

SmartSpace Software Plc

SaaS | Visitor Management | Desks | Meeting Rooms

FINAL RESULTS

- Year ended 31 January 2023

May 2023



SMARTSPACE
SOFTWARE



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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

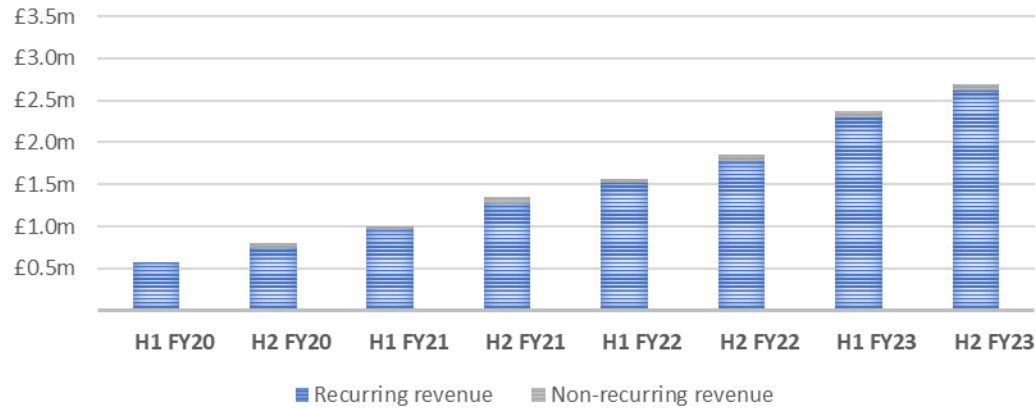
- Group revenues up 48% to £5.06m (FY22: £3.41m)
- Recurring revenues now make up 97% of total revenue
- Annual Recurring Revenue (“ARR”) up 25% year on year, to £5.59m (FY22: £4.49m)*
- Strong gross margin of 89% (FY22: 89%)
- Improved adjusted EBITDA loss of £0.77m (FY22: £2.38m)
- Loss per share from continuing operations of 7.19p (FY22: 8.11p)
- Cash balance at the period end of £1.96m (FY22: £2.76m) and a net cash position of £1.63m (FY22: £2.38m)
- **A+K classed as discontinued operation therefore revenue, gross margin, EBITDA and ARR figures are adjusted to exclude A+K contribution in both the current and prior year**

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



Strong, consistent recurring revenue growth

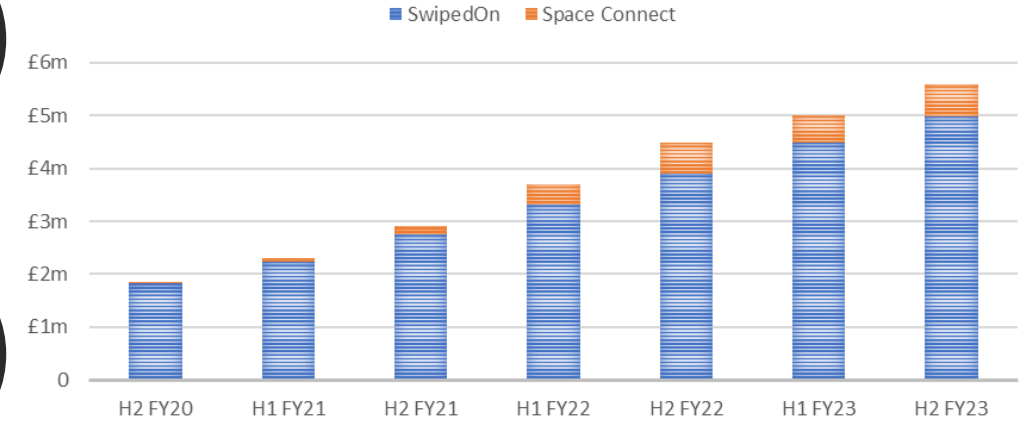
RECOGNISED REVENUE



ARR
+25%
YOY

ARPU
+25%
YOY

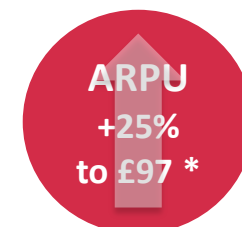
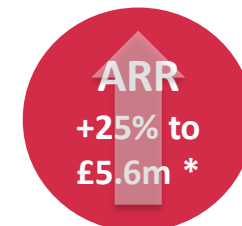
ANNUAL RECURRING REVENUE (ARR)



- Consistent growth in recognised revenue over last 8 reporting periods since SwipedOn was acquired in October 2018
- Careful management of overheads with a 3% increase during the year



- High gross margin revenues of 89%. Allows the business to grow from new customers with minimal incremental costs
- Favourable cashflows as 75% of customers pay at least annually in advance.
- Robust Customer Lifetime Value (LTV) to Customer Acquisition Cost (CAC) of 5:1. Demonstrates return on investment and further opportunity for growth
- Business operating in both direct and indirect sales models through SwipedOn and Space Connect brands provides best opportunities for growth
- Revenue churn down to expected levels of 11.8% at year end (FY22: 12.7%)
- Continue to target high value, multi-locations customers with total locations increasing by 17% to 8,377 and locations per customer increasing to 1.8 (FY22: 1.5)
- Fully integrated single workplace platform, Spaces, nearing completion
 - Due for commercial launch Q2/Q3
 - Provides expansion opportunity from existing customer base with expressions of interest already received
 - Will reduce group development requirement and provide other synergy opportunities
- Net recurring revenue grown to 105% (FY22: 130%) demonstrates growth, even without contribution from new customers
- Recent launch into Taiwan, China and Germany (see next page)

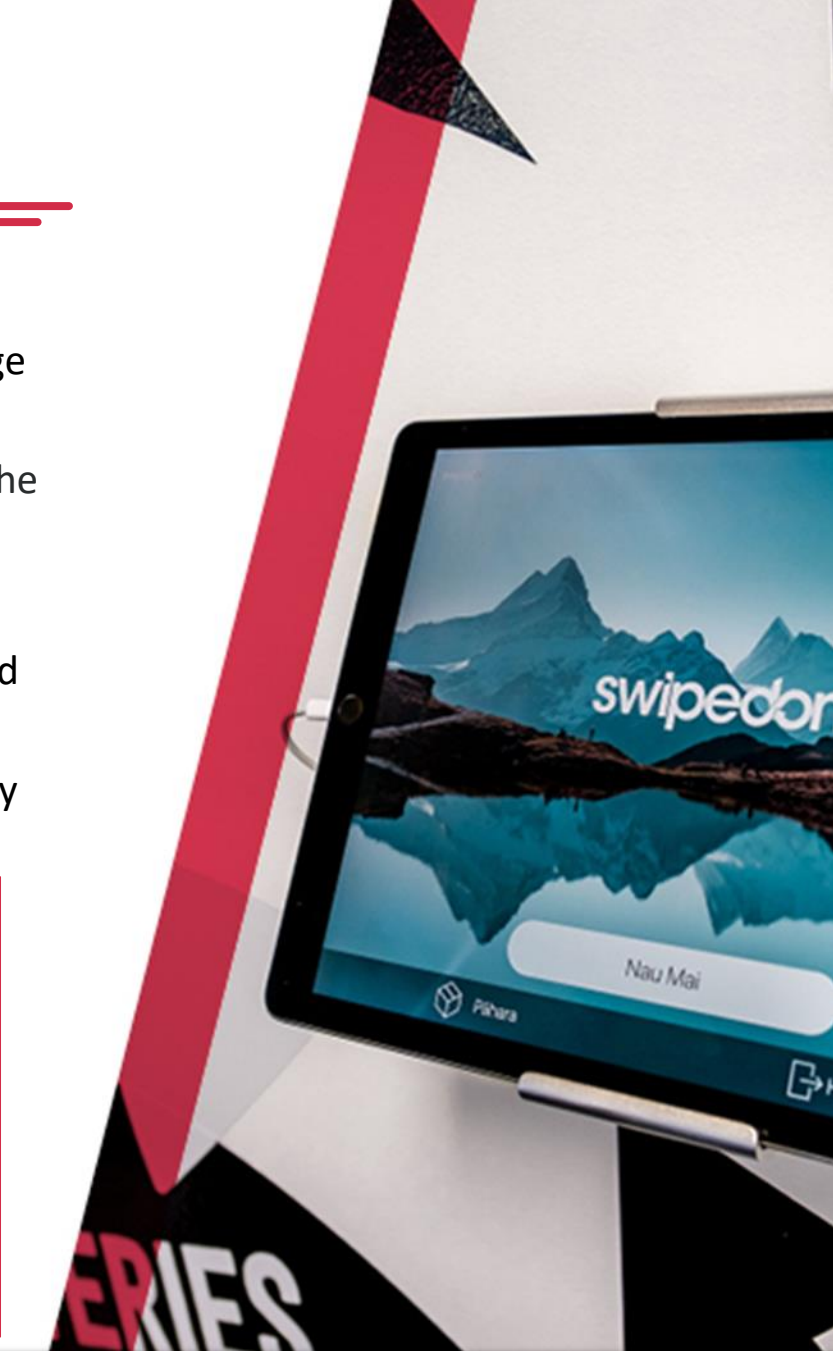
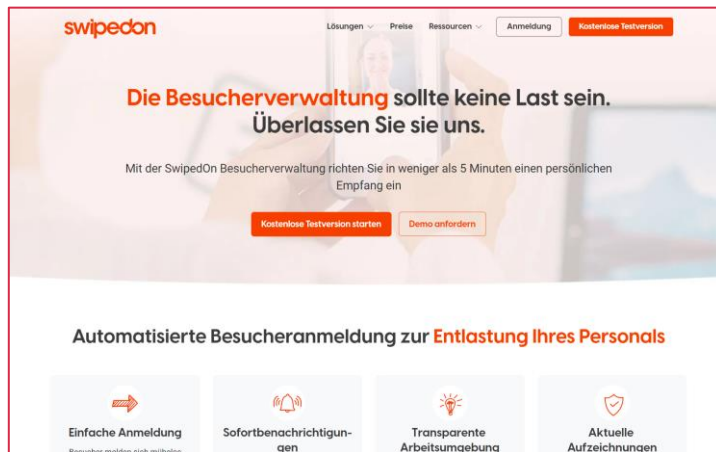


* As at 31 January 2023

swipedon New markets

Key highlights

- Further step in broadening the addressable market with launch of fully localised language variants in 3 new markets
- Asian market expansion with localised versions in Taiwan and China, following on from the release in South Korea last year
- The launch of a fully localised German version is the first full market release in Europe
- Each country variant includes a local language website, marketing campaign, product and localised sales and customer support.
- Launching three countries at once demonstrates our ability to quickly and cost effectively enter new markets with deployment possible in as little as a few weeks



Growth strategy

- Maintain current trajectory of increasing locations globally and ARR
 - Continue growth in existing key markets: US, UK, Canada, Australia, New Zealand
 - Look to further launch in non-English speaking markets
- Upsell – increase APRU from existing customers
 - Migrate customers to higher plans – 51% of SwipedOn revenue from 14% of customers
 - ‘Land and expand’ existing customers – outbound marketing activity to promote to existing customers with lower cost of acquisition – offer new modules eg Inductions
 - Proactively target large multi-location organisations
- New product
 - Inductions – new module for SwipedOn release Q2
 - Fully integrated platform, SwipedOn Spaces, to offer new features and new revenue generating opportunities
- Work on partnerships opportunities
 - Ensure existing partners evolve their sales pipelines to replicate the success of Softcat
 - Strategic and white label offerings
 - Seek additional distribution partners
- Deliver on Evoko Naso sales through 2023 and beyond



- Process to find new owners of A+K making progress
- Financial results, assets and liabilities relating to A+K removed from continuing operations and now classed as discontinued
- Carrying value of A+K assets at 31 January 2023 of £1.23m reflects Management estimation of fair value less cost to sell of A+K business
- A+K revenue to 31 January 2023 increased to £2.09m (FY22: £1.73m)
- A+K EBITDA loss to 31 January 2023 reduced to £0.11m (FY22: £0.12m)

Post period end highlights – at 30 April 2023

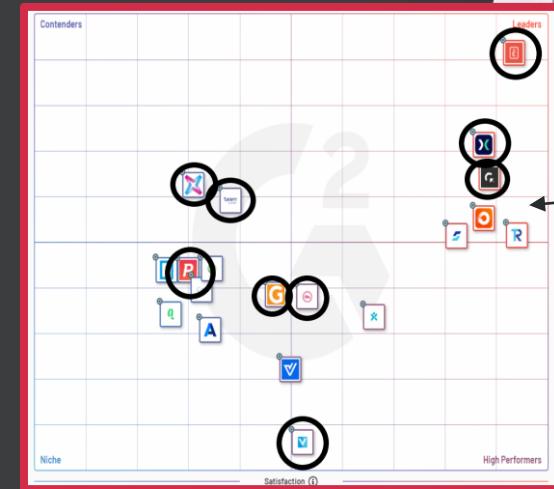
- Mortgage of £0.33m on freehold building in Mildenhall fully repaid in February 2023
- Cash of £1.25m at 30 April 2023
- Net new ARR of £0.19m added in quarter to 30 April 2023
- ARR £5.62m at 30 April 2023, up 3% since start of year and 20% year on year
- Strengthening GBP reduced ARR by £0.17m
- Customer locations continue to grow to 8,676 up from 8,377 at start of year
- Successful launch into Taiwan, China and Germany



Market & competitors

Most recent M&A activity

- Envoy acquired WorkspHERE Sept 2022 (Brookfield invested \$115m in Envoy at \$1.4bn valuation – Jan 2022)
- Proxyclick (acquired by Condeco – Jan 2022)
- SigninApp (SwipedOn's main UK competitor) acquired by PSG - Sept 2021, combined with Traction Guest, group rebranded as Signin App solutions
- SigninApp acquired Pronestor and Threatswitch in Oct 22 followed by SCR Tracker and 10to8 in January 2023
- Atlassian makes strategic investment in Robin
- iOffice acquired by Thoma Bravo and combined with SpaceIQ - August 2021
- Thoma Bravo and JMI Equity consolidate workplace applications under one brand Ertu (Condeco, Proxyclick, iOffice + SpaceIQ)
- After acquiring FSI in the UK in 2021, MRI acquired PropTech Group and Springboard in October 2022. MRI had already acquired Who'sOn location (another NZ-based Visitor system)



G2 Grid for
Visitor
Management
2022

swipedon

Outlook

- Continuation of growth for FY24 through new geographic markets and improved product offering
- Continue to maintain a tight control of costs with converged business
- 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 targeting cash flow breakeven during FY24

APPENDICES

Income Statement

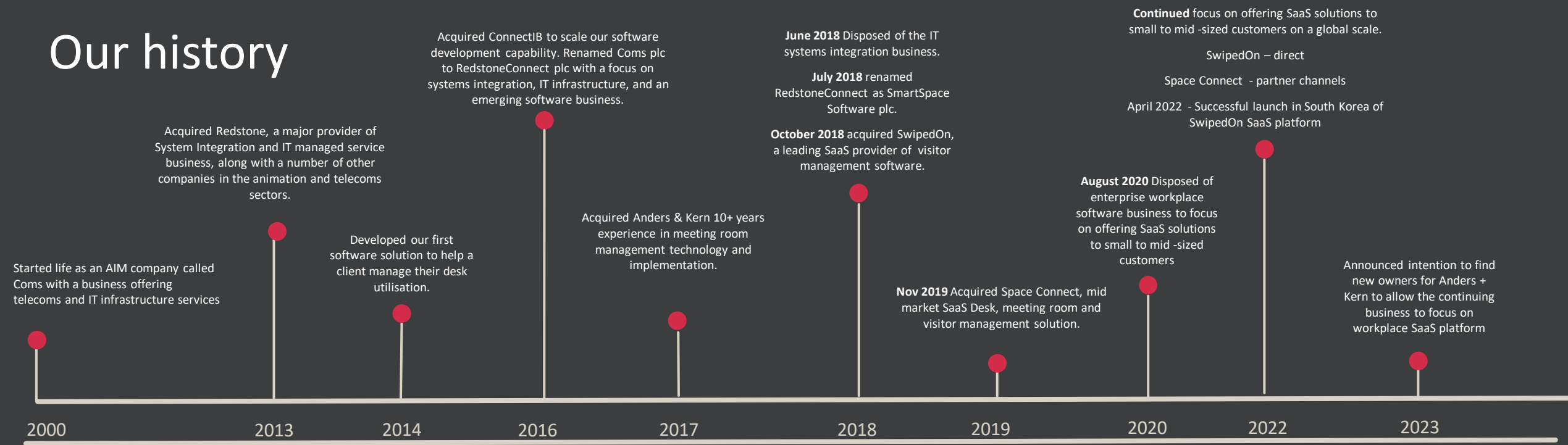
	FY23 31 January 2023 £'000	FY22 31 January 2022 £'000
Revenue	5,056	3,411
Cost of sales	(559)	(367)
Gross profit	4,497	3,044
Operating costs	(5,272)	(5,455)
Other income	10	36
Loss from operating activities before interest, taxation, depreciation, amortisation, impairments, share-based payments and exceptional items	(765)	(2,375)
Depreciation and amortisation	(734)	(623)
Impairments	3	(14)
Share-based payments	(282)	(259)
Exceptional items	(81)	(109)
Operating loss	(1,859)	(3,380)
Finance expense	(6)	(13)
Loss before tax	(1,865)	(3,393)
Taxation	(215)	1,056
Loss for the year from continuing operations	(2,080)	(2,337)
Discontinued operations	(658)	(227)
Loss for the year attributable to the owners of the parent	(2,738)	(2,564)

Balance Sheet

	FY23 31 January 2023 £'000	FY22 31 January 2022 £'000
Goodwill and intangible assets	9,836	11,370
Property, plant and equipment including right of use assets	277	94
Deferred tax assets	2,263	2,465
Trade and other assets	517	840
Cash and cash equivalents	1,962	2,758
Assets held for sale	1,731	-
Total assets	16,586	17,527
Borrowings	334	383
Lease liabilities	285	108
Trade and other payables	1,205	1,506
Deferred revenue	2,615	1,774
Liabilities held for sale	506	-
Total liabilities	4,945	3,771
Net assets	11,641	13,756

Cash Flow		FY23 31 January 2023 £'000	FY22 31 January 2022 £'000
Cash generated from operations		(99)	(1,614)
Net interest paid		(21)	(25)
Income tax refund		67	28
Net cash outflow from operating activities		(53)	(1,611)
Payments for property, plant and equipment		(26)	(36)
Payment of software development costs		(686)	(340)
Proceeds from disposal of subsidiary		65	327
Proceeds from issue of share capital		-	10
Repayment of borrowings		(51)	(27)
Payment of lease liabilities		(68)	(62)
Net cash used in investing and financing		(766)	(128)
Increase / (decrease) in cash		(819)	(1,739)
Effect of foreign currency movements		23	(19)
Cash at the start of the period		2,758	4,516
Cash at the end of the period		1,962	2,758

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
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: Strategic Partner Distributor Resellers Evoko Softcat, ESCO 41 global resellers
Deal size	Average ARR per client £1,100	Average ARR per client £6,300
Employees	45	8
Location	Tauranga, New Zealand Austin, Texas	Suffolk, UK

Notes: In addition to above there are a further 3 staff in Group plus 2 Non-Executive directors



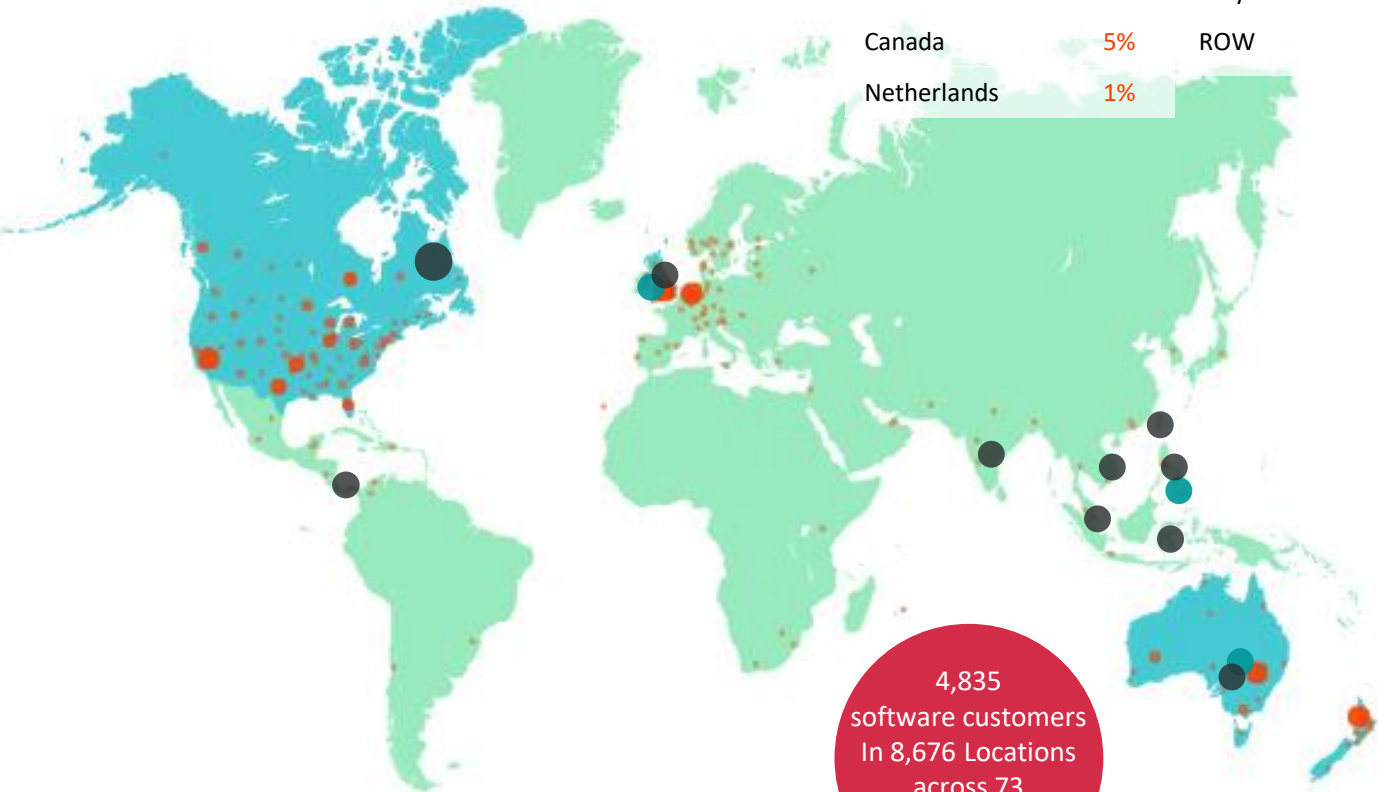
Our customers

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		Partners	
UK	82%	UK & EU	65%
Australia	9%	APAC	21%
ROW	9%	Americas	14%



4,835 software customers
In 8,676 Locations
across 73 countries *



* At 30 April 2023

Senior management team & board



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.

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.

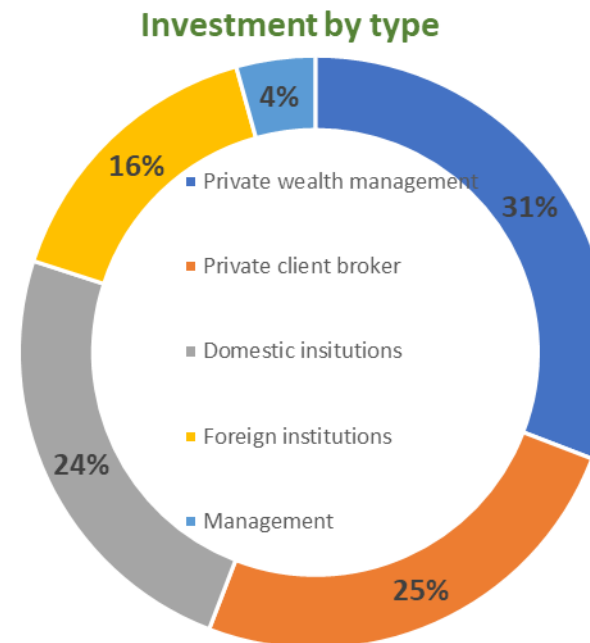


Philip Wood - Non-Executive Director

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)	8.31	2,405,000
2	Herald Investment Management (London)	7.74	2,240,780
3	Pope Family Investments Pty Ltd (Space Connect founder)	6.64	1,921,234
4	Alto Invest (Paris)	5.24	1,516,396
5	Hadleigh Ford (SwipedOn founder)	3.62	1,048,838
6	William Currie Investments (London)	3.46	1,000,000
7	Close Asset Management	3.18	919,606



* Extracted from Smartspace Software plc shareholder register at 30 April 2023