

SmartSpace Software Plc

SaaS | Visitor Management | Desks | Meeting Rooms

Interim Results Investor Presentation

October 2021



SMARTSPACE
SOFTWARE



Contents

| | |
|--------------------------------|---------|
| In the room | 2 |
| Financial highlights | 3 – 4 |
| Key H1 successes | 5 |
| Business review: SwipedOn | 6 |
| Business review: Space Connect | 7 |
| Business review: A&K | 8 |
| Current trading | 9 |
| Updated market guidance | 10 |
| Growth strategy: SwipedOn | 11 |
| Growth strategy: Space Connect | 12 |
| Growth strategy: A&K | 13 |
| Market and competitors | 14 |
| Conclusion | 15 |
| Appendices | 16 - 28 |

In the room

Frank Beechinor, CEO

- Joined as non-Executive Chairman in 2014, became CEO July 2018
- Previously CEO of OneClick HR
- Non Executive Chairman of dotdigital (AIM:DOTD) : 2011-2019

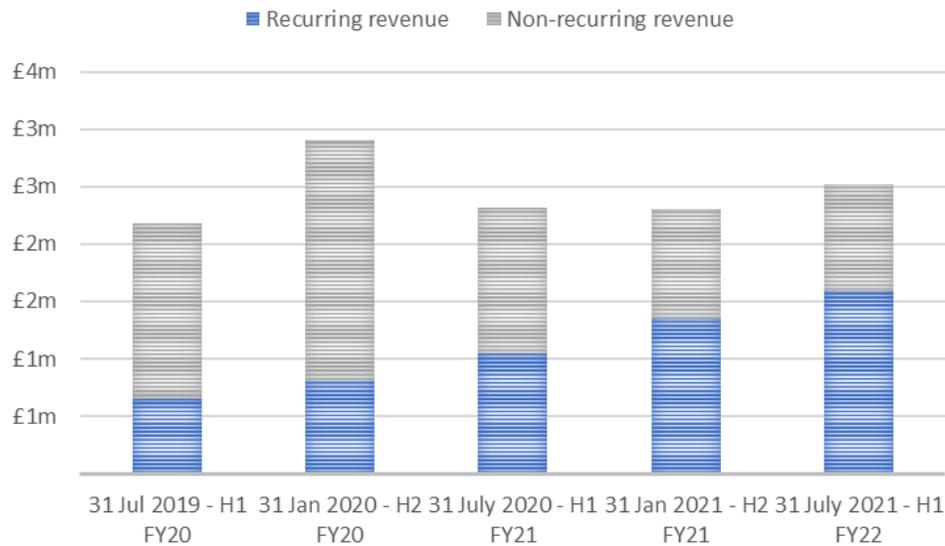


Kris Shaw, CFO

- Joined SMRT in January 2019 as Financial Controller
- Appointed CFO in May 2021
- Previously seven years leading the finance team at Agrokultura, Swedish listed agri-business
- ACA qualified

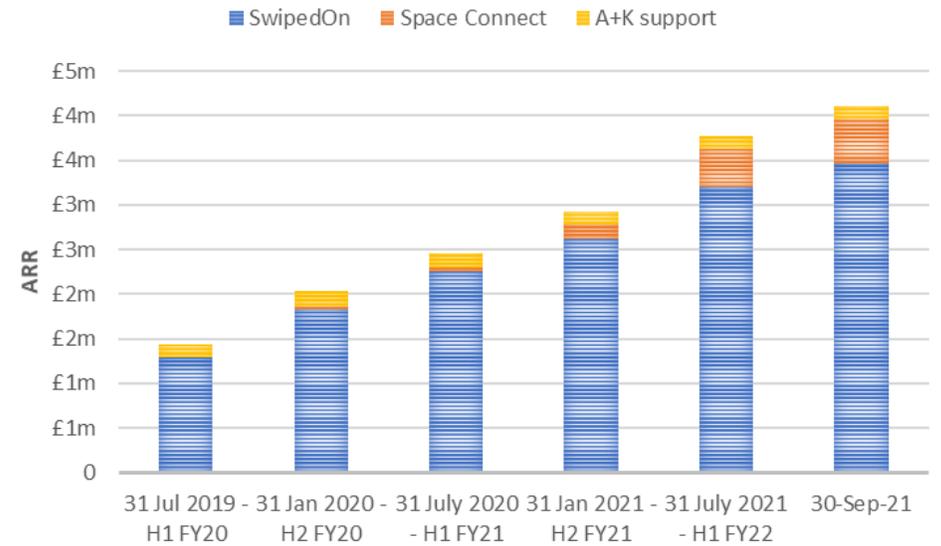


Financial highlights - strong, consistent recurring revenue growth



ARR
+53%
YOY

ARPU
+44%
YOY



- Space Connect contribution to ARR growth increasing as worldwide channel partner network shows results
- Overall H1 FY22 revenue up 9% on H1 FY21 but with greater proportion of higher margin recurring revenue (63% vs 45%)
- Cash at 20 October of £3.25m broadly flat against cash at 31 July of £3.37m

Financial highlights

- Gross margin increased to 71% (H1 FY21: 51%) as high margin SaaS revenues make up greater share of revenues
- Operating expenses excluding D&A, share based payments and one off items £3.09m for six months (H1 FY21 £2.20m). Increase due to:
 - £0.61m – planned additional staff costs spent on Space Connect development and sales teams, SwipedOn sales team
 - £0.16m - return to normal level of marketing which was temporarily suspended in H1 FY21 as an initial response to the pandemic
 - £0.11m – other changes as a result of expansion and end of Covid-related savings
- No dramatic increases in headcount costs expected in future periods
- Overall cash movement in first half of negative £1.13m including:
 - £1.3m cash consumed by operations
 - £327K inflow of final SmartSpace Global disposal consideration received in May 2021



Key H1 successes

Successful price increase

- All new SwipedOn customers since February have subscribed on a new price plan set closer to that of competitors
- Roll out of price increase to existing customer base well advanced with churn below expected levels

Development team centralised

- Space Connect's offshore development team has now been replaced with centralised development team based in New Zealand
- Greater knowledge exchange and expertise sharing will deliver benefits to both SwipedOn and Space Connect

Growing channel partner network

- 43 reseller agreements now in place with 14 partners having generated revenue. Of the 29 partners yet to generate revenue 18 have deals in the pipeline
- Partner engagement team in place to assist partners in winning new business

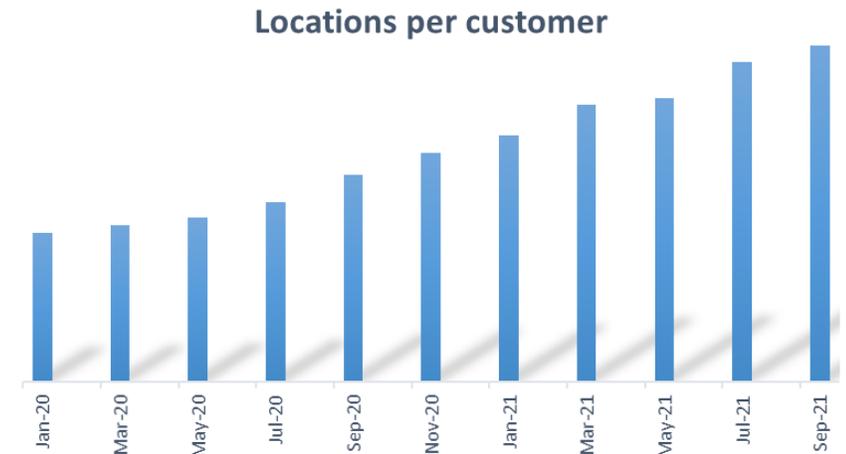
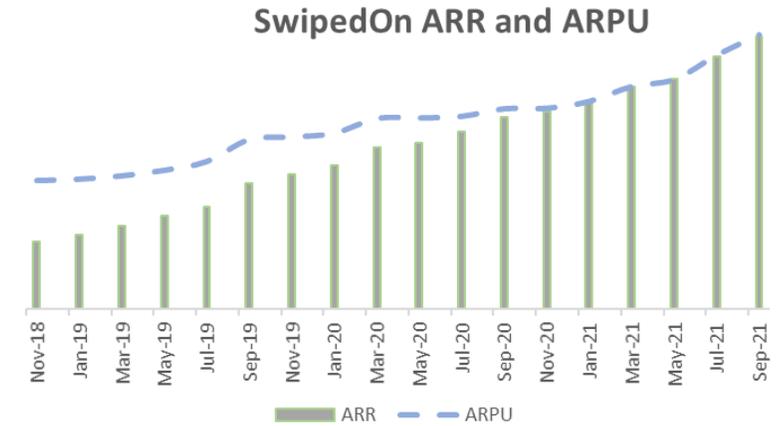
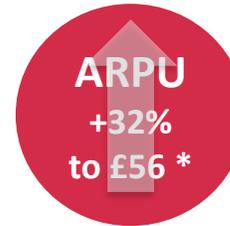
SwipedOn Desks

- Development of SwipedOn Desks completed during the period with soft launch commenced
- Full scale launch of product to entire customer base now underway



swipedon Business review

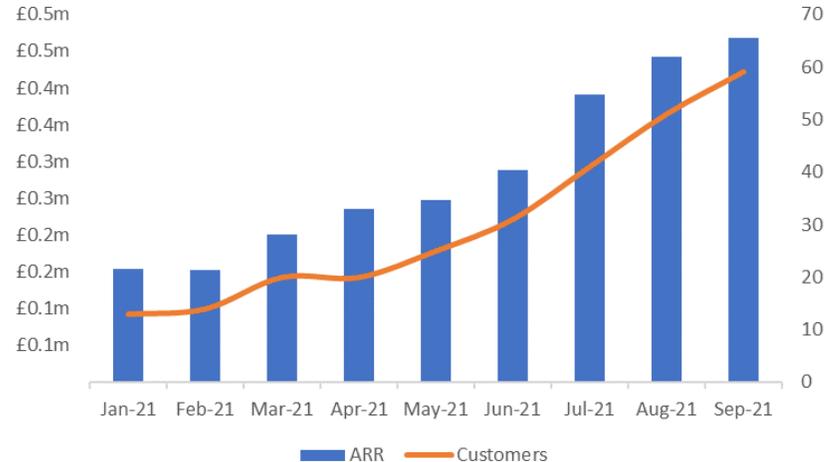
- Deployed in 7,003 locations as at 31 July (July 2020: 6,018)
- Strong consistent revenue growth since acquisition
- Net revenue retention of 101%
- Monthly customer churn 1.2% up from historic average of 0.7% as transient pandemic users depart and price increase implemented
- Continued to invest in the SwipedOn platform;
 - Multi-location settings and multi-site capabilities
 - SwipedOn Desks launched to customer base
- Sales resources now focus on higher value, multi-location, mid-market customers
 - New multi-site customer wins – eg City of London, Ontario
 - Expansion revenue from existing customers – Vestas, XPO, DHL, Access etc
- Awarded leader in mid-market VMS category by G2, the peer to peer software review site



* Year on year increase to 31 July 2021

SPACE CONNECT Business review

- Excellent progress made in increasing ARR with consistent month on month new customer wins
 - 59 customers at 30 September; increased from 13 at the beginning of the year
- Partner network developed with 43 resellers now in place, 14 of which having generated revenue and a further 18 with pipeline revenue including first US based resellers and customers
- Strategic partnership with Evoko with Space Connect software embedded in their next generation meeting room panel “Naso”
 - Naso sales momentum slower than anticipated
 - Many of Evoko’s markets in Lockdown



ARR
£0.49m*

ARPU
£700*

* At 30 September 2021

A+K - Business review

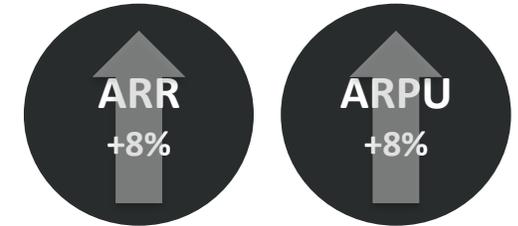
- Order intake reduced significantly during UK lockdown in H1
- Significant uplift in sales when exit out of lockdown announced in July
- Quieter August, as expected, slower September than expected, October stronger
- Delivered first XY Sense deployment – Queen Mary College with two other deals in pipeline

Current trading - since 31 July 2021

- The momentum has continued with progressive acceleration of pipeline in all 3 businesses
- **SwipedOn**
 - ARPU of new customers signed since Feb 2021 approx. £85
 - ARR and ARPU increased by a further 8% in two months to 30 September
 - At 30 September ARR £3.47m (31 July: £3.21m) and ARPU £61 (31 July: £56)
 - SwipedOn Desks – now 8 customers signed, with a further 51 in pipeline
- **Space Connect**
 - ARR increased by a further 20% at 30 September to £0.49m (31 July: £0.41m)
 - First partners signed in the North America – 3 partners in USA, 2 in Canada
 - New partners in Far East and Poland with smaller partners in the UK and other markets
- **A+K**
 - Uneven revenue as hardware market continues to be impacted by Covid
- **Cash**
 - £3.25m at 20 October

August to September

swipedon



SPACE CONNECT



Updated market forecasts – 22 October 2021

- Slower than expected Return to the Office (RTO) and ongoing Lockdowns across multiple geographies. Stronger demand for desks than meeting rooms
- Significant impact on Evoko Naso and A&K
- Evoko Naso
 - Expected to see momentum for Naso tick up significantly in September
 - September out-turn confirmed end of first week of October – flat compared to July when we were expecting significant uptick
 - October trending similar to September
 - Decision by Board to update market as soon as it became clear there would be no significant uptick in H2 sales in October
 - 2022-2023 – Evoko maintaining their forecasts but we decided to have a plan based on actual achievement to date, to minimise risk of a further miss against forecast
- A&K
 - Revenues continue to be uneven, depending on confidence around RTO
 - Bulk of revenues come from meeting room functionality – larger investment required – sales cycle extended
 - Adopted similar stance to Naso for remainder of this year and 2022-23

swipedon Growth strategy

- Maintain current trajectory of increasing locations and ARR
- Upsell – increase APRU from existing customers
 - Price increase continues to be implemented, now focused on Enterprise customers
 - Migrate customers to higher plans – 50% of SwipedOn revenue from 18% of customers
 - Opportunity to upsell from ‘Starter’ and ‘Business’ price plans to ‘Enterprise’ price plan
 - Multi-location sales – average of 1.77 locations per customer
 - ‘Land and expand’ with existing customers – outbound sales activity to seek out opportunities
 - Proactively target large multi- location organisations. Cross-sell –increase ARPU
- SwipedOn Desks
 - Cross-sell SwipedOn Desks to a relatively small number of customers, will have significant impact on ARPU
- Look to sell in non-English speaking market, focus on Far East markets
 - Software development progressing well, in-region hosting just released



swipedon

Let's get personal

Find out why over 7,000 workplaces use SwipedOn as their sign in solution

Step 1 Step 2

* Company name

Street address

* Choose your data hosting region
This region can't be changed once you have created your account

AU CA EU SG UK US

I agree to the [Terms of Service](#) and [Privacy Policy](#)

Back Start my trial



- Ensure existing partners evolve their sales pipeline
- Identify further opportunities for white label offerings
- Seek additional distributor/major reseller partners
 - Further develop US reseller network and extend network in Europe and Far East
- Deliver on Evoko Naso sales in 2022/23



A+K - Growth strategy

- Continue to build product range with emphasis on smart workplace technology
- Focus on hardware products with SaaS offerings
- Higher margin offers
- Increase software sales
- Build annuity revenue – software and support contracts
- Critical part of the SwipedOn ‘follow the sun’ customer support (along with NZ and Austin)
- Space Connect
 - Global sales from A+K Mildenhall office
 - Dealer support
 - Technical support
- SwipedOn
 - Sales - UK, Europe and East Coast US
 - Customer support - UK, Europe and East Coast US



Market & competitors

TAM
£1.5bn

617K+
Europe
companies with 50+ employees

873K+
North America
companies with 20+ employees

129K+
Australia
companies with 20+ employees

16K+
New Zealand
companies with 20+ employees

- M&A activity – consolidation seems to have accelerated
 - SigninApp (SwipedOn's main UK competitor) acquired by PSG in Sept 2021
 - Manhattan acquired by MRI – Feb 2021
 - iOffice acquired by Thoma Brava and combined with SpaceIQ in August 2021
 - Condeco acquired by Thoma Brava and JMI August 2021
 - Forge (VMS) acquired by Yardi in June 2021
 - MRI acquired Who's On Location in March 2021
 - Wizz-Pass (SwipedOn Competitor) acquired by Fm Systems – June 2021
 - MRI acquired FSI in August 2021

Conclusion

- Continue to focus on building high margin SaaS revenue – high growth ARR & ARPU
- Clearly, delays in Return to the Office will impact our businesses
- Disappointed to have to issue trading update on 22/10/21 but in the circumstances, both prudent and essential for transparency with shareholders
- Despite our revised numbers, Evoko remain confident of future sales potential of Naso
- Active M&A – a number of major consolidators with fewer assets left to acquire
- Sufficient cash to execute on plans
- Still in competitive position, in an exciting high-growth market

APPENDICES

Income Statement

| | H1 FY22 31 July 2021 £'000 | H1 FY21 31 July 2020 £'000 | FY21 31 January 2021 £'000 |
|---|----------------------------------|----------------------------------|----------------------------------|
| Revenue | 2,524 | 2,320 | 4,629 |
| Cost of sales | (729) | (1,139) | (1,978) |
| Gross profit | 1,795 | 1,180 | 2,651 |
| Operating costs | (3,097) | (2,205) | (4,901) |
| Other income | 17 | 152 | 130 |
| Loss from operating activities before interest, taxation, depreciation, amortisation, impairments, share-based payments and exceptional items | (1,285) | (873) | (2,121) |
| Depreciation and amortisation | (314) | (145) | (375) |
| Impairments | (7) | (4) | (72) |
| Share-based payments | (152) | (56) | (150) |
| Exceptional items | (64) | - | - |
| Operating loss | (1,823) | (1,078) | (2,718) |
| Finance expense | (13) | (12) | (26) |
| Loss before tax | (1,835) | (1,091) | (2,743) |
| Taxation | 266 | 111 | 612 |
| Loss for the year from continuing operations | (1,570) | (979) | (2,131) |
| Discontinued operations | - | - | (124) |
| Loss for the year attributable to the owners of the parent | (1,570) | (979) | (2,255) |

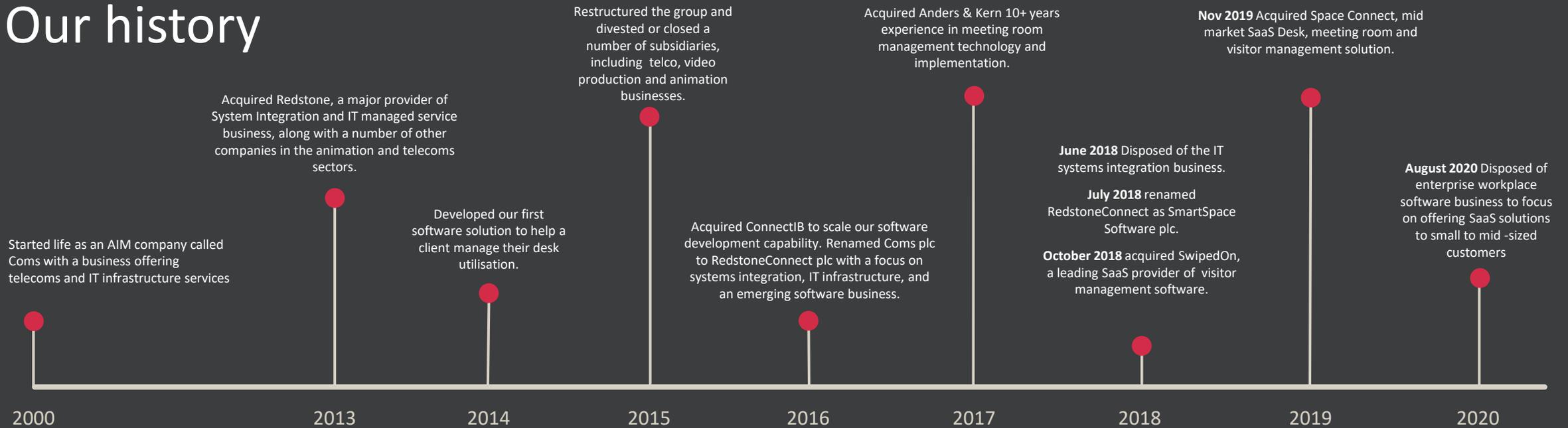
Balance Sheet

| | H1 FY22 31 July 2021 £'000 | H1 FY21 31 July 2020 £'000 | FY21 31 January 2021 £'000 |
|---|----------------------------------|----------------------------------|----------------------------------|
| Goodwill and intangible assets | 10,619 | 10,990 | 11,222 |
| Property, plant and equipment including right of use assets | 802 | 829 | 840 |
| Deferred tax assets | 1,658 | 949 | 1,389 |
| Assets held for sale | - | 6,964 | - |
| Trade and other assets | 1,264 | 1,040 | 1,186 |
| Cash and cash equivalents | 3,370 | 1,562 | 4,516 |
| Total assets | 17,713 | 22,333 | 19,152 |
| Borrowings | (398) | (419) | (413) |
| Lease liabilities | (136) | (162) | (173) |
| Trade and other payables | (1,354) | (1,230) | (1,167) |
| Deferred revenue | (1,368) | (800) | (1,129) |
| Liabilities held for sale | - | (2,464) | - |
| Total liabilities | (3,256) | (5,074) | (2,882) |
| Net assets | 14,457 | 17,259 | 16,270 |

Cash Flow

| | H1 FY22 31 July 2021 £'000 | H1 FY21 31 July 2020 £'000 | FY21 31 January 2021 £'000 |
|---|----------------------------------|----------------------------------|----------------------------------|
| Cash generated from operations | (1,332) | (824) | (1,791) |
| Net interest paid | (13) | (8) | (41) |
| Income tax refund | 30 | 399 | 394 |
| Net cash outflow from operating activities | (1,315) | (433) | (1,438) |
| Payments for property, plant and equipment | (25) | (15) | (44) |
| Payment of software development costs | (86) | (529) | (682) |
| Proceeds from disposal of subsidiary | 327 | - | 4,167 |
| Proceeds from issue of share capital | 10 | - | - |
| Proceeds from borrowings | - | 29 | 31 |
| Repayment of borrowings | (14) | (12) | (19) |
| Payment of lease liabilities | (30) | (71) | (98) |
| Net cash used in investing and financing | 182 | (598) | 3,355 |
| Increase / (decrease) in cash | (1,133) | (1,031) | 1,917 |
| Effect of foreign currency movements | (13) | 6 | 12 |
| Cash at the start of the period | 4,516 | 2,587 | 2,587 |
| Cash at the end of the period | 3,370 | 1,562 | 4,516 |

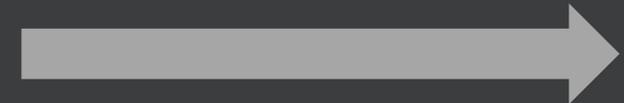
Our history



Product offering evolution



Increasing Gross Margin



Operating businesses

| |  | SPACE CONNECT  |  |
|-------------------|--|---|--|
| Products/Services | SaaS Visitor Management Software (VMS) and desk management software | SaaS Integrated Workplace Software Includes Meeting Room Booking, Desk Management & Visitor Management | Distribution of Smart workplace solutions Hardware & software sales Meeting room, workplace sensors design and install |
| Market | Global Small single site business to multi-location Fortune 500 businesses | Global Small to medium size businesses (up to 1500 employees per location) | UK |
| Sales Model | Direct | Channel | Channel |
| Deal size | Average ARR per client £730 | Average ARR per client £8,000 | Varies |
| Employees | 41 | 18 | 12 |
| Location | Tauranga, New Zealand Austin, Texas | Mildenhall, UK | Mildenhall, UK |

Notes: In addition to above there are a further 2 staff in Group plus 2 Non-Executive directors

Our customers

swipedon

● Customers

| | | | |
|-------------|-----|-----------|----|
| USA | 36% | Ireland | 1% |
| UK | 20% | Germany | 1% |
| Australia | 18% | Singapore | 1% |
| New Zealand | 12% | Italy | 1% |
| Canada | 5% | ROW | 4% |
| Netherlands | 1% | | |

SPACE CONNECT

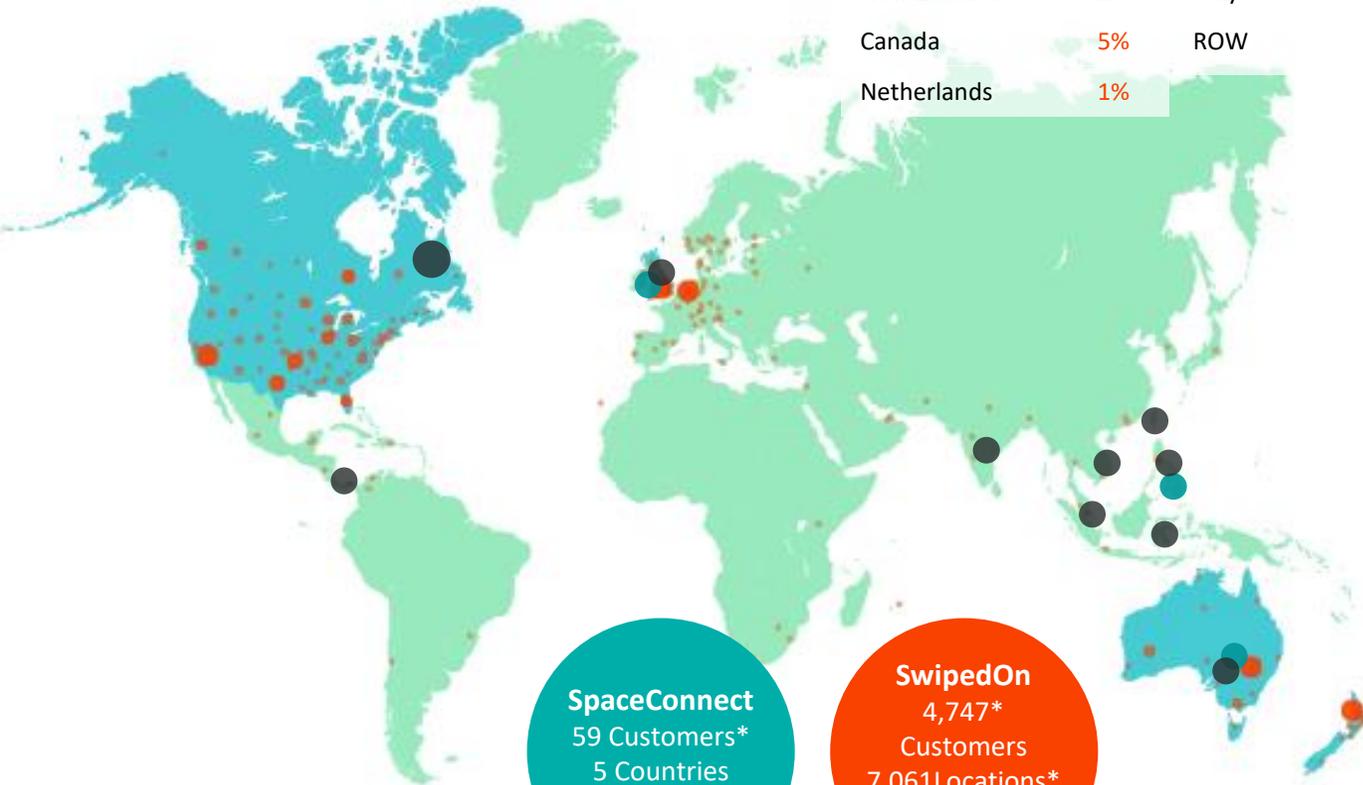


● Customers

| | |
|-----------|-----|
| UK | 79% |
| Australia | 12% |
| ROW | 9% |

● Partners

| | |
|----------|-----|
| UK & EU | 65% |
| APAC | 21% |
| Americas | 14% |



SpaceConnect
59 Customers*
5 Countries
43 Partners

SwipedOn
4,747*
Customers
7,061 Locations*
73 Countries

* At 30 Sept 2021



SPACE CONNECT - Business overview

- Acquired in November 2019, currently headcount of 18
- Sales and management team based in group offices in Mildenhall, UK
- Development team based in Tauranga, New Zealand under management on Group CTO
- Indirect Channel sales model, three levels of partner:
 - Strategic Partner Evoko
 - Distributor / major reseller Softcat, ESCO
 - Resellers A further 41 resellers in around the world
- Largest customer NBN
 - 6000 desks and 160 meeting rooms across 10 locations
 - NBN first joint customer with XY Sense (now an A+K product line)



SPACE CONNECT - Evoko relationship

- Evoko Naso
 - First new meeting room panel launched by Evoko in 5 years
 - Previous product has sold 300,000 units
- Over two years of development work contributed to Evoko Naso software
 - The entire Naso operating system has been written by us
 - Includes the end-user app, licensing, registration and setup along with;
 - White-label Space Connect desk management, meeting room management and visitor management, branded Naso
- Naso revenue made up of three components:
 - One-off payment of €70 per panel, paid when the panel ships from Evoko
 - €36 per annum per panel SaaS fee, paid when panel is initialised by partner
 - 30-40% of the SaaS fee for any modules activated
 - Typical Evoko customer has 14 meeting rooms, 300 employees
 - SaaS revenue to Space Connect from each customer installed - c.€550 per month

| | | |
|-----------------------------|---------|---|
| Panel one off income | €70 | |
| Panel SaaS income | €1,512 | Assumes €36 per panel x 3 (Years) x 14 panels |
| Software module SaaS income | €19,800 | Assumes €550 X 36 months |
| 3 Year TCV to Space Connect | €21,312 | |
| MRR to Space Connect | €592 | |
| ARR to Space Connect | €7,104 | |





City Fibre Employee desk booking with social distancing



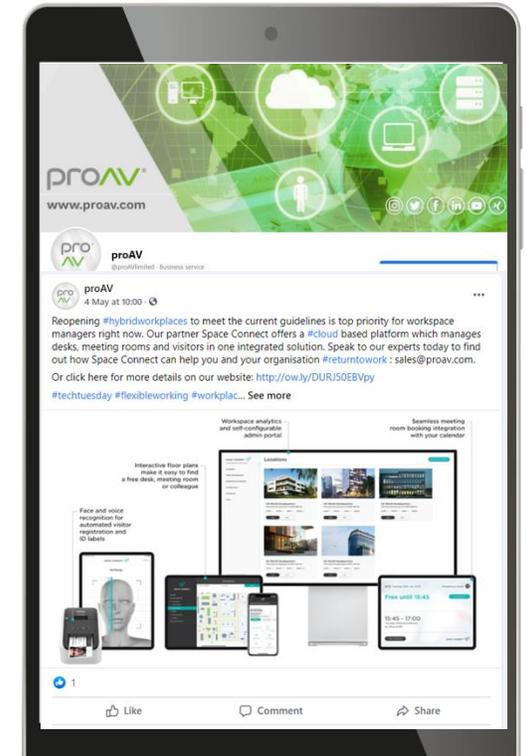
Return to the office (RTO)

- Growing interest in getting back to the office and the emergence of hybrid working
- Companies indicate they wish to reduce real estate footprint – more people than desks
- We provide solutions to facilitate desk and room booking
- Space Connect partners have a defined RTO offering, showcasing Space Connect
 - Softcat launched their RTO campaign in April
 - ProAV announced their RTO offering last week (see example)

Case Study CityFibre

- Project awarded via Softcat, in Sept 2020
- Successfully deployed 400 desks across 25 locations in 3 weeks
- First phase value £27k ARR net to SpaceConnect*

*Canaccord Genuity Research 9th April 2021



A+K - Business overview

- Acquired in 2017, 12 employees, based Mildenhall
- Pivoted from traditional AV distributor/integrator to focus on distributing and implementing smart workplace technologies, including;
 - Space management solutions: XY sense, Vergesense
 - Desk management sensors: ladea, Kontakt.io
 - Meeting room Panels: Evoko, ladea, Steelcase
 - Workplace employee temperature solutions: Allsee
- Rationale for being part of the group
 - Network of 500 UK resellers – 200 of these potential partners to resell Space Connect
 - Provides centralised support desk for SwipedOn and Space Connect east coast US and EMEA
 - Hardware manufacturers open reverse strategic partner opportunities Space Connect



Senior management team & board



Spencer Dredge

MD – A+K

Been with the Group since 2014 and was instrumental in the original restructuring of the Group. He has run most of the disposals and acquisitions made by the Group.



Kris Shaw

CFO

Kris joined the Group in 2019 and has been Group CFO since May 2021. Qualified accountant with extensive experience leading finance teams in a variety of industries.



Frank Beechinor

CEO

Experienced in growing SaaS businesses. Previously Chaired dotdigital and CEO of OneClickHR, both on AIM. Joined SmartSpace in 2014, originally as Chairman, and became CEO in 2018.



Hadleigh Ford

MD-SwipedOn

The original Founder of SwipedOn and has been driven behind the strategy that has created the successful business as it stands today. Based in Tauranga.



Matt Pope

MD- Space Connect

A veteran in Australian tech consulting and formed Space Connect having been on the buy side of failed specie management solution deployments. Now lives in the UK.

Guy Van Zwanenberg

Non-Executive Chairman

Chartered Account, veteran in the running tech businesses. Extensive experience of being on the boards of a number of UK quoted companies. Joined the Group in 2014 and became Chairman in 2018.

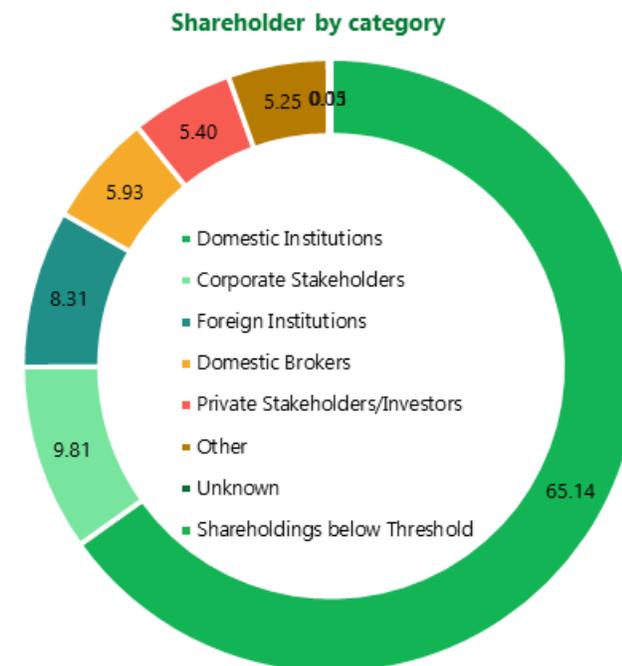


Philip Wood - Non-Executive Director

Philip joined the Board in May 2021 as independent NED and Chair of the Audit Committee. Philip is currently the Deputy Chief Executive Officer and Chief Financial Officer of Aptitude Software Group plc, a specialist provider of powerful financial management software to large global businesses.

Top shareholders

| | | % | Number |
|---|---|------|-----------|
| 1 | JO Hambro Capital Mgt (London) | 9.81 | 2,840,000 |
| 2 | Herald Investment Management (London) | 7.74 | 2,240,780 |
| 3 | Alto Invest (Paris) | 7.11 | 2,057,412 |
| 4 | Pope Family Investments Pty Ltd (Space Connect founder) | 7.00 | 2,026,234 |
| 5 | Patronas Partners | 5.26 | 1,523,402 |
| 6 | Hadleigh Ford (SwipedOn founder) | 3.62 | 1,048,838 |
| 7 | Close Asset Management | 3.62 | 1,046,906 |



* Extracted from Smartspace Software plc shareholder register at 31 July 2021