

SmartSpace Software Plc

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megabyte newswire 

Slow hardware sales weigh on SmartSpace's H1

SMARTSPACE SOFTWARE | United Kingdom

Industrials

AIM-listed workspace management software provider SmartSpace expects revenues for its half year ending July 2021 to be circa £2.5m (+7.8%) – of which 63% is recurring (up 18pp) – and expects second half growth to accelerate due to more office re-openings and the increased need for workplace hardware and software. Consensus estimates for the full year ending January 2022 are calling for a 49% rise in revenues to £6.9m alongside reduced adjusted EBITDA losses of £0.7m (2021: £2.1m). Drilling into the first half, hardware sales for Anders & Kern (A+K) and Evoko (for which the latter SmartSpace generates Space Connect revenue from) were below expectations, but SwipedOn progress was strong and in-line. Group ARR rose 28% to £3.8m over the period, while cash fell from £4.5m to £3.4m.

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).

Strong ARR and ARPU growth

Expanding on its ARR performance, SmartSpace grew SwipedOn ARR by 22% to £3.2m and Space Connect ARR by 157% to £0.4m. SwipedOn was boosted by growth in ARPU (22% to NZ\$111.8) and locations (+3.9% to 7.0k), while its customer count was broadly flat at 4.7k. SpaceConnect was boosted by reseller agreements such as Softcat, while 14 new partner agreements were signed in the period. SmartSpace's growth outlook will also benefit from new product launches (SwipedOn Desks and Space Connect Mapping module) and the increased shift to hybrid working, with the latter requiring solutions for more efficient space utilisation.

Megabyte view

SmartSpace's exposure to less predictable hardware revenues weighed on its first half as customers were reluctant to place orders through lockdown, meaning that the group requires a very strong second half (2.8x first half revenue in fact) to meet full year consensus estimates (prior to this morning). More positively, hardware purchasing has seemingly bounced back since July, providing some hope for the full year, while software ARR and ARPU momentum remain the standout metrics, aided by targeting larger clients for SwipedOn, its reseller channels beginning to fire for Space Connect, and the broader market tailwinds for managing the return to the office.

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Robert Warensjo

Senior Analyst

robert.warensjo@megabuyte.com | 07508 020227

Direct line: 0118 948 5855