17 May 2022

SmartSpace Software Plc
("SmartSpace", the "Group" or the "Company")

Preliminary Results for the Twelve Months Ended 31 January 2022

SmartSpace Software Plc, (AIM:SMRT) the leading provider of 'Integrated Space Management Software' for smart buildings and commercial spaces 'visitor reception, desks and meeting rooms', announces its unaudited Preliminary Results for the twelve months ended 31 January 2022.

Financial Highlights:

- Total Group revenues up 11% to £5.14m* (FY21: £4.63m)
- Annual recurring revenue ("ARR") up 64% year on year to £4.94m (FY21: £3.02m) [1]
- Recurring revenues up 43% to £3.42m (FY21: £2.39m)
- Gross margin on continuing operations strong at 71% (FY21: 72%)
- Group Adjusted LBITDA of £2.49m (FY21: £2.12m)
- Loss per share 8.91p (FY21: 7.54p)
- Cash balance at the period end of £2.76m (FY21: £4.52m) and a net cash position of £2.38m (FY21: £4.10m)

Operational Highlights

SwipedOn

- SwipedOn ARR increased by 57% year-on-year to £4.23m (NZ$8.67m) at 31 January 2022 (FY21: £2.70m)[1]
- Monthly average revenue per user ("ARPU") increased by 58% year on year to £75 (NZ$ 154) at 31 January 2022 (FY21: £48)[1]
- SwipedOn locations increased to 7,076 at end 31 January 2022 (FY21: 6,741)
- Net revenue retention increased to 130% (2021: 105%) as price increase implemented
- Revenue churn at expected levels of 10.9% (FY21: 6.8%) mainly from single site customers with lower value price plans and limited scope for upsell
- SwipedOn Desks now available to entire customer base with positive feedback received to date

Space Connect

- Space Connect ARR increased by 291% year-on-year to £0.61m at 31 January 2022 (FY21: £0.16m)
- At 31 January 2022, Space Connect had 69 customers, an increase of 56 new customers in the twelve month period
- New partners signed during the year in key geographies including Poland, The Philippines, India, Ireland, Belgium, Canada and the USA
- Sales of Evoko Naso below management expectations; primarily impacted by Covid-19 due to offices in Evoko's key markets and territories not yet fully back to normal working capacity, leading to delayed investment decision making – we remain convinced of medium-term growth opportunity

Anders & Kern (A+K)

- A+K revenue for the twelve months to 31 January 2022 down 24% to £1.73m (FY21: £2.27m) due to the continued impact of the UK lockdown during the period, resulting in a hesitation in returning to the office
- New complementary workspace technology product lines added to the portfolio

Post period end highlights

- The Group had cash of £2.28m at 30 April 2022
- Group ARR £5.50m at 30 April 2022 up 59% year-on-year, restated to the prevailing exchange rate at 30 April 2022
- Group ARPU £93 at 30 April 2022 up 62% year-on-year
- SwipedOn ARR £4.79m (NZ$9.33m) at 30 April 2022 up 56% year on year, restated to the prevailing exchange rate at 30 April 2022
- SwipedOn ARPU £85 (NZ$165) at 30 April 2022 up 58% year-on-year
- Space Connect ARR £0.61m at 30 April 2022 up 156% year on year
- SwipedOn locations 7,471 at 30 April 2022
- Recent launch of Korean language variant of SwipedOn visitor management platform
- SwipedOn agreement with Thermo Fisher Scientific to support its US school Covid testing program in 570 locations [2]

[1] on a constant currency basis, restated to the prevailing exchange rate at 31 January 2022

[2] revenue and locations from 5 month Thermo Fisher Scientific agreement are not included in ARR of £4.79m or locations of 7,471

Commenting on outlook, Frank Beechinor, CEO of SmartSpace, said:

"We have planned for a year of further strong growth in FY23 whilst ensuring our costs are tightly controlled. Expansion into non-English speaking markets has already begun, as per our recent Korean launch for SwipedOn and will be a key area of focus throughout the coming year. We see opportunity for growth from SwipedOn Desks which was launched in Autumn 2021 and has already attracted 30+ customers. Multi-location deals such as the one recently announced with ThermoFisher also provides further opportunity for growth.

As we aim to return A&K to its pre Covid-19 revenue levels, we see good opportunities in the pipeline for the new workspace technology lines.

Space Connect is ideally placed to capitalise on the opportunity presented by hybrid working fast becoming the expected norm in many parts of the world. We will continue to develop unique features that allow us to increase our market share.

With such a large addressable market and well placed product set, we are confident in our strategy to grow our high margin recurring revenues and maximise value for shareholders."

A copy of these Preliminary results together with a results presentation with further information on the Company will be posted on the Company's website at: www.smartspaceplc.com.

Investor Meet Company Presentation

Frank Beechinor, CEO and Kris Shaw, CFO will provide a live presentation on the '**Investor Meet Company' ("IMC") platform** at 12.00 midday on 19 May 2022.

Investors can sign up for free via: https://www.investormeetcompany.com/smartspace-software-plc/register-investor

Questions can be submitted pre-event through the platform or at any time during the live presentation. Management may not be in a position to answer every question it receives but will address those it can while remaining within the confines of information already disclosed to the market.

Those who have already registered and requested to meet SmartSpace will be automatically invited.

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Chairman's statement

Overview

I am pleased to report a period of strong organic revenue growth, especially when taking into account another year of challenging trading conditions for many businesses. Despite the considerable disruption caused by Covid-19, Group recurring revenue grew by 43% year on year, to £3.42m and contributed towards a total Group revenue of £5.14m, up 11% from the prior year. Growing recurring revenue is one of our key objectives and now accounts for 66% of Group revenue (2021: 52%). Our LBITDA has increased by 18% to £2.49m as a result of higher staff costs as we establish the team needed for our growth plans.

Growth in Average Revenue Per User ("ARPU") has contributed significantly towards an overall growth in Annual Recurring Revenue ("ARR") of 64% to £4.94m at 31 January 2022. With lockdowns and 'work from home' ("WFH") mandates in place our focus has been concentrated on expanding revenue from existing clients. By growing the value of each customer, with more customers on higher tier plans, more locations, and more 'add-on' software sales, we were able to achieve many of our key financial objectives for the year.

The overall growth in Group revenue was achieved despite Anders & Kern ("A&K") being severely impacted by ongoing Covid-19 restrictions in its UK customer base. This led to a fall in hardware revenues for A&K which was mitigated to the extent possible by utilising the UK Government Job Retention Scheme. Sales of our strategic partner's meeting room panel (the "Evoko Naso") were impacted by Covid-19 as businesses across multiple markets in the US and Europe delayed hardware investment decisions, leading to significantly lower than expected revenues for this product.

People

The continued strength of the Group is due to the hard work and resilience of all the people who work for SmartSpace. I would like to thank the team for their contribution, especially for the commitment and focus they have shown throughout this year. We have continued to invest in employees who are being supported through professional training relevant to their functional areas, as well as other relevant role-specific training. We recognise the importance of the right people to our business and therefore are pro-actively monitoring salary levels to ensure staff retention is managed.

Our priority during the Covid-19 pandemic has been the health and safety of our employees. We minimised the risk of infection in our offices and worked from home when necessary. Our staff showed great flexibility and patience in dealing with these challenges.

Last year we decided to re-locate all our software development to New Zealand, centralising development for the Group under the management of Matt Cooney, Group Chief Technology Officer ("CTO"). This task was completed by Autumn 2021. Whilst we do not expect to see financial synergies from this change the operational benefit will be significant.

Board changes

In May 2021 Bruce Morrison and Diana Dyer Bartlett stepped down as directors of the Company to be replaced by Kris Shaw as Chief Financial Officer ("CFO") and Philip Wood as non-executive director ("NED"). Kris had been with SmartSpace for over two years before his appointment as CFO having worked closely with Bruce on both the acquisition of Space Connect and disposal of SmartSpace Global. The experience of working with both Bruce and Diana has provided Kris with the core foundations to be an excellent CFO.

With our increased focus on software offerings, there was a requirement that the role of the NED has direct experience of building fast growing international software businesses. We therefore appointed Philip Wood as an independent NED and Chair of the Audit Committee. Philip is 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. The experience Philip brings in growing software businesses and mentoring finance teams is being hugely helpful to SmartSpace, as we move through our next phase of development as a global SaaS business.

Annual General Meeting

The Board will shortly be sending out a notice of the Annual General Meeting which once again will be fully open to all shareholders to attend. For those unable to attend I would urge shareholders to email any questions they may have to investors@smartspaceplc.com and to send in proxies so their votes on the resolutions contained in the notice of meeting will be counted.

Future developments and outlook

Our intention is to become a profitable business and we have plans in place to transition SmartSpace through to cash generation. The board believes the Company has sufficient liquidity to complete this transition to cash generation towards the end of FY23.

The global economy has entered a period of higher inflation with raised living costs and consequently higher wage expectations for both existing staff members and new hires. The majority of our customers are on contracts of one year or less allowing us to factor inflation into our price plans upon renewal.

Recent investment activity within our sector values our SaaS peers on higher multiples than that commanded by SmartSpace. We intend to close this gap and build shareholder value by growing recurring revenues and delivering high quality cash generative earnings. With such a large addressable market for our products globally we are confident in our ability to capitalise on the opportunities open to us.

As we target strong revenue growth in all three divisions we intend to:

- Focus on entering new geographies, with a view to building our customer base in non-English speaking markets. Our recent launch into South Korea is a first step in this process.
- We will continue to prioritise revenue expansion opportunities from existing customers by growing customer accounts to include more locations. A key focus for growth will be to continue to build ARPU by selling SwipedOn Desks and other add-ons to new and existing customers.
- Build on the momentum achieved so far with the now well established Space Connect indirect partner network.
- Seek new technology offerings in the area of workplace optimisation for A&K to sell to its established channel partner customers.

These actions combined with the already strong growth in recurring revenues are key to achieving our financial plans, allowing us to transition SmartSpace through to cash generation.

Whilst Covid-19 has hampered sales of Evoko Naso to date, we remain optimistic about the prospects of this product, especially as customers return to the office and WFH mandates are lifted. The feedback on Naso from the Evoko partner network around the globe is very positive.

Our ambition and confidence for the year ahead remains high following a good start to the year. Our revenue, profitability and cash generation targets remain unchanged. As we continue to grow our high margin recurring revenues, we add financial strength to the business, and with such a large addressable market and well placed product set, we believe this can continue for the foreseeable future.

Guy van Zwanenberg
Chairman
16 May 2022

Strategic report: Strategy and operational review

The Directors present their strategic report for the year ended 31 January 2022:

Business model, purpose and strategy

The Group's business model is to provide Software as a Service ("SaaS") workspace solutions including desk, meeting room, and visitor management products for small and medium sized enterprises ("SME") and mid-market, enabling our international client base to optimise the use of their corporate real estate. The Group's products are fast to deploy, easy to implement and configure making them ideally suited to SMEs but also larger companies in the market for simple but effective solutions for their space management. The Group also provides complementary hardware solutions which integrate with the Group's software solutions.

The Board believes that technology driven changes in working practices continues to generate demand from all industry sectors. Covid-19 has accelerated the move towards hybrid working further increasing the need for technology to enable companies to control the use of meeting rooms and desks more effectively as well as manage visitors to their premises. The Board has set the following strategic priorities:

- to focus on delivering pure SaaS revenues where the Group is not overly exposed to one market or a particular customer;
- to develop technology-led intellectual property to help businesses optimise use of their corporate real estate focussing on rooms, desks and visitors;
- to develop new sales channels to market our software solutions by establishing a global network of channel partners;
- to bring together the technologies of Space Connect and SwipedOn in order to offer a complete solution to both customer bases and therefore maximise revenue per user;
- to continue with a strategy of both organic and acquisitive growth both in our domestic market and overseas; and
- to deliver higher quality earnings which will, in turn, improve cash generation.

We believe as working practices change and businesses reconfigure their office real estate the market will gravitate towards greater use of technology to optimise how businesses operate. As employees demand hybrid working arrangements, and remote working becomes more prevalent, businesses will look for real estate efficiencies which will need technological solutions. Many businesses have indicated that they plan to reduce their real estate footprint whilst maintaining headcount. This change will stimulate demand for SmartSpace solutions which will allow employees to book desks for times they are in the office and to coordinate meetings between participants in the office and those working remotely. The strategy is to focus on developing our software to take advantage of the opportunities afforded by this fast-growing market.

Review of the business

SwipedOn

We have continued our approach of growing revenue from existing customers by increasing ARPU, focusing on clients with the potential to use more of our products across multiple locations. Our sales team are incentivised to attract high value, multi-site customers who comprise an increasing proportion of our customer base and represent a higher proportion of our revenues.

From February 2021 all new customers have been moved to our new price plans, and, progressively, we have implemented the price increase across our existing customer base. These new price plans reflect the investment we have made in the platform enhancing functionality over the last 18 months. Despite the increased prices, we maintain a significant price advantage over our competitors, and SwipedOn remains one of the most cost effective offerings in the market. The average ARPU of new customers for the year has been £90 (2021: £72).

In implementing the price increase we anticipated an increase in customer churn. Encouragingly this was at levels lower than forecast and mainly occurred amongst our smaller, lower value, single site customers, who are often on the lowest value starter plans. Customer churn for the year averaged 15.6% whilst revenue churn was 10.9%. The average ARPU of churning customers was £51, significantly less than our new customer ARPU of £90.

The number of new SwipedOn customers in the year has been lower than historical rates. However as we target higher value customers with more locations, and expand revenue from existing customers, our recurring revenue has continued to grow. The average CAC (Customer Acquisition Cost), which includes the costs of all sales and marketing staff as well as direct marketing costs, has increased due to digital marketing price inflation, in particular Google Ad words. The Company continually reviews the effectiveness of its marketing spend including the consideration of alternative delivery channels in order to optimise CAC.

Net revenue retention measures revenue change from the customer base over a set period of time and includes the impact of churn, price increases, customer expansion and contraction, but does not include growth from new customers. As a result of the price increase SwipedOn's NRR at 31 January 2022 was a very strong 130% (2021: 105%). Such a strong NRR is not expected in future periods but we will continue to aim to maintain NRR above 100%.

Our recent launch into South Korea is our first step into new non-English speaking geographical markets. With less competition in these markets digital marketing costs are lower, therefore rebalancing the cost of acquisition back to historical levels. The launch into South Korea begins the process of broadening the addressable market for SwipedOn allowing us to open in other Far Eastern markets.

It has taken 18 months of development to ensure the functionality in the SwipedOn platform is fully multi-language, multi country and multi-location ready. To support the launch into South Korea there is a localised website https://www.swipedon.kr, along with a range of localised marketing collateral. The launch is supported by an in-country marketing agency with a digital marketing campaign that will focus on Naver, the dominant search engine in South Korea. Pre-sales and ongoing customer support will be handled in local language.

SwipedOn key performance indicators	31 January 2022	31 January 2021
Annual recurring revenue (ARR)	**£4.23m**	£2.70m
Monthly average revenue per user (ARPU)	**£75**	£48
Number of customers	**4,700**	4,735
Number of customer locations	**7,076**	6,741
Locations per customer	**1.51**	1.42
Net Revenue Retention (NRR)	**130%**	105%
Annual revenue churn	**10.9%**	6.9%
12 month average customer acquisition cost (CAC)	**£1,730**	£744

Space Connect

We have been focused on expanding our channel partner distribution network for Space Connect with new partners signed during the financial year in key geographies including Poland, The Philippines, India, Ireland, Belgium, Canada and the USA. Through these new partnerships, and our existing relationships with other partners such as Softcat, we have increased our ARR by 291% to £0.61m. The pipeline of new customer opportunities remains strong, reinforcing the momentum seen in the business and underpinning our confidence in the opportunity for Space Connect, its product capabilities and the potential market.

During the past year we have invested in the Space Connect platform including developing our own space mapping tool which allows faster on-boarding of new customers. The mapping tool also facilitates self-provisioning by customers and replaces a third-party service provider, therefore reducing cost of sales.

Sales of our strategic partner's meeting room panel (the "Evoko Naso") for which Space Connect receives both licence fees and SaaS revenues were below our expectations. This is a continued result of Covid-19, with offices in Evoko's key markets not fully back to normal working capacity. As a result, many have delayed investment decisions for new hardware. The Board remains convinced by the medium-term growth opportunity for Naso and expects that once businesses return to normal, sales will accelerate.

Space Connect key performance indicators	31 January 2022	31 January 2021
Annual recurring revenue (ARR)	**£0.61m**	£0.15m
Monthly average revenue per user (ARPU)	**627**	980
Number of customers	**69**	13

In order to meet our growth expectations for Space Connect we have built a strong team of software developers, sales staff and customer support. To maximise cost synergies we have created a unified helpdesk providing ‘follow the sun’ support for both Space Connect and SwipedOn customers. Whilst this has increased the overhead for Space Connect, and therefore losses, we believe this is the right foundation needed for future growth.

Anders & Kern

The third arm of the Group’s business is Anders & Kern (“A&K”), our specialist distributor and integrator of AV solutions such as meeting room booking solutions, workplace sensors and digital signage. A&K operates solely in the UK. The closure of offices and business premises during the various lockdowns and WFH measures continued to impact order intake during FY22, therefore resulting in an EBITDA loss for the year. A&K’s network of 200 resellers contributes to the development of the market for both Evoko Naso and Space Connect in the UK. Our focus in A&K has been to pivot from its traditional market of Audio Visual to focus on workplace optimisation solutions. As a result, A&K has continued to add to its offering with new workspace technology product lines being added to its portfolio which often complement the Group’s software solutions.

Customer support for all three SmartSpace divisions is now being led by our newly appointed Group Customer Services Manager who is based in A&K’s Mildenhall premises.

Anders & Kern key performance indicators	31 January 2022	31 January 2021
Revenue	**£1.73m**	£2.16m
Gross margin *	**35%**	38%

* FY21 figures have been adjusted for zero margin A&K sales made to SmartSpace Global which was agreed as part of the disposal process. These sales amounted to £0.93m in FY21.

Software development

The software development of Space Connect used to take place in the Ukraine. During the year we made the decision to move all our software development to New Zealand. Our last developer in the Ukraine left us in October 2021 and all engineering of Space Connect now takes place in New Zealand and a new offshoring base in Vietnam. This provides us with a flexible development resource that can be quickly stood-up for specific projects at a competitive price.

With the centralisation of software development headed by our Group CTO we are able to further converge the technologies of SwipedOn and Space Connect, offer greater opportunities for our staff to develop their skills, whilst also allowing the Group to benefit from a consistent approach to software development. New Zealand has had a strong focus on developing its software industry and as a result has a great talent pool to draw upon. Employment costs are competitive with other similarly developed jurisdictions.

During the year we invested £1.56 million (2021: £1.30m) in maintaining and further enhancing our software solutions. This included the development of our mobile application for contactless sign-in, regional cloud hosting facilities, vaccine pass functionality, and internationalisation to allow full multi-lingual services.

Space Connect completed the development of its in-house mapping tool which streamlines customer onboarding and reduces external costs. An updated version of Evoko Naso has been developed to improve and add to the functionality offered to customers. SwipedOn Desks was released during the year and is now generating new revenue for the Group.

Outlook

We have planned for a year of further strong growth in FY23 whilst ensuring our costs are tightly controlled. On a constant currency basis ARR has grown by a further 7% in the first quarter of FY23. Growth in ARR has predominantly been driven by the successful implementation of price increases in FY22, coupled with the expansion of existing customers, cross selling and new customer wins. We continue to see opportunities to make use of our products in new ways as demonstrated by the agreement with Thermo Fisher Scientific to support its school Covid-19 testing program in 570 locations.

As demonstrated by our recent launch into South Korea, expansion into non-English speaking markets will be a key area of focus throughout the coming year. We see opportunity for growth from SwipedOn Desks which was launched in Autumn 2021 and has progressively built customer numbers and ARR.

Hybrid working is fast becoming the expected norm in many parts of the world. Space Connect is ideally placed to take advantage of the technological demands of this change. We will continue to develop unique features that allow us to target and attract a greater share of the addressable market. We are encouraged by Evoko's optimism in Naso and the feedback that has been received so far. We are optimistic on the opportunities from this product as workplaces reopen and businesses fit out new office spaces.

The team at A&K are eager to make up for ground lost during the pandemic. We have new products available to be sold and with businesses gaining confidence that lockdown will not return, we aim to return this business to pre Covid-19 revenue levels.

Frank Beechinor
Chief Executive Officer
16 May 2022

Financial review

Overview

The Group has made good progress during the year in growing its recurring revenues by 43% to £3.42m (2021: £2.39m). Cash at 31 January 2022 was £2.76m (2021: £4.52m). As we progressed through FY22 cash consumption reduced, and with further growth in FY23, we aim to be cash generative by the end of the year. Revenue growth for Space Connect and returning A&K to pre-Covid-19 revenue levels are key next steps in making the Group cashflow positive. Despite increased revenue and gross profit, LBITDA increased by 18% to £2.49m due to higher staff costs as we build the team needed for our growth plans.

Revenue

Overall revenue for the Group increased by 11% to £5.14m driven by a 43% increase in recurring revenues generated by the Group's SwipedOn and Space Connect software products. Recurring revenues increased as a result of higher ARPU and customer locations. Revenue from the Group's A&K division decreased by £0.55m as Covid-19 restrictions continued to impact this division.

	2022	2021
	£'000	£'000
Recurring revenues		
- SwipedOn	**2,916**	2,124
- Space Connect	**373**	119
- Anders & Kern	**127**	151
Total recurring revenue	**3,416**	2,394
Non-recurring revenue		
- SwipedOn	**37**	37
- Space Connect	**85**	73
- Anders & Kern	**1,602**	2,125
Total non-recurring revenue	**1,724**	2,235
Total revenue	**5,140**	4,629

The growth in recurring revenues for SwipedOn was generated by a 58% increase in average revenue per user ("ARPU") to £75. SwipedOn focussed on selling more to its existing customers with 7% more customers on our highest priced tiers, and 6% increase in the number of paying locations per customer. A number of feature improvements also allowed us to apply a price increase to both new and existing customers whilst still remaining competitively priced. Covid-19 continued to impact the business with increased churn from changing customer needs and business closures. Annual user churn for the year was 15.6% (2021: 11.3%) and revenue churn 10.9% (2021: 6.9%). These factors all contribute towards net revenue retention which increased to 130% for the year (2021: 105%).

Space Connect focussed on building its recurring revenues by adding new customers through its partner network. Overall customer numbers increased from 13 at the beginning of the year to 69 at the end. Revenues from the sale of the white label version of Space Connect through our partners meeting room booking panel were impacted by Covid-19 reducing demand for new meeting room panels. As businesses return to more normal routines we expect demand to return and revenues from this product to grow.

A&K continued to see reduced revenues from the sale of its hardware offerings. Our A&K customer base is UK orientated selling workplace solutions and therefore the impact of lockdowns and work from home mandates was significant. As we exit the lockdown restrictions we expect normal level of sales for A&K to return.

Gross profit

Gross profit margin was 71% (2021: 72% *) giving a total gross profit of £3.65m (2021: £2.65m). Gross margins from our SaaS business are 89% (2021: 91%) whilst A&K contributes a 35% margin (2021: 38%*).

* FY21 figures have been adjusted for zero margin A&K sales made to SmartSpace Global which was agreed as part of the disposal process. These sales amounted to £0.93m in FY21.

Administrative expenses

Administrative expenses have increased by 35% to £7.32m (2021: £5.42m) as detailed in the table below.

	2022	2021
	£'000	**£'000**
Research and development	**1,563**	1,319
Less capitalised development	**(340)**	(290)
Research and development costs not capitalised	**1,223**	1,029
Staff and contractor costs excluding those relating to R&D	**3,030**	2,267
Sales, general and administrative expenses	**1,921**	1,605
Share based payment charge	**288**	150
Depreciation and amortisation	**666**	375
Reorganisation and transformation costs	**192**	-
Total	**7,320**	5,426

Excluding share based payments, depreciation and amortisation, and reorganisation costs, administrative expenses have increased by £1.27m. This increase arose from increased expenditure on staff costs (£0.91m), marketing expenditure (£0.18m) and various other increased costs (£0.18m). Increased staff costs are largely contributed by the team we have put in place for Space Connect which has increased from 3 at the beginning of FY21, to 18 at the end of FY22. Inflation in digital advertising has led to the increased marketing expenditure during the year.

Financial support amounting to £0.05m (FY21: £0.10m) from the UK Government through wage subsidy schemes was offset against staff costs.

In the coming year we anticipate inflationary pressure on our cost base in all geographic regions. This is particularly strong in areas where we see skills shortages such as software development. The majority of our software contracts with customers are for a 12 months or less therefore we will have an opportunity to pass on this inflationary burden when contracts are due for renewal.

Adjusted LBITDA

Adjusted LBITDA is the loss for the year before net finance costs, tax, depreciation, amortisation, reorganisation and transactional items, impairment charges and share based payment charge. Adjusted LBITDA was £2.49m (FY21: £2.12m). Whilst SwipedOn made a LBITDA loss for the year, as ARR grows and customers pay annually in advance it is now consistently cashflow positive and expected to breakeven at an EBITDA level in the coming year. Space Connect remains loss making at an EBITDA level whilst it continues to build its customer base. A&K was loss making due to reduced sales as a result of Covid-19.

Taxation

The taxation credit of £1.11m results from the recognition of tax assets relating to losses incurred in the current year which will be utilised in future periods, together with a re-measurement of losses recognised in prior periods to the new rate of corporation tax. Due to a change in the main rate of UK corporation tax from April 2023 onwards tax losses have been recognised at a tax rate of 25% which is the rate expected to be in place when the losses are utilised. Losses recognised as assets in prior years have been re-measured based on this new rate of corporation tax resulting in a credit of £0.46m.

Foreign Exchange

The Group sells its products throughout the world therefore revenues are received in a number of currencies, with pounds sterling (47%), US dollars (26%), Australian dollars (13%) and New Zealand dollars (6%) being the most common. Our administration costs are denominated in pounds sterling (40%), New Zealand Dollars (37%) and US Dollars (22%). Overall foreign currency revenue is closely matched to foreign currency costs therefore trading exposure to fluctuations in exchange rates is reduced.

Assets and liabilities denominated in foreign currencies are mostly limited to our operations in New Zealand where working capital, deferred revenue, property plant and equipment, right of use assets and liabilities, deferred tax assets, and intangible assets are held in New Zealand Dollars. Net assets denominated in foreign currencies amount to £4.52m. The Group does not hedge this foreign currency exposure.

Foreign exchange movements in the period resulted in a charge of £21,000 (2021: £13,000) to the profit and loss, and a charge of £0.34m (2021: credit £0.64m) to other comprehensive income.

Earnings per share

The loss per share was 8.91p (FY21: loss per share 7.54p). The adjusted loss per share which excludes the after-tax impact of exceptional items, share-based payments and the amortisation of intangible assets recognised on acquisition was 7.04p (FY21: loss per share 6.59p).

Intangible assets and goodwill

Intangible assets comprise £8.37m of goodwill (2021: £8.72m), £0.86m (2021: £0.88m) internally generated software, and £1.39m (2021: £1.62m) of other intangibles acquired as part of business combinations. Software development costs relating to both SwipedOn and Space Connect products amounting to £0.34m were capitalised. An amortisation charge of £0.55m was recorded against intangible assets; internally generated software is amortised over 3 years and intangible assets acquired through business combinations are amortised over

10 years. Intangible assets denominated in currencies other than pounds sterling decreased in value by £0.39m due to movements in exchange rates.

Financial position

Current tax receivables of £0.07m (2021: £0.10m) relate to tax credits which the Group receives for qualifying research and development activities. Cash reimbursement of these tax credits was received in February 2022.

Contract liabilities of £1.77m (2021 £1.13m) relate to SaaS subscriptions received in advance by SwipedOn and Space Connect which are spread over the period to which they relate.

Borrowings amount to £0.38m (2021: £0.40m) of which £0.36m (2021: £0.38m) relate to a mortgage on the Group's freehold property in Mildenhall where A&K are based, together with a Covid-19 support loan provided by the New Zealand government of £0.03m (2021: £0.03m). The mortgage is due for repayment in January 2023 and therefore classified as a current liability. Management intends to extend the mortgage period when it comes due for repayment. The Covid-19 support loan is interest free and will be repaid in FY23.

Cash flow

Cash and cash equivalents decreased during the year by £1.76m (2021: increase £1.93m) due to a cash outflow from operating activities of £1.61m (2021: £1.44m). As we move into FY23 cash consumption is at lower levels than at the beginning of FY22 and further growth in recurring revenues for SwipedOn and Space Connect, combined with a return to profitability for A&K, is expected to transition the business to being cashflow positive by the end of the financial year.

The net cash outflow from investing activities of £48,000 (2021: inflow £3.44m) includes the final £327,000 of disposal proceeds for SmartSpace Global Limited offset by investments in software development and property plant and equipment. Cash outflow from financing activities amounted to £79,000 (2021: outflow £86,000) as payments were made against the finance leases and property mortgage.

Our forecasts for revenue growth over the coming year mean that the Group has sufficient cash flow resources to continue operations until profitability is achieved.

Dividend policy

The Group reported a retained loss of £2.56m (FY21: loss of £2.26m), which has been transferred to reserves. At 31 January 2022, the Group had retained earnings of £9.16m (FY21: £11.70m). The Board considers that it is in shareholders' best interests to retain resources in the Group.

Kristian Shaw
Chief Financial Officer
16 May 2022

Consolidated statement of comprehensive income for the year ended 31 January 2022

	Year ended 31 January 2022	Year ended 31 January 2021
	£'000	**£'000**
Continuing operations		
Revenue from contracts with customers	**5,140**	4,629
Costs of sale of goods	**(1,068)**	(1,695)
Costs of providing services	**(427)**	(283)
Gross profit	**3,645**	2,651
Administrative expenses	**(7,320)**	(5,426)
Net impairment losses on financial and contract assets	**(14)**	(72)
Other income	**36**	130
Operating loss	**(3,653)**	(2,717)
Adjusted LBITDA*	**(2,493)**	(2,120)
Reorganisation and transactional items	**(192)**	-
Depreciation	**(114)**	(103)
Amortisation	**(552)**	(272)
Impairment of financial asset	**(14)**	(72)
Share based payment charge	**(288)**	(150)
Operating loss	**(3,653)**	(2,717)
Finance income	**1**	1
Finance costs	**(26)**	(27)
Loss before tax	**(3,678)**	(2,743)
Taxation	**1,114**	612
Loss for the year after tax	**(2,564)**	(2,131)
Loss for the year from discontinued operations	**-**	(124)
Loss for the year	**(2,564)**	(2,255)
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss:		
Revaluation of property, plant and equipment	**73**	-
Items that will be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**(339)**	643
Total other comprehensive (loss) / income	**(266)**	643
Total comprehensive loss attributable to the owners of the group	**(2,830)**	(1,612)
Basic loss per share		
Continuing operations	**(8.91p)**	(7.54p)
Discontinued operations	**0.00p**	(0.44p)
Total	**(8.91p)**	(7.98p)
Diluted loss per share		
Continuing operations	**(8.91p)**	(7.54p)
Discontinued operations	**0.00p**	(0.44p)
Total	**(8.91p)**	(7.98p)

** Loss for the year from continuing operations before net finance costs, tax, depreciation, amortisation, reorganisation and transactional items, impairment charges and share based payment charge.*

Consolidated balance sheet at 31 January 2022

	31 January 2022	31 January 2021
	£'000	**£'000**
ASSETS		
Non-current assets		
Property, plant and equipment	**751**	683
Right-of-use assets	**94**	156
Intangible assets	**10,619**	11,222
Deferred tax assets	**2,465**	1,389
Total non-current assets	**13,929**	13,450
Current assets		
Inventories	**203**	89
Contract assets	**5**	4
Trade and other receivables	**399**	550
Other financial assets at amortised cost	**-**	328
Current tax receivable	**70**	101
Prepayments	**163**	114
Cash and cash equivalents	**2,758**	4,516
Total current assets	**3,598**	5,702
Total assets	**17,527**	19,152
LIABILITIES		
Non-current liabilities		
Borrowings	**-**	355
Lease liabilities	**41**	110
Total non-current liabilities	**41**	465
Current liabilities		
Trade and other payables	**1,379**	826
Contract liabilities	**1,774**	1,129
Other tax liabilities	**127**	341
Borrowings	**383**	58
Lease liabilities	**67**	63
Total current liabilities	**3,730**	2,417
Total liabilities	**3,771**	2,882
NET ASSETS	**13,756**	16,270
EQUITY		
Capital and reserves attributable to equity shareholders		
Share capital	**2,894**	2,826
Share premium	**3,839**	3,830
Other reserves	**(2,133)**	(2,087)
Retained earnings	**9,156**	11,701
Total equity	**13,756**	16,270

Consolidated statement of changes in equity for the year ended 31 January 2022

	Share capital	Share premium	Other reserves	Retained earnings	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
At 31 January 2020	2,826	3,830	(2,832)	13,956	17,780
Loss for the year	-	-	-	(2,255)	(2,255)
Other comprehensive income for the year	-	-	643	-	643
Total comprehensive loss for the year	-	-	643	(2,255)	(1,612)
Transactions with owners in their capacity as owners:					
Share-based payment expense - continuing operations	-	-	150	-	150
Share-based payment expense - discontinued operations	-	-	(48)	-	(48)
At 31 January 2021	**2,826**	**3,830**	**(2,087)**	**11,701**	**16,270**
Loss for the year	**-**	**-**	**-**	**(2,564)**	**(2,564)**
Other comprehensive loss for the year	**-**	**-**	**(266)**	**-**	**(266)**
Total comprehensive loss for the year	**-**	**-**	**(266)**	**(2,564)**	**(2,830)**
Transactions with owners in their capacity as owners:					
Issue of ordinary shares as consideration for a business combination	**67**	**-**	**(67)**	**-**	**-**
Issue of ordinary shares to option holders	**1**	**9**	**(3)**	**3**	**10**
Lapsed share options	**-**	**-**	**(16)**	**16**	**-**
Exchange difference	**-**	**-**	**(4)**	**-**	**(4)**
Share-based payment expense	**-**	**-**	**310**	**-**	**310**
At 31 January 2022	**2,894**	**3,839**	**(2,133)**	**9,156**	**13,756**

Consolidated statement of cash flows for the year ended 31 January 2022

	Year ended 31 January 2022	Year ended 31 January 2021
	£’000	**£’000**
Cash from operating activities		
Cash consumed by operations	**(1,614)**	(1,791)
Interest received	**1**	1
Interest paid	**(26)**	(42)
Income taxes received	**28**	394
Net cash outflow from operating activities	**(1,611)**	(1,438)
Cash flows from investing activities		
Payments for property, plant and equipment	**(36)**	(44)
Payment of software development costs	**(340)**	(682)
Proceeds from disposal of subsidiary (net of cash disposed)	**327**	4,167
Net cash from investing activities	**(49)**	3,441
Cash flows from financing activities		
Proceeds from issues of share capital (net of issue costs)	**10**	-
Proceeds from borrowings	**-**	31
Repayment of borrowings	**(27)**	(19)
Principal elements of lease payments	**(62)**	(98)
Net cashflow from financing activities	**(79)**	(86)
Net change in cash and cash equivalents	**(1,739)**	1,917
Cash and cash equivalents at the beginning of the financial year	**4,516**	2,587
Effects of exchange rate changes on cash and cash equivalents	**(19)**	12
Cash and cash equivalents at the end of the financial year	**2,758**	4,516

Cash and cash equivalents comprise cash at bank and other short-term highly liquid investments with maturity of three months or less, as adjusted for any bank overdrafts.

Notes to the Financial Statements

1. Basis of preparation

The preliminary financial information does not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006 for the financial year ended 31 January 2022 but has been derived from those accounts and is prepared on the same basis as the accounting policies to be adopted in those accounts. The financial information for the year ended 31 January 2022 is unaudited.

The annual accounts for the year ended 31 January 2022 have been prepared in accordance with UK adopted International Accounting Standards using the historical cost convention except where the measurement of balances at fair value is required. The financial information included in this preliminary announcement does not include all the disclosures required in accounts prepared in accordance with UK adopted International Accounting Standards and accordingly it does not itself comply with UK adopted International Accounting Standards.

The audit of the statutory accounts for the year ended 31 January 2022 is not yet complete. These accounts will be finalised on the basis of the financial information presented by the directors in this preliminary announcement. The statutory accounts for the year ended 31 January 2022 will be delivered to the Registrar of Companies following the Company's annual general meeting.

The financial information for the period ended 31 January 2021 is derived from the statutory accounts for that year which have been delivered to the Registrar of Companies. The auditors have reported on the accounts for the year ended 31 January 2021; their reports was unqualified, did not include any matters to which the auditor drew attention by way of emphasis and did not contain a statement under s498(2) or s498(3) of the Companies Act 2006.

2. Changes to accounting policies

The Group changed its accounting policy for land and buildings from being held at historical cost less accumulated depreciation to a revaluation model. The impact of the change can be seen in note 7.

3. Operating segments

Description of segments and principal activities

The Group's operating board, consisting of the Chief Executive Officer and Chief Financial Officer examines the Group's performance from a product perspective and has identified three reportable segments of its business:

SwipedOn - based in New Zealand provides the sale and support of self-service visitor management software to customers throughout the world.

Space Connect - based in the UK provides the sale and support of self-service space management software through a network of partners, distributors and resellers to customers throughout the world

Anders & Kern - based in the UK makes sales of hardware and related integration services to customers in the UK.

The operating board primarily uses an adjusted measure of earnings before interest, tax, depreciation and amortisation (EBITDA) to assess the performance of the operating segments. However, the operating board also receives information about the segments' revenues and assets on a monthly basis. Information about segment revenue is disclosed in note 4.

3(b) Adjusted LBITDA

Adjusted LBITDA excludes discontinued operations and the effects of significant items of income and expenditure which might have an impact on the quality of earnings, such as reorganisation and transactional costs and impairment of assets. It also excludes the effects of equity-settled share-based payments.

Interest income and finance costs are not allocated to segments, because this type of activity is driven by the central treasury function which manages the cash position of the Group.

	Year ended 31 January 2022	Year ended 31 January 2021
	£'000	**£'000**
Software		
Space Connect	**(1,082)**	(646)
SwipedOn	**(164)**	(195)
Hardware		
Anders & Kern	**(118)**	(84)
Central operating costs	**(1,129)**	(1,195)
Total adjusted LBITDA	**(2,493)**	(2,120)

3(c) Segmental financial performance

Year ended 31 January 2022	Space Connect	Swiped On	Anders & Kern	Central operating costs	Total
	£'000	£'000	£'000	£'000	£'000
Revenue from contracts with customers	**458**	**2,953**	**1,729**	**-**	**5,140**
Costs of sale of goods	**(1)**	**(18)**	**(1,049)**	**-**	**(1,068)**
Costs of providing services	**(64)**	**(284)**	**(79)**	**-**	**(427)**
Gross profit	**393**	**2,651**	**601**	**-**	**3,645**
Administrative expenses	**(1,927)**	**(3,134)**	**(874)**	**(1,385)**	**(7,320)**
Impairment losses on financial and contract assets	**(3)**	**(11)**	**-**	**-**	**(14)**
Other income	**-**	**36**	**-**	**-**	**36**
Operating loss	**(1,537)**	**(458)**	**(273)**	**(1,385)**	**(3,653)**
Adjusted LBITDA*	**(1,082)**	**(164)**	**(118)**	**(1,129)**	**(2,493)**
Reorganisation and transactional items	**-**	**-**	**(83)**	**(109)**	**(192)**
Depreciation	**(6)**	**(79)**	**(22)**	**(7)**	**(114)**
Amortisation	**(431)**	**(100)**	**(21)**	**-**	**(552)**
Impairment of financial assets	**(3)**	**(11)**	**-**	**-**	**(14)**
Share based payment charge	**(15)**	**(104)**	**(29)**	**(140)**	**(288)**
Operating loss	**(1,537)**	**(458)**	**(273)**	**(1,385)**	**(3,653)**
Finance income	**-**	**1**	**-**	**-**	**1**
Finance costs	**-**	**(11)**	**(12)**	**(3)**	**(26)**
Loss before tax	**(1,537)**	**(468)**	**(285)**	**(1,388)**	**(3,678)**
Taxation	**446**	**98**	**58**	**512**	**1,114**
Loss after tax	**(1,091)**	**(370)**	**(227)**	**(876)**	**(2,564)**

Year ended 31 January 2021	Space Connect	Swiped On	Anders & Kern	Central operating costs	Total
	£'000	£'000	£'000	£'000	£'000
Revenue from contracts with customers	192	2,161	2,271	5	4,629
Costs of sale of goods	1	(16)	(1,680)	-	(1,695)
Costs of providing services	(4)	(196)	(83)	-	(283)
Gross profit	189	1,949	508	5	2,651
Administrative expenses	(1,011)	(2,441)	(648)	(1,326)	(5,426)
Impairment losses on financial and contract assets	-	(18)	-	(54)	(72)
Other income	-	130	-	-	130
Operating loss	(822)	(380)	(140)	(1,375)	(2,717)
Adjusted LBITDA*	(646)	(195)	(84)	(1,195)	(2,120)
Depreciation	(3)	(66)	(22)	(12)	(103)
Amortisation	(171)	(80)	(21)	-	(272)
Impairment of financial assets	-	(18)	-	(54)	(72)
Share based payment charge	(2)	(21)	(13)	(114)	(150)
Operating loss	(822)	(380)	(140)	(1,375)	(2,717)
Finance income	-	1	-	-	1
Finance costs	(102)	(12)	(12)	99	(27)
Loss before tax	(924)	(391)	(152)	(1,276)	(2,743)
Taxation	832	16	46	(282)	612
Loss after tax	(92)	(375)	(106)	(1,558)	(2,131)

** (Loss)/profit for the year from continuing operations before net finance costs, tax, depreciation, amortisation, reorganisation and transactional items, impairment charges and share based payment charge.*

3(d) Segment assets

	31 January 2022 Segment assets	31 January 2022 Additions to non-current assets*	31 January 2021 Segment assets	31 January 2021 Additions to non-current assets*
	£'000	£'000	£'000	£'000
Space Connect	**5,360**	**146**	4,884	294
SwipedOn	**6,533**	**224**	6,687	64
Anders & Kern	**2,653**	**32**	2,640	12
Segment assets	**14,546**	**402**	14,211	370
Unallocated assets	**2,981**	**-**	4,941	7
Total assets	**17,527**	**402**	19,152	377

*Other than contract assets and deferred tax assets

For the purpose of monitoring segment performance and allocating resource between segments, the Group's Chief Executive Officer monitors the tangible, intangible and financial assets attributable to each segment. All assets are allocated to reportable segments with the exception of cash held by the Parent Company, other financial assets (except for trade and other receivables) and tax assets.

The total of non-current assets other than deferred tax assets broken down by location of assets is shown as follows:

	31 January 2022	31 January 2021
	£'000	£'000
UK	**5,878**	6,124
Australia	**-**	3
New Zealand	**5,586**	5,934
Total assets	**11,464**	12,061

3(e) Segment liabilities

Segment liabilities are measured in the same way as in the financial statements. These liabilities are allocated based on the operations of the segment.

	31 January 2022	31 January 2021
	£'000	£'000
Space Connect	**524**	171
SwipedOn	**2,018**	1,460
Anders & Kern	**865**	996
Segment liabilities	**3,407**	2,627
Unallocated	**364**	255
Total liabilities	**3,771**	2,882

3(f) Revenue by customer geographical location

Year ended 31 January 2022	Space Connect	Swiped On	Anders & Kern	Central	Total
	£'000	£'000	£'000	£'000	£'000
UK	**266**	**440**	**1,729**	**-**	**2,435**
USA	**2**	**1,340**	**-**	**-**	**1,342**
Australia	**93**	**566**	**-**	**-**	**659**
New Zealand	**-**	**311**	**-**	**-**	**311**
Canada	**-**	**173**	**-**	**-**	**173**
Sweden	**82**	**-**	**-**	**-**	**82**
Rest of the world	**15**	**123**	**-**	**-**	**138**
Total	**458**	**2,953**	**1,729**	**-**	**5,140**

Year ended 31 January 2021	Space Connect	Swiped On	Anders & Kern	Central	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
UK	34	304	2,213	5	2,556
USA	-	974	-	-	974
Australia	135	475	-	-	610
New Zealand	-	214	-	-	214
Canada	-	151	-	-	151
Sweden	23	-	-	-	23
Rest of the world	-	43	58	-	101
Total	192	2,161	2,271	5	4,629

4. Revenue from contracts with customers

Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions.

Year ended 31 January 2022	Space Connect UK	SwipedOn New Zealand	Anders & Kern UK	Central UK	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Segment revenue	**458**	**2,953**	**1,729**	**-**	**5,140**
Timing of revenue recognition					
At a point in time	**84**	**37**	**1,599**	**-**	**1,720**
Over time	**374**	**2,916**	**130**	**-**	**3,420**
	458	**2,953**	**1,729**	**-**	**5,140**

Year ended 31 January 2021	Space Connect Australia	SwipedOn New Zealand	Anders & Kern UK	Central UK	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Segment revenue	192	2,161	2,271	5	4,629
Timing of revenue recognition					
At a point in time	74	36	2,120	5	2,235
Over time	118	2,125	151	-	2,394
	192	2,161	2,271	5	4,629

Revenues from external customers come from the sale of software as a service, the sale of software licences, the sale of professional services and the sale of hardware. The revenue from the sale of software as a service and software licences relates to the Group's intellectual property owned by SwipedOn and Space Connect. No single customer represents 10 per cent or more of the Group's total revenues.

4(b) Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

Current contract assets	31 January 2022	31 January 2021
	£'000	**£'000**
Software	**5**	4
Loss allowance	**-**	-
Total current contract assets	**5**	4

Current contract liabilities	31 January 2022	31 January 2021
	£'000	**£'000**
Software	**1,774**	1,055
Hardware	**-**	74
Total contract liabilities	**1,774**	1,129

Contract liability movement	
	£'000
At 31 January 2020	641
Recognised as revenue in period	(641)
New contract liabilities	1,129
At 31 January 2021	**1,129**
Recognised as revenue in period	**(1,129)**
New contract liabilities	**1,774**
At 31 January 2022	**1,774**

The Group expects all of the deferred revenue as of 31 January 2022 to be recognised during the next reporting period.

Unsatisfied contracts

The following table shows unsatisfied performance obligations resulting from fixed-price software as a service contracts and software support agreements:

	31 January 2022	31 January 2021
	£'000	**£'000**
Aggregate amount of the transaction price allocated to software as a service agreements and software support agreements that are partially or fully unsatisfied as at 31 January	**1,774**	1,055

4(c) Accounting policies

The Group has a number of different types of contractual arrangements and consequently applies a variety of methods of revenue recognition, based on the principles set out in IFRS 15 *Revenue from Contracts with Customers.* The revenue and profit in any period are based on the delivery of performance obligations and an assessment of when control is transferred to the customer.

Revenue is recognised when the performance obligation in a contract has been performed (so 'point in time' recognition) or over time as the performance obligation is transferred to the customer.

For contracts where the Group does not provide the final services judgement is applied as to whether the Group is acting as a principal or agent. Where the Group controls the goods or services before they are transferred to the customer a principal relationship is considered to be in place, and revenue is recognised gross. Where the Group arranges for the goods or services to be provided by another party without the Group taking control over those goods or services the relationship is considered to be that of an agent, and the revenue is recognised net of cost of sales.

The transaction price, being the amount to which the Group expects to be entitled and has rights to under the contract, is allocated to the identified performance obligations.

For each performance obligation, the Group determines if revenue will be recognised over time or at a point in time. Where the Group recognises revenue over time for long-term contracts, this is in general due to the Group performing and the customer simultaneously receiving and consuming the benefits provided over the life of the contract. For each performance obligation to be recognised over time, the Group applies a revenue recognition method that faithfully depicts the Group's performance in transferring control of the goods or services to the customer. This decision requires assessment of the real nature of the goods or services that the Group has promised to transfer to the customer. The Group applies the relevant output or input method consistently to similar performance obligations in other contracts.

If performance obligations in a contract do not meet the over time criteria, the Group recognises revenue at a point in time (see below for further details).

The Group disaggregates revenue from contracts with customers by reporting segment and timing of transfer of goods and services as management believe this best depicts how the nature, amount, timing and uncertainty of the Group's revenue and cash flows are affected by economic factors.

Sale of software as a service

The Group offers its software as a service hosted in the cloud. Under terms of the contract, the customer receives the right to access the software for an agreed period of time. To the extent that the customer has been invoiced in excess of the value services received to date a contract liability for the provision of the software as a service is recognised at the time of sale. Management considers that revenue is recognised over time as the service is delivered until the point that the agreement expires.

Revenue invoiced during the reporting period which relates to future periods is classified as deferred income contract liabilities on the balance sheet.

The software comprises a number of different modules which can be sold as a bundle at the outset or separately if a customer chooses to take a subscription at a later date. Additional modules will continue to be developed and offered as part of the initial product offering or sold separately to existing customers who have not subscribed to that module.

Sale of professional services

The Group sells professional services comprising implementation, configuration and support services. These services can be purchased in advance and used by customers when required and revenue is recognised at a point in time when the service has been provided.

Hardware and Systems Integration

The Group sells hardware through Anders & Kern or as part of a contract for software through its software division. Revenue is recognised at the point when the performance obligation is fulfilled, usually when the hardware is delivered to the customer. Where installation services are sold alongside the hardware, revenue from those installation services is recognised when those services are delivered. Customers have no right to return goods and no warranties are issued to customers.

Contract assets and liabilities

Where the Group provides software as a service or software support agreements, customers often pay in advance for a service to be delivered over time. Where payments made are greater than the revenue recognised at the period end date, the Group recognises a deferred income contract liability for this difference. Where payments made are less than the revenue recognised at the period end date, the Group recognises an accrued income contract asset for this difference.

At each reporting date, the Group assesses whether there is any indication that accrued income contract assets may be impaired by considering whether the revenue remains highly probable that no revenue reversal will occur. Where an indicator of impairment exists, the Group makes a formal estimate of the asset's recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

5. Cash flow information

	31 January 2022	31 January 2021
	£'000	£'000
Loss before income tax from continuing operations	**(3,678)**	(2,743)
Adjustments for:		
Depreciation and amortisation	**666**	375
Non-cash employee benefit expense – share-based payments	**288**	150
Net loss on sale of non-current assets	**-**	2
Finance costs - net	**25**	25
Credit loss	**14**	72
Net exchange differences	**(9)**	3
Change in operating assets and liabilities of continuing operations		
Decrease / (increase) in trade and other receivables	**114**	(14)
Decrease / (increase) in contract assets	**-**	29
Decrease / (increase) in inventories	**(113)**	157
Decrease / (increase) in prepayments	**(53)**	(43)
Increase / (decrease) in trade creditors	**123**	(371)
Increase / (decrease) in other creditors	**276**	280
Increase / (decrease) in contract liabilities	**733**	439
Cash consumed by continuing operations	**(1,614)**	(1,639)
Cash consumed by discontinued operations	**-**	(152)
Cash consumed by operations	**(1,614)**	(1,791)

6. Loss per share

Basic loss per share

	Year ended 31 January 2022	Year ended 31 January 2021
	Pence	Pence
Attributable to the ordinary equity holders of the Company:		
From continuing operations	**(8.91p)**	(7.54p)
From discontinued operations	**-**	(0.44p)
Total basic loss per share	**(8.91p)**	(7.98p)

6(b) Diluted loss per share

	Year ended 31 January 2022	Year ended 31 January 2021
	Pence	Pence
Attributable to the ordinary equity holders of the Company:		
From continuing operations	**(8.91p)**	**(7.54p)**
From discontinued operations	**-**	**(0.44p)**
Total diluted loss per share	**(8.91p)**	**(7.98p)**

6(c) Reconciliation of earnings used in calculating earnings per share

Earnings per share data is based on the Group loss for the year and the weighted average number of ordinary shares in issue.

	Year ended 31 January 2022	Year ended 31 January 2021
	£'000	**£'000**
Basic (loss) / earnings per share		
Loss attributable to the ordinary equity holders of the Company:		
From continuing operations	**(2,564)**	(2,131)
From discontinued operations	**-**	(124)
	(2,564)	(2,255)
Diluted (loss) / earnings per shares		
Loss attributable to the ordinary equity holders of the Company:		
From continuing operations	**(2,564)**	(2,131)
From discontinued operations	**-**	(124)
	(2,564)	(2,255)

6(d) Weighted average number of shares used as the denominator

	Year ended 31 January 2022	Year ended 31 January 2021
	Number	**Number**
Weighted average number of shares used as the denominator in calculating basic earnings per share	**28,780,768**	28,255,823
Adjustments for calculation of diluted earnings per share		
Options	**-**	-
Weighted average number of shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**28,780,768**	28,255,823

6(e) Information concerning the classification of securities

Options

Options granted to employees under the Group's share option schemes are considered to be potential ordinary shares. Whilst options are never included in the determination of basic earnings per share, they are included in the calculation of diluted earnings per share if considered dilutive.

At 31 January 2022 options are considered antidilutive and therefore not included in the calculation of diluted earnings per share. These options could potentially be dilutive in the future.

6(f) Alternative measure of earnings per share

	Year ended 31 January 2022	Year ended 31 January 2021
	£'000	**£'000**
Loss for the year from continuing operations	**(2,564)**	(2,131)
Adjustment to basic (loss)/earnings:		
Reorganisation and transactional costs	**192**	-
Tax credit on reorganisation and transactional costs	**(36)**	-
Amortisation of acquired intangibles	**198**	194
Deferred tax credit on amortisation of acquired intangibles	**(49)**	(48)
Share based payment charge	**288**	150
Deferred tax credit on share-based payment charge	**(55)**	(28)
Adjusted (loss)/earnings attributable to owners of the Company	**(2,026)**	(1,863)
Number of shares	**No.**	No.
Weighted average ordinary shares in issue	**28,780,768**	28,255,823
Weighted average potential diluted shares in issue	**28,780,768**	28,255,823
Adjusted (loss)/earnings per share		
Basic (loss)/earnings per share	**(7.04p)**	(6.59p)
Diluted (loss)/earnings per share	**(7.04p)**	(6.59p)

7. Property plant and equipment

	Freehold land & buildings	Fixtures & fittings	Plant & machinery	Office equipment	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
At 31 January 2020					
Cost	649	13	13	126	801
Accumulated depreciation	(36)	(10)	(9)	(53)	(108)
Net book amount	613	3	4	73	693
Year ending 31 January 2021					
Opening net book amount	613	3	4	73	693
Additions	-	-	-	44	44
Disposals	-	-	-	(2)	(2)
Depreciation charge	(13)	(2)	(2)	(37)	(54)
Foreign exchange impact	-	-	-	2	2
Closing net book amount	600	1	2	80	683
At 31 January 2021					
Cost	649	13	13	154	829
Accumulated depreciation	(49)	(12)	(11)	(74)	(146)
Net book amount	600	1	2	80	683
Year ending 31 January 2022					
Opening net book amount	**600**	**1**	**2**	**80**	**683**
Additions	**-**	**-**	**-**	**36**	**36**
Revaluation	**90**	**-**	**-**	**-**	**90**
Disposals	**-**	**-**	**-**	**(2)**	**(2)**
Depreciation charge	**(13)**	**(1)**	**(2)**	**(38)**	**(54)**
Foreign exchange impact	**-**	**-**	**-**	**(2)**	**(2)**
Closing net book amount	**677**	**-**	**(0)**	**74**	**751**
At 31 January 2022					
Cost or valuation	**680**	**13**	**13**	**179**	**885**
Accumulated depreciation	**(3)**	**(13)**	**(13)**	**(105)**	**(134)**
Net book amount	**677**	**-**	**-**	**74**	**751**

Leased assets
Leased assets are presented as a separate line item in the balance sheet.

Revaluation, depreciation methods and useful lives
The Group has changed its accounting policy for land and buildings which are now recognised at fair value based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. Previously land and buildings were accounted for at historical cost less depreciation. A revaluation surplus is credited to other reserves in shareholders' equity. All other property, plant and equipment is recognised at historical cost less depreciation.

Depreciation is provided so as to write off to the cost or valuation of assets (other than freehold land) less their estimated residual values over their expected useful economic lives using the straight-line method on the following bases

- Fixtures and fittings 4-5 years
- Plant and machinery 4-5 years
- Office equipment 3-4 years
- Leasehold improvements 5 years
- Freehold buildings 50 years

Revaluation of land and building

Land and buildings are comprised of a single detached industrial building where the Group bases its UK operations. For the first time in the group financial statements, freehold land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value measurements of the Group's freehold land and buildings as at October 2021 were performed by Arnolds Keys LLP, independent valuers not related to the Group. Arnolds Keys LLP are members of the Royal Institute Chartered Surveyors and they have appropriate qualifications and recent experience in the fair value measurement of properties in the relevant locations. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties. The Group re-values its land and buildings with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. The Directors asses on an annual basis if there has been any significant change in fair value. Where it is assessed that there has been a significant change an independent revaluation is made.

To provide an indication about the reliability of the inputs used in determining fair value, the group classifies its non-financial assets and liabilities into the three levels prescribed under the accounting standards. The inputs used in the valuation of land and buildings are based on similar observable transactions in the market and have therefore been allocated to in their entirety to level 2. When appropriate the group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There have been no transfers between hierarchy levels during the year.

The valuation of the land and buildings has been made using comparable rental transactions for properties in the local area.

If freehold land and buildings were stated on the historical cost basis, the amounts would be as follows:

	31 January 2022	31 January 2021
	£'000	**£'000**
Cost	**649**	649
Accumulated depreciation	**(62)**	(49)
Net book amount	**587**	600

8. Events occurring after the end of the reporting period

There are no subsequent events occurring after the reporting date that require adjustment or disclosure.

9. Annual General Meeting

Further details in relation to the Annual General Meeting will be provided in due course.