



13 August 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" or the "Company" or the "Group")

**Sale of Enterprise Software Business**

SmartSpace Software plc, (AIM:SMRT) the leading provider of 'Integrated Space Management Software' for smart buildings and commercial spaces, is pleased to announce that it has completed the sale of its Enterprise software business ("Enterprise") to Four Winds Interactive UK Limited, a subsidiary of Four Winds Interactive.

The Company has received an aggregate cash consideration of £4.6m, subject to adjustment following completion based on actual net current assets and its cash and indebtedness position, at completion. A further £0.4m is deferred pending the receipt of a refund of corporation tax in respect of R&D tax credits for the financial year ended 31 January 2020.

**Background to the sale**

Following a review last year, the Board decided that the nature of an enterprise software business with the challenges it faces did not fit with the Company's strategy to focus on the small to mid-market, as demonstrated by the growth rate of SwipedOn and Space Connect operations.

The Board believes that the capital employed in the enterprise software business would be better invested in creating value for shareholders through investing in growth of the Group's other businesses. SwipedOn is starting to generate cash for the Group. For Space Connect, the imminent launch of the new generation of the Evoko panels together with the growing network of indirect channel partners, as highlighted with the recent distribution agreement with Softcat, will also allow that business to become cash generative.

**Terms of the sale**

On 13 August 2020 SmartSpace entered into and completed a sale and purchase agreement, to sell the entire issued share capital of SmartSpace Global Ltd and certain contracts of its US subsidiary, SmartSpace USA Inc., for an estimated consideration of £4.6m, payable in cash on completion, together with a further deferred payment of £0.4m, payable on receipt of corporation tax R&D tax credits. The business sold, develops and sells 'Workplace', the Group's Enterprise platform and has 38 employees. Its revenues for the year ended 31 January 2019 were £3.3m and the loss of the business in that period was £1.3m. At the date of sale, the unaudited proforma net assets being disposed after adjusting for intercompany funding of are approximately £5.1m. The sale and purchase agreement contains warranties and indemnities by the Company usual for a transaction of this nature and a covenant by the Company not to compete in the meeting room and desk management enterprise software sector for a period of 3 years from completion.

## **Future of the group post sale**

This sale is an important milestone in the SmartSpace journey, accelerating the growth of its SaaS business through sales into the SME and mid-market.

Following the sale, there will be three operating companies in the Group:

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

The fixed costs of the Group will reduce considerably following the sale. The Group headcount will decrease from 93 to 55 and the number of offices has decreased from four in the UK in January to one, with the Group now located in Mildenhall in Suffolk, which is owned by Anders & Kern.

The Company will now focus on customers with up to 1,500 employees per location with faster implementation times, and, ideally, where customers self-configure their software. With a reduced dependency on providing implementation consultancy and hardware deployment, The Group's software offerings, Space Connect and SwipedOn, will not be offered on a license and will only be sold as a SaaS offering. Moving away from licence deals and on-premise installations will also help improve predictability of forward revenue. With a significantly reduced fixed cost base and strengthened balance sheet, the Group is well positioned to exploit the opportunities the management believe exists for its SaaS products.

Following the sale, the Company will have approximately £5.7m of cash, after transaction expenses. The net proceeds from this sale will provide the management team with the financial resources to accelerate the growth of Space Connect and SwipedOn, targeting multi-location deals, expanding revenue across the existing base and entering new markets.

SwipedOn is an illustration of the potential for the Group. In the recent trading update, it was reported that, at 30 June 2020, SwipedOn was in use at 5,800 locations globally and had an annual recurring revenue ("ARR") of NZ\$4.3m. SwipedOn has continued this strong momentum and at 31 July 2020, had added a further 263 locations, taking total locations to 6,018. In that same month, ARR has increased from NZ\$4.3 to NZ\$4.5m. In the meantime, Space Connect has added its first new customers under the recently announced Softcat reseller agreement and continued to expand its customer base in Australia.

### **Commenting on the announcement, Frank Beechinor, Chief Executive Officer of SmartSpace said:**

*"This transaction gives us the opportunity to exit the enterprise software market and the proceeds from the sale will strengthen our balance and will ensure we have the firepower to fully exploit the significant opportunity that exists for our products in the small to mid-market.*

*A base of over 6,000 locations across multiple geographies means we will not be overly dependent on any one customer or group of customers and gives a great platform to build a global SaaS business in the workplace technology market.*

*We are delighted to enter into this transaction with Four Winds and we will continue to work in partnership with them beyond this deal".*

End

## Enquiries

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## About SmartSpace Software Plc

SmartSpace Software plc is a SaaS-based technology business, designing and building smart software solutions. The Company's software solutions help transform employee engagement with modules which include visitor management, desk management, meeting room management and analytics. For more information go to:

[www.smartspaceplc.com](http://www.smartspaceplc.com)

## About Four Winds Interactive

Founded in 2005, FWI is the leading enterprise software company for digital signage, interactive kiosk, and mobile applications used to digitally transform customer and employee experiences. Over 5,000 customers rely on FWI to power applications used by millions of people per year including retail marketing, employee communications, room and desk management, conference and event management, flight information displays, campus communications, emergency messaging and more. FWI's cloud-based software platform is recognized by industry analysts for its flexibility, scalability, and ease of use. FWI is headquartered in Denver, Colorado. For more information, visit

[www.fourwindsinteractive.com](http://www.fourwindsinteractive.com)