

SmartSpace warns on 2022 outlook

[mb megabuyte.com/app/news/617265cde3f652000c5df3d6/smart-space-overestimated-h2-bounce-back-guides-below-expectation-full-year-results](https://www.megabuyte.com/app/news/617265cde3f652000c5df3d6/smart-space-overestimated-h2-bounce-back-guides-below-expectation-full-year-results)

AIM-listed workspace management software provider SmartSpace has warned that revenues for the year to January 2022 are expected to now be no less than £5.2m, 33% below prior market expectations and representing year-on-year growth of at least 13%. Meanwhile, adjusted EBITDA losses are now expected to come to no more than £2.7m against market expectations for just a £0.7m loss (FY21: £2.1m loss). The company puts this down to a more gradual return to the office than expected as a result of ongoing COVID-19 challenges which, in turn, have delayed investment decisions. The shares are off 24% this morning at 72p valuing the business at circa 3.5x current year EV/Sales.

Workspace management software

SmartSpace Software provides workspace management software to the commercial workplace, retail and hospitality real estate sectors. The group's suite includes solutions focused on optimising desk space, meeting room bookings, and visitor management to buildings and car parks, as well as workspace related hardware such as meeting room displays and sensors (through its Anders + Kern brand). SmartSpace was formerly known as RedstoneConnect (and before that Coms plc), having rebranded in August 2018 following the divestment of its cabling and managed services arms to Excel IT for £21.6m in May 2018. In October 2018, SmartSpace acquired New Zealand-based visitor management software provider SwipedOn, for NZ\$11.0m (£5.5m) in cash and shares and, in October 2019, purchased Australia-based peer Space Connect for AU\$6.0m (£3.2m).

Megabuyte view

We noted at the time of SmartSpace's half year results that the company required a very strong second half to meet market expectations. At this point, SmartSpace was confident of a bounce back but this has clearly not materialised. The one positive form this morning is the progress that SwipedOn continues to make, increasing ARR to £3.47m at the end of September from £3.21m at the end of July. Additionally, while there have been delays, there remains clear medium-term opportunities for SmartSpace as businesses consider how to get the most out of office space in increasingly hybrid working environments.