6 October 2020

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

SmartSpace Software Plc

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

Interim Results for the Six Months Ended 31 July 2020

SmartSpace Software plc, (AIM:SMRT) the leading provider of 'Integrated Space Management Software' for smart buildings and commercial spaces announces its unaudited interim results for the six months ended 31 July 2020.

Financial Highlights:

- Recurring revenues comprising SaaS and software maintenance revenues, increased by 39% to £1,046,000 (FY20 H1: £753,000)
- Total Group revenues from continuing operations £2.32 million up 6.5% (FY20 H1: £2.18 million)
- Gross margin on continuing operations improved from 44% to 51% - reflecting the increase in higher margin SaaS revenues
- Group Adjusted LBITDA of £0.87 million (FY20 H1: £0.83 million)
- Loss per share from continuing operations of 3.47p (FY20 H1: Loss per share 4.86p)
- Total loss per share of 3.78p (FY20 H1: loss per share 16.14p) following the disposal of the Enterprise software division
- Cash balance at the period end of £1.6 million (FY20 H1: £4.2 million) and a net cash position of £1.14 million (FY20 H1: £3.8 million)
- Following the disposal of the Enterprise software division in August 2020 the Group had cash of £5.6 million at 30 September 2020

Operational Highlights including post review period

Enterprise

- Completed the sale of the Enterprise software division to Four Winds Interactive, for an initial consideration of £4.6m, payable in cash on completion, plus a further deferred payment of £0.4m, payable upon receipt R&D tax credits

SwipedOn

- Software developed to include Covid-19 ready pre-screening and contactless entry functionality
- SwipedOn added 691 new customers and 1,029 locations which increased annual recurring revenue ("ARR") by 23% from NZ$3.64m to NZ$4.48m
- The average cost of acquiring each customer ("CAC") during the period was NZ$1,200 and with a lifetime value per customer ("LTV") of NZ$9,246 with LTV/CAC ratio around 8x

Space Connect

- Focus on development and release of its Covid-19 ready version of its mid-market SaaS workspace offering with functionality to help customers manage and implement their Covid-19 policies
- Recently announced significant reseller agreements with Softcat in the UK and ESCO in the Far East
- A further strategic partnership is signed with Evoko, the market-leading manufacturer of meeting room panels. This partnership continues to successfully move forward as Evoko gears up to release Naso to their partners globally in the Autumn 2020

Anders & Kern

- Following a significant fall in order intake through April and May as a result of the onset of Covid-19 there has been an upturn in orders as businesses reopen or prepare to reopen after lockdown
- A number of new distribution agreements including Iadea, a Taiwanese manufacturer of meeting room panels and desk presence sensors and Vergesense, a US supplier of battery-powered sensors

On outlook, Frank Beechinor, CEO of SmartSpace, commented:

"Despite the difficult economic backdrop, with the wide range of opportunities open to SmartSpace, the Board views the future with confidence. The international spread of our customer base is a strength in today's market evidenced by the fact that whilst the UK and US were challenged by Covid-19, our business in Australasia grew. Although we already have customers in 73 countries, we are eager to enter new markets with local language versions.

It is our belief that our strategy of not being overly dependent on any one geographic market, vertical market or customer will allow us to build a robust SaaS business. There are considerable opportunities for growth – increasing ARPU by upselling additional subscriptions and multiple locations and cross selling other products to those existing customers and entering new geographic markets.

The sale of our Enterprise software division means we believe we have sufficient financial resources to execute on these organic plans without further recourse to shareholders."

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

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Chief Executive's Statement

I am pleased to announce the unaudited interim results for the six months ended 31 July 2020.

2020 is proving to be a year of significant market uncertainty as a result of the Covid-19 pandemic and impact of the resulting lockdown on businesses. Against this backdrop, it is pleasing to be able to report the significant progress the Group has made towards its strategic objective of moving its software business to a pure play SaaS business both in terms of organic growth and restructuring its software activities.

SwipedOn

Initially trading in March and April 2020 was affected by the onset of Covid-19 and the global lockdown with a decline in new customer sign-ups for our SwipedOn product and an increase in customer churn as businesses adapted to the challenging economic conditions. However, it soon became clear that new requirements for businesses to put systems in place to track and record visitor data would create opportunities for SwipedOn to assist customers in fulfilling these obligations. We quickly adapted our offering by adding visitor pre-screening and contactless entry functionality and this together with other features including visitor registration, employee sign-in/out, courier management and visitor data storage are important in the context of implementing Covid-19 policies in reception areas.

As a result of our evolved product offering we are pleased to report that the rate of new customer sign ups has returned to pre-Covid-19 levels bringing the total customers to 4,372 and total locations to 6,018 at the period end, and with a significant increase in the number of customers trialling SwipedOn the business continues to experience strong sales momentum. Of SwipedOn's main geographical markets, Australia and New Zealand have seen particularly strong demand with the US and UK starting to recover as offices open up and employees return to work. Annual revenue churn of 5.14% at the end of H1 FY21 is up on 4.25% at the end of FY20 principally due to the pandemic disrupting our customers' businesses, but it is still at a relatively low level.

In the first half of FY21, SwipedOn added 691 new customers and 1,029 locations which increased annual recurring revenue ("ARR") by 23% from NZ$3.64m to NZ$4.48m. The average cost of acquiring each customer ("CAC") during the period was NZ$1,200 and with a lifetime value per customer ("LTV") of NZ$9,246 SwipedOn has a very healthy LTV/CAC ratio around 8x.

In the last twelve months ARR has grown by 74% thanks to an increase of 30% in customer numbers and a 34% increase in average revenue per user per month ("ARPU") following a managed price increase and the launch of add-on modules for deliveries, catering and SMS.

Our development effort has switched to location-based settings and other features designed to increase the product's appeal to customers with multiple locations and allow us to increase ARPU and maintain the current growth rates.

Space Connect

The focus for Space Connect has been the development and release of its Covid-19 ready version of its mid-market SaaS workspace offering with functionality to help customers manage and implement their Covid-19 policies. These features include tools to help users to enforce social distancing in offices; record and manage office sanitisation; contact tracing of employees, contractors and visitors; and enable Covid-19-specific push notifications and reminders to employees.

Space Connect will be sold globally via an indirect sales model, through distributors, partners and resellers and we have recently announced significant reseller agreements Softcat in the UK and ESCO in Singapore. Furthermore, Space Connect has also used the opportunity during lockdown to progress discussions with a number of other prospective resellers and partners in the UK, US, Australia, France, Greece, Benelux and Russia.

The other strategic partnership for Space Connect is with Evoko, the market-leading manufacturer of meeting room panels. Working with Evoko, Space Connect has created a software suite for Evoko's next generation meeting room panel, 'Naso'. This partnership continues to successfully move forward as Evoko gears up to release Naso to their partners around the world in the Autumn 2020.

Anders & Kern

As previously reported Anders & Kern saw a significant fall in order intake through April and May as a result of the onset of Covid-19. The closure of offices and other business premises together with social distancing measures meant that order fulfilment and onsite implementations were not possible during lockdown. In order to mitigate the financial impact, the company closed its Mildenhall office and furloughed 11 of its 14 staff under the Government's Coronavirus Job Retention Scheme. After an initial period of reduced order intake, we have seen an upturn in orders as businesses reopen or prepare to reopen after lockdown although it remains to be seen whether there is an impact from the new measures recently introduced by the UK Government.

During this quieter period, Anders & Kern has secured a number of new distribution agreements as it seeks to move away from selling solely audio-visual hardware products to becoming a supplier of choice for Smart Building technologies. These include agreements with Iadea, a Taiwanese manufacturer of meeting room panels and desk presence sensors and Vergesense, a US supplier of battery-powered sensors which can be easily installed by customers with no need for an extensive IT infrastructure.

Financial Results

Group revenue from continuing operations for the period was £2.32m representing an increase of 6.5% on the prior period revenues of £2.18m.

The breakdown of revenue by type is:

	Six months to 31 July 2020 Unaudited £000	**Six months to 31 July 2019 Unaudited £000**	**Year ended 31 January 2020 Audited £000**
Recurring revenue	1,046	753	1,469
Non-recurring revenue	32	6	77
Software and services	1,078	759	1,546
Hardware	1,242	1,420	3,536
Total revenue	2,320	2,179	5,082

Recurring revenue, which comprises SaaS and software maintenance revenue, have increased by 39% to £1,046,000 (H1 FY20: £753,000). At 31 July 2020 the annual run rate for recurring revenues had increased to £2.42m from £1.47m at the same time last year and £2.04m at 31 January 2020.

Hardware revenues of £1.24m (H1 FY20: £1.42) have fallen by 13%, as a result of reduced order intake following the onset of Covid-19. Since June we have seen an upturn in order intake and an increase in revenues in the second quarter, but they have not yet returned to pre-Covid levels.

The gross margin has improved from 44% to 51% reflecting the increase in higher margin SaaS revenues and we expect this improvement to continue into the second half of the year with further growth in SaaS revenues in SwipedOn and Space Connect and the launch of the Evoko Naso panels.

Administrative expenses increased by 26% from £1.9m in H1 FY20 to £2.4m in FY21. The increase comprised £0.3m for development spend on Space Connect (which was acquired in November 2019) and £0.2m increase in operating costs of SwipedOn although this was partially offset by increased other income from government grants in New Zealand which SwipedOn is entitled to receive as a technology company. Administrative expenses in Anders and Kern and the parent company were 7% and 9% lower than for the first half last year.

Group Adjusted EBITDA was a loss of £0.87m (H1 FY20: loss £0.83m) reflecting the increased revenues and gross margin offset by increased operating costs referred to above.

The loss per share from continuing operations is 3.47p (H1 FY20: Loss per share 4.86p) and the total loss per share is 3.47p (H1 FY20: loss per share 16.14p) following the disposal of the enterprise software division .

Discontinued operations

As we highlighted in the Company's FY20 annual report, the Board completed the disposal of the Group's Enterprise software division in August 2020 in order to focus its resources on growing recurring SaaS revenues from the SME market. Although the disposal took place after the period end, the decision to sell the business had been taken in H2 FY20 and accordingly the Enterprise software division has been treated as discontinued operations in the H1 FY20 and the results for both the same period last year and the full year to 31 January 2020 results have been restated to reflect this treatment. The assets of the Enterprise Software division have been in reclassified as assets held for sale in the H1 FY21 and FY20 balance sheets and the liabilities directly associated with the Enterprise software division have similarly been reclassified in the balance sheets as liabilities held for sale. At 31 January 2020 the assets of the disposal group were impaired by £2.7m reflecting the difference between the estimated sales proceeds and the carrying value of the assets of the disposal group prior to impairment. At 31 July 2020 the impairment against the assets was £1.3m compared with £2.7m at 31 January 2020.

On 13 August 2020 SmartSpace completed the sale of the entire issued share capital of SmartSpace Global Ltd and certain contracts of its US subsidiary (which together comprised the Enterprise software division) to Four Winds Interactive, for an initial consideration of £4.6m, payable in cash on completion, together with a further deferred payment of £0.4m, payable on receipt by those companies of R&D tax credits. The Enterprise software division had 38 employees and operated out of two locations. In H1 FY21 the revenues of the Enterprise software division were £0.84m (H1 FY20: £0.76m and the operating loss was £1.4m (H1 FY20: £2.86m). The revenues for the year ended 31 January 2020 were £3.3m and the operating loss of the business in that period was £5.8m. The sale and purchase agreement contains standard warranties and indemnities given by the Company for a transaction of this nature and a covenant by the Company not to compete in the enterprise meeting room and desk management software sector for a period of 3 years from completion.

Investment in Product Development

Investment in development of the Group's software for the period amounted to £1.6m (H1 FY20: £2.1 million) of which £0.6m (H1 FY20: £0.3m) relates to continuing operations and £1.0m (FY20 H1: £1.8m) relates to discontinued operations. The Group capitalised £0.5m (H1 FY20: £1.0m) of which £0.1m (H1 FY20: £nil) relates to continuing operations and £0.4m (H1 FY20: £1.0m) relates to discontinued operations. The significant increase is the additional investment in Space Connect to develop Covid-19 functionality and to establish the Evoko sales channel.

Cash flow

Cash used in operations amounted to £0.82m (H1 FY20: £2.66m) of which £0.72m was used in continuing operations and £0.1m in discontinued operations. The net cash outflow for continuing operations relates primarily to the trading loss offset by a positive contribution from working capital movements of £0.16m from the increase in SwipedOn's deferred revenue. There was net outflow in discontinued operations arising from a loss before interest, tax, depreciation and amortisation of £1.44m offset by a positive working capital inflow of £1.33m. This working capital inflow was made up mainly of the decrease in trade and other receivables of £0.65m and accrued income of £0.51m following some significant contractual payments received from enterprise software customers. The Group received a payment of £0.4m in respect of research and development tax credits for FY19. Cash outflow from investing activities during the period totalled £0.54m (H1 FY20: £1.14m million inflow) including capitalised software development of £0.53 million (H1 FY20 £1.04m).

Cash outflows from financing activities in the period amounted to £54,000 (H1 FY20: £57,000) comprising debt repayments for the mortgage on its freehold property of £12,000 and lease payments on the Group's offices (including £48,000 for leases in discontinued operations) and an interest free Covid-19 loan of £29,000 received by SwipedOn from the NZ Government.

The above cash flows resulted in a cash balance at the period end of £1.6 million (H1 FY20: £4.2 million) and a net cash position of £1.14 million (H1 FY20: £3.8 million) excluding lease liabilities under property leases which would previously have been classified at operating leases prior to the introduction of IFRS16 for accounting periods beginning on or after 1 January 2019.

Current Trading and Outlook

Whilst the coronavirus pandemic makes any assessment of the future uncertain and will inevitably continue to pose challenges for the Company's operations and those of our clients, the Board believes that it will also continue to create opportunities. We believe that the Company's product offerings will form part of the solution to help our customers stay operational and deal with the varying impacts of the virus on their staff, customers and respective work environments. Both of our software businesses have already developed and launched new functionality to address the evolving needs of businesses in the post Covid-19 world. SwipedOn now allows for contactless visitor registration and pre-screening questionnaires. Space Connect has developed and released additional functionality to help customers manage and implement their Covid-19 policies. These features include tools to help users to enforce social distancing in offices, record and manage office sanitisation, and contract tracing of employees and visitors. We expect working practices will change at a faster rate than pre Covid-19 with staff expecting to work from home more regularly, while businesses will see the productivity benefits of flexible working. This will allow workspaces to become more dynamic environments where management of space and analytical information will become key to taking advantage of the reduced overhead available through these changes. Ensuring Space Connect offers features to help companies implement and manage Covid-19 policy through integrations with remote working tools including Microsoft Teams and Zoom, will help make that our offering is a 'must have' rather than a 'nice to have'.

New sales channels for Space Connect are expected to contribute to revenues in the next financial year. The Group's first white label version of its software will soon be sold through a strategic partner, Evoko. Further distribution channels are being established to sell our software to customers internationally. Post period end we announced that we had signed a distribution agreement with Esco, headquartered in Singapore and operating across the Far East with offices in The Philippines, Vietnam and Taiwan.

SwipedOn has grown at a consistent rate since it was acquired in October 2018 and is now cash generative. We continue to invest in customer acquisition to accelerate the growth of SwipedOn and therefore cement its place in the market. Continuous improvements to the product through add-on modules enable revenue per user to be increased at a low cost. At the point of acquisition, the largest single SwipedOn customer had 45 locations, today our largest customer has over 150 locations. We aim to further increase the number and size of these multilocation customers through further enhancing the functionality within the software and targeted sales and marketing activity. SwipedOn is well established in the major English-speaking markets of the US, UK, Canada, New Zealand and Australia and there is extensive growth potential in non-English speaking markets. We will continue to invest in our platform to ensure it is ready for this expansion.

The growth in SwipedOn customers has continued into FY21 despite the impact of the pandemic. The company had 4,471 customers and 6,242 locations at the end of August 2020 which represents growth of 15% and 18% respectively in the year to date. This is despite an expected increase in churn as a result of Covid-19. Monthly ARPU has increased by 12% to NZ$87 and

ARR has grown from NZ$3.6m to $NZ4.7m. When the pandemic first hit, we reduced marketing spend at SwipedOn which meant that the business was cash generative during the H1 FY21 period.

To ensure that SmartSpace is well positioned to take advantages of new market opportunities, the Company has established new distribution agreements with channel partners and strategic partnerships with industry participants. On 31 July 2020, we announced that Space Connect had signed a new distribution agreement with Softcat, a major UK-based software integrator which has already started to generate new sales for the Company.

Continuing operations within Anders & Kern throughout the coronavirus lockdown has been challenging due to the requirement to be on site to carry out hardware installation. However, we took steps to reduce the operating costs of the business during the lockdown through the Government's job retention scheme with the majority of staff put on furloughed leave until our customers reopened and order intake increased. As we moved through the summer activity has increased further and assuming there are no further nationwide lockdowns, we expect this momentum to continue. Our intention is to reposition A&K away from its traditional offering for mainly audio-visual hardware to providing a 'one-stop shop' for digital workplace solutions, including space management software and hardware such as temperature readers for the workplace. We used the time during the lockdown to sign distribution agreements with new suppliers of this smart workplace technology. Where possible we try to supply products that integrate with Space Connect and the A&K network of over 200 resellers will be an important route to market for Space Connect. During this period, we have also evolved the customer support team at A&K to support SwipedOn customers. It is also our intention that this team will also start to provide technical support for Space Connect for hardware which integrates with SmartSpace's software solutions. We intend to focus on becoming a specialist supplier of Smart Building technologies offering both hardware and software solutions.

Following the sale of the Enterprise software division in August 2020, the fixed costs of the Group have reduced considerably, and the Company has additional funds to grow its SaaS business. SwipedOn is already generating cash for the Group and the Board expects Space Connect to become cash generative once sales from our partnership with Evoko and partners such as Softcat start to flow.

Despite the difficult economic backdrop, with the wide range of opportunities open to SmartSpace, the Board views the future with confidence. The international spread of our customer base is a strength in today's market evidenced by the fact that whilst our UK and US were challenged by Covid-19 our business in Australasia grew. Although we already have customers in 73 countries, we are eager to enter new markets with local language versions.

We completed this period amidst a difficult market backdrop brought about by Covid-19. We have weathered the economic storm by taking steps to reduce our cost base which helped us minimise the financial impact of Covid-19. Exiting the enterprise software market means that we can now channel our efforts into scaling a focused SaaS business, offering only Cloud solutions. The self-configuration capability of our software and working through partners means we no longer have to make the significant investment in implementation consultancy. We will continue to focus on reducing our fixed costs and a key part of this strategy will be to concentrate our software development activity in New Zealand. Our indirect route to market for Space Connect, working through partners around the globe, does not require the considerable investment of a direct sales model.

It is our belief that our strategy of not being overly dependent on any one geographic market, vertical market or customer will allow us to build a robust SaaS business. There are considerable opportunities for growth – increasing ARPU by upselling additional subscriptions and multiple locations and cross selling other products to those existing customers and entering new geographic markets.

The sale of our Enterprise software division means we believe we have sufficient financial resources to execute on these plans without further recourse to shareholders.

Frank Beechinor
Chief Executive
5 October 2019

Consolidated Income Statement
For the six months ended 31 July 2020

	Note	Six months to 31 July 2020 Unaudited £000	Six months to 31 July 2019 Unaudited £000	Year ended 31 January 2020 Audited £000
Continuing operations				
Revenue from contracts with customers	4	2,320	2,179	5,082
Costs of sale of goods		(999)	(1,170)	(2,743)
Cost of providing services		(140)	(42)	(271)
Gross profit		1,181	967	2,068
Administrative expenses		(2,407)	(1,910)	(4,307)
Net impairment losses on financial and contract assets		(4)	(176)	(205)
Other income		152	24	79
Operating loss		(1,078)	(1,095)	(2,365)
Adjusted LBITDA *		(873)	(829)	(1,672)
Reorganisation and transactional items		-	-	(199)
Depreciation		(48)	(31)	(79)
Amortisation		(97)	(47)	(122)
Impairment of financial assets		(4)	(176)	(205)
Share based payments charge		(56)	(12)	(88)
Operating loss		(1,078)	(1,095)	(2,365)
Finance income		1	5	11
Finance costs		(13)	(8)	(23)
Loss before tax		(1,090)	(1,098)	(2,377)
Taxation		111	21	468
Loss for the period after tax		(979)	(1,077)	(1,909)
Loss for the period from discontinued operations		-	(2,498)	(7,973)
Loss for the period		(979)	(3,575)	(9,882)
Other comprehensive income				
Exchange differences on translation of foreign operations		387	100	(576)
Total comprehensive loss		(592)	(3,475)	(10,458)
Basic loss per share				
Continuing operations		(3.47p)	(4.86p)	(8.05p)
Discontinued operations		0.00p	(11.28p)	(33.65p)
Total		(3.47p)	(16.14p)	(41.70p)
Diluted loss per share				
Continuing operations		(3.47p)	(4.86p)	(8.05p)
Discontinued operations		0.00p	(11.28p)	(33.65p)
Total		(3.47p)	(16.14p)	(41.70p)

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

Consolidated Balance Sheet
As at 31 July 2020

	Note	31 July 2020 Unaudited £000	31 July 2019 Unaudited £000	31 January 2020 Audited £000
ASSETS				
Non-current assets				
Property, plant and equipment		683	806	693
Right-of-use assets		146	1,097	164
Intangible assets		10,990	11,848	10,508
Deferred tax assets		949	1,115	848
Contract assets		-	1,696	-
Total non-current assets		**12,768**	**16,562**	**12,213**
Current assets				
Inventories		235	142	345
Contract assets		22	633	31
Trade and other receivables		526	629	475
Other financial assets at amortised cost		168	1,413	116
Current tax receivable		-	-	33
Prepayments		89	276	67
Cash and cash equivalents		1,562	4,208	2,587
		2,602	**7,301**	**3,654**
Assets classified as held for sale		**7,351**	**-**	**6,480**
Total current assets		**9,953**	**7,301**	**10,134**
Total assets		**22,721**	**23,863**	**22,347**
LIABILITIES				
Non-current liabilities				
Borrowings		-	390	-
Lease liabilities		113	949	133
Total non-current liabilities		**113**	**1,339**	**133**
Current liabilities				
Trade and other payables		1,230	1,582	1,233
Contract liabilities		800	856	641
Borrowings		419	24	401
Lease liabilities		49	100	46
		2,498	**2,562**	**2,321**
Liabilities directly associated with assets classified as held for sale		**2,851**	**-**	**2,113**
Total current liabilities		**5,349**	**2,562**	**4,434**
Total liabilities		**5,462**	**3,901**	**4,567**
NET ASSETS		**17,259**	**19,962**	**17,780**
EQUITY AND LIABILITIES				
Capital and reserves attributable to equity shareholders				
Share capital		2,826	2,216	2,826
Share premium		3,830	1,058	3,830
Other reserves		(2,374)	(3,575)	(2,832)
Retained earnings		12,977	20,263	13,956
Total equity		**17,259**	**19,962**	**17,780**

Consolidated Statement of Cash Flows
For the six months ended 31 July 2020

	Note	Six months to 31 July 2020 Unaudited £000	Six months to 31 July 2019 Unaudited £000	Year ended 31 January 2020 Audited £000
Cash from operating activities				
Cash generated from operations	6	(824)	(2,658)	(5,899)
Interest received		20	30	61
Interest paid		(28)	(27)	(76)
Income taxes refunded		399	-	138
Net cash outflow from operating activities		**(433)**	**(2,655)**	(5,776)
Cash flows from investing activities				
Payments for the acquisition of subsidiary		-	-	(1,589)
Payments for property, plant and equipment		(15)	(100)	(280)
Payment of software development costs		(529)	(1,041)	(1,688)
Proceeds from disposal of subsidiary		-	-	750
Net cash from investing activities		**(544)**	**(1,141)**	(2,807)
Cash flows from financing activities				
Proceeds from issue of share capital		-	-	3,247
Proceeds from borrowings		29	-	-
Repayment of borrowings		(12)	(12)	(25)
Payment of lease liabilities		(71)	(45)	(85)
Net cashflow from financing activities		**(54)**	**(57)**	3,137
Net change in cash and cash equivalents		**(1,031)**	**(3,853)**	**5,446**
Cash and cash equivalents the beginning of the period		2,587	8,053	8,053
Effects of foreign exchange rate changes		6	8	(20)
Cash and cash equivalents at end of period		**1,562**	**4,208**	**2,587**

Consolidated Statement of Changes in Equity
For the six months ended 31 July 2020

Unaudited	Share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total £000
At 1 February 2020	**2,826**	**3,830**	**(2,832)**	**13,956**	**17,780**
Loss for the period	-	-	-	(979)	(979)
Other comprehensive income for the period	-	-	387	-	387
Total comprehensive income/(loss) for the period	**-**	**-**	**387**	**(979)**	**(592)**
Share based payment charge – continuing operations	-	-	56	-	56
Share based payment charge – discontinued operations	-	-	15	-	15
At 31 July 2020	**2,826**	**3,830**	**(2,374)**	**12,977**	**17,259**

Unaudited	Share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total £000
At 1 February 2019	**2,216**	**1,058**	**(3,702)**	**23,838**	**23,410**
Loss for the period	-	-	-	(3,575)	(3,575)
Other comprehensive income for the period	-	-	100	-	100
Total comprehensive income/(loss) for the period	**-**	**-**	**100**	**(3,575)**	**(3,475)**
Share based payment charge	-	-	27	-	27
At 31 July 2019	**2,216**	**1,058**	**(3,575)**	**20,263**	**19,962**

Audited	Share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total £000
At 1 February 2019	**2,216**	**1,058**	**(3,702)**	**23,838**	**23,410**
Loss for the period	-	-	-	(9,882)	(9,882)
Other comprehensive income for the period	-	-	(576)	-	(576)
Total comprehensive loss for the period	-	-	**(576)**	**(9,882)**	**(10,458)**
Issue of ordinary shares as consideration for a business combination	135	-	844	-	979
Issue of ordinary shares for cash consideration	475	2,967	-	-	3,442
Share issue costs	-	(195)	-	-	(195)
Acquisition deferred share issue consideration	-	-	489	-	489
Share based payment charge – continuing operations	-	-	88	-	88
Share based payment charge – discontinued operations	-	-	25	-	24
At 31 January 2020	**2,826**	**3,830**	**(2,832)**	**13,956**	**17,780**

Notes to the Interim Financial Statements

1. Basis of Preparation

The unaudited interim report for the six months to 31 July 2020 does not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006. The comparative figures for the year ended 31 January 2020 are extracted from the statutory financial statements which have been reported on by the Company's auditor, RSM UK Audit LLP. The report of the auditor on those accounts was unqualified and did not contain statements under Section 498 to 502 of the Companies Act 2006.

The consolidated interim financial information has been prepared in accordance with International Financial Reporting Standards and on the historical cost basis and using generally recognised accounting principles consistent with those used in the annual report and accounts for the year ended 31 January 2020 and expected to be used for the year ending 31 January 2021.

This interim report for the six months to 31 July 2020, which complies with IAS 34 'Interim Financial Reporting', was approved by the Board on 5 October 2020.

Hard copies of the interim report are available from the Company at its registered office at Norderstedt House James Carter Road, Mildenhall, Bury St. Edmunds, England, IP28 7RQ. This interim report will also be made available on the Company's website, www.smartspaceplc.com.

2. Significant Accounting Policies

The accounting policies and methods of computation applied in this interim report are consistent with those of the annual financial statements for the year ended 31 January 2020, as described in those annual financial statements.

3. Segmental Analysis

Six months ended 31 July 2020

	Space Connect Unaudited £000	SwipedOn Unaudited £000	Anders & Kern Unaudited £000	Central costs Unaudited £000	Total Unaudited £000
Revenue from contracts with customers	53	951	1,316	-	2,320
Costs of sale of goods	1	(14)	(986)	-	(999)
Cost of providing services	-	(102)	(38)	-	(140)
Gross profit	**54**	**835**	**292**	**-**	**1,181**
Administrative expenses	(426)	(1,046)	(322)	(613)	(2,407)
Net impairment losses on financial and contract assets	-	(4)	-	-	(4)
Other income	-	152	-	-	152
Operating loss	**(372)**	**(63)**	**(30)**	**(613)**	**(1,078)**
Adjusted (LBITDA)/EBITDA*	**(324)**	**11**	**(24)**	**(557)**	**(873)**
Depreciation	(1)	(30)	(12)	(5)	(48)
Amortisation	(47)	(39)	(11)	-	(97)
Impairment of financial asset	-	(4)	-	-	(4)
Share based payments charge	-	-	(5)	(51)	(56)
Operating loss	**(372)**	**(63)**	**(30)**	**(613)**	**(1,078)**
Finance income	-	-	-	1	1
Finance costs	-	(6)	(6)	(1)	(13)
Loss profit before tax	**(372)**	**(68)**	**(37)**	**(613)**	**(1,090)**

Six months ended 31 July 2019

	SwipedOn Unaudited £000	Anders & Kern Unaudited £000	Central costs Unaudited £000	Total Unaudited £000
Revenue from contracts with customers	592	1,587	-	2,179
Costs of sale of goods	(45)	(1,125)	-	(1,170)
Cost of providing services	(42)	-	-	(42)
Gross profit	505	462	-	**967**
Administrative expenses	(895)	(344)	(671)	(1,910)
Net impairment losses on financial and contract assets	-	-	(176)	(176)
Other income	24	-	-	24
Operating (loss)/profit	(366)	118	(847)	**(1,095)**
Adjusted (LBITDA)/EBITDA*	**(315)**	**146**	**(660)**	**(829)**
Depreciation	(14)	(12)	(5)	(31)
Amortisation	(37)	(10)	-	(47)
Impairment of financial asset	-	-	(176)	(176)
Share based payments charge	-	(6)	(6)	(12)
Operating (loss)/ profit	**(366)**	**118**	**(847)**	**(1,095)**
Finance income	1	-	4	5
Finance costs	(1)	(7)	-	(8)
(Loss)/profit before tax	(366)	111	(843)	**(1,098)**

Year ended 31 January 2020

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

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

4. Revenue

Six months ended 31 July 2020

	Space Connect Unaudited £000	SwipedOn Unaudited £000	Anders & Kern Unaudited £000	Total Unaudited £000
Segment revenue	53	951	1,316	2,320
Timing of revenue:				
At a point in time	8	25	1,241	1,274
Over time	45	926	75	1,046
Total	53	951	1,316	2,320

Six months ended 31 July 2019

	Space Connect Unaudited £000	SwipedOn Unaudited £000	Anders & Kern Unaudited £000	Total Unaudited £000
Segment revenue	-	592	1,587	2,179
Timing of revenue:				
At a point in time	-	6	1,420	1,426
Over time	-	586	167	753
Total	**-**	**592**	**1,587**	2,179

Year ended 31 January 2020

	Space Connect Audited £000	SwipedOn Audited £000	Anders & Kern Audited £000	Total Audited £000
Segment revenue	39	1,358	3,685	5,082
Timing of revenue:				
At a point in time	23	54	3,536	3,613
Over time	16	1,304	149	1,469
Total	39	1,358	3,685	5,082

5. Discontinued operations

5(a) Description

In January 2020, the Board resolved to initiate a process to dispose of the Group's investment in SmartSpace Global Limited ("SSG disposal group". A buyer was identified, and the disposal completed on 13 August 2020. The financial performance of the SSG disposal group is therefore reported in discontinued activities for the current and prior period. Assets and directly associate liabilities of the SSG disposal group are included within assets held for sale at the current balance sheet date and the end of the last financial year only.

5(b) Financial performance

The financial performance and cash flow information relating to the SSG disposal group are presented below.

	Six months to 31 July 2020 Unaudited £000	Six months to 31 July 2019 Unaudited £000	Year ended 31 January 2020 Audited £000
Revenue	**835**	775	2,183
Expenses	**(2,243)**	(3,635)	(7,942)
Loss before impairment	**(1,408)**	(2,860)	(5,759)
Impairment of assets in disposal group	**1,408**	-	(2,669)
Loss before tax	**-**	(2,860)	(8,428)
Income tax expense	**-**	361	455
Loss after income tax of discontinued operations	**-**	(2,499)	(7,973)

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

	31 July 2020 Unaudited £000	31 July 2019 Unaudited £000	31 January 2020 Audited £000
Assets classified as held for sale			
Property, plant and equipment	**229**	-	236
Right-of-use assets	**801**	-	801
Intangible assets	**3,187**	-	1,413
Contract assets	**1,713**	-	2,134
Trade and other receivables	**410**	-	880
Other financial assets at amortised cost	**446**	-	821
Prepayments	**565**	-	195
Total assets of disposal group held for sale	**7,351**	-	6,480
Liabilities directly associated with assets classified as held for sale			
Lease liabilities	**(764)**	-	(812)
Trade and other payables	**(864)**	-	(304)
Contract liabilities	**(1,223)**	-	(997)
Total liabilities of disposal group held for sale	**(2,851)**	-	(2,113)
Net assets of disposal group	**4,500**	-	4,367

The carrying amount of assets classified as held for sale has been impaired to fair value less cost to sell as measured with information available at 31 July 2020. This measurement takes into account expectations of management from reasonably advanced discussions with potential buyers of the disposal group. Costs of disposal have been estimated to include forecast costs which will be incurred to ensure the business remains in a viable position to be disposed and directly associated costs of disposal such as legal expenses and staff incentives. The reversal of impairment recorded against intangible assets within the disposal group amounts to £1,478,000. As part of the disposal process, loans of £11.6.m made by the parent company to the SSG disposal group to fund historic trading losses and investment in development were waived and are not included in the liabilities of the disposal group but are eliminated on consolidation.

6. Loss earnings per share

	Six months ended 31 July 2020 Unaudited £000	Six months ended 31 July 2019 Unaudited £000	Year ended 31 January 2020 Audited £000
Loss attributable to ordinary equity holders of the Company			
From continuing operations	(979)	(1,077)	(1,909)
From discontinued operations	-	(2,498)	(7,973)
Total	**(979)**	**(3,575)**	**(9,882)**
	Number	**Number**	**Number**
Weighted average number of shares used as denominator in calculating earnings per share	28,255,823	22,157,413	23,694,546
Adjustment for calculation of diluted earnings per share	-	-	-
Weighted average number of shares used as denominator in calculating diluted earnings per share	28,255,823	22,157,413	23,694,546
	Pence	**Pence**	**Pence**
Basic loss per share:			
From continuing operations	(3.47p)	(4.86p)	(8.05p)
From discontinued operations	0.00p	(11.28p)	(33.65p)
Total	(3.47p)	(16.14p)	(41.70p)
Diluted loss per share:			
From continuing operations	(3.47p)	(4.86p)	(8.05p)
From discontinued operations	0.00p	(11.28p)	(33.65p)
Total	(3.47p)	(16.14p)	(41.70p)

7. Cash flow information

	Six months to 31 July 2020 Unaudited £000	Six months to 31 July 2019 Unaudited £000	Year ended 31 January 2020 Audited £000
Loss before income tax from continuing operations	**(1,090)**	**(1,098)**	**(2,377)**
Adjustments for:			
Depreciation and amortisation	145	78	201
Non-cash employee benefit expense	56	27	88
Net gain on sale of non-current assets	-	1	1
Finance costs – net	12	4	12
Credit losses	3	-	205
Net exchange differences	(5)	(12)	(1)
Change in operating assets and liabilities of continuing operations			
Movement in trade and other receivables	(76)	453	98
Movement in accrued income	10	2	(30)
Movement in inventories	110	222	19
Movement in prepayments	(21)	(103)	(15)
Movement in trade creditors	(206)	(226)	72
Movement in other creditors	201	(289)	(208)
Movement in deferred income	137	(98)	91
Movement in other provisions	-	(5)	(5)
Cash generated from continuing operations	**(724)**	**(1,044)**	**(1,849)**
Loss before income tax from discontinued operations	-	(2,860)	(8,429)
Adjustments for:			
Depreciation and amortisation	-	571	1,157
Impairment of intangible assets	(1,408)	-	2,669
Non-cash employee benefit expense	16	-	25
Finance costs – net	(4)	(6)	2
Credit losses	(46)	-	31
Loss on sale of non-current assets	9	3	7
Net exchange differences	1	(16)	(23)
Change in operating assets and liabilities of discontinued operations			
Movement in trade and other receivables	647	1,056	479
Movement in accrued income	512	(90)	97
Movement in prepayments	(368)	(65)	(139)
Movement in trade creditors	166	236	(113)
Movement in other creditors	149	(616)	(629)
Movement in deferred income	226	173	816
Cash generated from discontinued operations	**(100)**	**(1,614)**	**(4,050)**
Cash used in operations	**(824)**	**(2,658)**	**(5,899)**

8. Subsequent events

On 13 August 2020, the Group completed the disposal of its investment in SmartSpace Global Limited and certain contracts of its US subsidiary for cash consideration of £4.6m and deferred consideration of £0.4m. The decision to commence a disposal process for this business was made before 31 January 2020 and therefore the assets and directly associated liabilities of this business have been included within assets held for sale and financial performance included within discontinued activities for the periods ending 31 January 2020 and 31 July 2020.

The sale of SmartSpace Global provides additional working capital to be used to fund the growth of the Group's remaining divisions.