

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.

11 March 2021

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

**Trading Update for the Full Year Ended 31st January 2021
and Reinstatement of Guidance**

SmartSpace Software Plc, the leading provider of 'Integrated Space Management Software' for smart buildings, today publishes an update on trading and the expected financial performance of the Group for the full year ended 31st January 2021.

Key highlights

- Full year revenues expected to be approximately £4.6m (FY20: £5.1m)
- SaaS revenues of £2.3m up by 73% YOY and ARR up 60% to £2.9m
- Cash at year end of £4.5m
- Market guidance reinstated for FY22 & FY23
- SwipedOn
 - 4,735 customers across 6,741 locations
 - ARPU up by 18% to NZ\$91.90
- Space Connect
 - Evoko Naso now shipping and first revenues recognised

During the first six months of the year, and as announced in the Company's interim results on 6th October 2020, recurring revenues comprising SaaS and software maintenance revenues increased by 39% compared with the same period in FY20. This rate of growth has further accelerated in the second half of FY21 with full year recurring revenues expected to increase by more than 73% compared to FY20.

The Board expects Group revenue for FY21 to be approximately £4.6m (FY20: £5.1m) of which approximately £2.3m is revenue from SaaS (FY20: £1.32m). Group ARR at the end of FY21 is £2.9m (FY20: £1.8m), an increase of 60%.

Cash at the year end was £4.5m. A further £0.4m is due in March 2021 in respect of the sale of the enterprise software division completed in August 2020. Following the completion of the year end the Board is now able to reinstate guidance for the year ending 31st January 2022 and 2023.

SwipedOn

Underpinning this success has been the 53% increase in annual recurring revenue ("ARR") in SwipedOn, from £1.78m (NZ\$3.64m) at 31st January 2020 to £2.73m (NZ\$5.22m) at 31st January 2021.

SwipedOn added 1,354 new customers and 2,105 new locations in FY21 bringing the total number of customers to 4,735 across 6,741 locations. The average revenue per user per month ("ARPU") has increased by 18% to NZ\$91.90. The average number of locations per customer is up from 1.36 to 1.42. SwipedOn has seen an increase in revenue churn up from 4.4% since the beginning of FY21 or 5.7% at the half year to 7.3% at the year end, primarily as a result of the impact of Covid-19. The majority of customers that churn tends to be those on the Starter Plan and consequently of lower value.

Evoko Naso

December 2020 saw the release of Evoko Naso, Evoko's next generation meeting room solution powered by Space Connect. Evoko Naso is now shipping and Evoko is working with their partners to raise awareness throughout their sales channels around the globe. We have invoiced for initial sales and have also recognised the first revenues from Evoko Naso since December 2020. We are encouraged by the feedback from Evoko's partners and customers, which has been very positive. The Directors remain of the belief that the relationship with Evoko has the potential to generate significant future revenues for the Company.

Space Connect

As previously outlined, our strategy is to build a channel sales network for Space Connect. Our partnership with Softcat continues to deliver new customers and revenue expansion from existing customers with our sales pipeline growing strongly since our last update in December 2020. Despite being affected by the recent lockdown in the UK, we continued to engage with Softcat customers and our list of prospects grew during this period.

We have also received confirmation of our first Space Connect order through our Far East partner ESCO, who signed a customer through its local office in the Philippines. We are currently engaged with other ESCO prospects in Asia, including clients out of the ESCO India office.

It is encouraging to see such positive progress against a backdrop of prolonged periods of extended lockdown in the UK and working from home requirements in many other geographical markets, as a result of Covid-19.

Anders & Kern

As highlighted in earlier trading updates, Anders & Kern (“A+K”) has not yet returned to pre-Covid 19 levels with many offices in the UK not fully reopened since the first lockdown in March 2020. As a result, A+K has seen a 38% fall in non-recurring revenues compared to FY20 but the impact on profitability has been mitigated where possible by cost reductions. A+K continues to maintain tight cost controls with the office closed since the beginning of the second national lockdown in November 2020 and with most of the A+K staff on furlough for the last quarter of FY21.

Current Trading and Outlook

Our markets in Australia and New Zealand remain strong. The US has also held up well, apart from a temporary reduction in sales capacity for a short period in February 2021 due to the bad weather that hit Austin, Texas, where our team is based. The US team is now fully up and running again. We are beginning to see the green shoots of recovery in the UK following the publication of the UK Government’s roadmap out of lockdown. There has been a noticeable increase in activity since the Government announced the roadmap and customers are now again turning their attention to preparation for returning to the office in a controlled and Covid-secure manner, which the Company’s products are ideally poised to assist with. We received a flurry of Space Connect orders at the end of February 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. 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 is already bearing fruit 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. Churn has stabilised and at the beginning of March had not risen above the levels reported above.

We 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-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. Our technical team are working closely with Evoko on a number of significant opportunities they have for Evoko Naso with some 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 and we expect to recognise this revenue in March and April. 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.

Commenting on the trading update, Frank Beechinor, CEO of SmartSpace said:

“Whilst it has been a difficult year for many, we are pleased with how we have weathered the turbulent conditions. The third lockdown in the UK has had a short-term impact on our progress, but we are encouraged by the increase in sales pipeline activity since the Government’s announcement on the roadmap out of lockdown. There are frequent articles in the media on Covid-safe workplaces, hybrid working and returning to the office and this is reflected in our sales enquiries as we offer solutions to help our clients manage this transition.

In FY22 our focus will be on maintaining the momentum on growth in ARR. The recent price increase along with SwipedOn Desks and enhanced features will be major catalysts for achieving our growth objectives. We are very encouraged by the feedback on Evoko Naso and are optimistic for the prospects as FY22 progresses and offices start to reopen around the world.

We are also pleased to reinstate guidance back in the market. Investors can now clearly see the potential of SmartSpace, as we continue to push forward in delivering future significant growth across the Group.”

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About SmartSpace Software Plc

SmartSpace Software Plc is a SaaS-based technology business, designing and building smart software solutions. The Company's software solutions in workspace help transform employee and customer engagement with modules which include desk management, meeting room management, wayfinding, car parking, visitor management, and analytics.

The three operating companies in the Group comprise:

- Space Connect – SaaS Meeting Room and Desk booking (www.spaceconnect.co)
- SwipedOn – SaaS Visitor Management (www.SwipedOn.com)
- Anders & Kern – distribution and technical support (www.anders-kern.co.uk)

For more information go to: www.smartspaceplc.com