from these figures.

**8 April 2015**

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## **CHAIRMAN'S STATEMENT**

2014 saw your company begin to shake off the turbulence of its early life as a public company and it is now well positioned for growth.

The results of the groundwork of the past eighteen months will begin to be seen in the current year, but full realisation will follow in 2016 and onwards.

A fundraising completed in April 2014 raised approximately £10m for the Company and this was supplemented by a leasing facility, which we were able to announce in the last quarter, and which has, so far, enabled us to draw a further £10m. These additional financial resources enabled the Company to develop a second generation of Snoozebox event accommodation, which was launched towards the end of 2014. A build programme is now in place and the new units will be deployed towards the end of this year. We believe that their ease and speed of deployment have the potential to transform the economics of your company's events business, whilst raising the bar for standards of event accommodation.

By the end of 2013, there was evidence of the potential to deploy the first generation of Snoozebox rooms on a long-term, "semi-permanent" basis. During the course of 2014, this interest was translated into deployments at the Eden Project in Cornwall and, more recently, an eighty bed hotel in the Falkland Islands for Premier Oil, which was opened in less than three months from contract signing. The ability of the Company to win a contract such as this and to deliver a fully-functioning, workforce hotel, with all relevant support services over eight thousand miles from home on such a tight timetable is considerable testimony to the development of the business and its staff in the past twelve months.

Having initially joined the Company as Chief Financial Officer, Lorcán Ó Murchú became Chief Executive early in 2014. His replacement as CFO, Kate Ferguson, joined in the last quarter of the year and Kate's appointment substantially completes the overhaul of the management of the Company, which began in the middle of 2013.

Your company has a competent and committed management team and staff and a strategy to build the Company around its core activities of short-term, high-quality event accommodation and longer-term, semi-permanent, workforce accommodation. Both legs of the business are dependent not just on the provision of rooms, but on a range

of services that sit alongside the accommodation and which differentiate the offering from many of the Company's competitors. The continuing and rising interest both domestically and internationally in the Company's services give us a level of confidence in the Company's ability to deliver growth in the next few years.

D J MORRISON

8 April 2015

## CHIEF EXECUTIVE'S REVIEW

2014 was spent executing the initial phases of the Company's new strategy. There has been a considerable turnaround in the trading performance and stability of the business in the year, in addition to the achievement of the key objectives arising from the review of the business in 2013. The Company also generated a positive contribution to central overheads for the first time, amounting to £0.5m, or 17%, on £2.8m of sales, compared to an adjusted contribution to central overheads of negative £1.1m on adjusted revenues of £2.2m\*. There has been a reduction in the loss before taxation to £5.6m from £9.4m in the prior year.

Milestones achieved during 2014 include:

- £26m of additional funding secured (£10.3m equity and a £15.5m debt facility)
- 50% of the existing 578 Snoozebox rooms deployed on a semi-permanent basis and a strong pipeline of opportunities
- Operating model reviewed resulting in a move to a more variable cost structure
- Substantial reduction in central overheads
- Design and launch of a new generation of Snoozebox rooms, capable of faster deployment and offering flexible and easily configurable accommodation options
- Expansion of the offering to the event market
- Securing of some key event sites on a multi-year basis

Development of the Snoozebox model to date

A key challenge in 2014 was to complete the design and development of the new Snoozebox hotel. The objective of the new design is to enable profitable deployment at short term events. The new rooms are designed to optimise speed of deployment and offer multiple room configurations. The main focus of the newly designed modules is on the integration of systems and ancillaries to minimise the assembly process. The outcome is a more flexible model that is capable of an event per week. The previous model could be committed for up to three weeks in order to service one weekend event. The innovative new design will result in the Company being capable of deploying to more events at a lower cost and substantially increase available room nights.

There were certain aspects of the internal design and configuration that required refinement during the prototyping stage. The establishment of a supply chain to achieve the targeted capital cost per room also took additional time. As a result the majority of the 150 new rooms will become available in the second half of 2015. Ideally, more new rooms would have been built and operational earlier in 2015, however, pursuit of the optimum design and capital cost are critical to value creation in the long term and the newly designed Snoozebox represents a major step forward in portability of infrastructure.

The next stage of development of the event model is the concept of the Snoozebox accommodation village. This will see the current hotel offering complemented by innovative social areas and multiple tiers of sleeping accommodation to create a vibrant community for event goers. To this end, a number of events in 2015 will showcase new features including an innovative 'pop-up' Snoozebox room. This initiative will extend the Snoozebox experience to a much broader audience, as we look to establish a brand standard in the temporary sleeping accommodation market.

In last year's Annual Report there was some initial thinking about a broader opportunity across a range of sectors outside of the events market for the application of the Snoozebox model. To this end, a semi-permanent division has now emerged and the initial focus has been on longer term deployments in the leisure and energy sectors. The Company has gained good sector knowledge from the utilisation of the existing room stock for initial pilot deployments of six months and recent contracts for semi-permanent hotels have been for longer, multi-year terms. The semi-permanent concept has considerable potential. The Company is investing in a new generation of room stock to service this market, which is capable of being produced at a much lower capital cost than the existing room stock, whilst incorporating some of the technological and design advances made in the development of the next generation of event hotel rooms.

Based on this next generation of the semi-permanent model, the Company has developed innovative portable accommodation models for the housing and healthcare sectors. The Company is working in partnership with Compass plc to bring the healthcare model to market and I am pleased to report that in relation to the housing sector, Snoozebox was recently selected to deliver two temporary housing schemes in London, in partnership with Mears plc.

#### Semi-Permanent Division

As presented above, the Company made solid progress in the development of an innovative semi-permanent offering to the market, in addition to the event model. At present, just over 50% of the room stock (300 hotel rooms) is committed on a semi-permanent basis and the Company is seeing strong demand for its longer term offering from the leisure, energy and construction sectors. Further hotel openings are planned for 2015.

From its origins in the event sector, the Snoozebox model now offers clients seeking semi-permanent solutions a range of benefits, including:

- A turnkey accommodation solution with a range of service options
- Rapid, cost-effective deployment
- Portability to support multiple locations with minimal impact on the environment
- Scalability to meet peak accommodation requirements
- Improved productivity and workforce satisfaction from higher standard of accommodation

A recent project, for example, involved the mobilisation of an 80 bedroom workforce hotel for Premier Oil to support its overseas exploration activities. This deployment demonstrated global portability of the Snoozebox accommodation solution.

In addition to the Premier Oil hotel, during 2014 Snoozebox operated hotels at Silverstone race track (156 rooms) and in the fourth quarter opened a 60 bedroom consumer hotel at the Eden Project in Cornwall. These semi-permanent deployments can provide secure, medium-term revenue streams with good visibility.

#### Events Division

The events programme in 2014 was delivered successfully and saw improvements in a number of key metrics, when compared with the prior year (on a like-for-like basis\*):

- 50% increase in room nights sold to over 13,000 from 8,400
- Increase in occupancy rates to over 90% from 78%
- 25% increase in the average revenue per room to approximately £147, with 2014 prices per room per night ranging from £72 to £333

Deployments in the year included:

- Isle of Man TT
- Goodwood Festival of Speed
- Glastonbury
- Download
- British Grand Prix
- Silverstone Classic
- Glasgow hotel for the Commonwealth Games
- Edinburgh Festivals
- World Equestrian Games
- Moto GP
- Ryder Cup, Gleneagles

There was a fivefold increase in room nights sold during the second half of the year compared to the first half of the year, reflecting a seasonal weighting of the UK events circuit, as well as growth the Company has achieved. The average number of operating days, per event, during the year was nine days.

The Company continues to experience interest for the provision of temporary accommodation solutions at a range of

global sporting events as far ahead as 2022.

## Outlook

2015 will be a year in which the Company positions itself for scale from 2016. The primary focus will be the deployment of the remaining room stock on longer term, semi-permanent contracts and the roll-out of the first tranche of 150 rooms of the new event stock. We will see the expansion of the event programme in the UK and the acceleration of an entry into Europe, in addition to the delivery of additional workforce-related, semi-permanent deployments. There are risks associated with the management of the build programme of the new rooms. There is also execution risk associated with the roll out of the new rooms and with the expansion into Europe.

In summary, I am pleased with the progress the Company has made during 2014. We have reduced overheads, turned around the events programme, secured additional funding and are investing in a new generation of hotel room stock. I believe that the substantial progress made in the underlying operating model provides a platform on which to build a successful and growing business, backed by strong and growing customer demand for our unique brand and innovative offering.

## L Ó MURCHÚ

\* Comparison on a like for like basis excluding G8 Summit deployment as this deployment did not utilise Snoozebox hotel rooms, refer to note 2 of the financial statements

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Note	Year ended 31 Dec 2014 £'000	Restated Year ended 31 Dec 2013 £'000
REVENUE	3	2,755	6,724
Cost of sales		(953)	(1,442)
GROSS PROFIT		1,802	5,282
Logistics, deployment and equipment hire		(1,346)	(5,637)
CONTRIBUTION TO CENTRAL OVERHEADS		456	(355)
Administrative expenses		(5,861)	(8,992)
EBITDA (PRE EXCEPTIONAL ITEMS)		(3,585)	(4,831)
Exceptional items	4	(424)	(3,318)
Depreciation		(1,396)	(1,198)
LOSS FROM OPERATING ACTIVITIES		(5,405)	(9,347)
Finance income		42	43
Finance expenses		(273)	(99)
LOSS BEFORE TAXATION		(5,636)	(9,403)
Taxation	5	-	-
LOSS AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO EQUITY SHAREHOLDERS		(5,636)	(9,403)
Loss per share - basic and diluted	6	(3.09)p	(10.51)p

## STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

		GROUP	
		2014 £'000	2013 £'000
<b>ASSETS</b>			
NON-CURRENT ASSETS			
Property, plant and equipment		15,671	14,226
Investments		-	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>15,671</b>	<b>14,226</b>
CURRENT ASSETS			
Inventories		26	9
Trade and other receivables		1,376	370
Cash and cash equivalents		16,913	4,670
<b>TOTAL CURRENT ASSETS</b>		<b>18,315</b>	<b>5,049</b>
<b>TOTAL ASSETS</b>		<b>33,986</b>	<b>19,275</b>
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables		3,551	1,710
Loans and borrowings		539	368
<b>TOTAL CURRENT LIABILITIES</b>		<b>4,090</b>	<b>2,078</b>
NON-CURRENT LIABILITIES			
Loans and borrowings		9,203	520
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>9,203</b>	<b>520</b>
<b>TOTAL LIABILITIES</b>		<b>13,293</b>	<b>2,598</b>
<b>TOTAL NET ASSETS</b>		<b>20,693</b>	<b>16,677</b>
<b>EQUITY</b>			
Share capital		2,119	1,089
Share premium		37,009	29,920
Other reserves		718	718
Merger reserve		-	-
Retained earnings		(19,153)	(15,050)
<b>TOTAL EQUITY</b>		<b>20,693</b>	<b>16,677</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

		GROUP	
		2014	2013

	£'000	£'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the year	(5,636)	(9,403)
Adjustments for:		
Depreciation	1,396	1,198
Fixed asset write offs	-	2,914
Profit on sale of property, plant and equipment	-	(1)
Equity-settled share-based payment adjustment	3	(30)
Net finance (income)/expenses	23	56
	1	
<b>CASH FLOWS FROM OPERATING ACTIVITIES BEFORE</b>		
<b>CHANGES IN WORKING CAPITAL AND PROVISIONS</b>	(4,006)	(5,266)
(Increase)/decrease in inventories	(17)	36
(Increase)/decrease in trade and other receivables	(946)	2,103
Increase/(decrease) in trade and other payables	1,622	690
<b>CASH USED IN OPERATIONS</b>	(3,347)	(2,437)
<b>INVESTING ACTIVITIES</b>		
Interest received	42	43
Payments to acquire property, plant and equipment	(2,853)	(2,381)
Proceeds from the sale of property, plant and equipment	-	10
<b>NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES</b>	(2,811)	(2,328)
<b>FINANCING ACTIVITIES</b>		
Drawdown on lease finance facility net of arrangement costs	9,553	-
Issue of equity shares net of issue costs	9,649	9,449
Interest paid	(102)	(10)
Repayment to finance lease creditors	(699)	(457)
Repayment of loan notes	-	(1,304)
<b>NET CASH INFLOW FROM FINANCING ACTIVITIES</b>	18,401	7,678
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	12,243	2,913
Opening cash and cash equivalents	4,670	1,757
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	16,913	4,670

## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

GROUP	Called up share capital £'000	Share premium £'000	Other reserves £'000	Retained earnings £'000	Total equity £'000

					00
AT 31 DECEMBER 2012	666	20,894	71 8	(5,61 7)	16,66 1
Loss and total comprehensive income for the year	-	-	-	(9,403)	(9,403)
Equity-settled share-based payment debit	-	-	-	(30)	(30)
Issue of new equity shares	423	9,723	-	-	10,14 6
Share issue costs	-	(697)	-	-	(69 7)
AT 31 DECEMBER 2013	1,089	29,920	71 8	(15,05 0)	16,67 7
Loss and total comprehensive income for the year	-	-	-	(5,636)	(5,636)
Equity-settled share-based payment credit	-	-	-	3	3
Issue of new equity shares and warrants	1,030	7,740	-	1,530	10,30 0
Share issue costs	-	(651)	-	-	(65 1)
AT 31 DECEMBER 2014	2,119	37,009	71 8	(19,15 3)	20,69 3

## NOTES TO THE FINANCIAL STATEMENTS

### 1. REPORTING ENTITY & BASIS OF PREPERATION

Snoozebox Holdings plc ("the Company") was incorporated in England and Wales on 30th March 2012 under the Companies Act 2006 (registration number 8013887) and its registered address is 6 Agar Street, London WC2N 4HN. On 17 April 2012 the Company entered into share exchange agreements to acquire 100% of the issued share capital of Snoozebox Limited, a company incorporated in England and Wales on 1 March 2011 and registered at the same address. On 1 May 2012 the Company was admitted to the Alternative Investment Market (AIM) where its ordinary shares are traded.

The consolidated financial statements of the Company as at and for the year ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is engaged in the provision of portable hotel and accommodation services.

The financial information in these preliminary results has been prepared using the recognition and measurement principles of International Accounting Standards, International Financial reporting Standards and Interpretations adopted for use in the European Union. They are presented in pounds sterling, rounded to the nearest thousand. The same accounting policies, presentation and methods of computation have been followed in the preparation of these results as were applied in the Company's 2013 Report and Accounts, except as noted below.

The financial information set out in this announcement does not constitute the Company's statutory accounts for the year ended 31 December 2014 or the year ended 31 December 2013. Statutory accounts for the year ended 31 December 2014 and the year ended 31 December 2013 have been reported on by the Independent Auditors. The Independent Auditors report on the Annual Report and Financial Statements for both years was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under S498 (2) or s498(3) of the Companies Act 2006. The Annual Report and Financial Statements for 2013 have been filed with the Registrar of Companies. The statutory accounts for the year ended 31 December 2014 will be delivered to the registrar in due course.

### 2. PRESENTATION OF ACCOUNTS

Following a review of the financial statements, the following amendments have been made to the Consolidated Statement of Comprehensive Income.

A recategorisation of certain costs has been made to more appropriately reflect the operational areas in which the costs have been incurred and a new subtotal, 'Contribution to central overheads' has been created. The comparatives have been reclassified to match as shown in the table below:

	RESTATED 2013 £'000	ORIGINAL 2013 £'000
Revenue	6,724	6,724
Cost of sales	(1,442)	(1,810)
Gross profit	5,282	4,914
Logistics, deployment and equipment hire	(5,637)	(5,771)
Contribution to central overheads	(355)	(857)
Administrative expenses	(8,992)	(8,490)
Loss from Operating Activities	(9,347)	(9,347)

There has been no change in the recognised loss arising from these presentational changes.

#### Proforma Comparatives

In order to compare the performance for 2014 on a comparable basis with 2013, the impact of the deployment at the G8 Summit has been excluded from the comparative figures as this deployment did not utilise Snoozebox hotel rooms. As a result turnover of £4,525,000, costs of sales of £9,000 and logistics, deployment and equipment hire costs of £3,819,000 have been excluded from these proforma figures.

	2014 £'000	Comparable basis Restated 2013 £'000
Revenue	2,755	2,199
Cost of sales	(953)	(1,433)
Gross profit	1,802	766
Logistics, deployment and equipment hire	(1,346)	(1,818)
Contribution to central overheads	456	(1,052)
Administrative expenses	(5,861)	(8,992)
Loss from Operating Activities	(5,405)	(10,044)

### 3. SEGMENTAL INFORMATION

#### Business segments

Snoozebox is currently organised into two segments, Events and Semi-Permanent. The Events segment includes all activities providing short-term hotel accommodation at popular events and festivals in both the United Kingdom and mainland Europe. The Semi-Permanent segment includes all activities in relation to the provision of long-term managed hotel solutions.

The segmental analysis is reviewed up to Contribution to central overheads and other resources are shared through the business.

	2014			2013		
	Events £'000	Semi- Permanent £'000	Total £'000	Events £'000	Semi- Permanent £'000	Total £'000
REVENUE	1,939	816	2,755	5,632	1,092	6,724
Cost of sales	(532)	(421)	(953)	(724)	(718)	(1,442)
GROSS PROFIT	1,407	395	1,802	4,908	374	5,282
Logistics, deployment &						
equipment hire	(1,065)	(281)	(1,346)	(5,324)	(313)	(5,637)
CONTRIBUTION TO CENTRAL OVERHEADS	342	114	456	(416)	61	(355)

In 2014, revenues from two customers totalled £470,000 and £320,000 respectively. These major customers turnover are included in the Events segment. In 2013, revenue from one major customer amounted to £4,525,000 which was included in the Events segment.

#### Geographical Segments

Revenue and non-current assets by geographical area are as follows:

	Revenue		Non-current assets	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
United Kingdom	2,468	6,611	15,671	14,226
Other European countries	287	113	-	-
TOTAL	2,755	6,724	15,671	14,226

For the purposes of the analysis of revenue, geographical markets are defined as the country or area in which the service is provided. Non-current assets are allocated based on their physical location.

#### 4. EXCEPTIONAL ITEMS

	GROUP	
	2014 £'000	2013 £'000
New product costs	275	-
Reorganisation costs	149	404
Fixed asset write offs	-	2,914
	424	3,318

#### New product costs

The Group incurred costs associated with new rooms that were not of a capital nature, these included test deployments, the development of new marketing and sales collateral and other costs associated with the launch programme.

#### Reorganisation costs

During 2014, as part of a continued strategy to move from a fixed to a variable cost base, the Group further reduced permanent headcount. The cost amounted to £149,000 (2013: £404,000).

#### Fixed asset write offs

In 2013, the Directors performed a detailed review of fixed assets. This review involved a detailed assessment by senior management of all the assets utilised in the business to determine whether they were still in use and were intended to be used in the future. As a result of this review certain items were written off.

## 5. TAX EXPENSE

	GROUP	
	2014 £'000	2013 £'000
CURRENT TAX EXPENSE		
UK corporation tax on profits for the year	-	-
DEFERRED TAX EXPENSE		
Origination and reversal of temporary differences	-	-
	-	-

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the UK applied to profits for the year are as follows:

	GROUP	
	2014 £'000	2013 £'000
Loss for the year	(5,636)	(9,403)
Expected tax charge based on the standard rate of corporation tax in the UK of 21.5% (2013 - 23.25%)	(1,212)	(2,186)
Expenses not deductible for tax purposes	340	1,036
Current year losses not recognised	87	1,150
Total tax expense	-	-

## DEFERRED TAX

### Tax Losses

	GROUP	
	2014 £'000	2013 £'000
Unprovided tax losses to carry forward against future taxable profits, subject to agreement with HMRC of approximately	13,129	8,796

### Accelerated capital allowances

	GROUP	
	2014 £'000	2013 £'000
A deferred tax asset has not been recognised in respect of depreciation in excess of capital allowances, due to uncertainty of the timing of recovery. The unprovided deferred tax asset amounts to approximately	4,739	3,761

