



Results Presentation

for the year ended July 2023

Mark Furness

Chief Executive Officer & Founder

Sarah Harvey

Chief Financial Officer

Our business

Our software and technology provides the foundation from which large landlords and flex workspace providers can deliver seamless, connected, in-building and cross-portfolio digital experiences.

Our mission critical software automates the control and management of in-building digital services, delivering streamlined tenant on-boarding, simplified management of network services, booking and billing tools and deep insight.

The future of work is flexible...

Our vision is to power the world's largest community of flexible, tech driven spaces.

Helping our customers deliver digitally enabled buildings and spaces since 2006

bruntwood 

CBRE

Blackstone


LANDMARK

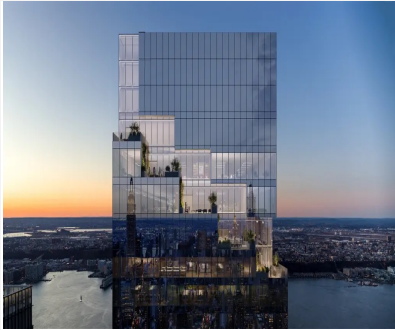

INDUSTRIOUS

 JLL

Hines


TISHMAN SPEYER

Strategic progress



Accelerated path to profitability and cash generation

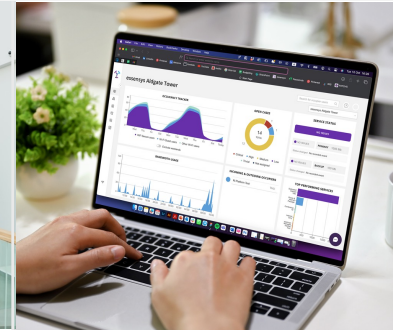


Strategic customer focus delivering results and driving efficiencies



Improving

- Customer mix
- Revenue mix
- Product mix



Delivered major product upgrades following accelerated investment program



Market evolution continues as hybrid embeds and real-estate providers respond to occupier demands



Headwinds

- Macro-economic uncertainty
- Capital constraints across sector
- Elongated sales cycles
- Long-tail legacy customers

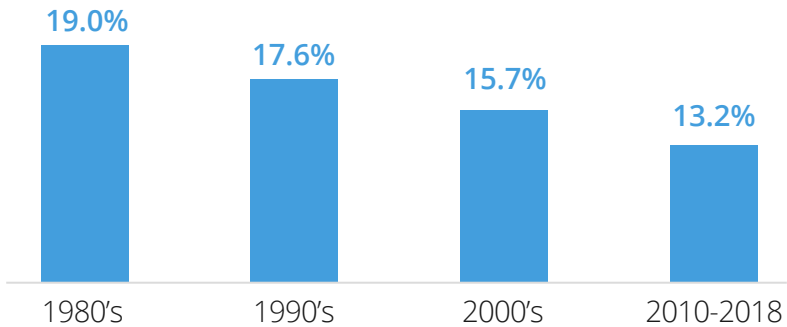
Market opportunity continues to evolve

Flight to quality accelerating : Office market bifurcating

☆ Higher quality product outperforms market

⌋ Vacancies lower
Rents higher

Vacancy rate by vintage (year built / last renovation)

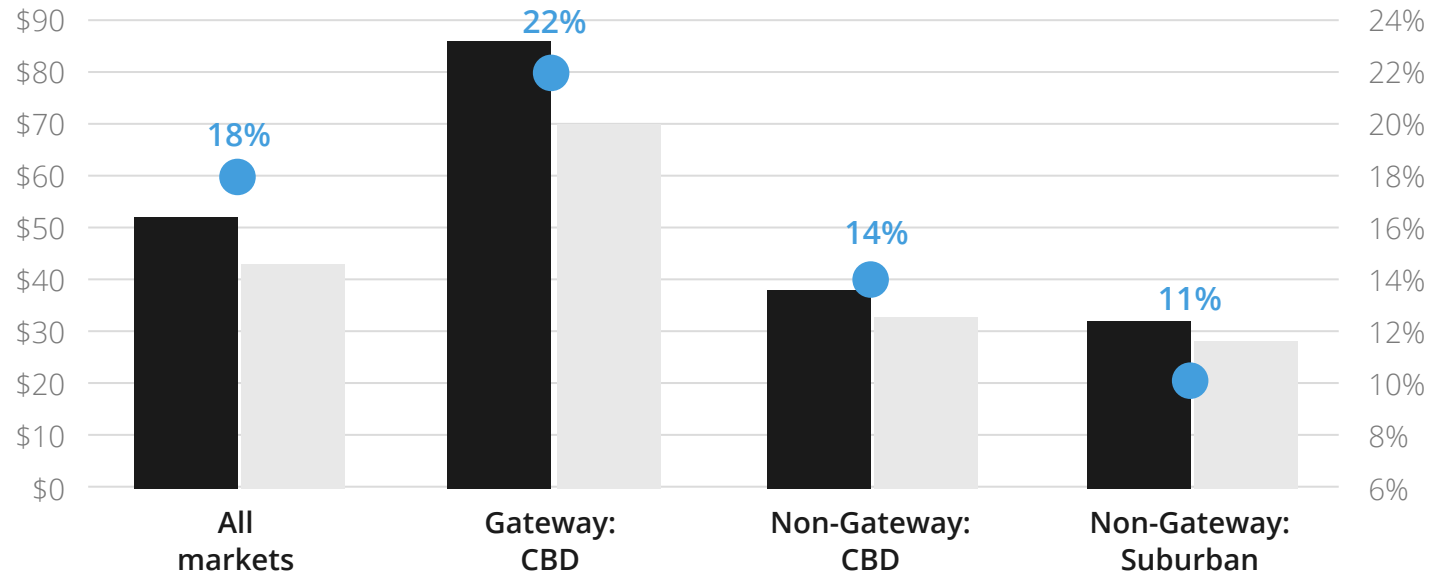


Source: Cushman & Wakefield Research

Highly amenitised buildings outperform

Average rent for highly amenitised building set vs. submarkets

■ Highly amenitised buildings
■ Submarket
■ Gap (%)



Source: Cushman & Wakefield Research; CoStar Group

Landlords increasingly motivated to meet occupier demand



Middlecap – Southworks, UK

Economic drivers becoming clear

OVER 50% OF OCCUPIERS WANT LANDLORDS TO BUNDLE ACCESS TO SHARED BUILDING SERVICES, AMENITIES AND/OR FLEX SPACES INTO LEASE

CBRE spring 2023 U.S. Office occupier sentiment survey

Most desirable building amenities for occupiers

Shared meeting spaces

47%

Building amenity spaces

29%

Touchless technologies

13%

Flexible space options

24%

Connected technologies / apps

13%

2023 CBRE global occupier survey

Delivering this is challenging

Physical experience



Shared meeting spaces



Building amenity spaces



Flexible space options



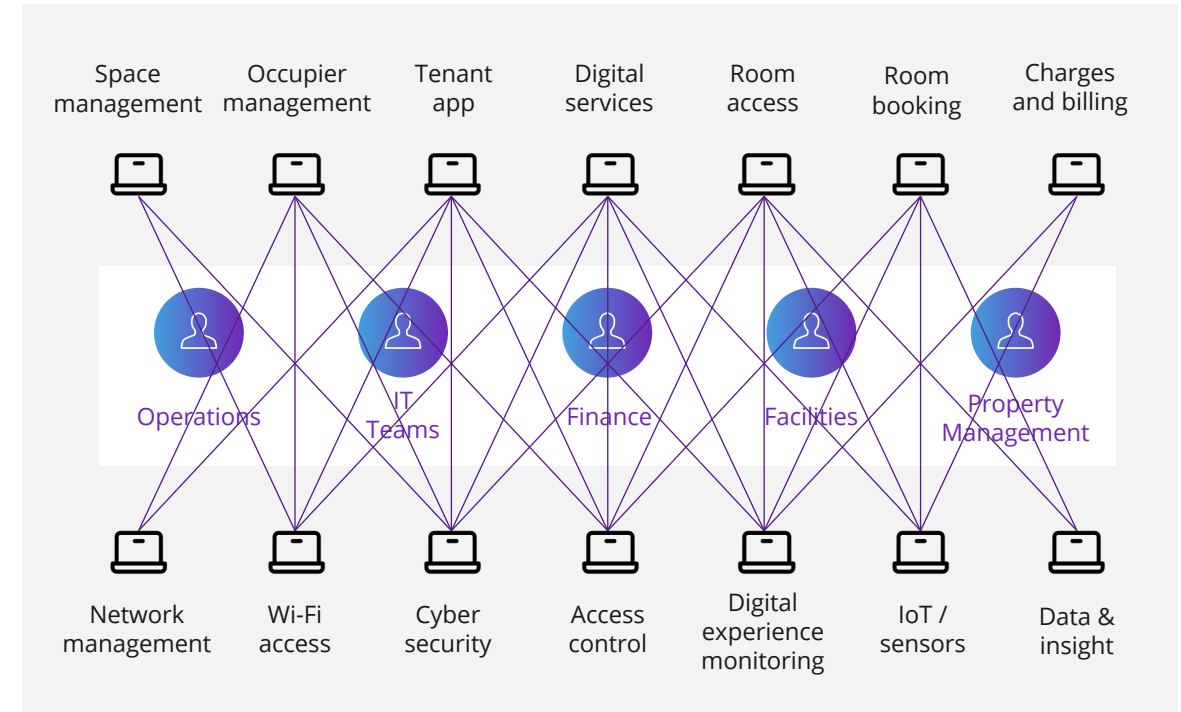
Touchless technologies



Connected technologies / apps



Managing this can be **inefficient and costly**



Poor occupier experience

Monolithic systems

Low resolution data delivers limited insight

Error prone

Security and cyber risks

Expensive

Improving the occupier experience

Physical Experience



Digital Experience



Tishman Speyer - The Spiral, NYC

Shared meeting spaces



Building amenity spaces



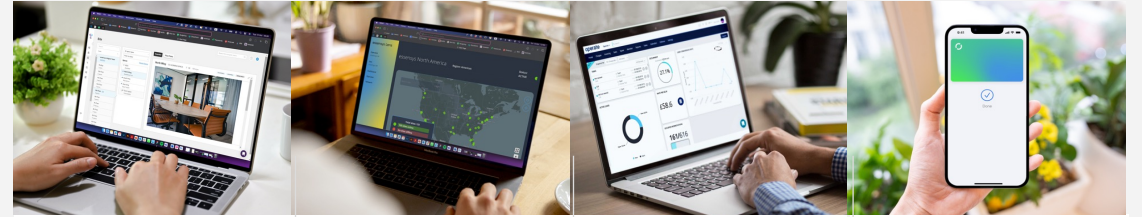
Flexible space options



Touchless technologies



Connected technologies
/ apps



essensys Platform

Manage
occupiers,
spaces &
services
across whole
portfolios

essensys Cloud

Smarter
connectivity
for smarter
buildings

operate





Manage
complex
licensing,
contracts &
invoicing

Smart access

Dynamic
access
control
designed for
the future of
hybrid real
estate

Fully integrated suite for
Operations – IT – Finance - Facilities

Long-term structural market drivers

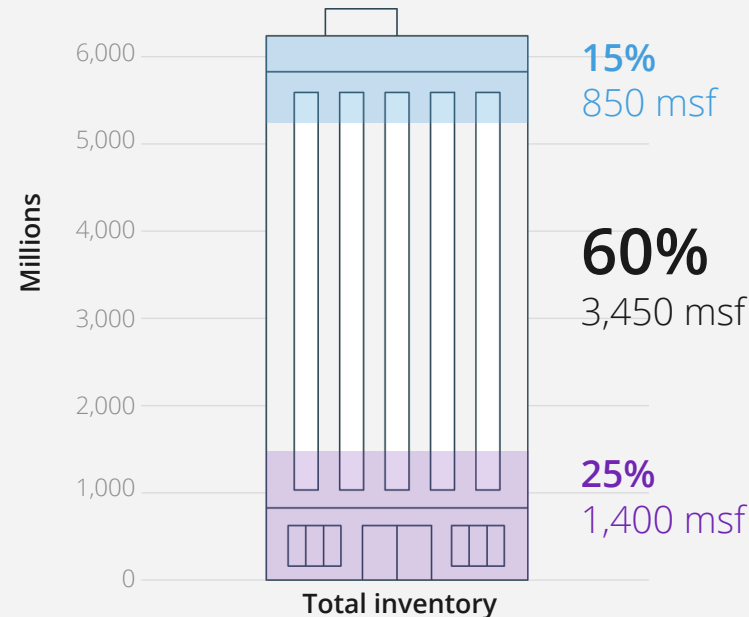
-  Increasing risk of competitive obsolescence and financial underperformance for commodity, class B and class C products
-  Clear economic drivers for landlords
-  Future supply / demand imbalance
-  61% of landlords core technologies are based on legacy systems²

¹ Cushman & Wakefield : *The next Evolution of Office and How Repositioning and Repurposing Will Shape the Future*

² The Deloitte Center for Financial Services 2024 Real Estate Outlook Survey

Cushman and Wakefield estimates that nearly 60% of US office inventory needs upgrading to meet occupier demands¹

Total office inventory by tier



Top - a fraction of total inventory garnering a premium over all the rest

Middle - upgrades required as facing competitive obsolescence

Bottom - older, functionally obsolete, high-vacancy, excess space that will require some form of repositioning or repurposing strategy

Over 3.4bn sq ft of us office inventory needs upgrading

Financial review

Financial highlights FY23

£25.3m

Total revenue +9%

£20.0m

ARR -9%

£20.9m

Recurring
revenue +3%

£4.4m

Non-recurring
revenue +38%

£7.9m

Cash balance

£1.1m

Contracted ARR¹

£15.8m +20%
North America

£8.7m -11%
UK & Europe

£0.8m +207%
APAC

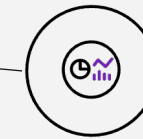
¹New ARR contracted not live at 31 July 2023



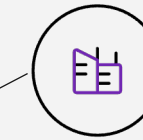
Tishman Speyer - The Spiral, North America

Income statement

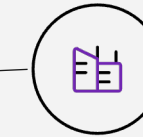
YEAR ENDED 31 JULY (£'000)	2022	2023
REVENUE		
Recurring	20,140	20,913
Non-recurring	3,158	4,341
TOTAL REVENUE	23,298	25,254
of which: North America	13,233	15,747
UK & Europe	9,797	8,673
APAC	268	834
Cost of sales	(9,190)	(10,347)
GROSS PROFIT	14,108	14,907
Gross margin %	61%	59%
Overheads	(20,728)	(20,142)
Expected credit loss provision	(423)	(1,037)
ADJUSTED EBITDA	(7,043)	(6,259)
Adjusted EBITDA margin	-30%	-25%
Exceptional costs	-	(2,610)
Share option charge	(741)	(597)
Depreciation & amortisation	(3,126)	(5,185)
Impairment charge	(122)	(862)
Finance charges (net)	(53)	52
LOSS BEFORE TAX	(11,085)	(15,461)
Tax	286	(245)
LOSS AFTER TAX	(10,799)	(15,706)



North America driving growth
Good progress in APAC
UK decline offsets Europe growth

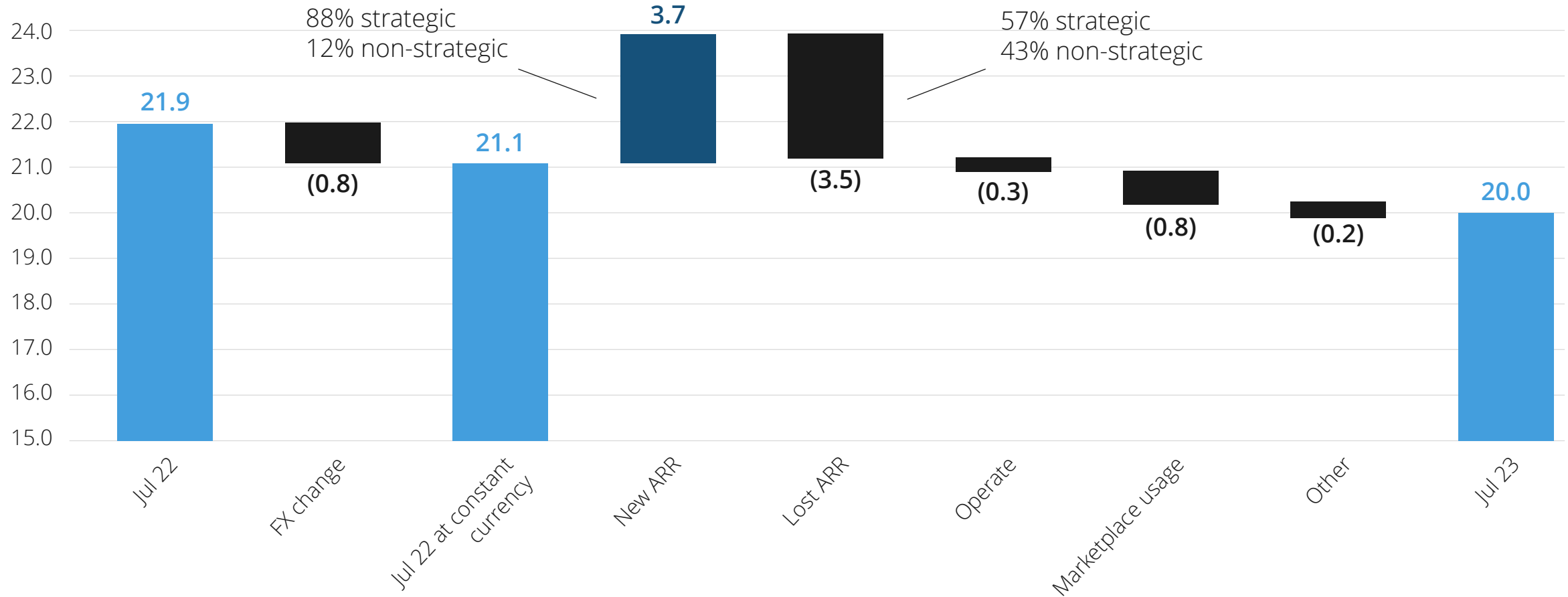


Impacts of reorganisation

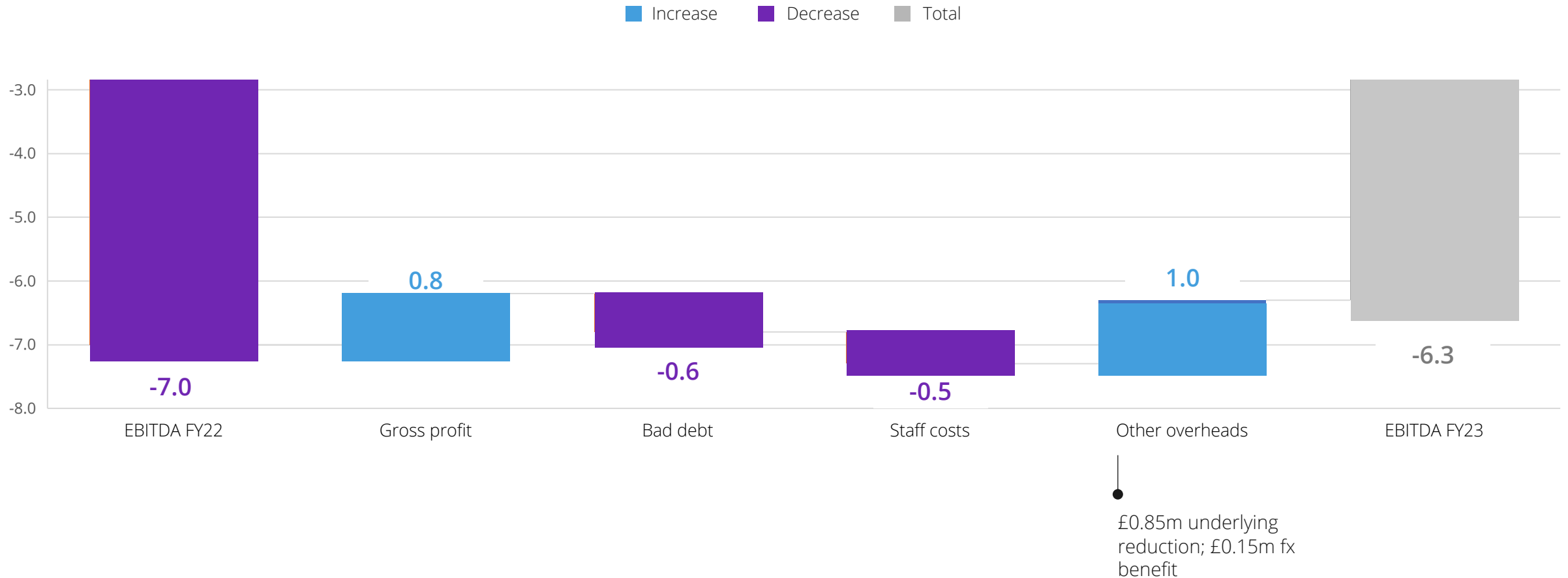


Impacts of FY22 investment

ARR bridge July 2022 to July 2023 (£m)

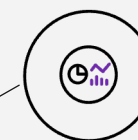


Adjusted EBITDA bridge FY22 to FY23 (£m)

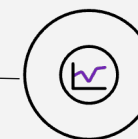


Cashflow statement

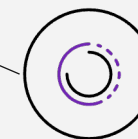
YEAR ENDED 31 JULY (£'000)	2022	2023
Adjusted EBITDA	(7,043)	(6,259)
Add: exceptional costs	-	(2,610)
Changes in working capital	168	(953)
Other	86	77
Cash from Operations	(6,789)	(9,745)
Tax & foreign exchange	(11)	(94)
NET CASH FLOW FROM OPERATING ACTIVITIES	(6,800)	(9,839)
Payment of intangible asset development costs	(4,087)	(3,843)
Purchase of property plant & equipment	(1,541)	(630)
Proceeds from disposal	-	120
Repayment of lease liabilities	(893)	(1,842)
Net interest (payments)/receipts	(53)	52
Proceeds from issuance of new shares	-	1
NET CASH FLOW FROM FINANCING & INVESTMENT	(6,574)	(6,142)
NET CASH FLOW	(13,374)	(15,981)
Opening Balance	36,903	24,122
Forex adjustments	593	(279)
CLOSING BALANCE	24,122	7,862



Lower capitalisation of software development due to platform migration and headcount reduction

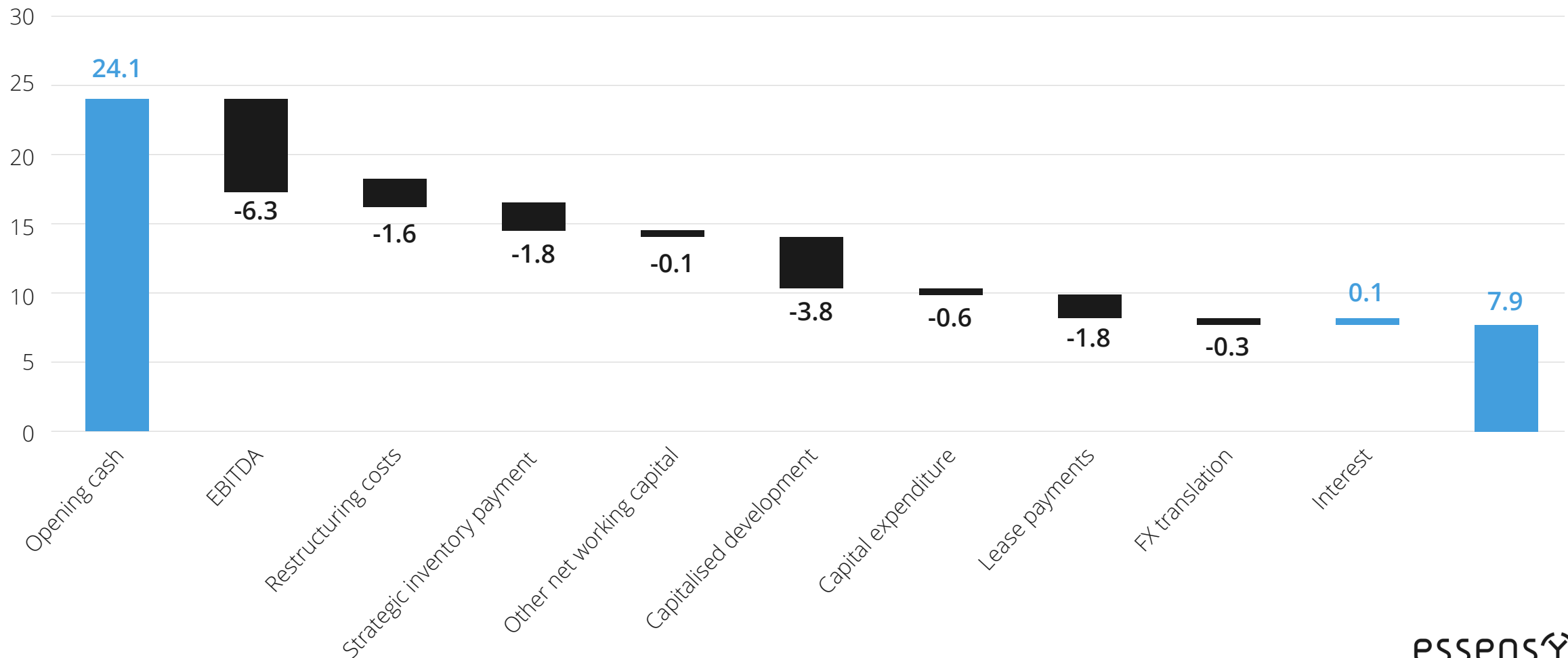


Final payments for APAC data centre equipment in FY23; no further significant capex

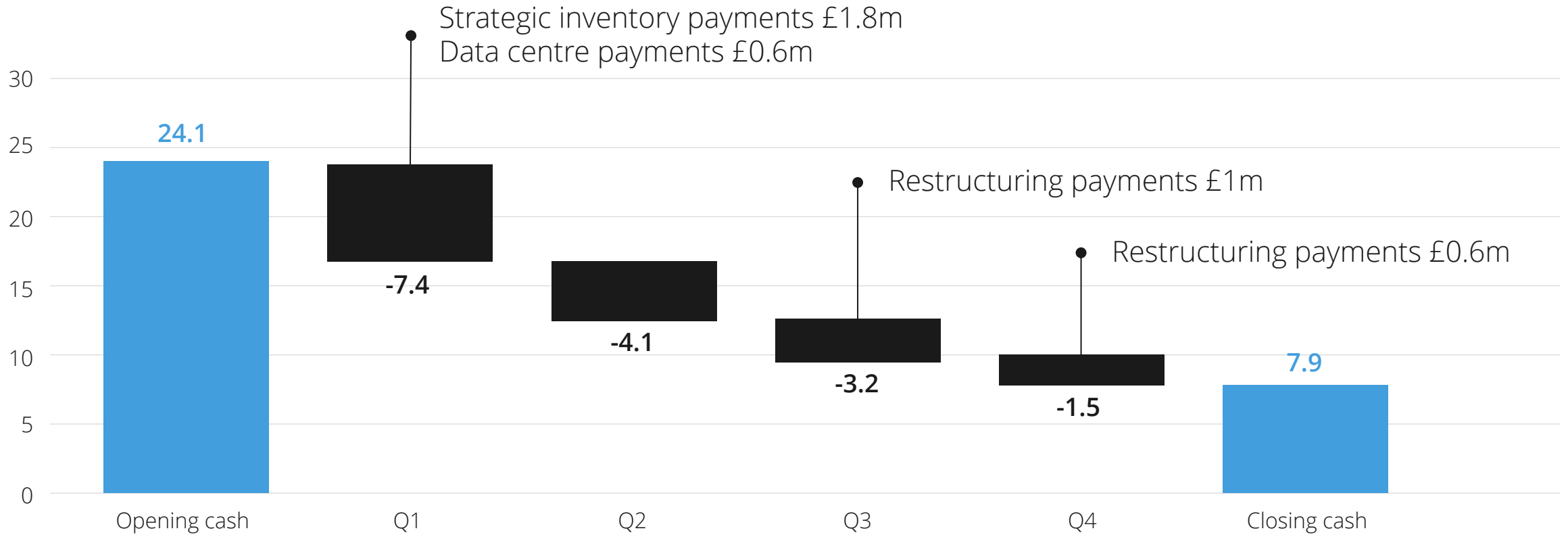


APAC data centre full year impact; end of rent-free period in UK

Cashflows FY23 (£m)

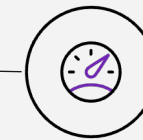


Cash burn by quarter FY23 (£m)

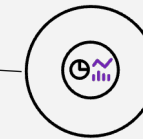


Balance sheet

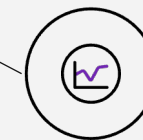
AS AT 31 JULY (£'000)	2022	2023
Non-current assets	14,223	12,776
Intangible	8,922	10,059
Tangible	2,819	1,577
Right of use	2,482	1,140
Current assets	33,102	14,888
Inventories	2,546	2,260
Trade and other receivables	6,434	4,766
Cash	24,122	7,862
Total assets	47,325	27,664
Current liabilities	(9,706)	(6,777)
Trade and other payables	(7,422)	(4,762)
Contract liabilities	(815)	(569)
Lease liabilities	(1,469)	(1,264)
Current taxes	-	(182)
Non-current liabilities	(1,659)	(307)
Total liabilities	(11,365)	(7,084)
Equity and reserves	(35,960)	(20,580)
Total equity and liabilities	(47,325)	(27,664)



Higher depreciation following FY22 investment; impairment in APAC; lower remaining lease terms



Cash decline is the main driver of total asset reduction



Trade payables decline is payment for inventory

Operational review

Operational highlights FY23

466 sites		23 new customers 16 Strategic	
102 Customers +2	152 People -16%	98% Net revenue Retention -3ppt	2.1 : 1 LTV:CAC
308 +8 North America		147 -9 UK & Europe	11 +9 APAC

¹Additional 30 headcount reduction following year end



Landmark - Lighthouse in Kings Cross, UK

Improving quality customer base

Strategic customers replacing small operators

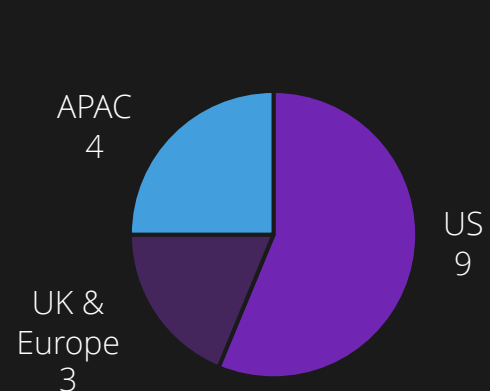
+23 new live

+ 16 new strategic customers
+ 7 non-strategic

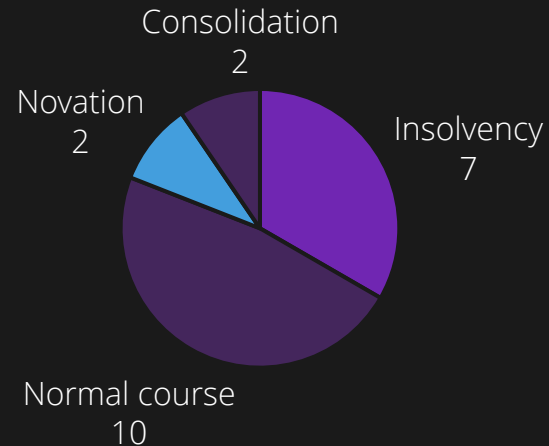
-21 lost

all small non-strategic customers;
represents 24 sites

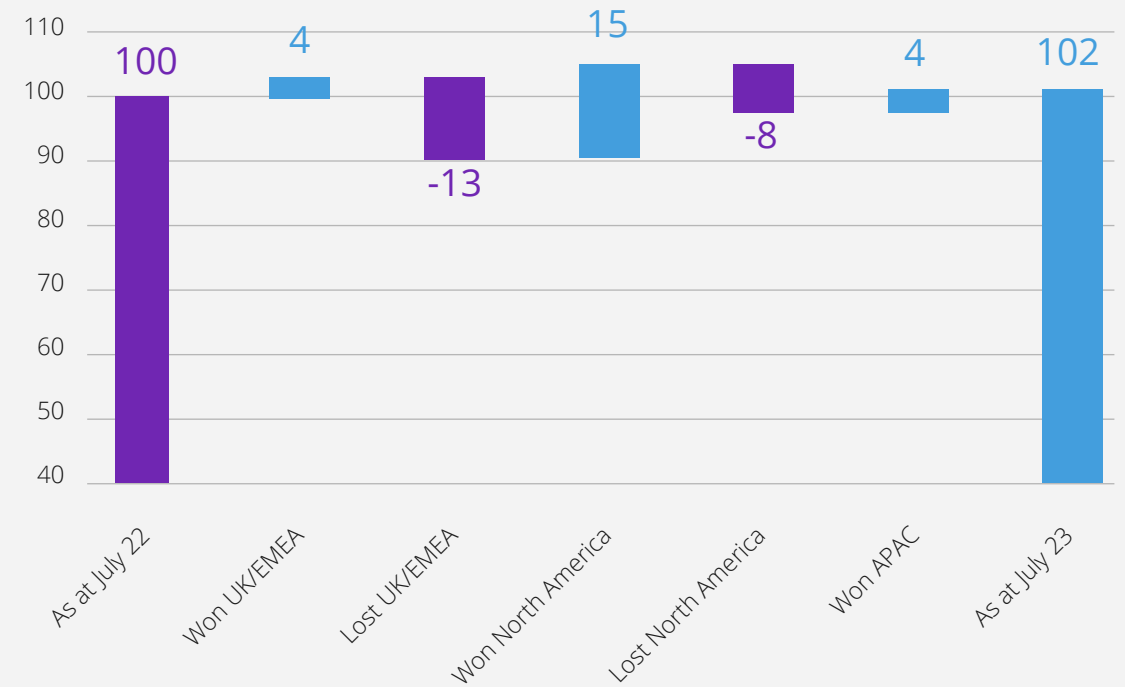
New strategic customers by region



Reasons for customer churn



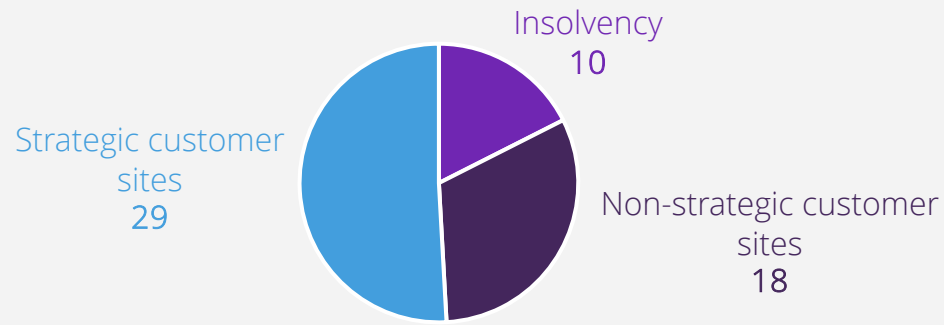
Customer movement FY23



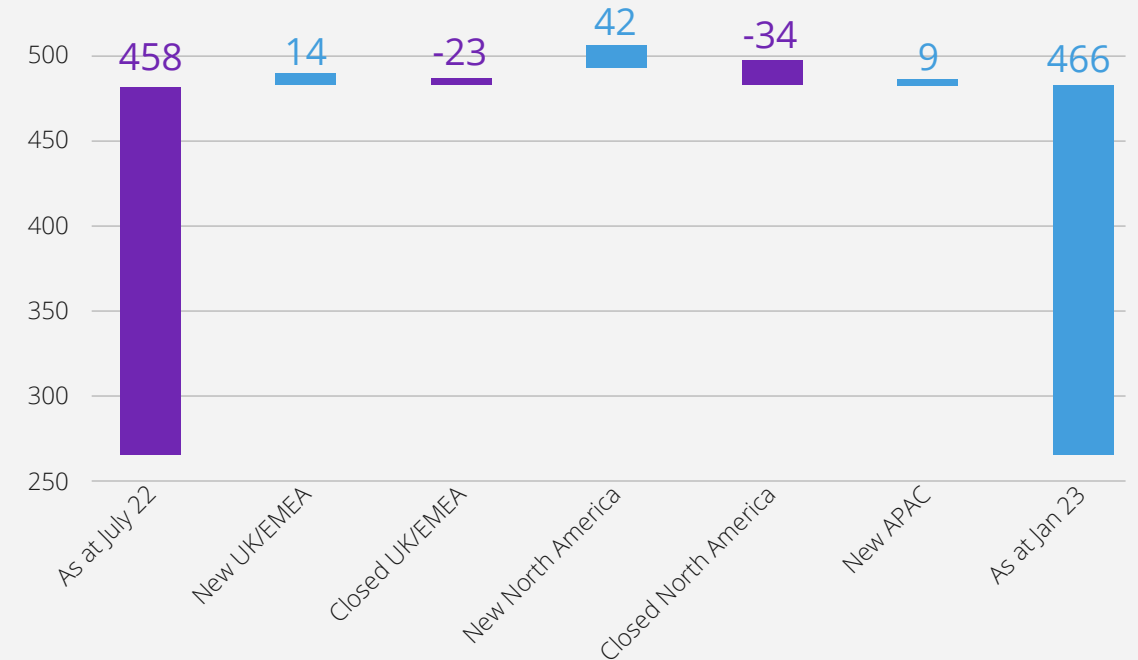
Return to growth

Strategic customer sites replacing small operators

Gross site closures



Site bridge FY23



Total net site increase of 8: net strategic increase of 32, net non-strategic decrease of 24



94% of new sites with strategic customers; 6% with non-strategics



29 sites closed by strategic portfolio optimisation, 28 from small non-strategics

Strategic customers

Foundation for success

0
strategic
customers lost

77%
of total
revenue

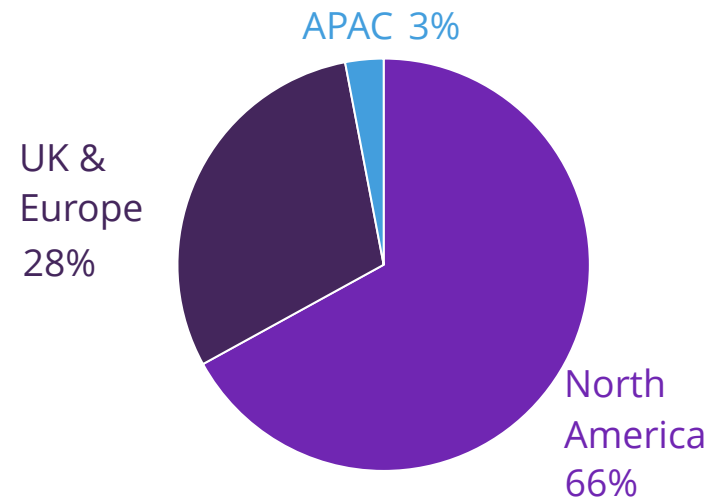
108%
Net Revenue
Retention

94%
of new sites with
strategic customers

77%
of ARR

81%
of new customers
signed

% of total strategic revenue



Strategic customer revenue as % of total revenue by region

UK&EU
68%

APAC
80%

North America
82%

**Opportunity
pipeline is strong &
growing**

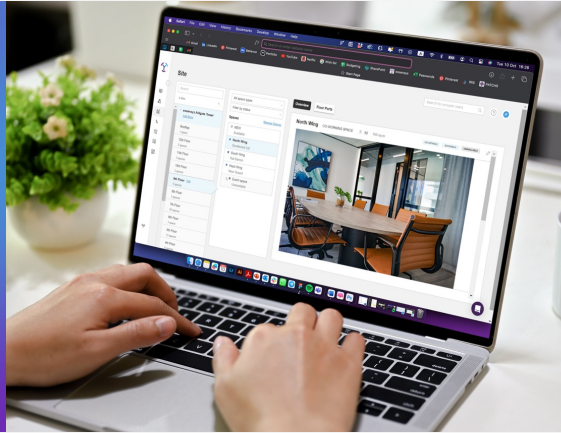
- 68% from new logos
- 32% from existing customers

Our products - a milestone year

2023 Multi-product solution

essensys Platform

Manage occupiers, spaces & services across whole portfolios



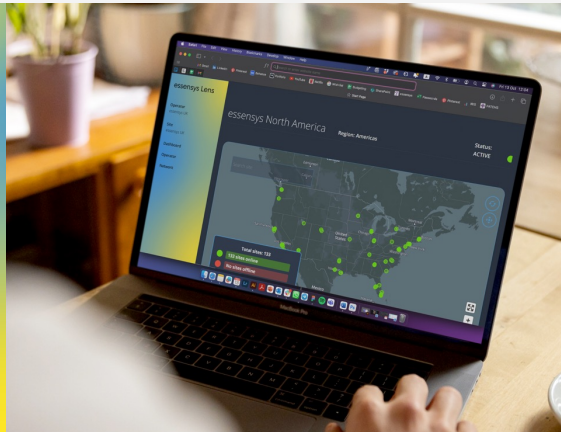
operate

Manage complex licensing, contracts & invoicing



essensys Cloud

Smarter connectivity for smarter buildings



Smart access

Access control & bookings designed for the future of hybrid real estate



Meeting the needs of strategic customers

Hines

essensys Platform
essensys Cloud
operate



TISHMAN SPEYER

essensys Platform¹
essensys Cloud
operate
[Smart access \(pilot customer\)](#)

CARR
WORKPLACES

essensys Platform
essensys Cloud
operate

 **JLL**

essensys Platform
essensys Cloud
operate

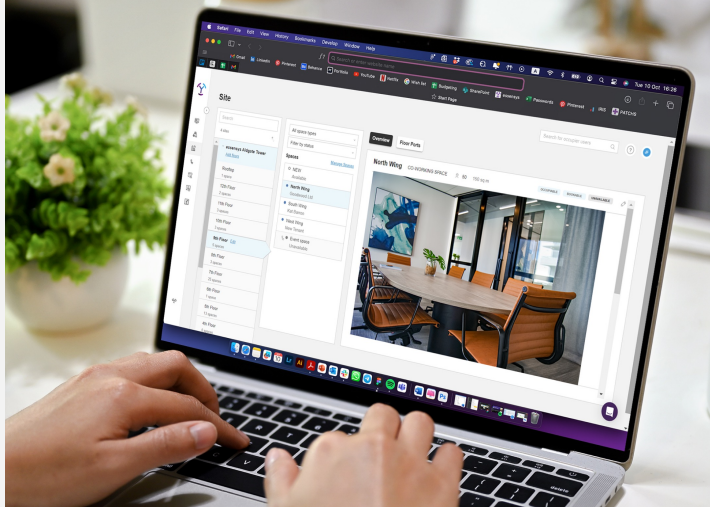
“We’ve achieved a rental premium of up to 2.5x on our flex product.”

“A big piece of the puzzle is allowing our different customers to use more spaces, more locations... We can create a network effect.”

Annie Rinker - Hines

¹ In process of migrating onto essensys Platform from Connect

Major product milestones achieved



essensys Platform

Final customer migrations
in progress



software

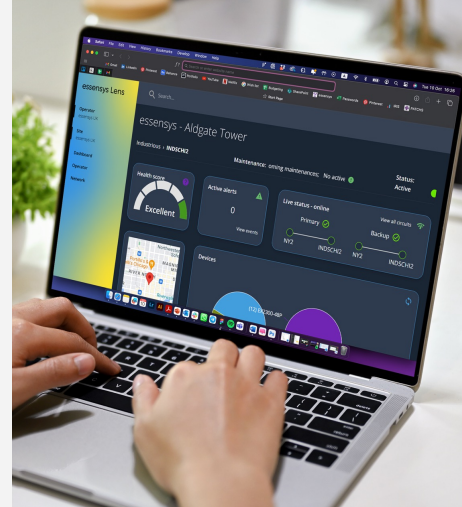


Smart access

- Hardware certified | FCC & CE
October 2023
- Mobile wallet certified (SW & HW)
October 2023



integrated software & hardware



essensys Cloud

- Standalone product
- essensys LENS



network & software



operate

2-way integration with
essensy platform



software

Summary and outlook

Summary and outlook



Strategic customers

- Absolute focus
- Strong SaaS metrics
- Land - Expand - Grow



Capital efficiency

- Profitability
- Cash
- Growth



Product innovation

- Multi-product line-up
- Smart access certified
- Long-term investment



Market opportunity

- Evolution continues
- Structural
- Long-term



Outlook

- Customers
- Product
- Market



Thank you

Nominated advisor & broker:

Singer Capital Markets

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FTI consulting

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31 October 2023