

SmartSpace Software Plc

SaaS | Visitor Management | Desks | Meeting Rooms

Trading Update
- Year ended 31 January 2023

February 2023



SMARTSPACE
SOFTWARE



Contents

In the room	2
Financial highlights	3 - 4
Business review: SwipedOn	5
Business review: Space Connect	6
Business review: A&K	7
Growth strategy: SwipedOn	8 – 9
Growth strategy: Space Connect	10
Market and competitor	11
Appendices	12

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 (ACA)

- 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



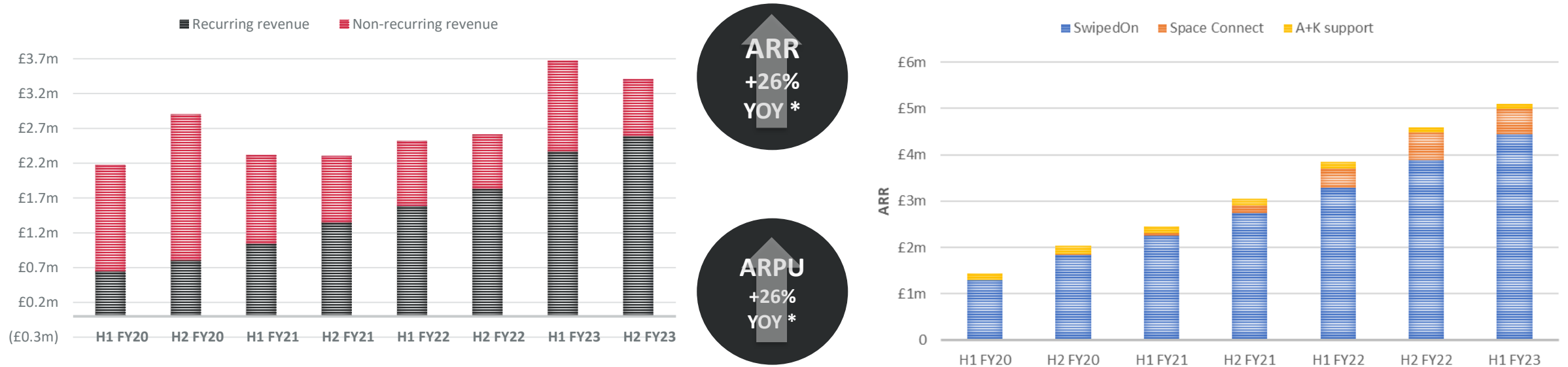
Financial highlights

- Total Group revenues up 36% to £7.0m (FY22: £5.1m)
- Recurring revenues up 45% to £4.9m (FY22: £3.4m)
- Annual recurring revenue (“ARR”) up 26% year on year, to £5.8m (31 Jan 2022: £4.6m)*
- Improved adjusted LBITDA ahead of market expectations
- Cash balance at the period end of £2.0m (30 September 2022: £1.9m) and a net cash position of £1.6m (30 Sept 2022: £1.6m)



** On a constant basis, restated to the prevailing exchange rate at 31 January 2023*

Strong, consistent recurring revenue growth

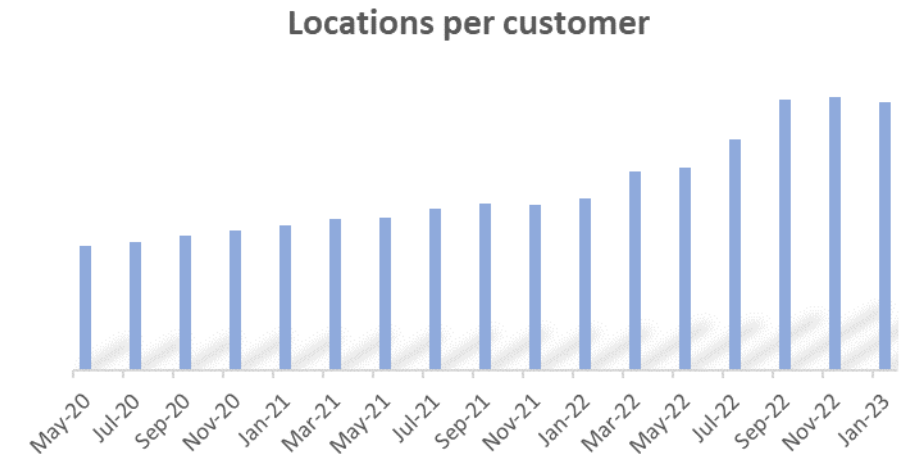
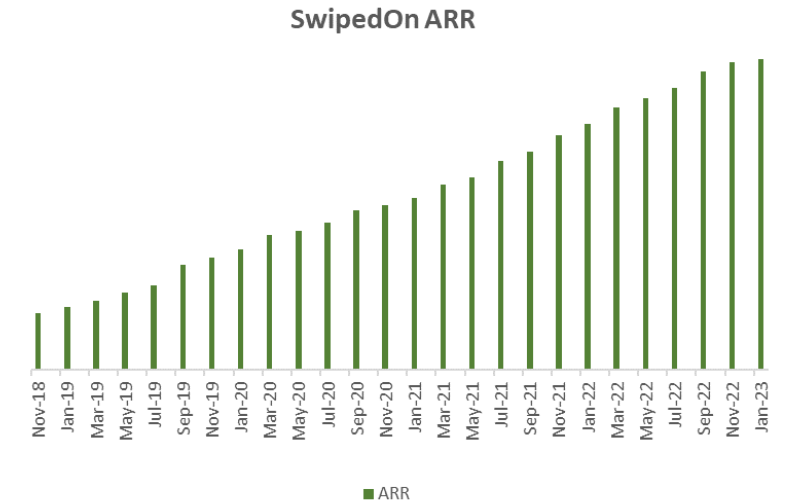
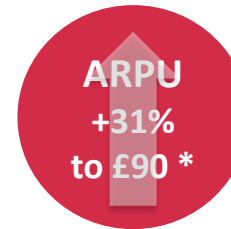
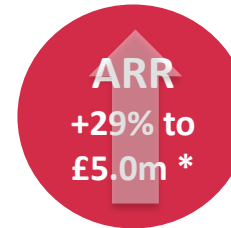


- Continued momentum in growing recurring revenue
- Gross margin maintained and tight control of admin expenses drive improved LBITDA
- Cash consumption reduced with final 4 months of FY23 at breakeven level

swipedon Business review

- SwipedOn ARR increased by 29%, year on year, to £5.0m at 31 January 2023 (31 January 2022: £3.9m)**
- Monthly average revenue per user (“ARPU”) increased by 31%, year on year, to £90 at 31 January 2023 (31 January 2022: £75) **
- SwipedOn continues to target high value multi-location customers. Locations increased to 8,298 at 31 January 2023 (31 January 2022: 7,076)
- Churn continuing to improve, now at 11.5% due to targeted customer success activity.
- SwipedOn largest desk customer continues to grow, having doubled the number of desks managed to 4,000 across 22 locations.
- Well advanced on preparations to launch SwipedOn in China, Hong Kong and Taiwan
- Development of single platform solution for both SwipedOn and Space Connect customers (“SwipedOn Spaces”) nearing completion with commercial launch expected within the coming half year.
- SwipedOn has gained new information security credentials with ISO 27001 and SOC 2 certifications being received

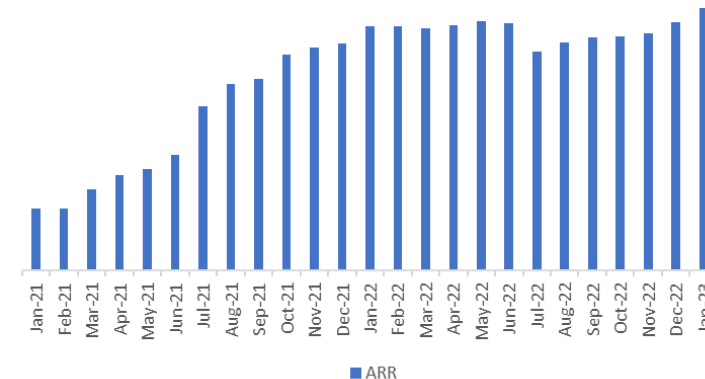
** restated to prevailing exchange rate at 31 January 2023



* Year on year increase to 31 January 2023

SPACE CONNECT Business review

- ARR up 7% to £0.7m at 31 July 2022 (31 January 2022: £0.6m)
- At 31 January 2023, 79 customers (31 January 2022: 69)
- Slow sales at times and some contraction from clients where social distancing no longer required
- Still a 'must have' but with more protracted buying cycle with more stakeholders
- Sales of Evoko Naso consistently at a higher level for last 9 months
 - Increase in sales temp since May 2022
 - Evoko sales initiatives working well – trade shows, new pricing model trade in offer, faster onboarding
 - On show at ISE Barcelona in February 2023
- Order received in January 2023 from new Far Eastern customer with revenue yet to be recognised and significant prospects for expansion in FY24.
- Space Connect has been cash generative since July 2022



ARR
+ 7% to
£0.7m

A+K Business review

- Increased revenue for the year to 31 January 2023 of £2.1m, up 22% year on year (31 January 2022: £1.7m)
- Order received from major UK education institution which will generate significant revenues in FY24
- General trading
 - Focused on UK market and selling through a network of resellers
 - Offer a range of space management solutions – sensors, meeting room panels
 - Larger transactions which were stalled during Covid lockdowns now taking place

swipedon Growth strategy

- Maintain current trajectory of increasing locations globally and ARR
 - Development of “SwipedOn Spaces” nearing completion bringing together the depth of functionality of both SwipedOn and Space Connect into a single platform. Commercial launch expected in the next 6 months allowing for further increases in ARPU and ARR from existing customer base and new customers
 - Launch into new non-English speaking markets advancing with plans in China, Hong Kong and Taiwan.
- Upsell – increase APRU from existing customers
 - Migrate customers to higher plans – 52% of SwipedOn revenue from 14% of customers
 - Opportunity to upsell from ‘Starter’ and ‘Business’ price plans to ‘Enterprise’ price plan
 - Multi-location sales
 - ‘Land and expand’ with existing customers – outbound marketing activity to promote to existing customers – lower cost of acquisition
 - Proactively target large multi- location organisations. Cross-sell = increase ARPU
 - SwipedOn Spaces
 - Resistance to selling SwipedOn Desks to existing customer base came from lack of integration with SwipedOn visitor management.
 - Prospective customers frequently express desire for fully integrated product



swipedon Far East expansion

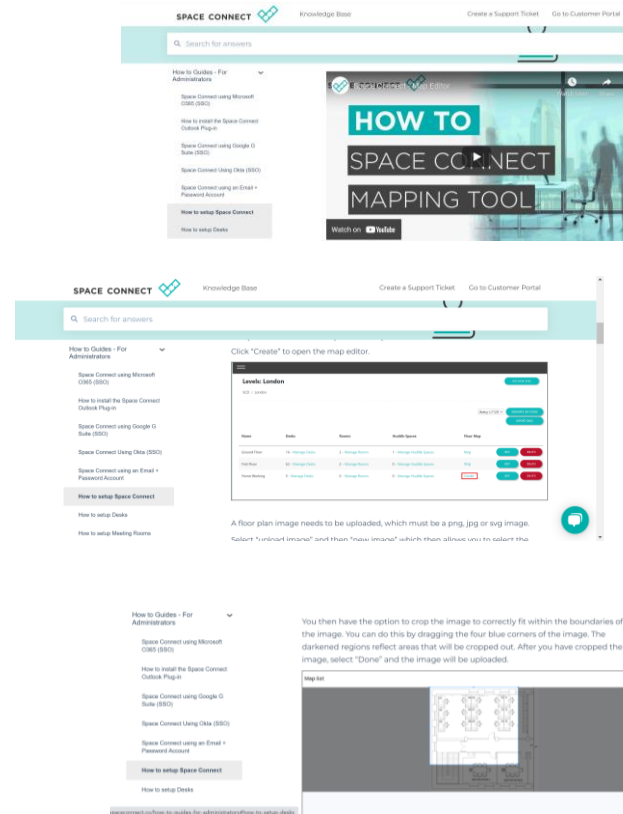
Key highlights

- Over 50 trialists and 5 active customers in the South Korea market
- These include multi-location deals with acceleration since September
- Key learnings from this exercise
 - Importance of Android release
 - Optimising Naver and SEO took longer than anticipated
 - Need to introduce local currency purchase (currently \$USD)
 - CAC lower than expected
- Despite the above, we are happy with the evolution of our model for introducing new markets
- Now wish to press ahead with additional markets
 - Targeting China and one other Far East market



SPACE CONNECT Growth strategy

- Ensure existing partners evolve their sales pipelines to replicate the success of the Softcat relationship
- Work on further opportunities for strategic partnerships and white label offering
- Seek additional distributor/major reseller partners
 - Focus on developing further opportunities within the US reseller network
- The development of our own mapping tool continues to allow faster on-boarding of new customers
 - Also allows self-provisioning by customers, analytics & data, replaces third party costs and allows a more competitive cost of sales
- Deliver on Evoko Naso sales through 2023 and beyond



Market & competitors

- Tightening in UK but good momentum in APAC and US
- Indicative valuations c 7x ARR– not many assets left to buy – lower than 2021 but higher than other sectors

Most recent M&A activity

- Envoy acquired WorkspHERE Sept 2022 (Brookfield invested \$115m in Envoy at \$1.4bn valuation – Jan 2022)
- Proxyclick (similar size to SwipedOn) acquired by Condeco – Jan 2022
- Traction Guest acquired by PSG - Dec 2021
- SigninApp (SwipedOn's main UK competitor) acquired by PSG - Sept 2021
- iOffice acquired by Thoma Bravo and combined with SpaceIQ - August 2021
- Thoma Bravo and JMI Equity consolidate workplace applications under one brand (Condeco, Proxyclick, iOffice + SpaceIQ)

Outlook

- Continuation of growth for FY24 through new geographic markets and improved product offering
- Continue to maintain a tight control of costs
- Continue to focus on building high margin recurring revenue through both customer and ARPU growth
- Our products ideally placed to take advantage of technological demands from hybrid working
- Considerable industry consolidation has already taken place with a number of major competitors being acquired at high ARR multiples leaving few good quality assets left in the workspace management software space
- Business remains in competitive position, in an exciting high-growth market with sufficient cash to execute on plans
- Group to be cash flow breakeven during FY24