16 May 2023

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 2023

SmartSpace Software Plc, (AIM:SMRT) the leading provider of 'Integrated Space Management Software' for smart buildings and commercial spaces is pleased to announce its Audited Final Results for the year ended 31 January 2023.

Financial Highlights for the continuing Group:

- Revenue up 48% to £5.06m (FY22: £3.41m)
- Annual recurring revenue (“ARR”) up 25% year on year to £5.59m* (FY22: £4.23m or £4.49m on constant currency basis)
- Recurring revenues up 49% to £4.92m (FY22: £3.29m)
- Gross margin on continuing operations 89% (FY22: 89%)
- Group Adjusted EBITDA** loss of £0.77m (FY22: £2.38m) with SwipedOn reporting its first full year profit
- Monthly average revenue per user (“ARPU”) increased by 25% year on year to £97* at 31 January 2023 (FY22: £73 or £77 on constant currency basis)
- Loss per share from continuing operations 7.19p (FY22: 8.11p)
- Cash balance at the period end of £1.96m (FY22: £2.76m) and a net cash position of £1.63m (FY22: £2.38m)

Anders + Kern (A+K)

- A+K now classed as a discontinued operation, as we determine hardware distribution to be non-core, and we are actively engaged in finding new owners for the business
- Revenue, gross margin, EBITDA and ARR figures adjusted in these highlights to exclude A+K contribution in both the current and prior year.
- A+K recorded revenue of £2.09m (FY22: £1.73m), EBITDA loss of £0.11m (FY22: £0.12m loss) and ARR of £0.13m

Operational Highlights

- Significant progress on development of next generation product combining the features of SwipedOn and Space Connect into a single fully integrated platform
- 807 new customers added contributing a £0.9m of new ARR
- Contribution from Evoko Naso grew throughout the year
- Customer locations grew by 17% to 8,377 (FY22: 7,145)
- Revenue churn down to 11.8% (FY22: 12.7%)

Post period end highlights

- Mortgage of £0.33m held on the Group’s freehold building in Mildenhall fully repaid in February 2023
- The Group had cash of £1.25m at 30 April 2023 with no debt

- Despite adding £0.19m of net new ARR in the quarter to 30 April 2023, a strengthened pound sterling held back ARR to £5.62m* (30 April 2022: £4.77m or £4.69m on a constant currency basis). When measured on a constant currency basis ARR is up 20% year-on-year and 3% since the beginning of the financial year.
- Software deployed to 8,676 locations at 30 April 2023 (April 2022: 7,541 locations)
- Continuing international expansion with launch of fully localised products into Taiwan, China and Germany

* For customers invoiced in currencies other than pounds sterling ARR and ARPU is calculated by translating charges at the applicable 31 January 2023 exchange rate, with the exception of ARR at 30 April 2023, which is calculated at the exchange rate on that date. Comparative period ARR is provided on a constant currency basis by retranslating foreign currency amounts at the 31 January 2023 exchange rate. Relevant percentage comparisons are calculated against the constant currency figures. All ARR and ARPU calculations are prepared based on customers' latest charges, net of all discounts.

** EBITDA is the profit or loss for the period from continuing operations before net finance costs, tax, depreciation, amortisation, reorganisation and transactional items, impairment charges and share based payment charge

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

"We see a great opportunity to focus on being a pure software business. With hardware no longer part of the continuing Group, the revenues we generate will come at a high gross margin, in keeping with those of high growth SaaS businesses.

Our new fully integrated single workplace platform is nearing completion and will launch in the current financial year. There are also a number of other new revenue generating features due to be released in the coming months, which add to our confidence that we can maintain our growth trajectory. Whilst we will continue to target new customers in our major English-speaking markets of the US, UK, Canada, New Zealand and Australia, new non-English speaking geographies will also provide growth opportunities in the coming year.

We have a confident and well-established team that is capable of delivering the product and sales in our business plan. With the team's focus entirely on growing an international SaaS software business, we will optimise the opportunity for success. Barring the impacts of inflation, we expect our cost base to be static which will allow ARR growth to feed through to the bottom line, helping to ensure the business is at least cashflow neutral going forwards.

Finding new owners for A+K will be an important step, and in which we are making good progress. Proceeds from a disposal will provide additional liquidity for the Group, allowing us to selectively invest in growth opportunities that may emerge for our software solutions in new markets.

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."

A copy of these final 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 17 May 2023.

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.

Enquiries:

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Chairman's Statement

Overview

I am pleased to report a year of strong financial results and progress in the development of the Company's software platform. The Group was able to deliver an Adjusted EBITDA performance ahead of management's expectations, coupled with better than expected cash generation, whilst also investing in the business to prepare it for future growth.

The world is going through unsettled times, with the continuing impacts of the Covid-19 pandemic and conflict in Ukraine leading to high inflation and wider economic uncertainty. Despite this backdrop, which we are not immune from, we have delivered robust growth this year.

We remain focussed on becoming a pure software business and as such we are making progress in finding a new owner for our hardware-based Anders + Kern ("A+K") division. Accordingly, the A+K business segment is now shown as a discontinued activity with the associated assets and liabilities classed as held for sale. A disposal of A+K will allow us to focus our resources on achieving success within our core software division, whilst allowing A+K to benefit from owners committed to hardware integration and distribution. The Board remains committed to growing high margin software revenues, which in turn will provide value appreciation for shareholders. Over the past year our software development team has been focussed on creating a single technology stack, offering the functionality of both SwipedOn and Space Connect in one platform. Not only will this generate new revenue opportunities from both new and existing customers, it will also allow cost efficiencies to be made across the Group.

People

The Board is very mindful that the success of any company is down to its employees. During the year we have seen our net promotor score ("NPS") increase. This measure of customer satisfaction is down to the focus, dedication, enthusiasm and loyalty of our staff for which I would like to commend them. We continue to invest in our employees who are being supported through professional training relevant to their functional areas, as well as other relevant role-specific training. On behalf of the Board, I offer my sincere thanks to the team.

Future developments and outlook

We remain committed to being a business that is at least cashflow neutral going forward without reliance on new external funding, and the Board believes that SmartSpace has sufficient liquidity to achieve this. We believe there remains substantial long-term value to be created by continuing to invest in the growth of our high margin recurring subscription revenue.

To execute our strategy, we are focused on simultaneously expanding in our existing geographical markets, whilst additionally identifying non-English speaking markets, where we see material potential for growth. We continue to grow in our traditional markets and our entire offering is now available in four non-English speaking markets.

We believe that a sustainable growth path does not need to be just organic; selected acquisitions at the right time and price could enhance and accelerate our growth along with assisting the long-term sustainability of the business. Potential opportunities fitting these criteria are to be considered and the ability to move quickly if opportunities materialise is essential.

Geopolitical and economic instability are all closely monitored and the Group's strategy and operational execution demonstrates our resilience. SmartSpace has solid foundations and is pursuing numerous growth opportunities. We have a well-established global market reach and a growing product, with a strong roadmap defining our direction of travel. We are confident in growth for both the full year ahead and in the longer term.

Our ambition and confidence for the year ahead remains high following a good start to the year. Our revenue 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
15 May 2023

Strategic report: Strategy and operational review

The Directors present their strategic report for the year ended 31 January 2023:

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, enabling our international client base to optimise the use of their corporate real estate assets. The Group's products are fast to deploy, easy to implement and configure making them ideally suited to companies in the market for simple but effective solutions for their space management.

The Board believes that technology driven changes in working practices continues to generate demand from all industry sectors. The pandemic 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 assets, primarily focussing on rooms, desks and visitors;
- to increase market penetration into non-English speaking regions and 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, in a single product offering, and maximise revenue per user;
- to continue with a strategy of both organic and acquisitive growth both in our domestic market and overseas; and
- to end our involvement in hardware distribution and integration through a sale of Anders + Kern.

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 workspaces 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, meeting rooms, car parking spaces, electric vehicle charging points, lockers and other bookable resources for times they are in the office, while coordinating meetings between participants in the office and 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

Our software business has continued to perform well in the past year, with excellent growth in its headline revenue and annual recurring revenue ("ARR"). The number of customer locations where our software is used grew by 17% to 8,377. These strong growth metrics allow us to report our first full year of profit for SwipedOn, and whilst still loss making, Space Connect results were significantly improved, and the division was cash generative for the second half of the year. Continuing this sustainable growth into the future remains our primary objective.

With a strong net revenue retention of 105% (FY22: 130%), revenue continues to grow, even without a contribution from new customers. Our robust Customer Lifetime Value ("LTV") to Customer Acquisition Cost ("CAC") ratio of 5:1 (FY22: 5:1) demonstrates we are acquiring and retaining valuable customers on a sustainable basis. It allows us to be confident on our customer acquisition spend with tangible evidence of returns on investment. In addition to the positive net revenue retention from existing customers, we added 827 new customers contributing a further £0.9m of new ARR. Approximately 75% of our revenue is paid annually in advance which provides working capital to fund growth. We operate with minimal incremental costs for acquiring new customers, giving us a high gross margin of 89%. Our resilience is strengthened by our diverse customer base, with no single customer representing more than 2% of overall revenue. These factors provide an excellent foundation for investment and predictable growth.

Constant currency monthly average revenue per user ("ARPU") growth of 26% to £97 came as we continued to roll out the price increase whilst also focussing on account expansion. Encouragingly locations per user increased by 18% to 1.8.

Growth from the existing customer base has been aided by our strengthened customer success team, who are also tasked with ensuring customers get the best use out of the product and therefore continue to subscribe. As a result, we have seen customer churn decrease to 11.8% (FY22: 12.7%) and improved further with annualised churn for the final quarter of the year being 10.4%.

Like our competitors we focus the majority of our marketing spend on five main English-speaking markets; US, UK, Canada, Australia and New Zealand. We have a particularly strong presence in the United States, where 42% of our revenue is generated, and we have a local sales team based out of Austin, Texas. We continue to see strong returns in these markets but believe further strategic value can also be created by gaining a presence in non-English speaking regions. In 2022, we launched our first fully localised version of SwipedOn in South Korea. To support the launch into Korea, a localised website and marketing collateral were made available supported by an in-country marketing agency with a digital marketing campaign, focusing on the dominant search engine in South Korea. Pre-sales and ongoing customer support are handled in local language. We have utilised the lessons learnt in Korea to recently launch in a further three new markets ; Taiwan, China, and Germany.

Space Connect continues to focus on offering mid-market workplace solutions through its partners located primarily in the UK, Australia and the Far East. The UK is by far the largest market. As previously commented upon, the first quarter for Space Connect began slowly as the expected momentum from businesses in the UK returning to the office failed to materialise. By the summer the momentum had returned but, unfortunately, some of this was offset by a number of customers scaling back their use of Space Connect. These customers had previously signed up for the product to administer specific policies around workplace social distancing. We saw a significant uptick in business from our relationship with Evoko following the ISE trade show in May 2022, with monthly billings in excess of previous periods for the remainder of the year.

There was a significant improvement in the financial performance for Space Connect. Revenues increased by 39%, adjusted EBITDA loss reduced by 52%, and overheads reduced by 24%. As a result, the business was cashflow breakeven for the second half of the financial year.

Software development

We use a data driven approach that aligns with our business objectives to support revenue growth when designing our development roadmap. Our development team, led by our Group CTO, consists of a core team of developers based in New Zealand. We utilise offshore developers in Vietnam to provide a flexible development resource that can be quickly stood-up for specific projects at a competitive price.

This centralised approach to development has allowed us to converge the features of SwipedOn and Space Connect and offer 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 £1.67m (2022: £1.56m) in maintaining and further enhancing our software solutions. Our main development initiative over the year has been creation of our next generation technology which combines the features of SwipedOn and Space Connect into a single fully integrated platform. The new platform refreshes the technology used in our products to the latest standards, provides new features to our customers and will reduce duplication of costs with the business.

New product capabilities such as in-country hosting, multi-language and multi-currency have also been released during the year and the SwipedOn visitor management app is now available on Android operating systems, opening up the new geographies we are targeting, where Android is the more popular operating system.

Anders + Kern

Anders + Kern ("A+K"), our distributor and integrator of AV, has made strong progress on its road back to recovery following the impacts of Covid-19, but still remains smaller than before the pandemic. As a hardware business, A+K does not fit within our strategic objectives of generating high margin recurring software revenues. Therefore, we have taken the decision to find a new owner for the business and as such have classified the business as a discontinued operation. Finding a new owner, who is committed to hardware distribution and integration, will be in the best interests of all A+K stakeholders, from employees, suppliers and customers.

Outlook

We have planned for a year of further strong growth in FY24, whilst ensuring our costs are tightly controlled. On a constant currency basis ARR has grown by a further 3% in the first quarter of FY24.

SmartSpace is well-positioned to respond to the digital transformation of workspaces, with a proven record of delivering products that deliver tangible benefits for our customers and therefore generating strong growth in recurring revenue. Our model, strategy, and market position, coupled with the talent and dedication of our employees, give us confidence in achieving further progress this year.

For this coming financial year we will transition to a pure software business focusing on three pillars of value; strong financial metrics, strong SaaS metrics and then in building strategic value by having a broader geographic footprint with a single technology platform. You will have seen from our financial and SaaS metrics that we are on track in all three areas.

Except for the impacts of inflation, we expect our cost base to be static in the coming year, which will help our ability to ensure our priority to be at least cashflow neutral in the year to January 2024. Our geographic growth will focus on the Far East and Europe, but we may also venture into some other markets, driven by customer demand.

There is a huge opportunity ahead of us. We are excited about our future prospects and our continued commitment in delivering shareholder value. Thanks to the hard work from our colleagues and partners, we are now well positioned to utilise our momentum going forward in continuing to build recurring revenues.

Frank Beechinor
Chief Executive Officer
15 May 2023

Strategic report: Financial review

Overview

The Group has continued to focus on growing recurring software subscription revenues, allowing a transition to being a cash generative, and ultimately profitable business. Progress was made during the year with strong growth in recurring revenue and a significant reduction in cash consumed in operations.

During the year the Board decided to commence a process to find a new owner for Anders + Kern ("A+K"). Whilst this is ongoing the Board is confident that the process will complete by 31 January 2024. As a result the business segment has been classified as a disposal group, with the financial performance for both the current and comparative periods included in discontinued activities in the income statement. Assets and directly associated liabilities of the disposal group are classified as held for sale on the balance sheet for the current period only.

Revenue

Overall revenue for the Group increased by 48% to £5.06m, of which 97% are high margin recurring software subscriptions.

	2023	2022
	£'000	**£'000**
Recurring software revenue		
- SwipedOn	**4,380**	2,916
- Space Connect	**537**	373
Total recurring revenue	**4,917**	3,289
Non-recurring revenue		
- SwipedOn	**40**	37
- Space Connect	**99**	85
Total non-recurring revenue	**139**	122
Total revenue	**5,056**	3,411

SwipedOn

Increased average revenue per user ("ARPU") both in the current period (31%) and prior period (58%) contributed towards a 50% growth in reported revenue for SwipedOn. The increase in ARPU was driven by a combination of growth in customer spending through more locations per customer, subscription plan upgrades, and a price review which commenced in February 2021. The revenue impact of the price review takes time to reach reported revenue, as customers only pay the increased prices at their next renewal. In some cases this renewal was not until July 2022. Customer churn, which had been elevated the prior financial year, reduced, as the number of transient Covid-19 users churning eased. Annual user churn for the year was 14.2% (2022: 15.4%) and revenue churn 11.5% (2022: 12.7%). Net Revenue Retention ("NRR") for the year was 107% signifying continued revenue growth from our customer base (2022: 130%).

Space Connect

Space Connect revenue grew by 39% as revenue from the partnership with Evoko generated an increased contribution, and the full year impact of customers who signed up in the second half of the prior year was realised. The positive impact from new customers who joined during the year was offset by customer churn and contraction, as some customers who signed up to manage their Covid-19 risk left or contracted their subscription at their annual renewal. This churn reduced during the second half of the year allowing growth to re-commence and overall customer numbers increase from 69 at the beginning of the year to 79 at the end. Revenue from our partnership with Evoko increased in the second half of the year, contributing to both recurring revenue for the SaaS element and non-recurring revenue for licence fees.

Gross profit

Gross profit margins remain strong at 89% (2022: 89%) giving a total gross profit of £4.50m (2022: £3.04m).

Administrative expenses

Administrative expenses have decreased by 1% to £6.37m (2022: £6.45m) as detailed in the table below.

	2023	2022
	£'000	**£'000**
Research and development costs	**1,665**	1,563
Other staff and contractor costs	**2,153**	2,285
Marketing	**1,010**	950
Other administrative expenses	**1,130**	99
Ongoing cash administrative expenses	**5,958**	**5,795**
Share based payment charge	**282**	259
Depreciation and amortisation	**734**	623
Reorganisation and transformation costs	**81**	109
	7,055	**6,786**
Less capitalised development costs	**(686)**	(340)
Income statement administrative expenses	**6,369**	**6,446**

Ongoing cash administrative expenses (which are before deducting development costs to be capitalised) increased by 3%. Whilst in many areas inflationary impacts dictated expenditure increases of between 5% and 15% this was offset by lower staff costs. The Group had a number of open positions at the beginning of the financial year that were only filled in the second half of the year due to a shortage of qualified applicants at the time. These staff vacancies led to a temporary financial benefit through lower staff costs than planned.

Administrative expenses (prior to share based payments, amortisation, depreciation and capitalised development) for Space Connect were reduced to £1.22m (2022: £1.61m) in order to set the cost base of the business to be more in line with revenue. Administrative expenses for SwipedOn (prior to share based payments, amortisation, depreciation and capitalised development) increased to £3.61m (2022: £3.06m). The decreased expenditure in Space Connect and increased expenditure in SwipedOn was primarily due to staff costs, a portion of which related development team members who were re-allocated from Space Connect to SwipedOn to work on the integrated platform. Good progress was made on the development of key product features as well as our new integrated platform, resulting in increased development costs that were appropriate for capitalisation.

Adjusted EBITDA

Adjusted EBITDA is the earnings for the year before net finance costs, tax, depreciation, amortisation, reorganisation and transactional items, impairment charges and share based payment charge. Adjusted EBITDA was £0.77m (FY22: £2.38m). SwipedOn reported its first EBITDA profit for the year of £0.88m (FY22: loss £0.16m) and continued to be cash generative. Space Connect's revenue continued to grow and administrative expenses were reduced, resulting in EBITDA losses reducing by half to £0.52m (FY22 £1.08m) and cashflow breakeven for the second half of the financial year.

Taxation

The taxation charge from continuing operations of £0.21m results from the release of deferred tax assets against the taxable profit generated by SwipedOn. Losses incurred by Space Connect and our Group parent SmartSpace Software PLC were not recognised as deferred tax assets as the time horizon for utilisation of these losses is uncertain.

Discontinued operations and assets held for sale

A+K continued to grow revenues as a number of deals which had been held up due to Covid-19 proceeded in the first half of the year. Overall revenue increased by 21% to £2.09m (2022: £1.73m) with a 30% gross margin (2022: 35%) and ARR of £0.13m. The division reported a trading loss before tax of £0.17m (2022: £0.29m). Assets (£1.73m) and liabilities (£0.50m) relating to A+K have been separately disclosed on the balance sheet with a net value of £1.23m. These assets and liabilities are measured at fair value less costs to sell, after recording an impairment charge of £0.56m against goodwill. On the basis that the £0.33m mortgage held on the freehold building was repaid shortly after the year end, using group cash resources, it has not been included in liabilities held for sale.

Foreign Exchange

The Group sells its products throughout the world therefore revenues are received in a number of currencies, with US dollars (40%), pounds sterling (20%), Australian dollars (19%) and New Zealand dollars (10%) being the most common. Our administration costs are denominated in New Zealand dollars (48%), pounds sterling (36%) and US dollars (16%). The most significant currency exposures are therefore against US dollars where an excess of revenue over cost occurs, and New Zealand dollar where an excess of cost over revenue is incurred. The Group does not hedge this foreign currency exposure.

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 £4.81m. The Group does not hedge this foreign currency exposure.

Foreign exchange movements in the period resulted in a charge of £35,000 (2022: £21,000) to the profit and loss, and a credit of £0.33m (2022: charge £0.34m) to other comprehensive income.

Earnings per share

The loss per share from continuing operations was 7.19p (FY22: loss per share 8.91p). 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 5.53p (FY22: loss per share 6.62p).

Intangible assets and goodwill

Intangible assets comprise £7.56m of goodwill (2022: £8.37m), £1.10m (2022: £0.86m) internally generated software, and £1.13m (2022: £1.39m) of other intangibles acquired as part of business combinations. Software development costs relating to both SwipedOn and Space Connect products amounting to £0.69m (2022: £0.34m) were capitalised. An amortisation charge of £0.65m was recorded against intangible assets; internally generated software is amortised over three 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 £0.38m due to movements in exchange rates.

Intangible assets relating to A+K consisting of £1.14m of goodwill and £0.11m of acquired intangible assets were transferred to assets held for sale. An impairment charge of £0.56m was recorded against the goodwill associated with A+K, valuing the assets held for sale at their fair value less costs of disposal.

Financial position

Contract liabilities of £2.62m (2022 £1.77m) 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 £0.33m (2022: £0.38m) relating to a mortgage on the Group's freehold property in Mildenhall. As the mortgage was repaid in full shortly after the year end using cash resources from the Group's continuing operations it was not classified as a liability directly associated with assets held for sale. Lease liabilities of £0.28m (2022: £0.10m) relate to lease payments due on leasehold office space in Tauranga, New Zealand where SwipedOn is based. The liability increased during the year as an extension to the lease is now assumed to take place, meaning we shall continue to occupy the premises until September 2027.

Cash flow

Cash and cash equivalents decreased during the year by £0.80m (2022: £1.76m). Cash outflow from operating activities declined to £0.1m (2022: £1.61m) whilst cash outflow from investing activities increased to £0.65m (2022: £0.05m). As a Group we aim to be cashflow neutral for FY24 through increased recurring revenues in our SaaS software business. The net cash outflow from investing activities of £0.65m includes the receipt of £65,000 contingent disposal proceeds for SmartSpace Global Limited, offset by investments in software development and property plant and equipment. Cash outflow from financing activities amounted to £0.12m (2022: £0.08m) as payments were made against the finance leases and property mortgage.

Our forecasts for revenue growth 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 £2.74m (FY22: loss of £2.56m), which has been transferred to reserves. At 31 January 2023, the Group had retained earnings of £6.58m (FY22: £9.16m). The Board considers that it is in shareholders' best interests to retain resources in the Group.

Kristian Shaw
Chief Financial Officer
15 May 2023

Consolidated statement of comprehensive income for the year ended 31 January 2023

	Year ended 31 January 2023	Year ended 31 January 2022
	£'000	**£'000**
Continuing operations		
Revenue from contracts with customers	**5,056**	3,411
Costs of sale of goods	**(32)**	(19)
Costs of providing services	**(527)**	(348)
Gross profit	**4,497**	3,044
Administrative expenses	**(6,369)**	(6,446)
Net impairment losses on financial and contract assets	**3**	(14)
Other income	**10**	36
Operating loss	**(1,859)**	(3,380)
Adjusted EBITDA*	**(765)**	(2,375)
Reorganisation and transactional items	**(81)**	(109)
Depreciation	**(88)**	(92)
Amortisation	**(646)**	(531)
Impairment of financial asset	**3**	(14)
Share based payment charge	**(282)**	(259)
Operating loss	**(1,859)**	(3,380)
Finance income	**1**	1
Finance costs	**(7)**	(14)
Loss before tax	**(1,865)**	(3,393)
Taxation	**(215)**	1,056
Loss for the year after tax	**(2,080)**	(2,337)
Loss for the year from discontinued operations	**(658)**	(227)
Loss for the year	**(2,738)**	(2,564)
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	**330**	(339)
Total other comprehensive income / (loss)	**330**	(266)
Total comprehensive loss attributable to the owners of the group	**(2,408)**	(2,830)
Basic loss per share		
Continuing operations	**(7.19p)**	(8.11p)
Discontinued operations	**(2.27p)**	(0.79p)
Total	**(9.46p)**	(8.91p)
Diluted loss per share		
Continuing operations	**(7.19p)**	(8.91p)
Discontinued operations	**(2.27p)**	(0.79p)
Total	**(9.46p)**	(8.91p)

** 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 2023

	31 January 2023	31 January 2022
	£'000	£'000
ASSETS		
Non-current assets		
Property, plant and equipment	**54**	751
Right-of-use assets	**277**	94
Intangible assets	**9,782**	10,619
Deferred tax assets	**2,263**	2,465
Total non-current assets	**12,376**	13,929
Current assets		
Inventories	**-**	203
Contract assets	**-**	5
Trade and other receivables	**480**	399
Current tax receivable	**-**	70
Prepayments	**37**	163
Cash and cash equivalents	**1,962**	2,758
	2,479	3,598
Assets classified as held for sale	**1,731**	-
Total current assets	**4,210**	3,598
Total assets	**16,586**	17,527
LIABILITIES		
Non-current liabilities		
Lease liabilities	**233**	41
Total non-current liabilities	**233**	41
Current liabilities		
Trade and other payables	**1,115**	1,379
Contract liabilities	**2,615**	1,774
Other tax liabilities	**90**	127
Borrowings	**334**	383
Lease liabilities	**52**	67
	4,206	3,730
Liabilities directly associated with assets classified as held for sale	**506**	-
Total current liabilities	**4,712**	3,730
Total liabilities	**4,945**	3,771
NET ASSETS	**11,641**	13,756
EQUITY		
Capital and reserves attributable to equity shareholders		
Share capital	**2,894**	2,894
Share premium	**3,839**	3,839
Other reserves	**(1,670)**	(2,133)
Retained earnings	**6,578**	9,156
Total equity	**11,641**	13,756

Consolidated statement of changes in equity for the year ended 31 January 2023

	Share capital	Share premium	Other reserves	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000
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 – continuing operations	-	-	281	-	281
Share-based payment expense – discontinued operations	-	-	29	-	29
At 31 January 2022	**2,894**	**3,839**	**(2,133)**	**9,156**	**13,756**
Loss for the year	**-**	**-**	**-**	**(2,738)**	**(2,738)**
Other comprehensive income for the year	**-**	**-**	**330**	**-**	**330**
Total comprehensive income / (loss) for the year	**-**	**-**	**330**	**(2,738)**	**(2,408)**
Transactions with owners in their capacity as owners:					
Lapsed share options	**-**	**-**	**(160)**	**160**	**-**
Share-based payment expense – continuing operations	**-**	**-**	**290**	**-**	**290**
Share-based payment expense – discontinued operations	**-**	**-**	**3**	**-**	**3**
At 31 January 2023	**2,894**	**3,839**	**(1,670)**	**6,578**	**11,641**

Consolidated statement of cash flows for the year ended 31 January 2023

	Year ended 31 January 2023	Year ended 31 January 2022
	£'000	**£'000**
Cash from operating activities		
Cash consumed by operations	**(99)**	(1,614)
Interest received	**1**	1
Interest paid	**(22)**	(26)
Income taxes received	**67**	28
Net cash outflow from operating activities	**(53)**	(1,611)
Cash flows from investing activities		
Payments for property, plant and equipment	**(26)**	(36)
Payment of software development costs	**(686)**	(340)
Proceeds from disposal of subsidiary (net of cash disposed)	**65**	327
Net cash from investing activities	**(647)**	(49)
Cash flows from financing activities		
Proceeds from issues of share capital (net of issue costs)	**-**	10
Repayment of borrowings	**(51)**	(27)
Principal elements of lease payments	**(68)**	(62)
Net cashflow from financing activities	**(119)**	(79)
Net change in cash and cash equivalents	**(819)**	(1,739)
Cash and cash equivalents at the beginning of the financial year	**2,758**	4,516
Effects of exchange rate changes on cash and cash equivalents	**23**	(19)
Cash and cash equivalents at the end of the financial year	**1,962**	2,758

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

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 statutory accounts within the meaning of Section 434 of the Companies Act 2006 for the financial year ended 31 January 2023 but has been derived from those audited financial statements. The auditor's report on the consolidated financial statements for the year ended 31 January 2023 and 2022 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 annual accounts for the year ended 31 January 2023 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 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 statutory accounts for the year ended 31 January 2023 will be delivered to the Registrar of Companies following the Company's annual general meeting. The financial information for the period ended 31 January 2022 is derived from the statutory accounts for that year which have been delivered to the Registrar of Companies.

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 £1,859,000 for the year to 31 January 2023 (2022: £3,380,000 loss) and cash consumed by operations of £99,000 (2022: £1,614,000).

At 31 January 2023 the Group had £1.96m 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 its revenues and is now profitable and cash generative. The Directors are confident that growth will continue in the future. Whilst the Directors believe that SwipedOn will continue to perform well stress tests have taken into account the possibility of reduced growth in customer locations and increased customer churn.

As at 31 January 2023 Space Connect had annual recurring revenues of £651,000, had been cash generative for the last six months, and is expected to breakeven in the year to 31 January 2024. The Directors have stress tested cashflow forecasts for lower revenue growth in Space Connect.

The Group has plans to find a new owner for its Anders + Kern division, however cashflow forecast have been prepared on both a disposal and non-disposal scenario. Forecasts assume that over the coming 12 month period sales will continue to be at levels similar to those received during the year ended 31 January 2023 with stress tests including the possibility that sales reduce.

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. Changes to accounting policies

There were no changes to accounting policies during the year ended 31 January 2023.

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 two 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

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.

3(b) Adjusted EBITDA

Adjusted EBITDA 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 share-based payments.

	Year ended 31 January 2023	Year ended 31 January 2022
	£'000	£'000
Space Connect	**(515)**	(1,082)
SwipedOn	**879**	(164)
Central operating costs	**(1,129)**	(1,129)
Total adjusted EBITDA	**(765)**	(2,375)

3(c) Segmental financial performance

Year ended 31 January 2023	Space Connect	Swiped On	Central operating costs	Total
	£'000	£'000	£'000	£'000
Revenue from contracts with customers	636	4,420	-	5,056
Costs of sale of goods	-	(32)	-	(32)
Costs of providing services	(3)	(524)	-	(527)
Gross profit	633	3,864	-	4,497
Administrative expenses	(1,722)	(3,346)	(1,301)	(6,369)
Impairment losses on financial and contract assets	-	3	-	3
Other income	-	10	-	10
Operating profit / (loss)	(1,089)	531	(1,301)	(1,859)
Adjusted EBITDA*	(515)	879	(1,129)	(765)
Reorganisation and transactional items	(81)	-	-	(81)
Depreciation	(7)	(79)	(2)	(88)
Amortisation	(464)	(182)	-	(646)
Impairment of financial assets	-	3	-	3
Share based payment charge	(22)	(90)	(170)	(282)
Operating loss	(1,089)	531	(1,301)	(1,859)
Finance income	-	1	-	1
Finance costs	-	(7)	-	(7)
Loss before tax	(1,089)	525	(1,301)	(1,865)
Taxation	(14)	(161)	(40)	(215)
Loss after tax	(1,103)	364	(1,341)	(2,080)

Year ended 31 January 2022	Space Connect	Swiped On	Central operating costs	Total
	£'000	£'000	£'000	£'000
Revenue from contracts with customers	458	2,953	-	3,411
Costs of sale of goods	(1)	(18)	-	(19)
Costs of providing services	(64)	(284)	-	(348)
Gross profit	393	2,651	-	3,044
Administrative expenses	(1,927)	(3,134)	(1,385)	(6,446)
Impairment losses on financial and contract assets	(3)	(11)	-	(14)
Other income	-	36	-	36
Operating loss	(1,537)	(458)	(1,385)	(3,380)
Adjusted EBITDA*	(1,082)	(164)	(1,129)	(2,375)
Reorganisation and transactional items	-	-	(109)	(109)
Depreciation	(6)	(79)	(7)	(92)
Amortisation	(431)	(100)	-	(531)
Impairment of financial assets	(3)	(11)	-	(14)
Share based payment charge	(15)	(104)	(140)	(259)
Operating loss	(1,537)	(458)	(1,385)	(3,380)
Finance income	-	1	-	1
Finance costs	-	(11)	(3)	(14)
Loss before tax	(1,537)	(468)	(1,388)	(3,393)
Taxation	446	98	512	1,056
Loss after tax	(1,091)	(370)	(876)	(2,337)

** (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 2023		31 January 2022	
	Segment assets	Additions to non-current assets*	Segment assets	Additions to non-current assets*
	£'000	£'000	£'000	£'000
Space Connect	**4,722**	**73**	5,360	146
SwipedOn	**7,603**	**870**	6,533	224
Anders + Kern	**-**	**-**	2,653	32
Segment assets	**12,325**	**943**	14,546	402
Unallocated assets	**2,530**	**-**	2,981	-
Assets relating to discontinued operations	**1,731**	**-**	-	-
Total assets	**16,586**	**943**	17,527	402

*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 2023	31 January 2022
	£'000	£'000
UK	**3,536**	5,878
New Zealand	**6,577**	5,586
Total assets	**10,113**	11,464

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 2023	31 January 2022
	£'000	£'000
Space Connect	**826**	524
SwipedOn	**2,790**	2,018
Anders + Kern	**-**	865
Segment liabilities	**3,616**	3,407
Unallocated	**505**	364
Liabilities relating to discontinued operations	**824**	-
Total liabilities	**4,945**	3,771

3(f) Revenue by customer geographical location

Year ended 31 January 2023	Space Connect	Swiped On	Total
	£'000	£'000	£'000
UK	**358**	**631**	**989**
USA	**10**	**2,017**	**2,027**
Australia	**94**	**851**	**945**
New Zealand	**-**	**492**	**492**
Canada	**-**	**218**	**218**
Sweden	**133**	**-**	**133**
Rest of the world	**41**	**211**	**252**
Total	**636**	**4,420**	**5,056**

Year ended 31 January 2022	Space Connect	Swiped On	Total
	£'000	£'000	£'000
UK	266	440	706
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	3,411

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 2023	Space Connect UK	SwipedOn New Zealand	Total
	£'000	£'000	£'000
Segment revenue	**636**	**4,420**	**5,056**
Timing of revenue recognition			
At a point in time	**99**	**60**	**159**
Over time	**537**	**4,360**	**4,897**
	636	**4,420**	**5,056**

Year ended 31 January 2022	Space Connect Australia	SwipedOn New Zealand	Total
	£'000	£'000	£'000
Segment revenue	458	2,953	3,411
Timing of revenue recognition			
At a point in time	84	37	121
Over time	374	2,916	3,290
	458	2,953	3,411

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 2023	31 January 2022
	£'000	£'000
Software	-	5
Total current contract assets	-	5

Current contract liabilities	31 January 2023	31 January 2022
	£'000	£'000
Software	**2,615**	1,774
Total contract liabilities	**2,615**	1,774

Contract liability movement	
	£'000
At 31 January 2021	1,129
Recognised as revenue in period	(1,129)
New contract liabilities	1,774
At 31 January 2022	**1,774**
Recognised as revenue in period	**(1,774)**
New contract liabilities	**2,615**
At 31 January 2023	**2,615**

The Group expects 85% (£2,519,000) of deferred revenue as of 31 January 2023 to be recognised during the next reporting period. The remaining 15% (£96,000) will be recognised in the year ending 31 January 2025.

Unsatisfied contracts

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

	31 January 2023	31 January 2022
	£'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	**2,615**	1,774

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.

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 of 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 within 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 either offered as part of the initial product offering or sold separately to customers who subscribe 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.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance to assess the impairment of contract assets.

5. Cash flow information

	31 January 2023	31 January 2022
	£'000	**£'000**
Loss before income tax from continuing operations	**(1,865)**	(3,393)
Adjustments for:		
Depreciation and amortisation	**734**	623
Non-cash employee benefit expense – share-based payments	**282**	259
Finance costs – net	**6**	13
Credit loss	**(3)**	14
Net exchange differences	**23**	(10)
Change in operating assets and liabilities of continuing operations		
Decrease / (increase) in trade and other receivables	**(138)**	(67)
Decrease / (increase) in contract assets	**5**	-
Decrease / (increase) in inventories	**-**	1
Decrease / (increase) in prepayments	**71**	(68)
Decrease / (increase) in receivables from discontinued operations	**141**	(300)
Increase / (decrease) in trade creditors	**(40)**	154
Increase / (decrease) in other creditors	**111**	268
Increase / (decrease) in contract liabilities	**793**	823
Cash consumed by continuing operations	**120**	(1,683)
Loss before income tax from discontinued operations	**(700)**	(285)
Adjustments for:		
Profit on sale of discontinued operations	**(65)**	-
Depreciation and amortisation	**41**	42
Impairment of intangible assets	**558**	-
Non-cash employee benefit expense – share-based payments	**3**	29
Finance costs – net	**15**	12
Change in operating assets and liabilities of discontinued operations		
Decrease / (increase) in trade and other receivables	**(113)**	182
Decrease / (increase) in inventories	**98**	(114)
Decrease / (increase) in prepayments	**45**	15
Increase / (decrease) in trade creditors	**37**	(30)
Increase / (decrease) in other creditors	**(32)**	8
Increase / (decrease) in contract liabilities	**35**	(90)
Increase / (decrease) in payables due to continuing operations	**(141)**	300
Cash consumed by discontinued operations	**(219)**	69
Cash consumed by operations	**(99)**	(1,614)

6. Discontinued operations

During the year ended 31 January 2023 the board resolved to commence a process to dispose of the Group's investment in Anders + Kern UK Limited (the "A+K disposal Group"), The financial performance of the A+K disposal group is therefore reported in discontinued activities for the current and prior period. Assets and directly associated liabilities of the A+K disposal group are included within assets held for sale at the current balance sheet date only. In allocating A+K to a disposal group the directors determined that it is highly likely that a disposal will take place before 31 January 2024.

Two transactions relating to businesses disposed of in previous financial years occurred during the year both of which result in full and final settlement of amounts due. Communica Holdings Limited was disposed of in June 2018, and SmartSpace Global Limited was disposed of in August 2020.

Financial performance and cash flow benefit

	Year ended 31 January 2023	Year ended 31 January 2022
	£'000	**£'000**
Revenue	**2,094**	1,729
Expenses	**(2,263)**	(2,014)
Trading loss before income tax	**(169)**	(285)
Contingent consideration for disposal of Smartspace Global Limited	**65**	-
Claim settlement relating to the disposal of Communica Holdings Limited	**(38)**	-
Impairment of Anders + Kern intangible assets	**(558)**	-
Total loss before tax	**(700)**	(285)
Income tax benefit	**42**	58
Loss from discontinued operations	**(658)**	(227)

	31 January 2023	31 January 2022
	£'000	**£'000**
Net cash outflow from operating activities	**(234)**	58
Net cash outflow from investing activities	**56**	(1)
Net cash inflow from financing activities	**(20)**	(27)
Net decrease in cash generated by disposal group	**(198)**	30

Assets and liabilities of disposal group

	31 January 2023	31 January 2022
	£'000	**£'000**
Assets classified as held for sale		
Property, plant and equipment	**680**	-
Intangible assets	**674**	-
Inventories	**105**	-
Trade and other receivables	**204**	-
Prepayments	**13**	-
Deferred tax assets	**55**	-
Total assets of disposal group held for sale	**1,731**	-
Liabilities directly associated with assets classified as held for sale		
Trade and other payables	**(306)**	-
Contract liabilities	**(89)**	-
Other tax liabilities	**(111)**	-
Total liabilities for disposal group classified as held for sale	**(506)**	-
Net assets of disposal group	**1,225**	-

7. Loss per share

Basic loss per share

	Year ended 31 January 2023	Year ended 31 January 2022
	Pence	**Pence**
Attributable to the ordinary equity holders of the Company:		
From continuing operations	**(7.19p)**	(8.11p)
From discontinued operations	**(2.27p)**	(0.79p)
Total basic loss per share	**(9.46p)**	(8.91p)

6(b) Diluted loss per share

	Year ended 31 January 2023	Year ended 31 January 2022
	Pence	**Pence**
Attributable to the ordinary equity holders of the Company:		
From continuing operations	**(7.19p)**	(8.11p)
From discontinued operations	**(2.27p)**	(0.79p)
Total diluted loss per share	**(9.46p)**	(8.91p)

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 2023	Year ended 31 January 2022
	£'000	**£'000**
Basic (loss) / earnings per share		
Loss attributable to the ordinary equity holders of the Company:		
From continuing operations	**(2,080)**	(2,337)
From discontinued operations	**(658)**	(227)
	(2,738)	(2,564)
Diluted (loss) / earnings per shares		
Loss attributable to the ordinary equity holders of the Company:		
From continuing operations	**(2,080)**	(2,337)
From discontinued operations	**(658)**	(227)
	(2,738)	(2,564)

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

	Year ended 31 January 2023	Year ended 31 January 2022
	Number	**Number**
Weighted average number of shares used as the denominator in calculating basic earnings per share	**28,941,234**	28,780,768
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	**28,941,234**	28,780,768

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. Details relating to the options are set out in note 20.

At 31 January 2023 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 2023	Year ended 31 January 2022
	£'000	**£'000**
Loss for the year from continuing operations	**(2,080)**	(2,337)
Adjustment to basic (loss)/earnings:		
Reorganisation and transactional costs	**81**	109
Tax credit on reorganisation and transactional costs	**(15)**	(21)
Amortisation of acquired intangibles	**178**	177
Deferred tax credit on amortisation of acquired intangibles	**(47)**	(44)
Impairment of intangible assets	**-**	-
Share based payment charge	**282**	259
Deferred tax credit on share-based payment charge	**-**	(49)
Adjusted (loss)/earnings attributable to owners of the Company	**(1,601)**	(1,906)
Number of shares	No.	No.
Weighted average ordinary shares in issue	**28,941,234**	28,780,768
Weighted average potential diluted shares in issue	**28,941,234**	28,780,768
Adjusted (loss)/earnings per share		
Basic (loss)/earnings per share	**(5.53p)**	(6.62p)
Diluted (loss)/earnings per share	**(5.53p)**	(6.62p)

8. Property plant and equipment

	Freehold land & buildings	Fixtures & fittings	Plant & machinery	Office equipment	Total
	£'000	£'000	£'000	£'000	£'000
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	-	-	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
Year ending 31 January 2023					
Opening net book amount	**677**	**-**	**-**	**74**	**751**
Transfer to disposal group	**(677)**	**-**	**-**	**(14)**	**(691)**
Additions	**-**	**-**	**-**	**18**	**18**
Disposals	**-**	**-**	**-**	**(1)**	**(1)**
Depreciation charge	**-**	**-**	**-**	**(26)**	**(26)**
Foreign exchange impact	**-**	**-**	**-**	**3**	**3**
Closing net book amount	**-**	**-**	**-**	**54**	**54**
At 31 January 2023					
Cost or valuation	**-**	**-**	**-**	**155**	**155**
Accumulated depreciation	**-**	**-**	**-**	**(101)**	**(101)**
Net book amount	**-**	**-**	**-**	**54**	**54**

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

Revaluation, depreciation methods and useful lives
Land and buildings are recognised at fair value based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. 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
- Freehold buildings 50 years

9. Events occurring after the end of the reporting period

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

10. Annual General Meeting

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