

10 May 2021

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014 ("MAR"). Upon the publication of this announcement via a Regulatory Information Service ("RIS"), this inside information is now considered to be in the public domain.

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

AUDITED FINAL RESULTS ANNOUNCEMENT
For the year ended 31 January 2021

***"Continued successful transition into a pure play fast-growth SaaS business,
creating Covid-19 safe environments through its product suite"***

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 audited final results for the year ended 31 January 2021.

Financial Highlights

- Recurring revenues increased by 64% to £2.4m (FY20: £1.5m)
- Full year revenues from continuing operations of £4.6m (FY20: £5.1m) – decrease as a result of Covid-19 lockdowns
- Exit ARR as at 31 January 2021 grew by 50% to £3.0m (FY20: £2.0m) – primarily driven by SwipedOn
- SaaS revenue made up 49% of total revenue (FY20: 26%)
- Total gross profit increased by 28% to £2.6m (FY20: £2.1m)
- Gross margin improved from 41% to 57% driven by the increase in high margin SaaS revenues
- Adjusted LBITDA* of £2.1m (FY20: £1.7m)
- Loss per share from continuing operations was 7.54p (FY20: 8.05p) – total loss per share of 7.89p (FY20: 41.7p)
- Cash and cash equivalents at 31 January 2021 of £4.5m (FY20: £2.6m)

**Adjusted LBITDA is the 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.*

Operational Highlights

- In line with the Board's strategy of focusing the software business on a SaaS model the completion of the sale of SmartSpace Global Ltd and certain contracts of its US subsidiary (comprising the Enterprise software division) to Four Winds Interactive.
 - Initial cash consideration of £4.6m, plus a further deferred payment of £0.3m received in May 2021.

Significant progress made in developing the SaaS business

- SwipedOn – visitor management software (acquired in October 2018)
 - New Covid-19 functionality released increasing demand for products.
 - ARR up by 43% during the year to NZ\$5.2m (FY20: NZ\$3.6m).
 - At 31 January 2021 SwipedOn had 4,735 customers up 21.5%. The number of locations using SwipedOn increased by 27.7% to 6,741 locations (FY20: 5,280 locations).
 - ARPU up by 18% to NZ\$92 (FY20: NZ\$78).
 - Focussed efforts on higher value mid-market customers generating positive results with a number of significant new multi-location deals including:
 - Court Service in an Australian state - 68 locations.
 - Housebuilding company in Australia - 45 locations.
 - Expansion revenue from existing major accounts including Access information Systems, DHL, XPO and Vestas.
 - SwipedOn awarded leader in mid-market 'Visitor Management Software' category by G2, the peer-to-peer software review site.
- Space Connect (acquired in November 2019) offers a full range of cloud-based space management software sold through international distributor network.
 - Distribution agreements already signed with 22 partners in the UK, Australia, Far East, Canada and Central America.
 - Our most significant partner is Softcat, one of the UK's leading System Integrators who have already delivered significant ARR and ESCO, a major AV integrator in the Far East has already delivered their first order.
 - Space Connect's agreement with Evoko, a leading manufacturer of meeting room panels for its next generation meeting room panel 'Naso' – launched in December 2020 and now shipping with first revenues recognised.
 - Evoko's internal sales projections for Naso are supported by a prospect list which includes a number of significant deals with well-known international brand names.

- Anders & Kern, our specialist distributor and integrator of workplace technology has recently signed distribution and resale agreements focusing on workplace optimisation solutions. A+K's established network of 500 resellers is strategic to the development of the market for Space Connect in the UK.
 - During the lockdowns in 2020/21 the Company took steps to reduce its operating costs through closing its office and utilising the Government's Coronavirus Job Retention Scheme to furlough the majority of employees.

Software development

- Investment of £1.3 million during the year in further enhancing software solutions of continuing businesses.
 - New add-on modules including SwipedOn Desks alongside Covid-19-specific functionality such as contactless entry.
 - Space Connect, tools to help users enforce social distancing in offices, sanitisation, contact tracing etc.
 - We have started the process to centralise software development in New Zealand going into FY22 to drive enhanced functionality and converge the technologies of SwipedOn and Space Connect.

Post period end highlights

- SwipedOn ARPU has increased 8.3% to \$99.32 (\$91.90) at 31st January).
- SwipedOn ARR has increased 9.1% to \$5.7m.
- SwipedOn added 180 new customers and 318 locations in Q1 April 21.
- Restaurant brand company in Canada - 49 locations deal.
- SpaceConnect sales pipeline has grown from £556k in February to £1.2m at end of April driven by Return to the Office (RTO). campaigns promoted by partners including Softcat and ProAV.
- We continue to book Evoko Naso revenues every month.
- Anders & Kern has traded well against management expectations for the first quarter.
- Revenue churn, which crept up during lockdowns has stabilised at 0.66% per month.
- The Group reinstated its market guidance for FY22 & FY23 in March.
- The Group currently has £4.0m of cash**

** as at 5 May 2021

On outlook, Frank Beechinor, CEO of SmartSpace commented:

"Whilst the ongoing pandemic continues to create uncertainty for the Group, the Board is optimistic for the Group's prospects for FY22 and beyond. Covid-19 has changed working practices and many businesses have indicated plans to reduce their real estate. This will result in more people than available desks which, in turn, creates a significant opportunity for SmartSpace. As businesses reopen and staff return to the office, customers are turning their attention to preparation for returning to the office in a controlled and Covid-19 secure manner, which the Company's products are ideally poised to assist with. Indeed, we have already received increased Space Connect orders for projects that had been delayed during the most recent lockdown. Our markets in Australia and New Zealand remain strong and the US has also held up well. In the UK we have seen a noticeable increase in activity since the Government published its route map out of lockdown.

As noted in the Company's trading update of 11 March 2021, our focus for the current year is to maintain momentum in both ARR and ARPU growth. Reflecting the increased functionality of the product, we implemented a price increase for new customers at SwipedOn on 1st February 2021 and we expect this to have a significant beneficial impact on ARPU this year. We are focussing our sales efforts on higher value customers in the mid-market where there is potential for revenue expansion through cross-sell and multiple location sales. This strategy has already generated results and, in February 2021, we closed a 49-location deal with a new Canadian client. We have seen healthy expansion revenue for other significant SwipedOn customers. We are also engaged with our first customers for our recently launched SwipedOn Desks product and are encouraged by both the feedback and the potential ARPU value of these clients. SwipedOn's churn has stabilised and at the beginning of May had not risen above the levels reported above.

We also have an exciting pipeline of opportunities for Space Connect in the UK, the Far East and Australia. Space Connect continues to win expansion revenue from existing customers as they deploy across their estates. Getting back to the office and helping businesses create Covid-19 secure environments is now a priority for our partners. The recent announcement of the roadmap out of lockdown has been a major catalyst, and we expect this focus to drive sales in the coming months. There is increasing focus in the media in the UK on businesses returning to the office and the emerging importance of 'hybrid working' along with reductions in expensive corporate real estate footprint. This will help drive demand for our solutions. Our technical team are working closely with Evoko on a number of significant opportunities with major international brands. Now that there is a clear pathway to returning to the office, we expect the recent momentum to continue.

We have now started to plan and, in some cases, deploy A+K projects that had been put on hold during the current lockdown. We have recognised this revenue in March and April 2021. There has been a considerable increase in interest from A+K partners, in particular for desk management solutions. A+K distributes Evoko products, and the sales team are undertaking an increasing number of demonstrations of Evoko Naso which has resulted in a rapidly building sales pipeline. We have a huge opportunity ahead of us and are confident in our strategy and team.

Thanks to the hard work from our colleagues and partners we are now well positioned to utilise our momentum going forward to further build recurring revenues."

A copy of these final results and further information on the Company will be available on the Company's website at: www.smartspaceplc.com. Copies of the report and accounts will be available from the Company's website in due course and notification will be made when they become available.

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Chairman's Statement

Overview

I am pleased to report a year of good progress for the Group in its transition to a cloud-based SaaS business focusing on software which is easy to implement and operate. As I reported last year the Board had taken a decision to sell the enterprise software division in early 2020 and the disposal of that division was completed on 13 August 2020. Following this the Group has three operating entities; SwipedOn, Space Connect and Anders & Kern.

Our progress has been set against the backdrop of Covid-19 and the impact that it has had on the UK and our other markets around the world. During the pandemic, the Group's primary concern has been the health and safety of its employees, customers, and stakeholders, and a range of measures were put in place to protect them as well as mitigate the financial impact on the Group. Throughout the lockdowns our UK offices were temporarily closed and where possible staff worked from home. Where this was not possible, the Group utilised the UK Government's Coronavirus Job Retention Scheme to furlough employees.

After Covid-19 first impacted, the Group reacted immediately by changing our development priorities to focus on providing functionality within our solutions that help customers manage their covid-related issues. It is a testament to the Group's agile ways of working that both SwipedOn and Space Connect were able to offer such functionality within a few weeks of the pandemic first hitting.

Development of the Group's business

During the year ended 31 January 2021, the Company made significant progress in developing its SaaS business. SwipedOn grew its annual recurring revenues by 43% during the year to NZ\$5.2m (£2.7m), and, at 31 January 2021, had 4,735 customers operating out of 6,741 locations (2020: 3,896 customers in 5,280 locations). This positive momentum continued post year end with SwipedOn increasing its ARR, ARPU and its total number of customers in the first quarter of FY22.

Space Connect offers a full range of cloud-based space management software which is sold through the Company's international distributor network. Amongst others, our distribution network includes Softcat in the UK and Esco in the Far East. A white label version of Space Connect, provided through our partner's next generation meeting room panel, the Evoko Naso, was launched in December 2020. We hope that Naso will provide the Group with a significant new revenue stream as we progress through FY22.

Anders & Kern ("A+K") has added additional workspace focussed hardware to its product lines to complement the Group's software solutions which it is also now selling. Covid-19 lockdowns during the year restricted sales volumes in A+K, however the business is well placed to support office re-openings through provision of both workplace hardware and software solutions.

Sale of Enterprise Software Division

In line with the Board's strategy of focusing the software business on a SaaS model, SmartSpace completed the sale of SmartSpace Global Ltd together with certain contracts of its US subsidiary (which comprised the Enterprise software division) on 13 August 2020 to Four Winds Interactive. The initial consideration was £4.6m, paid in cash on completion, and a further deferred payment of £0.3m which was received in May 2021. The Enterprise software division had 38 employees and operated out of two locations. Its revenues for the year ended 31 January 2020 were £2.2m and the operating loss of the business in that period was £5.8m. At the date of sale, the net assets disposed of were £4.3m.

People

Despite the challenging economic backdrop, SwipedOn and Space Connect continued to hire to support SmartSpace's growth ambitions. As the world exited the first wave of Covid-19 lockdowns and businesses returned to work, we increased our resources in New Zealand as we prepared to centralise all of our development resource in one location. We also added senior talent to our sales team in New Zealand and recruited further sales resources in the UK. Recognising the impact of Covid-19 on the Group and the fact that most UK staff were placed on furlough for long periods, the Board decided that no senior management bonuses would be paid in respect of the year ended 31 January 2021.

During what has been a difficult year for everybody, I would like to thank all our staff who have adapted well to new ways of working, and to those staff who have been furloughed during the year for their patience and continuing commitment to the success of the Group.

Annual General Meeting

The Board will shortly be sending out a notice of Annual General Meeting which unfortunately due to ongoing restrictions will have to be a closed meeting once again. 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

Since the period end, we have seen continued demand for our products in markets that have succeeded in containing the impact of Covid-19, in particular in Australia and New Zealand. We expect this trend to continue in our larger markets as they reopen, particularly in the US, UK and Canada. Following the announcement of the roadmap out of lockdown in the UK there has been a noticeable increase in activity, and we are seeing similar trends in the US and Canada, with this momentum continuing each month.

A key priority for SmartSpace in this coming year will be to grow ARPU and ARR from our existing customers. We intend to focus our sales efforts on customers where there are opportunities to increase revenue through multi-location deployments and the sale of add-on modules. The launch of SwipedOn desks gives us a great opportunity to increase ARPU and we will only need a relatively small penetration of our customer base to have a significant impact on ARR. Growth in location numbers will be an increasingly important measure of our success.

It is also our intention to increase the market for our products by entering new geographic markets. Even though we have SwipedOn customers in 73 countries our focus has been primarily on the English-language version. We intend to launch a local language version of SwipedOn in at least one new geography as we complete the development work scheduled in our product roadmap which is required to make SwipedOn fully multilingual.

We have made considerable progress building our indirect partner network for Space Connect and again we expect this momentum to continue this year. Many of our partners, including Softcat and ProAV, have defined offerings as part of their "Return to the Office" (RTO)

initiatives. Our solutions are a key part of these RTO solutions. We will continue to grow our partner network for Space Connect in existing markets as well as expand our partner network in APAC and North America.

The early signs of progress with Evoko Naso are encouraging. The feedback on Naso from the Evoko partner network around the globe is positive and we are pleased to be able to recognise our first revenues from Naso after a significant period of investment. As part of the Evoko Partner Network in the UK, A+K have signed their first orders for Naso, and we anticipate that that demand will grow around the world as countries come out of their various states of lockdown and employees return to the office. The Board are further encouraged by Evoko's internal sales projections for Naso, supported by a prospect list which includes a number of significant deals with well-known brand names.

Covid-19 has changed working practices and many businesses have indicated plans to reduce their real estate. This will result in more people than available desks which, in turn, creates a significant opportunity for SmartSpace. Managing the process of desk and meeting room booking without software can be very difficult and our technology addresses this issue. As businesses reopen there will also be a greater need for systems to manage visitors to their buildings. The SmartSpace range of products help our clients create Covid-19 safe environments by managing social distancing in the workplace; providing employee, contractor and visitor contact tracing; and office hygiene. We expect this increased demand for these solutions will create sizeable opportunities for the Group.

Our business is focused on building our SaaS revenue with two well-defined software offerings. The disposal of our Enterprise business has allowed us to focus on growing these businesses as well ensuring we have sufficient cash to execute on our plans. With such a large addressable market for our products across the globe we are in an ideal position to capitalise on the opportunities.

As ever, there is a lot going on, but with SwipedOn being cash generative for the first time in FY21 and momentum building in Space Connect, I am excited for our prospects during 2021/22.

Guy van Zwanenberg
Chairman
7 May 2021

Strategic Report: strategy and operational review

The Directors present their strategic report on the Group for the year ended 31 January 2021:

Business model, purpose and strategy

The Group's business model is to provide cloud-based flexible workspace software including desk, meeting room and visitor management solutions for the SME and mid-market, to enable an international client base to optimise the use of their real estate and other workspaces. The Group's products are easy to implement, configure and operate making them ideally suited to SMEs but also larger companies looking 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. The onset of Covid-19 has further increased 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 mid-market companies optimise use of their corporate real estate focussing on rooms, desks and visitors and to provide businesses with a means to implement and manage Covid-19 policies in the workplace.
- 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 from our customer lists.
- 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 the office real estate market will continue to evolve as working practices change and there is greater use of technology in the office space which businesses provide for their employees. Faced with challenges of rising costs of office space in major global cities and the requirement to provide Covid-19 safe offices, businesses are increasingly looking for ways in which they can improve the return on investment from their corporate real estate and the demand for technology solutions to address these challenges is growing internationally. Many businesses have indicated that they plan to reduce their real estate footprint following lockdown. 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 continuing business

During the financial year ended 31 January 2021 the Group made progress towards achieving its strategic goals. The Group completed the disposal of its enterprise software division in August 2020. The enterprise software business faced many challenges including long sales cycles and high levels of investment in developing the enterprise product. Accordingly, the Board decided it would be better to focus on the SME and mid-market as the capital employed in the enterprise software business could be better deployed in creating value for shareholders through investing in the growth of the Group's other businesses. Following the disposal there are three operating companies in the Group.

SwipedOn, our visitor management software, acquired in October 2018, had another good year despite the impact of the pandemic on its major markets. Initially trading in March and April was affected by the onset of Covid-19 with a decline in new customer sign-ups and an increase in churn but the business quickly adapted its product strategy to add visitor pre-screening and contactless entry functionality to facilitate customers in introducing Covid-19 secure strategies for their reception areas. As the initial lockdowns ended last summer and businesses re-opened, we saw an upsurge in demand, particularly in Australia and New Zealand (where lockdown restrictions eased relatively more quickly than in other nations) with new customer sign-ups returning to pre Covid-19 levels before a second and third lockdown in the UK in November and January respectively resulted in a slightly quieter last quarter.

The SwipedOn customer acquisition model is based on offering a 14-day free trial period where customers are provided access to the full features of the product. There are currently three packages with tiered pricing based on functionality and number of locations with a series of optional add-on modules covering SMS messaging, deliveries and catering. During FY21 the emphasis of our software development changed as we developed Covid-19 specific functionality including contactless sign-in and pre-screening questionnaires. With Covid-19 there is an increased requirement for businesses to maintain contact details for all visitors to their premises for the purposes of in-company contact tracing.

As a fast-growing SaaS business, SwipedOn measures its performance on established metrics for such businesses. The table below sets out a selection of these key measures.

SwipedOn key performance indicators	31 January 2021	31 January 2020
Number of customers	4,735	3,896
Number of customer locations	6,741	5,280
Locations per customer	1.42	1.36
Monthly average revenue per user (ARPU)	NZ\$92	NZ\$78
Annual recurring revenue (ARR)	NZ\$5.22m	NZ\$3.64m
Annual revenue churn	6.85%	4.25%
12-month average customer acquisition cost (CAC)	NZ\$1,687	NZ\$1,144
Lifetime value to customer acquisition cost (LTV:CAC)	6.0	7.6

During FY21 SwipedOn added 1,354 new customers (FY20 1,473) resulting in a net increase in customers of 21.5% from 3,896 to 4,735. This increase coupled with the sale of add-on modules and the increase in the average number of locations per customer has led to a 18% increase in ARPU (average revenue per customer per month) over the course of the year, and an increase of 43% in the ARR (annual recurring revenue) at the end FY21 to NZ\$5.22m from NZ\$3.64m at the end of FY20. One of the strengths of the business is a very high level of customer satisfaction with a high NPS score (Net Promoter Score) leading to an average annual revenue churn of only 6.85% during FY21 despite the pandemic.

The average CAC (Customer Acquisition Cost) which includes the costs of all sales and marketing staff as well as direct marketing costs has increased primarily because of the increasing popularity of some Google Ad words. The Company continually reviews the effectiveness of its marketing spend including the consideration of alternative delivery channels in order to minimise CAC. The customer lifetime value (LTV) to CAC ratio remains at a very healthy level of 6.0 (2020: 7.6).

Space Connect has been advancing on two fronts. We have established new indirect sales channels for Space Connect through a network of partners to allow Space Connect to generate fast growing high margin revenues. During FY21 the company signed a number of distribution agreements allowing partners to resell its integrated workplace management solution. This included an agreement with Softcat, one of the UK's leading System Integrators and an agreement with ESCO, a major AV (audio visual) integrator in the Far East. During the year the company signed deals with Softcat customers which are already delivering significant ARR. We have also received our first order through ESCO and we are engaged with other prospects in Asia including clients out of the ESCO India office.

In December 2020 Evoko announced the release of Naso, its next generation meeting room solution. Naso is Evoko's first panel to offer not only meeting room functionality but also desk booking and visitor management. Space Connect has worked with Evoko as its exclusive software partner to create the Naso software suite utilising Space Connect's meeting room, desk and visitor management solutions. Space Connect will receive a licence fee for each panel sold together with a share of ongoing SaaS software revenue for any add on meeting room, desk or visitor management licences sold. The first panels were shipped in December 2020 with £22,000 of revenue being recognised in the year ended 31 January 2021.

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. The Company operates solely in the UK and the closure of offices and business premises during the various lockdowns has reduced order intake significantly during FY21. During these quieter periods the Company took steps to reduce its operating costs through closing its office and utilising the Government's Coronavirus Job Retention Scheme to furlough the majority of employees. A+K's network of 200 resellers is key to the development of the market for Space Connect in the UK. In preparation for the easing of Covid-19 restrictions in the UK, A+K has added a number additional workspace focussed product lines to its portfolio, primarily to complement the Group's software solutions.

The financial performance of the Group for the year is covered in more detail in the Financial Review.

Software development

During the year we invested £1.3million in further enhancing the software solutions of our continuing businesses. This included the development of location-based settings and new add-on modules including SwipedOn Desks alongside Covid-19 functionality such as contactless entry.

Space Connect has developed and released additional features to help customers manage and implement their workplace Covid-19 policies. These features include tools to help users to enforce social distancing in offices, record and manage office sanitisation, and contact tracing of employees and visitors.

As we move into FY22 the Group intends to centralise all software development in New Zealand to drive enhanced functionality and bring together the technologies of SwipedOn and Space Connect. Having a centralised development team will offer greater opportunities for our staff to develop their skills, whilst also allowing the Group to benefit from a consistent approach to software development. Over recent years 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.

Outlook

Whilst the ongoing pandemic continues to create uncertainty for the Group, the Board is optimistic for the Group's prospects for FY22 and beyond. Our markets in Australia and New Zealand remain strong and the US has also held up well. In the UK we have seen a noticeable increase in activity since the Government published its route map out of lockdown. As businesses reopen and staff return to the office, customers are turning their attention to preparation for returning to the office in a controlled and Covid-19 secure manner, which the Company's products are ideally poised to assist with. We have already received increased Space Connect orders for projects that had been delayed during the most recent lockdown.

Our focus for the current year is to maintain momentum in both ARR and ARPU growth. During these Covid-19 affected times we are focussing our sales efforts on higher value customers in the mid-market where there is potential for revenue expansion through cross-selling and multiple location sales. Reflecting the increased functionality of SwipedOn, we implemented a price increase for new customers on 1st February 2021 and we expect this to have a significant beneficial impact on ARPU this year. This strategy is already bearing fruit and has resulted in an 8.3% increase ARPU to \$99.3 in the first 3 months of FY22. In the same 3-month period ARR has grown by 9% to \$5.7m. In the first quarter of FY22 we added 180 new customers, which is less than the average number of new customers in FY21 but the average number of locations per customer was 1.8 compared with 1.5 last year. This included a 49-location deal with a new Canadian client in February 2021. We have seen healthy expansion revenue for other significant SwipedOn customers. We are also engaged with our first customers for our recently launched SwipedOn Desks product and are encouraged by both the feedback and the potential ARPU value of these clients. SwipedOn's churn has stabilised and at the beginning of May had not risen above the levels reported above.

From a standing start we have built an exciting pipeline of opportunities for Space Connect through developing our sales channels in the UK, the Far East and Australia. We are approaching 40 confirmed customers in Space Connect with an average ARR of £10k each. In March we reported an increase in interest following the announcement of the roadmap out of lockdown for the UK. This momentum has continued and the Space Connect pipeline has nearly doubled since February to £1.1m of ARR. At the same time Space Connect continues to win expansion revenue from existing customers as they deploy across their estates. Our main partners, including Softcat and ProAV have been promoting specific RTO solutions to their customers and Space Connect is part of that offer. There is increasing press coverage of companies adopting a 'hybrid working' model which entails staff spending some time working in the office and some time working from home. This will allow companies to reduce their expensive real estate footprint but with more staff than desks an efficient and easy-to use desk booking system a pre-requisite for hybrid working to function effectively. It is this growing requirement that Space Connect is seeking to fill and nearly all the customers to whom we sell, do not have existing systems in place. In addition to building our channel pipeline, we are working closely with Evoko on a number of significant opportunities with major international brands. Now that there is a clear pathway to returning to the office, we expect the recent momentum to continue.

We have now started to plan and, in some cases, deploy A+K projects that had been put on hold during the current lockdown. We have recognised this revenue in March and April 2021. There has been a considerable uptick in interest from A+K partners, in particular for desk management solutions. A+K distributes Evoko products, and the sales team are undertaking an increasing number of demonstrations of Evoko Naso which has resulted in a rapidly building sales pipeline.

We have a huge opportunity ahead of us. Thanks to the hard work from our colleagues and partners we are now well positioned to utilise our momentum going forward to build recurring revenues.

Frank Beechinor
Chief Executive Officer
7 May 2021

Strategic report: Financial review

Overview

In January 2020 the Board decided to commence a process to dispose of its investment in the Group's Enterprise software division. After delays caused by Covid-19 the process completed in August 2020. As a result, the business segment has been classified as a disposal group with the financial performance for both the current and comparative periods being included within discontinued activities in the income statement.

Revenue

Whilst recurring revenues increased by £0.9m to £2.4m (2020: £1.5m) driven by increased customer numbers and ARPU, overall revenue for the Group decreased by £0.45m to £4.63m (2020: £5.08m) as a result of Covid-19 lockdowns significantly impacting Anders & Kern.

The key to growing value in a SaaS business is to grow the Annual Recurring Revenue ("ARR") and there are several key performance indicators for ARR which the management team monitor in their quest to grow ARR as quickly as possible. The ARR grew by 50% to £3.0m (2020: £2.0m) and was driven primarily by growth in ARR in SwipedOn.

The first key driver to ARR growth is new customer bookings. In FY21 SwipedOn added 1,354 new software customers with an ARR of £0.93m, a great performance in the face of the global pandemic and the impact it had on business around the world. Space Connect also added 8 new customers in the lockdown interrupted period from launching with partners in August 2020 to the year end. The second driver is monthly Average Revenue Per User ("ARPU"). For SwipedOn we saw this increase by 18% to NZ\$92 (2020 NZ\$78). Due to a strengthening of the New Zealand Dollar, ARPU has increased by 26% when measured in pounds sterling. The monthly ARPU for Space Connect at the end of FY21 was approximately £1,100. The third driver is customer attrition or churn which requires us to understand why customers leave and identify actions we can take to minimise both the number of customers that leave and the impact of those leavers on ARR. For SwipedOn our annual customer churn for FY21 was 11.8% (FY20 7.5%) and annual revenue churn was 6.85% (FY20: 4.25%) with a churn ARR of £0.16m. The increase in churn is attributable to the impact of Covid-19 and largely involved small customers with only one location. Finally, ARR growth can be measured through Net Revenue Retention ("NRR") which measures how well we are doing with our existing customers. For SwipedOn NRR was 105% (FY20: 128%) meaning revenue from existing customers grew. The slower growth in NRR is largely attributable to the impact of Covid-19.

During the year Space Connect developed its channel partner distribution network with the first partner sales taking place in August 2020. Whilst good momentum was initially established the Covid-19 lockdowns from November onwards hampered our ability to make further sales. As businesses have begun to prepare for workplace re-opening, we have seen renewed customer activity. Space Connect completed the development of a white label version of its software which was released for sale by our strategic partner generating the first licencing revenues in December 2020. The Space Connect distribution channel now has 22 resellers engaged covering UK, APAC, Australia and New Zealand, North America and South America.

Revenue from Anders & Kern reduced during the year as a result of the Covid-19 lockdowns.

The breakdown of Group revenues generated by continuing operations is as follows

	31 January 2021 £'000	31 January 2020 £'000
Recurring revenues		
▪ SwipedOn	2,124	1,305
▪ Space Connect	119	16
▪ Anders & Kern	151	139
Total recurring revenue	2,394	1,460
Hardware revenue		
▪ SwipedOn	17	20
▪ Space Connect	-	17
▪ Anders & Kern	1,994	3,406
Total hardware revenue	2,011	3,443
Other revenue	224	179
Total revenue	4,629	5,082

Recurring revenue comprises contractual fees for ongoing software and services including SaaS, hosting and software support. Non-recurring revenue is all revenue other than recurring revenue and for the continuing group, primarily comprises hardware.

Gross profit

Despite a fall in revenue gross profit increased by 28% to £2.65m (FY20: £2.07m), and our gross margin improved from 41% to 57% driven by the increase in high margin SaaS revenues as a proportion of total revenues. SaaS revenue made up 52% of total revenue compared to 29% in the prior year. As part of the disposal of SmartSpace Global it was agreed that sales would continue to be made with no margin to SmartSpace Global by Anders & Kern until the end of FY21. Sales to SmartSpace Global during the year amounted to

£934,000. When these sales are excluded Anders & Kern made a 30% margin which is comparable to recent prior periods. If these sales are excluded from the Group revenue, then the overall gross margin for the year is 72% (FY20: 51%)

Administrative expenses

Administrative expenses on continuing operations have increased by 26% to £5.4m (2020: £4.3m) as detailed in the table below.

	2021	2020
	£'000	£'000
Research and development	1,319	758
Less capitalised development	(290)	(112)
Research and development costs not capitalised	1,029	646
Staff and contractor costs excluding those relating to R&D	2,267	1,770
Sales, general and administrative expenses	1,605	1,403
Share based payment charge	150	88
Depreciation and amortisation	375	201
Reorganisation and transformation costs	-	199
Total	5,426	4,307

Administrative expenses have increased by £1.1m of which £0.8m relates to the inclusion of Space Connect for the full year in FY21 compared with the last three months in FY20. The balance of the increase relates to increased SwipedOn marketing and staff costs as the business grows. Financial support from the UK government through the Job Retention Scheme was received during FY21 with £104,000 being offset against staff costs. No bonus payments were made to executive directors during the year.

Adjusted LBITDA

Adjusted LBITDA is the 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. Adjusted LBITDA was £2.12m (FY20: £1.67m) with the increase arising as a result of the increased administrative expenses offset by a higher gross profit, further details of which are explained above.

Taxation

The taxation credit on continuing operations of £612,000 results from counteracting effects of a tax charge from the de-recognition of deferred tax assets on losses which the Group no longer believe will be recoverable and credit from the tax benefit obtained from transferring the ownership of intellectual property of Space Connect from Australia to the UK. The Group has recognised £1.3m of deferred tax assets relating to £6.1m of losses available to carry forward.

Earnings per share

The loss per share from continuing operations was 7.54p (FY20: loss per share 8.05p) and the total loss per share was 7.98p compared with loss per share of 41.7p for FY20.

The adjusted loss per share from continuing operations which excludes the after-tax impact of discontinued operations, exceptional items, share-based payments and the amortisation of intangible assets recognised on acquisition was 6.59p (FY20: loss per share 6.67p).

Intangible assets and goodwill

Intangible assets comprise £8.7m of goodwill (2020: £8.2m), £0.9m (2020: £0.7m) internally generated software, and £1.6m (2020: £1.7m) of other intangibles acquired as part of business combinations. Software development costs largely relating to the completion of development of Space Connect's white label product amounting to £302,000 were capitalised. An amortisation charge of £272,000 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 increased in value by £684,000 due to movements in exchange rates.

Financial position

Other financial assets at amortised cost of £328,000 (2020: £116,000) include the remaining disposal consideration on the sale of SmartSpace Global Limited. These proceeds are expected to be received in the first half of FY22.

Current tax receivables of £101,000 (£33,000) relate to tax credits which the Group receives for qualifying research and development activities.

Contract liabilities of £1,129,000 (2020: £641,000) 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 £413,000 (2019: £401,000) of which £382,000 (2020: £401,000) relate to a mortgage on the Group's freehold property in Mildenhall where Anders & Kern are based, together with a Covid-19 support loan provided by the New Zealand government of £31,000 (2020: £nil). The mortgage was due for repayment in January 2021 and therefore was classified as a current liability in the prior period. The mortgage was extended for a further 2 years and is therefore now split between current and non-current liabilities. The Covid-19 support loan is interest free and will be repaid in FY22.

Cash flow

Cash and cash equivalents increased during the year by £1,929,000 (2020: decrease £5,466,000). A net cash outflow from operating activities of £1,438,000 (2020: £5,776,000) comprised of an outflow from continuing operating activities of £1,671,000 and an inflow from discontinued activities of £233,000. The net cash inflow from investing activities of £3,441,000 (2020: outflow £2,807,000) included £4,167,000 cash received for the disposal of SmartSpace Global Limited net of costs incurred offset by £683,000 of capitalised internal software development costs of which £302,000 related to continuing operations and £381,000 discontinued operations. Cash outflow from financing activities amounted to £86,000 (2020: inflow £3,137,000) as payments were made against the finance leases and property mortgage.

Discontinued activities

Prior to the impact of the release of impairments, the loss from discontinued operations after tax amounted to £1,470,000 (2020: £5,304,000). This loss was offset by the reversal of an impairment of £1,470,000 made in FY20. A loss on disposal of SmartSpace Global of £124,000 representing the difference between the disposal consideration and net assets disposed of was also recorded.

Dividend policy

The Group reported a retained loss of £2,255,000 (FY20: loss of £9,882,000), which has been transferred to reserves. At 31 January 2021, the Group had retained earnings of £11,701,000 (FY20: £13,956,000). The Board considers that it is in shareholders' best interests to retain resources in the Group. However, should it become apparent in the next 24 months that not all of the available resources are required, the Board will consider implementing a distribution policy or return of capital to shareholders.

Bruce Morrison
Chief Financial Officer
7 May 2021

Consolidated statement of comprehensive income for the year ended 31 January 2021

	Note	Year ended 31 January 2021	Year ended 31 January 2020
		£'000	£'000
Continuing operations			
Revenue from contracts with customers	4	4,629	5,082
Costs of sale of goods		(1,695)	(2,743)
Costs of providing services		(283)	(271)
Gross profit		2,651	2,068
Administrative expenses		(5,426)	(4,307)
Net impairment losses on financial and contract assets		(72)	(205)
Other income		130	79
Operating loss		(2,717)	(2,365)
Adjusted LBITDA*		(2,120)	(1,672)
Reorganisation and transactional items		-	(199)
Depreciation		(103)	(79)
Amortisation		(272)	(122)
Impairment of financial asset		(72)	(205)
Share based payment charge		(150)	(88)
Operating loss		(2,717)	(2,365)
Finance income		1	11
Finance costs		(27)	(23)
Loss before tax		(2,743)	(2,377)
Taxation		612	468
Loss for the year after tax		(2,131)	(1,909)
Loss for the year from discontinued operations		(124)	(7,973)
Loss for the year		(2,255)	(9,882)
Other comprehensive income			
Exchange differences on translation of foreign operations		643	(576)
Total other comprehensive income		643	(576)
Total comprehensive loss attributable to the owners of the group		(1,612)	(10,458)
Basic loss per share			
Continuing operations	7	(7.54p)	(8.05p)
Discontinued operations	7	(0.44p)	(33.65p)
Total		(7.98p)	(41.70p)
Diluted loss per share			
Continuing operations	7	(7.54p)	(8.05p)
Discontinued operations	7	(0.44p)	(33.65p)
Total		(7.98p)	(41.70p)

* 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 2021

	Note	31 January 2021 £'000	31 January 2020 £'000
ASSETS			
Non-current assets			
Property, plant and equipment		683	693
Right-of-use assets		156	164
Intangible assets		11,222	10,508
Deferred tax assets		1,389	848
Total non-current assets		13,450	12,213
Current assets			
Inventories		89	345
Contract assets		4	31
Trade and other receivables		550	475
Other financial assets at amortised cost		328	116
Current tax receivable		101	33
Prepayments		114	67
Cash and cash equivalents		4,516	2,587
		5,702	3,654
Assets classified as held for sale	6	-	6,480
Total current assets		5,702	10,134
Total assets		19,152	22,347
LIABILITIES			
Non-current liabilities			
Borrowings		355	-
Lease liabilities		110	133
Total non-current liabilities		465	133
Current liabilities			
Trade and other payables		826	975
Contract liabilities		1,129	641
Other tax liabilities		341	258
Borrowings		58	401
Lease liabilities		63	46
		2,417	2,321
Liabilities directly associated with assets classified as held for sale	6	-	2,113
Total current liabilities		2,417	4,434
Total liabilities		2,882	4,567
NET ASSETS		16,270	17,780
EQUITY			
Capital and reserves attributable to equity shareholders			
Share capital		2,826	2,826
Share premium		3,830	3,830
Other reserves		(2,087)	(2,832)
Retained earnings		11,701	13,956
Total equity		16,270	17,780

Consolidated statement of changes in equity for the year ended 31 January 2021

	Share capital	Share premium	Other reserves	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000
At 31 January 2019	2,216	1,058	(3,702)	23,838	23,410
Loss for the year	-	-	-	(9,882)	(9,882)
Other comprehensive income for the year	-	-	(576)	-	(576)
Total comprehensive loss for the year	-	-	(576)	(9,882)	(10,458)
Transactions with owners in their capacity as owners:					
Issue of ordinary shares as consideration for a business combination	135	-	844	-	979
Issue of ordinary shares for cash consideration	475	2,967	-	-	3,442
Share issue costs	-	(195)	-	-	(195)
Space Connect acquisition deferred share issue consideration	-	-	489	-	489
Share-based payment expense - continuing operations	-	-	88	-	88
Share-based payment expense - discontinued operations	-	-	25	-	25
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

Consolidated statement of cash flows for the year ended 31 January 2021

	Note	Year ended 31 January 2021	Year ended 31 January 2020
		£'000	£'000
Cash from operating activities			
Cash consumed by operations	5	(1,791)	(5,899)
Interest received		1	61
Interest paid		(42)	(76)
Income taxes received		394	138
Net cash outflow from operating activities		(1,438)	(5,776)
Cash flows from investing activities			
Payments for the acquisition of subsidiary (net of cash acquired)		-	(1,589)
Payments for property, plant and equipment		(44)	(280)
Payment of software development costs		(682)	(1,688)
Proceeds from disposal of subsidiary (net of cash disposed)		4,167	750
Net cash from investing activities		3,441	(2,807)
Cash flows from financing activities			
Proceeds from issues of share capital (net of issue costs)		-	3,247
Proceeds from borrowings		31	-
Repayment of borrowings		(19)	(25)
Principal elements of lease payments		(98)	(85)
Net cashflow from financing activities		(86)	3,137
Net change in cash and cash equivalents		1,917	(5,446)
Cash and cash equivalents at the beginning of the financial year		2,587	8,053
Effects of exchange rate changes on cash and cash equivalents		12	(20)
Cash and cash equivalents at the end of the financial year		4,516	2,587

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. General information

SmartSpace Software plc is a company incorporated and domiciled in England and Wales under the Companies Act 2006 and listed on the AIM market of The London Stock Exchange. The nature of the Group's operations and its principal activities are set out in the strategic report.

The financial information set out above does not constitute the Group's statutory financial statements for the years ended 31 January 2021 or 2020 within the meaning of section 434 of the Companies Act 2006 but is derived from those audited financial statements. The auditor's report on the consolidated financial statements for the year ended 31 January 2021 and 2020 is unqualified and does not contain statements under s498(2) or (3) of the Companies Act 2006 or matters to which the auditor drew attention by way of emphasis. The financial statements for the year ended 31 January 2021 have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. The financial information set out above has been prepared using the same accounting policies as those applied in the financial statements for the year ended 31 January 2021, but does not include all the disclosures required in financial statements prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and accordingly it does not itself comply with International Accounting Standards in conformity with the requirements of the Companies Act 2006.

Statutory accounts for the year ended 31 January 2020 have been delivered to the Registrar of Companies and those for the financial year ended 31 January 2021 will be delivered following the Company's annual general meeting.

The financial statements are presented in pounds sterling as that is the currency of the primary economic environment in which the Group operates.

Going concern

The financial statements are prepared on a going concern basis notwithstanding that the Group has reported an operating loss of £2,717,000 for the year to 31 January 2021 (2020: £2,365,000 loss) and net cash outflow from continuing operating activities of £1,639,000 (2020: £1,849,000).

At 31 January 2021 the Group had £4.5m of gross cash with three operating segments and a central overhead to support. Cash forecasts for each segment and the consolidated Group have been prepared for a period of twelve months from the date of signing the balance sheet.

The SwipedOn division has continued to grow throughout the Covid-19 pandemic both in terms customers and revenue. The Directors are confident that growth will continue in the future. SwipedOn is currently cash generative at current levels of investment in new customer acquisition and product development. Whilst the Directors believe that SwipedOn will continue to perform well throughout the Covid-19 pandemic, stress tests have taken into account the possibility of reductions in new customer signups and increased customer churn.

During the year ended 31 January 2021 Space Connect commenced sales through a distribution channel and through licensed sales of a white label version of its product. The Covid-19 lockdown prevented these sales from developing as planned, however sales are expected to return once businesses re-open their workplaces. By the end of the year ended 31 January 2022 Space Connect is expected to be cash generative. Overall, the Directors believe that Covid-19 will have a positive impact on Space Connect however stress tests have taken into account scenarios whereby sales growth and new customer and distributor wins occur at a much-reduced rate.

The Anders & Kern division which is focussed exclusively on UK based customers experienced significant reductions in sales volume due to the nationwide Covid-19 lockdown. The business took advantage of the UK Government's Job Retention Scheme by furloughing a large proportion of its workforce. When lockdown restrictions ease sales are expected to recover. Forecasts for the Anders & Kern division have assumed that over a period of 12 months sales will return to normal levels. Stress tests have included the possibility that sales remain subdued for the entire forecast period together with appropriate cost reductions.

On the basis of these consolidated forecasts and stress tests, the Directors believe that the Group can continue to operate within the resources currently available to it over the forecast period.

Based on the above, the Directors believe it remains appropriate to prepare the Group and parent company financial statements on the going concern basis.

2. Change in accounting policies

There were no changes to accounting policies during the year ended 31 January 2021.

3. Segmental reporting

3(a) Description of segments and principal activities

The Group's operating board, consisting of the Chief Executive Officer, Chief Financial Officer and Chief Operating 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.

Unless otherwise indicated, the segment information reported on the following pages does not include any amounts for discontinued operations.

The operating board primarily uses an adjusted measure of earnings or loss before interest, tax, depreciation and amortisation (EBITDA or LBITDA) 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 2021	Year ended 31 January 2020
	£'000	£'000
Software		
Space Connect	(646)	(114)
SwipedOn	(195)	(554)
Hardware		
Anders & Kern	(84)	284
Central operating costs	(1,195)	(1,288)
Total adjusted LBITDA	(2,120)	(1,672)

3(c) Segmental financial performance

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)

Year ended 31 January 2020					
	Space Connect	Swiped On	Anders & Kern	Central operating costs	Total
	£'000	£'000	£'000	£'000	£'000
Revenue from contracts with customers	39	1,358	3,685	-	5,082
Costs of sale of goods	(2)	(22)	(2,719)	-	(2,743)
Costs of providing services	-	(192)	(79)	-	(271)
Gross profit	37	1,144	887	-	2,068
Administrative expenses	(176)	(1,899)	(656)	(1,576)	(4,307)
Impairment losses on financial and contract assets	-	(9)	-	(196)	(205)
Other income	-	79	-	-	79
Operating (loss) / profit	(139)	(685)	231	(1,772)	(2,365)
Adjusted (LBITDA)/ EBITDA*	(114)	(554)	284	(1,288)	(1,672)
Reorganisation and transactional items	-	-	-	(199)	(199)
Depreciation	(1)	(45)	(24)	(9)	(79)
Amortisation	(24)	(77)	(21)	-	(122)
Impairment of intangible assets	-	-	-	-	-
Impairment of financial assets	-	(9)	-	(196)	(205)
Share based payment charge	-	-	(8)	(80)	(88)
Operating (loss) / profit	(139)	(685)	231	(1,772)	(2,365)
Finance income	-	1	-	10	11
Finance costs	(30)	(178)	(14)	199	(23)
(Loss) / profit before tax	(169)	(862)	217	(1,563)	(2,377)

3(d) **Segment assets**

	31 January 2021		31 January 2020	
	Segment assets	Additions to non-current assets*	Segment assets	Additions to non-current assets*
	£'000	£'000	£'000	£'000
Space Connect	4,884	294	3,502	114
SwipedOn	6,687	64	6,130	249
Anders & Kern	2,640	12	3,302	1
Segment assets	14,211	370	12,934	364
Assets relating to discontinued operations	-	-	6,480	2,666
Unallocated assets	4,941	7	2,933	10
Total assets	19,152	377	22,347	3,040

*Other than contract assets and deferred tax assets

Discontinued activities are comprised of SmartSpace Global which was reclassified to discontinued activities for the year ended 31 January 2020 and subsequently disposed of during the year ended 31 January 2021, details of which can be found in note 6.

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. Goodwill has been allocated to reportable segments.

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

	31 January 2021	31 January 2020
	£'000	£'000
UK	6,124	2,492
Australia	3	3,242
New Zealand	5,934	5,631
Total assets	12,061	11,365

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 2021	31 January 2020
	£'000	£'000
Space Connect	171	22
SwipedOn	1,460	887
Anders & Kern	996	1,437
Segment liabilities	2,627	2,346
Liabilities relating to discontinued operations	-	2,113
Unallocated	255	108
Total liabilities	2,882	4,567

Discontinued activities are comprised of SmartSpace Global which was reclassified to discontinued activities for the year ending 31 January 2020 and subsequently disposed of during the year ending 31 January 2021, details of which can be found in note 6.

3(f) Revenue by customer geographical location

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

Year ended 31 January 2020	Space Connect	Swiped On	Anders & Kern	Central	Total
	£'000	£'000	£'000	£'000	£'000
UK	-	190	3,591	-	3,781
USA	-	613	-	-	613
Australia	-	299	-	-	299
New Zealand	39	134	-	-	173
Canada	-	95	-	-	95
Rest of the world	-	27	94	-	121
Total	39	1,358	3,685	-	5,082

4. Revenue from contracts with customers

4(a) 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 2021	Space Connect	SwipedOn	Anders & Kern	Central	Total
	UK	New Zealand	UK	UK	
	£'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

Year ended 31 January 2020					
	Space Connect Australia	SwipedOn New Zealand	Anders & Kern UK	Central UK	Total
	£'000	£'000	£'000	£'000	£'000
Segment revenue	39	1,358	3,685	-	5,082
Timing of revenue recognition					
At a point in time	23	54	3,536	-	3,613
Over time	16	1,304	149	-	1,469
	39	1,358	3,685	-	5,082

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 2021	31 January 2020
	£'000	£'000
Software	4	31
Loss allowance	-	-
Total current contract assets	4	31

Current contract liabilities	31 January 2021	31 January 2020
	£'000	£'000
Software	1,055	561
Hardware	74	80
Total contract liabilities	1,129	641

Contract liability movement	£'000
At 31 January 2019	754
Transfer to discontinued activities	(182)
Recognised as revenue in period	(572)
New contract liabilities	641
At 31 January 2020	641
Recognised as revenue in period	(641)
New contract liabilities	1,129
At 31 January 2021	1,129

The Group expects all of the deferred revenue as of 31 January 2021 to be recognised during the next reporting period.

Unsatisfied long-term consulting contracts

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

	31 January 2021	31 January 2010
	£'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	1,055	641

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 software licences

The Group sells software licences which allow customers to use the software in their own environment which results in a transfer of control to the customer at a point in time. Revenue is recognised in full at the point of delivery to the customer as the risk and rewards of the licences have transferred at that point to the buyer and the Group does not retain managerial involvement or effective control over the software or the licences.

Sale of professional services

The Group sells professional services comprising project management, 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.

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 generated from operations**

	31 January 2021	31 January 2020
	£'000	£'000
Loss before income tax from continuing operations	(2,743)	(2,377)
Adjustments for:		
Depreciation and amortisation	375	201
Non-cash employee benefit expense – share-based payments	150	88
Net loss on sale of non-current assets	2	1
Finance costs - net	25	12
Credit loss	72	205
Net exchange differences	3	(1)
Change in operating assets and liabilities of continuing operations		
Movement in trade and other receivables	(14)	98
Movement in contract assets	29	(30)
Movement in inventories	157	19
Movement in prepayments	(43)	(15)
Movement in trade creditors	(371)	72
Movement in other creditors	280	(208)
Movement in contract liabilities	439	91
Movement in other provisions	-	(5)
Cash consumed by continuing operations	(1,639)	(1,849)
Loss before income tax from discontinued operations	(166)	(8,429)
Adjustments for:		
Depreciation and amortisation	-	1,157
Impairment of intangible assets	(1,470)	2,669
Non-cash employee benefit expense – share-based payments	(47)	25
Net gain on sale of non-current assets	9	7
Finance costs – net	16	2
Credit losses	(46)	31
Net exchange differences	2	(23)
Loss on sale of discontinued operations	124	-
Change in operating assets and liabilities of discontinued operations		
Movement in trade and other receivables	697	479
Movement in contract assets	437	97
Movement in prepayments	(407)	(139)
Movement in trade creditors	274	(113)
Movement in other creditors	248	(629)
Movement in contract liabilities	177	816
Cash consumed by discontinued operations	(152)	(4,050)
Cash consumed by operations	(1,791)	(5,899)

6. **Discontinued operations**

6(a) **Description**

In January 2020 the Board resolved to initiate a process to dispose of the Group's investment in SmartSpace Global Limited ("SSG disposal group". A buyer was identified, and the disposal completed in August 2020. The financial performance of the SSG disposal group is therefore reported in discontinued activities for the current and prior period. Assets and directly associate liabilities of the SSG disposal group are included within assets held for sale for the prior period. The sale and purchase agreement contains warranties and indemnities by the Company as is usual for a transaction of this nature. Liabilities or provisions relating to warranty items are only recorded when the business is made aware of any warranty claims made by the acquiring entity. As at the balance sheet date no claims had been raised under these warranties, although claims could be made up until 13 August 2027.

6(b) Financial performance and cash flow information

The financial performance and cash flow information relating to disposal group are presented below. Information relating to SmartSpace Global relates to the period to the date of disposal being 13 August 2020.

	To 13 August 2020	Year ended 31 January 2020
	£'000	£'000
Revenue	819	2,183
Expenses	(2,331)	(7,942)
Loss before income tax	(1,512)	(5,759)
Income tax benefit	42	455
Loss after tax	(1,470)	(5,304)
Reversal of impairment / (impairment) of assets in disposal group	1,470	(2,669)
Loss after income tax and impairments of discontinued operations	-	(7,973)
Loss on disposal of subsidiary after income tax	(124)	-
Net loss attributable to discontinued operations	(124)	(7,973)

	To 13 August 2020	Year ended 31 January 2020
	£'000	£'000
Net cash inflow from operating activities	233	2,319
Net cash inflow / (outflow) from investing activities	3,786	(1,257)
Net cash outflow from financing activities	(49)	(68)
Net increase in cash generated by discontinued operations	3,970	994

6(c) Assets and liabilities of disposal group classified as held for sale

	At date of disposal 13 August 2020	31 January 2020
	£'000	£'000
Assets classified as held for sale		
Property, plant and equipment	227	236
Right-of-use assets	801	801
Intangible assets	3,265	1,413
Contract assets	1,726	2,134
Trade and other receivables	797	880
Other financial assets at amortised cost	32	821
Prepayments	600	195
Cash and cash equivalents	199	-
Total assets of disposal group held for sale	7,647	6,480
Liabilities directly associated with assets classified as held for sale		
Lease liabilities	(763)	(812)
Trade and other payables	(997)	(304)
Contract liabilities	(1,175)	(997)
Total liabilities of disposal group held for sale	(2,935)	(2,113)
Net assets of disposal group	4,712	4,367

Cash consideration receivable of £327,000 was contingent on SmartSpace Global receiving payment of R&D tax credits from HMRC and was received after the year end.

7. Earnings per share

7(a) Basic loss per share

	Year ended 31 January 2021	Year ended 31 January 2020
	Pence	Pence
Attributable to the ordinary equity holders of the Company:		
From continuing operations	(7.54p)	(8.05p)
From discontinued operations	(0.44p)	(33.65p)
Total basic loss per share	(7.98p)	(41.70p)

7(b) Diluted loss per share

	Year ended 31 January 2021	Year ended 31 January 2020
	Pence	Pence
Attributable to the ordinary equity holders of the Company:		
From continuing operations	(7.54p)	(8.05p)
From discontinued operations	(0.44p)	(33.65p)
Total diluted loss per share	(7.98p)	(41.70p)

7(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 2021	Year ended 31 January 2020
	£'000	£'000
Basic (loss) / earnings per share		
Loss attributable to the ordinary equity holders of the Company:		
From continuing operations	(2,131)	(1,909)
From discontinued operations	(124)	(7,973)
	(2,255)	(9,882)
Diluted (loss) / earnings per shares		
Loss attributable to the ordinary equity holders of the Company:		
From continuing operations	(2,131)	(1,909)
From discontinued operations	(124)	(7,973)
	(2,255)	(9,882)

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

	Year ended 31 January 2021	Year ended 31 January 2020
	Number	Number
Weighted average number of shares used as the denominator in calculating basic earnings per share	28,255,823	23,694,546
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	28,255,823	23,694,546

7(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 2021 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.

7(f) Alternative measure of (loss)/earnings per share

	Year ended 31 January 2021	Year ended 31 January 2020
	£'000	£'000
Loss for the year	(2,131)	(1,909)
Adjustment to basic (loss)/earnings:		
Reorganisation and transactional costs	-	199
Tax credit on reorganisation and transactional costs	-	(38)
Amortisation of acquired intangibles	194	119
Deferred tax credit on amortisation of acquired intangibles	(48)	(23)
Share based payment charge	150	88
Deferred tax credit on share-based payment charge	(28)	(17)
Adjusted (loss)/earnings attributable to owners of the Company	(1,863)	(1,581)
Number of shares	No.	No.
Weighted average ordinary shares in issue	28,255,823	23,694,546
Weighted average potential diluted shares in issue	28,255,823	23,694,546
Adjusted (loss)/earnings per share		
Basic (loss)/earnings per share	(6.59p)	(6.67p)
Diluted (loss)/earnings per share	(6.59p)	(6.67p)

8. Events occurring after the end of the reporting period

In accordance with the share purchase agreement for the acquisition of Space Connect Pty Limited in November 2019, SmartSpace Software PLC issued the remaining 675,411 retention consideration shares to Pope Family Investments Pty Ltd on 30 April 2021. The shares were held back for a period of 18 months to be set off against any claims under the SPA, of which none were made. The shares were ordinary shares with a par value of 10 pence each.

9. Annual General Meeting

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