

SmartSpace Software Plc

SaaS | Visitor Management | Desks | Meeting Rooms

INTERIM RESULTS

- Six months ended 31 July 2023

October 2023



SMARTSPACE
SOFTWARE



Contents

In the room	2
Financial highlights	3 - 4
Business review	5
Growth strategy	6
A&K disposal	7
Market and competitors	8
Current trading & conclusion	9
Appendices	10 - 16

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

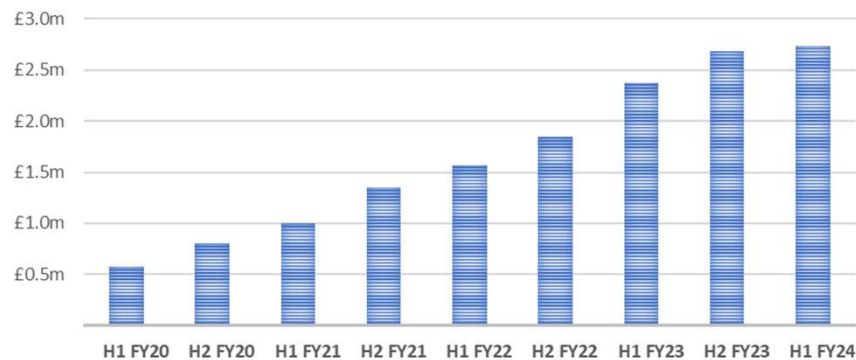
- Total Group revenues up 16% to £2.74m (31 July 2022: £2.37m)
- Annual recurring revenue (“ARR”) up 21% year on year, to £5.8m (31 July 2022: £4.8m)*
- Gross margin on continuing operations remains strong at 92% (31 July 2022: 89%)
- Administration expenses down 3% to £3.10m (31 July 2022: £3.19m)
- Group adjusted EBITDA loss of £0.06m (31 July 2022: £0.50m)
- Reduced cash burn from continuing operations including capital expenditure of £0.36m (31 July 2022: £0.70m)
- Cash balance at the period end of £2.21m (31 July 2022: £2.32m)

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



Strong, consistent recurring revenue growth

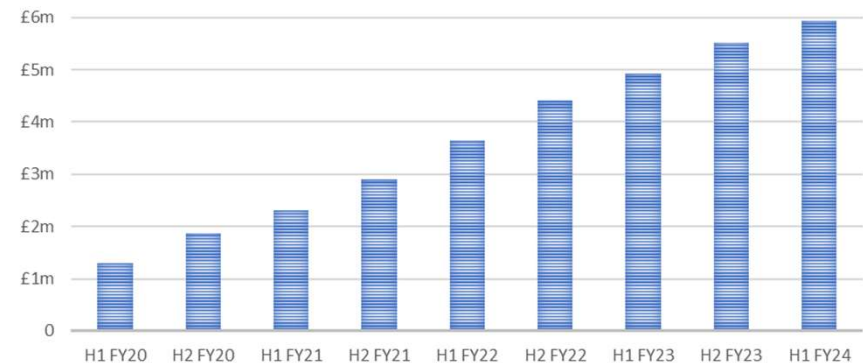
RECOGNISED REVENUE



ARR
+21%
YOY *

ARPU
+9%
YOY *

ANNUAL RECURRING REVENUE (ARR)



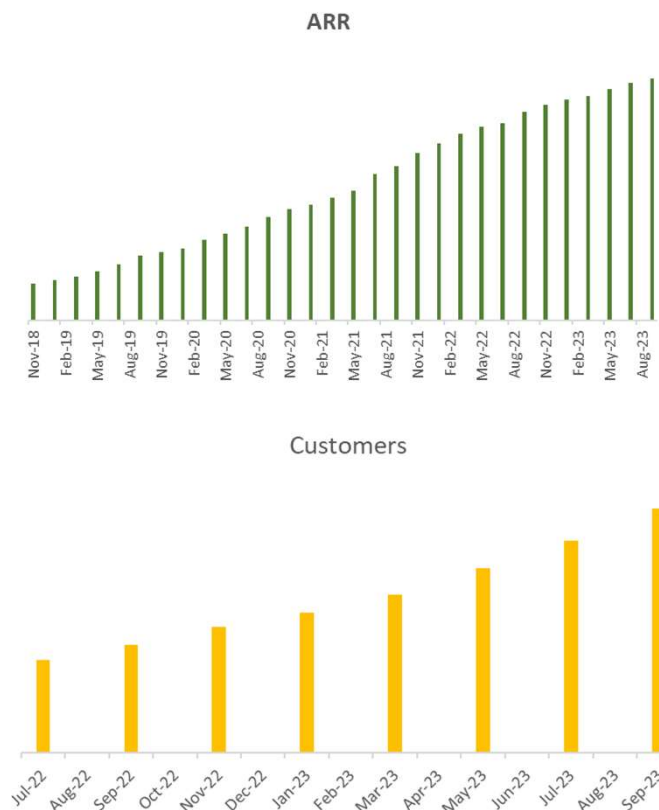
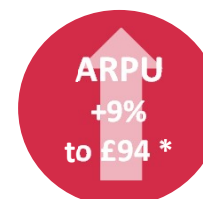
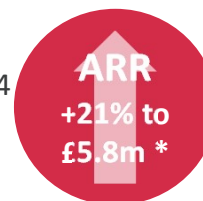
- Annual Recurring Revenue, measured on a constant currency basis, continues to grow
- Recognised revenue growth in H1 FY24 held back by currency movements but expected to continue to grow in future periods in line with ARR growth
- ARR continued to grow in two months to 30 September 2023, reaching £6.0m, up 10% since start of year
- Cash in bank at 30 September 2023, £2.0m with no debt



* Year on year increase to 31 July 2022

Business review

- ARR increased by 21%, year on year, to £5.8m at 31 July 2023 (31 July 2022: £4.8m)** and further to £6.0m at 30 September 2023
- Monthly average revenue per user (“ARPU”) increased by 9%, year on year, to £94 at 31 July 2023 (31 July 2022: £86) **
- Growth in customer numbers returns to historic pre-pandemic levels reaching 5,112 at 30 September 2023 up 11% year on year (30 September 2022: 4,605)
- CAC for the year to date down 37% compared to comparative period
- Evoko acquired by Biamp in August 2023
 - Positive for Naso due to the increased sales capacity and broader reach of Biamp.
 - Sales expected to be flat until Evoko integrated into Biamp



** restated to prevailing exchange rate at 31 July 2023

* Year on year increase to 31 July 2023

Growth strategy

- Maintain current trajectory of increasing locations globally and ARR
 - Build on positive momentum in core markets – US, UK, Aus
 - German sales to be delivered from the UK
- Upsell – increase ARPU from existing customers
 - Spaces launched with potential to upsell to existing customers
 - Multi-location sales
 - ‘Land and expand’ with existing customers – outbound marketing activity to promote to existing customers – lower cost of acquisition
- Introduce direct sales for Space Connect product line – focus on UK and APAC
- Seek additional distributor/major reseller partners
 - Ensure existing partners evolve their sales pipelines to replicate the success of the Softcat relationship
 - Focus on developing further opportunities within the US reseller network



A+K Business disposal

- Process to dispose of A+K completed in July 2023, via a disposal of the freehold building followed by a sale of the remaining trade and assets of the business
- Gross disposal proceeds of £1.38m received with £0.11m cash disposed and costs of £0.12m incurred, resulting in net disposal proceeds of £1.15m
- Carrying value of assets disposed (including cash and deferred tax) amounted to £1.47m giving overall loss on disposal £0.21m
- A non-cash gain on the strike-off of our Australian subsidiaries, amounting to £0.5m, resulted in overall profit from discontinued activities of £0.27m



Market & competitors

Businesses continue to shrink their real estate footprint

- 20% contraction in office usage in London as a result of flexible working & WFH
- Early this year HSBC and Clifford Chance announce they are moving to smaller footprint buildings
- September 2023 Lloyds Bank and Pentland indicate they are moving HQ to smaller buildings
 - Lloyds said they wish to shrink their office footprint by 30%
 - Pentland will shrink their office space by 75%

Software Market consolidation continues

- SigninApp acquired Pronestor and Threatswitch in Oct 22 followed by SCR Tracker and 10to8 in January 2023
- FM Systems acquired by Johnson Controls for US\$455m in July 2023 – first major consolidation in the workspace management sector
- Greetly acquired by OfficeSpace Software (part of Vista Equity Partners) for an undisclosed sum in May 2023
- Accel KKR acquired Appspace September 2023
- Trane Technologies acquired Nuvolo in October 2023 – another trade acquisition following on from Johnson Controls acquisition of FM Systems



Current trading & conclusion

Current trading

- Good growth seen so far in all areas of the business

Outlook

- Continuation of growth for the remainder of FY24 with tight control of costs
- Continue to focus on building high margin recurring revenue through both customer and ARPU growth
- Focussed on transition to single platform for all customers
- Business remains in competitive position, in an exciting high-growth market with sufficient cash to execute on plans
- £2.0m of cash at 30th September

APPENDICES

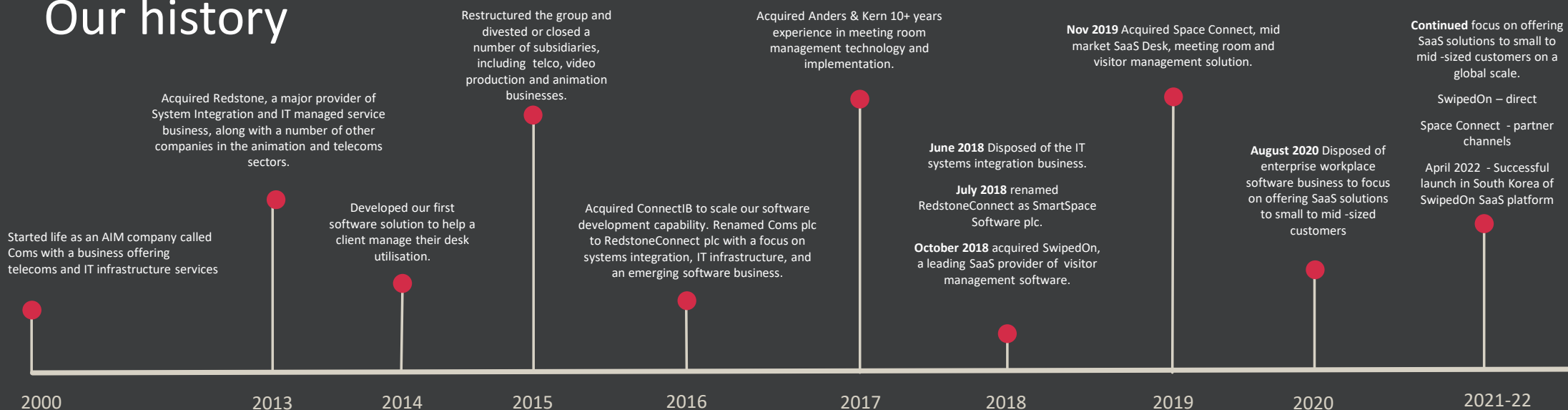
Income Statement	FY24 31 July 2023 £'000	FY23 31 July 2022 £'000	FY23 31 January 2022 £'000
Revenue	2,741	2,368	5,056
Cost of sales	(224)	(259)	(559)
Gross profit	2,517	2,109	4,497
Operating costs	(2,582)	(2,609)	(5,272)
Other income	2	3	10
Loss from operating activities before interest, taxation, depreciation, amortisation, impairments, share-based payments and exceptional items	(63)	(497)	(765)
Depreciation and amortisation	(396)	(353)	(734)
Impairments	(1)	1	3
Share-based payments	(117)	(198)	(282)
Exceptional items	-	(27)	(81)
Operating loss	(577)	(1,074)	(1,859)
Finance expense	(12)	(3)	(6)
Loss before tax	(589)	(1,077)	(1,865)
Taxation	(116)	(13)	(215)
Loss for the year from continuing operations	(705)	(1,090)	(2,080)
Discontinued operations	267	(1)	(658)
Loss for the year attributable to the owners of the parent	(438)	(1,091)	(2,738)

Balance Sheet

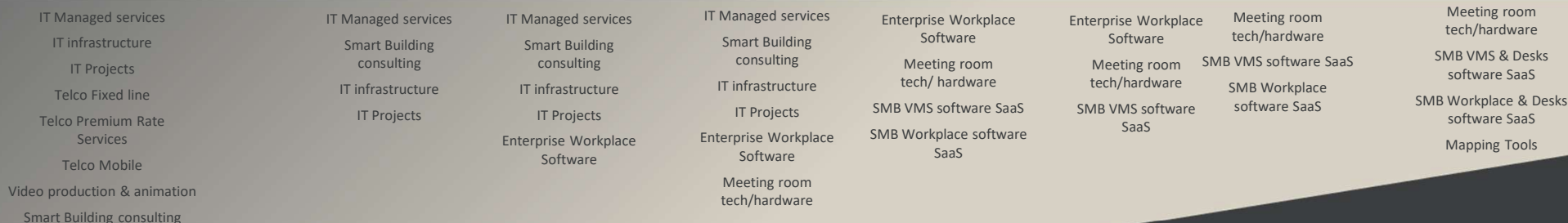
	FY24 31 July 2023 £'000	FY23 31 July 2022 £'000	FY23 31 January 2023 £'000
Goodwill and intangible assets	9,434	10,806	9,782
Property, plant and equipment including right of use assets	337	811	330
Deferred tax assets	2,118	2,476	2,263
Trade and other assets	481	810	518
Cash and cash equivalents	2,213	2,315	1,962
Assets classified as held for sale	-	-	1,731
Total assets	14,583	17,218	16,586
Borrowings	-	341	334
Lease liabilities	300	79	285
Trade and other payables	1,121	1,549	1,205
Deferred revenue	2,719	2,116	2,615
Liabilities held for sale	-	-	506
Total liabilities	4,140	4,085	4,945
Net assets	10,443	13,133	11,641

Cash Flow	FY24 31 July 2023 £'000	FY23 31 July 2022 £'000	FY23 31 January 2023 £'000
Cash generated from operations	17	(217)	(99)
Net interest paid	(12)	(9)	(21)
Income tax refund	20	68	67
Net cash outflow from operating activities	25	(158)	(53)
Payments for property, plant and equipment	(8)	(12)	(26)
Payment of software development costs	(511)	(212)	(686)
Proceeds from disposal of subsidiary	304	-	65
Proceeds from sale of property, plant and equipment	838	-	-
Repayment of borrowings	(334)	(44)	(51)
Payment of lease liabilities	(24)	(34)	(68)
Net cash used in investing and financing	265	(302)	(766)
Increase / (decrease) in cash	290	(460)	(819)
Effect of foreign currency movements	(39)	17	23
Cash at the start of the period	1,962	2,758	2,758
Cash at the end of the period	2,213	2,315	1,962

Our history



Product offering evolution



Increasing Gross Margin



Operating businesses

		
Products/Services	SaaS Visitor Management Software (VMS) and desk management software	SaaS Integrated Workplace Software Includes Meeting Room Booking, Desk Management & Visitor Management
Market	Global Small single site business to multi-location Fortune 500 businesses	Global Small to medium size businesses (up to 1500 employees per location)
Sales Model	Direct	Channel
Deal size	Average ARR per client £1,100	Average ARR per client £6,000
Employees	42	10
Location	Tauranga, New Zealand Austin, Texas	Cambridgeshire, UK

Notes: In addition to above there are a further 3 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	82%
Australia	9%
ROW	9%

Partners	
UK & EU	65%
APAC	21%
Americas	14%



Over 5,100 customers in more than 73 countries*



* At 30 September 2023