



SMARTSPACE  
SOFTWARE

SMARTSPACE SOFTWARE PLC

# Annual Report

for the Year Ended 31 January 2023





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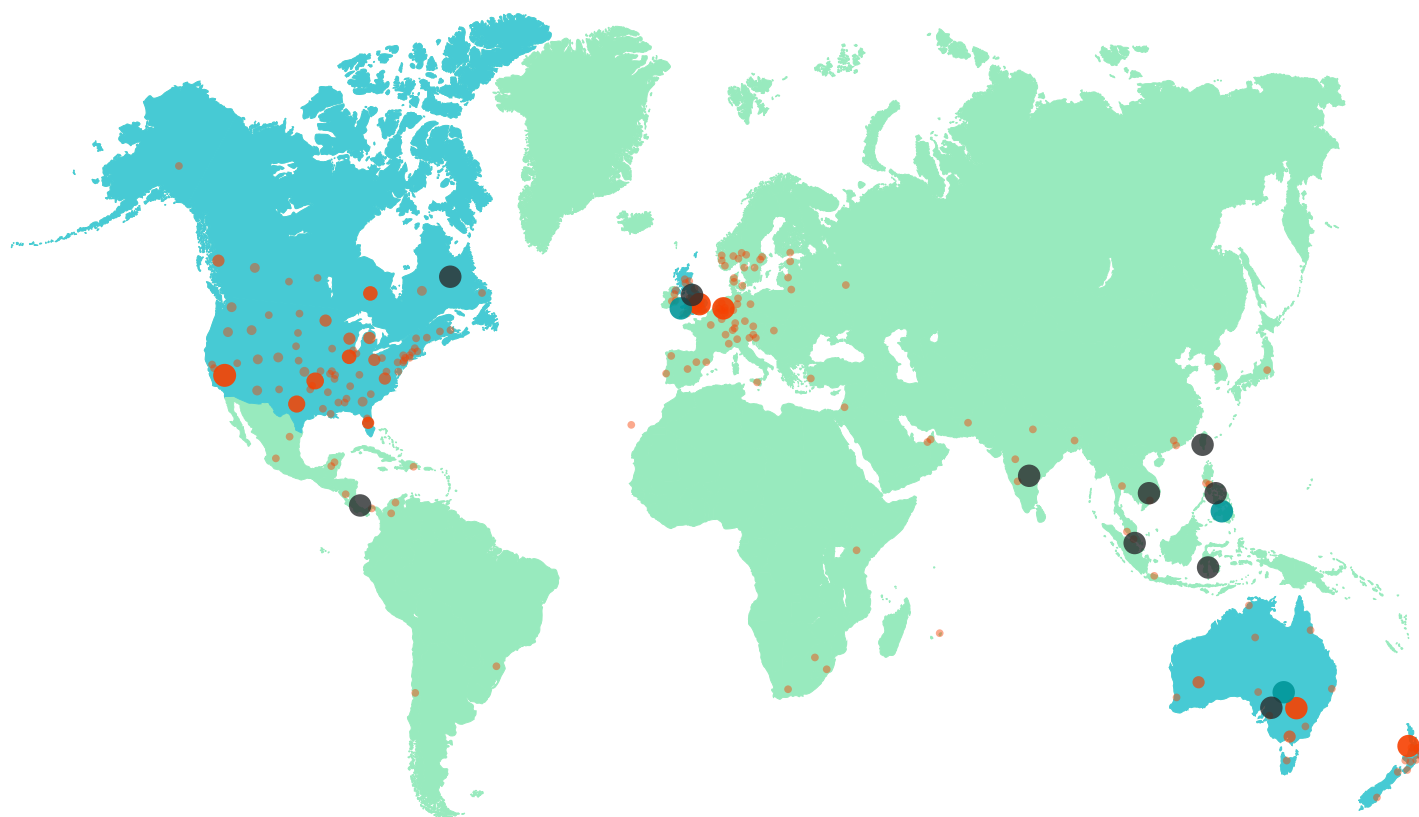
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## OUR CUSTOMERS AND PARTNERS



**swipedon**

### Customers

USA	36%
UK	20%
Australia	18%
New Zealand	12%
Canada	5%
ROW	5%
Europe	4%

**SPACE CONNECT**



### Customers

UK	82%
Australia	9%
ROW	9%

### Partners

UK	72%
APAC	21%
Americas	7%

## OUR OFFICES

### SwipedOn

1/115 The Strand  
Tauranga  
New Zealand

### Space Connect

Norderstedt House  
James Carter Road  
Mildenhall  
UK



# WHAT WE DO


SmartSpace Software Plc develops and sells SaaS software solutions to help clients manage their workspaces.

We do this by offering cloud-based SaaS software solutions and complementary hardware to allow:

- Desk booking
- Meeting room management
- Visitor management
- Analytics

We differentiate ourselves by offering products that are fast to deploy and easily configured by our customers or partners.

## SOFTWARE SOLUTIONS:

	<b>swipedon</b>	<b>SPACE CONNECT</b> 
<b>Products/ Services</b>	SaaS Visitor Management Software (VMS) and desk management software	SaaS Integrated Workplace Software Includes Meeting Room Booking, Desk Management & Visitor Management
<b>Market</b>	Global Small single-site business to multi-location Fortune 500 businesses	Global Small to medium size businesses (up to 1500 employees per location)
<b>Sales Model</b>	Direct	Channel
<b>Deal size</b>	Average ARR per client £1,100	Average ARR per client £6,300

# OUR HISTORY

**2000**

Started life as an AIM company called Coms with a business offering telecoms and IT infrastructure services.

**2013**

Acquired Redstone, a major provider of System Integration and IT managed service business, along with a number of other companies in the animation and telecoms sectors.

**2014**

Developed our first software solution to help a client manage their desk utilisation.

**2015**

Restructured the group and divested or closed a number of subsidiaries, exited the telecoms market.

**2016**

Accelerated our investment in our space management software, acquired ConnectIB to enable us to scale our software development capability. Renamed Coms plc to RedstoneConnect plc with a focus on systems integration, managed services and a growing software division.

**2017**

Acquired Anders & Kern, based in Mildenhall who had over 10 years' experience in supplying meeting room management technology and implementation.

**2018**

June 2018 disposed of the systems integration and managed services divisions to focus on software specialising in space management.  
July 2018 renamed RedstoneConnect as SmartSpace Software plc.  
October 2018 acquired SwipedOn, a leading SaaS provider of visitor management software.

**2019**

November 2019 acquired Space Connect, a self-service SaaS workspace management platform

**2020**

August 2020 disposed of Enterprise software division to allow focus on SaaS sales to the SME and mid-market

**2021**

Development of Space Connect partner network, first sales of Evoko Naso, and the launch of SwipedOn Desks

**2022**

April 2022 multi language variant of SwipedOn launched to South Korean market, first step in broadening the addressable market for SwipedOn

**2023**

Announced intention to find new owners for Anders + Kern to allow the continuing business to focus on workplace SaaS platform

## OUR CUSTOMERS

The logo for Bellway, featuring the word "Bellway" in a dark blue sans-serif font with a small orange swoosh under the "y".The DHL logo, consisting of the letters "DHL" in a bold, italicized, black sans-serif font on a yellow background with red horizontal stripes.The dermalogica logo, with "dermalogica" in a lowercase, dark grey sans-serif font.The BED BATH & BEYOND logo, with "BED BATH & BEYOND" in a bold, blue, sans-serif font.The ESTÉE LAUDER logo, with "ESTÉE LAUDER" in a black, serif font.The gategroup logo, with "gategroup" in a lowercase, blue, sans-serif font.The Aviagen logo, featuring a stylized red bird icon above the word "Aviagen" in a blue, sans-serif font.The FUJITSU logo, with "FUJITSU" in a red, sans-serif font.The TaxAssist Advisors logo, featuring a yellow dollar sign icon and the text "TaxAssist Advisors" in a blue, sans-serif font.The MITSUBISHI MOTORS logo, featuring a red three-diamond emblem above the words "MITSUBISHI MOTORS" in a black, sans-serif font.The GXO logo, with "GXO" in a bold, orange, sans-serif font.The Mobil logo, with "Mobil" in a blue, sans-serif font.The HUBBELL logo, featuring a yellow oval with a black border and the word "HUBBELL" in a black, sans-serif font.The BAYER logo, featuring a green and blue circular emblem with the word "BAYER" in a white, sans-serif font.The GHD logo, featuring a blue square with a white circle in the center containing the letters "GHD" in a white, sans-serif font.The national gas transmission logo, featuring a green flame icon and the words "national gas transmission" in a green, sans-serif font.The ROCKETLAB logo, featuring a stylized red and black rocket icon above the word "ROCKETLAB" in a black, sans-serif font.The Krispy Kreme DOUGHNUTS logo, featuring a green and white donut icon with the words "Krispy Kreme DOUGHNUTS" in a red, sans-serif font.The LUSH logo, with "LUSH" in a bold, black, sans-serif font.The Skyscanner logo, featuring a blue sun icon and the word "Skyscanner" in a blue, sans-serif font.The FedEx logo, with "FedEx" in a blue and orange, sans-serif font.The SIEMENS energy logo, with "SIEMENS" in a blue, sans-serif font and "energy" in a green, sans-serif font.The St John logo, with "St John" in a red, sans-serif font and a red circular emblem with a white star.The ScotRail logo, featuring a blue and white "X" icon and the words "ScotRail" in a blue, sans-serif font.The Interflora logo, featuring a stylized yellow flower icon and the word "Interflora" in a yellow, sans-serif font.The SILK CONTRACT LOGISTICS logo, featuring a blue and yellow "S" icon and the words "SILK CONTRACT LOGISTICS" in a blue, sans-serif font.

# KEY HIGHLIGHTS

## FINANCIAL HIGHLIGHTS

Total Group revenues up  
**48%**  
to £5.06m  
(FY22: £3.41m)

Annual recurring revenue  
("ARR") up  
**25%**  
year on year to  
£5.59m (FY22:  
£4.49m)

Recurring revenues up  
**49%**  
to £4.90m  
(FY22: £3.29m)

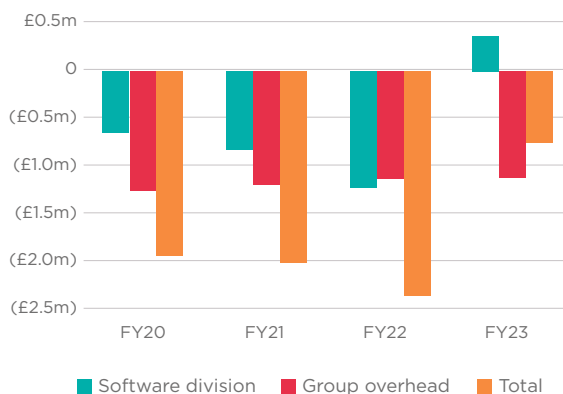
Cash balance  
at the period end of  
**£1.96m**  
(FY22: £2.76m) and  
a net cash position  
of **£1.63m**  
(FY22: £2.38m)

Gross margin  
on continuing  
operations strong  
at **89%**  
(FY22: 89%)

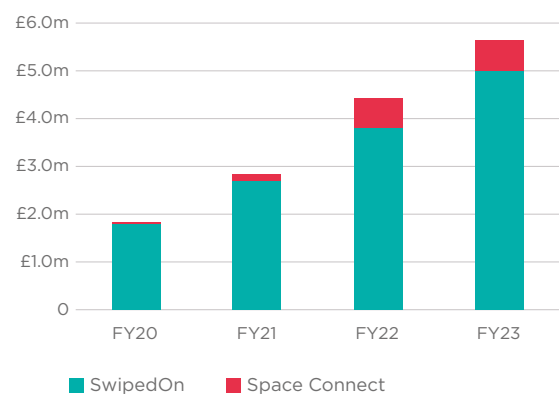
Group  
Adjusted  
LBITDA of  
**£0.77m**  
(FY22: £2.38m)

Loss  
per share  
**7.19p**  
(FY22: 8.11p)

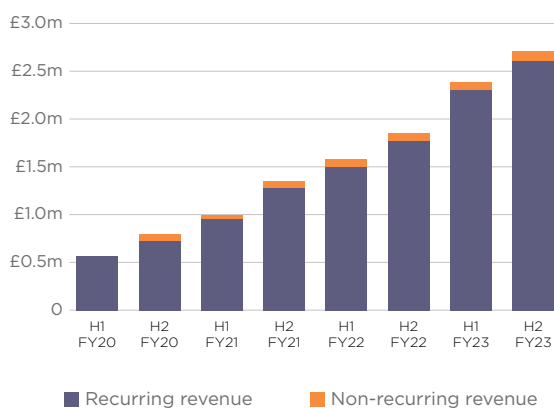
### Adjusted EBITDA



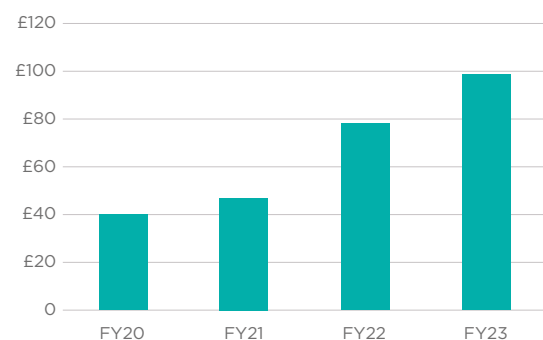
### Annual Recurring Revenue (ARR)



### Revenue



### Average Revenue per user (ARPU)





# 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 promoter 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

17 May 2023

## SwipedOn Case Study:

# Grace Yacht



The 52.3m/171'7" 'Grace' motor yacht boasts meticulous craftsmanship, luxurious finishes, and definitely has the "wow" factor - promising truly unforgettable yacht charters for even the most discerning guests.

Jack, Chief Officer aboard the Grace explains "The main challenge we were looking to solve was needing to modernize our systems. We wanted to find a solution that gave us an accurate and up-to-date record of people on and off the boat. It was important that whatever we went with was intuitive to use and easy to change names for the crew members who were on leave etc."

### Modernizing the systems

#### Could you tell us a little about your previous visitor management process before implementing SwipedOn?

Before we rolled out the SwipedOn system we were using a traditional paper book for visitors to sign in and out with, and we had a manual in and out board on the wall for the crew.

#### Is there anything specific to your industry which SwipedOn has proved an essential solution?

For ships over 500 GT in international trade, ISPS (International Ship and Port Facility Security) certification is mandatory. This requires effective measures for on-going compliance and management of risks through an effective security management system on board ISPS compliance which SwipedOn helps us meet.

### Why SwipedOn?

#### What results did your company achieve by implementing SwipedOn?

We are now able to access very accurate information telling us who is on board at all times, and the SwipedOn system is super simple to update when we need to.

### CHALLENGES

- ✓ Needed to modernize systems
- ✓ Accurate and up-to-date record of people on and off the boat.
- ✓ Needed a hygienic way to sign in during the pandemic
- ✓ Monitoring employee movements

### RESULTS

- ✓ Easy, fast, secure and automated visitor & employee sign in
- ✓ Ability to carry out roll calls easily and offline during emergency evacuation
- ✓ Total visibility of employee whereabouts
- ✓ An easy-to-use solution that compliments the luxurious environment it is presented in

**"The software is quick to set up and simple to use, it makes knowing your employees in/out status extremely easy."**

Jack, Chief Officer, Grace Yacht

# 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.

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## 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



## SwipedOn Case Study:

# Serco

Here at SwipedOn, we're all about making work life easier for our customers so they can spend more time doing the things they're passionate about.

For the team at Serco Leisure, that means getting out and encouraging communities to be active and educating people about the benefits that regular movement can provide for mental health, wellbeing, and overall happiness.



### Managing data privacy and automating the sign in process

**Could you tell us a little about your previous visitor management process before implementing SwipedOn?**

Before we implemented the SwipedOn System we were using a large A3 paper sign in book to track all visitor's details.

**What were your company's highest priorities when you were looking for a visitor & employee management solution?**

We were looking for something that was easy and intuitive to use for staff and visitors, something that could facilitate our evacuation protocols in case of emergency, and that was easy to update and maintain.

### Why SwipedOn?

**What results did your company achieve by implementing SwipedOn?**

Since we rolled out SwipedOn we have gained a better understanding of which employees are in or out and what visitors are in the building which has improved our safety and security measures. With the automation that SwipedOn offers (like the host being notified when a visitor arrives), our office manager has more time to concentrate on other more important tasks.

### Managing a hybrid work model

**When COVID-19 hit, did SwipedOn help your business remain operational?**

As we began to open offices back up, the SwipedOn Pocket app became an invaluable tool as it meant staff could easily sign in and out using their own devices and visitors could sign in contactlessly with the QR code sign in feature. Being able to facilitate this allowed us to maintain social distancing rules within the office.

### CHALLENGES

- ✓ Meeting data privacy and compliance requirements
- ✓ A slow, manual sign in process
- ✓ Not knowing who was in or out in the event of an emergency

### RESULTS

- ✓ Simple, secure, automated visitor and employee sign
- ✓ More capacity for our Office Manager to focus on important tasks
- ✓ An easy way to help us manage a hybrid work model
- ✓ A safe and efficient way to facilitate evacuation protocols

**"SwipedOn is easy to set up easy to use and manage and very end-user friendly. That meant that both tech-savvy and not-so-tech-savvy staff could pick up how to use it quite fast."**

Gareth Edwards, IT Technical Lead, Serco



# 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
<b>Recurring software revenue</b>		
- SwipedOn	4,380	2,916
- Space Connect	537	373
<b>Total recurring revenue</b>	<b>4,917</b>	<b>3,289</b>
<b>Non-recurring revenue</b>		
- SwipedOn	40	37
- Space Connect	99	85
<b>Total non-recurring revenue</b>	<b>139</b>	<b>122</b>
<b>Total revenue</b>	<b>5,056</b>	<b>3,411</b>

## 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	996
<b>Ongoing cash administrative expenses</b>	<b>5,958</b>	<b>5,795</b>
Share based payment charge	282	259
Depreciation and amortisation	734	623
Reorganisation and transformation costs	81	109
	<b>7,055</b>	<b>6,786</b>
Less capitalised development costs	(686)	(340)
<b>Income statement administrative expenses</b>	<b>6,369</b>	<b>6,446</b>

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.

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## 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).

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## 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.

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## 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.

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## 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.

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## 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

## Space Connect Case Study:

# Maximizing Workspace Efficiency at Aztec Group



### The Challenge

Aztec Group, facing rapid growth and a crowded workplace, needed a desk management solution to optimize their workspace. They sought a system that could provide immediate space utilization benefits and valuable data for future decision-making. The COVID-19 pandemic accelerated their need for a solution that would support a safe return to the office and accommodate the evolving hybrid work model.

### The Solution

After evaluating multiple options, Aztec Group chose Space Connect for its flexibility and continuous innovation. Unlike other solutions that would require process changes, Space Connect offered a polished system that could adapt and grow with Aztec Group. The provider's responsiveness to customer requests and future development plans further solidified their decision.

### The Results

The implementation of Space Connect had an immediate impact on workspace management at Aztec Group. During the pandemic, the system allowed employees to easily and securely book desks, facilitating a smooth transition back to the office. Space Connect seamlessly integrated with Aztec Group's

offices, optimizing desk utilization and providing valuable data on employee usage patterns. The user-friendly interface simplified the reservation process and ensured efficient space allocation.

Space Connect also supports Aztec Group's hybrid work model by guaranteeing desks for employees who split their time between remote work and the office. This feature ensures that employees who occasionally work from home still feel connected and included, preventing increased remote work frequency or attrition.

### The Future

Even though the pandemic has subsided, Space Connect's benefits remained relevant. The gathered data now aids in planning Aztec Group's new office, which is currently under construction. Insights from employee preferences and usage patterns captured by Space Connect inform the office layout, desk allocation strategies, and desired amenities. This ensures that the new space aligns with the evolving needs of the workforce.

Overall, Space Connect's ability to gather and analyze data, adapt to changing requirements, and support efficient workspace utilization has made it a valuable solution for Aztec Group. The system's ongoing evolution and innovation contribute to the company's success, employee satisfaction, and retention in the hybrid work era.

# STRATEGIC REPORT: PRINCIPAL RISKS

## PRINCIPAL RISKS AND UNCERTAINTIES

The Group could potentially be affected by a number of uncertainties and risks that are not wholly within its control. These uncertainties and risks, together with an explanation for how such uncertainties and risks are managed and the key mitigations available to the Group are described below.

### TECHNOLOGICAL

The pace of technological advancement in today's world is apparent, affecting all aspects of life, and the Group's products target a market which is evolving at a considerable pace. Failure to keep pace with innovation or to develop the wrong solutions could lead to a loss in revenue and increased development costs. We will continue to consult with our clients to understand their requirements and research the market to ensure we focus our product development programme on the most relevant software which is competitive in the global market. The risk should we fail to build upon recent investment in software is considerable, and therefore identifying increased product functionality and differentiation will ensure we manage and mitigate this risk.

### PLATFORM AVAILABILITY

Our customers expect our platform to be available without disruption. Disruption of service through outages, defects, and other performance and quality problems can be caused by a variety of factors including introduction of new functionality, software defects, human error, natural disasters, capacity constraints, or security-related incidents. We are also dependent on public cloud and internet infrastructure on which our platform relies. Any such disruptions could result in harm to our brand and reputation, which could have an adverse effect on revenue. In order to mitigate these risks we have in place quality assurance procedures to ensure software releases are tested before release. Our software hosting is carried out by leading cloud providers across a range of geographies. Our staff are trained on data security and background checks performed upon recruitment.

### ECONOMIC UNCERTAINTY AND INFLATION

The global economy is experiencing a period high inflation further exacerbated by disruption caused by the war in Ukraine. These adverse economic trading conditions have led to a slowdown in economic growth

and may impact customer spending and increase our cost base. Our subscription recurring revenue model together with the wide range of geographies in which we operate offer some resilience against these factors. In the majority of cases user licence agreements allow inflationary increases to subscription fees at annual renewals. The Group does not have significant levels of interest bearing debt and modelling of the cost base under various scenarios has been carried out.

### RELIANCE ON KEY PERSONNEL AND MANAGEMENT

The success of the Group will rely upon attracting and retaining the right calibre of talent and the loss of key staff would be detrimental to the Group. The Group operates an active talent and development programme. The Group continuously monitors and develops this programme to meet the ambitious requirements of the business and utilises a number of tools to retain its senior management including an annual bonus and long-term incentive plans.

### IP PROTECTION

Our intellectual property is one of our key assets, and loss thereof could result in us losing our competitive advantage. Maintaining contractual disciplines and vetting who we choose to share any level of object or source code, product knowledge and wherewithal and general secrets of how we operate are constantly monitored and reviewed. Confidentiality is a key component to managing this risk and the Group has legally binding agreements to ensure this is robust and maintained.

### CONFLICT IN UKRAINE

We have no customers, operations or suppliers based in Russia or Ukraine and therefore we are not directly exposed to risk from the current conflict in Ukraine or sanctions on Russia.

### GOING CONCERN

The Group continues to make losses as a result of its current lack of critical mass. The Board continues to ensure that its overhead base is balanced with its growth expectations to ensure there will be sufficient capital to support the Group. On this basis, the Group's accounts have been prepared on the going concern basis.



## STRATEGIC REPORT: S172 STATEMENT

This section serves as our section 172 statement and forms part of the Strategic Report and should be read in conjunction with the Corporate Governance Report.

Under Section 172 of the Companies Act 2006 the Directors have a duty to promote the success of the Group over the long term for the benefit of its shareholders as a whole, having regard to a range of other key stakeholders' interests. The Directors must have regard (amongst other matters), to:

- the likely consequences of any decision in the long term;
- the interests of the Group's employees;
- the need to foster the Group's business relationships with suppliers, customers and others;
- the impact of the Group's operations on the community and the environment;
- the desirability of the Group maintaining a reputation for high standards of business conduct;
- and the need to act fairly with members of the Company.

The Board is responsible for the overall direction of the Group. It focuses primarily upon strategic issues and is responsible for the Group's long-term success. It sets the Group's strategy, oversees the allocation of resources and monitors the performance of the Group, to ensure that the Group is structured appropriately for the challenges and opportunities of the future. In performing these duties, the Board is focused on the sustainability of the Group in the long term. The Board recognises the need for the Group to have effective engagement with, and encourage participation from, all key stakeholders to promote these long-term interests.

Typically, in a company such as SmartSpace, the Directors fulfil their duties partly through a governance framework that delegates day-to-day decision making to the employees of the Company. The Board recognises that such delegation needs to be part of a robust governance structure which covers how we engage with our stakeholders and how the Board assures itself that the governance structure and systems of controls continue to be robust.

The Chairman, with the assistance of the Company Secretary, sets the agenda for each Board meeting to ensure the requirements of Section 172 are always considered and met through a combination of the following:

- Standing agenda points and papers considered at each meeting with the CEO and CFO presenting updates on the financial overview, operational progress, business development, strategic progress, and investor relations. The Board also considers relevant corporate governance and compliance matters.
- Formal consideration of any factors which are relevant to major decisions taken by the Board throughout the year.
- Review of topics through the risk management process and other standard Audit Committee and Remuneration Committee agenda items.

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### GROUP EMPLOYEES

A well-motivated and satisfied workforce is crucial to the success of the Group. It is therefore important that the Board are aware of and understand the opinions of our employees, taking these into account when making decisions. We encourage our employees to take part in professional development activities, and where appropriate, provide the resources to do so. All of our employees are offered share options encouraging an awareness of the financial factors which determine the Groups success.

### CUSTOMER AND SUPPLIER ENGAGEMENT

The Executive Directors hold regular meetings with the management of each operating subsidiary at which progress with customer relationships is reviewed. A monthly report is produced highlighting the key performance metrics for managing customer satisfaction being customer churn rate, support ticket levels, and net promoter score. Trends are analysed and the likely cause of those trends identified. Should concerns be made by customers the Group ensures that these are addressed as a matter of urgency. The monthly reports are tabled at Group Board meetings and any issues highlighted by the CEO in his report.

Senior management of our operating subsidiaries communicate and meet with strategic partners on a regular basis. This is further supported by Executive Directors where this is appropriate. Meetings provide an opportunity for feedback from the partner, ensure that development priorities are properly addressed, and customer support remains at a high standard.

The relationships with Group's key suppliers and partners are maintained by the management of each operating



subsidiary. Regular engagement with key suppliers takes place to ensure that agreed service levels are being satisfactorily met, to develop constructive relationships, and where necessary proactively address any shortfalls.

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## SHAREHOLDER ENGAGEMENT

The Board engages with its institutional shareholders through meetings held after financial reporting and trading updates. These meetings take place through video-conference facilities or in person when requested. Private shareholders are encouraged to engage with the Board at the Company's AGM where the Board makes itself available for shareholders to ask questions. The Group also makes live interactive management presentations through the Investor Meet Company platform to current and prospective shareholders regardless of the number of shares they own.

## ENGAGEMENT WITH THE WIDER COMMUNITY AND IMPACTS ON THE ENVIRONMENT

The Group considers its actions and the likely effect that they may have on the environment and seeks to mitigate any negative impact wherever practicable. We report our carbon emission data and intensity ratio in this annual report (see page 35). Through various procedures the Group complies with health and safety and environmental legislation relevant to its activities.

As part of our commitment to the environment we plant one tree for every new SwipedOn customer. These trees are located at 16 locations around New Zealand. We believe that protecting our environment is a job for all of us. Handled by a local charity, Trees that Count, we believe by planting native species trees we will

help restore and enhance the environment, encourage biodiversity, clean air and waterways and make a difference to climate change. So far, we have funded over 7,000 trees.

In addition, we also seek to support local charitable organisations in the markets we serve by providing our software free of charge or at a significant discount. Charities we have helped in this way include The Children's Hospital Foundation and Leicestershire Search and Rescue. We positively encourage charities to approach us for support.

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## MAINTAINING A REPUTATION FOR HIGH STANDARDS OF BUSINESS CONDUCT

The Group has a culture which emphasises that business should be conducted honestly, fairly and with due respect for others. We expect honesty and truthfulness from our employees as a matter of course and Directors and employees are required at all times to act with integrity and good conscience. This requirement is set out in the employee handbook.

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## ENSURING WE ACT FAIRLY WITH ALL MEMBERS OF THE COMPANY

The Board ensures that the Group's shareholders are treated equally and fairly, regardless of the size of their shareholding or their status as a private or institutional holders. The Group provides clear and timely communications via the Group's website and via a Regulatory News Service. All holders of Ordinary shares are eligible to receive dividend payments and to vote at general meetings of the Company.



## OUR STAKEHOLDERS

Why we engage	Types of engagement undertaken	Issues relevant to the stakeholder group
<b>Our people</b> The dedication of our people and their drive for results are the most significant contributors to our future success.	<ul style="list-style-type: none"> <li>Continual focus on the health and safety of all employees.</li> <li>Regular performance reviews and staff surveys</li> <li>Competitive remuneration strategy.</li> </ul>	<ul style="list-style-type: none"> <li>Personal development.</li> <li>Remuneration strategy.</li> <li>Health and safety.</li> <li>Diversity and inclusion.</li> </ul>
<b>Customers</b> Engaging with customers helps us to understand their needs, identify opportunities and challenges and plan the future direction and development of our software	<ul style="list-style-type: none"> <li>We provide customer support through our help desks and interact with our customers through our account management.</li> <li>We survey customers on their likely take up of add-on modules and functionality, and their views regarding development priorities.</li> <li>We monitor our net promoter score to ensure we maintain the highest standards in our products and services.</li> <li>We survey lost customers to identify areas for improvement.</li> </ul>	<ul style="list-style-type: none"> <li>Customer satisfaction.</li> <li>Innovation and product development.</li> <li>Product reliability.</li> <li>Product support.</li> </ul>
<b>Suppliers and partners</b> Maintaining a flexible workforce through the use of contractors is vital to the success of the business. Consistent and reliable cloud service providers are a prerequisite for our business. Strong partnership agreements are important to distributing the Group's products and creating integrations for customers	<ul style="list-style-type: none"> <li>Regular interaction with our outsource partners including weekly stand ups and the use of shared platforms such as Microsoft Teams, Microsoft Sharepoint and shared development tools such as Jira and Confluence.</li> <li>The Group uses Microsoft Azure and Amazon Web Services who are the market leaders providing the highest level of service.</li> <li>The Group regularly reviews its partners' performance and terms and conditions</li> </ul>	<ul style="list-style-type: none"> <li>Product development</li> <li>Hosting</li> </ul>
<b>Investors</b> Continued access to funding is vital to the performance of the business. We work to ensure our investors have a clear understanding of our strategy, performance and objectives	<ul style="list-style-type: none"> <li>The Group's Investor Relations Strategy managed by the CEO and CFO includes regular meetings with key and prospective investors.</li> <li>The Company's Annual Report provides an overview of the Group and regular announcements and press releases are published to provide updates on the Group's performance and progress.</li> <li>The AGM provides shareholders with an opportunity to directly engage with the Board.</li> <li>The Group has signed up to use the Investor Meet Company platform to deliver live, interactive management presentations to current and prospective shareholders regardless of the number of shares they own.</li> <li>There is an ongoing dialogue with the Company's analysts to address enquiries and promote the business.</li> </ul>	<ul style="list-style-type: none"> <li>Financial performance</li> <li>Governance and transparency</li> <li>Directors' remuneration</li> <li>Board performance</li> </ul>
<b>Communities</b> We are committed to maintaining positive relationships with the communities in which we operate.	<ul style="list-style-type: none"> <li>Planting of a tree for each new SwipedOn customer</li> <li>Provision of free or discounted software to charities or not for profit organisations</li> </ul>	<ul style="list-style-type: none"> <li>Operational performance</li> <li>Ethics</li> </ul>

The Strategic Report, comprising the Strategy and Operational Review, Financial Review and Principal Risks was approved by the Board on 15 May 2023 and signed on its behalf by:

**Frank Beechinor**  
 Chief Executive Officer

15 May 2023



# GIVING BACK

- Giving back is part of our culture
- For every SwipedOn customer we sign we plant a tree
- So far we have planted over 7,500 native species trees in 16 locations around New Zealand. The project is managed by Trees that Count, a local not for profit.
- Supporting charitable organisations around the Globe
- We provide our software free or at a discount to selected charities.

**7,500+**

Trees funded from customer subscriptions

**16+**

Locations around New Zealand



We support many charitable organizations around the globe, including...



# DIRECTORS AND OFFICERS

## Guy van Zwanenberg (Chairman)

Guy joined the Board on 9 March 2015 as a Non-Executive Director, a role which he maintained until June 2018 when he stepped into the Chairman's role. Guy is also Chairman of the Remuneration Committee and Nomination Committee and a member of the Audit Committee. Guy has more than 40 years' experience in industry and practice. He qualified as a Chartered Accountant with Grant Thornton and then spent three years working with James Gulliver. Guy subsequently moved to become UK Finance Director of an American computer accessory company which was taken public in 1989. In 1991, he established his own interim financial management business and has since been involved in a number of SME businesses providing strategic and financial help. Guy joined Gamingking PLC in 1998 on a part-time basis as Finance Director and became Company Secretary and Non-Executive Director in 2006, remaining until May 2013. He joined Quixant plc as a Non-Executive in March 2013 as part of the float team. Guy is both a Fellow of The Institute of Chartered Accountants in England and Wales and a Chartered Director.



## Kris Shaw (Chief Financial Officer)

Kris was appointed Group Chief Financial Officer on 27 May 2021. Kris is ACA qualified having started his career in audit practice, and subsequently working in a number of listed businesses. Prior to joining the Company, Kris spent seven years leading the finance team at Agrokultura AB, a Swedish listed agribusiness. He has been with SmartSpace since January 2019 having joined as Financial Controller and taking a critical role in managing cashflow during the Covid-19 pandemic, and the disposal of the Enterprise business.



## Philip Wood (Non-Executive Director)

Philip joined the Board on 27 May 2021 as an independent NED and Chair of the Audit Committee. Philip is currently the Deputy Chief Executive Officer of Aptitude Software Group plc, a specialist provider of powerful financial management software to large global businesses. Philip brings extensive public company experience having joined the Board of Aptitude Software Group plc (formerly known as Microgen plc) in 2007, having previously held the role of Group Finance Director at AttentiV Systems Group plc where he oversaw the group's flotation onto AIM in 2004. The experience Philip brings in growing software businesses and mentoring finance teams will be hugely helpful to SmartSpace, as the Company moves through its next phase of development as a global SaaS business.



## Frank Beechinor (Chief Executive Officer)

Frank was appointed chairman of the Board on 10 July 2014 and led the Board and led the business through its restructuring from what was then Coms plc. He became Chief Executive Officer in July 2018 with the aim of leading SmartSpace Software plc to become a market leader in space management technology. He has significant corporate experience, particularly in the software industry and building SaaS businesses. Frank is a co-founder of Cadence Performance Ltd. Frank was previously founder and CEO of OneClick HR plc from 1997 to 2011 and Non-Executive Chairman of dotDigital Group plc from May 2011 to March 2019.





# COMPANY INFORMATION AND ADVISERS

## REGISTERED OFFICE

Norderstedt House  
James Carter Road,  
Mildenhall,  
Bury St. Edmunds,  
IP28 7RQ

## Company Number

5332126

## COMPANY ADVISERS

### Nominated adviser and broker

Canaccord Genuity  
88 Wood Street  
London  
EC2V 7QR

### Auditor

Cooper Parry Group Limited  
Chartered Accountants and  
Statutory Auditor  
Sky View, Argosy Road  
East Midlands Airport  
Derby  
DE74 2SA

### Registrar

Share Registrars Ltd  
The Courtyard  
17 West Street  
Farnham  
GU9 7DR

### Banker

Santander UK Plc  
Bootle Centre  
Bridle Road  
Bootle  
L30 4GB

# REMUNERATION REPORT

## THE REMUNERATION COMMITTEE

The Company's remuneration policy is the responsibility of the Remuneration Committee which comprised Guy van Zwanenberg (Non-Executive Chairman) and Philip Wood (Non-Executive Director) during the year.

## GENERAL POLICY

The Company's policy is to provide remuneration packages for Executive Directors which aims to attract and retain high quality executives and which link their reward to the Group's performance.

## REMUNERATION PACKAGE

There are four components to the remuneration package, namely base salary and benefits, bonus, pension arrangements and long-term incentive arrangements:

- The base salaries of the Executive Directors were set at levels considered to be appropriate when they entered into service agreements with the Company. The base salaries are reviewed by the Remuneration Committee annually and any increases are awarded having regard to performance and salary levels in comparable organisations. Benefits which may include car allowance and private health insurance are not pensionable.
- The Executive Directors are entitled to a discretionary bonus provided the Company achieves its targets for the financial year.
- The Company contributes to money purchase pension arrangements, and private medical insurance and death in service benefit are also provided.
- The Company has established an unapproved share option scheme and an Enterprise Management Incentive (EMI) share option scheme in which the Directors may participate.

## DIRECTORS' REMUNERATION

The remuneration of the Directors who held office during the year was:

	Salary and fees		Taxable benefits		Pension related benefits		Compensation for loss of office		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Guy van Zwanenberg	60	60	-	-	-	-	-	-	60	60
Frank Beechinor	220	220	18	19	-	-	-	-	238	239
Kristian Shaw	150	94	9	8	7	4	-	-	166	106
Philip Wood	40	27	-	-	-	-	-	-	40	27
Bruce Morrison	-	90	-	7	-	4	-	40	-	141
Diana Dyer Bartlett	-	13	-	-	-	-	-	-	-	13
Total	470	504	27	34	7	8	-	40	504	586



## SHARE OPTIONS

No share options were awarded to the Directors during the year. The Directors held the following outstanding options at 31 January 2023:

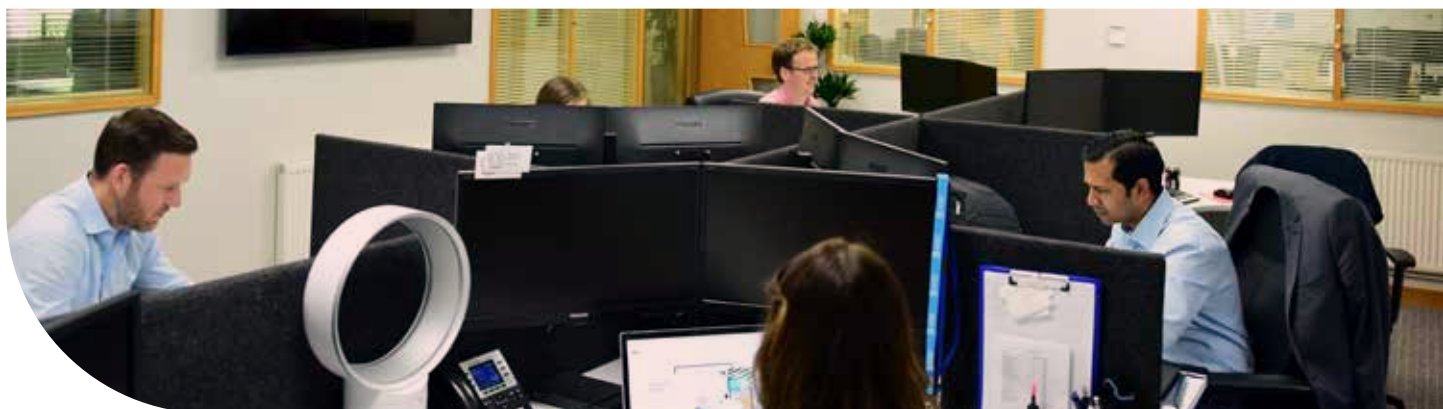
Director	Instrument	Number of ordinary shares of 10p each	Exercise price	Grant date	Expiry date
Guy van Zwanenberg	Share Option	30,000	92.0p	11/12/2015	11/12/2025
Frank Beechinor	Share Option	100,000	92.0p	11/12/2015	11/12/2025
Frank Beechinor	Share Option	323,943	94.0p	17/10/2018	17/10/2028
Frank Beechinor	Share Option	338,950	137.5p	22/09/2021	22/09/2031
Kristian Shaw	Share Option	125,000	137.5p	22/09/2021	22/09/2031
Kristian Shaw	Share Option	50,000	92.5p	23/10/2020	23/10/2030

None of the Directors had any beneficial interest in the shares of any subsidiary companies.

The movement on Directors' share options during the year is set out below:

	2023		2022	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at start of year	<b>967,893</b>	<b>114.5p</b>	875,000	93.33p
Granted during the year	-	-	463,950	137.5p
Forfeited during the year	-	-	(226,057)	94.0p
Options in place upon appointment	-	-	50,000	92.5p
Ceasing to be a director	-	-	(195,000)	92.3p
Outstanding at end of year	<b>967,893</b>	<b>114.5p</b>	967,893	114.5p
Exercisable at end of year	<b>453,943</b>	<b>93.4p</b>	102,502	93.6p
Exercised during year	-	-	-	-

There have been no further options granted since the end of the financial year.



## AUDIT COMMITTEE REPORT

The Audit Committee is comprised of Philip Wood (chair of the Committee) and Guy van Zwanenberg. Both Philip Wood and Guy van Zwanenberg have recent and relevant financial experience by virtue of their senior financial roles and both hold a professional accountancy qualification. The Audit Committee has a number of responsibilities set out in its terms of reference, which were last reviewed and updated in February 2023. The responsibilities include reviewing the annual and interim reports, discussing findings from the external auditor, considering the suitability and effectiveness of the internal control processes, recommending the appointment and remuneration of the auditor, and considering any non-audit services to be provided by the auditor, and determining the Group's whistleblowing and anti-bribery policies. There were two audit committee meetings during the year both of which were attended by all members of the Committee at that time. Executive Directors and the Group's auditors may be invited to attend all or part of any meetings. The Committee also meets with the Group's external auditor without the presence of the Executive Directors.

Cooper Parry Group Limited ("Cooper Parry") were appointed as auditor for the first time for the year ended 31 January 2023, the appointment having been recommended by the Audit Committee to the Board following a formal process. The audit engagement partner is named Melanie Hopwell.

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### MEETINGS AND BUSINESS

In advance of the audit of the Group's financial statements, the Audit Committee met to review the audit plan as presented by Cooper Parry. The plan set out the proposed scope of work, the audit approach, materiality and identified areas of audit risk and was compliant with the Ethical Standards for Auditors issued by the Financial Reporting Council. Prior to commencing its audit work, Cooper Parry confirmed in writing the safeguards in place to ensure its independence and objectivity and the Committee discussed how the auditor proposed to demonstrate its professional scepticism in the audit process. The auditor's quality control processes were also discussed. Audit fees are disclosed in note 23 to the consolidated financial statements. Cooper Parry did not provide any non-audit services in the year or since the period end.

At its meeting to discuss the annual report and financial statements, the Audit Committee confirmed that in its opinion, the annual report and financial statements, taken as a whole, are fair, balanced and understandable.

The Audit Committee noted that the financial statements had been prepared consistently, with no significant changes in accounting policies compared with the previous year.

The Group reports a number of alternative performance measures which are not in accordance with the reporting requirements of IFRS. These include Loss for the year before net finance costs, tax, depreciation, amortisation, reorganisation and transactional items, impairment charges and share based payment charge ("adjusted EBITDA"), annual recurring revenue ("ARR"), and monthly average revenue per user ("ARPU"). The Audit Committee has reviewed these to ensure they are appropriate and that in each case the reason for their use is clearly explained; where possible they are reconciled to the equivalent IFRS figure; and they are not given prominence over the equivalent IFRS figure.

In reviewing and making its recommendation that the Annual Report and Financial Statements be approved by the Board, the Audit Committee has taken into consideration the following significant issues and judgement areas:

#### (a) Carrying value of goodwill and other intangible fixed assets

At 31 January 2023 the carrying value of goodwill and other intangible assets was £10,456,000 (2022: £10,619,000). This includes £674,000 of goodwill and intangible assets (after recording an impairment of £558,000 against goodwill) relating to the Group's investment in A+K, which are classified as held for sale and valued at fair value less cost to sell. The Audit Committee reviewed in detail the judgements taken in the impairment review performed to determine whether there was any indication that those assets had suffered any impairment. The Audit Committee considers the key judgements to be the discount rate and revenue growth rates used in the Value in Use calculations. Following a review of the impact of the sensitivities performed by management on the discount rate and revenue growth rate, the Audit Committee considered that the calculations performed together with the key judgements and estimates were reasonable and all necessary impairments were recorded.

#### (b) Going concern

As the Group's software business builds its SaaS customer base the Group continues to be loss making. The losses incurred are controlled, predictable and planned to allow the business to continue to grow.

In the short term the Group will continue to be loss-making. As reported in the Strategic Report, SwipedOn has continued to grow and is consistently generating cash. Space Connect was cashflow generative for the second half of FY23 and is expected to continue to be so in the coming year. The Audit Committee has considered the Group forecasts which underpin the presumption that the accounts should be prepared under the going concern principle. In particular it has considered a scenario whereby the business does not exceed its historic growth rates in the next twelve months together with the mitigations available to the Group. On this basis, the Audit Committee was able to advise the Board that it was reasonable to prepare the accounts on a going concern basis.

## RISK MANAGEMENT AND INTERNAL CONTROLS

The Audit Committee has responsibilities for reviewing the Group's risk management and internal controls. It reviewed the Group's risk register which includes the measures to manage risk and mitigations and the summary of principal risks set out in the Strategic Report.

## INTERNAL AUDIT

The Audit Committee considered whether an internal audit function was required and concluded that, owing to the Group's size, this was not appropriate at this stage.

## EXTERNAL AUDITOR

In its review of the effectiveness of the audit process, the Committee considered:

- the auditor's fulfilment of the agreed audit plan;
- the level and effectiveness of challenge provided by the auditor;
- the audit quality control arrangements, including the stages of review of the Annual Report, the time spent by the audit partner and whether any issues identified during the audit had been dealt with on a timely basis;
- the changes to the auditor's audit approach and work which demonstrated the auditor's professional scepticism; and
- the report arising from the audit itself.

The Committee was satisfied with the auditor's independence and the effectiveness of the audit process, together with the degree of diligence and professional scepticism brought to bear and that the auditor provided effective independent challenge in carrying out its responsibilities.

Cooper Parry have indicated their willingness to continue to act as auditor to the Company for the forthcoming year and a resolution for their re-appointment will be proposed at the Annual General Meeting, as well as a resolution to seek approval of the auditor's remuneration.

### Philip Wood

Chairman, Audit Committee

15 May 2023



# CORPORATE GOVERNANCE REPORT

## COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES

As an AIM listed company the Board recognises the importance of applying sound corporate governance principles in managing the Group. The Group adopted the QCA Corporate Governance Code ("the "QCA code") on 28 September 2018 as a benchmark to measuring our performance against good governance principles. This report shows how we apply the QCA Code's 10 guiding principles in practice.

### 1. Establish a strategy and business model which promote long-term value for shareholders

The business model and strategy of the Group are set out in the strategic report on pages 11 to 13.

The Group's strategy and business model are developed by the Chief Executive Officer and his senior management team and approved by the Board. The management team, led by the Chief Executive Officer, is responsible for implementing the strategy and managing the business at an operational level.

The Group's immediate key strategic priorities to drive future growth are as follows:

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

An evaluation of the potential risks and uncertainties of the Group is set out on page 19.

### 2. Seek to understand and meet shareholder needs and expectations

The Group seeks to maintain a regular dialogue with both existing and potential shareholders in order to communicate the Group's strategy and progress and to understand the needs and expectations of shareholders.

Beyond the annual general meeting, the Chief Executive Officer, Chief Financial Officer and, where appropriate, other members of the Board and senior management team meet with investors and analysts to obtain feedback regarding the market's expectations of the Group.

The Group's investor relations activities encompass dialogue with both institutional and private investors.

Private shareholders – the main forum for private shareholders to engage with the Board is at the Company's AGM where the Board makes itself available for shareholders to ask questions. The notice of AGM is sent to shareholders at least 21 days before the meeting is due to be held. At the meeting, shareholders vote on each resolution and the meeting is advised of the number of proxy votes for, against and withheld on each resolution. The outcome of the AGM is subsequently announced via RNS and published on the Company's website.

Institutional shareholders – the Directors consider that it is important that its institutional shareholders understand the business and that their expectations are in accordance with those of the Board. Members of the Board engage with institutional shareholders following the announcement of the annual and interim results explaining the results and the Board's vision for the future. These meetings are arranged by the Company's FCA regulated nominated adviser and broker, who will follow up with investors following the meetings and provide anonymised feedback to the Board. Additionally, ad hoc meetings are attended as requested by existing and potential institutional investors.

The Board will consider all feedback received from shareholders whether at the AGM, during face-to-face meetings with institutional investors, or from its nominated adviser following those meetings. It reviews analysts' notes to ensure they accord broadly with the Board's expectations.

The Group also endeavours to maintain a dialogue and keep shareholders informed through its public announcements and Company website. SmartSpace's

website provides not only information specifically relevant to investors (such as the Group's Annual Report and investor presentations) but also regarding the nature of the business itself with considerable detail regarding the services it provides and the manner in which it carries on its business.

### **3. Take into account wider stakeholder and social responsibilities and their implications for long-term success**

The Group is aware of its corporate social responsibilities and the need to maintain effective working relationships across a range of stakeholder groups, which include the Group's employees, partners, customers, suppliers, and regulatory authorities. The Group's operations take account of the requirement to balance the needs of all of these stakeholder groups while maintaining focus on the Board's primary responsibility to promote the success of the Group for the benefit of its members as a whole. The Group endeavours to take account of feedback received from stakeholders, making amendments to working arrangements and operational plans where appropriate and where such amendments are consistent with the Group's long-term strategy.

The Group considers its actions and the likely effect that they may have on the environment and seeks to mitigate any negative impact wherever practicable. Through the various procedures and systems it operates, the Group complies with health and safety and environmental legislation relevant to its activities.

### **4. Embed effective risk management, considering both opportunities and threats, throughout the organisation**

The Board approves an annual budget which identifies the opportunities to develop the Group's business as well as the resources required to implement its strategy. The Board reviews progress against budgets and forecasts on a regular basis to ensure the Group's performance is on target or actions identified if it is not. It also evaluates the impact of key risks and assesses the resources required to mitigate such risks.

The Board is responsible for the systems of risk management and internal control and for reviewing their effectiveness. The internal controls are designed to manage rather than eliminate risk and provide reasonable but not absolute assurance against material misstatement or loss. Through the activities of the Audit Committee, the effectiveness of these internal controls is reviewed annually.

A summary of the principal risks and uncertainties facing the Group as well as mitigating actions are described in the strategic report on page 19. The



Group maintains insurance cover as part of its risk management programme.

The senior management team meet at least monthly to consider new risks and opportunities presented to the Group, making recommendations to the Board where necessary.

### **5. Maintain the Board as a well-functioning, balanced team led by the Chair**

SmartSpace's Board consists of four directors, two of whom are non-executive directors. On an annual basis each Director seeks re-election at the annual general meeting.

The Group does not have a director designated as a Senior Independent Director. In light of the size of the Board, and the Group's stage of development, the Board does not consider it necessary to appoint a Senior Independent Director.

Directors' biographies are set out on page 24.

The Board is responsible to the shareholders for the proper management of the Group and meets at least ten times a year to set the overall direction and strategy of the Group, to review technological, operational and financial performance and to advise on management appointments. Executive directors are employed on a full-time basis whilst non-executive directors are required to attend board and committee meetings, and are encouraged to be involved in specific workshops, meetings or seminars in line with their areas of expertise. All key operational and investment decisions are subject to board approval as required by the Company's schedule of matters reserved for the Board.



A summary of board and committee meetings held in the year ended 31 January 2023, and directors' attendance records, is set out below:

	Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings
Guy van Zwanenberg	10 / 10	2 / 2	1 / 1
Frank Beechinor	10 / 10	n.a.	n.a.
Kristian Shaw	10 / 10	n.a.	n.a.
Philip Wood	10 / 10	2 / 2	1 / 1

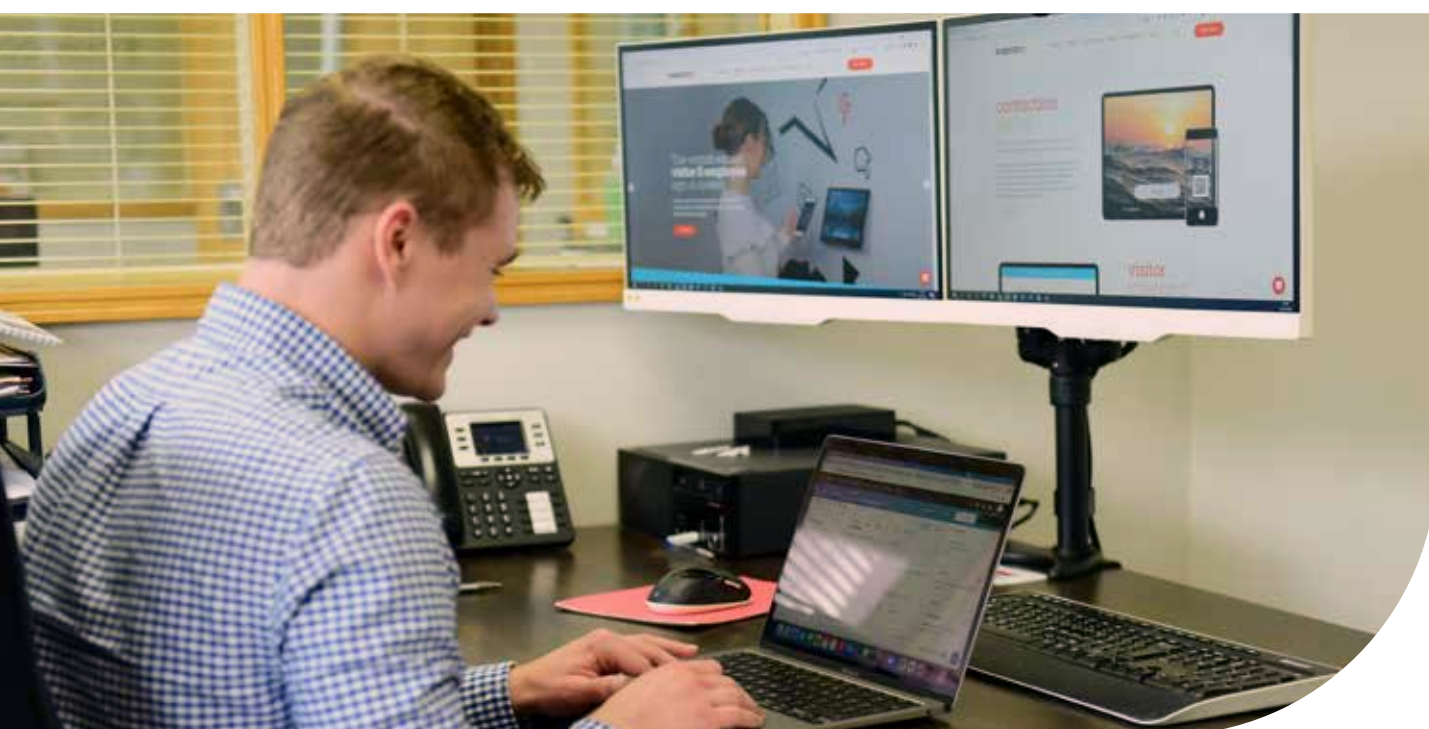
The Board adheres to the QCA Code's recommendations that a Board should have at least two independent non-executive directors. Both Non-Executive directors are regarded as independent under the QCA Code's guidance for determining such independence.

The Non-Executive directors are remunerated by way of an agreed monthly fee. In 2015 Guy van Zwanenberg was granted share options under the Company's Unapproved Share Option Scheme, at a time when the Company had trading difficulties and required substantial board intervention but had limited funds. The options are not deemed to be significant enough to impact his independence and were granted following a shareholder consultation process.

#### **6. Ensure that between them, the Directors have the necessary up-to-date experience, skills and capabilities**

The Board considers its Directors to have experience in areas critical to the long-term future success of the Group, covering a deep understanding of technology, corporate strategy, finance and investment. The Directors' biographies are set out on page 24. Where required the Board undergoes training in areas needed to carry out their duties.

The Board regularly reviews the composition of the Board to ensure that it has the necessary breadth and depth of skills to support the ongoing development of the Group. Guy van Zwanenberg has served on the Board for a number of years and the Board is starting the process of developing a succession plan.





## **7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement**

Currently there is no formal board performance evaluation procedure, but the Board does discuss its operational efficiency as well as that of individual Directors on a regular basis. As the business grows, consideration will be given to adopting a more formal process.

## **8. Promote a corporate culture that is based on ethical values and behaviours**

The Board seeks to maintain the highest standards of integrity in the conduct of the Group's operations. An open culture is encouraged within the Group, with regular communications to staff regarding the Group's progress. The senior management team regularly monitors the Group's cultural environment and seeks to address any concerns that may arise from time to time. The Group has in place a whistleblowing policy which is reviewed on a regular basis. All staff are made aware of their responsibilities regarding market abuse and registers are maintained relating to insiders.

The Group is committed to providing a safe environment for its staff and all other parties for which the Group has a legal or moral responsibility.

These core beliefs are reinforced by senior management at town hall and other similar meetings.

## **9. Maintain governance structures and processes that are fit for purpose and support good decision making by the Board**

The Board has overall responsibility for promoting the success of the Group. The Executive Directors have day-to-day responsibility for the operational management of the Group's activities. The Non-Executive directors are responsible for bringing independent and objective judgement to board decisions.

There is a clear separation of the roles of Chief Executive Officer and Non-Executive Chairman. The Chairman is responsible for overseeing the running of the Board, ensuring that no individual or group dominates the Board's decision-making and ensuring the Non-Executive directors are properly briefed on matters. The Chairman has overall responsibility for corporate governance matters in the Group. The Chief Executive Officer has the responsibility for implementing the strategy of the Board and managing the day-to-day business activities of the Group. The Company Secretary is responsible for ensuring that board procedures are followed, and applicable rules and regulations are complied with.

The Board has established Audit, Remuneration and Nominations Committees with formally delegated duties and responsibilities, and which comprise Non-Executive directors only, with executive directors attending by invitation. The reports of the Audit and Remuneration committees are set out on pages 26 to 29.

Philip Wood chairs the Audit Committee, Guy van Zwanenberg chairs the Remuneration Committee and the Nominations Committee.

The Audit Committee normally meets twice a year and at other times if necessary. The Audit Committee recommends the appointment, scope and fees of the external auditor, discusses issues that arise from the audit, reviews the reports of the external auditors and internal control procedures and considers any financial statements before their publication. The external auditor attends meetings as required by the Audit Committee to consider any issues arising from the audit and the auditor's work. The audit partner meets the Audit Committee without the Executive Directors being present at least once a year.

The Remuneration Committee, which meets as required, but at least once a year, agrees the terms and conditions, including annual remuneration, of Executive Directors and reviews such matters for other senior personnel including their participation in long term incentive schemes. It also supervises the Company's share incentive schemes and sets performance conditions for share options granted under the schemes.

The Nominations Committee meets periodically as required.

## **10. Communicate how the Group is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders**

The Group places a high priority on regular communications with its various stakeholder groups and aims to ensure that all communications concerning the Group's activities are clear, fair and accurate. The Company's website is regularly updated, and users can register to be alerted when announcements are posted onto the website.

The Group's financial reports, regulatory news announcements and notices of general meetings, can be found in the investor relations section of the Company's website.

The Group provides detailed results of shareholder voting on its website.

# DIRECTORS' REPORT

The Directors present their Annual Report on the affairs of the Group, together with the financial statements and independent auditor's report for the year ended 31 January 2023. The corporate governance report on pages 30 to 33 forms part of this report. The Company's full name is SmartSpace Software plc ("the Company"), company number 05332126. SmartSpace Software plc is a public limited company, listed on the AIM market of The London Stock Exchange and domiciled in the United Kingdom. The address of its registered office is given on page 25.

## PRINCIPAL ACTIVITIES

The Group's principal activities are the development and sale of workplace software products. The Group's software activities are all cloud based.

## RESULTS AND DIVIDEND

The results for the year are set out in the consolidated statement of comprehensive income on page 42. The Directors do not recommend payment of a dividend (2022: £nil).

## REVIEW OF THE BUSINESS

A review of the business of the Group, together with comments on future developments is given in the Strategic Report including a description of the principal risks and uncertainties facing the Group on pages 11 to 19.

## RESEARCH AND DEVELOPMENT

Expenditure on research and development amounted to £1,665,000 in 2023 (2022: £1,563,000) out of which £686,000 (2022: £340,000) was capitalised under IAS 38 "Intangible Assets". The Group intends to continue to invest in the development of its SwipedOn and Space Connect software platforms to further enhance their capabilities. In the opinion of the Directors these investments will maintain and generate significant revenues in future years.

## FINANCIAL RISK MANAGEMENT

Details of the Group's financial risk management objectives and policies are set out in note 13 to the financial statements.

## GOING CONCERN

The Group's business activities and performance, and the financial position of the Group, its cash flows and borrowing facilities, together with the factors likely to affect its future development, performance and position, are explained in the Strategic Report. Analysis of the Group's key risks is also set out in the Strategic Report. Further information regarding the assessment of going concern is in note 24 to the consolidated financial statements.

After making appropriate enquiries, the Directors consider that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

## DIRECTORS

The Directors who held office during the year were as follows:

Guy van Zwanenberg	Non-Executive Chairman
Frank Beechinor	Chief Executive
Kristian Shaw	Chief Financial Officer
Philip Wood	Non-Executive Director

## DIRECTORS' INDEMNITIES

The Directors have been granted an indemnity from the Company to the extent permitted by law in respect of liabilities incurred as a result of their office which remains in force at the date of this report. The Company maintains directors' and officers' liability insurance.

## RE-ELECTION OF DIRECTORS

In accordance with principles of the QCA Code all Directors are retiring and seeking re-election at the annual general meeting.

## EMPLOYMENT MATTERS

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the

performance of the Group. This is achieved through formal and informal meetings.

The Group operates an EMI and LTIP share option scheme which is open to all employees.

The Group has continued to give full and fair consideration to applications made by disabled persons, having regard to their respective aptitudes and abilities, and to ensure that they benefit from training and career development programmes in common with all employees. The Group has continued its policy of employee involvement by making information available to employees through the medium of frequent staff meetings, together with personal appraisals and feedback sessions.

## ENVIRONMENT

The Board have considered our impacts and contribution to climate change together with risks and opportunities that it poses us as a business. We have measured our scope 1 and 2 greenhouse gas emissions which are presented on both a location and market based approach. We measure our intensity ratio taking into account both number of employees and on a revenue basis.

Scope 1 emissions include direct emissions from operations which is limited to fuel used to heat our building in Mildenhall and by vehicles owned by A+K. Scope 2 emissions include indirect emissions from the generation of electricity which we have purchased to maintain our operations. This is therefore electricity we consume in our Tauranga and Mildenhall offices. The location based methodology calculates emissions based on the average energy generation emission factor for the country of consumption. The market based approach takes into account any contractual agreements to purchase energy with specific attributes and in the absence of such agreements uses a residual fuel mix factor. Our organisational boundary has been determined using an equity share approach.

	Location based		Market based	
	2023	2022	2023	2022
tCO <sub>2</sub> e	19.1	22.1	20.4	21.6
Intensity ratio: tCO <sub>2</sub> e / employee	0.29	0.33	0.30	0.32
Intensity ratio: tCO <sub>2</sub> e / £1m revenue	3.7	4.3	4.0	4.2

## OUR CLIMATE CHANGE INITIATIVES

Our tree planting initiative in New Zealand whereby we plant 1 tree for each new customer contributes towards carbon sequestration. The 7,000+ trees we have planted so far will over a 50 year time frame absorb approximately 1,500 tCO<sub>2</sub> equating to 30 tonnes per year.

Covid-19 brought new ways of working, enforcing remote meetings and delivery of solutions to customers. The benefit of reduced travel for the environment, employees and customers is clear and we continue to utilise technology to increase operational efficiency and therefore reduce carbon emissions.

The use of cloud based hosting for our software significantly reduces the carbon emissions when compared to the alternative of self-hosting. Our cloud computing suppliers (Microsoft Azure and Amazon AWS) have committed to minimising their carbon footprint through the use of renewable energy.

## SHARE CAPITAL

Details of the Company's share capital are disclosed in note 10 to the consolidated financial statements.

## FINANCIAL INSTRUMENTS

Details of the use of financial instruments by the Company and its subsidiary undertakings are disclosed in note 8 to the consolidated financial statements.

## DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and company financial statements for each financial year. The Directors have elected under company law and are required by the AIM Rules of the London Stock Exchange to prepare the Group financial statements in accordance with UK-adopted International Accounting Standards.

The Group financial statements are required by law and international accounting standards in conformity with the requirements of the Companies Act 2006 to present fairly the financial position and performance of the Group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the directors must not approve the

financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the Company and of the profit or loss of the Group for that period.

In preparing each of the Group and Company financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.
- d. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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## LISTING

The Company's ordinary shares have been traded on London's AIM Market since 6 September 2006. Canaccord Genuity are the Company's Nominated Adviser and Broker. The closing mid-market share price at 31 January 2023 was 43.0 pence (31 January 2022: 72.5 pence). At 15 May 2023, being the latest practicable date before the signing of this document, the closing mid-market share price was 54.0 pence.

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## PUBLICATION OF FINANCIAL STATEMENTS

The Company's financial statements will be made available on the Company's website

www.smartspaceplc.com. The maintenance and integrity of the website is the responsibility of the Directors. The Directors' responsibility also extends to the financial statements contained therein. Shareholders who would like to receive a copy of the financial statements by post, should apply to the Company Secretary at the Company's registered office.

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## ANNUAL GENERAL MEETING

The Company's Annual General Meeting will be held on 18 July 2023.

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## AUDITOR

So far as the Directors are aware, there is no relevant audit information (as defined by section 418 of the Companies Act 2006) of which the Company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

In accordance with section 485 of the Companies Act 2006, a resolution proposing that Cooper Parry Group Limited be re-appointed as auditor will be put to the Annual General Meeting.

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## STRATEGIC REPORT

The Company has chosen in accordance with Companies Act 2006, s.414C(11) to set out in the Company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of financial risk management objectives and policies, future developments and stakeholder engagement.

The Report of the Directors was approved by the Board on 15 May 2023.

By order of the Board

**Kristian Shaw**  
Company Secretary

15 May 2023



# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SMARTSPACE SOFTWARE PLC

## OPINION

We have audited the financial statements of Smartspace Software plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 January 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the group and parent company financial statements is applicable law and UK adopted international accounting standards.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 January 2023 and of the group's loss for the year then ended;
- the group and parent company financial statements have been properly prepared in accordance with UK adopted international accounting standards; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

## BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## OUR APPROACH TO THE AUDIT

We adopted a risk-based audit approach. We gained a detailed understanding of the group's business, the environment it operates in and the risks it faces.

The key elements of our audit approach were as follows:

In order to assess the risks identified, the engagement team performed an evaluation of identified components and to determine the planned audit responses based on a measure of materiality, calculated by considering the significance of components as a percentage of the group's total revenue and profit before taxation and the group's total assets.

From this, we determined the significance of each component to the group as a whole and devised our planned audit response. In order to address the audit risks described in the key audit matters section which were identified during our planning process, we performed a full-scope audit of the financial statements of the parent company, Swiped On Limited, Space Connect Limited and Anders + Kern Limited. The operations that were subject to full-scope audit procedures made up 100% of consolidated revenues and 90% of consolidated loss after tax. Entities subject to review-scope audit procedures made up 0% of the consolidated revenue and 10% of consolidated loss after tax. We applied analytical procedures to the Balance Sheets and Income Statements of the entities comprising the remaining operations of the group, focusing on applicable risks identified as above, and their significance to the group's balances.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition	
<b>Key audit matter description</b>	<p>As detailed in note 4 (c) to the financial statements, 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.</p> <p>We consider that a significant risk arises on the occurrence of revenue for new Software as a Service ("SaaS") contracts and hardware sales as there is greater potential for fraud and error than on existing contracts where revenues primarily arise from the release of contract liabilities recognised in the prior year.</p>
<b>How the matter was addressed in the audit</b>	<p>We have assessed accounting policies for consistency and appropriateness with the financial reporting framework and in particular that revenue was recognised when performance obligations were fulfilled. In addition, we reviewed for the consistency of application as well as the basis of any recognition estimates.</p> <p>We have obtained an understanding of processes through which the businesses initiate, record, process and report revenue transactions.</p> <p>We performed walkthroughs of the processes as set out by management, to ensure controls appropriate to the size and nature of operations are designed and implemented correctly throughout the transaction cycle.</p> <p>A sample of contracts have been reviewed and tied through to sales transactions throughout the year. These have been vouched to invoice, signed contracts, sales quotes and purchase orders and nominal posting.</p> <p>A complete listing of journals posted to revenue nominal codes has been obtained. We have tested unexpected manual adjustments to supporting evidence on a sample basis.</p> <p>We performed cut-off procedures to test transactions around the year end and verified a sample of revenue to originating documentation to provide evidence that transactions were recorded in the correct year.</p> <p>Our procedures did not identify any material misstatements in the revenue recognised during the year.</p>
Impairment of goodwill and intangibles	
<b>Key audit matter description</b>	<p>The Group has a significant goodwill balance. The Group's assessment of carrying value requires significant judgement, in particular regarding cash flows, growth rates, discount rates and sensitivity assumptions.</p>
<b>How the matter was addressed in the audit</b>	<p>We challenged the assumptions used in the impairment model for goodwill, which is described in note 9 (c) to the financial statements.</p> <p>We considered accuracy of forecasts by comparing historical budgets to recent trading performance.</p> <p>We assessed the appropriateness of the assumptions concerning growth rates and inputs to the discount rates against latest market expectations.</p> <p>We performed sensitivity analysis to determine whether an impairment would be required if growth was lower than forecast rate.</p> <p>We concur with the assessment that there is an impairment of £0.56m in relation to the goodwill and intangibles recognised for the Anders + Kern UK disposal group.</p> <p>There is no identified impairment of the goodwill balance remaining of £9.8m.</p>

## Capitalisation of development costs

<b>Key audit matter description</b>	Under IAS 38, development costs and internally generated technology should be capitalised if the capitalisation criteria are met. Assumptions and judgements are made with regard to assessing the expected future economic benefits, the economic useful life and the level of completion of the project. There is a risk that research and development expenditure is incorrectly capitalised to artificially inflate net assets, decrease costs, or both.
<b>How the matter was addressed in the audit</b>	We reviewed a sample of additions during the year and assessed for evidence that capitalisation criteria have been met appropriately.  Our procedures did not identify any material misstatements in the revenue recognised during the year.

## OUR APPLICATION OF MATERIALITY

We apply the concept of materiality in planning and performing our audit, in determining the nature, timing and extent of our audit procedures, in evaluating the effect of any identified misstatements, and in forming our audit opinion.

The materiality for the group financial statements as a whole was set at £130,000. This has been determined with reference to the benchmark of the group's loss before tax which we consider to be an appropriate measure for a group of companies such as these. Materiality represents 7% of group loss before tax. Performance materiality has been set at 75% of group materiality.

The materiality for the parent company financial statements as a whole was set at £96,000 and performance materiality represents 75% of materiality. This has been determined with reference to the parent company's net assets, which we consider to be an appropriate measure for a holding company with investments in trading subsidiaries. Materiality represents 0.6% of net assets as presented on the face of the parent company's Balance Sheet.

## CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included:

- Reviewing management's cash flow forecasts for a period of at least 12 months from the date of approval of these financial statements;
- Challenging management on key assumptions included in their forecast scenarios;

- Considering the potential impact of various scenarios on the forecasts;
- Reviewing results post year end to the date of approval of these financial statements and assessing them against original budgets; and
- Reviewing management's disclosures in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## OTHER INFORMATION

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information included in the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material

misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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## **OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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## **MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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## **RESPONSIBILITIES OF DIRECTORS**

As explained more fully in the directors' responsibilities statement set out on pages 35–36, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to

fraud or error. In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group the parent company or to cease operations, or have no realistic alternative but to do so.

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## **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

Our assessment focused on key laws and regulations the group and parent company have to comply with and areas of the financial statements we assessed as being more susceptible to misstatement. These key laws and regulations included but were not limited to compliance with the Companies Act 2006, AIM listing rules, UK adopted international accounting standards, United Kingdom Generally Accepted Accounting Practice (UK GAAP) and relevant tax legislation in the jurisdictions in which the group operates.

We are not responsible for preventing irregularities. Our approach to detecting irregularities included, but was not limited to, the following:

- obtaining an understanding of the legal and regulatory framework applicable to the group and parent company and how the group and parent company is complying with that framework by making enquiries of management, those responsible for legal and compliance procedures and the Company Secretary. We corroborated our enquiries through review of board minutes for instances of non-compliance;



- obtaining an understanding of the group and parent company's policies and procedures and how the group and parent company has complied with these, through discussions and sample testing of controls;
- obtaining an understanding of the group and parent company's risk assessment process, including the risk of fraud;
- designing our audit procedures to respond to our risk assessment;
- performing audit testing over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness with a focus on manual journals and those posted directly to the consolidation that increased revenue or that reclassified costs from the statement of comprehensive income to the balance sheet, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias specifically those in relation to goodwill and development costs intangible assets; and
- reviewing a sample of software contracts, understanding the rationale for the stage of completion and assessing the profit take on them.

Whilst considering how our audit work addressed the detection of irregularities, we also consider the likelihood of detection based on our approach. Irregularities arising from fraud are inherently more difficult to detect than those arising from error.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

The engagement partner assessed whether the engagement team collectively had the appropriate competence and capabilities to identify and recognise non-compliance with laws and regulations through the following:

- understanding of, and practical experience with, audit engagement of a similar nature and complexity, through appropriate training and participation; and
- knowledge of the industry in which the client operates.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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## USE OF OUR REPORT

This report is made solely to the parent company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the parent company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Melanie Hopwell (Senior Statutory Auditor)**  
**For and on behalf of Cooper Parry Group Limited**  
**Chartered Accountants and Statutory Auditor**

Sky View  
 Argosy Road  
 East Midlands Airport  
 Castle Donington  
 Derby  
 DE74 2SA  
 15 May 2023

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 January 2023	Year ended 31 January 2022
		£'000	£'000
<b>Continuing operations</b>			
Revenue from contracts with customers	4	5,056	3,411
Costs of sale of goods		(32)	(19)
Costs of providing services		(527)	(348)
<b>Gross profit</b>		<b>4,497</b>	3,044
Administrative expenses		(6,369)	(6,446)
Net impairment losses on financial and contract assets	13(b)	3	(14)
Other income		10	36
<b>Operating loss</b>		<b>(1,859)</b>	(3,380)
<b>Adjusted EBITDA*</b>	3(b)	<b>(765)</b>	(2,375)
Reorganisation and transactional items	6(e)	(81)	(109)
Depreciation	6(a)	(88)	(92)
Amortisation	6(a)	(646)	(531)
Impairment of financial asset	13(b)	3	(14)
Share based payment charge	6(b)	(282)	(259)
<b>Operating loss</b>		<b>(1,859)</b>	(3,380)
Finance income	6(d)	1	1
Finance costs	6(d)	(7)	(14)
<b>Loss before tax</b>		<b>(1,865)</b>	(3,393)
Taxation	7	(215)	1,056
<b>Loss for the year after tax</b>		<b>(2,080)</b>	(2,337)
Loss for the year from discontinued operations	15(b)	(658)	(227)
<b>Loss for the year</b>	10(c)	<b>(2,738)</b>	(2,564)
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
Revaluation of property, plant and equipment		-	73
<b>Items that will be reclassified subsequently to profit or loss:</b>			
Exchange differences on translation of foreign operations		330	(339)
<b>Total other comprehensive income / (loss)</b>		<b>330</b>	(266)
<b>Total comprehensive loss attributable to the owners of the group</b>		<b>(2,408)</b>	(2,830)
<b>Basic loss per share</b>			
Continuing operations	21	(7.19p)	(8.11p)
Discontinued operations	21	(2.27p)	(0.79p)
<b>Total</b>		<b>(9.46p)</b>	(8.91p)
<b>Diluted loss per share</b>			
Continuing operations	21	(7.19p)	(8.91p)
Discontinued operations	21	(2.27p)	(0.79p)
<b>Total</b>		<b>(9.46p)</b>	(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.

The accompanying notes on pages 47 to 86 are an integral part of these consolidated financial statements.

# CONSOLIDATED BALANCE SHEET

	Note	31 January 2023	31 January 2022
		£'000	£'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9(a)	54	751
Right-of-use assets	9(b)	277	94
Intangible assets	9(c)	9,782	10,619
Deferred tax assets	9(d)	2,263	2,465
<b>Total non-current assets</b>		<b>12,376</b>	<b>13,929</b>
<b>Current assets</b>			
Inventories	9(e)	-	203
Contract assets	4(b)	-	5
Trade and other receivables	8(a)	480	399
Current tax receivable		-	70
Prepayments	9(f)	37	163
Cash and cash equivalents	8(b)	1,962	2,758
		<b>2,479</b>	<b>3,598</b>
<b>Assets classified as held for sale</b>	15(c)	<b>1,731</b>	<b>-</b>
<b>Total current assets</b>		<b>4,210</b>	<b>3,598</b>
<b>Total assets</b>		<b>16,586</b>	<b>17,527</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities	9(b)	233	41
<b>Total non-current liabilities</b>		<b>233</b>	<b>41</b>
<b>Current liabilities</b>			
Trade and other payables	8(c)	1,115	1,379
Contract liabilities	4(b)	2,615	1,774
Other tax liabilities		90	127
Borrowings	8(d)	334	383
Lease liabilities	9(b)	52	67
		<b>4,206</b>	<b>3,730</b>
<b>Liabilities directly associated with assets classified as held for sale</b>	15(c)	<b>506</b>	<b>-</b>
<b>Total current liabilities</b>		<b>4,712</b>	<b>3,730</b>
<b>Total liabilities</b>		<b>4,945</b>	<b>3,771</b>
<b>NET ASSETS</b>		<b>11,641</b>	<b>13,756</b>

*continued overleaf*

## CONSOLIDATED BALANCE SHEET (continued)

### EQUITY

#### Capital and reserves attributable to equity shareholders

Share capital	10(a)	<b>2,894</b>	2,894
Share premium	10(a)	<b>3,839</b>	3,839
Other reserves	10(b)	<b>(1,670)</b>	(2,133)
Retained earnings	10(c)	<b>6,578</b>	9,156
<b>Total equity</b>		<b>11,641</b>	13,756

The accompanying notes on pages 47 to 86 are an integral part of these consolidated financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 15 May 2023.

They were signed on its behalf by:

#### Kristian Shaw

Chief Financial Officer

SmartSpace Software plc, Company Number: 5332126



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Share capital	Share premium	Other reserves	Retained earnings	Total
		£'000	£'000	£'000	£'000	£'000
<b>At 31 January 2021</b>		<b>2,826</b>	<b>3,830</b>	<b>(2,087)</b>	<b>11,701</b>	<b>16,270</b>
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)
<b>Transactions with owners in their capacity as owners:</b>						
Issue of ordinary shares as consideration for a business combination	10(b)	67	-	(67)	-	-
Issue of ordinary shares to option holders		1	9	(3)	3	10
Lapsed share options	20	-	-	(16)	16	-
Exchange difference		-	-	(4)	-	(4)
Share-based payment expense – continuing operations	20	-	-	281	-	281
Share-based payment expense – discontinued operations	20	-	-	29	-	29
<b>At 31 January 2022</b>		<b>2,894</b>	<b>3,839</b>	<b>(2,133)</b>	<b>9,156</b>	<b>13,756</b>
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)
<b>Transactions with owners in their capacity as owners:</b>						
Lapsed share options		-	-	(160)	160	-
Share-based payment expense – continuing operations	20	-	-	290	-	290
Share-based payment expense – discontinued operations	20	-	-	3	-	3
<b>At 31 January 2023</b>		<b>2,894</b>	<b>3,839</b>	<b>(1,670)</b>	<b>6,578</b>	<b>11,641</b>

The accompanying notes on pages 47 to 86 are an integral part of these consolidated financial statements. .

# CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 January 2023	Year ended 31 January 2022
		£'000	£'000
<b>Cash from operating activities</b>			
Cash consumed by operations	11	(99)	(1,614)
Interest received		1	1
Interest paid		(22)	(26)
Income taxes received		67	28
<b>Net cash outflow from operating activities</b>		<b>(53)</b>	<b>(1,611)</b>
<b>Cash flows from investing activities</b>			
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
<b>Net cash from investing activities</b>		<b>(647)</b>	<b>(49)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issues of share capital (net of issue costs)		-	10
Repayment of borrowings	8(d)	(51)	(27)
Principal elements of lease payments		(68)	(62)
<b>Net cashflow from financing activities</b>		<b>(119)</b>	<b>(79)</b>
<b>Net change in cash and cash equivalents</b>		<b>(819)</b>	<b>(1,739)</b>
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)
<b>Cash and cash equivalents at the end of the financial year</b>	8(b)	<b>1,962</b>	<b>2,758</b>

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.

The accompanying notes on pages 47 to 86 are an integral part of these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. SIGNIFICANT CHANGES IN THE CURRENT REPORTING PERIOD

The financial position and performance of the Group was particularly affected by the following events and transactions that happened during the reporting period:

- The decision to sell the Group's investment in Anders + Kern UK Limited and therefore classification of such assets and directly associated liabilities as held for sale and discontinued operations together with the resulting impairment to fair value less cost to sell.

## 2. 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 address of the registered office is given on page 15.

The principal activity of the Company is the investment in businesses engaged in the development and sale of workspace technology solutions.

The financial statements are presented in pounds sterling as that is the currency of the primary economic environment in which the Group operates. Foreign operations are included in accordance with the policies set out in note 25.

## 3. OPERATING SEGMENTS

### 3(a) 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. Information about segment revenue is disclosed in note 4.

### 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)
<b>Central operating costs</b>	<b>(1,129)</b>	<b>(1,129)</b>
<b>Total adjusted EBITDA</b>	<b>(765)</b>	<b>(2,375)</b>



### 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)
<b>Loss before tax</b>	<b>(1,089)</b>	<b>525</b>	<b>(1,301)</b>	<b>(1,865)</b>
Taxation	(14)	(161)	(40)	(215)
<b>Loss after tax</b>	<b>(1,103)</b>	<b>364</b>	<b>(1,341)</b>	<b>(2,080)</b>

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)
<b>Loss before tax</b>	<b>(1,537)</b>	<b>(468)</b>	<b>(1,388)</b>	<b>(3,393)</b>
Taxation	446	98	512	1,056
<b>Loss after tax</b>	<b>(1,091)</b>	<b>(370)</b>	<b>(876)</b>	<b>(2,337)</b>

\* (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. Goodwill has been allocated to reportable segments as described in note 9(c).

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
<b>Total</b>	<b>636</b>	<b>4,420</b>	<b>5,056</b>

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
<b>Total</b>	<b>458</b>	<b>2,953</b>	<b>3,411</b>

**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 as follows:

Year ended 31 January 2023	Space Connect	Swiped On	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
	<b>636</b>	<b>4,420</b>	<b>5,056</b>

Year ended 31 January 2022	Space Connect	Swiped On	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. MATERIAL PROFIT OR LOSS ITEMS

The Group has identified a number of items which are material due to the significance of their nature and/or amount. These are listed separately to provide a better understanding of the financial performance of the Group.

	Year ended 31 January 2023	Year ended 31 January 2022
	£'000	£'000
<b>The following items have been credited / (expensed) to the consolidated statement of comprehensive income:</b>		
Research and development not capitalised (included in Administrative expenses)	<b>(979)</b>	(1,223)
Results from discontinued activities:		
- Loss from discontinued activities – Anders + Kern UK	<b>(127)</b>	(227)
- Impairment of disposal Group	<b>(558)</b>	-
- Profit from discontinued activities – Smartspace Global Limited	<b>65</b>	-
- Loss from discontinued activities – Communica Holdings Limited	<b>(38)</b>	-

### 5(a) Results from discontinued operations

In June 2022 the Board decided to commence a process to dispose of the Group's investment in Anders + Kern UK Limited. Whilst the process is ongoing, the Board aims to find a buyer within the financial year ended 31 January 2024. The disposal proceeds expected, together with the anticipated costs to sell, were used to calculate the resulting impairment to value the disposal group at fair value less cost to sell. The impairment was recorded against the disposal group intangible assets.

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.

## 6. INCOME AND EXPENSE ITEMS

This note includes an analysis of expenses by nature and a breakdown of the items included in 'finance income and costs'.

### 6(a) Breakdown of expenses by nature

	Year ended 31 January 2023	Year ended 31 January 2022
	£'000	£'000
Inventories sold	<b>32</b>	19
Employee benefits and expenses net of government grants (see note 6b)	<b>3,868</b>	3,831
Contractor fees	<b>312</b>	385
Depreciation	<b>88</b>	92
Amortisation	<b>646</b>	531
Impairment of intangible assets	-	-
Marketing	<b>1,011</b>	951
Other expenses	<b>1,657</b>	1,344
Less: capitalised employee and contractor costs	<b>(686)</b>	(340)
Total cost of sales and administrative expenses	<b>6,928</b>	6,813



**6(b) Employee and director benefits and expenses**

	Year ended 31 January 2023	Year ended 31 January 2022
	£'000	£'000
Wages and salaries net of government grants	3,355	3,345
Share based payments (see note 20)	282	259
Social security costs	144	142
Pension costs	87	85
<b>Total remuneration</b>	<b>3,868</b>	<b>3,831</b>

**6(c) Average number of people employed**

	Year ended 31 January 2023	Year ended 31 January 2022
	No.	No.
Sales	11	10
Software development and technical support	31	32
Administrative	12	14
<b>Total employees</b>	<b>54</b>	<b>56</b>

**6(d) Finance income and cost**

	Year ended 31 January 2023	Year ended 31 January 2022
	£'000	£'000
<b>Finance income</b>		
Interest income from financial assets held for cash management	1	1
Finance income	1	1
<b>Finance cost</b>		
Interest charges on bank loans	-	(1)
Interest charges on lease liabilities	(7)	(10)
Other interest charges	-	(3)
<b>Finance costs expenses</b>	<b>(7)</b>	<b>(14)</b>
<b>Net finance costs</b>	<b>(6)</b>	<b>(13)</b>

**6(e) Reorganisation and transactional**

	Year ended 31 January 2023	Year ended 31 January 2022
	£'000	£'000
Reorganisation costs	81	109
	<b>81</b>	<b>109</b>

Reorganisation costs include notice pay, redundancy and other related exit costs. The reorganisation was started and completed within the year to 31 January 2023.

## 7. TAXATION

This note provides an analysis of the Group's income tax expense, and shows what amounts are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made in relation to the Group's tax position.

### 7(a) Income tax expense

	Year ended 31 January 2023	Year ended 31 January 2022
	£'000	£'000
<b>Current tax</b>		
Current tax expense for the year	3	2
<b>Total current tax expense</b>	<b>3</b>	<b>2</b>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	200	(608)
Adjustments in respect of earlier years	(30)	(31)
Impact of change in UK corporation tax rate	-	(460)
<b>Total deferred tax expense</b>	<b>170</b>	<b>(1,099)</b>
<b>Income tax expense</b>	<b>173</b>	<b>(1,097)</b>
<i>Income tax expense is attributable to:</i>		
Loss from continuing operations	215	(1,056)
Loss from discontinued activities	(42)	(58)
Other comprehensive income	-	17
	<b>173</b>	<b>(1,097)</b>

### 7(b) Numerical reconciliation of income tax expense to prima facie tax payable

	Year ended 31 January 2023	Year ended 31 January 2022
	£'000	£'000
Loss from continuing operations before income tax expense	(1,865)	(3,393)
Loss from discontinued operations before income tax expense	(700)	(285)
	<b>(2,565)</b>	<b>(3,678)</b>
Tax at the UK corporation tax rate of 19 % (2022: 19%)	<b>(488)</b>	<b>(699)</b>
<b>Tax effects of amounts which are not deductible in calculating taxable income:</b>		
Non-deductible expenses	169	75
Effect of different tax rates for loss utilisation / overseas rates	38	(43)
Adjustment from prior year	(30)	(31)
Foreign currency translation of loan to subsidiary	49	(27)
Tax losses not recognised as deferred tax assets	553	70
Effect of different tax rate expected for loss utilisation	(118)	(459)
<b>Income tax benefit</b>	<b>173</b>	<b>(1,114)</b>

**7(c) Amounts recognised in other comprehensive income**

	Year ended 31 January 2023	Year ended 31 January 2022
	£'000	£'000
Other comprehensive income – revaluation of property	-	90
Tax expense	-	(17)
<b>Other comprehensive income net of tax</b>	<b>-</b>	<b>73</b>

**7(d) Tax losses**

Unused tax losses for which no deferred tax asset has been recognised	Year ended 31 January 2023	Year ended 31 January 2022
	£'000	£'000
Continuing operations	<b>5,682</b>	3,476
Potential tax benefit at 25% (2022: 25%)	<b>1,421</b>	869

See note 9(d) for information about recognised tax losses and significant judgements made in relation to them.

The closing deferred tax provision has been calculated at 25% in accordance with the rate enacted at the statement of financial position date. In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate would increase to 25%. This new law was substantively enacted on 24 May 2021.

**7(e) Unrecognised temporary differences**

	Year ended 31 January 2023	Year ended 31 January 2022
	£'000	£'000
Temporary differences relating to investments in subsidiaries for which deferred tax liabilities have not been recognised:		
Foreign currency translation	<b>(464)</b>	<b>(133)</b>
Potential deferred tax liability	<b>(88)</b>	<b>(25)</b>

Temporary differences of £464,000 (2022: £133,000) have arisen as a result of the translation of the Group's subsidiaries in New Zealand. A deferred tax liability has not been recognised because the liability will only crystallise in the event of the disposal of the subsidiaries, and no such disposal is expected in the foreseeable future.

**8. FINANCIAL ASSETS AND LIABILITIES**

This note provides information about the Group's financial instruments including:

- An overview of all financial instruments held by the Group;
- specific information about each type of financial instrument;
- accounting policies;
- information about determining the fair value of the instruments, including judgements and estimation uncertainty involved.

The Group has the following financial instruments:

Financial assets	Notes	31 January 2023	31 January 2022
		£'000	£'000
<b>Financial assets at amortised cost:</b>			
Trade receivables and other receivables	<b>8(a)</b>	<b>480</b>	399
Cash and cash equivalents	<b>8(b)</b>	<b>1,962</b>	2,758
		<b>2,442</b>	3,157

Financial liabilities	Notes	31 January 2023	31 January 2022
		£'000	£'000
<b>Financial liabilities at amortised cost:</b>			
Trade and other payables	<b>8(c)</b>	<b>1,115</b>	1,379
Lease liabilities	<b>9(b)</b>	<b>285</b>	108
Borrowings	<b>8(d)</b>	<b>334</b>	383
		<b>1,734</b>	1,870

The Group's exposure to various risks associated with the financial instruments is discussed in note 13. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

#### 8(a) Trade receivables and other receivables

	31 January 2023	31 January 2022
	£'000	£'000
Trade receivables	<b>451</b>	387
Other receivables	<b>29</b>	12
	<b>480</b>	399

#### *Classification of trade receivables*

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and are therefore all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, in which case they are recognised at fair value. The Group holds trade receivables with the objective of collecting the contractual cash flows, and so it measures them subsequently at amortised cost using the effective interest method. Details about the Group's impairment policy and the calculation of the loss allowance are provided in note 13.

#### *Fair value of trade receivables*

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

#### *Impairment and risk exposure*

Information about the impairment of trade receivables and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 13.

#### 8(b) Cash and cash equivalents

	31 January 2023	31 January 2022
	£'000	£'000
<b>Current assets</b>		
Cash at bank and in hand	<b>1,962</b>	2,758

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year.

## 8(c) Trade and other payables

	31 January 2023	31 January 2022
	£'000	£'000
<b>Current liabilities</b>		
Trade payables	210	395
Payroll liabilities	4	8
Accrued expenses	872	731
Other payables	29	245
	<b>1,115</b>	<b>1,379</b>

Trade and other payables are unsecured and usually paid within 30 days of recognition.

The carrying amounts of trade and other payables are considered to be the same as their fair values due to their short-term nature.

## 8(d) Borrowings

	31 January 2023			31 January 2022		
	Current	Non-Current	Total	Current	Non-Current	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Government support loans	-	-	-	28	-	28
Bank loans	334	-	334	355	-	355
Total borrowings	334	-	334	383	-	383

*Secured liabilities and assets pledged as security*

The bank loan of £334,000 (2022: £355,000) is secured by a mortgage over freehold land and building included within assets held for sale. The mortgage carries a variable rate of interest 2.5% above the Bank of England base. The mortgage was repaid in full in February 2023 by the Group's continuing operations, and is therefore not deemed to be directly associated with assets classified as held for sale. There are no bank covenants that relate to the borrowings.

*Fair value*

For all the borrowings, the fair values are not materially different from their carrying amount since the interest payable on those borrowings is either close to current market rates or the borrowings are of a short-term nature.

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in note 13.





## 9. NON-FINANCIAL ASSETS AND LIABILITIES

This note provides information about the Group's non-financial assets and liabilities, including specific information about each type of non-financial asset and non-financial liability and information about determining the fair value of assets and liabilities including judgements and estimation uncertainty involved.

### 9(a) Property, plant and equipment

	Freehold land & buildings	Fixtures & fittings	Plant & machinery	Office equipment	Total
	£'000	£'000	£'000	£'000	£'000
<b>At 31 January 2021</b>					
Cost	649	13	13	154	829
Accumulated depreciation	(49)	(12)	(11)	(74)	(146)
Net book amount	600	1	2	80	683
<b>Year ending 31 January 2022</b>					
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
<b>At 31 January 2022</b>					
Cost or valuation	680	13	13	179	885
Accumulated depreciation	(3)	(13)	(13)	(105)	(134)
Net book amount	677	-	-	74	751
<b>Year ending 31 January 2023</b>					
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
<b>At 31 January 2023</b>					
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, see note 9(b) for details.

#### Non-current assets pledged as security

Refer to note 22 for information on non-current assets pledged as security by the Group.

### Freehold land

Included within Freehold land and buildings is freehold land with a value of £107,000 for which depreciation is not provided.

### 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

See note 24 for the other accounting policies relevant to property, plant and equipment.

## 9(b) Leases

This note provides information for leases where the Group is a lessee.

### (i) Amounts recognised in the balance sheet relating to Right-of-use assets

The balance sheet shows the following amounts relating to right-of-use assets:

	Buildings	Total
	£'000	£'000
<b>At 31 January 2021</b>		
Cost or fair value	240	240
Accumulated depreciation	(84)	(84)
Net book amount	156	156
<b>Year ended 31 January 2022</b>		
Opening net book amount	156	156
Remeasurement	6	6
Depreciation	(60)	(60)
Foreign exchange impact	(8)	(8)
Closing net book amount	94	94
<b>At 31 January 2022</b>		
Cost or fair value	229	229
Accumulated depreciation	(135)	(135)
Net book amount	94	94
<b>Year ended 31 January 2023</b>		
Opening net book amount	94	94
Remeasurement	240	240
Depreciation	(62)	(62)
Foreign exchange impact	5	5
Closing net book amount	277	277
<b>At 31 January 2023</b>		
Cost or fair value	484	484
Accumulated depreciation	(207)	(207)
Net book amount	277	277

	31 January 2023	31 January 2022
	£'000	£'000
<b>Lease liabilities</b>		
Current	52	67
Non-current	233	41
	<b>285</b>	108

**(ii) Amounts recognised in the statement of comprehensive income**

The statement of comprehensive income shows the following amounts relating to leases:

	31 January 2023	31 January 2022
	£'000	£'000
<b>Depreciation charge on right-of-use assets</b>		
Buildings	62	60
	<b>62</b>	60
Interest expense (included in finance costs)	7	10
Expense relating to short-term leases (included in administrative expenses)	11	6

The total cash outflow for all leases within continuing activities in the year ended 31 January 2023 was £75,000 (2022: £70,000). The incremental borrowing rate used in calculating lease liabilities in continuing operations is 9.3% (2022: 5.3%).

**(iii) The Group's leasing activities and how these are accounted for**

The Group leases office space. Rental contracts are for fixed periods of 4 to 10 years. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the Right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Right-of-use assets are initially measured at cost comprising:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the Right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

#### *(iv) Extension and termination options*

Extension and termination options are included in leases across the Group. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. The extension and termination options held are exercisable only by the Group and not by the lessor.

#### **9(c) Intangible assets**

	Goodwill	Internally generated software	Customer contracts	Brand assets	Intellectual property	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>At 31 January 2021</b>						
Cost	8,720	964	207	306	1,486	11,683
Accumulated amortisation and impairment	-	(81)	(77)	(70)	(233)	(461)
Net book amount	8,720	883	130	236	1,253	11,222
<b>Year ended 31 January 2022</b>						
Opening net book amount	8,720	883	130	236	1,253	11,222
Additions	-	340	-	-	-	340
Amortisation charge	-	(353)	(22)	(30)	(147)	(552)
Exchange differences	(346)	(9)	-	(15)	(21)	(391)
Closing net book amount	8,374	861	108	191	1,085	10,619
<b>At 31 January 2022</b>						
Cost	8,374	1,293	207	285	1,456	11,615
Accumulated amortisation and impairment	-	(432)	(99)	(94)	(371)	(996)
Net book amount	8,374	861	108	191	1,085	10,619
<b>Year ended 31 January 2023</b>						
Opening net book amount	8,374	861	108	191	1,085	10,619
Transfer to disposal group	(1,144)	-	(108)	-	-	(1,252)
Additions	-	686	-	-	-	686
Amortisation charge	-	(468)	-	(30)	(148)	(646)
Exchange differences	326	19	-	12	18	375
Closing net book amount	7,556	1,098	-	173	955	9,782
<b>At 31 January 2023</b>						
Cost	7,556	2,002	-	304	1,484	11,346
Accumulated amortisation and impairment	-	(904)	-	(131)	(529)	(1,564)
Net book amount	7,556	1,098	-	173	955	9,782

### Amortisation methods and useful lives

The Group amortises intangible assets with a limited useful life, using the straight-line method over the following periods:

- Internally generated software 3 years
- Customer contracts 10 years
- Intellectual property 10 years
- Brand asset 10 years

See note 24(p) for the other accounting policies relevant to intangible assets and note 24(j) for the Group's policy regarding impairments.

### Customer contracts

The customer contracts were acquired as part of a business combination. They are recognised at their fair value at the date of acquisition and they are subsequently amortised on a straight-line basis, based on the timing of projected cash flows of the contracts over their estimated useful lives.

### Significant estimate: useful life of the Group's acquired intangible assets

The Group has acquired a number of intangible assets as part of its acquisitions of SwipedOn in October 2018 and Space Connect in November 2019. At 31 January 2023 the carrying amount of these assets was £1,128,000 (2022: £1,385,000). The Group estimates the useful life of the acquired intangibles to be 10 years based on their expectation of the period over which the Group will continue to derive benefit from such assets.

However, the actual useful life might be longer or shorter than 10 years depending on customer attrition, technical innovation or competitor actions. If the estimated useful life was only five years, the carrying amount would be £493,000 at 31 January 2023 (2022: £822,000).

### Transfer to disposal group

Anders + Kern UK has been reclassified to discontinued activities for the year ending 31 January 2023 (details of which can be found in note 15) therefore all non-current assets within this business segment have been re-classified to assets held for sale within current assets.

### Significant estimate: Impairment tests for goodwill

Goodwill is monitored by management at an entity level. A segment-level summary of the goodwill is presented below:

	SwipedOn	Space Connect	Anders + Kern	Total
	£'000	£'000	£'000	£'000
At 1 February 2021	5,131	2,445	1,144	8,720
Exchange differences	(346)	-	-	(346)
At 31 January 2022	4,785	2,445	1,144	8,374
Transfer to disposal group	-	-	(1,144)	(1,144)
Exchange differences	326	-	-	326
<b>At 31 January 2023</b>	<b>5,111</b>	<b>2,445</b>	<b>-</b>	<b>7,556</b>
<b>Cost</b>	<b>5,111</b>	<b>2,445</b>	<b>-</b>	<b>7,556</b>
<b>Accumulated amortisation and impairment</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net book amount</b>	<b>5,111</b>	<b>2,445</b>	<b>-</b>	<b>7,556</b>
<b>Discount rate used in value in use calculation</b>	<b>10%</b>	<b>13%</b>	<b>19%</b>	





Goodwill on consolidation has been allocated for impairment testing purposes between the cash-generating units ("CGUs") and these CGUs aligned to the Group's segments. There are two CGUs, Swiped On and Space Connect. The recoverable amount of the CGUs is based on 'value in use' calculations using cash flow projections approved by the Directors covering a five-year period with a terminal value to perpetuity, using a growth rate of 2% (2022: 2%).

The key sensitivities within the forecasts are the net cashflows generated in the future periods and discount rates. To ensure that the carrying value is supported by the current growth achievements of the business management have assumed that revenue growth in future periods is at similar rates as those experienced in the past. Should the anticipated growth rates not be attained, management are confident that they have sufficient means to ensure that costs are adequately controlled such that the assets are not impaired. The discount rates used in the calculation of the recoverable amount take into consideration the cost of capital, the expected rate of return and various risks relating to the CGU. Sensitivity analysis indicates that the discount rate may be expected to fluctuate by up to 2.5%.

## 9(d) Deferred tax balances

### Deferred tax assets

	31 January 2023	31 January 2022
	£'000	£'000
<b>The balance comprises temporary differences attributable to:</b>		
Tax losses	1,996	2,334
Property plant and equipment and Intangible assets	154	52
General provisions	113	79
Total deferred tax assets	2,263	2,465
Set-off of deferred tax liabilities pursuant to set-off provisions	-	-
<b>Net deferred tax assets</b>	<b>2,263</b>	<b>2,465</b>

The deferred tax assets include an amount of £1,263,000 which relates to carry-forward tax losses of SmartSpace Software plc. The Group has concluded that the deferred tax asset will be recoverable using the estimated future taxable income based on the approved business plans and budgets for the Group. The Group is expected to generate taxable income from 2025 onwards. The losses can be carried forward indefinitely. Deferred tax assets have been calculated using a tax rate of 25% which is the rate expected to be applicable when the benefit would be realised.

Deferred tax asset movement	Share based payments	PP&E and Intangible assets	General provision	Tax losses	Total
	£'000	£'000	£'000	£'000	£'000
At 31 January 2021	70	42	9	1,268	1,389
Income / (expense) to profit and loss	(70)	21	74	1,089	1,114
Expense to other comprehensive income	-	(17)	-	-	(17)
Exchange differences	-	6	(3)	(24)	(21)
<b>At 31 January 2022</b>	<b>-</b>	<b>52</b>	<b>80</b>	<b>2,333</b>	<b>2,465</b>
Income / (expense) to profit and loss	-	(7)	29	(234)	(212)
Transfer to disposal group	-	111	-	(124)	(13)
Exchange differences	-	(3)	5	21	23
<b>At 31 January 2023</b>	<b>-</b>	<b>153</b>	<b>114</b>	<b>1,996</b>	<b>2,263</b>

**9(e) Inventories**

	31 January 2023	31 January 2022
	£'000	£'000
Finished goods – at cost	-	203

Inventories recognised as an expense in continuing operations during the year ended 31 January 2023 amounted to £32,000. Inventories relating to discontinued operations were transferred to assets held to sale. An expense for inventories sold by discontinued operations of £1,344,000 (2022: £1,044,000) was recognised in the loss from discontinued operations.

**9(f) Prepayments**

	31 January 2023	31 January 2022
	£'000	£'000
Prepayments	37	163

**10. EQUITY****10(a) Share capital and share premium**

	31 January 2023	31 January 2022	31 January 2023	31 January 2022
	Number	Number	£'000	£'000
<b>Allotted, called up and fully paid:</b>				
Ordinary shares of 10p each	28,941,234	28,941,234	2,894	2,894

**Movement in ordinary shares**

	Shares issued	Share capital	Share premium	Merger reserve	Total
	Number	Price (p)	£'000	£'000	£'000
At 31 January 2021	28,255,823		2,826	3,830	844
Issue of ordinary shares as consideration for a business combination	675,411	72.50	67	-	422
Issue of ordinary shares to option holders	10,000	101.25	1	9	-
At 31 January 2022	28,941,234		2,894	3,839	1,266
At 31 January 2023	28,941,234		2,894	3,839	1,266

**Ordinary shares**

Ordinary shares have a par value of 10 pence. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the Company in proportion to the number of shares held.

On a show of hands, every holder of ordinary shares present at a meeting, in person or by proxy, is entitled to one vote; and on a poll, each share is entitled to one vote. The Company does not have a limited amount of authorised capital.

**Options**

Information relating to employee share options including details of options issued, exercised and forfeited during the financial year and options outstanding at the end of the reporting period, is set out in note 20.

## 10(b) Other reserves

	Merger reserve	Reverse acquisition reserve	Translation reserve	Acquisition deferred consideration reserve	Revaluation reserve	Share option reserve	Total other reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 31 January 2021	489	844	(4,236)	473	-	343	(2,087)
Revaluation of property	-	-	-	-	90	-	90
Deferred tax on property revaluation	-	-	-	-	(17)	-	(17)
Currency translation differences	-	-	-	(339)	-	-	(339)
Other comprehensive income	-	-	-	(339)	73	-	(266)
Transactions with owners in their capacity as owners:							
Issue of ordinary shares as consideration for business combination	(489)	422	-	-	-	-	(67)
Issue of ordinary shares to option holders	-	-	-	-	-	(3)	(3)
Exchange difference	-	-	-	-	-	(4)	(4)
Lapsed share options	-	-	-	-	-	(16)	(16)
Share based payment expense	-	-	-	-	-	310	310
At 31 January 2022	-	1,266	(4,236)	134	73	630	(2,133)
Currency translation differences	-	-	-	330	-	-	330
<b>Other comprehensive income</b>	-	-	-	330	-	-	330
<b>Transactions with owners in their capacity as owners:</b>							
Lapsed share options	-	-	-	-	-	(160)	(160)
Share based payment expense – continuing operations	-	-	-	-	-	290	290
Share based payment expense – discontinued operations	-	-	-	-	-	3	3
<b>At 31 January 2023</b>	-	1,266	(4,236)	464	73	763	(1,670)

### Nature and purpose of other reserves

The merger reserve is used when a share issue is undertaken, and merger relief is available. The conditions for merger relief are when the consideration for shares in another company includes issued shares of the acquirer and on completion of the transaction, the company issuing the shares will have secured at least 90% equity holding in the acquiree. The acquisition of SpaceConnect Pty Limited in November 2019 met the conditions for merger relief and was therefore accounted for under the merger relief provisions.

The reverse acquisition reserve arose on the reverse takeover of SmartSpace Software plc by Coms.com Limited in the year ended 31 January 2007. Under reverse acquisition accounting an adjustment within shareholders' funds is required to eliminate the cost of acquisition in the issuing company's books, and introduce a notional cost of acquiring the smaller issuing company based on the fair value of its shares and an adjustment is required to show the share capital of the legal parent in the consolidated balance sheet rather than that of the deemed acquirer. Both adjustments have been included in the reverse acquisition reserve.

Foreign currency translation comprises exchange differences arising on the translation of foreign controlled entities which are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

The acquisition deferred consideration reserve relates to deferred share consideration for the acquisition of subsidiaries.

The revaluation reserve relates to amounts recognised on the fair value revaluation of land and buildings.

The share-based payments reserve is used to recognise the grant date fair value of options issued to employees but not exercised.

### 10(c) Retained earnings

The movements in retained earnings were as follows:

	31 January 2023	31 January 2022
	£'000	£'000
Balance at 1 February	9,156	11,701
Issue of ordinary shares to option holders	-	3
Lapsed share options	160	16
Net loss for the period	(2,738)	(2,564)
<b>Balance at 31 January</b>	<b>6,578</b>	<b>9,156</b>



## 11. CASH FLOW INFORMATION

### 11(a) Cash generated from operations

	31 January 2023	31 January 2022
	£'000	£'000
<b>Loss before income tax from continuing operations</b>	<b>(1,865)</b>	(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
<b>Cash consumed by continuing operations</b>	<b>120</b>	(1,683)
<b>Loss before income tax from discontinued operations</b>	<b>(700)</b>	(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
<b>Cash consumed by discontinued operations</b>	<b>(219)</b>	69
<b>Cash consumed by operations</b>	<b>(99)</b>	(1,614)



**11(b) Net debt reconciliation**

This section sets out an analysis of net cash and the movements in net cash for each of the periods presented.

	31 January 2023	31 January 2022
	£'000	£'000
Cash and cash equivalents	1,962	2,758
Borrowings	(334)	(383)
Lease liabilities	(285)	(108)
<b>Net cash</b>	<b>1,343</b>	<b>2,267</b>
Cash and cash equivalents	1,962	2,758
Gross debt – fixed interest rates	(285)	(108)
Gross debt – variable interest rates	(334)	(383)
<b>Net cash</b>	<b>1,343</b>	<b>2,267</b>

	Cash/bank overdraft	Borrowings	Leases	Total
	£'000	£'000	£'000	£'000
<b>At 31 January 2021</b>	4,516	(413)	(173)	3,930
New leases	-	-	(6)	(6)
Cashflows – continuing operations	(1,739)	30	71	(1,638)
Effect of foreign exchange rate movements	(19)	-	-	(19)
<b>At 31 January 2022</b>	<b>2,758</b>	<b>(383)</b>	<b>(108)</b>	<b>2,267</b>
New leases	-	-	(252)	(252)
Cashflows	(818)	49	75	(694)
Effect of foreign exchange rate movements	22	-	-	22
<b>At 31 January 2023</b>	<b>1,962</b>	<b>(334)</b>	<b>(285)</b>	<b>1,343</b>

**11(c) Non-cash investing and financing activities**

	31 January 2023	31 January 2022
	£'000	£'000
Remeasurement of right of use assets by means of lease	240	6
Deferred partial settlement of business combination through share issue	-	490

**12. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes, together with information about the basis of calculation for each affected line item in the financial statements.

## 12(a) Critical estimates

The areas involving critical estimates are:

- estimated useful lives of intangible assets (see note 9(c))
- Impairment testing of goodwill (see note 9(c))

## 12(b) Critical judgements

The areas involving critical judgements are:

- recognition of deferred tax asset for carried-forward tax losses (see note 9(d))
- Assessment of Anders + Kern UK as a discontinued operation (see note 15)

# 13. FINANCIAL RISK MANAGEMENT

This note explains the Group's exposure to financial risks and how these risks could affect the Group's future financial performance. Current year profit and loss information has been included where relevant to add further context.

## 13(a) Market risk

### Foreign currency risk

The group has a translation exposure risk relating to operations in New Zealand where SwipedOn use New Zealand dollars. On consolidation, assets and liabilities of foreign undertakings are translated into sterling at year end exchange rates. The results of foreign undertakings are translated into sterling at average rates of exchange for the year. Foreign exchange differences arising on the translation of foreign undertakings are recognised directly in a separate component of equity, the translation reserve, until the business units are disposed of. Should the New Zealand Dollar strengthen or weaken by 10% against pounds sterling then the value of the Group's net assets will respectively increase or decrease by £481,000 (2022: £450,000). Foreign exchange differences arising on the translation of foreign undertakings are taken to other comprehensive income. As the Group has no plans to dispose of the asset in the foreseeable future and the

exposure is a non-cash item the Board have no plans to hedge this translation exposure. See note 3(d) and 3(e) for details of assets and liabilities held by SwipedOn and denominated in New Zealand dollars.

### Cash flow and fair value interest rate risk

The Group's borrowings comprise a mortgage held with Barclays Bank Plc, secured on the associated freehold land and buildings, and carries a variable rate of interest 2.5% above the Bank of England base rate. The mortgage was repaid in full in February 2023.

## 13(b) Credit risk

Credit risk arises from cash and cash equivalents, cash flows of debt investments carried at amortised cost and credit exposures to customers including outstanding receivables.

### Risk management

For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

For trade receivables, management focuses strongly on working capital management and the collection of due invoices. Regular reports of overdue invoices are circulated amongst senior management and the Board reviews debtor days each month as part of the monthly reporting cycle. The risk with any one customer is mitigated by constant review of debtor balances and action to resolve any issues preventing discharge of obligations.

### Security

The Group does not obtain security for trade receivables.

### Impairment of financial assets

The Group applies the expected credit loss model to its trade receivables for the sale of goods and services.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

### Trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The expected loss rates are based on the payment profiles of sales over a period of 48 months before 31 January 2023 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified global and country specific GDP to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes to this factor. On that basis the loss allowance at 31 January 2023 was determined as follows for trade receivables:



31 January 2023	Current	1 - 30 days past due	31 - 60 days past due	61 - 90 days past due	91 - 180 days past due	181 - 360 days past due	Total
Expected loss rate (%)	1.5%	1.3%	6.1%	65.7%	0.0%	0.0%	2%
Gross carrying amount - trade receivables (£'000)	208	226	25	1	-	-	460
Loss allowance	3	3	2	1	-	-	9
Net carrying amount - trade receivables (£'000)	205	223	23	-	-	-	451

The closing loss allowances for trade receivables as at 31 January 2023 reconcile to the opening loss allowances as follows:

	Trade receivables 2023	Trade receivables 2022
	£'000	£'000
<b>At 1 February</b>	12	8
(Decrease) / increase in loss allowance recognised in profit or loss during the year	(3)	14
Write back of receivables written off in prior year now received	3	-
Receivables written off during the year as uncollectible	(3)	(10)
<b>At 31 January</b>	9	12

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group and the failure to make contracted payments.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of previously written off amounts are credited against the same line item.

#### Other financial assets at amortised cost

Other financial assets at amortised cost comprise contingent consideration and other receivables. Assessments of significant increases in credit loss risk and assumptions about the risk of default are made in determining the expected credit loss rates from these assets.

#### Net impairment losses on financial and contract assets recognised in profit or loss

During the year the following losses were recognised in profit or loss in relation to impaired financial assets:

Impairment losses	2023	2022
	£'000	£'000
Movement in loss allowance for trade receivables and contract assets	(3)	14
Impairment losses on other financial assets	-	-
<b>Net impairment losses on financial and contract assets</b>	<b>(3)</b>	<b>14</b>

### 13(c) Liquidity risk

Liquidity risk is the risk that the Group cannot meet financial liabilities when they fall due. The Group's policy for managing liquidity risk is to ensure that the business has enough financial resources to carry out its day-to-day activities at any point in time. Management believes that the cash resources on hand, together with future forecast profits of the business, more than cover the resources needed to meet the financial liabilities of the Group.

#### Maturity of financial liabilities

The tables below analyse all of the Group's financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances because the impact of discounting is not significant.

Contractual maturity of financial liabilities At 31 January 2023	Less than 6 months	6-12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Carrying amount
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Trade payables	210	-	-	-	-	210	210
Borrowings	334	-	-	-	-	334	334
Lease liabilities	31	31	62	161	-	285	285
<b>Total</b>	<b>575</b>	<b>31</b>	<b>62</b>	<b>161</b>	<b>-</b>	<b>829</b>	<b>829</b>

Contractual maturity of financial liabilities At 31 January 2022	Less than 6 months	6-12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Carrying amount
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Trade payables	395	-	-	-	-	395	395
Borrowings	13	370	-	-	-	383	383
Lease liabilities	33	34	41	-	-	108	108
<b>Total</b>	<b>441</b>	<b>404</b>	<b>41</b>	<b>-</b>	<b>-</b>	<b>886</b>	<b>886</b>

## 14. CAPITAL MANAGEMENT

### 14(a) Risk management

The Group considers its capital to comprise its ordinary share capital, share premium account, other reserves and retained earnings. A summary of the amounts of capital in each of these categories is shown in the consolidated statement of changes in equity on page 45.

In managing its capital, the Group's primary objective is to provide a return for its equity shareholders through capital growth. The Group has £334,000 (2022: £383,000) of debt representing a gearing ratio of 3% (2022: 3%). Going forward the Group will balance capital risk and return at an acceptable level and also maintain a sufficient funding base to enable the Group to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through new share issues or the issue of debt, the Group considers not only its short-term position but also its long-term operational and strategic objectives. There have been no other significant changes to the Group's management objectives, policies and processes in the year nor has there been any change in what the Group considers to be capital.

### 14(b) Dividends

The Group does not currently pay a dividend.

## 15. DISCONTINUED OPERATIONS

### 15(a) Description

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.

**15(b) Financial performance and cash flow**

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

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

**15(c) Assets and liabilities of disposal group**

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

## 16. INTERESTS IN OTHER ENTITIES

The Group's subsidiaries at 31 January 2023 are set out below. Unless otherwise stated they have share capital consisting solely of ordinary shares, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation is also their principal place of operation.

Name	Registered office	Country	Proportion of ownership interest	Proportion of voting power held	Principal business activity
Easter Road Holdings Limited	Norderstedt House James Carter Road, Mildenhall, Bury St. Edmunds, England, IP28 7RQ	UK	100%	100%	Holding company
Anders + Kern (U.K.) Limited	Norderstedt House James Carter Road, Mildenhall, Bury St. Edmunds, England, IP28 7RQ	UK	100%	100%	Hardware and software sales
SmartSpace Software Limited	115 The Strand, Tauranga, 3110, New Zealand	New Zealand	100%	100%	Holding company
SwipedOn Inc	651 N Broad St, Suite 206, Middletown New Castle, Delaware USA	USA	100%	100%	Software sales
SwipedOn Limited	115 The Strand, Tauranga, 3110, New Zealand	New Zealand	100%	100%	Software development and sales
Smartspace Software Pty Limited	Nexia Sydney, Level 16, 1 Market Street, Sydney, NSW, 2000	Australia	100%	100%	Holding company
Space Connect Limited	Norderstedt House James Carter Road, Mildenhall, Bury St. Edmunds, England, IP28 7RQ	UK	100%	100%	Software development and sales

All subsidiary undertakings are included in the consolidation. For Space Connect Limited and Easter Road Holdings Limited, the Group has decided to take advantage of parental corporate guarantees under s479A of the Companies Act, allowing the entities to take audit exemptions and present unaudited statutory financial statements.

## 17. COMMITMENTS

### 17(a) Capital commitments

There were no capital commitments at 31 January 2023 (2022: £nil).

## 18. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

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





## 19. RELATED PARTY TRANSACTIONS

### 19(a) Subsidiaries

Interests in subsidiaries are set out in note 16.

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. The transactions between the parent and the subsidiaries during the year represent transfers of cash between the companies amounting to a repayment of £200,000 to the parent (2022: payment to subsidiary £1,050,000).

### 19(b) Key management personnel compensation

	Year ended 31 January 2023	Year ended 31 January 2022
	£'000	£'000
Short term employment benefits	545	592
Post-employment benefits	7	8
Termination benefits	-	40
Share-based payments	179	155
	<b>731</b>	<b>795</b>

### 19(c) Directors

	Year ended 31 January 2023	Year ended 31 January 2022
	£'000	£'000
Aggregate emoluments	470	504
Company contributions to money purchase pension schemes	7	8
Taxable benefits	27	34
Termination benefits	-	40
Long term incentives	179	155
	<b>683</b>	<b>741</b>

Detailed remuneration including the highest paid director disclosures are provided in the Directors' remuneration section in the remuneration report on pages 26 and 27.

#### Directors' fees

Directors fees of £10,000 (2022: £60,000) were charged by VZ Limited, a company connected to Guy van Zwanenberg, in respect of services provided by Guy van Zwanenberg; £0 (2022: £6,031) was outstanding at the year end.

## 20. SHARE BASED PAYMENTS

The Group operates two equity settled share-based payments plans: an EMI scheme and an Unapproved share scheme. During the year the Group issued no options over ordinary shares under the Group's EMI scheme (2022: 327,035) and no ordinary shares under the Unapproved share scheme (2022: 406,915).

The EMI and unapproved share option schemes incorporate the same general terms and conditions, with the EMI scheme benefiting from certain tax advantages. Options are granted under the plans for no consideration and carry no dividend or voting rights. When exercisable each option converts into one ordinary share.

The exercise price of the options is based on the closing price on the day immediately preceding the grant.

### 20(a) Equity settled employee option plans

Set out below are the summaries of options granted under the plans:

	31 January 2023		31 January 2022	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at start of the year	<b>2,214,602</b>	<b>110p</b>	2,156,500	101p
Granted during the year	-	-	733,950	121p
Exercised during the year	-	-	(10,000)	101p
Forfeited during the year	<b>(50,000)</b>	<b>93p</b>	(665,848)	94p
Outstanding at end of year	<b>2,164,602</b>	<b>110p</b>	2,214,602	110p
Exercisable at end of year	<b>690,152</b>	<b>118p</b>	560,652	123p

No options expired during the periods covered by the above tables.

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Date granted	Expiry date	Type	Price per share	Share options 31 January 2023	Share options 31 January 2022
12 June 2013	11 June 2023	Warrants	500.00 p	<b>40,000</b>	40,000
11 December 2015	10 December 2025	Options	92.00 p	<b>200,000</b>	200,000
31 July 2018	30 July 2028	Options	101.25 p	<b>75,692</b>	76,192
17 October 2018	16 October 2028	Options	94.00 p	<b>374,460</b>	374,460
23 October 2020	22 October 2030	Options	92.50 p	<b>845,500</b>	860,000
29 September 2021	28 September 2031	Options	92.50 p	<b>130,000</b>	165,000
29 September 2021	28 September 2031	Options	137.50 p	<b>463,950</b>	463,950
1 November 2021	31 October 2031	Options	92.50 p	<b>35,000</b>	35,000
				<b>2,164,602</b>	2,214,602

The outstanding options at the year-end have an exercise price in the range of 92 pence to 500 pence (2022: 92 pence to 500 pence). The weighted average remaining contractual life of the share options outstanding at the year end is 7 years and 2 months (2022: 8 years 0 month).

### 20(b) Fair value of equity settled options granted

The fair value at the grant date for options without performance conditions is determined using the Black-Scholes model. Where the options granted have market based vesting conditions attached, the Monte Carlo pricing model is used. These calculations take into account the exercise price, the term of the option, the share price at the date of grant and expected volatility of the underlying share, the expected dividend yield and the risk free rate for the term of the option. The expected price volatility is based on historical share price volatility over a period of time equal to the option vesting period being 3 years.

The expense recognised for equity-settled share-based payments during the year to 31 January 2023 was £290,000 (2022: £281,000) in continuing operations and £3,000 (2022: £29,000) in discontinued operations.

## 20(c) Cash settled share-based payments

As part of the disposal of SmartSpace Global Limited in August 2020 the Group issued 50,000 cash settled share options to a former employee who was involved in the disposal process. The options were issued on 13 August 2020, had an exercise price of 101.25p, and are available for exercise at any point between 31 July 2021 and 31 July 2029. The options are valued at each reporting date using a Black-Scholes model. At 31 January 2023 the assumed volatility was 47%, risk free interest rate 3.34%, exercise price 101.25p and current share price at the reporting date of 44.5p. The expected price volatility is based on historical share price volatility over a period of time equal to the expected period of time before the options are exercised. A credit was recorded relating to these options of £8,000 (2022: £22,000) for the year and a liability of £1,000 (2022: £8,000) included within trade and other payables.

## 21. LOSS PER SHARE

### 21(a) Basic loss per share

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

### 21(b) Diluted loss per share

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

### 21(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
<b>Basic (loss) / earnings per share</b>		
Loss attributable to the ordinary equity holders of the Company:		
From continuing operations	(2,080)	(2,337)
From discontinued operations	(658)	(227)
	<b>(2,738)</b>	<b>(2,564)</b>
<b>Diluted (loss) / earnings per shares</b>		
Loss attributable to the ordinary equity holders of the Company:		
From continuing operations	(2,080)	(2,337)
From discontinued operations	(658)	(227)
	<b>(2,738)</b>	<b>(2,564)</b>

**21(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	<b>28,941,234</b>	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	<b>28,941,234</b>	28,780,768

**21(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.

**21(f) Alternative measure of earnings per share**

To provide an indication of the underlying operating performance per share, an alternative measure of earnings per share is presented below. This measure excludes reorganisation, transaction, and share based payments which management do not consider reflect underlying performance. Amortisation of intangible assets recognised in accounting for business combinations are also excluded.

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

## 22. ASSETS PLEDGED AS SECURITY

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	31 January 2023	31 January 2022
	£'000	£'000
<b>Non-current</b>		
Freehold land and buildings	664	677

The borrowings associated with the assets pledged as security were repaid in full during February 2023, resulting in the release of security against the land and buildings. The assets pledged as security are held within assets held for sale at 31 January 2023.

## 23. AUDITORS' REMUNERATION

During the year the Group (including its overseas subsidiaries) obtained the following services from the Company's auditors and its associates.

	Year ended 31 January 2023	Year ended 31 January 2022
	£'000	£'000
Fees payable to the Company's auditors for the audit of Parent company consolidated financial statements:		
- Audit fees in relation to the year ended 31 January 2021	-	2
- Audit fees in relation to the year ended 31 January 2022	-	52
- Audit fees in relation to the year ended 31 January 2023	70	-
	70	54
Fees payable to the Company's auditors for the audit of subsidiary financial statements:		
- Audit fees in relation to the year ended 31 January 2022	-	40
- Audit fees in relation to the year ended 31 January 2023	15	-
	15	40
Total audit fees	85	94



## 24. SIGNIFICANT ACCOUNTING POLICIES

### 24(a) Basis of preparation

#### *Compliance with IFRS*

The consolidated financial statements of SmartSpace Software PLC have been prepared in accordance with UK adopted International Accounting Standards and UK company law.

#### *Historical cost convention*

The financial statements have been prepared under the historical cost convention except for the following:

- certain financial assets and liabilities including cash settled share-based payments,
- certain classes of property, plant and equipment which are measured at fair value
- equity settled share-based payments in the scope of IFRS 2 which are measured at fair value

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability, if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis except for share-based payment transactions that are within the scope of IFRS 2.

#### *Standards and interpretations not yet applied by the Group*

For the purposes of the preparation of these consolidated financial statements, the Group has applied all standards and interpretations that are effective for accounting periods beginning on or after 1 February 2022.

No new standards, amendments or interpretations to existing standards that have been published and that are mandatory for the Group's accounting periods beginning on or after 1 February 2023, or later periods, have been adopted early.

#### *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.

### 24(b) Principles of consolidation

#### *Subsidiaries*

Subsidiaries are all entities over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method is used to account for business combinations by the Group (refer to note 24(i)).

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies for subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of



any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets and liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable IFRSs).

#### **Reverse acquisition accounting**

The acquisition of Coms.com Limited in the year ended 31 January 2007 was accounted for as a reverse acquisition of SmartSpace Software plc by Coms.com Limited. The consolidated financial statements prepared following the reverse takeover were issued in the name of SmartSpace Software plc, but they are a continuance of the financial statements of Coms.com Limited. Therefore, the assets and liabilities of Coms.com Limited were recognised and measured in the consolidated financial statements at their pre-combination carrying values. The financial statements reflect the continuance of the financial statements of Coms.com Limited.

The retained earnings and other equity balances recognised in these consolidated financial statements at the time of the acquisition were the retained earnings and other equity balances of Coms.com Limited immediately before the business combination.

Under reverse acquisition accounting:

- an adjustment within shareholders' funds is required to eliminate the cost of acquisition in the issuing company's books, and introduce a notional cost of acquiring the smaller issuing company based on the fair value of its shares
- an adjustment is required to show the share capital of the legal parent in the consolidated balance sheet rather than that of the deemed acquirer.

Both adjustments have been included in the reverse acquisition reserve.

#### **Merger reserve**

The merger reserve is used when a share issue is undertaken and merger relief is available. The conditions for merger relief are when the consideration for shares in another company includes issued shares of the acquirer and on completion of the transaction, the company issuing the shares will have secured at least 90% equity holding in the acquiree.

#### **24(c) Segment reporting**

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision maker.

The Board of SmartSpace Software plc has appointed an operating board which assesses the financial performance and position of the Group and makes strategic decisions. The operating board which has been identified as being

the chief operating decision maker, consists of the Chief Executive Officer and Chief Financial Officer.

#### **24(d) Foreign currency translation**

##### **Functional and presentation currency**

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in pounds sterling which is also the presentation currency for the consolidated and company financial statements. The functional currency of the Company is pounds sterling.

##### **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss. They are deferred in equity if they are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis, within 'other gains/losses'.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

##### **Group companies**

Results and financial position of foreign operations (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On translation, exchange differences arising from the translation of any net investment in foreign entities, and

of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Exchange rates used are as follows:

	31 January 2023	31 January 2022
Average exchange rate for 1 New Zealand Dollar into Pounds Sterling	<b>0.5164</b>	0.5115
Closing exchange rate for 1 New Zealand Dollar into Pounds Sterling	<b>0.5230</b>	0.4896

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

#### 24(e) Revenue recognition

The accounting policies for the Group's revenue from contracts with customers are explained in note 4.

#### 24(f) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions. Where applicable government grants are offset against the expenditure to which they relate.

#### 24(g) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for it if arises from initial recognition of an asset or liability in

a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are only recognised if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the income statement except when it relates to items charged or credited in other comprehensive income in which case the deferred tax is also dealt with in comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

#### 24(h) Leases

The accounting policies for the Group's leases are described in note 9(b)

#### 24(i) Business combinations

The acquisition method of accounting is used for all business combinations regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of subsidiaries comprises:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;

- fair value of any asset or liability resulting from a contingent consideration arrangement;
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity, on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are recognised in profit or loss as incurred.

The excess of the:

- consideration transferred;
- the amount of any non-controlling interest in the acquired entity; and
- the acquisition date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or as a financial liability. Amounts classified as financial liability are subsequently remeasured to fair value, with changes in value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses realised from such remeasurement are recognised in profit or loss.

#### 24(j) Impairment of tangible and intangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.



Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset/cash-generating unit in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

#### 24(k) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

#### 24(l) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. See note 8(a) for further information about the Group's accounting for trade receivables and note 13(b) for a description of the Group's impairment policies.

## 24(m) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

## 24(n) Financial assets

### Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss)
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded either in profit or loss or in other comprehensive income.

### Measurement

At initial recognition the Group measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

## Impairment

The Group assesses, on a forward-looking basis, the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 13(b) for further details.

## 24(o) Property, plant and equipment

The Group's accounting policy for land and buildings is explained in note 9a. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable of the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The depreciation methods and periods used by the Group are disclosed in note 9(a).

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The carrying value is assessed annually and any impairment is charged to the income statement.

Gains or losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

An item of property or plant is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between sales proceeds and the carrying value of the asset and is recognised in income.

## 24(p) Intangible assets

### Goodwill

Goodwill is measured as described in note 24(i). Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicated that it might be impaired, and is carried as cost less accumulated impairment losses. Gains and losses on the disposal of an



entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (note 3).

#### ***Internally generated intangible assets - Research and development***

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Internally-generated intangible assets arising from the development (or from the development phase on an internal project) are recognised only if all the following conditions are met:

- an asset is created that can be identified (such as software and new processes);
- it is probable that the asset created will generate future economic benefits;
- the development cost of the asset can be measured reliably;
- an intention to complete the intangible asset and use or sell it;
- ability to use or sell the intangible asset, and
- the availability of adequate technical financial and other resources to complete the development and to use or sell the intangible asset.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses on the same basis as intangible assets that are acquired separately.

#### ***Intangible assets acquired in a business combination***

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses on the same basis as intangible assets that are acquired separately.

#### ***Amortisation methods and periods***

Refer to note 9(c) for details about amortisation methods and periods used by the Group for intangible assets. Amortisation is charged to profit or loss and included within administrative expenses.

#### **24(q) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

#### **24(r) Borrowings**

Borrowings are initially recognised at their fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying value of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

#### **24(s) Cost of sale of goods and cost of providing services**

Cost of sale of goods represents the cost of hardware together with delivery cost supplied to customers.

Cost of providing services represents the cost of providing professional services such as implementation, configuration training and project management.

#### **24(t) Borrowing costs**

Borrowing costs are expensed in the period in which they are incurred.



## 24(u) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessment of the time value of money and, where appropriate, the risks specific to the liability.

## 24(v) Employment benefits

### *Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to settle within 12 months of the end of the period in which the employees render the related services are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

### *Post-employment obligations*

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered services entitling them to the contributions. Payments to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme. The Group has no further payment obligations once the contributions have been paid.

### *Share-based payments*

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market based vesting conditions. Details regarding the determination of the fair value of equity settled transactions are set out in note 20.

Where share options are awarded to employees, the fair value of the option is calculated at the date of grant and is subsequently charged to the income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Fair value is measured using an appropriate option pricing model. The expected life used in the model has been

adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Where equity instruments are granted to persons other than employees, the consolidated income statement is charged with the fair value of goods and services received.

## 24(w) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction net of tax from the proceeds.

## 24(x) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

## 24(y) Earnings per share

### *Basic earnings per share*

Basic earnings per share is calculated by dividing:

- the profit attributable to the owners of the Company, excluding any costs of servicing equity other than ordinary shares;
- by the weighted average number of ordinary shares outstanding during the financial year.

### *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

## 24(z) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand pounds sterling unless otherwise stated.

## 25. CHANGE IN ACCOUNTING POLICIES

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



# PARENT COMPANY BALANCE SHEET

	Note	31 January 2023	31 January 2022
		£'000	£'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments	2(b)	3,124	3,646
Property, plant and equipment	2(a)	3	2
Financial assets at amortised cost	1(a)	10,299	10,504
Deferred tax assets	3	1,265	1,304
<b>Total non-current assets</b>		<b>14,691</b>	<b>15,456</b>
<b>Current assets</b>			
Prepayments		14	45
Cash and cash equivalents		1,087	1,640
<b>Total current assets</b>		<b>1,101</b>	<b>1,685</b>
<b>Total assets</b>		<b>15,792</b>	<b>17,141</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	1(b)	483	364
Other tax liabilities		7	10
<b>Total current liabilities</b>		<b>490</b>	<b>374</b>
<b>Total liabilities</b>		<b>490</b>	<b>374</b>
<b>Net assets</b>		<b>15,302</b>	<b>16,767</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity shareholders</b>			
Share capital	4(a)	2,894	2,894
Share premium	4(a)	3,839	3,839
Other reserves	4(b)	2,031	1,898
Retained earnings	4(c)	6,538	8,136
<b>Total equity</b>		<b>15,302</b>	<b>16,767</b>

The accompanying notes are an integral part of these financial statements.

As permitted by Section 408 of the Companies Act 2006 no separate Parent company profit and loss account has been included in these financial statements. The Parent company loss for the period was £1,758,000 (2022: £1,186,000).

The financial statements were approved by the Board of Directors and authorised for issue on 15 May 2023.

They were signed on its behalf by:

Kristian Shaw  
Chief Financial Officer

Company Number: 5332126

## PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Other reserves	Retained earnings	Total
	£'000	£'000	£'000	£'000	£'000
<b>At 31 January 2021</b>	2,826	3,830	1,677	9,304	17,637
<b>Loss for the year</b>	-	-	-	(1,186)	(1,186)
<b>Total comprehensive loss for the year</b>	-	-	-	(1,186)	(16,451)
<b>Transactions with owners in their capacity as owners:</b>					
<b>Issue of ordinary shares as consideration for a business combination</b>	67	-	(67)	-	-
Issue of ordinary shares to option holders	1	9	(3)	3	10
Lapsed share options	-	-	(15)	15	-
Exchange differences	-	-	(4)	-	(4)
Share-based payment expense	-	-	183	-	183
Share-based payment intercompany charge to subsidiaries	-	-	127	-	127
<b>At 31 January 2022</b>	2,894	3,839	1,898	8,136	16,767
<b>Loss for the year</b>	-	-	-	(1,758)	(1,758)
<b>Total comprehensive loss for the year</b>	-	-	-	(1,758)	(1,758)
<b>Transactions with owners in their capacity as owners:</b>					
Lapsed share options	-	-	(160)	160	-
Share-based payment expense	-	-	178	-	178
Share-based payment intercompany charge to subsidiaries	-	-	115	-	115
<b>At 31 January 2023</b>	2,894	3,839	2,031	6,538	15,302

The accompanying notes are an integral part of these financial statements.

# PARENT COMPANY STATEMENT OF CASH FLOWS

	Note	Year ended 31 January 2023	Year ended 31 January 2022
		£'000	£'000
<b>Cash flows from operating activities</b>			
Cash consumed in operations	5	(615)	(2,475)
Interest paid		-	(3)
Income tax paid		-	-
<b>Net cash outflow from operating activities</b>		<b>(615)</b>	<b>(2,478)</b>
<b>Cash flows from investing activities</b>			
Payment for property, plant and equipment		(3)	-
Proceeds from disposal of subsidiary		65	327
<b>Net cash generated from investing activities</b>		<b>62</b>	<b>327</b>
<b>Cash flows from financing activities</b>			
Proceeds from issues of share capital (net of issue costs)		-	10
<b>Net cash used in financing activities</b>		<b>-</b>	<b>10</b>
Net (decrease) / increase in cash and cash equivalents		(553)	(2,141)
<b>Cash and cash equivalents at start of year</b>		<b>1,640</b>	<b>3,781</b>
<b>Cash and cash equivalents at end of year</b>		<b>1,087</b>	<b>1,640</b>

The accompanying notes are an integral part of these financial statements.

# NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

## 1. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

This note provides information about the Company's financial instruments including:

- an overview of all financial instruments held by the Company;
- specific information about each type of financial instrument;
- accounting policies;
- information about determining the fair value of the instruments including judgements and estimation uncertainty involved.

Financial assets	31 January 2023	31 January 2022
	£'000	£'000
Financial assets at amortised cost	10,299	10,504
Cash and cash equivalents	1,087	1,640
	11,386	12,144

Financial liabilities	31 January 2023	31 January 2022
	£'000	£'000
Trade and other payables	483	364
	483	364

The Company's exposure to various risks associated with the financial instruments is discussed in note 7. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

### 1(a) Financial assets at amortised cost

#### Classifications of financial assets at amortised cost

The Company classifies its financial assets at amortised cost only if both the following criteria are met:

- the asset is held within a business whose objective is to collect the contractual cash flows; and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets at amortised cost include the following debt investments:

	31 January 2023			31 January 2022		
	Current	Non-current	Total	Current	Non-current	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Loans to subsidiary	-	3,487	3,487	-	3,559	3,559
Intercompany balances	-	6,812	6,812	-	6,945	6,945
	-	10,299	10,299	-	10,504	10,504

### Loans to subsidiary

In 2018 the Company issued a loan to its subsidiary SmartSpace Software Limited. The loan is unsecured, interest free and repayable at 90 days' notice. The fair value of the loan is the amortised cost.

As management do not intend to demand repayment of the loan in the next year the loan has been classified as non-current. Further information relating to loans to related parties is set out in note 9.

Loans to subsidiaries are denominated in New Zealand dollars. As a result, the Company has an exposure to foreign currency risk when the loan is repaid.

### Intercompany balances

The intercompany balances arise from goods and services and funding provided to or from subsidiary companies, are interest free and repayable on demand. As management do not intend to demand repayment of the intercompany balance in the next year the balance has been classified as non-current. Fair value of the intercompany balances is the amortised cost.



### 1(b) Trade and other payables

	31 January 2023	31 January 2022
	£'000	£'000
<b>Current liabilities</b>		
Trade payables	93	153
Payroll liabilities	2	2
Accrued expenses	386	200
Other payables	2	9
	<b>483</b>	<b>364</b>

The carrying amounts of trade and other payables are considered to be the same as their fair values.

## 2. NON-FINANCIAL ASSETS AND LIABILITIES

This note provides information about the Company's non-financial assets and liabilities, including specific information about each type of non-financial asset and non-financial liability and information about determining the fair value of assets and liabilities including judgements and estimation uncertainty involved.

### 2(a) Property, plant and equipment

	Office equipment
	£'000
<b>At 31 January 2021</b>	
Cost or fair value	21
Accumulated depreciation	(11)
Net book amount	10
<b>Year ending 31 January 2022</b>	
Opening net book amount	10
Additions	-
Disposals	-
Depreciation charge	(8)
Closing net book amount	2
<b>At 31 January 2022</b>	
Cost or fair value	21
Accumulated depreciation	(19)
Net book amount	2
<b>Year ending 31 January 2023</b>	
Opening net book amount	2
Additions	3
Disposals	-
Depreciation charge	(2)
Closing net book amount	3
<b>At 31 January 2023</b>	
Cost or fair value	24
Accumulated depreciation	(21)
Net book amount	3

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

- Office equipment            3-4 years



**2(b) Investment in subsidiaries**

	31 January 2023	31 January 2022
	£'000	£'000
<b>Shares in group undertakings</b>		
Balance at 1 February	3,646	3,567
Equity contribution to SwipedOn Limited	90	79
Equity contribution to Anders + Kern UK Limited	91	-
Impairment of investment in Easter Road Holdings	(703)	-
Balance at 31 January	3,124	3,646

Investments in subsidiaries are recorded at cost, which is the fair value of the consideration paid. Details of subsidiary undertakings can be seen in note 16 of the Group financial statements.

**3. DEFERRED TAX****Deferred tax assets**

	31 January 2023	31 January 2022
	£'000	£'000
<b>The balance comprises temporary differences attributable to:</b>		
Tax losses	1,263	1,300
General provisions	-	2
Accelerated tax allowances	2	2
Share based payments	-	-
<b>Deferred tax assets</b>	<b>1,265</b>	<b>1,304</b>

The Company has concluded that deferred tax assets relating to carried forward tax losses will be recoverable against future earnings through the use of UK corporation tax group relief provisions.

Movements	Share based payments	General provisions	Accelerated tax allowances	Tax losses	Total
	£'000	£'000	£'000	£'000	£'000
<b>At 31 January 2021</b>	70	-	-	721	791
Charged to profit and loss	(70)	2	2	579	513
<b>At 31 January 2022</b>	-	2	2	1,300	1,304
Charged to profit and loss	-	(2)	-	(37)	(39)
<b>At 31 January 2023</b>	-	-	2	1,263	1,265

**4. EQUITY****4(a) Share capital and share premium**

	31 January 2023	31 January 2022	31 January 2023	31 January 2022
	Number	Number	£'000	£'000
<b>Allotted, called up and fully paid:</b>				
Ordinary shares of 10p each	28,941,234	28,941,234	2,894	2,894

**Movement in ordinary shares**

	Shares issued		Share capital	Share premium	Merger Reserve	Total
	Number	Price (p)	£'000	£'000	£'000	£'000
<b>At 31 January 2021</b>	28,255,823		2,826	3,830	844	7,500
Shares issued for deferred acquisition consideration	675,411	72.5	67	-	422	489
Shares issued for share option exercise	10,000	101.25	1	9	-	10
<b>At 31 January 2022</b>	28,941,234		2,894	3,839	1,266	7,999
<b>At 31 January 2023</b>	<b>28,941,234</b>		<b>2,894</b>	<b>3,839</b>	<b>1,266</b>	<b>7,999</b>

Full details of the ordinary shares including movements during the current and prior years, are included in note 10(a) to the consolidated accounts.

**4(b) Other reserves**

	Acquisition deferred consideration reserve	Merger reserve	Share option reserves	Total other reserves
	£'000	£'000	£'000	£'000
<b>At 31 January 2021</b>	490	844	344	1,678
<b>Transactions with owners in their capacity as owners:</b>				
Issue of ordinary shares as consideration for a business combination	(490)	422	-	(68)
Issue of ordinary shares to option holders	-	-	(3)	(3)
Lapsed share options	-	-	(15)	(15)
Exchange differences	-	-	(4)	(4)
Share-based payment to subsidiaries	-	-	127	127
Share-based payment expense	-	-	183	183
<b>At 31 January 2022</b>	-	1,266	632	1,898
<b>Transactions with owners in their capacity as owners:</b>				
Lapsed share options	-	-	(160)	(160)
Share-based payment to subsidiaries	-	-	115	115
Share-based payment expense	-	-	178	178
<b>At 31 January 2023</b>	-	<b>1,266</b>	<b>765</b>	<b>2,031</b>

**Nature and purpose of other reserves**

The merger reserve is used when a share issue is undertaken and merger relief is available. The conditions for merger relief are when the consideration for shares in another company includes issued shares of the acquirer and on completion of the transaction, the Company issuing the shares will have secured at least 90% equity holding in the acquiree.

The acquisition deferred consideration reserve relates to deferred share consideration for the acquisition of subsidiaries.

The share-based payments reserve is used to recognise the grant date fair value of options issued to employees but not exercised.

**4(c) Retained earnings**

The movements in retained earnings were as follows:

	31 January 2023	31 January 2022
	£'000	£'000
Balance at 1 February	8,136	9,304
Net loss for the period	(1,758)	(1,186)
Lapsed share options	160	15
Issue of ordinary shares to option holders	-	3
<b>Balance at 31 January</b>	<b>6,538</b>	<b>8,136</b>

**5. CASH FLOW INFORMATION****5(a) Cash generated from operations**

	Year ended 31 January 2023	Year ended 31 January 2022
	£'000	£'000
Loss before income tax from continuing operations	(1,718)	(1,699)
Adjustments for:		
Depreciation	2	8
Impairment of investment	703	-
Non-cash employee benefit expense – share-based payments	170	161
Credit loss	(18)	18
Gain on disposal of subsidiary	(65)	-
Equity contribution to subsidiary	(91)	-
Finance costs – net	-	3
Change in operating assets and liabilities:		
Movement in financial assets at amortised cost	-	1
Movement in other operating assets	32	(15)
Movement in trade payables	(61)	106
Movement in other operating liabilities	431	(1,058)
<b>Cash used in operations</b>	<b>(615)</b>	<b>(2,475)</b>

**5(b) Net cash reconciliation**

The Company does not have any debt therefore net cash is comprised of cash and cash equivalents only.

## 6. EMPLOYEE AND DIRECTOR INFORMATION

### 6(a) Employee and director benefits expense

	Year ended 31 January 2023	Year ended 31 January 2022
	£'000	£'000
Wages and salaries	616	657
Termination benefits	-	40
Share based payments	178	183
Social security costs	68	69
Pension costs	8	13
<b>Total remuneration</b>	<b>870</b>	<b>962</b>

### 6(b) Average number of people employed

	Year ended 31 January 2023	Year ended 31 January 2022
	No.	No.
Administration	3	3
<b>Total employees</b>	<b>3</b>	<b>3</b>

Details of directors' remuneration including the highest paid director are provided in the Directors' remuneration report on pages 26 and 27.

## 7. FINANCIAL RISK MANAGEMENT

The Company's exposure to financial risks is managed as part of the Group. Full details about how the Group's exposure to financial risks and how these risks could affect the Group's future financial performance are given in note 13 to the consolidated financial statements. Information specific to the Company is given below.

### 7(a) Credit risk

Credit risk arises from cash balances and contractual cash flows of debt investments and other receivables carried at amortised cost.

#### *Risk management*

Credit risk is managed on a Group basis. For banks and institutions only independently rated parties with a minimum rating of 'A' are accepted.

#### *Impairment of loan to subsidiary*

The loan to subsidiary is unsecured, interest free and repayable on demand after 3 months notice. The loan is denominated in New Zealand dollars and therefore subject to currency fluctuations. As the subsidiary is not expected to be able to repay on such a demand, other recovery strategies such as payment over time are considered. After taking into account these recovery strategies and possible non-recovery scenarios management have concluded the expected credit losses are not material.

#### *Balances due from related companies*

The Company provides funding to its subsidiaries through short term intercompany receivables. The loans are unsecured, interest free and repayable on demand. Where liquid assets are not immediately available to repay the full amount due, management consider other recovery strategies including payment over time through cash generated from operations. After taking into account these recovery strategies and possible non-recovery scenarios management have concluded the expected credit losses are not material.

## 7(b) Liquidity risk

Management monitors rolling forecasts of the Company's cash balance on the basis of expected cash flows.

### Maturity of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groups based on their contractual maturities.

The amounts disclosed in the tables are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.



Contractual maturity of financial liabilities At 31 January 2023	Less than 6 months	6-12 months	Total	Carrying amount
	£'000	£'000	£'000	£'000
Trade and other payables	483	-	483	483
<b>Total</b>	<b>483</b>	<b>-</b>	<b>483</b>	<b>483</b>

Contractual maturity of financial liabilities At 31 January 2022	Less than 6 months	6-12 months	Total	Carrying amount
	£'000	£'000	£'000	£'000
Trade and other payables	364	-	364	364
<b>Total</b>	<b>364</b>	<b>-</b>	<b>364</b>	<b>364</b>

## 8. CAPITAL MANAGEMENT

The capital of the Company is managed as part of the capital of the Group as a whole. Full details are contained in note 13 to the consolidated financial statements.

## 9. RELATED PARTY TRANSACTIONS

### 9(a) Outstanding balances arising from sales and purchases of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	31 January 2023	31 January 2022
	£'000	£'000
<i>Receivables</i>		
Subsidiary undertakings	6,812	6,945

**9(b) Loans to subsidiary undertaking**

	31 January 2023	
	SmartSpace Software Ltd	Total
	£'000	£'000
<i>Loan to subsidiaries</i>		
At 1 February 2021	3,816	3,816
Impact of foreign currency exchange rate movement	(257)	(257)
At 31 January 2022	3,559	3,559
Repayment	(311)	(311)
Impact of foreign currency exchange rate movement	239	239
At 31 January 2023	3,487	3,487

No loss allowance was recognised in expense.

**9(c) Terms and conditions**

The loan to SmartSpace Software Limited is unsecured and repayable at 90 days' notice and is interest free.

**9(d) Transactions with subsidiaries**

The charge to the subsidiaries for share-based payment was £115,000 (2022: £127,000).

## 10. INFORMATION INCLUDED IN THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Some of the information included in the notes to the consolidated financial statements is directly relevant to the financial statements of the Company. Please see the following:

- Note 16 - Interest in other entities
- Note 18 - Events occurring after the end of the reporting period
- Note 19(b) - Related party transactions: Key management personnel
- Note 19(c) - Related party transactions: Directors
- Note 20 - Share based payments
- Note 23 - Auditors' remuneration

## 11. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements to the extent they have not already been disclosed in the other notes above. These policies have been consistently applied to all the years presented, unless otherwise stated.

**11(a) Basis of preparation*****Compliance with IFRS***

The financial statements of SmartSpace Software Plc have been prepared in accordance with UK adopted International Accounting Standards and UK company law.

***Historical cost convention***

The financial statements have been prepared under the historical cost convention except for contingent consideration payable which is measured at fair value.



### **Standards and interpretations not yet applied by the Company**

There are no new accounting standards or interpretations that are not yet fully effective that could be expected to have a material impact on the Group.

### **Going concern**

The ability of the Parent Company to continue as a going concern is contingent upon the ongoing viability of the Group. The financial statements for the Group and the Parent Company 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, 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.

These forecasts have been stress tested to take into account varying degrees of reductions in customer purchases and subscriptions, delays in product launches and new sales wins, and extended customer payment days.

On the basis of this review, the Directors believe that the Group and the Parent Company will 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.

### **11(b) Investment in subsidiaries**

Investments in subsidiaries are held at cost less accumulated impairment losses.

### **11(c) Functional and presentation currency**

The financial statements are prepared in pounds sterling which is the Company's functional and presentation currency. All transactions undertaken by the Company are denominated in pounds sterling other than the loan to SmartSpace Software Limited which is denominated in New Zealand dollars.

### **11(d) Income tax**

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for the jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the UK. Management periodically evaluates positions taken in tax returns with respect to

situations in which applicable tax regulation is subject to interpretation. It established provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is also not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### **11(e) Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and short-term equivalents includes cash on hand, deposit held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### **11(f) Financial assets**

#### **Classification**

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss)
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded either in profit or loss or in other comprehensive income.

### **Measurement**

At initial recognition the Company measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

### **Impairment**

The Company assesses, on a forward-looking basis, the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

## **11(g) Property, plant and equipment**

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable of the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

The depreciation methods and periods used by the Company are disclosed in note 2(a).

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The carrying value is assessed annually and any impairment is charged to the income statement.

Gains or losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

An item of property or plant is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrapping of an asset is determined as the difference between sales proceeds and the carrying value of the asset and is recognised in income.

## **11(h) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other

payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured as amortised cost using the effective interest method.

## **11(i) Employment benefits**

### **Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to settle within 12 months of the end of the period in which the employees render the related services are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

### **Post-employment obligations**

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered services entitling them to the contributions. Payments to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Company's obligations under the schemes are equivalent to those arising in a defined contribution retirement benefit scheme. The Company has no further payment obligations once the contributions have been paid.

### **Share-based payments**

Equity-settled share-based payments to employees and other providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market based vesting conditions. Details regarding the determination of the fair value of equity settled transactions are set out in note 20 to the consolidated financial statements.

Where share options are awarded to employees, the fair value of the option is calculated at the date of grant and is subsequently charged to the income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at the balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Fair value is measured using an appropriate option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Where equity instruments are granted to persons other than employees, the consolidated income statement is charged with the fair value of goods and services received.

#### **11(j) Contributed equity**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction net of tax from the proceeds.

#### **11(k) Dividends**

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

#### **11(l) Rounding of amounts**

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand pounds sterling unless otherwise stated.

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### **12. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD**

See note 18 of the Group financial statements for events occurring after the end of the reporting period.

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### **13. CHANGE IN ACCOUNTING POLICIES**

There are no changes to report.









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